Short Term Rentals

NLTRA Board Presentation

December 1, 2021

Vision

Strive for a balance between short term rental opportunities in a diversity of lodging types to both support opportunities for residential lodging and encouraging new or redeveloped lodging in town centers.

Maintain housing supply and attainable **housing** pricing **for workforce**.

Achieve host and code **compliance to maintain** residential **neighborhood character** by encouraging available and attainable long-term housing in residential neighborhoods and limiting nuisances

Key Issues

Workforce Housing Viability

Neighborhood Character

Fire & Life Safety

Hotel Economy

Staffing/Enforcement

Workshop #1 Top Ideas and Research Needs

- Best practices of other jurisdictions
- Clarify the problem we're trying to solve
- Identify Housing Stock
- STR impacts on long term housing availability (rent or purchase)
- Percentage of housing market going to locals
- Limits on STRs (Overall Cap, geographical areas: com/res)
- Support more strict enforcement, heavier penalty fines
- Safety issues and visitor training

Focus Groups

Fire Districts:

Property Management and Realtors:

Business owners:

Condotels:

Private STR Operators

Research & Emerging Practices

Neighborhood Preservation:

- Density/Geospatial Limitations
  - Proximity to commercial/tourist cores or resort communities
  - Clustering provisions – minimum spacing between STRs in residential areas
- Limiting number of STRs per parcel and per owner
- Limiting size
- Limiting minimum stays and/or minimum usage per year
- Limiting occupancy

Housing Solutions:

- Limit Total #
- Limit STRs in multi-family units

Comparative STR Caps - Examples

Jurisdiction	Total # of homes	STR Cap (% of housing stock)	Other Limiting/ Locational Provisions
Douglas County	4,700 (in Basin)	600 **(12.8%)**	Unit-type caps, Occupancy tiers
El Dorado County	8,900 (in Basin)	900 **(10.1%)**	Spacing, hosted permits
Town of Mammoth Lakes	9,795	STRs prohibited in most residential zones	Voter initiative
Morro Bay	6,466	250 **(3.8%)**	Spacing, applies to Resi only
South Lake Tahoe	14,450	Prohibited in Resi Zones	Voter initiative, Primary owner and hosted rentals allowed
Durango, CO	7,922	125 **(1.5%)**	Zoning, Spacing, Planned Developments
Steamboat Springs, CO	9,693	3,854 **(40%)**	Currently updating ordinance
Crested Butte, CO	1,077	30% of free-market units	Scaled up based on newly constructed houses (1:3.5)
Moab, UT	2,148	STRs prohibited in Resi	Zoning

Economic Study Preliminary Results

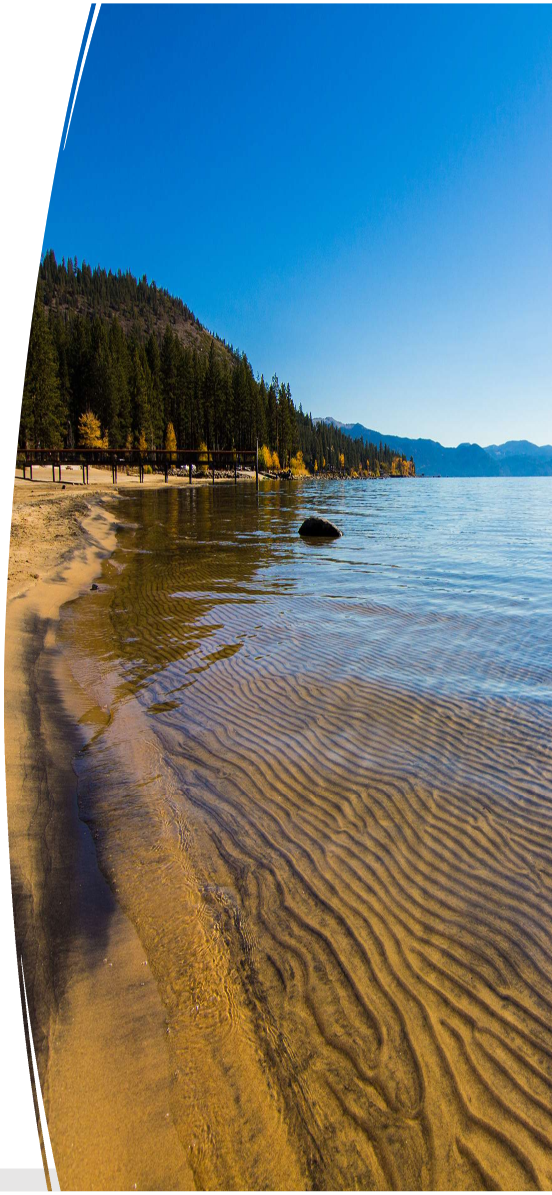
Ongoing Research

- Review of contemporary academic literature

- STR and hotel inventory, occupancy, and pricing
  - *Placer County TOT certificates and STR permits*
  - *Historical STR data from AirDNA and InsideAirbnb*
  - *Census data on housing inventory and vacancy*
  - *Placer County Assessor’s homeowner's exemptions data*

Literature Review

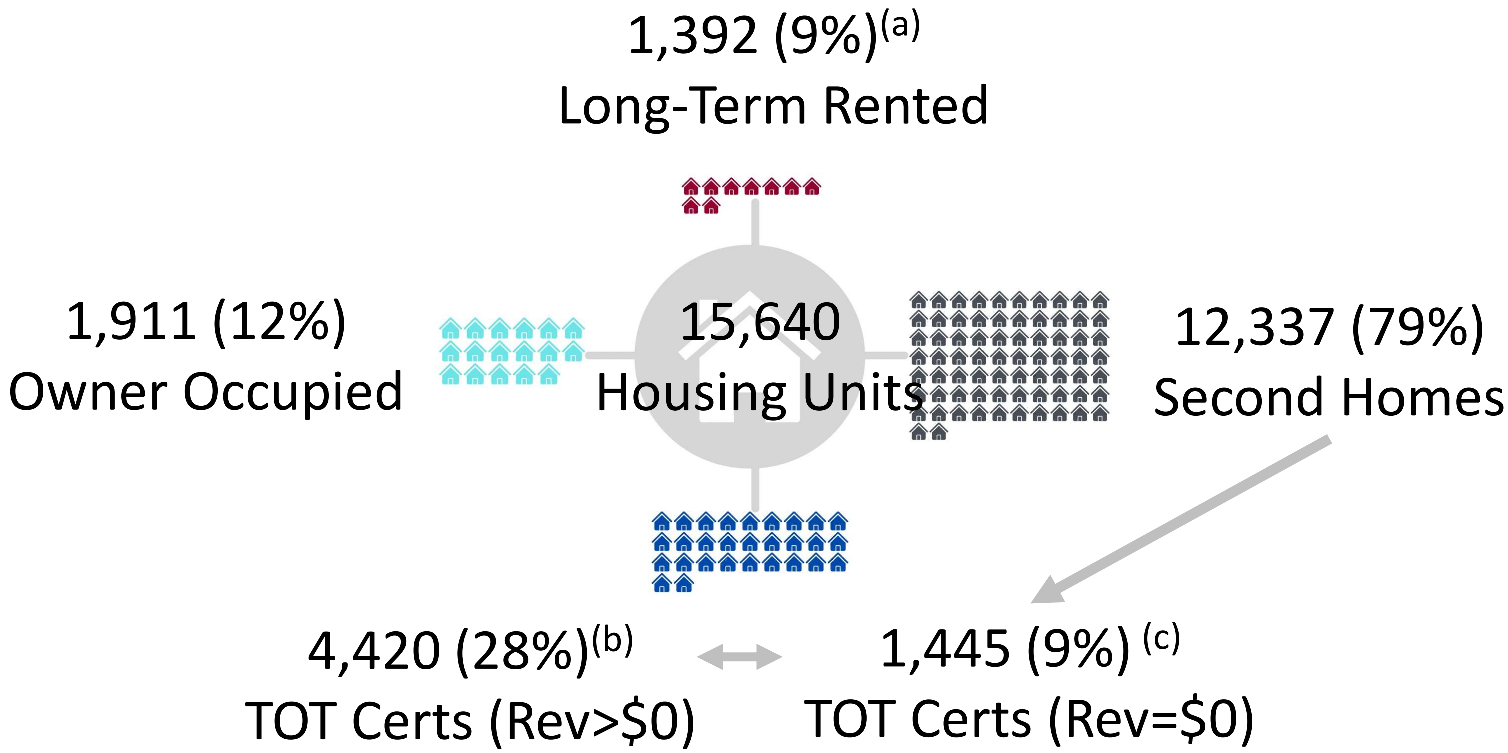
- Reviewed 21 academic articles
- Focused on the impacts of STRs on:
    - Availability and pricing of long-term housing
    - Hotel occupancy, ADR and RevPAR
- Diverse geographic scope
    - Studies focused on urban areas
    - One study included rural Oregon



Literature Review

- Consistent findings that:
  - STRs incentivize the conversion of long-term housing
  - STR activity correlates to increased housing costs
  - There is a move towards increased investor activity
- Other notable findings
  - The impact of STRs on hotels is less well studied
  - Trending towards a modest impact to hotel revenue
  - Rapid STR growth makes modest effects significant

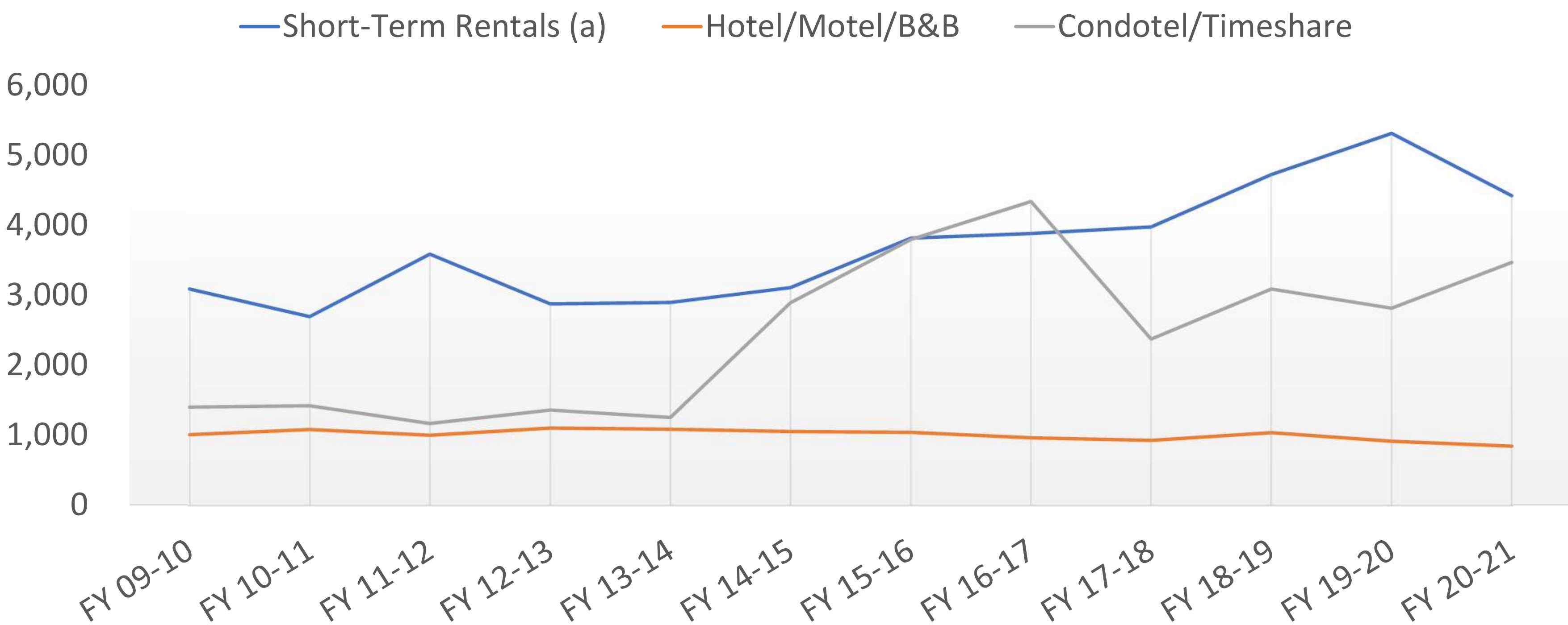
Eastern Placer County STRs



Note: (a) Based on the percent renter occupied as reported in the 2015-2019 American Community Survey. Does not reflect pandemic induced reductions in long-term renting. (b) Based on the number of units in TOT generating single-family, -plex, mobile, home, apartment, and condominium units.

Source: Placer County; BAE, 2021.

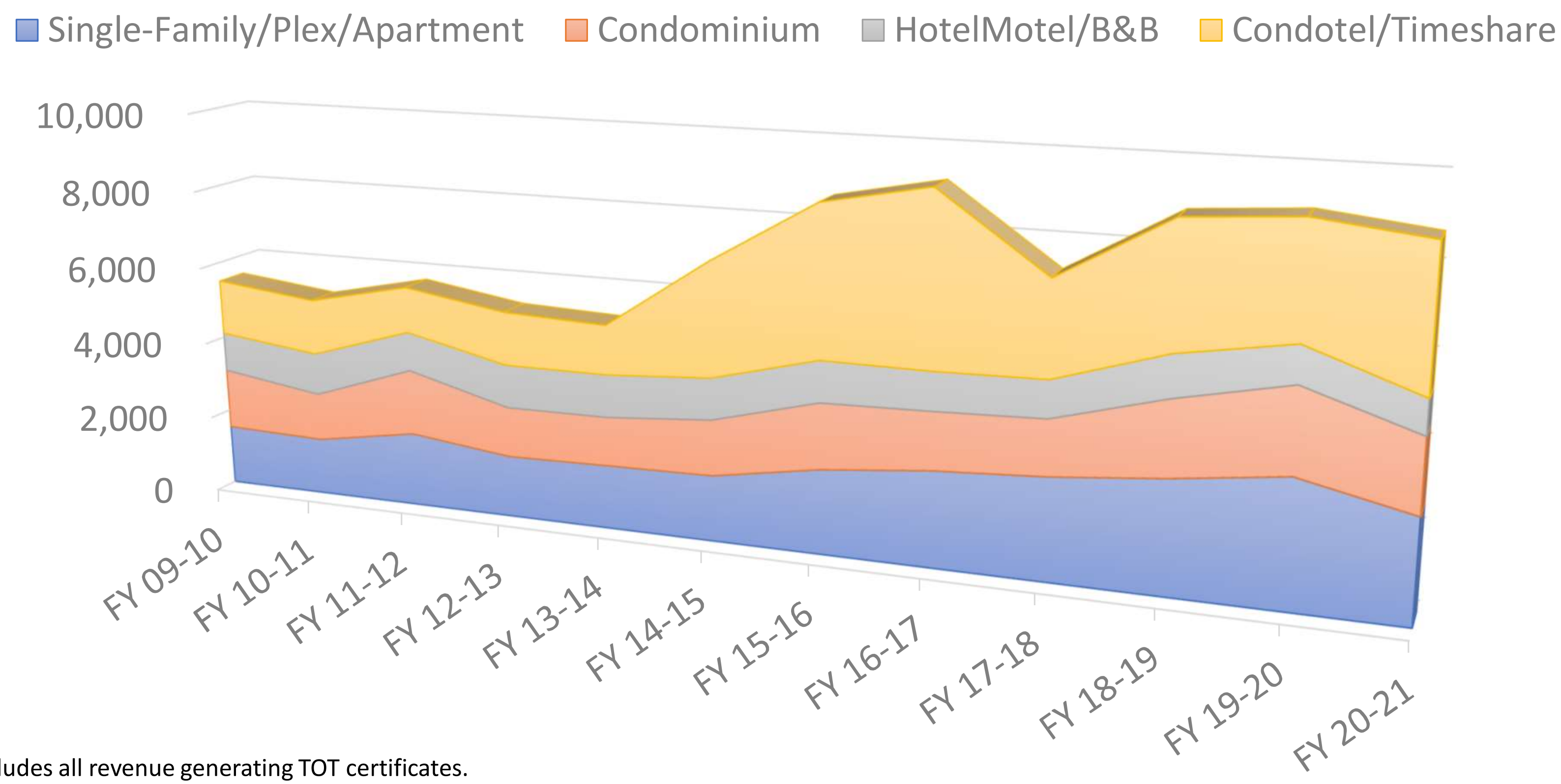
Tourist Accommodations by Type



Note: (a) Includes single-family, plex, apartment, mobile home, and condominium units.
Includes all housing units and hotel/motel rooms with revenue generating TOT certificates.

Source: Placer County; BAE, 2021.

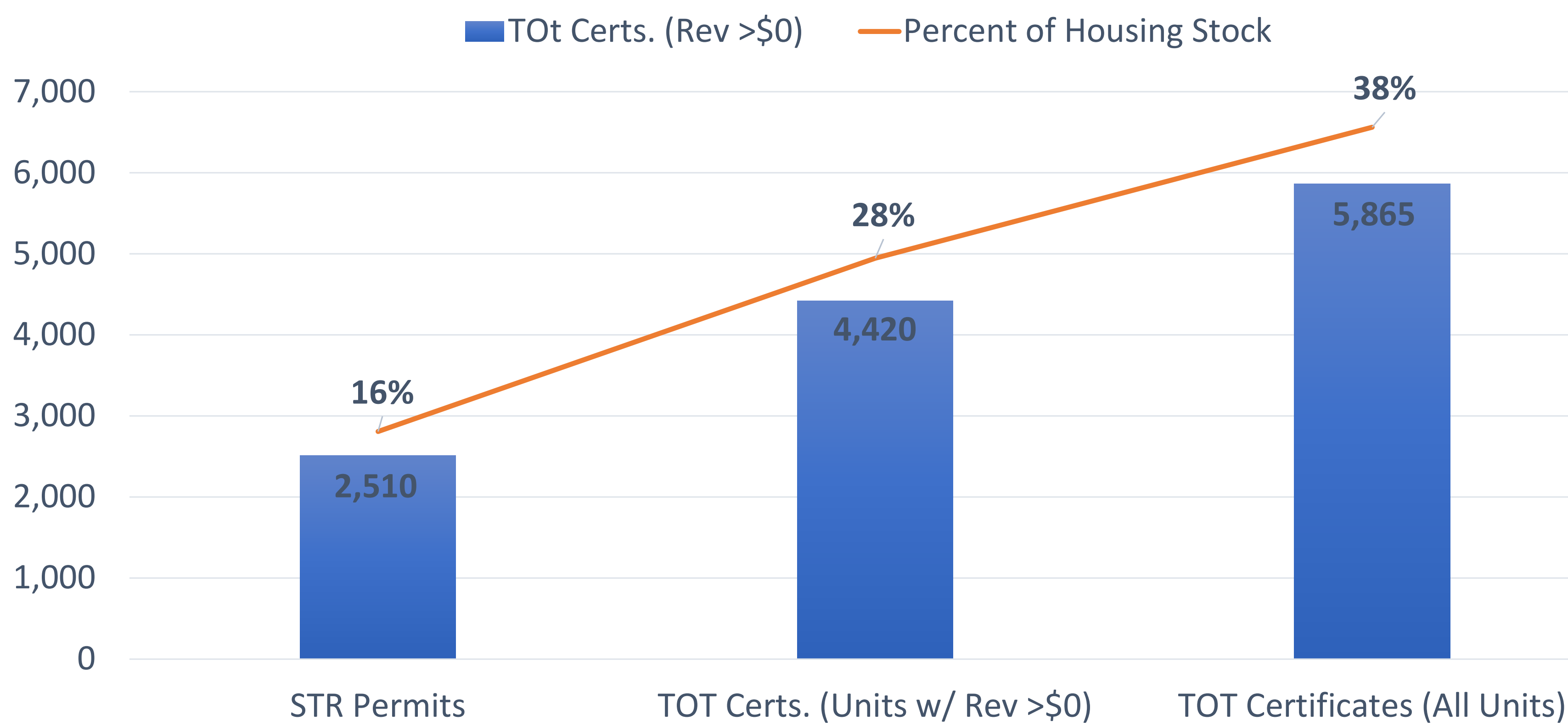
Tourist Accommodations by Type



Note: Includes all revenue generating TOT certificates.

Source: Placer County; BAE, 2021.

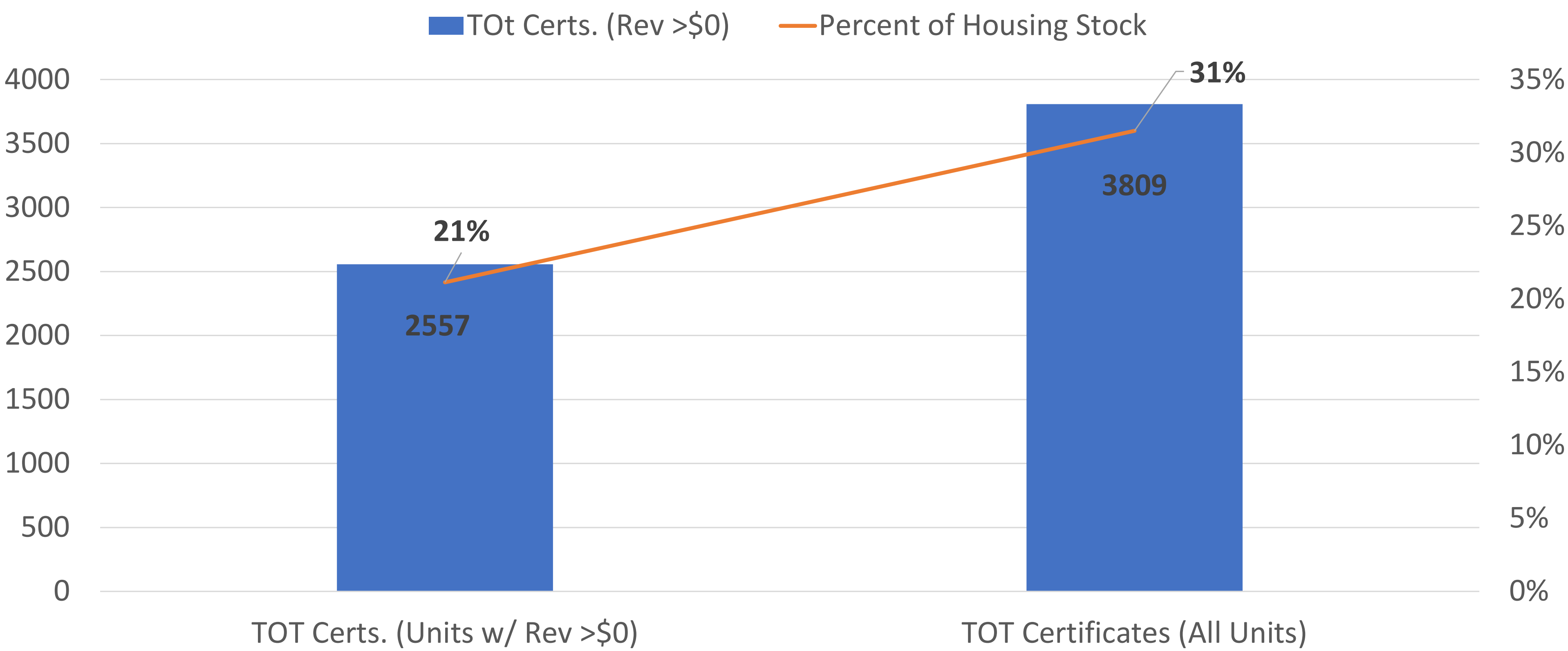
Percent of the Housing Stock



Note: Includes STR Permits as of October 2021 and TOT certificates by annual revenue generation status as of FY 20-21.

Source: Placer County; BAE, 2021.

Percent of the Single-Family Housing

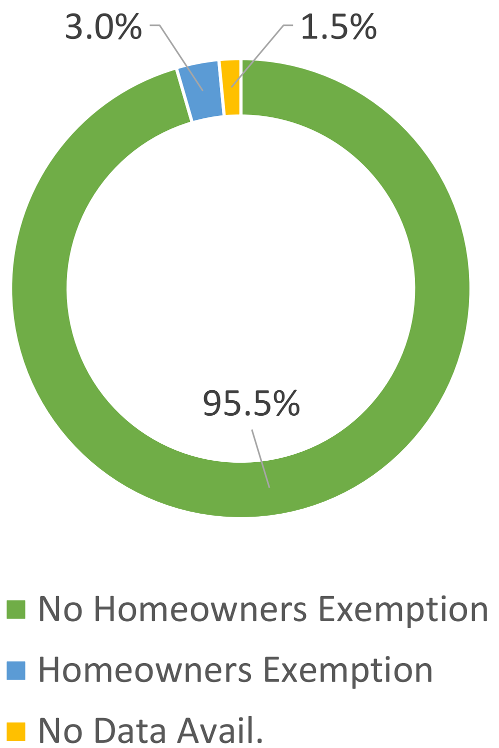


Note: Includes TOT certificates for single-family and -plex units by annual revenue generation status as of FY 20-21.

Source: Placer County; BAE, 2021.

Who Owns the STRs?

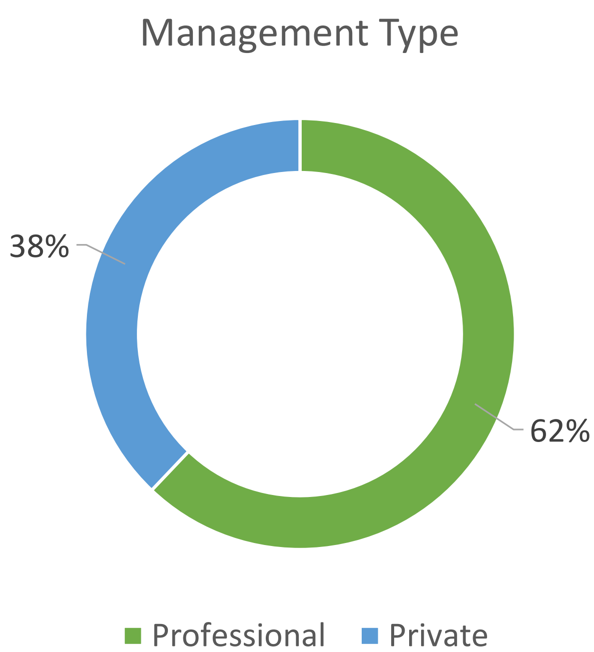
- Homeowner Exemption Status (proxy for full-time residency)
  - ~3% of All STRs
  - 133 units in total
  - Mostly single-family
- Remainder: mix of <u>second-home owners</u> and <u>investor owners</u>



Note: Reflects revenue generating TOT certificates among single-family, -plex, apartment, and condo units in unit FY 20-21.

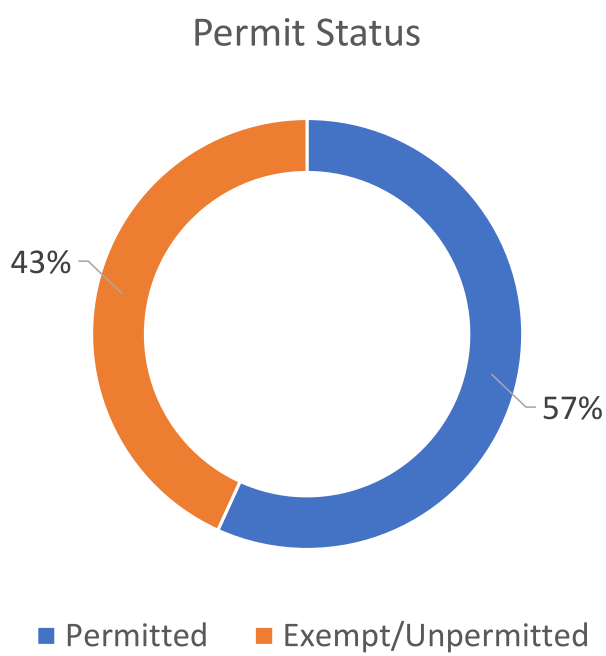
Source: Placer County; BAE, 2021.

Permitted STRs



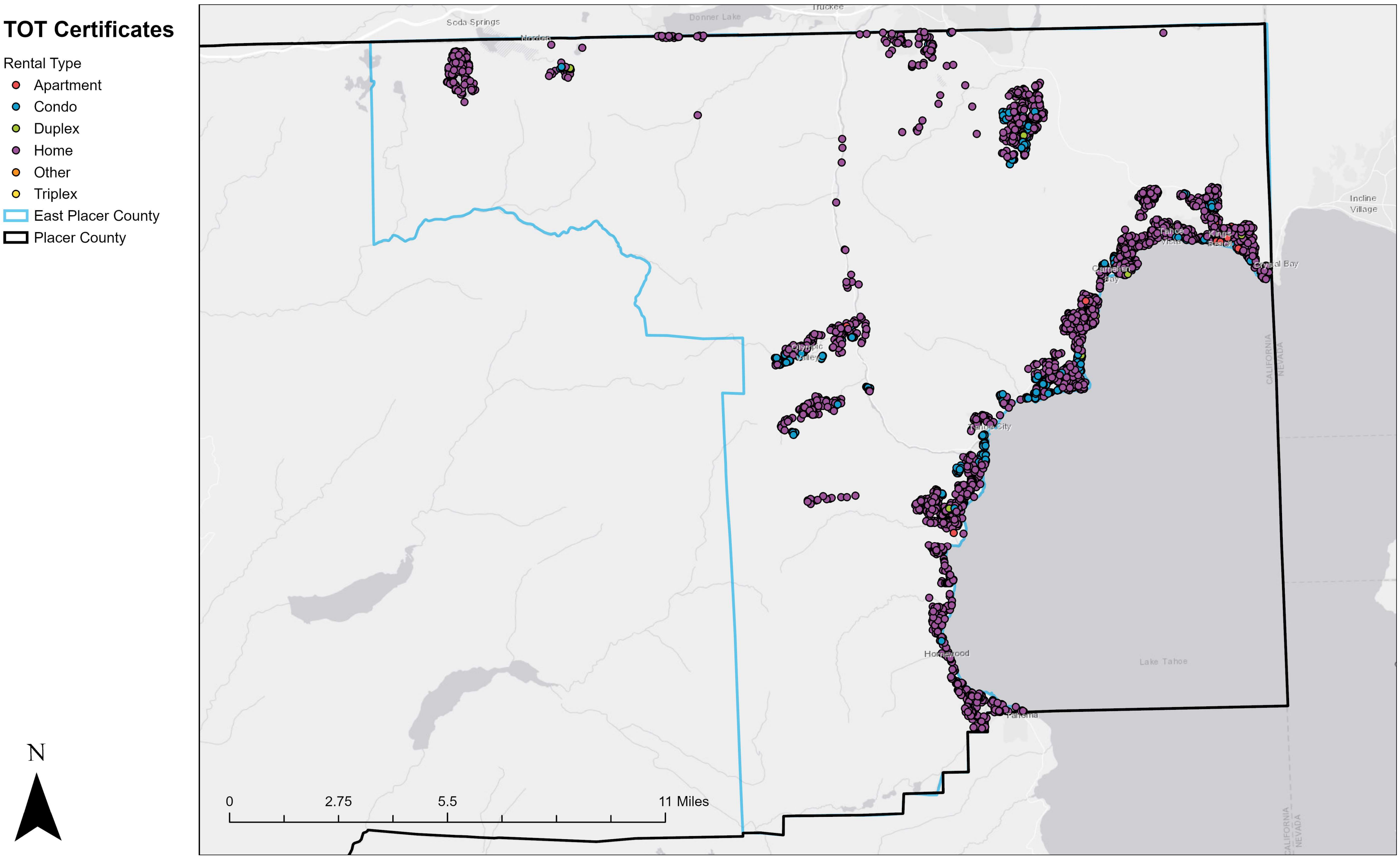
Note: Includes STR Permits that are issued, pending renewal, ready to issue, as well as applications in review, and received.

Source: Placer County; BAE, 2021.

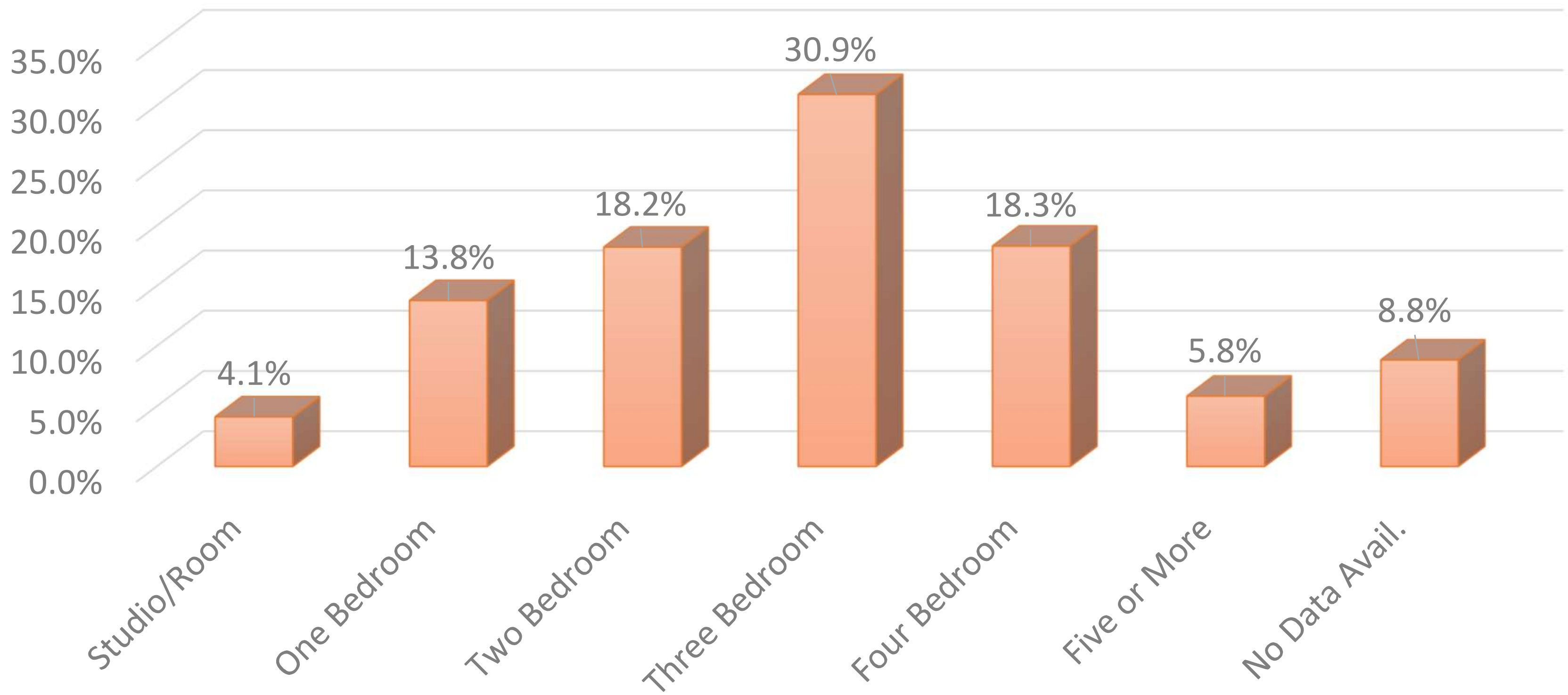


Note: Based on a comparison between revenue generating properties with TOT certificates and registered STR permits.

Source: Placer County; BAE, 2021.


TOT Certificates
Rental Type
Apartment
Condo
Duplex
Home
Other
Triplex
East Placer County
Placer County
N
0
2.75
5.5
11 Miles
Soda Springs
Donner Lake
Truckee
Incline Village
Crystal Bay
Homewood
Lake Tahoe
CALIFORNIA
NEVADA

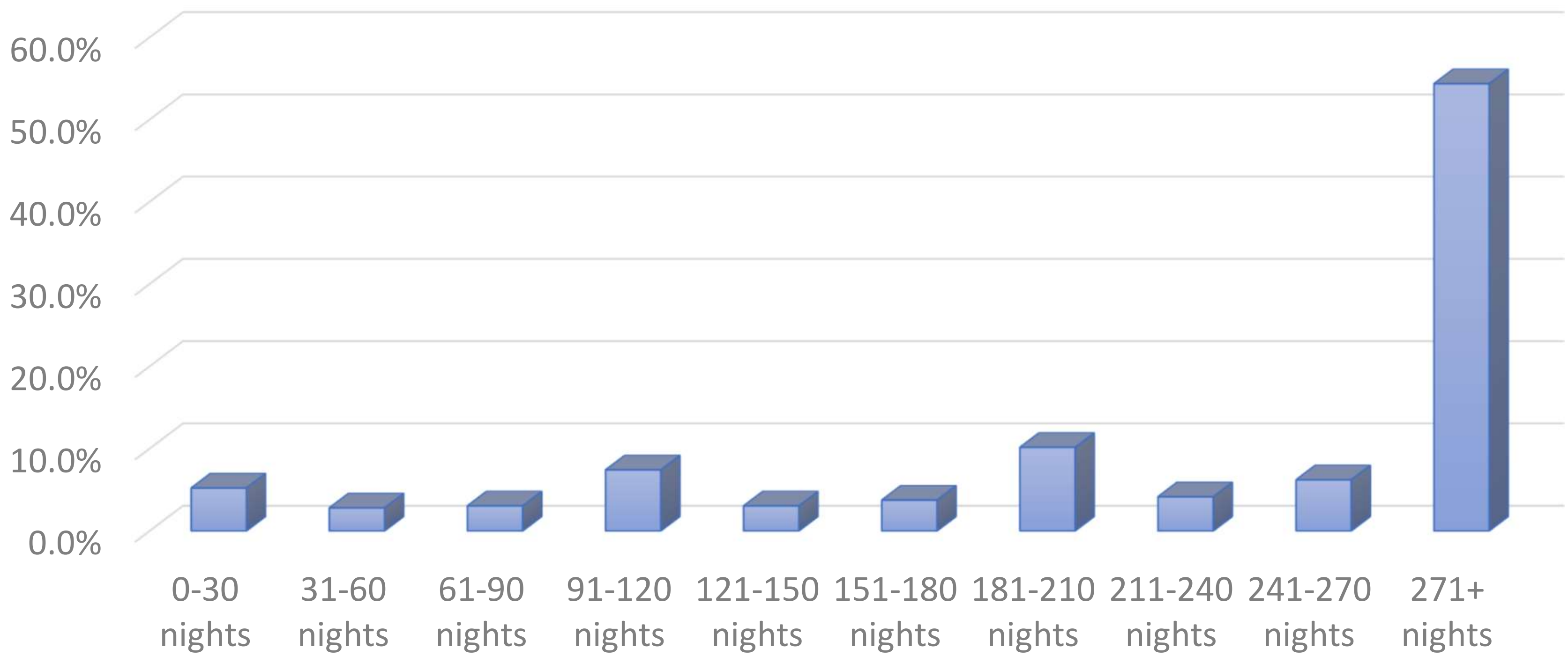
Short-Term Rentals by Size



Note: Includes all housing, excluding B&Bs, hotels, motels, condotels, and timeshares, with revenue generating TOT certificates.

Source: Placer County; BAE, 2021.

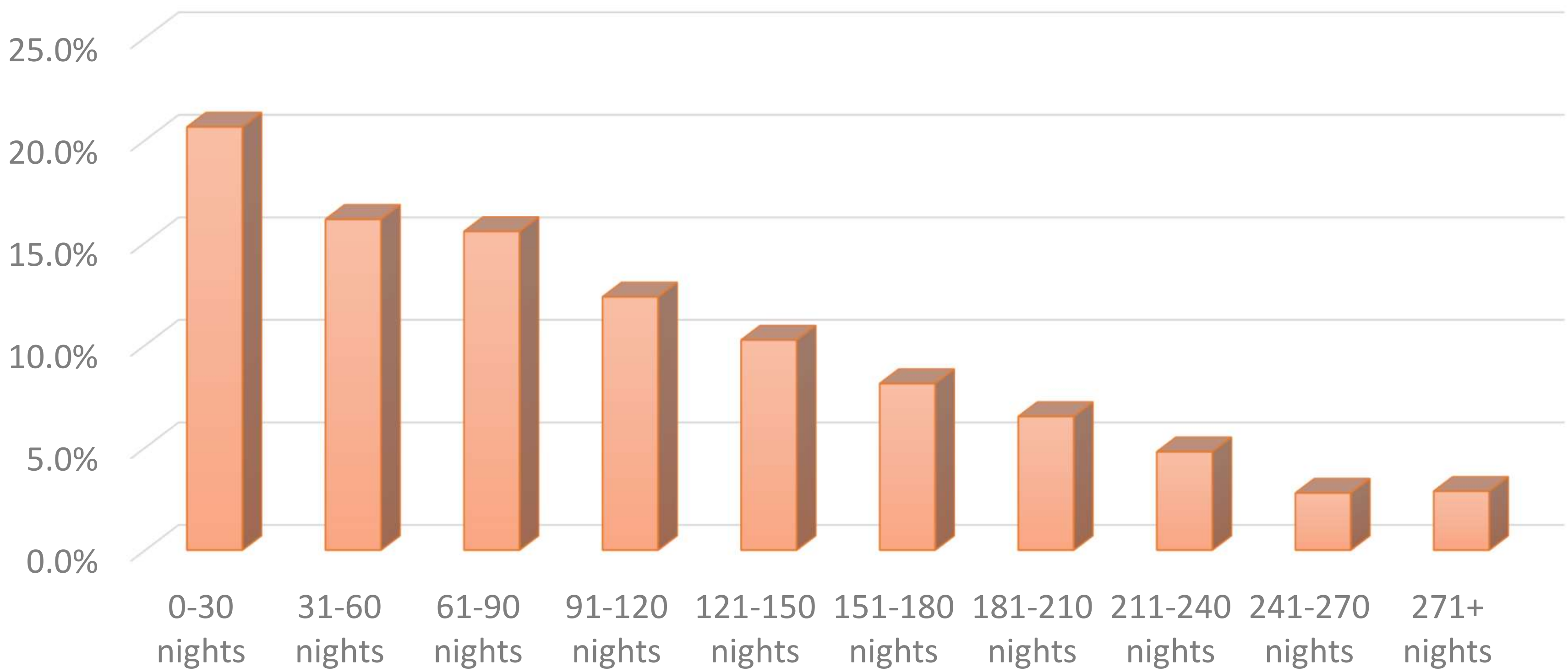
STR Units by Availability



Note: Includes all housing, excluding B&Bs, hotels, motels, condotels, and timeshares, with revenue generating TOT certificates.

Source: Placer County; BAE, 2021.

STR Units by Occupancy



Note: Includes all housing, excluding B&Bs, hotels, motels, condotels, and timeshares, with revenue generating TOT certificates.

Source: Placer County; BAE, 2021.

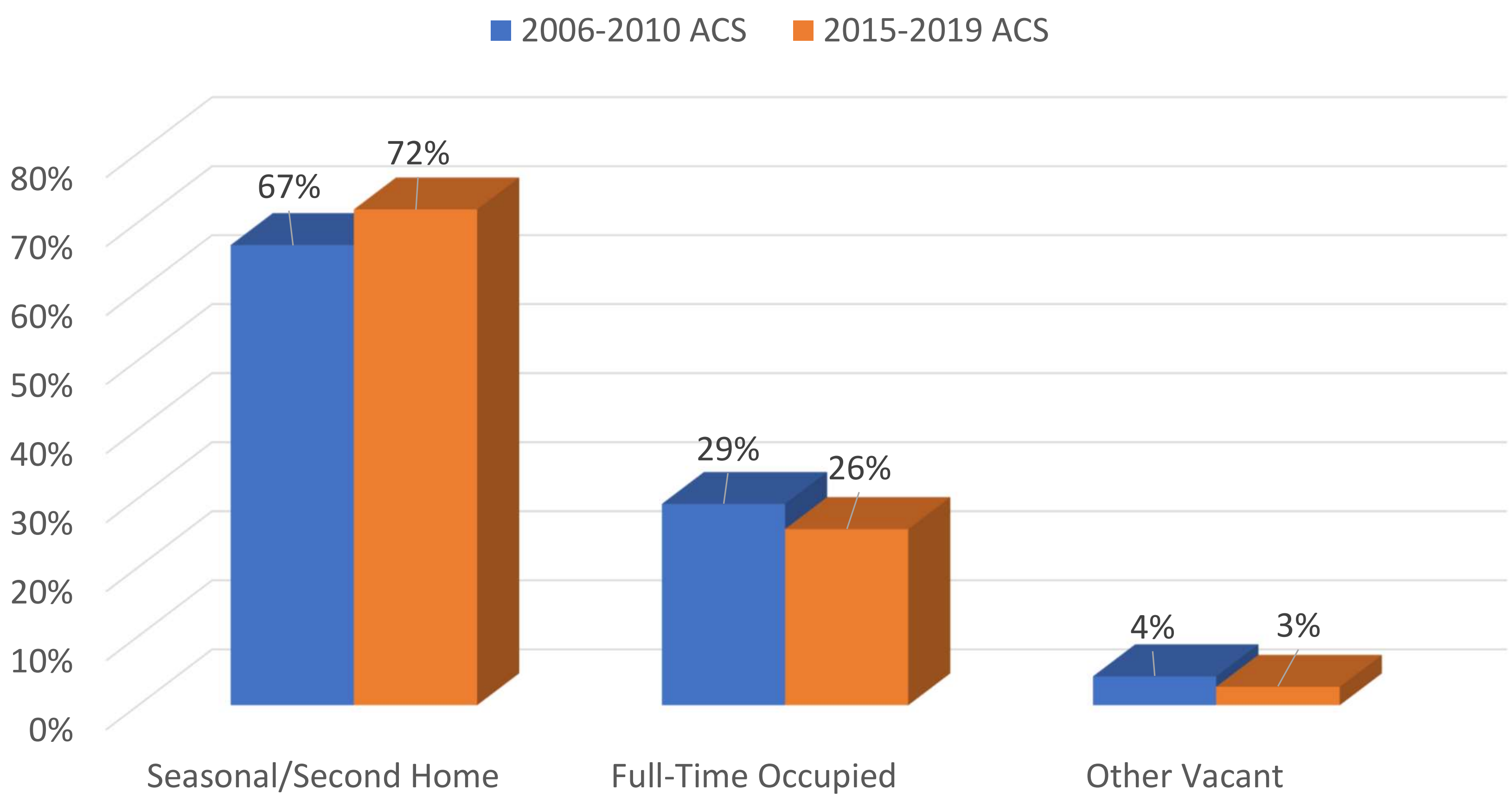
STR Occupancy and Revenue

- Sufficient to support debt service equal to >50% of the median priced home (YTD $855k)
- Financially competitive compared to long-term rental rates for single-family homes and condos

	Nights Available	Nights Occupied	Occ. Rate	Average Daily Rate (ADR)	Average Annual Revenue	Average Monthly Revenue
Average	250	103	41%	$344	$35,320	$2,943
Median	274	88	32%	$286	$25,181	$2,098

Source: Placer County; BAE, 2021.

Housing Vacancy Trends



Source: 2006-2010 and 2015-2019 American Community Survey (ACS); BAE, 2021.

Estimated Visitor Demand

- Limited information available on visitor demand and inventory
    - Available hotel statistics are not comprehensive
    - Most recent visitor demand study is from 2016
    - Estimated 2019 demand based on spending growth

Dean Runyan	2012	2016	2019
Visitor Days	1.65 mil	2.18 mil	2.97 mil *

Note: Visitor days for 2019 were estimated based on the 2016 figure and grown at an annual rate of 6.45 percent which is equal to the Visit California estimate of the increase in visitor spending on hotel, motel, and STR type accommodations.

Source: Dean Runyan; Visit California; BAE, 2021.

Options

- Numerical Cap for STRs
- Density or Geospatial Limitations
- Maximum/Minimum Number of Nights Rented
- Special Provisions for Primary Ownership/Hosted STRs

Ordinance Cleanup/Modifications

- Modified exemption provisions
  - STR ordinance applies to all residential properties **except** hotels & motels
  - Helps address nuisance issues and fire/life safety concerns
  - Streamlines staff review
  - Ensures consistency in permitting
- Increased fire protections
  - Fire safety inspections required at permit application
  - More frequent inspections
  - Prohibit outdoor flames on Red Flag Days
- Stricter standards for nuisance issues
  - Parking → listing to include # parking spaces available
  - Noise →increased quiet hours, prohibit outdoor amplified sound
  - Add daytime occupancy limits outside our TOE permit
- Increased Posting Requirements

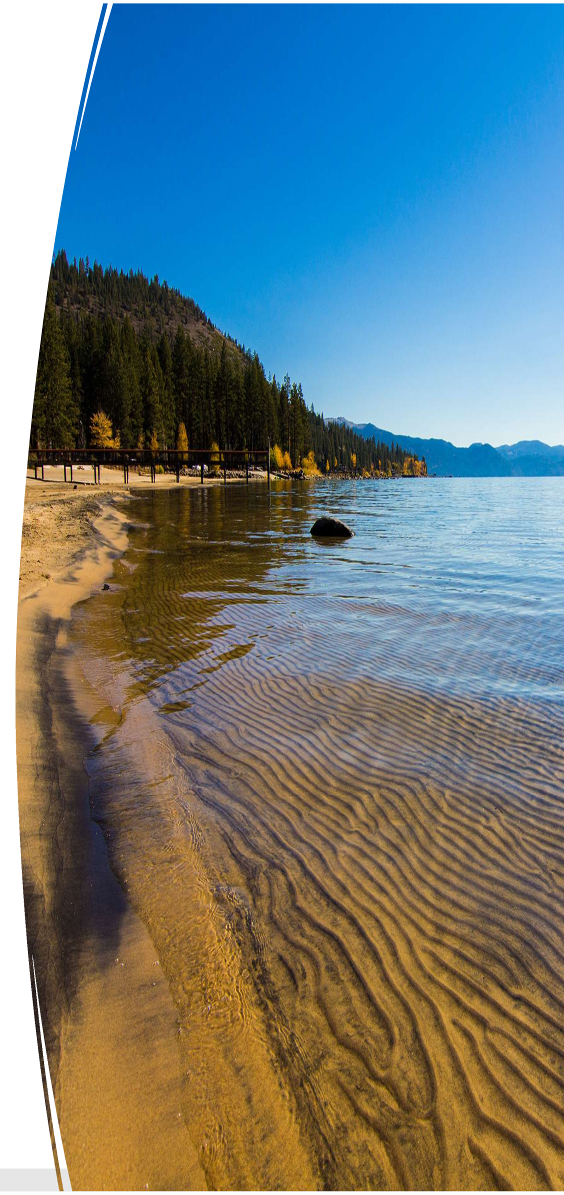
Ordinance Cleanup/Modifications, Cont'd.

- Limit of one STR per property
  - Applies to multi-family and single-family under one ownership
  - Does not apply to properties under common ownership (i.e. condominiums)
- Update permit fees (Tiered)
  - Fully cover staff administrative costs
  - Professionally Managed
  - Privately Managed
  - Fire Inspection Costs Included in Permit Fee
- Rolling Annual Permit
- Increased penalty fines
  - Deters repeat nuisances
  - Covers staff costs associated with enforcement

Next Steps

Dec. 14th → Options for consideration by Board of Supervisors

Late January → Board of Supervisors Action



Ordinance Update Timeline

Taskforce Workshop

- September

Small Group Outreach

- September - October

Studies & Research

- End of October

Draft Updates

Stakeholder & Taskforce Outreach

- November

Board of Supervisors – Options

- December 14

Board of Supervisors – Ordinance Update

- January 2022

Implement Updated Ordinance

- March 2022

Thank You

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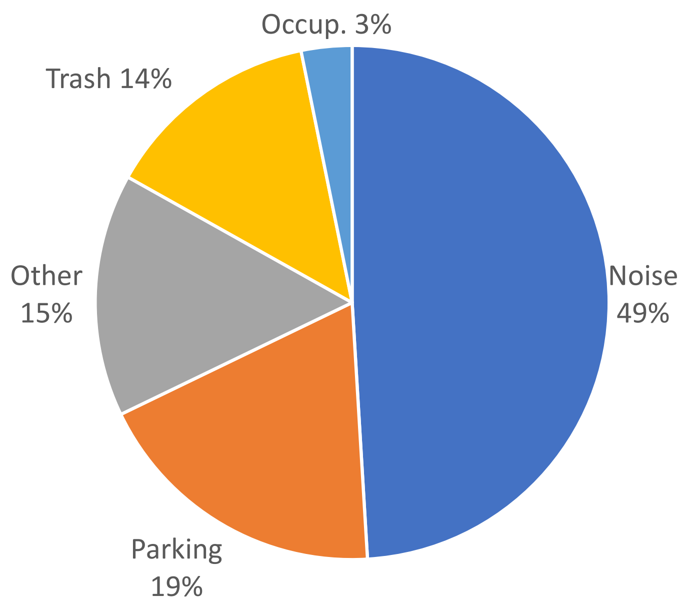
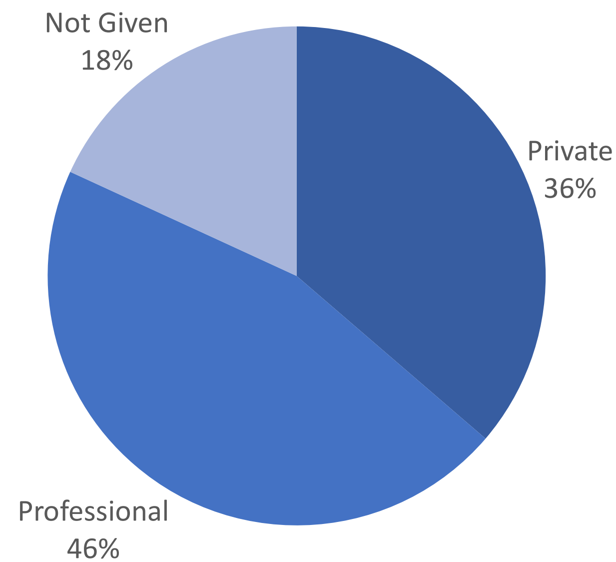
Jan-Nov 2021 Complaints

Noise: 154 Trash: 43 Parking: 59 Occupancy: 10 Other: 48





Resolved prior to Enf.	Warning to Guest	Warning to LC/PO/PM	Citation	Refer to LE	Unfounded	Not STR/Owner Occup.	Total
146	16	61	19	18	21	27	**308**

Complaints by Management Type for Cases Resolved Before CE Arrival