

# Ordinance 2020-XXX

Adopted by the City of South Lake Tahoe  
City Council

November 17, 2020

## **An Ordinance Amending Chapter 6.55 (Plan Area Statements and Other Land Use Regulations) to Add Section 6.55.295 to Establish Rules for Hosted Rentals**

### **FINDINGS**

- A. Shared rentals, in which less than an entire dwelling is rented for a period of less than 30 consecutive calendar days, are currently permitted by obtaining a business license and are required to pay transient occupancy tax.
- B. Since the passage of Measure T in November 2018, which would phase out vacation home rentals (VHRs) of an entire dwelling in residentially zoned areas outside of the Tourist Core in 2021, the number of active business licenses for shared rentals has increased from 15 to 92.
- C. City Council has expressed concerns that requiring only a business license does not allow for effective enforcement to ensure that the entire home is not being rented out in violation of Measure T, and does not allow for reasonable regulations to mitigate other impacts to neighborhoods similar to those of VHRs such as noise, trash, and parking.
- D. Because of the increase in demand for shared rentals and their potential impacts on neighborhoods, at the City Council meeting on June 9, 2020, the City Council directed staff to prepare a draft ordinance regulating shared rentals including the following provisions: require the owner to live onsite; require the owner to meet guests in person at check-in to go over the rules; require owner to respond to complaints within a short period of time; prohibit shared rentals in multi-family residences like apartments; limit the days of shared rental permitted per year or number of shared rental contracts; limit occupancy based on number of bedrooms; include noise regulations and quiet hours; include parking requirements; and require owner to submit names of all advertising platforms to City.
- E. On September 10, 2020, the Planning Commission held a public hearing pursuant to Government Code section 65853 *et seq.* and passed Resolution No. 2020-27 finding the Ordinance categorically exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines section 15301 (Existing Facilities) and recommending that City Council adopt the Ordinance, and passed two motions recommending changes that have been incorporated into the Ordinance: (1) that the response time for hosts be increased from 30 to 60 minutes to acknowledge the time it may take to return home given the distance and traffic in

town, that the occupancy limit for the maximum number of guests of two per room be modified to exclude children eleven or younger, and that long-term renters be allowed to host shared rentals with owner approval in single-family homes; and (2) that tenants with owner approval in multifamily dwellings be eligible to receive hosted rental permits.

- F. On October 6, 2020, City Council considered the draft Ordinance and instead of holding a first reading, directed staff to make the following changes and bring the revised Ordinance back for a first reading at a future meeting: (1) increase the required tenancy for a tenant to qualify as a hosted rental applicant from six months to two years; (2) include a cap of 200 hosted rental permits in the City; (3) not allow hosted rentals to operate in multifamily dwellings; (4) modify Subsection (D)(9) to state that the City shall not provide notice of a forthcoming permit expiration date; (5) modify Subsection (F)(4) to not count children 5 and under towards the occupancy limits; (6) modify Subsection (F)(10) to not require that hosts go over the performance standards in person at check in; and (7) specify the penalty for operating an unpermitted hosted rental.
- G. On October 20, 2020, City Council considered the revised draft Ordinance and instead of holding a first reading, directed staff to make the following change and bring the revised Ordinance back for a first reading at a future meeting: require the hosted rental permittee, whether the permittee is a tenant or the homeowner, to provide evidence that the hosted rental property is the permittee's primary residence.
- H. On November 3, 2020, City Council considered the draft Ordinance and a motion was made to adopt first reading (by title only) of an Ordinance amending City Code Chapter 6.55 (Plan Area Statements and Other Land Use Regulations) to Add Section 6.55.295 to Establish Rules for Hosted Rentals, to Title 6 (Development Services), and referred the second reading and adoption to the November 17, 2020 meeting by a vote of 5 - 0 in favor.
- I. The City of South Lake Tahoe has a shortage of affordable housing for residents and workers, as identified in the report entitled South Shore Region Housing Needs and Opportunities (Oct. 2019). That report concludes on page 1 that "[t]he most prominent trend that is at the base of the local resident housing problems in the South Shore Region is the loss of resident-occupied homes in the Region both in number and percentage," noting that resident-occupancy dropped from 61 percent in 2000 to 46 percent in 2017, and that the number of homes occupied by year-round residents has declined by 700 homes since 2010, with that decline being caused by a large decline in resident renters. Allowing qualifying long-term tenants as well as homeowners to get hosted rental permits, along with requiring that the hosted rental property is the permittee's primary residence, would create an opportunity for year-round residents to add income from hosted rentals to offset high housing costs and encourage more of the City's housing stock to be used for year-round residents.
- J. Consistent with other California cities and counties that have adopted ordinances regulating this use, this Ordinance uses the term "hosted rental" instead of shared rental to better

describe the intent that this use is more akin to a home occupation where the homeowner or long-term tenant is present to manage the use while it is occurring.

**Now, Therefore, the City Council of City of South Lake Tahoe does ordain as follows:**

SECTION 1. Title 6, Chapter 6.55 of the South Lake Tahoe City Code is amended by adding a new Section 6.55.295 (Hosted Rentals) as follows:

**6.55.295 Hosted rentals**

**A. Purpose.**

The purpose of this section is to establish reasonable standards for the use of dwellings as hosted rentals to preserve neighborhood character and quality of life by avoiding adverse effects on the surrounding neighborhood by limiting the scope, size, intensity, and nonresidential traffic from hosted rentals.

**B. Definitions.**

For the purposes of this section, the following terms, phrases and words shall have the meanings hereinafter set forth:

“Accessory dwelling unit” means an attached or detached residential dwelling unit that provides complete independent living facilities for one or more persons, is located on a lot with a proposed or existing primary residence, and includes permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the primary dwelling.

“Director” means the director of the development services department.

“Dwelling” means a building, or portion thereof, designed exclusively for residential purposes, including single-family and multifamily dwellings, condominiums, and timeshares but not including hotels, motels, boardinghouses and lodging houses.

“Guest” means visitor to a hosted rental property associated with the hosted rental, including any visitor not staying overnight.

“Homeowner” means the natural person or persons or personal or family trust consisting solely of natural persons that owns a dwelling and claims that dwelling as their principal place of residence. Business entities are excluded from the definition of “homeowner.”

“Hosted rental” means an activity whereby the owner or tenant hosts a visitor or visitors in the homeowner’s or tenant’s home, for compensation, for a period of 30 or less consecutive calendar days, while the homeowner or tenant lives on-site in the home throughout the visitor’s or visitors’ stay. Neither vacation home rentals as defined in section 3.50.370 of this code nor bed and breakfast facilities where bedrooms are rented for overnight lodging and at least one meal daily is provided are “hosted rentals” and these uses are regulated in other sections of this code.

“Multifamily dwelling” has the same meaning as set forth in section 3.50.370 of this code.

“Tenant” means the natural person or persons residing in a dwelling either: (a) under a lease with a term of two years or more; or (b) with proof of tenancy in a dwelling under multiple consecutive tenancies adding up to two years or more, and claims that dwelling as their principal place of residence.

**C. Permit required.**

1. It shall be unlawful for any person to operate, maintain, or advertise a hosted rental without a permit issued under this section. Hosted rental permits are issued for a specific permittee and dwelling and are not transferable between permittees or dwellings. Hosted rental permits are valid for one year after issuance and may be renewed.
2. No more than 200 hosted rental permits shall be active citywide at any time.

**D. Application requirements.**

A homeowner or tenant applying for an annual hosted rental permit shall submit an application to the director containing, at a minimum, the following:

1. Applicant(s) name(s), mailing address, telephone number, and email address.
2. Address and assessor’s parcel number of dwelling proposed to be used as hosted rental.
3. If the applicant is a homeowner, copy of property tax exemption or written statement signed under penalty of perjury that hosted rental dwelling is the principal place of residence of homeowner.
4. If applicant is a tenant, signed permission from the property owner for the tenant to use the property as a hosted rental, copy of lease agreement(s) for a term of two years or more or establishing tenancy under multiple consecutive agreements adding up to two years or more, and written statement signed under penalty of perjury that dwelling is tenant’s principal place of residence.
5. Total number of bedrooms in dwelling and number of bedrooms to be used for hosted rental.
6. Number of off-street paved parking spaces on property.
7. Names of all advertising platforms to be used to advertise hosted rental.
8. Agreement to comply with the performance standards in this section.
9. Application fee in an amount set forth by resolution of the city council.
10. Applications to renew a hosted rental permit shall be submitted prior to the expiration of the existing hosted rental permit. If a timely renewal application is filed, the hosted rental permit shall not expire until the director approves or denies the renewal application. If a timely

renewal application is not filed, the hosted rental permit shall expire one year from the date it was issued and shall be considered null and void. The city shall not provide notice to the permittee of a forthcoming hosted rental permit expiration date.

**E. Permitted structures.**

1. Homeowner or tenant must reside in the same dwelling as the hosted rental.
2. Hosted rentals are not permitted in multifamily dwellings, accessory dwelling units, or timeshares.
3. Camping and sleeping in tents, travel trailers, campers, or recreational vehicles is not permitted at the hosted rental property.
4. Bedrooms shall meet minimum size and other requirements as defined in the building code.
5. All applicable building and fire code requirements, as specified in the self-inspection certified checklist application requirement, shall be met.

**F. Performance standards.**

Hosted rentals shall comply with all of the following standards while a hosted rental is occurring:

1. The homeowner or tenant shall be available by telephone to respond to complaints regarding the hosted rental, and shall be available to respond in person to complaints within sixty minutes. The homeowner or tenant listed on the application shall stay overnight at the dwelling while it is being used as a hosted rental.
2. The homeowner or tenant may only enter into a hosted rental contract with one party at a time during the same occupancy period.
3. The hosted rental permit number shall be included on all advertisements and the entire home shall not be advertised as available for rent.
4. The maximum number of guests allowed in a hosted rental shall not exceed two people per hosted bedroom and shall not exceed six total guests. Children five and under are not counted toward maximum occupancy. Rental to unaccompanied minors under the age of 18 is prohibited.
5. Limit of vehicles associated with the hosted rental use is determined by the number of paved off-street parking spaces dedicated for use by hosted rental guests, not to exceed two vehicles.
6. Outdoor amplified sound is prohibited. Quiet hours shall be from 10:00pm to 8:00am. Use of outdoor spas and hot tubs is prohibited during quiet hours.

7. Events such as weddings and receptions are prohibited.
8. All required transient occupancy tax payments shall be made on time.
9. Homeowner or tenant shall maintain records of every night for which hosted rental is rented, including the name and contact information of the guest signing each rental contract and the number of occupants under each rental contract for a period of three years, and shall provide such records to the city within 15 business days of receiving a written request.
10. Homeowner or tenant shall go over these performance standards with guests prior to or during their stay.
11. These performance standards shall be included in the hosted rental agreement including online terms of rental and shall be posted inside the hosted rental in a location readily visible to all guests.

**G. Enforcement and revocation of permit.**

1. Homeowners, tenants, and guests in violation of this section, including homeowners and tenants operating a hosted rental without a hosted rental permit, are subject to administrative citation under chapter 2.30 of this code.
2. A hosted rental permit may be revoked by the director if he or she concludes any of the following:
  - a. Homeowner or tenant has submitted false or misleading information in the application.
  - b. There has been a violation of any of the requirements or performance standards in this section.
  - c. The hosted rental has not made transient occupancy tax payments to the city in full by the date they are due.
3. A homeowner or tenant whose hosted rental permit has been revoked may not apply for a new hosted rental permit for one year from the effective date of the revocation.
4. A homeowner or tenant operating a hosted rental without a permit may not apply for a hosted rental permit for one year from the effective date of the administrative citation.

**H. Appeal.**

A homeowner or tenant may appeal the director's decision to deny, not renew, or revoke a hosted rental permit to the Planning Commission under the administrative appeal procedures in chapter 2.35 of this code.

SECTION 2. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision will not affect the validity of the remaining portions of this Ordinance. The City Council declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

SECTION 3. The City Clerk is directed to certify this Ordinance and cause it to be published in the manner required by law.

SECTION 4. This Ordinance shall become effective thirty days after the date of its adoption.

SECTION 5. Upon the effective date of this Ordinance, shared rentals authorized under a business license are no longer permitted to operate, and qualifying homeowners and tenants would need to apply for a hosted rental permit under this Ordinance to resume operations.

SECTION 6. The City will start accepting applications for hosted rental permits once the state lifts the COVID-19-related restrictions on hosted rentals.

Yes:  
No:  
Abstain:  
Absent:

Date:\_\_\_\_\_

\_\_\_\_\_  
Jason Collin, Mayor

Attest:

\_\_\_\_\_  
Susan Blankenship, City Clerk

First Reading:  
Published:  
Effective: