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OFFICE OF THE COUNTY MANAGER

To: Board of County Commissioners

From: Patrick Cates, County Manager

Subject: Recommendations for VHR regulation in Douglas County

Date: October 5, 2020

EXECUTIVE SUMMARY

Vacation Home Rentals (VHRs) have been permitted in the Tahoe Township by ordinance since 2005. VHRs have a long history at Lake Tahoe and are an integral part of our tourism economy. However, the rise of online advertising platforms have resulted in a surge in VHRs in the neighborhoods and communities of Lake Tahoe. The issues around VHRs are complex with a wide range of public opinions. It is critical to strike a balance between the economy, private property rights, and the impacts to our communities.

The Board of County Commissioners (the Board) has been considering ways to better regulate VHRs since 2017. In late 2018, the Board enacted the current ordinance 2018-1520, which increased VHR enforcement authority. The Board also approved use of a vendor, Host Compliance, to assist Community Development in the regulation of VHRs.

In 2019, the Board directed the County Manager to create a citizen's taskforce to assist the County Manager on further recommendations to consider making to the Board. The VHR Taskforce was formed and conducted several meetings in 2019 and early 2020. Their recommendations are included in detail in this report. The County Manager subsequently created the Technical Advisory Group (TAG) to review the recommendations of the Task Force and provide further input to the County Manager. Their recommendation are also included in the detail of this report.

After due consideration, the County Manager makes the following specific recommendations to the Board of County Commissioners regarding VHRs in Douglas County:

1. Immediately enact a cap on VHR permits of 725 in the Tahoe Township as recommended by the Taskforce. It is critical to establish a limit to prevent a large increase in VHRs in advance of implementation of further regulations.
2. Delay implementation of VHRs outside of the Tahoe Township until all regulations have been put in place. VHR regulation at Lake Tahoe has been an ongoing challenge. COVID-19 restrictions in California resulted in a surge of visitors this summer, leading to an increase in resident complaints regarding VHRs. It is important to implement changes to this program before the Board considers expansion to the rest of the County. Keep in mind that there are currently unpermitted VHRs throughout Douglas County. It is important the whole county be brought into a regulatory framework.
3. Create a three tier permitting system with requirements as recommended by the Taskforce and the TAG. The maximum occupancy limits should follow the recommendations of the TAG.
4. Include parking and noise requirements as recommended by the Taskforce.
5. Include health and safety requirements as recommended by the Taskforce and TAG.

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6. Include trash requirements as recommended by the Taskforce. Accept South Tahoe Refuge's request to make bear boxes mandatory for VHRs. Although not included in the Taskforce's recommendations, this is an important issue worth consideration. Residents generally know how to live in Bear County, but visitors often do not. Bear boxes would limit the harmful impacts on wildlife of improper trash handling by visitors.
7. Create a VHR Appeals and Advisory Board as recommended by the Taskforce and TAG.
8. Develop an educational compliance program as recommended by the Taskforce.
9. Develop a staffing plan for the program as recommended by the Taskforce and TAG. It is clear that current resources are inadequate to effectively manage the VHR program. Vendors provide great value, but more resources are needed for administration, code enforcement, and law enforcement to meet public expectations for this program.
10. Develop a permitting fee structure sufficient to cover the administrative costs of the program as recommended by the Taskforce. The program should pay for itself.

I would like to thank everyone who participated in the VHR Taskforce. They represented a diversity of stakeholders with a broad range of opinions on VHRs in Douglas County. Their recommendations are the result of many hours of hard work, research, and healthy debate. While individual members may not agree with every recommendation, their report represents a broad consensus. All of their recommendations are worth consideration by the Board. They have performed an invaluable service to Douglas County, the Board, and their fellow residents.

I would also like to thank Assistant County Manager Jenifer Davidson for her leadership with the Taskforce. I do not believe consensus would have been possible without her hard work.

PREVIOUS BOARD ACTION

Early 2017: the Board identified a need to consider amendments to County Code regarding short-term rentals (See, Initiative 3.7 of the County's Strategic Plan).

March 15, 2018: Community Development sought direction from the Board during an open meeting on how the short-term rental ordinance should be revised; Board advised staff to consider expanding VHR program beyond the Tahoe Township.

March-June 2018: Staff researched VHR ordinances in other jurisdictions and gathered data on enforcement best practices.

June 18, 2018: Community Development hosted a VHR workshop at Harrah's in Stateline to solicit public feedback.

July 10, 2018: Planning Commission recommended approval of Ordinance 2018-1515 with modifications to the draft presented by staff which would continue to preclude VHRs outside the Tahoe Township.

August 2, 2018: Community Development attempted to introduce Ordinance 2018-1515 at the BOCC meeting, however the Board does not vote to introduce the Ordinance. Staff is directed to return with a simplified ordinance placing the VHR chapter into Title 20 (from Title 5) with substantive changes limited to fines/specific public nuisance provisions.

August 16, 2018: Ordinance 2018-1520 is introduced; Data from businesses is received for business impact purposes; Contract with Host Compliance for VHR software and service/support is approved; Citation authority is granted to the Senior Code Enforcement Officer by resolution.

September 6, 2018: Ordinance 2018-1520 is enacted and the business impact statement is approved; Staff is directed to conduct additional public outreach, specifically with respect to whether VHRs should be allowed outside of the Tahoe Township.

September 19, 2018: Community Development hosted a VHR workshop at the CVIC Hall to disseminate information on the new ordinance and solicit additional public feedback.

October 2018: Online survey conducted through OpenGov regarding VHRs in Douglas County.

November 1, 2018: Host Compliance launches Phase 1, which includes 24/7 telephone hotline, online reporting and identification of unpermitted VHRs.

November 2018: Cease and desist letters are mailed to owners whose properties have been identified by Host Compliance as operating unpermitted VHRs. VHR permit applications are enclosed with the warning letters for those properties within the Tahoe Township and owners are directed to Douglas County Code chapter 20.622 for the new VHR ordinance/rules.

November 6-7, 2018: Results of the VHR online survey were made available to the public and the Board; over 1,000 responses received. The summary of the survey results we provided to the Board along with the press release containing a survey outcome statement and analysis of the results by staff.

November 15, 2018: the Board was provided an update regarding the implementation of Host Compliance and Vacation Home Rentals in Douglas County. After thoughtful deliberation and consideration of public comment the Board provided direction to the County Manager to create a citizen's advisory committee or taskforce to provide the Board with additional input regarding Vacation Home Rentals in Douglas County.

BACKGROUND ON VHRs IN DOUGLAS COUNTY

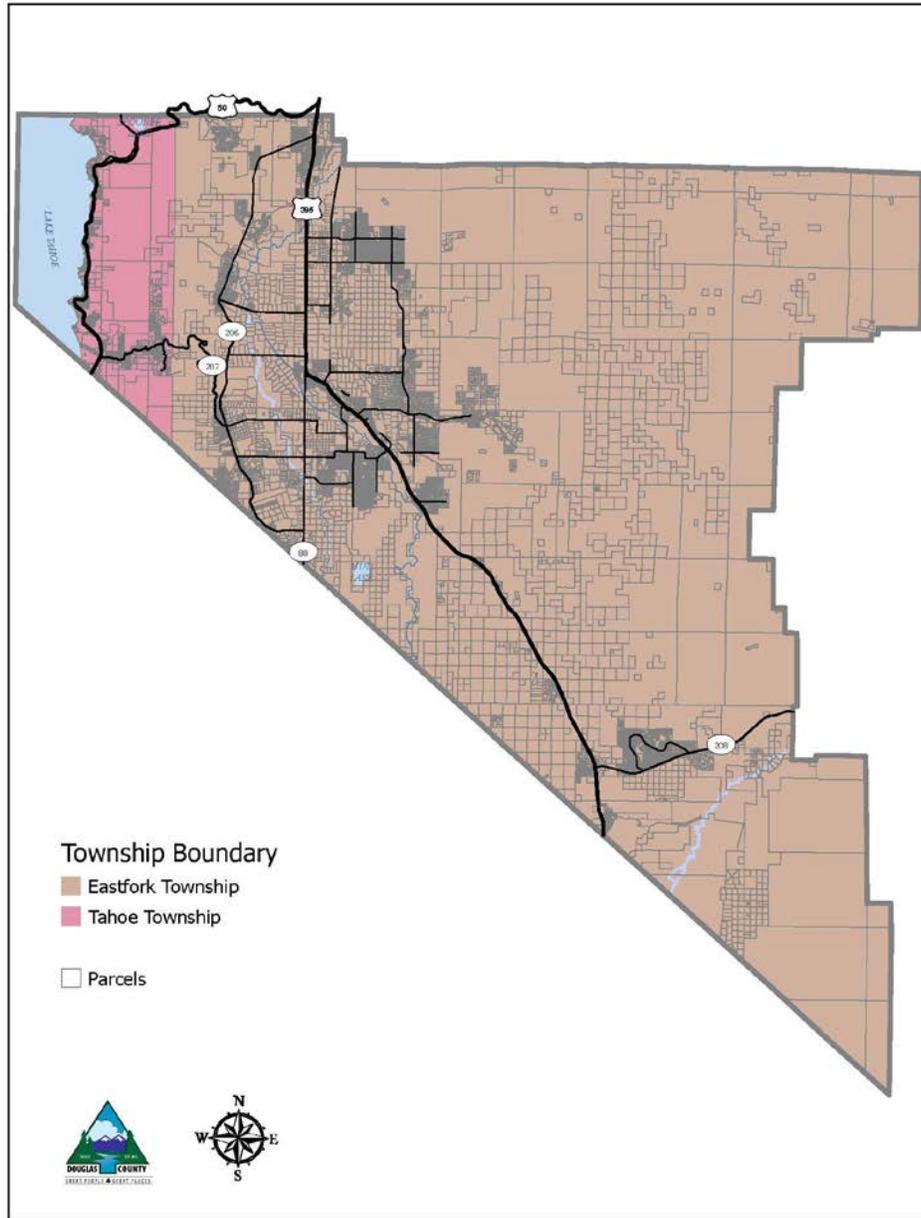
Douglas County Code Chapter 20.622.040 (Attachment A) defines Vacation Home Rentals in Douglas County as: “one or more dwelling units, including either a single-family, detached or multiple-family attached unit, rented for the purpose of overnight lodging for a period of not less than 1 day and not more than 28 days other than ongoing month-to-month tenancy granted to the same renter for the same unit pursuant to chapter 118A of NRS.”

VHRs, also known as short-term rentals (STRs), have been permitted in the Tahoe Township of Douglas County by Ordinance since 2005. VHRs existed as part of the Lake Tahoe tourist economy for decades prior to enactment of the Douglas County 2005 Ordinance; however, the more recent rise of dozens of online advertising platforms such as Airbnb and VRBO further expanded/introduced the concept to increasing numbers of private property owners with a literal click of the button. This surge in VHR use in many areas at the Lake has generated focus on and discussion around the impacts of transient use of private properties on neighborhoods and communities. As noted by Washoe County Staff in the attached Staff Report (Attachment B) to the Washoe County Commission in November 2019, “appropriate management of STRs is a complex and controversial issue with no simple solution. Stakeholders represent a variety of perspectives, often at opposite ends of the spectrum. Opinions range from a desire to see STRs completely banned within a community, to believing that they are a fundamental property owner right.”

Prior discussions by the Douglas County Board of Commissioners indicated support to allow VHRs in all areas of Douglas County. In March 2018, Community Development Staff requested the Board delay action to permit VHRs outside of the Tahoe Township so that resources may be directed first toward gaining compliance in the Tahoe Township and improving the overall administration of the program, including but not limited to the permitting process, training, enforcement and tracking. At that time staff recommended a number of changes to Title 5 based, in part, on issues raised by residents, the Board of Commissioners, and on recent changes enacted by the City of South Lake Tahoe. The Board rejected the first draft of changes proposed by Community Development staff (Ordinance 2018-1515, Attachment C) to Title 5 and Title 20 citing concerns regarding the complexity of the Ordinance and need for additional public outreach. In September 2018, the Board adopted Ordinance 2018-1520 (Attachment D), moving relevant sections of code

from Chapter 5 to Chapter 20 to allow code enforcement to enact fines or penalties for noncompliance, similar to the enforcement of public nuisances under Title 20. The Board further directed staff to conduct additional public outreach regarding the Vacation Home Rental program in the County.

Figure 1 Douglas County Township Boundaries



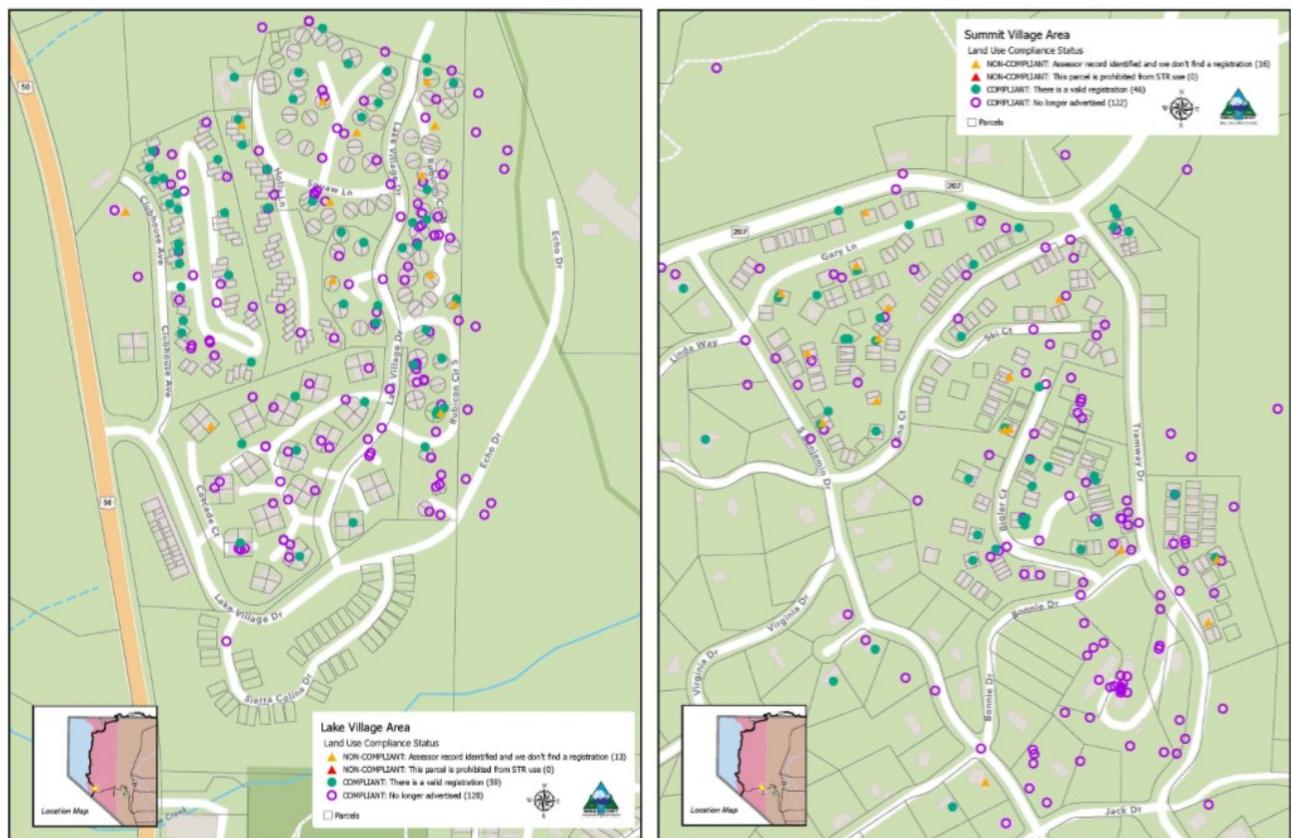
Vacation Home Rental owners are required to register a VHR with Douglas County and pay Transient Occupancy Tax (TOT), Transient Lodgers Licensing Tax (TLLT), and permitting fees. Permits must be renewed on an annual basis prior to expiration. Effective July 1, 2019, all VHRs are required to pass a life safety inspection of the property by Tahoe Douglas Fire Protection District prior to initial application and again at the time of renewal. VHR permits may only be issued in the name of the property owner.

Current estimates put the total number of VHRs in all of Douglas County between approximately 600 and 1100 distinct units active at any given time (both permitted and not permitted), depending on the time of year. According to Host Compliance, the compliance monitoring data from January 2020 for Douglas County indicated that there were approximately 25 illegal short term rentals outside the Tahoe Township. In

comparison, the number of short term rentals in the Tahoe Township currently permitted by the County was approximately 608, and the number currently operating without a permit was estimated to be 135. The total number of permitted VHRs in January 2020 represented approximately 12.5% of housing units in the Tahoe Township. This appears to be consistent with what other Tahoe-area jurisdictions are observing and also with the Mountain Housing Council Whitepaper estimates (Attachment E) that STRs comprise 13.5% of housing stock in the Truckee/North Tahoe region. The number of permitted properties dropped to 533 in March 2020. Of those properties, 231 (45%) were permitted for occupancy of less than 10 individuals, 293 (55%) were permitted for more than 10 individuals. 5% of advertised listings (both compliant and non-compliant) are for owner occupied units.

A review of the distribution of permits for the Tahoe Township confirms what members of the public stated during public comment that there are large concentrations of VHRs in certain neighborhoods like Lake Village (59 permitted, 13 operating without a permit, 330 total units) and Summit Village (46 permitted, 16 operating without a permit).

Figure 2 Lake Village and Summit Village VHRs



In August 2018, Douglas County contracted with Host Compliance to provide services related to VHR administration: address identification (tying online advertisements from dozens of platforms to real addresses); a 24/7 complaint hotline; VHR permitting; and, tax and fee collection. Since July 2019, complaints received by Douglas County Code Enforcement and the complaint hotline administered by Host Compliance have been complied by County Staff and broken down as follows:

Host Compliance (July 2019 thru April 2020)			Code Enforcement (July 2019 thru April 2020)		
Type	Number	% Overall	Type	Number	% Overall
Parking	29	15%	Parking	2	11%

Noise	42	22%	Noise	1	6%
No Permit	20	10%	No Permit	7	39%
Non-licensed Management	0	0%	Non-licensed Management	0	0%
HOA Approval	0	0%	HOA Approval	0	0%
Questions	77	39%	Questions	5	27%
Wrong Number	2	1%	Wrong Number	0	0%
Occupancy	5	3%	Occupancy	1	6%
Illegal Activity	1	0.50%	Illegal Activity	2	11%
Trash	5	3%	Trash	0	0%
Neighbor Dispute	1	0.50%	Neighbor Dispute	0	0%
Non-VHR Questions	6	3%	Non-VHR Questions	0	0%
COVID-19	7	3%	COVID-19	0	0%
Total	195		Total	18	

ESTIMATED FISCAL IMPACT OF VHRs IN DOUGLAS COUNTY, CURRENT PROGRAM

In March 2018 staff estimated the County collected approximately \$1.4 million annually in TOT from VHRs. At that time it was estimated that if enforcement as identified by Host Compliance was enacted, the amount of TOT could increase by approximately \$1.2 million, at a minimum (1/3 of the estimated illegal rental units). In Fiscal Year 2018/2019, it is estimated the program generated approximately \$2.6 million in TOT and TLLT, this represents approximately 20% of the total TOT and TLLT tax revenue for the County. For fiscal year 2019/2020 it is projected the program will generate approximately \$149,134 in fees, \$5,500 in fines and \$2.3 million, (\$1.9 million adjusted for COVID-19 impacts) in TOT and TLLT, for a total of between \$2.4 and \$2.5 million in revenue generated. Based on the amount of tax revenue collected (FY19/20 Room Tax Report, Attachment F) it is estimated on average a VHR permit generates approximately between \$25,000 and \$30,000 of income annually per property owner. The average nightly rate of a VHR this fiscal year is \$372 with an average occupancy rate of 29%.

Currently the equivalent of 1.5 positions are dedicated part time to program administration and enforcement. Current operating costs, including personnel (\$126,092.90), services and supplies (\$105,824.50 including Host Compliance Contract) for fiscal year 2019/2020 are estimated to total \$231,917.40. Current fees do not cover the cost of the program.

NEW Permit Fees

Application Fee \$400

Life/Safety Inspection \$150 (pass through to Tahoe Douglas Fire Protection District)

Technology Fee \$16

Total= \$566*

*does not include check (\$4.56) or credit card (\$17.21) processing fees

RENEWAL Permit Fees

Application Fee \$250

Life/Safety Inspection \$150 (pass through to Tahoe Douglas Fire Protection District)

Technology Fee \$10

Total= \$410*

*does not include check (\$3.31) or credit card (\$12.55) processing fees

Penalties for Violations

Douglas County Code Chapter 20.622.140 Penalty for violations contains the relevant penalty provisions. A VHR owner may be fined \$500 per day for each day fails to correct and/or abate any violation of the VHR chapter of code with a maximum total civil penalty of \$10,000. Under section DCC 20.622.140 (D), the civil penalties can become a special assessment against the property if:

1. The owner has been billed, served or otherwise notified that the civil penalties are due;
2. The amount of the uncollected civil penalties is more than \$5,000; and
3. At least three months have elapsed after the date specified in the order of the Director or the Board of Commissioners by which the owner must abate the violation/remmit the fee(s), or at least twelve months have elapsed after the date specified in the original notice of violation to the owner to abate the violation/remmit the fee(s). (Ord. 1520, 2018)

Douglas County Code Chapter 20.622.050 Vacation home rental permit requirements; Penalty for unpermitted vacation home rental, states:

A. No owner of a vacation rental may rent that unit for 28 consecutive calendar days or less without a valid vacation home rental permit for that unit issued pursuant to this chapter. A separate permit is required for each vacation home rental. The permit requirements of this chapter are in addition to any business license, hotel or motel tax registration, or any other permit or licensing requirements. However, at the discretion of the community development director or a designee, the processing of permits required under this chapter may be combined with the processing of business licenses, hotel or motel tax registration, or any other permit or license process administered by the county community development director or a designee. The county community development director or a designee is authorized to prescribe forms and procedures for the processing of permits under this chapter.

B. Owners of property being operated as an unpermitted vacation home rental located anywhere within Douglas County in violation of this section 20.622.050 shall be subject to civil penalties in the amount of five thousand dollars (\$5,000). The County may also seek an injunction and/or any other cause of action for violation(s) of this code, including, but not limited to, collection of delinquent tax payments. (Ord. 1520, 2018)

PUBLIC OUTREACH AND ENGAGEMENT

At several points in the process, the Board of County Commissioners made it clear that it was important to solicit input from stakeholder groups including enforcement agencies, VHR owners and residents regarding concerns and impacts of VHRs on the community. The intent of the Board was to better understand the perspectives of each group and to carefully consider the same prior to making changes to the program.

Public Workshops were held at the Lake in June 2018 and the Valley in September 2018. In total, staff estimate there were approximately 150-200+ attendees at the workshops (an exact number could not be obtained because some individuals attended both workshops). In addition, a public survey was conducted in October 2018 using OpenGov Town Hall; the results of the survey were shared with the Board of County Commissioners in November (Attachment G). There were 1,010 survey responses received, equal to fifty+ hours of public comment. Approximately 16% (165) of survey respondents own/operate a VHR; 398 of the total survey respondents (approximately 40%) were residents of Lake Tahoe.

Operating a VHR outside of the Tahoe Township is currently not permitted under Douglas County Code, however 449 of the survey respondents (approximately 45%) indicated they were unaware of the VHR prohibition in the valley. Responses to whether the VHR program should be expanded County-wide into the East Fork Township were split. Approximately 47% (470) responded they would like to see vacation rentals

allowed County-wide, however 24% (237) responded VHRs should be allowed only in the Tahoe Area and another 25% (246) stated they are against VHRs anywhere in the County.

Survey respondents were also split on whether there should be a cap on the number of VHRs: 49% support a cap in the Lake Tahoe area while 51% opposed it; 51% would support a cap if VHRs are allowed County-wide while 49% would oppose a County-wide cap. The concept which received the most support was “allowing owners to rent rooms out of their homes as short term rentals,” which was supported by 65% of the respondents and opposed by only 34%.

During the public outreach process, County Staff identified a number of reoccurring themes and concerns of workshop attendees and survey respondents. An analysis of the input received revealed the following:

- Similar to other local government jurisdictions, top areas of concern expressed by workshop attendees and survey respondents were related to occupancy limits, noise, trash, and parking.
- Many respondents view VHRs as a “commercial use” of properties, which detract from the character of residential neighborhoods.
- Opinions vary drastically on the existing standards. Many VHR property managers and owners believe the current regulations are either reasonable or overly strict, while many residents would prefer to see VHRs abolished altogether.
- Several respondents expressed the perception that regulations established for VHRs in Douglas County are not properly enforced.

TASKFORCE COMPOSITION

In November 2018 and again in January 2019, at the direction of the Board, Staff solicited letters of interest from residents interested in participating as a member of the Vacation Home Rental Taskforce. Members appointed by then Acting County Manager, Jenifer Davidson, to the Taskforce included:

Lake Tahoe Representatives

Mickie Hempler, Lake Resident

Ben Johnson, Lake Resident

Lauren Romain, Lake Resident

Ralph Tognetti, Lake Resident

Kevin Kjer, Licensed Property Manager, Lake Resident

Steve Teshara, Executive Director of the Lake Tahoe Chamber of Commerce, Lake Resident

Carol Chaplin, Executive Director of the Lake Tahoe Visitor’s Authority, Lake Resident

Natalie Yanish, Sierra Nevada Realtor (SNR) representative*, Lake Resident

*Member of SNR through January 2020

Carson Valley Representatives

Dan Aynesworth, Valley Resident

Margaret Pross, Valley Resident

Dana Reed, Valley Resident

*John Zemlock, Valley Resident

Tom Brooks, Owner Carson Valley Golf Course, Valley Resident

Jan Vandermade, Executive Director of the Carson Valley Visitor’s Authority, Valley Resident

Bill Chernock, Executive Director of the Carson Valley Chamber of Commerce, Valley Resident

*Resigned from the Taskforce by email June 28, 2019 (Attachment H).

The Taskforce was assisted in their efforts to develop recommendations by a group of core staff within the County and representatives from key stakeholder agencies in the community consisting of the following participants:

Advisors/Liaisons to the Taskforce

Jenifer Davidson, Assistant County Manager

Tom Dallaire, Director, Douglas County Community Development

Michael Xavier, Administrative Manager, Douglas County Community Development

*Kelli Nevills, Senior Code Enforcement Officer, Douglas County Community Development

Ron Michitarian, Captain, Douglas County Sheriff's Office

Eric Guevin, Fire Marshal, Tahoe Douglas Fire Protection District

Todd Stroup, Prevention Captain, Tahoe Douglas Fire Protection District

Kris Rowlett, Fire Inspector, Tahoe Douglas Fire Protection District

Amy Ray, Deputy Fire Chief/ Fire Marshal, East Fork Fire Protection District

*Resigned from Douglas County September 2019

TASKFORCE MISSION, GROUND RULES AND ASSUMPTIONS

The mission of the VHR taskforce was defined by the Douglas County Board of County Commissioners during their board meeting on January 24, 2019:

“To assist the County Manager with drafting recommendations regarding the administration and regulation of Vacation Home Rentals in Douglas County in a way which would balance the rights of the property owner with the rights of the neighbors.”

Early on in the process, in addition to the mission statement provided by the Board of County Commissioners, the Taskforce identified the following overarching principles to serve as a guide for deliberations and drafting of recommendations:

Ground Rules

- Each voice/member on the committee matters and was/will be heard (in fact of particular note, and on several occasions, split topics ended with unanimous consensus after further review and refinement of the desired actions and supporting recommendation language). Only speak when called upon was/will be honored.
- Be willing to go back and reconsider key topics as needed and through the benefit of additional research, data or other considerations.
- All written or stated recommendations from any task force member as well as any other tentative recommendation language will be reviewed and settled before proceeding to a final report.
- When there was not a unanimous vote, minority reports will be made to the County Manager.
- Avoid ‘overreach’ recommendations within the revised program. Recommendations must be feasible and enforceable in order to be implemented.
- Seek a fair and balanced approach arriving at reasonable and fully vetted solutions.
- More learning will lead to future refinement. Avoid getting too far into the weeds on areas difficult to predict now. The program will need continuous review and possible future modification.
- There will always be bad actors. You cannot eliminate or isolate bad behaviors just by changing a rule.
- Consider recommendations that could be applied in either township.
- Focus only on the scope of what could be managed and achieved within the context of VHR administration. Some items may be better referenced and handled by others.

Base Assumptions

- All interests in short term rentals must be considered – community (owners, renters, neighbors and other local agencies such as fire, sheriff, TRPA or others), as well as economic impact & regulatory requirements.
- Short term rentals, through the traditional property management model, have always been a part of the lodging options (at the lake).
- The new ‘shared economy’ and ease of online access creates changing dynamics in the marketplace as well as increased demand.
- Short term rentals create both benefits and negative impacts within our community.
- Fully consider and properly support effective enforcement of all recommendations/code changes. Enforcement is central to this program.
- Prioritize and pursue best practices in this program from other communities for the purpose of regulatory improvements as well as education. It is a nationwide topic. Ordinances should be easy to understand, reasonable, and regularly evaluated against best practices established for the VHR industry.
- Consider the full potential of regulatory measures in addressing the ‘bad actors’ (noise, parking, occupancy, trash or any other high impact issues).
- One of the main reasons owners rent short term vs long term is to be able to use their home on scheduled occasions.
- Educating and engaging VHR owners and managers as part of the solution will be key to obtaining voluntary compliance with the rules and minimizing impacts to the community overall.
- Health and safety of visitors and residents should be a priority of the program.
- The program should pay for itself.

TASKFORCE RESEARCH AND REFERENCE MATERIALS

To gain a better understanding of the Vacation Home Rental program in Douglas County and surrounding jurisdictions, the Taskforce reviewed the following materials assembled and provided by County Staff:

- Douglas County Code 20.622 related to the administration of the VHR program (Attachment A);
- Draft Ordinance language unsuccessfully proposed by staff intended to address concerns related to the administration of the VHR program (Attachment C);
- Board of County Commissioner meeting materials and minutes related to the VHR program;
- Written public comment regarding the impacts of VHRs in Douglas County;
- Survey results and written responses regarding the VHR program in Douglas County (Attachment H);
- Strategies and recommendations considered and/or implemented by other local government jurisdictions, including but not limited to the following:
 - City of South Lake Tahoe (link [here](#))
 - Washoe County (link [here](#))
 - Eldorado County (link [here](#))
 - Tahoe Regional Planning Agency (TRPA) (link [here](#))
- Short-Term Rental White Paper, Mountain Housing Council of Lake Tahoe, April 2019 (Attachment E);
- Socioeconomic Impacts of Vacation Home Rentals in South Lake Tahoe Comprehensive Report, prepared by Michael Baker International for the City of South Lake Tahoe, June 2017 (Attachment L);
- Host Compliance statistics regarding voluntary compliance with program rules, hotline complaint statistics, and the number, type and location of Vacation Home Rentals in the County;
- Presentation by the Code Enforcement division of the City of South Lake Tahoe regarding the City’s VHR program.

TASKFORCE RECOMMENDATIONS

After hours of research and thoughtful deliberation, the Taskforce submits the following policy recommendations regarding Vacation Home Rentals in Douglas County below for consideration:

General Recommendations

- Education must be an important cornerstone of a successful VHR program.
 - Douglas County should create a VHR compliance education certification program, similar to Eldorado County (course materials attached for reference, Attachment I), for owners and responsible parties. This program should contain information on the requirements and most common complaints for VHRs. The goal would be to obtain a high level of voluntary compliance with standards and to reduce the overall impact of VHRs on neighborhoods by actively engaging owners and managers to be part of the solution. This program should be offered electronically.
 - Douglas County should publish public information like "Douglas County Good Neighbor Flyer," also similar to Eldorado County (Attachment J), and require it to be posted in each rental to address proper etiquette for renters. Include information regarding public health and safety and special need to know FAQ type information related special circumstances at the Lake (parking limitations, weather conditions etc.). Require this information to also be provided to the renter electronically along with the rental application packet. Educational material must contain: community evacuation routes; fire safety info (ex. BBQ operation, proper cigarette and ash disposal, community fire danger, etc.); bear awareness brochure (if applicable); noise, trash and parking standards, occupancy limits, etc. Education materials provided to renters should also include information on the most common complaints: noise, parking and occupancy. Renters should be encouraged to know and respect the rules.
- Douglas County Board of Commissioners should appoint a "VHR Appeals and Advisory Board" to provide the BOCC with additional advisory opinions regarding future VHR related matters and to act as the Board of Appeals for VHR violations and complaints. This advisory board should review the program annually and make additional recommendations as needed. It is further recommended the "VHR Appeals and Advisory Board" include a representative from East Fork Fire Protection District, Tahoe Douglas Fire Protection District, and citizen representatives from the Valley and the Lake.

Health and Safety

Douglas County staff has been working with the Tahoe Douglas Fire Protection District, East Fork Fire Protection District and the Douglas County Sheriff's Office to discuss fire and life safety concerns associated with VHRs. The following recommendations are intended to assist the County with addressing life/safety concerns raised by these entities:

- Life/safety inspection must be passed (as determined by the County and Fire Protection District) prior to issuance and/or renewal of a VHR permit.
- As a condition of the permit and any renewal thereof, the homeowner will provide a certificate of insurance/ proof of insurance indicating the property is being used as VHR and provides \$500,000 minimum liability coverage per occurrence for the owners, renters, and visitors (including County Staff, and the Fire Protection District). Liability insurance coverage may be increased at the discretion of Douglas County.
- All final determinations/decisions regarding occupancy are subject to life safety inspection and final approval by the life safety inspecting authority.

Permitting

- Limit number of VHR permits per parcel to allowable uses per zoning designation and building code requirements. Each VHR must be a permanent, habitable dwelling unit. VHR permits may not be subdivided into multiple units for multiple groups for health and safety and compliance monitoring reasons.
- Permittee must be the property owner. The property owner must be certified through the Douglas County VHR compliance education program.

- Each VHR permit must designate a 24/7 responsible party. Responsible parties must be NV licensed property managers or an owner/other designee. The responsible party of a VHR must live full-time within Douglas County or the city limits of South Lake Tahoe. If the responsible party does not reside full-time, per the above conditions, they must hire a full time property manager as defined in NRS. Non licensed property managers that are the designated responsible party must be educated and certified through the Douglas County VHR compliance education program.
- Responsible parties must be notified immediately at the time a complaint is received. They must be on call and available to respond to resolve complaints within 30 minutes of notification by the County or its designee. The responsible party will provide documentation regarding the steps taken to reasonably resolve the complaint to Host Compliance, Douglas County Sheriff Officers or other Public safety official, and/or other Douglas County Staff within 1 hour of notification of the problem. Failure to respond within a reasonable timeframe may result in violation.
- On permit application, property owner must certify that information contained therein is complete and accurate; inaccurate or incomplete information may be cause for permit denial or revocation.
- A violation of County code by renters will count as a violation against the permit. This should be stated on the permit application and permit.
- Applicants must disclose if they are part of a homeowner association and/or general improvement district and provide current contact information for both if applicable on the application.
- Advertisements must include the permit number, room tax license number, maximum occupancy as allowed by the permit, number of bedrooms, number of beds (cannot exceed max occupancy), and number of parking spaces.
- Fees collected for VHR permitting should cover the cost of the program. No taxes (TOT, TLLT or General Fund) should be used to subsidize or offset these costs.
- Three permitting tiers are proposed*. The Taskforce recognized as permitted occupancy increases, the impacts on the surrounding neighborhoods are likely to increase as well. To mitigate the impact of higher occupancy VHRs, different standards should be applied at different occupancy thresholds.
 - Tier 1, True Host Permit: This type of permit would require the owner/manager to be on the premises (parcel) during the rental, one visitor car, two visitors max. The permit fees for this type of rental should be reduced because the compliance and monitoring efforts associated with this type of VHR should be less. Not operating (including advertising) by the conditions of the True Host Permit may result in revocation of the permit. This tier should be exempt from caps on the total number of VHRs in Douglas County.
 - Tier 2, Standard Permit: VHRs with a maximum occupancy of 12 persons or less; standard VHR permit, no special conditions.
 - Tier 3, Large Occupancy Permit: VHRs with a maximum occupancy of 13+ persons requires notice be given to neighbors with contact information for VHR owner/property manager and noise monitoring (see noise recommendations).
- Notice should be provided to neighbors of Tier 3 permits, by the permittee after a permit has been issued, containing information regarding what is expected of VHR renters and what neighbors should know. The notice should contain information on parking, occupancy limits, conditions of the permit, contact information for a responsible party, and other additional complaint contact information (host compliance, code enforcement and/or other). Notice will also advise the neighbors if they have questions regarding the status or conditions of the permit to contact code enforcement. Notice should be issued to neighbors within a reasonable proximity of the property that may be impacted by VHR activity as determined by County Staff (via a standard noticing radius). Notice should continue to be provided to HOAs and GIDs.

*It should be noted the Taskforce also considered alternatives to the VHR program in the valley, such as expanding Special Use Permits (“SUPs”) for owner-occupied bed and breakfasts (“B&Bs”). SUPs require notice to neighbors and a public hearing before the Planning Commission for approval, which is not required to obtain a VHR permit. B&Bs are currently prohibited in all Single Family Residential districts below half acre, however allowing B&Bs in more zoning districts would allow valley homeowners to

generate income from empty bedrooms on a case-by-case basis. The Taskforce did discuss and reject the idea of SUPs as a recommendation.

Parking

Similar to many local government jurisdictions, parking is the most frequently cited complaint type associated with Vacation Home Rentals in Douglas County. Parking at the Lake can be limited or nonexistent depending on location, available recreation/entertainment opportunities and weather conditions (snow plow and snow storage). The absence of a county parking ordinance causes problems, particularly at the lake, that cannot be entirely addressed through recommendations of the Taskforce. To help mitigate the impacts of parking related to VHR activity on neighborhoods, the Taskforce recommends the following:

- Require all advertising for VHRs to include the maximum number of allowed vehicles.
- Require designated/approved parking spaces to be hard or compacted spaces only at the Lake. Parking diagram with designated spots must be posted and provided to the renter. All parking spaces must be improved to Douglas County standards and developed on-site, within property boundaries. In multi-unit complexes, parking must be in designated parking spaces (if applicable) and limited to the number of spaces allotted to the unit. It should be noted that parking may also be limited by TRPA requirements at the Lake.
- Require renters to park in approved/designated spots only.
- Occupancy should be permitted based in part on the number of available on site parking spaces. One parking space should be required for every four proposed occupants. This number is based on a study conducted for the Incline Village General Improvement District which found in the summer there was an average of four visitors per vehicle at the Lake.
- Visitor offsite parking restrictions will be determined at the time of inspection and will become conditions of the permit if needed. Visitor parking restrictions must also be posted and provided to renters.

Noise

Noise is the next most frequently cited complaint received by Douglas County Code Enforcement, the Sheriff's Office and the Host Compliance hotline. Survey respondents and workshop attendees expressed concern regarding the significant disruption excessive noise from VHRs creates in otherwise peaceful neighborhoods. High occupancy VHRs are sometimes referred to as "party houses" by neighbors kept from the quiet enjoyment of their home by the "transient guests" of these properties. Compounding the issue is the fact that noise issues often occur after hours and on the weekends when Code Enforcement is not available to substantiate complaints and the Sheriff's Office has limited staffing to allocate to lower priority calls. As part of an overall strategy to manage noise issues related to VHRs the Taskforce offers the following recommendations for consideration:

- Occupancy limits must be strictly enforced during quiet hours, 10:00pm to 7:00am. Special events in excess of occupancy during quiet hours are not permitted.
- Require quiet hours be on the permit and in all advertising. Renters should be advised that they "may not willfully disturb the peace or quiet of any neighborhood or person or family by loud or unusual noises" pursuant to NRS Chapter 203.
- Noise monitor(s) (decibel-monitoring devices* approved by the County) inside and/or outside (placement and number to be determined staff) installed as a requirement for no less than 2 years after two substantiated complaint/violations. If no repeat violations/substantiated complaints, the monitor(s) may be removed. Software shall be enabled to retain the most recent 6mos of data. Code should state that the owner must provide records to code enforcement or other designee upon request. Renters should be advised in the advertisement and reminded at the time of rental that there is a noise monitoring device on the rental.
- Noise monitors should also be required for tier 3 permits.

- Because of the difficulty in substantiating noise complaints, individuals wishing to submit a complaint should be able to utilize an independent noise monitor, video or approved app as acceptable evidence of noise violations for VHRs.

*Decibel-monitoring devices monitor decibel-levels only; there are no audio recordings. It should be noted there is limited data available on whether they are an effective regulatory mechanism.

Trash

The Taskforce felt the absence of mandatory trash pickup in Douglas County causes problems in general (one of the problems being illegal dumping) that were beyond the scope of VHRs. Concerns regarding trash associated with VHRs are the third most frequently received complaints for the program. The following trash standards for VHRs are proposed to attempt to reduce the number of complaints:

- Trash must be managed as prescribed by Health District, Waste Management, HOA and GID (if applicable). Trash violations confirmed by the Health District, Waste Management, HOA or GID count as violations against the VHR and may incur both HOA/GID penalties and VHR permit penalties.
- Trash storage for VHRs (totes, carts, or other) must be sufficient to safely store waste for maximum number of occupants each week.
- VHR owners/managers in bear-prone areas should be encouraged to utilize wildlife-resistant carts and/or bear boxes. Education regarding bears and the appropriate disposal of trash should be provided to renters of these properties as well. After two trash violations, a bear box or bear resistant receptacle should be required in bear prone areas as determined by County Staff*.

*South Tahoe Refuge (STR) requests that Douglas County make VHR permitted properties have mandatory bear boxes or bear resistant receptacles (see letter, Attachment K). The Technical Advisory Group supports the STR recommendation.

Enforcement, Fines and Penalties

Enforcement was a reoccurring theme of discussion at each of the Taskforce meetings. The Taskforce members felt strongly that there should be simple, professional and transparent rules regarding the requirements for VHRs; what constitutes a violation, and how to file a complaint. Taskforce offered the following recommendations regarding enforcement:

- Sufficient staffing is needed to enforce the rules when violations occur at hours not currently being covered, including nights and weekends based on when calls come in. Additional recommendations regarding staffing are offered below.
- In the attached October 11, 2019 (Attachment B) staff report containing recommendations for the regulation of short-term rentals within in unincorporated Washoe County, staff advised, “research related to STRs has made it very clear that fines and penalties must be significant enough to deter violations; otherwise, it may just be considered the cost of doing business for an operator.” It is the opinion of the Taskforce that Douglas County’s code enforcement division and fine structure is focused on obtaining voluntary compliance and may not be sufficient to deter violations. The VHR Appeals and Advisory Board should review and recommend a possible scaled fine structure based in part on the average nightly rates and revised conditions in which a permit will be revoked. A cooling off period where the property is ineligible to obtain a VHR permit is also recommended.
- At the least, three separate callouts/incidents with substantiated violations within one year should initiate the revocation process. Permittees should be required to appear before the appeal board within 30 days for final determination.
- The County must follow up on complaints. It is the opinion of the Taskforce there is an element of customer service missing in the complaint process. Residents can utilize the complaint hotline, but there is no follow up.

- Continue to proactively identify unlicensed VHRs and pursue licensing compliance; cite, fine and, if necessary, lien non-compliant property owners who continue to operate a VHR without the appropriate permit in place.

Staffing Needs

The use of Host Compliance, a third party VHR program administrator, has proven to be an effective tool in identifying unpermitted VHRs and implementing a 24/7 complaint hotline. Host Compliance should continue to be used for compliance monitoring, and to administer the 24/7 complaint hotline; however, Host Compliance cannot be the end all, be all, enforcement solution for VHR issues in Douglas County. Enforcement of VHR rules is a 24/7 operation because the impacts of poorly managed VHRs are felt 24/7. The Taskforce deferred to the Technical Advisory Group to make a recommendation regarding the level of staffing required to meet operational and enforcement needs of the program.

Limits (caps) on Total VHR Permits

By far the most difficult recommendation to write for the Taskforce was a recommendation to limit the total number of VHR permits that could be issued by the County. All but one member of the Taskforce felt strongly that caps would be a valid means of addressing concerns expressed by workshop attendees and survey respondents regarding the proliferation of VHRs in neighborhoods. Taskforce members, all residents themselves of Douglas County, were swayed by personal experience and compelling stories of VHRs slowly taking over entire streets and multifamily complexes; slowly eating away at the traditional character of neighborhoods at the Lake. A review of the distribution of VHRs in some neighborhoods showed concentrations in excess of 75% of the total residential units.

Concerns were also expressed by the members of the Taskforce about the impact of VHRs on long-term rentals. Data collected at the Lake by various entities (South Lake Tahoe Socioeconomic Impact Study, Attachment L and the Mountain Housing Council of Tahoe Truckee, Attachments E) appears to show that the number of resident occupied units (owner and long-term renter) at the Lake continue to decrease, while the numbers of VHRs appear to increase. If left unchecked, it is the opinion of the Taskforce that the number of VHRs will continue increase and contribute to the problem of workforce housing availability in Douglas County.

For these reasons, it was the opinion of the Taskforce that it was not a question of if VHRs should be limited, but rather at what level and how. After reviewing the current supply and demand of VHRs at the Lake, the Taskforce made the following recommendations regarding limiting the number of permitted VHRs in Douglas County:

- VHR rentals should be permitted in the Eastfork Township and capped at 200 permits initially.*
- VHRs should be limited to 725 permits issued in the Tahoe Township and 200 permits issued in the East Fork Township.*
- Caps should be reevaluated annually by a VHR Appeals and Advisory Board and recommendations regarding adjustments to the caps should be based on overall compliance with the ordinance (complaints and violations), and demand for permits. True host permits should be exempt from caps in both Townships.
- A use or lose it clause may need to be implemented once the cap in either township is reached. This should be evaluated by the VHR Appeals and Advisory Board and based on need/demand and market conditions. True host permits should be exempt from use or lose it provisions.

*It should be noted this was the only recommendation that resulted in a clear split between Valley and Lake representatives. Five Lake representatives (of eight representatives total) disagreed with the recommended cap number at the Valley and the Lake. Four individuals felt strongly the cap should be lower at the Lake and the number of permitted VHRs in the Valley should be much greater. One representative that was a member of the Realtor's Association and resident of the Lake felt strongly that there should be no caps. The Taskforce did discuss alternatives to flat caps such as limiting permits based

on proximity to other permits or land use and zoning designations. Ultimately, it was the opinion of the Taskforce that flat caps would adequately address the concerns and would be the easiest to administer.

TECHNICAL ADVISORY GROUP (TAG)

In November 2019 the recommendations developed by the Taskforce were forwarded to a group of technical advisors for input regarding cost and feasibility of implementation. The recommendations contained in this report were approved by the TAG in April. Members of the TAG included:

Jenifer Davidson, Assistant County Manager, Douglas County
Ron Elges, Undersheriff, Douglas County Sheriff's Office
Tom Dallaire, Director of Douglas County Community Development
Cynthia Gregory, Assistant District Attorney, Douglas County District Attorney's Office
Carrie Rosser, Assistant District Attorney, Douglas County District Attorney's Office
Sam Taylor, Assistant District Attorney, Douglas County District Attorney's Office
Michael Xavier, Administrative Manager, Douglas County Community Development
Eric Guevin, Fire Marshal, Tahoe Douglas Fire Protection District
Todd Stroup, Prevention Captain, Tahoe Douglas Fire Protection District
Kris Rowlett, Fire Inspector, Tahoe Douglas Fire Protection District
Amy Ray, Deputy Fire Chief/ Fire Marshal, East Fork Fire Protection District

ADDITIONAL TECHNICAL ADVISORY GROUP RECOMMENDATIONS

After hours of research and thoughtful deliberation, the Technical Advisory Group submits the following additional policy recommendations regarding Vacation Home Rentals in Douglas County below for consideration:

General Recommendations

- The TAG agrees Douglas County Board of Commissioners should appoint a "VHR Appeals and Advisory Board" to provide the BOCC with additional advisory opinions regarding future VHR related matters and to act as the Board of Appeals for VHR violations and complaints. It is further recommended by the TAG the "VHR Appeals and Advisory Board" include a representative from East Fork Fire Protection District, Tahoe Douglas Fire Protection District, citizen representatives from the Valley and the Lake, the Sheriff's Office and VHR owner/managers. The TAG also recommends a staff liaison to the advisory board be assigned from Community Development to handle the administrative functions and that a representative from the District Attorney's Office be appointed to provide legal counsel.

Health and Safety

- Unscheduled inspections may occur if building or fire inspectors have reason to believe occupancy has been exceeded or a life safety issue is present.
- Owners/managers must grant access to the property to re-inspect for life safety issues upon request.
- Permits may be suspended by the County when there is an open building permit on the property which could create a life safety issue for renters and the public.
- Permits may be suspended by the County or Fire District at any time for life safety reasons.

Permitting

- Three permitting tiers are also proposed by the TAG*. The TAG agrees as permitted occupancy increases, the impacts on the surrounding neighborhoods are likely to increase as well. To mitigate the impact of higher occupancy VHRs, different standards should be applied at different occupancy thresholds.
 - Tier 1, True Host Permit: TAG agrees with the Taskforce recommendation. No changes.

- Tier 2, Standard Permit: VHRs with a maximum occupancy of **10 persons or less**; standard VHR permit, no special conditions (Note: 10 or fewer is a common break point for uses like group homes and within the International Building Code’s “R” occupancy. The Taskforce recommendation is 12 or less.)
- Tier 3, Large Occupancy Permit: VHRs with a maximum occupancy of **11+ persons** requires notice be given to neighbors with contact information for VHR owner/property manager and noise monitoring (the Taskforce recommendation is 13+ persons).
- Require Tier three permits to be managed by a NV licensed property manager.
- A VHR permit should be considered similar to a privileged license in that revocation can occur without BOCC action for issues such as non-payment of County fees, taxes and noncompliance with County Code. Any revocations would provide for appropriate and timely administrative appellate review.
- VHR Property owners/managers should be advised that standards are subject to change over time and that failure to abide by revised standards may result in a finding of violation and/or revocation of permit.
- On permit application, property owner must certify that information contained therein is complete and accurate; inaccurate or incomplete information may be cause for permit denial or revocation.
- Permittee must comply with all other state, federal and other applicable laws/statutes.

Staffing Needs

The TAG agrees with the Taskforce that, the use of Host Compliance, a third party VHR program administrator, has proven to be an effective tool in identifying unpermitted VHRs and implementing a 24/7 complaint hotline. Host Compliance should continue to be used for compliance monitoring, and to administer the 24/7 complaint hotline; however, Host Compliance cannot be the end all, be all, enforcement solution for VHR issues in Douglas County. Enforcement of VHR rules is a 24/7 operation because the impacts of poorly managed VHRs are felt 24/7. With this in mind, the Technical Advisory Group offers the following recommendations regarding staffing for the VHR program:

- The following resources are needed to properly manage the program:
 - Administrative Assistant (new position)- One fulltime administrative staff member is needed to perform a variety of administrative tasks related to enforcement. This position is also needed for customer service. Code Enforcement Officers are in the field, administrative positions can follow up on complaints and provide a missing element of customer service in coordination with Code Enforcement. This individual would also serve as the clerk to the advisory Board.
 - Counter Technician (new position)- Needed to process permits and renewal applications.
 - Code Enforcement Officer (new position)- Needed to increase enforcement efforts for the program. On Call
 - Deputy Sheriff (cost allocation of 1 FTE, this may result in one new position for the SO)- The Code Enforcement Division/Community Development will increase coordination and communication with the Sheriff’s Office. Under the direction of the Sheriff’s Office, deputies (where practical) should actively patrol neighborhoods with VHRs to ensure standards are being followed and cite where necessary.
- Permitting should be moved from Host Compliance back to Douglas County Community Development. Room tax processing should also be moved from Host Compliance. For efficiency, Room tax payments from VHRs should be processed the same way payments from Hotels and Lodging establishments are paid using HdL Companies TOT Processing.

The cost of these recommendations including personnel (\$357,935.66), services and supplies (\$132,324.50) are estimated to total \$490,260.16. The Taskforce recommends the increase in costs be offset by an increase in permitting fees. The Taskforce felt strongly the program should pay for itself.

OTHER CONSIDERATIONS

While it is the recommendation that the Board open permits in the East Fork Township and cap the total number of permits in both townships, it is likely these changes will increase interest in VHR permits. For this reason, it is the recommendation of the Taskforce that the BOCC delay implementing changes for six months in the East Fork Township after the changes to the code are adopted. This will allow the County time to make the necessary staffing changes and adopt the updated fee schedule to cover the costs of the program.

Tahoe Regional Planning Agency (TRPA)

TRPA adopted a list of regulatory guidelines for jurisdictions to apply to VHRs in order to meet TRPA goals and policies. The Douglas County VHR program will be evaluated against these guidelines and awarded points for compatibility and best practice implementation. Failure to obtain 90 points would result in a reduced residential allocation for the County. The Taskforce recommendations for VHRs are expected to meet many of the parameters laid out by TRPA (Attachment M). The County Manager and BOCC will want to keep these guidelines in mind when making modifications to the program.

Timeshares

Timeshare part time owners are known to rent weeks/partial shares of properties as VHRs. The Taskforce did not write a specific recommendation regarding timeshares in particular, but wanted to bring it to the attention of the Technical Advisory Group and County Manager to possibly be addressed in the future. Because of the nature of timeshare operations it was the concern of the Taskforce that regulations regarding the use of timeshares as VHRs would be difficult to enforce. It is estimated that anywhere between 100 to 300 of the unpermitted properties advertised as VHRs at any given time in Douglas County are timeshares.