



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: September 17, 2024

DATE: July 8, 2024

TO: Board of County Commissioners

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SUBJECT: Recommendation to adopt a resolution amending the Washoe County Development Code Master Fee Schedule for Short-Term Rental (STR) Applications, with an effective date of December 1, 2024; and amending the Washoe County Code Chapter 125 Master Administrative Enforcement Penalty and Fee Schedule, with an effective date of December 1, 2024; as authorized by Washoe County Code Chapters 110 (Development Code) and 125 (Enforcement; Remedies; Penalties), respectively. These amendments incorporate reduced STR permitting fees for properties listed as low cap status by the Washoe County Assessor's Office; and increased administrative penalties related to the administration and enforcement of STR permits in unincorporated Washoe County. The reduced fees for STR permits are limited to those properties listed as a primary residence as outlined in Attachment A-1. The increased administrative penalties are outlined in Attachment A-2. (All Commission Districts.)

SUMMARY

The Washoe County Board of County Commissioners (Board) is asked to adopt a resolution amending the Development Code Master Fee Schedule (effective date of December 1, 2024) (Attachment A-1). This proposed amendment is limited to property owners who list their STR property as their primary residence in the unincorporated County. The Board is also asked to amend the Master Administrative Enforcement Penalty and Fee Schedule (effective date of December 1, 2024) to increase fines relating to STR permit violations.

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

AGENDA ITEM # _____

PREVIOUS ACTION

July 16, 2024. The Board introduced and conducted a first reading of an ordinance amending Washoe County Code Chapter 110 (Development Code), Article 319, Short Term Rentals (STRs) and Chapter 125 (Administrative Enforcement Code) for the purpose of streamlining STR permitting and enforcement processes,

May 7, 2024. The Planning Commission initiated an amendment and approved a resolution to amend various sections of Article 319 of the Washoe County Development Code as well as Chapter 125 of the Washoe County Code for the purpose of streamlining the permitting and enforcement process relating to short term rentals.

December 19, 2023. The Board provided direction to staff to proceed with code amendments to STR regulations for the purpose of streamlining STR permitting and enforcement processes in accordance with the Board's initiation of code amendments at the August 22, 2023, meeting.

August 22, 2023. The Board initiated amendments to Washoe County Code Chapters 110 (Development Code) and 125 (Administrative Enforcement Code) pursuant to WCC 2.030 and 110.818.05 to streamline and clarify current STR permitting requirements and enforcement processes and to explore the option of a tiered approach for property owners utilizing their primary residence as an STR. The Board directed staff to further engage the public and return to the Board in December 2023 with feedback from the public on the staff-proposed code amendments.

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*.

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 conducted a first reading of amendments within Washoe County Code Chapters 50, 110 and 125 to establish standards and permitting / enforcement processes for STRs.

August 25, 2020. The Board was scheduled to introduce and conduct a first reading of amendments within Washoe County Code Chapters 50, 110 and 125 to establish standards and permitting / enforcement processes for STRs, but the item was postponed.

February 25, 2020. The Board discussed introducing and conducting a first reading of amendments within Washoe County Code Chapters 50, 110 and 125 to establish standards and permitting / enforcement processes for STRs. After discussing the matter at length and hearing public comment, the Board decided not to introduce the first reading and instead provided additional direction to staff.

January 7, 2020. The Washoe County Planning Commission (PC) reviewed proposed amendments to Chapter 110 related to STRs and voted unanimously to recommend approval of Development Code Amendment WDCA19-0008 with two minor modifications. (The PC only has purview over Chapter 110, not Chapters 50 and 125).

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. Board members provided individual comments regarding the proposals.

February 26, 2019. The Board determined that by adopting amendments to Chapter 25 in 2007 to allow transient lodging and associated room tax, the STR use is allowed within Washoe County (although not yet defined within Chapter 110). Further, the Board identified it did not want to ban STRs in unincorporated Washoe County. In order to resolve potential conflict between the two 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 amendments to WCC Chapter 25 relating to transient lodging.

BACKGROUND

The Board is asked to consider reducing the STR initial permitting and renewal fees for those STR property owners who live all or most of the time within the home they are renting out. The proposed amendments allow STR applicants or permit holders who claim the home as their primary residence, as determined by the tax cap status on file with the Assessor's Office, to receive a reduced fee on their initial application as well as subsequent renewals.

Additionally, the Board is asked to consider an increase in fines for unpermitted STRs. Code enforcement staff have experienced challenges with a number of repeat violators who continue to operate their STR without receiving the required permit and undergoing the safety inspections associated with the permitting process. The current administrative penalty for operating an STR without a permit is \$1,158.40. Staff recommends implementing a tiered penalty approach for non-permitted STRs, creating fines of \$1,500/\$3,000/\$5,000 for the 1st, 2nd and 3rd violations, respectively. The tiered approach functions well to help reduce the number of repeat violations. Based on previous Board statements and direction, the increased amounts being proposed are intended to serve as a more effective deterrent with the goal of reducing the volume of infractions and overall time to compliance. The fine amounts are based, in part, on what other jurisdictions have levied in the past, as well as applicable legal cases.

The tiered fines for violations of STR standards while holding an active STR permit are also proposed to increase from \$400/\$700/\$1,000 for 1st, 2nd, and 3rd violations to \$750/\$1,500/\$3,000 for the 1st, 2nd and 3rd violation of the same STR standard. Based on previous Board statements and direction, the increased amounts being proposed are also intended to serve as a more effective deterrent with the goal of reducing the volume of infractions and overall time to compliance. The fine amounts are based, in part, on what other jurisdictions have levied in the past, as well as applicable legal cases.

Proposed Reductions to Development Code Master Fee Schedule

In order to support partial home rentals and STR permit holders who claim the STR property as their primary residence (i.e. identified by a “low cap status” according to the records from the Assessor’s Office), the Board is asked to reduce the initial permit fee in these situations by \$100 and to reduce the renewal fees by \$50.

If approved, these fee reductions will become effective on December 1, 2024.

Proposed Amendments to Master Administrative Enforcement Penalty and Fee Schedule

The current administrative penalty for operating an STR without a permit is \$1,158.40. Code enforcement staff have experienced challenges with a number of repeat violators who continue to operate their STR without the required permit, which is a safety concern. Staff recommends a tiered penalty approach similar to the tiered administrative penalties issued when an STR permittee violates STR standards. It is anticipated that this approach will help reduce the number of repeat violations. Based on previous Board statements and direction, the increased amounts being proposed are intended to be more punitive with the goal of reducing the volume of infractions and overall time to compliance. Staff recommends fines of \$1,500/\$3,000/\$5,000 for the 1st, 2nd and 3rd violations, respectively.

The tiered fines when a permittee violates STR standards are also proposed to increase from \$400/\$700/\$1,000 for 1st, 2nd, and 3rd violations to \$750/\$1,500/\$3,000 for the 1st, 2nd and 3rd violation of the same STR standard. The fine amounts are based, in part, on what other jurisdictions have levied in the past, as well as applicable legal cases.

Public Input

Staff has gathered significant public comment from the fall of 2023 to present. Below are a summary of the comments relating to the proposed fees and fines.

- Support for increasing fees and fines/penalties.
- Fines should be substantial as a deterrent to violations.
- Concern expressed that if offering a discount, people will falsely claim the property as their primary residence.
- Support for adding more enforcement staff and on weekends, etc. which is an increased cost.
- There are many property owners who live out of state but claim the STR as their primary residence.
- Considerable support and some opposition for reducing fees for property owner claiming the STR property as primary residence.

FISCAL IMPACT

Annual General Fund recurring costs to administer and enforce STR standards and permitting are estimated at approximately \$455,000. Currently, approximately 6.8% of all STR permits are considered primary residences (low cap status). The proposed reduction in fees of \$100 for new initial STR permits and \$50 for renewal permits for properties that are the primary residences are expected to be offset by the annual fee increases that went into effect in 2023 as well as the new STR permits expected.

STR costs are paid and accounted for in the General Fund, Planning, Short Term Rental (105404) cost center. STR permit fees received are deposited and recorded in the same cost center (105404), Short Term Rental Fees (421107) account.

All administrative enforcement penalties and fees are currently, and will continue to be, deposited into the General Fund, Admin Enforcement Process (101110) cost center, Admin Enforcement Fees (471150) account. Funds from this cost center are used to reimburse appropriate administrative enforcement costs, such as fees paid to Administrative Hearing Officers for Administrative Hearings, covering staff administrative costs to manage and operate the Administrative Hearing Office, and other associated costs for the program.

RECOMMENDATION

It is recommended the Board adopt the resolution included as Attachment A, amending the two fee schedules with the effective dates noted.

POSSIBLE MOTION

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

“Move to adopt the resolution included as Attachment A to this staff report to amend the Washoe County Development Code Master Fee Schedule for Short-Term Rental (STR) Applications and the Washoe County Code Chapter 125 Master Administrative Enforcement Penalty and Fee Schedule as indicated in the attachments to the resolution, with an effective date of December 1, 2024; and further authorize the Chair to sign the resolution on behalf of the Board of County Commissioners.”

Attachments:

- A. Resolution with Amended Fee Schedules
 - A-1. Development Code Master Fee Schedule
 - A-2. Master Administrative Enforcement Penalty and Fee Schedule
- B. Current Development Code Master Fee Schedule
- C. Current Penalty and Fines Schedule
- D. Public Comments