



WASHOE COUNTY

Integrity Communication Service

www.washoecounty.gov

STAFF REPORT

BOARD MEETING DATE: April 12, 2022

DATE: April 12, 2022

TO: Board of County Commissioners

FROM: Courtney Weiche, Senior Planner, Planning & Building Division, Community Services Dept., 328-3608, cweiche@washoecounty.gov

THROUGH: Mojra Hauenstein, Arch., Planner, Division Director, Planning & Building Division, Community Services Department, 328-3619, mhauenstein@washoecounty.gov

SUBJECT: Introduce and conduct a first reading of an ordinance amending Washoe County Code Chapter 110 (Development Code), Article 319, Short Term Rentals (STRs) by amending various sections in order to: (1) change the requirements for processing a tier 3 STR application (an STR application that allows over 20 persons in one residence) from an administrative permit approved by the Board of Adjustment to a special use permit approved by the Planning Commission; (2) exclude overflow parking spaces in condominium or multi-family complexes in the calculation of required parking spaces; (3) require the STR property owner(s)' notarized certification to include an attestation that the subject STR property is covered by insurance that provides for a minimum of \$500,000 liability coverage per occurrence; (4) repeal the requirement to submit a certificate of insurance; (5) provide that a bear box is required in the Incline Village General Improvement District's service territory following two confirmed trash violations; (6) modify the maximum occupancy calculation from one occupant for every 200 square feet of habitable space to two (2) occupants for each legally permitted bedroom, with the remainder of the home (excluding bedrooms) calculated as one occupant for every 200 square feet of habitable space; and all matters necessarily connected therewith and pertaining thereto.

If supported, set the public hearing for second reading and possible adoption of the Ordinance for May 10, 2022. (All Commission Districts.)

SUMMARY

This is an introduction and first reading of an ordinance amending Washoe County Code Chapter 110 (Development Code), Article 319 Short Term Rentals. The proposed code amendments will be described in detail beginning on page 4 of this staff report.

AGENDA ITEM # _____

This proposed ordinance is in response to direction received from the Washoe County Board of County Commissioners (Board) at its February 22, 2022 meeting, and is supported by the Planning Commission's recommendation. The proposed code amendments are also based on permitting experiences to date, extensive public and agency input, and an analysis of potential regulatory amendments.

Washoe County Strategic Objective supported by this item: Safe, secure and healthy communities.

PREVIOUS ACTION

March 1, 2022. The Washoe County Planning Commission (PC) reviewed the proposed amendments to Washoe County Code Chapter 110 (Development Code), Article 319, Short Term Rentals (STRs), and voted unanimously to recommend approval of Development Code Amendment WDCA22-0001 to the Board.

February 22, 2022. The Board received a staff presentation on the implementation of the short-term rentals program (STRs) since regulations went into effect on May 1, 2021 and received a series of policy recommendations. The Board provided direction to staff to draft a code amendment addressing occupancy calculations (i.e. change in methodology), parking requirements, trash/garbage collection rules, insurance requirements and permitting requirements.

March 23, 2021. The Board held the second reading and adopted Ordinance numbers 1665, 1666, and 1667 amending the Washoe County Code within Chapters 110, 50 and 125, establishing standards and processes associated with the administration and enforcement of STRs in unincorporated Washoe County.

February 23, 2021. The Board introduced and held the first reading of Ordinance Numbers 1665, 1666 and 1667 amending the Washoe County Code within Chapters 110, 50 and 125, establishing standards and processes associated with the administration and enforcement of STRs in unincorporated Washoe County.

August 25, 2020. The Board was scheduled to hear the first reading of the proposed ordinances, but the meeting was cancelled. The item was not placed on a subsequent agenda due to additional discussions with commissioners and the public regarding potential changes to the draft ordinances.

February 25, 2020. The Board reviewed the proposed ordinances and provided direction to staff in lieu of conducting an introduction and first reading.

January 7, 2020. The Washoe County Planning Commission (PC) reviewed proposed changes to Chapter 110 and voted unanimously to recommend approval of Development Code Amendment WDCA19-0008 with minor modifications.

December 10, 2019. The Board formally initiated amendments to the Washoe County Code related to STRs.

November 12, 2019. The Board heard an update on the STR project, including staff's recommendations related to standards and a permitting process.

February 26, 2019. The Board determined that by adopting changes to WCC Chapter 25 in 2007 to allow transient lodging and associated room tax, the use is allowed within

Washoe County (although it was not yet defined within Chapter 110). Further, the Board identified it did not want to ban short-term rentals in unincorporated Washoe County. In order to resolve potential conflict between the two WCC chapters, the Board directed staff to start the process of establishing regulations for STRs to properly administer their use.

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

BACKGROUND

Short-term rentals are a type of temporary lodging of brief duration (28 days or less) operated out of private residences such as homes, apartments or condos. They are commonly available through property management companies and online booking services. They are also referred to as vacation rentals.

As with other industries affected by the sharing economy, the rise of online advertising platforms such as Airbnb and VRBO has broadened the traditional lodging industry by expanding opportunities for the average homeowner to tap into the tourist market and offer their home for short-term rental use. Although vacation rentals have been available in various forms for decades, these newer technologies have led to expanded temporary lodging options and a greater awareness of the prevalence of short-term rentals in many communities. Along with that, has come an increased focus on the impacts of STRs on neighboring residents and the larger community. Washoe County, and especially the Incline Village/Crystal Bay area, is no exception. Accordingly, Washoe County adopted ordinances regulating STRs in the unincorporated portions of Washoe County on March 23, 2021.

Process for Development Code Amendments

The Washoe County Development Code is Chapter 110 of the Washoe County Code (WCC). The Development Code broadly regulates allowable and permitted land uses, subdivision of land, planning permit requirements and procedures, signage, infrastructure availability, land use development standards, and other related matters. Because the Development Code covers so many varying aspects of land use and development standards, it is expected that from time to time it may be necessary to change or amend one or more portions of the Development Code to keep it up to date with the most current and desirable trends in planning and development.

The Development Code amendment process provides a method of review and analysis for such proposed changes. Development Code amendments may be initiated by the Washoe County Board of County Commissioners (BCC), Planning Commission (PC), or an owner of real property.

After initiation, the PC considers the proposed amendment in a public hearing. If the PC recommends approval, such approval is recorded by resolution. The BCC hears all amendments recommended for approval, and amendments recommended for denial upon appeal. The BCC will hold an introduction and first reading of the ordinance (proposed amendment), followed by a second reading and possible ordinance adoption in a public hearing at a second meeting at least two weeks after the first reading. Unless otherwise specified, ordinances are effective 10 days after adoption.

Proposed Article 319 Amendments and Rationale

The following code amendments are recommended:

1. The STR property owner(s)' notarized affidavit statement be expanded to include the minimum insurance requirements, rather than submittal of a certificate of insurance.
 - a. Staff has found many insurance companies do not provide a document that clearly indicates all of the required minimum insurance requirements. This has resulted in frustration for some applicants and has put the burden on staff to decipher innumerable insurance policies. Instead, staff recommends the onus be put on the applicant to certify, via the notarized affidavit, that they carry the appropriate insurance as currently required.
2. Clarify requirements related to the required number of parking spaces in condo/multi-family developments where parking is unassigned.
 - a. In cases where a condominium does not offer 'parking passes', staff recommends allowing proof of parking assigned to a unit by written document (CC&Rs or HOA letter), in addition to passes in the amount of 1 parking space for each 4 occupants, and to ensure that overflow parking is not used in calculating the required number of parking spaces per STR unit.
3. Revise the method for maximum occupancy calculations.
 - a. The most common complaint heard was related to occupancy calculations. The properties most affected by the current STR occupancy calculation (currently 1 occupant per 200 sf of habitable space) were condos due to their small footprint. As of February 22, 2022, STR permits have been issued to 325 condos, representing 70% of all issued STR permits to date. Of the 325 permitted condos, 170 (52%) contain 3 bedrooms; and were therefore disproportionately impacted by the current calculation methodology. Using the current occupancy methodology, condos with 3 bedrooms ended up with a maximum occupancy of 5 people, which was not perceived as practical nor fair. In addition, there are 58 permits issued to single family properties that also have 3 bedrooms. Therefore, the following is recommended as a new method for calculating maximum occupancy and would apply to both single family homes, as well as condos, as the change should remain equitable for both housing types:

The occupant load shall be calculated as:

- A.** Two (2) occupants for every legally permitted bedroom in accordance with Section 110.319.20(a)(1) and in addition to this (+)
- B.** The remainder of the home shall be calculated as one (1) occupant for every 200 square feet of habitable space in

accordance with Table 1004.5 of the 2018 International Building Code (IBC) or the currently adopted edition.

The two calculations (**A+B**) shall be combined to yield the maximum allowed occupancy of an STR.

4. Add the requirement for a bear box within IVGID's service territory following two (2) confirmed trash violations.
 - a. In discussions with IVGID, the most common complaint received is related to trash nuisances. While there is no available data to determine whether the complaints are predominantly generated from STRs, staff recommends adding language requiring a bear box after 2 trash violations.

5. Change the process for approving tier 3 STR permits (currently, administrative permit approved by the Board of Adjustment) to a special use permit approved by the Planning Commission.
 - a. Currently the STR Ordinance allows tier 3 permits (STRs with more than 20 people) in regulatory zones where hotels, motels and other transient dwelling unit use types are allowed with an AP (administrative permit) which goes to the Board of Adjustment (BOA) for public hearing approval. Staff recommends changing tier 3 STRs to be approved through a special use permit (SUP) which involves a public hearing at the Planning Commission and the ability to add conditions tailored to address specific impacts of the STR location/circumstances. The Planning Commission has previously approved the STR ordinance and more familiar with this ordinance than the BOA.

Public Outreach and Engagement

A critical component in determining the successes and/or shortfalls of the STR program is to solicit input from identified stakeholders for their experiences and recommendations since the adoption of STR regulations. Generally speaking, these stakeholders can be grouped into the following major categories: neighbor/community members; short-term rental host and property managers/realtors; traditional lodging industry and business; and impacted regulatory agencies and/or supporting agencies. Staff's goal during the outreach process was to identify major concerns of each of the stakeholder groups and, wherever possible, pinpoint areas of overlap. An analysis of the input received revealed several recurring themes discussed in more detail below.

STR Owner and Property Manager Workshop

On October 12, 2021, a zoom meeting was held between 12:00 and 1:00pm, by invitation only, to request feedback specifically on the permitting process and the STR owner/property manager's experiences with this process. A total of 520 individual email recipients received the meeting invitation. Fifty-two people were in attendance. A total of 27 emails were also received and are included as an attachment to Planning Commission staff report.

Top areas of comment were related to the following:

- Most notable comments were related to occupancy calculations; mainly citing an STR's ability to accommodate more than is currently allowed using habitable space calculation versus number of legal bedrooms.
- While some expressed the application and permitting process went 'smooth'; many also expressed frustration with difficulty navigating the online permitting platform (www.onenv.us). Many also expressed they were unsure what documentation was needed to meet minimum application requirements. Specifically citing the following comments related to application submittal:
 - Lengthy permit submittal instructions (due in part to staff's attempt to provide the public a clear step-by-step guide for navigating the permitting platform)
 - Unclear how to draw the floor plan appropriately, specifically citing habitable space discrepancies
 - Unsure of the appropriate documentation to submit for the minimum insurance requirements
 - Proof of verified parking in condominiums
- There seemed to be a consensus that STR regulations are necessary and respondents are generally in support of the County's current approach.
- Concern of being unfairly targeted for enforcement complaints.
- Enforcement should prioritize 'bad actors' and those that have made no effort to obtain their STR permit before any others.

General Public Workshop

On October 19, 2021, a zoom meeting was held between 5:00 and 6:30pm and was open to the public. The County Communications Team sent a "C-Blast" to all Commissioner District email lists. Nearly 9,000 individual emails received notice of the workshop. Seventy-eight (78) people were in attendance. A total of 34 emails were received in response for request for comment and are included as an attachment to the Planning Commission staff report.

Top areas of public concern and input were related to the following:

- Expressed general support for County's effort to regulate STRs
- General nuisance concerns: noise, trash, occupancy and parking
- Over-saturation of STRs and impacts on current housing needs
- Additional impacts to wildfire danger/threats and evacuations
- Availability of code enforcement resources
- Access to STR permitting data, specifically requesting a GIS layer for STR issued permit locations and contact information
- Belief of conflicting rules with homeowner association CC&Rs
- Occupancy calculations

- Negative impacts on “community character”

Regulatory Agency Outreach

Staff held a series of one-on-one stakeholder input sessions in order to better understand concerns and priorities from the regulatory partners’ perspective. Agency outreach included representatives from the Sheriff’s Office, North Lake Tahoe Fire Protection District, Truckee Meadows Fire Protection District, Reno-Sparks Convention & Visitors Authority (RSCVA), Incline Village General Improvement District (IVGID), Sun Valley GID, Washoe County Manager’s Office, business license program, code enforcement program, planning program, and building program, as well as Washoe County Health District and District Attorney’s Office. Staff has maintained contact with all affected agencies and held several follow-up meetings throughout the implementation of the STR program.

Proposed Amendment Summary

The following is a summary of the specific sections of Article 319 recommended for amendment:

Section 110.319.05(a)(3) change the requirements for a tier 3 STR from an administrative permit approved by the Board of Adjustment to a special use permit approved by the Planning Commission;

Section 110.319.10(d) exclude the use of overflow parking spaces in condominium or multi- family complexes in the calculation of required parking spaces;

Section 110.319.15(a)(12) remove the requirement to submit a certificate of insurance;

Section 110.319.10(h)(9) add the minimum requirements for STR insurance coverage to the required notarized affidavit statement;

Section 110.319.15(d)(2) add the requirement for a bear box following 2 confirmed trash violations within IVGID service territory; and

Section 110.319.15(e)(1) change the calculation for determining maximum occupancy limits.

Planning Commission’s Findings

Washoe County Code Section 110.818.15(e) required the Planning Commission to make **at least one** of the following findings of fact. The Planning Commission was able to make all four findings in support of the proposed amendment.

1. Consistency with Master Plan. The proposed Development Code amendment is in substantial compliance with the policies and action programs of the Washoe County Master Plan.
2. Promotes the Purpose of the Development Code. The proposed Development Code amendment will not adversely impact the public health, safety or welfare,

and will promote the original purposes for the development code as expressed in Article 918, Adoption of Development Code.

3. Response to Changed Conditions. The proposed Development Code amendment responds to changed conditions or further studies that have occurred since the Development Code was adopted by the Board of County Commissioners, and the requested amendment allow for a more desirable utilization of land within the regulatory zones.
4. No Adverse Effects. The proposed Development Code amendment will not adversely affect the implementation of the policies and action programs of the Conservation Element or the Population Element of the Washoe County Master Plan.

FISCAL IMPACT

No fiscal impact.

RECOMMENDATION

It is recommended that the Board of County Commissioners introduce and conduct a first reading of an ordinance amending Washoe County Code Chapter 110 (Development Code), to amend the Development Code within Article 319, Short Term Rentals. If supported, to set the public hearing for second reading and possible adoption of the Ordinance for May 10, 2022.

POSSIBLE MOTION

Should the Board agree with the recommendation, a possible motion would be:

“Move to introduce and conduct a first reading of Bill Number [insert Bill number provided by County Clerk], which is an ordinance amending Washoe County Code Chapter 110 (Development Code), Article 319, Short Term Rentals (STRs) by amending various sections in order to: (1) change the requirements for processing a tier 3 STR application from an administrative permit approved by the Board of Adjustment to a special use permit approved by the Planning Commission; (2) exclude overflow parking spaces in condominium or multi-family complexes in the calculation of required parking spaces; (3) require the STR property owner(s)’ notarized certification to include an attestation that the subject STR property is covered by insurance that provides for a minimum of \$500,000 liability coverage per occurrence; (4) repeal the requirement to submit a certificate of insurance; (5) provide that a bear box is required in the Incline Village General Improvement District’s service territory following two confirmed trash violations; (6) modify the maximum occupancy calculation from one occupant for every 200 square feet of habitable space to two (2) occupants for each legally permitted bedroom, with the remainder of the home (excluding bedrooms) calculated as one occupant for every 200 square feet of habitable space; and all matters necessarily connected therewith and pertaining thereto. If supported, set the public hearing for second reading and possible adoption of the Ordinance for May 10, 2022.”

Attachments:

- A. Working Copy of Proposed Ordinance
- B. Clean Copy of Ordinance

- C. Planning Commission Resolution No. 22-05
- D. Planning Commission Staff Report for WDCA22-0001
- E. Planning Commission Draft Minutes from March 1, 2022 meeting