

PLANNING AND ENVIRONMENT COMMITTEE

South Lake Tahoe Vacation Home Rentals

Citizen Complaint #C14 - 02/03

Reason for the Report

A complaint alleges that the City of South Lake Tahoe (SLT) allows short-term vacation rental of homes in areas not properly zoned for such business (specifically the Tahoe Keys area) and collects Transit Occupancy Tax (TOT) on these vacation rental homes.

Scope of the Investigation

The members of the Grand Jury:

- Conducted interviews with SLT City Attorney;
- Attended several SLT City Council meetings;
- Conducted an interview with SLT City Manager;
- Reviewed relevant SLT ordinances and codes;
- Reviewed relevant Tahoe Regional Planning Agency (TRAP) ordinances and codes.

Background

The Governors and lawmakers of California and Nevada approved a compact creating a planning agency to oversee development at Lake Tahoe. In 1969, the United States Congress ratified the agreement and created TRPA. The compact, as revised in 1980, gives TRPA authority to adopt environmental quality standards, called thresholds, and to enforce ordinances designed to achieve these thresholds. The Governing Board of TRPA adopted the thresholds in 1982.

The ordinance codes of TRPA, Chapter 18, sets forth allowable uses for the land areas within the Tahoe Region. This chapter defines Tahoe Keys as Area 102 and states that this area should continue to maintain the existing residential and commercial character of the neighborhood. This ordinance does not allow for vacation rentals, tourist accommodations, and transit lodging within the Tahoe Keys area.

SLT City Code (Chapter 32) includes the TRPA's ordinances regarding area plan use in the Tahoe Keys. However a conflict exists between Chapter 32 and Chapter 28A, which regulates the rental of housing. The SLT City Attorney recognizes this conflict in a letter to this Grand Jury, dated September 2, 2002, by stating, "TRPA's Plan Area Statements prohibit renting houses for vacation rentals in a portion of the Tahoe keys area as well as portions of many other areas within the city limits. I will calendar this matter for further communication to the Grand Jury on or before March 31,2003 as this conflict still exists".

The City Attorney, in a staff report to the SLT City Council dated November 19, 2002 stated, “Under the TRPA rules, tourist accommodation uses are not allowed in all plan area statements within the city limits”. She further stated, “City staff is beginning to work with TRPA staff to address the issue of vacation home uses outside the specifically designated areas”. This Grand Jury has received no further guidance or communication from the SLT City Attorney.

The Grand Jury is aware of the revenue difficulty this situation presents to the SLT City Council. Over the years the taxes produced by the renting of houses in the Tahoe Keys area has grown to represent a sizeable figure. A significant financial impact on the city’s budget would occur should this be eliminated. Furthermore, should the renting of these houses be disallowed the owners who purchased or built houses for the purpose of renting them would incur a loss of income and probable reduction in the value of their properties. In apparent contradiction to TRPA and SLT ordinances houses continue to be rented and taxes continue to be collected.

Findings

- F1. Neither SLT nor the TRPA are enforcing the prohibition of transit lodging in Tahoe Keys (area 102).
- F2. SLT is collecting Transit Occupancy Tax on the vacation rental homes in the Tahoe Keys (area 102).
- F3. SLT has passed further ordinances to regulate, but not ban the use of homes that are used as vacation rentals. These ordinances include the Tahoe Keys (area 102).
- F4. In apparent contradiction to TRPA and SLT ordinances houses continue to be rented and taxes continue to be collected.

Recommendations

- R1. SLT should negotiate with TRPA either to change the prohibition against transit lodging in the Tahoe Keys or enforce the existing law.
- R2. The SLT ordinance should be rewritten to be consistent with TRPA regarding transit lodging in the Tahoe Keys (area 102).

Responses Required for Findings

F1 through F4	South Lake Tahoe City Council Tahoe Regional Planning Agency (TRAP)
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Responses Required for Recommendations

R1 and R2	South Lake Tahoe City Council Tahoe Regional Planning Agency (TRAP)
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