

VACATION HOME RENTAL ORDINANCE IMPLEMENTATION STATUS REPORT

March 19, 2019

EXECUTIVE SUMMARY

Along with conceptual approval for a new Vacation Home Rental Ordinance in September 2018, the County Board of Supervisors (Board) requested that Staff report on the progress made and revisit outstanding questions in March 2019. Substantial progress has been made toward preparing the new TRAKiT system to take on permitting and enforcement functions, increase collaboration between divisions and departments, and to improve communication with the public. This report details the work completed since the end of 2018, and provides an update on enforcement and permitting data. As directed by the Board, staff will return to the Board in October 2019 with another update, at which time it is expected that permitting and complaints will be fully-entered into TRAKiT and the success of the VHR program will be more easily assessed.

BACKGROUND

Over the past few years, the increase in the number of Vacation Home short-term rental units in El Dorado County, and their effects on residential neighborhoods, has led to widespread discussion among the public and the Board. A Vacation Home Rental (VHR) is a short-term rental where the full unit is rented to paying guests for less than 30 days. At the direction of the Board of Supervisors, the Vacation Home Rental Ad Hoc Committee, consisting of the Supervisors from Districts 4 and 5, held seven (7) public meetings in the Tahoe Basin and in Placerville to gain valuable public feedback on the issue. Staff also consulted with other counties and cities to understand the best practices for regulating VHRs.

The Ad Hoc Committee's recommendations focused on key concepts that emerged from these efforts. First, it was imperative to clarify the VHR ordinance and strengthen the language to establish clear rules and expectations for owners, managers, and renters of VHRs. Second, direction to staff was to improve enforcement of these regulations. One of the changes revised responsibility for permitting, inspection, compliance, and enforcement functions. Due to the increased complexity of the VHR Ordinance and the clearly expressed need for better enforcement, compliance activities became the responsibility of the Planning and Building Department, Code Enforcement Unit, beginning last July. At this time, one full time equivalent position has been transferred from the Treasurer-Tax Collector to the Planning and Building Department. This allocation was used to create a Development Technician position that was placed in Code Enforcement. The position was filled in November and will be dedicated to the administration of VHR Code Enforcement once the Program is fully implemented.

Since that time, staff from the Treasurer-Tax Collector's Office, Planning and Building Department, Sheriff's Office and Chief Administrative Office have been working to implement these changes. VHR Permitting transferred to Planning beginning in January, and staff has been working to provide

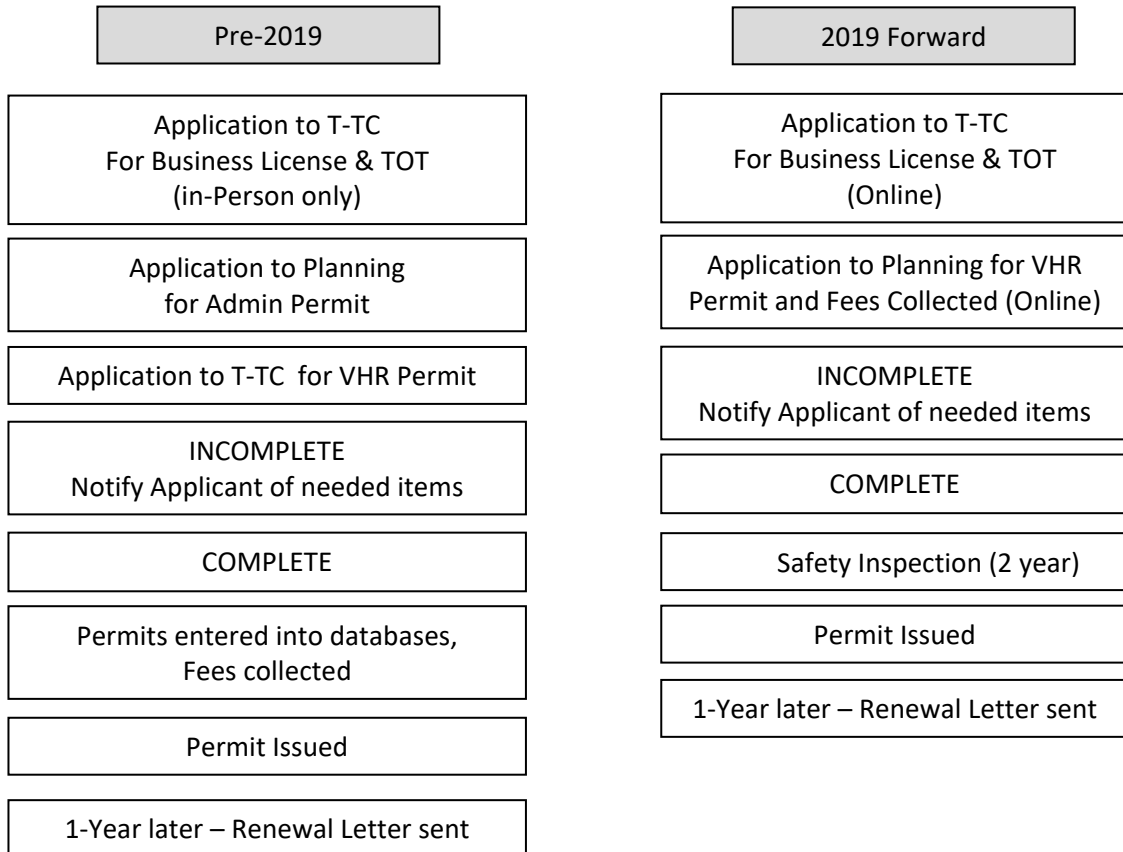
information to the public on the various changes to VHR requirements, train Planning staff to implement the program, and set up the TRAKiT system in order to administer and track permitting and enforcement activity.

PERMITTING

Streamlined Permitting

Previously, a VHR Permit and an Administrative Permit were both needed to operate a VHR. Minor changes to the Zoning Ordinance now allow these functions to be combined. On November 20, 2018 the Board adopted a Resolution of Intention (ROI) to initiate the amendments to the Zoning Ordinance that would combine the existing VHR permitting processes and allow the function to become centralized in the Planning and Building Department (Legistar File 18-1782). The Planning Commission recommended approval of the draft Ordinance at their December 13th meeting, and the Board approved the ordinance on January 8, 2019. The Ordinance went into effect on February 7th, 2019, along with a new Fee Resolution that combined the fees for VHR Permitting.

Below is a comparison of the VHR permitting process prior to the changes made in 2019, and the new process.

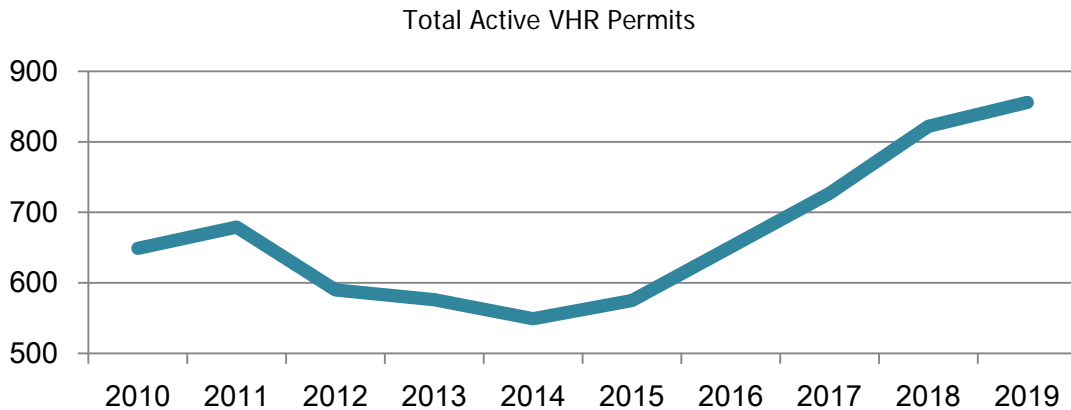


It should be noted that the ability to apply for permits and licenses online, and to make those payments online, is currently in the testing phase.

Data Permitting and TRAKiT

In preparation for the transition of permitting functions to Planning and Building, in December 2018, staff began to set up the TRAKiT system to house data in one location for ease of use, including permit renewals, code enforcement information, and reporting needs. More than 900 Vacation Home Rental permit records previously maintained by the Treasurer-Tax Collector’s Office were manually input into the TRAKiT system. Since January, Planning Staff has also mailed 246 renewal notices (Jan/Feb, Mar/Apr) to existing VHR permit-holders, noting new certification and inspection requirements.

Based on current data, the total number of VHR permits, including those on the West Slope of the County and the Tahoe Basin is 929. This represents an increase of 13% from 2018 and an overall 46% increase since 2010. The number for unincorporated areas of South Lake Tahoe is currently at 856; the number for the West Slope is 73. This number does not include the permits that are currently in process, which is estimated at 44 new permits and 92 renewals.



SAFETY INSPECTIONS

On October 9, 2018 your Board approved a resolution to establish fees and safety inspections for VHRs to be performed by local fire districts. These inspections are required in order to ensure the safety of the VHRs, as well as to check for other permit requirements, such as bear boxes and outdoor signs. Lake Valley Fire Protection District, Meeks Bay Fire Protection District, , Garden Valley Fire Protection District, El Dorado Hills, Cameron Park, Garden Valley, Pioneer, Diamond Springs, Georgetown, Lake Valley, Meeks Bay Fire Districts have signed agreements to perform inspections in their districts, and have agreed to cover other areas of the County that do not have agreements.

The requests and approvals for inspections will be administered and tracked through TRAKiT. Planning and Building Staff has conducted training specifically for Fire personnel, and an additional training is scheduled to occur this month.

The Board directed that inspections be done for new VHR permits and every two years after that at the time of permit renewal. Fees vary based on the size of the home. They are based on the State OES-approved hourly rate for fire department inspections, multiplied by the expected time to conduct inspections based on home size and adding any additional administrative time, travel costs and return visits to confirm compliance, if needed.

Size of Home (Square Feet)	Fee
< 1,500	\$325
1,500 – 3,000	\$650
3,001 – 4,500	\$975
> 4,500	\$1,300

To date, a few inspections have been scheduled and completed. Although 55 permit applications for new VHRs have been submitted, many have been determined to be incomplete at this time, either because the application was missing required information from the checklist or because inspection payment has not yet been received. The next update to the Board will provide more information on Safety inspections.

COMPLAINTS AND VIOLATIONS

Enforcement Updates

Your Board identified enforcement of VHR regulations as a high priority. As such, staff has been working to identify ways to more effectively enforce rules and streamline the enforcement process. A usual Code Enforcement case begins with evidence gathered from the Sheriff's Office, the reporting party, or other sources. The Code Enforcement Officer then verifies that a violation has occurred, and if warranted, a Notice of Violation is issued by mail. Staff from Code Enforcement, the Sheriff's Office, the District Attorney's Office, County Counsel, and the CAO have developed a new process to enable a Sheriff's Deputy to issue the Notice of Violation "on the spot" if the Deputy witnesses the violation. Since January 1, the Sheriff's Office has received 11 calls in the Tahoe Basin and completed a report for each. Of these, five resulted in a citation for the violation of the VHR Ordinance. Three of these were for noise issues and two were for hot tub related issues. The remaining six did not result in a violation. As a result of this process, the Sheriff's Office is working to design a template specific to VHRs that will make the process even more seamless. These reports are then transmitted directly to Code Enforcement for the collection of fines and to ensure the code case is recorded and tracked. The fines for violations of the ordinance increase with each subsequent violation (\$500, \$750, \$ 1,000), and if enforcement staff is called out to a single VHR four times in an 18-month period, the VHR permit is revoked. For these reasons, it is important to track cases closely.

In support of these efforts, on November 20th (Legistar File 18-1767) the Board authorized the allocations of two new Code Enforcement Officers to address the increased workload associated with recently adopted Ordinances, including Signs, Oaks, Personal Use Cannabis, and Vacation Home Rentals.

The recruitment for these positions was initiated on the same day, and the two candidates are currently in background check with an expected start date at the end of March.

The Board also authorized funding for Code Enforcement Services professional services agreement during their November 20th meeting (Legistar File 18-1767). Staff has been working on the development and execution of two on-call Code Enforcement contracts and two Hearing Officer contracts.

Code Enforcement Complaints

Rather than calling the Sheriff, some VHR-related complaints are submitted directly to Code Enforcement. Since the beginning of the year, 150 complaints have been received. These are in addition to the 99 complaints that were passed on from the Treasurer-Tax Collector's Office that had not been investigated. The categories for these complaints are as follows:

- Noise: 59
- Parking/traffic: 12
- Safety: 3
- Trash/bear box: 19
- Occupancy: 5
- Non-permitted rental: 16
- Administrative: 36

Code Enforcement is working to enter all complaints and violations transferred from the Sheriff's Office into TRAKIT for processing and to bring in fines for violations. Going forward, this data will be compiled and easily reported. It is anticipated that the total number of violations, suspensions, and revocations will be available in the next report to the Board in October.

PUBLIC INFORMATION AND EDUCATION

In addition to the progress made on permitting, inspections, and enforcement of the new VHR Ordinance, staff has also worked to update the VHR Webpage, create an online test in order to certify local contacts for VHRs, and has developed an online map resource for the public.

VHR Webpage

The Vacation Home Rental Webpage has been reworked to allow quick access to resources for owners, local contacts, and concerned neighbors. Features include a Frequently Asked Questions page, Sheriff and Code Enforcement Contact information and Reporting Form, the VHR application (9 pages), the Inspection Checklist, the Local Contact Certification course materials and on-line test. These links can be accessed by clicking the "Vacation Home Rentals" button on the County homepage. In January and February, the VHR website was visited 2,804 times.

One-on-One Customer Support

The Planning and Building Department has a dedicated email address for VHR-related questions and complaints. In January and February, staff has received a large volume of phone calls from VHR permit holders or interested home owners. The total number of VHR-related calls entered into the Planning Phone log is 155.

Interactive Map

A public-facing, interactive map of all permitted VHRs displaying Local Contact information and permit status is also available on-line. This map was created by the Geographic Information Systems (GIS) Unit in the Surveyor's Office to provide a way for concerned neighbors to access the contact information of Local Contacts for VHRs in their neighborhood. The intention is to allow citizens to address any issues that arise with respect to VHRs as quickly as possible. Neighbors can verify whether a vacation rental has a current VHR permit, and call the Local Contact if they have any concerns. It is also possible that allowing this interaction between VHR contacts and the neighborhood will reduce the strain on law enforcement response to minor issues, allowing deputies to focus on safety issues and emergencies. This map draws on information from the TRAKiT system, so there is very little delay between the issuance of a new VHR permit or the change in Local Contact data and the display of this information.

Certified Local Contact Exam

One of the changes to the VHR Ordinance was a requirement for all Vacation Home Rentals to designate a knowledgeable, available, nearby contact person. Regardless of whether this Contact is the homeowner or a property manager, it is required that they complete a test in order to prove their knowledge of Ordinance rules and VHR best practices. Staff developed a series of training materials that provide all the information necessary to understand expectations and penalties for violating the Ordinance. Individuals can then access an on-line form that provides the examination, records their information and answers to the exam questions, and automatically records their score. Proof of a passing score is required for a complete application for a new VHR, or to change the contact information of the Local Contact.

As of March 5, 72 individuals have attempted and passed the exam. Some failed the first attempt, but were able to achieve a passing score on their second try. Five Certified Local Contacts passed with a perfect score, 24 missed only one question, and 43 missed two or three questions. Although it is too early to know whether the requirement for a Certification is helping VHR owners and managers to achieve compliance with the VHR Ordinance, we have received no complaints regarding the exam.

VHR LOCATIONS AND DENSITY

As part of their workplan, the VHR Ad Hoc Committee identified two objectives:

- 1) Improve neighborhood compatibility
- 2) Avoid Overconcentration of VHRs and Commercialization of neighborhoods

The Ad Hoc Committee determined that addressing the first objective by establishing policies and enforcement mechanisms for reducing nuisance issues such as noise, parking, traffic, and safety hazards. The Ad Hoc Committee sought to use data from similar cities and counties as benchmarks in order to examine policies that help to meet the goal and objectives. The list of comparator counties and cities were as follows:

- Napa County
- County of Sonoma
- Monterey County
- County of Riverside
- Santa Barbara County
- Marin County
- San Luis Obispo County
- Placer County
- Mono County
- Mendocino County
- Douglas County, NV
- City of South Lake Tahoe
- City of Palm Springs
- City of Palm Desert
- City of Napa
- City of Healdsburg
- City of Santa Barbara
- City of Placerville

At their September 11, 2018 meeting, the Board asked that data be collected in order to assess restrictions to the total number or location of VHR in El Dorado County, especially the issue of dense clusters of VHRs in some neighborhoods.

These benchmark communities have regulated the total number, location, or types of short-term rentals in different ways. Some cities and counties have declared the activity incompatible with existing land use patterns and neighborhood character. Others have embraced the practice largely without restrictions. Most communities are opting for a hybrid approach. As shown in the table, many have restricted the total number of VHRs or locations where VHRs are allowed or prohibited.

The following table summarizes the benchmark communities’ restrictions to number, location, or concentration of VHRs.

Policy Option	Benchmarking Cities and Counties	
None	No Ordinance for VHRs: 3 Cities/Counties	Prohibition of VHRs: 3 Cities/Counties
Zoning Restrictions	Exclusion zones (only allowed in some areas): 6 Cities/Counties	Allowed, but not any in Residential Zones: 2 Cities/Counties
Restriction on size/occupancy	Based on Individual permit: 2 Cities/Counties	Limited based on number of rooms: 6 Cities/Counties
Restricted total number of permits	Number limited in Residential areas: 2	No New Permits anywhere: 2 Cities/Counties
Restriction on Clustering	Separation Distance: 1 Cities/Counties	Ratio housing to Vacation rentals: 1 Cities/Counties

Two jurisdictions have implemented restrictions to avoid clusters. Mendocino County has restricted the number of VHRs based on the ratio of housing to rentals adopted in the Town of Mendocino only. The ratio is thirteen to one. With this ordinance, no new VHRs can be permitted unless more housing units are developed, and the ratio must remain at 13:1.

San Luis Obispo County requires separation distances between VHRs. Inland areas have no restrictions on numbers or concentration, and only a business license is required. However, in Coastal areas of the County, a zoning clearance or minor use permit is required. The coastal communities of Cambria, Cayucos, and Avila Beach have a “Location Standard”:

- Cambria: VHRs may not be located within 200’ of another VHR hotel, motel, or B&B on the same street, or within a 150’ radius
- Cayucos: VHRs may not be located within 100’ of another VHR hotel, motel, or B&B on the same street, or within a 50’ radius
- Avila Beach: VHRs may not be located within a 50 foot radius of another VHR hotel, motel, or B&B

At this time, mapping tools are available to show the location of the current VHR permits in El Dorado County. Several maps are attached to the Board item (19-0403) which reflect the density of VHRs in some areas in the Tahoe Basin. If the Board is interested in reviewing options that would address the concentration of VHRs in some El Dorado County neighborhoods, staff could return to the Board with options at a later date.

CHALLENGES AND GOALS FOR THE COMING MONTHS

Since January 1, the Planning and Building Department has been working diligently to transition the VHR program to Planning and Code Enforcement staff, set up the accounting structure necessary to collect fees and fines, create a new permit type and a new staff process for entering all data from the Treasurer Tax-Collector into the TRAKiT system, and keep the public informed of the new rules so that they can successfully apply for a VHR permit.

This effort has been difficult due to the number of permits and new requirements associated with VHRs, which are more numerous than most types of Planning permits. For comparison, the second most numerous planning permit application, the Administrative Permit, averages 48 each year. VHR permits require a similar amount of staff time to process, and the department has received 153 applications (new permits and renewals) in January and February alone.

Additionally, since renewal notices were last sent by the Treasurer-Tax Collector in November for those permits expiring in December, Planning staff has sent out 130 renewal notices for Jan/ Feb and 116 notices for Mar/Apr. Due to the number of changes to the permit application, checklist, and fees associated with VHRs, most applicants are not turning in complete applications, and staff is working with them to identify missing items. This has led to many phone calls (155 (out of a total call volume of 599 or 26%), emails, and 2-3 in-person visits on average per day from customers who are in need of a greater

amount of support than current staff is able to handle. This work is in addition to regular duties of staff members.

As noted above, the staffing and consultant infrastructure has been provided for Code Enforcement. However, the necessary staffing has not yet been put in place for the Planning function of the VHR Ordinance implementation. With this item the Department of Planning and Building is requesting two new allocations: an Assistant/Associate Planner to be located in South Lake Tahoe, and a Development Technician to be located in Placerville, to address the increased workload associated primarily with VHR Ordinance implementation, but also with the implementation of other recently adopted Ordinances, including Signs, Oaks, and Personal Use Cannabis. The costs of these positions will be covered with funds the Board set aside specifically for implementation of the VHR Ordinance in the current year budget.

Staff will continue to work diligently to implement the recent VHR Ordinance provisions, and will continue to monitor the outcomes of these efforts.

In future months, the Department of Planning and Building intends to complete the set-up of the TRAKiT system in order to more efficiently process applications for VHRs and ensure compliance with Ordinance rules. It is anticipated that as staff and the public become more familiar with these processes, the implementation of the program will become less onerous. Permitting, inspection, and enforcement data will be collected throughout 2019. Staff intends to appear before the Board in October for the next report on data collected and an update on our progress.