

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".

City of South Lake Tahoe

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TO: Honorable Jerald M. Lasarow, Supervising Grand Jury Judge
 El Dorado County Superior Court
 1354 Johnson Blvd.
 South Lake Tahoe, CA 96150

FROM: City Council, City of South Lake Tahoe

DATE: September 23, 2003

SUBJECT: Grand Jury Investigation C14-02/03
 South Lake Tahoe Vacation Home Rentals

The City of South Lake Tahoe responds to the Final Report of the 2002-2003 El Dorado County Grand Jury as follows:

Grand Jury Finding

F1. Neither SLT nor TRPA are enforcing the prohibition of transit lodging in Tahoe Keys (area 102).

Response to Finding

Agree. City does not have such a prohibition.

Grand Jury Finding

F2. SLT is collecting Transient Occupancy Tax on the vacation rental homes in the Tahoe Keys (area 102).

Response to Finding

Agree.

Grand Jury Finding

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).

Response to Finding

Agree.

Grand Jury Finding

F4. In apparent contradiction to TRPA and SLT ordinances houses continue to be rented and taxes continue to be collected.

Response to Finding

Agree that houses continue to be rented and taxes continue to be collected in the City of SLT. Disagree that this contradicts any SLT ordinances.

Grand Jury Recommendation

R1. SLT should negotiate with TRPA either to change the prohibition against transit lodging in the Tahoe Keys or enforce the existing law.

Response to Recommendation

Agree that SLT should negotiate with TRPA to change the TRPA prohibition against transient lodging in the Tahoe Keys. It is anticipated that this recommendation will be implemented with the next six (6) months.

Grand Jury Recommendation

R2. The SLT ordinance should be rewritten to be consistent with TRPA regarding transit lodging in the Tahoe Keys (area 102).

Response to Recommendation

The planning chapter of the SLT City Code has been amended to be consistent with the transient lodging Chapter of the SLT City Code. See attached Ordinance No. 933 which was adopted by the City Council on June 17, 2003. This Ordinance clarifies that rental of a home on a short-term basis is one of many authorized uses of a residence. The recommendation to rewrite the City Code to be consistent with TRPA regarding transient lodging in the Tahoe Keys, will not be implemented as stated because it is not City policy to prohibit second homes also being used as vacation rentals. It is anticipated that by following recommendation 1, the City of SLT and TRPA will address vacation rentals with consistent laws.

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MINUTE ORDER CITY OF SOUTH LAKE TAHOE CITY COUNCIL

REGULAR MEETING OF TUESDAY, AUGUST 19, 2003, 9:00 A.M.
CITY COUNCIL CHAMBERS, 1900 LAKE TAHOE BLVD.,
SOUTH LAKE TAHOE, CALIFORNIA

BY THE ORDER OF THE CITY OF SOUTH LAKE TAHOE CITY COUNCIL:

NEW BUSINESS:

- b) **Proposed Response to the 2002-2003 El Dorado County Grand Jury Report ("South Lake Tahoe Vacation Rentals")**
Recommended Action: Approve Proposed Response and Forward to the Supervising Judge of the El Dorado County Grand Jury

(Please note: Councilmember Davis abstained on this item)

Councilmember Upton referred to a memo he had written to the Council, City Manager and City Attorney regarding his suggestions as to revisions to the proposed responses to the El Dorado County Grand Jury Report that were provided by the City Attorney. (A copy of said memo is on file in the City Clerk's Office with this agenda packet as permanent record)

Council discussed and agreed that the responses to the three separate issues would be forwarded to the Grand Jury all at one time.

Councilmember Upton suggested the following revisions to the proposed responses:

F1: add: to date, June 27, 2003, issue date of Grand Jury Report. TRPA has not interpreted its ordinances as prohibiting vacation rentals;

R2: replace "because it is not warranted." with "because it is not City policy to prohibit second homes also being used as vacation rentals."

City Attorney DiCamillo responded to Upton's suggested revisions.

Brief discussion was held.

Minute Order
August 19, 2003 City Council Meeting
New Business (b)
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NEW BUSINESS: (Continued)

IT WAS MOVED BY COUNCILMEMBER UPTON TO APPROVE CITY ATTORNEY DICAMILLO'S RESPONSE TO F1 AND TO APPROVE AMENDED RESPONSE TO R2, BY REPLACING "BECAUSE IT IS NOT WARRANTED" WITH "BECAUSE IT IS NOT CITY POLICY TO PROHIBIT SECOND HOMES ALSO BEING USED AS VACATION RENTALS."

Mayor Brown asked if anyone in the audience wanted to speak on the matter. No one appeared in order to be heard.

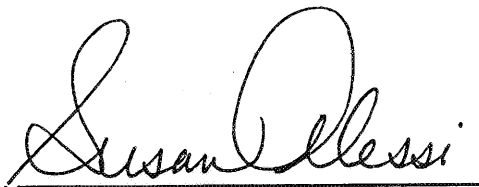
THE MOTION WAS SECONDED BY COUNCILMEMBER COLE AND CARRIED AS FOLLOWS:

AYES: BROWN, COLE, LOVELL & UPTON
ABSTAIN: DAVIS

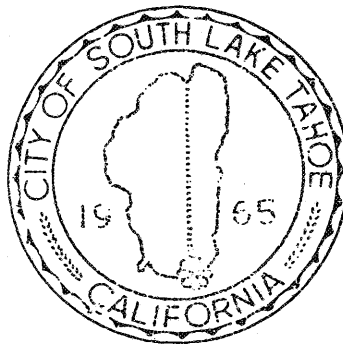
IT WAS MOVED BY COUNCILMEMBER DAVIS, SECONDED BY COUNCILMEMBER COLE AND UNANIMOUSLY CARRIED TO APPROVE THE RESPONSES AS AMENDED BY COUNCILMEMBER UPTON AS OUTLINED ABOVE.

I, Susan Alessi, City Clerk for the City of South Lake Tahoe, do hereby certify that the above is a true and correct excerpt of the August 19, 2003 Regular City Council meeting minutes.

Dated: September 3, 2003.



Susan Alessi, City Clerk
City of South Lake Tahoe



CITY OF SOUTH LAKE TAHOE

ORDINANCE NO. 933

AN ORDINANCE AMENDING SECTION 32-9 OF THE SOUTH LAKE TAHOE CITY CODE REGARDING THE DEFINITION OF "RESIDENTIAL" AND "RESIDENTIAL USES"

The City Council of the City of South Lake Tahoe does hereby ordain as follows:

Section 1. Enactment. Chapter 32-9 of the South Lake Tahoe City Code is hereby amended as designated in Exhibit "A" attached hereto and incorporated herein by reference.

Section 2. Conflicting Ordinances Repealed. All other ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 3. Summary Publication. Within fifteen (15) days after final adoption of this Ordinance, the City Clerk shall have a summary of the ordinance prepared by the City Attorney and published as required.

Section 4. Effective Date. This ordinance shall take effect thirty (30) days after its adoption.

FIRST READING: June 3, 2003

SECOND READING: June 17, 2003

PASSED AND ADOPTED by the City Council of the City of South Lake Tahoe at a regular meeting held on June 17, 2003, by the following vote:

AYES: Councilmembers BROWN, COLE, LOVELL & UPTON

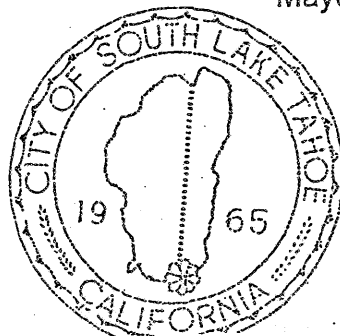
NOES: Councilmembers _____

ABSENT: Councilmembers _____

ABSTAIN: Councilmembers DAVIS

Judy Brown
Mayor

ATTEST:
[Signature]
City Clerk (City Seal)



CITY OF SOUTH LAKE TAHOE
ORDINANCE NO. 933

AN ORDINANCE AMENDING SECTION 32-9
OF THE SOUTH LAKE TAHOE CITY CODE REGARDING THE
DEFINITION OF "RESIDENTIAL" AND "RESIDENTIAL USES"

The City Council of the City of South Lake Tahoe does hereby ordain as follows:

Section 32-9 is hereby amended as follows:

For purpose of this chapter, the city shall adopt by reference, the definitions contained within the TRPA Code of Ordinances, Chapter 2, *except the definition of "Residential" and "Residential Uses", which are defined as follows:*

Residential: *Uses, facilities and activities primarily pertaining to the occupation of buildings on a permanent basis for living, cooking and sleeping, which are allowed to be used or rented on a periodic basis.*

Residential Unit: *One or more rooms containing one or more bedrooms, with not more than one kitchen, designed to be occupied permanently as an independent housekeeping unit by one family or one collective household with facilities for living, cooking, sleeping and eating, which are allowed to be used or rented on a periodic basis.*

As used in this Chapter, the words and phrases shall have the meanings ascribed to them unless such meanings would be inconsistent with the manifest intent of the City Council or the context clearly requires otherwise.