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STAFF REPORT

Date: February 23, 2023
To: Residential Allocation Performance Review Committee
From: TRPA Staff
Subject: Recommendation to Distribute 2023 and 2024 Residential Allocations

Summary and Staff Recommendation:

In the Tahoe Region, residential allocations are considered for distribution 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 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, El Dorado County, Placer County, and Douglas County receive the base number of residential allocations for 2023 and 2024 as shown in Table 3 of the Staff Report; and
- 2) Washoe County receive the base number of allocations with two increments of deduction for 2023 and 2024 as shown in Table 3 of the Staff Report.

Required Motions:

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 2023 and 2024 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 2023 and 2024 as shown in Table 3 of the Staff Report.

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.

Residential Audits:

In 2021 and 2022, 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 2021 and 2022 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 the average audit score for 2021 and 2022 were all above 90%.

| Jurisdiction | 2021 | | | 2022 | | | 2021 & 2022 Average |
|--------------------------|----------------|------------|---------|----------------|------------|---------|---------------------|
| | Project Review | Compliance | Average | Project Review | Compliance | Average | |
| City of South Lake Tahoe | 93.5 | 93.2 | 93.35 | 96 | 92.4 | 94.2 | 93.77 |
| Douglas County | 97 | 92.2 | 94.6 | 95.5 | 94.55 | 95.03 | 94.81 |
| El Dorado County | 93 | 85.2* | 89.1 | 94 | 97.95 | 95.98 | 92.54 |
| Placer County | 96 | 87.65 | 91.83 | 94.5 | 91.9 | 93.2 | 92.52 |
| Washoe County | 93 | 95.7 | 94.35 | 93 | 96.8 | 94.9 | 94.63 |

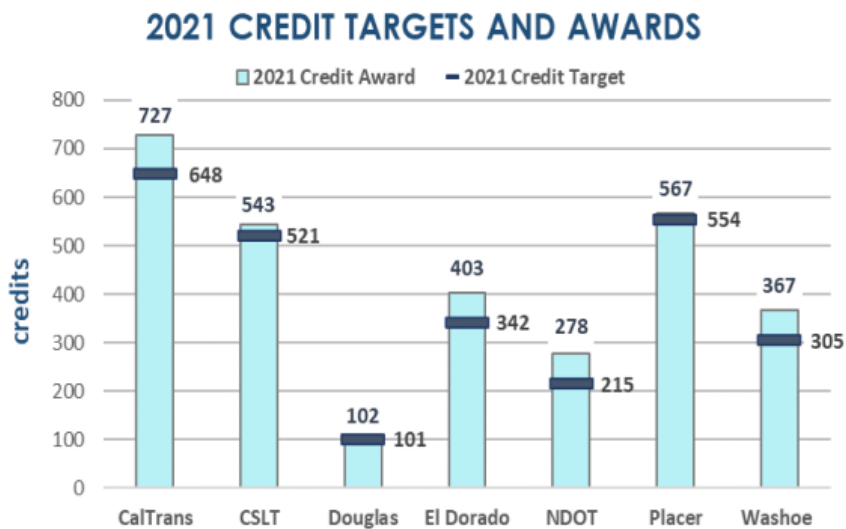
*The average security return score was 93.8 and the average winterization score was 76.6, for an average compliance score of 85.2 in El Dorado County. The average winterization score was lower than normal due to the Caldor Fire which happened in the fall of 2021. Areas within the Tahoe Basin and in El Dorado County were evacuated towards the end of construction season and many El Dorado County staff members were reassigned to assist with fire related matters.

Total Maximum Daily Load (TMDL) Implementation:

Lake Tahoe is designated an Outstanding National Resource Water and a “Waterbody of extraordinary ecological or aesthetic value” by the states of California and Nevada for its world famous clarity and striking blue color. The Lake Tahoe Total Maximum Daily Load (TMDL) Program seeks to effectively guide efforts to restore historic clarity within the lake so people may once again be able to see to depths of nearly 100 feet.

The program established Lake Clarity Credit targets for reducing the amount of nitrogen, phosphorus, and fine sediment entering the lake. TRPA Code, Section 50.5.2, states a jurisdiction shall receive their base allocation for achieving above 90 percent or greater conformance with State approved annual Lake Tahoe Clarity Credit targets.

According to the Lahontan Regional Water Quality Control Board and Nevada Division of Environmental Protection, all jurisdictions in California and Nevada achieved their 2021 Lake Tahoe Total Maximum Daily Load (TMDL) credit targets and have achieved or are anticipated to achieve their 2022 TMDL credit targets. The results are documented on the Clarity Tracker's Urban Uplands Results page (<https://clarity.laketahoeinfo.org/Results/Detail/UrbanUplands>) and in the 2022 TMDL Performance Report.² Since all of the jurisdictions are meeting Lake Tahoe Clarity Credit targets, TRPA staff is not recommending any deductions to allocations.



Source: 2022 TMDL Performance Report, available at: <https://clarity.laketahoeinfo.org/Document/Index>

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. The Guidelines include locational, operational, and enforcement criteria. TRPA maintains information developed by the STR Neighborhood Compatibility Working Group at: <https://www.trpa.gov/short-term-rental-neighborhood-compatibility/>.

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

All of the local jurisdictions in the Tahoe Basin have adopted STR (or Vacation Home Rental, or VHR) ordinances that address noise, occupancy, parking, refuse, defensible space, and public health and safety. All of the local jurisdictions have also established STR/VHR enforcement programs. All of the local jurisdictions have addressed the location criterion, with the exception of Washoe County. 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; addressing residential compatibility issues such as the over saturation (“clustering”) of STRs and the construction of large STRs in residential neighborhoods; and supporting 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 how the local jurisdictions ranked their STR programs is shown in Table 2 (below). In areas where a score was not provided by the local jurisdiction, TRPA staff provided one. The Guidelines submitted by the local jurisdictions and a memorandum from Placer County are provided as Attachments A, B, C, D, & E. TRPA Code, Section 50.5.2.E, states that a local jurisdiction that receives a score of 90 percent or greater based on the STR Neighborhood Compatibility 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. TRPA is proposing to subtract two increments of deduction from Washoe County’s annual base allocation for both 2023 and 2024 because the County has yet to adequately address the location criterion.

| 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 | 6 | 10 | 0 |
| Residential Compatibility (10 points) | 10 | 10 | 6 | 10 | 1 |
| Transportation (10 points) | 10 | 10 | 6 | 8 | 0 |
| Other Best Practices (can substitute up to 30 points)* | 10 | 5 | 10 | 2 | 0 |
| Total | 30 | 25 | 28 | 30 | 1 |
| OPERATIONAL (maximum 30 points) | | | | | |
| Noise (5 points) | 5 | 5 | 2.5 | 5 | 5 |
| Occupancy (2.5 points) | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Parking (5 points) | 5 | 5 | 5 | 5 | 5 |
| Refuse (5 points) | 5 | 5 | 5 | 5 | 5 |
| Defensible Space (2.5 points) | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Water Quality (2.5 points) | 0 | 0 | 0 | 0 | 0 |
| Public Health & Safety (5 points) | 5 | 5 | 3 | 5 | 5 |

| | | | | | |
|--|------------|-----------|-----------|------------|-----------|
| Education (2.5 points) | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Other Best Practices (can substitute for up to 30 points)* | 2.5 | 2.5 | 7 | 2.5 | 2.5 |
| Total | 30 | 30 | 30 | 30 | 30 |
| ENFORCEMENT (maximum 40 points) | | | | | |
| Implementation (15 points) | 15 | 15 | 15 | 15 | 15 |
| Funding (10 points) | 10 | 10 | 6 | 10 | 10 |
| Education (10 points) | 10 | 10 | 8 | 10 | 10 |
| Penalties (5 points) | 5 | 5 | 3 | 5 | 0 |
| Other Best Practices (can substitute for up to 40 points)* | n/a | n/a | 9 | n/a | 5 |
| Total | 40 | 40 | 36 | 40 | 40 |
| TOTAL | 100 | 95 | 94 | 100 | 71 |

*TRPA is recommending jurisdictions be able to substitute points for developing working groups and hosting public workshops that informed the development of STR ordinances and programs. TRPA is also recommending that local jurisdictions be able to substitute points for using transit occupancy tax (TOT) funding generated from STRs to fund transportation projects, including transit, to offset the impacts of tourism.

Recommendation:

TRPA staff recommends the Performance Review Committee recommend to the Governing Board the following amount of residential allocations be allocated to each jurisdiction for 2023 and 2024:

| Table 3: 2023 & 2024 Performance Evaluation Results Summary | | | | |
|--|--------------------------------|------------------------------|---|--|
| Jurisdiction | Annual Base Allocation* | Deduction Increments* | Minimum Allocation with Deductions | Total Recommended 2023 and 2024 Allocations |
| Douglas County | 10 | 2.0 | 2 | 20 |
| El Dorado County | 30 | 5.5 | 8 | 60 |
| Placer County | 37 | 6.5 | 11 | 74 |
| City of South Lake Tahoe | 33 | 5.75 | 10 | 66 |
| Washoe County | 10 | 1.75 | 3 | 13 |
| Total | 120 | | 34 | 233 |
| Residential Allocation Incentive Pool*** | | | | 7 |

* 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.

** 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 from their base allocation for 2021 and 2022, for a total of 7 deducted allocations. Thus, staff recommends Washoe County receive 13 residential allocations for 2023 and 2024.

***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).

Contact Information:

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

Attachments (Posted Separately):

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