

STAFF REPORT

Date: February 16, 2021

To: Residential Allocation Performance Review Committee

From: TRPA Staff

Subject: Recommendation to Distribute 2021 and 2022 Residential Allocations

Summary and Staff Recommendation:

In the Tahoe Region, residential allocations are distributed to local jurisdictions every two years from the total number of allocations released every four years by the Tahoe Regional Planning Agency (TRPA). Distribution to the local jurisdictions is based on three criteria: 1) residential permit review and code compliance; 2) Total Maximum Daily Load (TMDL) implementation; and 3) short-term rental neighborhood compatibility (TRPA Code, Section 50.5). The Performance Review Committee (PRC), comprised of staff from each participating local jurisdiction and the Tahoe Regional Planning Agency (TRPA), is tasked with reviewing the Performance Review System results as set forth in this staff summary. Based on the review, the PRC is asked to make a recommendation to the Governing Board to distribute the allocations.¹

Based on the Performance Review System addressed in TRPA Code, Section 50.5: *Allocation of Additional Development*, TRPA staff recommends:

- 1) The City of South Lake Tahoe receive its base number of residential allocations;
- 2) El Dorado County receive its base number of residential allocations;
- 3) Placer County receive its base number of allocations with one increment of deduction for both 2021 and 2022 [Note that TRPA recommends that this recommendation be reevaluated if the County adopts adequate location criteria by the time the Governing Board considers the distribution of allocations];
- 4) Douglas County receive its base number of allocations with one increment of deduction for both 2021 and 2022 [Note that TRPA recommends that this recommendation be reevaluated if the County adopts the recommendations from the Douglas County VHR Task Force by the time the Governing Board considers the distribution of allocations]; and
- 5) Washoe County receive its base number of allocations with two increments of deduction (3.5, rounded up to 4) for both 2021 and 2022 [Note that TRPA recommends that this recommendation be reevaluated if the County adopts a STR ordinance by the time the Governing Board considers the distribution of allocations].

¹Pursuant to TRPA Code 50.5.2.A.1, TRPA will reserve 10% of each jurisdiction's annual allocations for distribution to parcels below the Individual Parcel Evaluation Score (IPES) line.

Required Motions:

In order to recommend approval of the proposed allocation distribution to the Governing Board, the PRC must make the following motions, based on this staff summary and the evidence in the record:

- 1) A motion that the proposed distribution of residential allocations for 2021 and 2022 meets the requirements of Chapter 50, Section 50.5: *Allocation of Additional Residential Units* of the TRPA Code of Ordinances; and
- 2) A motion to recommend approval of the distribution of residential allocations for 2021 and 2022.

Residential Audits:

In 2019 and 2020, TRPA staff completed residential project review and code compliance audits for each jurisdiction (City of South Lake Tahoe, Douglas County, El Dorado County, Placer County, and Washoe County), as required by TRPA Code of Ordinances Section 50.5.2.E. The purpose of these audits is to (1) ensure residential projects reviewed and inspected by Memorandum of Understanding (MOU) partners on behalf of TRPA comply with the TRPA Code and Rules of Procedure, (2) identify project review training and education opportunities for MOU partners, and (3) provide the PRC with a summary of MOU performance for the distribution of residential allocations.

The 2019 and 2020 Audit Results are provided below. Local jurisdictions were provided initial audit results and provided an opportunity to work with TRPA to address comments before final scores were determined. In jurisdictions without an active MOU, permits issued by TRPA were audited by TRPA staff. Overall, MOU partners did an exceptional job completing TRPA environmental review, ensuring project files were complete and well organized, and completing inspections. As a result, TRPA staff is not recommending any deductions to allocations because all jurisdictions received Audit scores of greater than 90%.

Jurisdiction	2019			2020		
	Project Review	Compliance	Average	Project Review	Compliance	Average
City of South Lake Tahoe	90%	95%	93%	95%	95%	95%
Douglas County	95%	97%	96%	92%	97%	95%
El Dorado County	94%	96%	95%	92%	97%	95%
Placer County	96%	93%	95%	95%	93%	94%
Washoe County	92%	94%	93%	96%	95%	96%

As part of the audit, TRPA identified potential training and educational opportunities the Agency could facilitate in collaboration with local jurisdictional partners to ensure successful delegation. In response, the Agency has and will continue to provide virtual trainings to local jurisdictions on permit review and inspections.

TMDL Implementation:

According to the Lahontan Regional Water Quality Control Board and Nevada Division of Environmental Protection, all jurisdictions in California and Nevada achieved their 2019 Lake Tahoe Total Maximum Daily Load (TMDL) credit targets and have achieved or are anticipated to achieve their 2020 TMDL credit

targets. The results are documented on the [Clarity Tracker's Urban Uplands Results page](https://clarity.laketahoeinfo.org/Results/Detail/UrbanUplands) (clarity.laketahoeinfo.org/Results/Detail/UrbanUplands) and in the [2020 TMDL Performance Report](#).² As a result, TRPA staff is not recommending any deductions to allocations because all jurisdictions are in compliance with TMDL crediting targets.

Short-Term Rental Neighborhood Compatibility:

In 2019, TRPA's Local Government and Housing Committee convened a Short-Term Rental (STR) Neighborhood Compatibility Working Group to develop STR Neighborhood Compatibility Guidelines and a Code amendment to make STR neighborhood compatibility a third criterion of the Performance Review System. The Guidelines were developed to provide local jurisdictions a range of options and flexibility in implementing and achieving STR neighborhood compatibility. TRPA maintains information developed by the STR Neighborhood Compatibility Working Group and links to local jurisdiction STR (also referred to as Vacation Home Rentals, or VHRs) permitting and enforcement programs at: www.trpa.org/short-term-rental-neighborhood-compatibility.

On October 23, 2019, the TRPA Governing Board added STR neighborhood compatibility as a third criterion to the Performance Review System and directed staff to use the Guidelines during the application of the Performance Review System (TRPA Code, Section 50.5.2.E). The Code states that a local jurisdiction that receives a score of 90 percent or greater based on the Guidelines shall receive their full allotment of residential allocations, be penalized one increment of deduction for a score between 75 and 89 percent, or be penalized two increments of deduction for a score below 75 percent.

In November 2020, TRPA staff provided the Guidelines to local jurisdiction staff and asked that they provide responses as to how their jurisdiction is addressing STR neighborhood compatibility locational, operational, and enforcement criteria. TRPA staff reviewed local jurisdiction responses and found that four of the five local jurisdictions in the Tahoe Region now have adopted STR/ VHR ordinances and have corresponding enforcement programs in place. Washoe County is currently the only jurisdiction without an STR ordinance; but is actively working on getting one in place. Local jurisdictions with adopted STR/VHR ordinances have all addressed noise, occupancy, parking, refuse, defensible space, and public health and safety. At this time, none of the local jurisdictions are addressing water quality (requiring applicants to obtain a Best Management Practices certificate before obtaining a STR/VHR permit). The local jurisdictions with adopted STR/VHR ordinances also have established STR/VHR enforcement programs.

The locational criterion continues to be the most challenging criterion for the local jurisdictions to address. Under the locational criterion, a local jurisdiction must demonstrate that STRs are being located consistent with Regional Plan Land Use Goals and Policies, including directing STRs towards Town Centers, tourist lodging and/or commercial areas, major non-auto dependent transportation corridors and/or near tourist-oriented regional recreational amenities; address residential compatibility issues such as the over saturation ("clustering") of STRs and the construction of large STRs in residential neighborhoods; and support Regional Plan Transportation Goals and Policies, including directing STRs to areas where alternative transportation options (shared-use paths, bike lanes/routes, and public transit) are available.

A summary of recent local jurisdiction activity related to STR management is provided below:

² Source: Mary Fiore-Wagner, Lahontan Regional Water Quality Control Board, and Jason Kuchnicki, Nevada Division of Environmental Protection.

Douglas County – In 2019, the Douglas County Board of Commissioners directed the County Manager to create a citizen’s taskforce to assist the County Manager in developing recommendations to address VHRs in the Tahoe Township. The VHR Taskforce was formed and conducted several meetings in 2019 and 2020. The VHR Taskforce considered the TRPA STR Neighborhood Compatibility Guidelines when developing their recommendations. The County Manager subsequently created a Technical Advisory Group to review the recommendations. In August 2020, the Board reviewed the recommendations, which include creating a cap of 725 VHR permits in the Tahoe Township and updating the County’s existing VHR Ordinance to better address permitting, parking, noise and trash. The Board decided to delay any decisions until the new Board was put in place in 2021. The Board considered the recommendations on February 4, 2021, and will be considering them again on February 18, 2021. Information on the County’s VHR Permitting and Enforcement Program is available at: www.douglascounty.gov.

El Dorado County – In 2020, the County held virtual public meetings to discuss limiting the number and density of VHRs in the Tahoe Basin, focusing on the guidelines from TRPA. On December 2, 2020, the Board of Supervisors updated the County’s VHR Ordinance limiting the total amount of VHR permits that may be issued to 900. On February 9, 2021, the Board discussed the concept of adding buffers around VHRs. They directed staff to come back in 30 to 60 days with more detail on 300 foot and 500 foot buffers and a 1,000 foot buffer around large homes. The Board requested more data on the cost to implement buffers versus the benefit. Information on the County’s VHR Permitting and Enforcement Program is available at: www.edcgov.us/Government/planning/vhr.

Placer County – In 2019, the Placer County Board of Supervisors adopted an STR Ordinance and expanded their enforcement program. Placer County considered the STR Neighborhood Compatibility Guidelines when developing their STR program. The County has a Transit Occupancy Tax (TOT) Rebate Program to incentivize lodging in Town Centers, including STRs, and is considering looking at other strategies to address the locational criterion in the STR Neighborhood Compatibility Guidelines. Information on the County’s STR Permitting and Enforcement Program is available at: www.placer.ca.gov/6109/Short-Term-Rental-Program.

City of South Lake Tahoe - Measure T was approved by voters on November 6, 2018. Measure T requires the phase-out of all VHR permits in residential areas and all multi-family properties over a three-year period, with full implementation of these provisions to occur by December 31, 2021. Measure T prohibits the issuance of new VHR permits in residential areas. Measure T does not affect existing or future VHR permits in non-residential areas (i.e., tourist core, commercial, and recreation zones) of South Lake Tahoe, except for multi-family properties where VHR permits are no longer allowed anywhere in the City. In compliance with the City VHR Ordinance (Measure T), VHR permits in residential areas will not be renewed as their expiration date comes up throughout 2021. Measure T allows for properties within a residential zone, whose owner is a permanent resident of the City, to vacation rent the entire dwelling for up to 30 days (consecutive or non-consecutive) total per one-year permit period. In November 2020, the City Council adopted a hosted rental ordinance establishing regulations allowing a qualified homeowner or tenant to rent a portion of their home. Information on the City’s VHR and Hosted Rental Programs are available at: cityofslt.us/453/Vacation-Home-Rentals and www.cityofslt.us/1089/Hosted-Rentals.com

Washoe County – A draft STR ordinance for the unincorporated areas of the County was reviewed by the Board of Commissioners on February 25, 2020. The Board directed staff to make changes. Washoe County planned to present an updated draft STR ordinance to their Board in August, but the

meeting was delayed because of technical issues. Washoe County staff plans to present an updated STR ordinance to their Board on February 23, 2021. The County did not submit STR Guidelines to TRPA because an ordinance has yet to be adopted. The County is planning on providing TRPA responses to the Guidelines after the first reading of their STR ordinance. Information on the County's draft STR Ordinance is available at:

www.washoecounty.us/csd/planning_and_development/str.php

All of the jurisdictions are now using Host Compliance to monitor the location of STRs and bring illegal STRs into compliance with local requirements.

A summary of the points TRPA is recommending be awarded to each of the local jurisdictions based on their STR programs is shown in Table 2 (below). The Guidelines submitted by the local jurisdictions are provided as Attachments A, B, C & D

Table 2: Short-Term Rental Neighborhood Compatibility Scores					
BEST PRACTICES	DC	EDC	PC	CSLT	WC*
LOCATIONAL (maximum 30 points)					
Land Use (10 points)	0	0	0	10	n/a
Residential Compatibility (10 points)	1	10	2	10	n/a
Transportation (10 points)	4	2	8	8	n/a
Other Best Practices (can substitute up to 30 points)**	10	10	5	2	n/a
OPERATIONAL (maximum 30 points)					
Noise (5 points)	5	5	5	5	n/a
Occupancy (2.5 points)	2.5	2.5	2.5	2.5	n/a
Parking (5 points)	5	5	5	5	n/a
Refuse (5 points)	5	5	5	5	n/a
Defensible Space (2.5 points)	2.5	2.5	2.5	2.5	n/a
Water Quality (2.5 points)	0	0	0	0	n/a
Public Health & Safety (5 points)	5	5	5	5	n/a
Education (2.5 points)	2.5	2.5	2.5	2.5	n/a
Other Best Practices (can substitute for up to 30 points)***	2.5	2.5	2.5	2.5	n/a
ENFORCEMENT (maximum 40 points)					
Implementation (15 points)	15	15	15	15	n/a
Funding (10 points)	10	10	10	10	n/a
Education (10 points)	10	10	10	10	n/a
Penalties (5 points)	5	5	5	5	n/a
TOTAL	85	92	85	100	n/a

*Washoe County has yet to submit STR Neighborhood Compatibility Guidelines to TRPA.

**TRPA is recommending Douglas County and El Dorado County be able to substitute points for developing working groups and hosting public workshops that informed locational criterion policy recommendations and actively working to implement those recommendations.

***TRPA is recommending that Douglas County, El Dorado County, Placer County, and City of South Lake Tahoe be able to substitute up to 2.5 points, to achieve a maximum score of 30 under the operational criterion, because all of the jurisdictions are maintaining websites and are requiring permits.

A summary of TRPA staff recommendations is provided below:

Douglas County - TRPA is currently proposing to subtract one increment of deduction (2 allocations) from Douglas County's annual base allocation for both 2021 and 2022 because the County currently has a score between 75% and 89% on the STR Neighborhood Compatibility Guidelines. TRPA staff is however recommending that Douglas County receive their full base allocations if the Board of Commissioners adopts the VHR Task Force recommendations, including the 725 cap by the time the TRPA Governing Board considers the distribution of allocations. In addition, TRPA recommends that the County consider requiring Best Management Practices be installed at all VHRs in the Tahoe Township.

El Dorado County - El Dorado County scored over 90% on the STR Neighborhood Compatibility Guidelines and therefore no deductions are recommended by TRPA. TRPA recommends that the County move forward with addressing the issue of clustering VHRs and consider requiring Best Management Practices be installed at all VHRs.

Placer County - TRPA is proposing to subtract one increment of deduction (6.5 allocations, rounded up to 7) from Placer County's annual base allocation for both 2021 and 2022 because the County scored between 75% and 89% on the STR Neighborhood Compatibility Guidelines and has yet to address the locational criterion or water quality. TRPA recommends that the County move forward with addressing the locational criterion and consider requiring Best Management Practices be installed at all VHRs.

City of South Lake Tahoe - The City of South Lake scored over 90% on the STR Neighborhood Compatibility Guidelines and therefore no deductions are recommended by TRPA. TRPA recommends the City consider requiring Best Management Practices be installed at all VHRs.

Washoe County - TRPA is currently proposing to subtract two increments of deduction (3.5, rounded up to 4) from Washoe County's annual base allocation for both 2021 and 2022 because the County has yet to adopt an ordinance or provide responses to the Guidelines. TRPA staff is recommending that the Governing Board consider reconsidering this recommendation if the County adopts an STR ordinance and provides responses to the STR Neighborhood Compatibility Guidelines to TRPA.

TRPA recognizes that local jurisdictions had just over a year to develop and/or update STR programs following the adoption of the Performance Review System Code update and Guidelines and that all of the jurisdictions have been impacted this past year by COVID-19. TRPA took these factors into consideration when developing the recommendations. The Agency sincerely appreciates the significant amount of work and time local jurisdictions and citizens have put into developing programs to better manage STRs in the Tahoe Region.

Automated Allocation Certificates and Letters:

Allocation certificate letters for 2021 and 2022 are now going to be automatically generated when an Allocation Transaction is proposed in the Lake Tahoe Info Parcel Tracker. The Allocation certificates and letters will be available to download from the Residential Allocation Number's Detail Page.

Performance Review System Results:

Douglas County – Base number of residential allocations is 10 per year.

- 2019 Permit Monitoring and Compliance: Douglas County scored 95% on the project review portion of the performance audit and scored 97% on the compliance portion.
- 2020 Permit Monitoring and Compliance: Douglas County scored 92% on the project review portion of the performance audit and scored 97% on the compliance portion.
- TMDL Implementation: Douglas County is meeting all TMDL targets pursuant to their Interlocal Agreement (ILA).
- Short-Term Rental Neighborhood Compatibility Guidelines: Douglas County scored 85% on the STR Neighborhood Compatibility Guidelines.
- Recommendation: Staff recommends that Douglas County receive 8 residential allocations for 2021 and 8 residential allocations for 2022.

El Dorado County – Base number of residential allocations is 30 per year.

- 2019 Permit Monitoring and Compliance: El Dorado County scored 94% on the project review portion of the performance audit and scored 96% on the compliance portion.
- 2020 Permit Monitoring and Compliance: El Dorado County scored 92% on the project review portion of the performance audit and scored 97% on the compliance portion.
- TMDL Implementation: El Dorado County is in compliance with Lake Tahoe TMDL and Municipal Storm Water Permit requirements, including Lake Clarity Credit requirements.
- Short-Term Rental Neighborhood Compatibility Guidelines: El Dorado County scored 92% on the STR Neighborhood Compatibility Guidelines.
- Recommendation: Staff recommends that El Dorado County receive 30 residential allocations for 2021 and 30 residential allocations for 2022.

Placer County – Base number of residential allocations is 37 per year.

- 2019 Permit Monitoring and Compliance: Placer County scored 96% on the project review portion of the performance audit and scored 93% on the compliance portion.
- 2020 Permit Monitoring and Compliance: Placer County scored 95% on the project review portion of the performance audit and scored 93% on the compliance portion.
- TMDL Implementation: Placer County is in compliance with Lake Tahoe TMDL and Municipal Storm Water Permit requirements, including Lake Clarity Credit requirements.
- Short-Term Rental Neighborhood Compatibility Guidelines: Placer County scored 85% on the STR Neighborhood Compatibility Guidelines.
- Recommendation: Staff recommends that Placer County receive 30 residential allocations for 2021 and 30 residential allocations for 2022.

City of South Lake Tahoe – Base number of residential allocations is 33 per year.

- 2019 Permit Monitoring and Compliance: The City of South Lake Tahoe scored 90% on the project review portion of the performance audit and scored 95% on the compliance portion.
- 2020 Permit Monitoring and Compliance: The City of South Lake Tahoe scored 95% on the project review portion of the performance audit and scored 95% on the compliance portion.
- TMDL Implementation: The City of South Lake Tahoe is in compliance with Lake Tahoe TMDL and Municipal Storm Water Permit requirements, including Lake Clarity Credit requirements.

- Short-Term Rental Neighborhood Compatibility Guidelines: The City of South Lake Tahoe scored 100 percent on the STR Neighborhood Compatibility Guidelines.
- Recommendation: Staff recommends that the City of South Lake Tahoe receive 33 residential allocations for 2021 and 33 residential allocations for 2022.

Washoe County – Base number of residential allocations is 10 per year.

- 2019 Permit Monitoring and Compliance: Washoe County scored 92% on the project review portion of the performance audit and scored 94% on the compliance portion.
- 2020 Permit Monitoring and Compliance: Washoe County scored 96% on the project review portion of the performance audit and scored 95% on the compliance portion.
- TMDL Implementation: Washoe County is meeting all TMDL targets pursuant to their Interlocal Agreement (ILA).
- Short-Term Rental Neighborhood Compatibility Guidelines: Washoe County did not submit a response to the STR Neighborhood Compatibility Guidelines.
- Recommendation: Based on TRPA Code, Section 50.5.2, which requires two increments of deduction for a score below 75% on the STR Neighborhood Compatibility Guidelines, staff recommends that Washoe County be deducted two increments (3.5 rounded up to 4) from their base allocation for 2021 and 2022. Thus, staff recommends Washoe County receive 6 residential allocations for 2020 and 6 residential allocations for 2021.

Results:

TRPA staff recommends the Governing Board allocate the following amount of residential allocations to each jurisdiction for 2021 and 2022:

Douglas County	16 allocations
El Dorado County	60 allocations
Placer County.	60 allocations
City of South Lake Tahoe.	66 allocations
<u>Washoe County.</u>	<u>12 allocations</u>
Total	214 allocations

Table 3: 2019 & 2020 Performance Evaluation Results Summary				
Jurisdiction	Annual Base Allocation*	Deduction Increments*	Minimum Allocation with Deductions	Total Recommended 2021 and 2022 Allocations
Douglas County	10	2.0	2	16
El Dorado County	30	5.5	8	60
Placer County	37	6.5	11	60
City of South Lake Tahoe	33	5.75	10	66
Washoe County	10	1.75	3	12
Total	120		34	214

* The Annual Base Allocation and Deduction Increments are provided in Table 50.5.2 of TRPA Code. One deduction increment equals the number of allocations shown for individual jurisdictions. If the final allocation results in a decimal ending in 0.5 or higher the allocation is rounded up to the nearest whole number, if the decimal is below 0.5 the allocation is rounded down to the nearest whole number.

Allocations not distributed under the Performance Review System will be assigned to TRPA’s Residential Allocation Incentive Pool. Individuals can apply for an allocation from the Residential Allocation Incentive Pool in exchange for retiring a sensitive lot and local jurisdictions can apply for allocations in exchange for restoring stream environment zones, building multi-family housing in Town Centers, transferring residential development rights to Town Centers, maintaining a Certified Local Government Moderate Income Housing Program, and demonstrating progress towards other Regional Plan Goals and Policies (refer to TRPA Code, Section 50.5.1.D).

The allocations distributed for 2021 and 2022 will be added to the total remaining allocations shown in Table 4.

Table 4: Total Remaining Allocations	
Jurisdiction	Total Remaining Allocations
Douglas County, NV	46
El Dorado County, CA	34
Placer County, CA	193
City of South Lake Tahoe, CA	56
Tahoe Regional Planning Agency	62
Washoe County, NV	116
Total	507

Source: LakeTahoeInfo 2/8/2021

TRPA staff appreciates the efforts of the local jurisdictions in helping to achieve the targets of the residential allocation program.

Contact Information:

For questions regarding this agenda item, please contact Brandy McMahon, AICP, Local Government Coordinator, at (775) 589-5274 or bmcMahon@trpa.org.

Attachments:

- A. STR Neighborhood Compatibility Guidelines – Douglas County
- B. STR Neighborhood Compatibility Guidelines – El Dorado County
- C. STR Neighborhood Compatibility Guidelines – Placer County
- D. STR Neighborhood Compatibility Guidelines - City of South Lake Tahoe

Attachment A

STR Neighborhood Compatibility Guidelines – Douglas County

Attachment B

STR Neighborhood Compatibility Guidelines – El Dorado County

Attachment C

STR Neighborhood Compatibility Guidelines – Placer County

Attachment D

STR Neighborhood Compatibility Guidelines – City of South Lake Tahoe