



Date: June 10, 2025

Honorable Mayor and Council Members:

Author and title: Rosie Johnson, Program Analyst II

Title: **Hosted Rental Ordinance Amendments**

Jen Callaway, Town Manager

Recommended Action:

- (1) Introduce Ordinance 2025-05 amending Chapter 5.02 (Transient Rental of Residential Units) of the Truckee Municipal Code.
- (2) Find the adoption of the ordinance exempt from CEQA pursuant to CEQA Guidelines sections 15060(c)(2-3), 15061(b)(3), 15301, and 15378.

Discussion: On May 27, 2025, Staff brought to Town Council consideration of hosted rental requirement modifications to permit a full-time tenant to operate a Hosted Rental within the rented dwelling, under certain conditions (**see Attachment 1**). As a result of the discussion, Town Council directed staff to amend Chapter 5.02 to allow long-term tenants that held a hosted rental certificate prior to the hosted rental definition change on May 24, 2022, and that operated in good standing to be able to apply for and receive a hosted rental transient occupancy registration certificate. Long-term tenants that did not meet that requirement would not be eligible. In addition, Town Council directed staff to include policy requiring the long-term tenant to provide homeowner approval to short-term rent a single permitted bedroom as a hosted rental. Furthermore, it was determined that both the homeowner and the long-term tenant will be jointly and severally liable for any violation of the Truckee Municipal Code and collection and remittance of Transient Occupancy Tax.

The intent of these changes is not to introduce significant policy changes to the short-term rental program. Rather, the proposed updates are intended to further amend existing requirements and clean up aspects of the short-term rental ordinance surrounding hosted rentals to provide clarity and consistency. The recommended amendments are provided as **Attachment 2** (Ordinance 2025-05), **Attachment 3** (track changes), **Attachment 4** (clean copy), and the changes are summarized below.

Hosted Rental Ordinance Amendments

Chapter 5.02: Transient Rentals of Residential Units

5.02.010 Purpose

Staff recommend modifying the purpose to include hosted rentals in the description since with adoption of the Hosted Rental Ordinance 2024-08 on December 10, 2024, hosted rentals were omitted from the purpose section.

5.02.020 Definitions

“Hosted Rental” & “Hosted Rental Contact Person”

Both the hosted rental and hosted rental contact person definitions have been modified to not just reference homeowner but add on “*or tenant, to the extent permitted by subsection F.5 of Section*”

5.02.030 of this chapter.” The hosted rental requirements to the referenced subsection are described below.

“Operator”

Since the intention of the hosted rental ordinance is to limit hosted rental operation to the homeowner or tenant (under the specific conditions allowed under these amendments), staff recommend modifying the operator definition to remove hosted rental under portion (iv). Currently portion (iv) states that *any manager, agent, representative or other similar person acting under the authority or at the direction of the owner or other operator of a short-term rental and/or hosted rental.*

5.02.030 Registration Certificate Requirements

Section E. Application for Hosted Rental Certificate.

Subsection 5. Town Council directed staff to include policy requiring the long-term tenant to provide homeowner approval to short-term rent a single permitted bedroom as a hosted rental. Subsection 5 currently requires the owner to provide proof of primary residence. Staff recommend adding a requirement that if the operator is the tenant, then they shall provide an affidavit of primary residency.

Subsection 10. To demonstrate property owner approval, this subsection requires that the tenant operator provide a copy of a lease agreement, lease amendment, or a notarized letter from the property owner. The document provided shall provide authorization from the property owner for the operator to operate one bedroom of the property as a hosted rental and acknowledge that the property owner and operator are jointly and severally liable for violations of this chapter.

Section F. Administration of Hosted Rental Transient Occupancy Registration Certificates.

Subsection 1. Hosted Rental Transient Occupancy Registration Certificates Prohibited for Bedrooms that Contain a Cooking Facility or Sink. Since this section references what is prohibited for hosted rental transient occupancy registration certificates staff endorse adding that, except as provided in subsection 5 below, no hosted rental transient occupancy registration certificate will be issued to an operator other than the homeowner.

Subsection 2. Change in Ownership. Staff recommend adding to this subsection, that not only the owner but the tenant that meets the criteria listed below in subsection 5 may apply for a new transient occupancy registration certificate, unless otherwise prohibited.

Subsection 5. An operator of a hosted rental. The proposed modification to the operator definition in section 5.02.020 warranted expanded criteria for who can legally operate a hosted rental. The following parameters are proposed: a lawful occupant of the property pursuant to a lease with a term greater than 30 days; that occupies the property as the operator’s primary residence; held a valid bed and breakfast inn transient occupancy registration certificate in good standing as of May 24, 2022 for the same address; and has continuously operated the dwelling as a hosted rental in good standing since that date, may apply for and obtain a hosted rental transient occupancy registration certificate as long as they adhere to all proposed requirements. Furthermore, a hosted rental transient occupancy registration certificate issued shall expire upon the expiration or termination of the tenancy of the certificate holder and may not thereafter be revived or reissued to a new tenant, or to the same tenant occupying a different property.

5.02.040 Operational Standards

Section B. Hosted Rental Operational Standards – Subsection 2. Hosted Rental Contact Person

The hosted rental contact person operational standard currently only lists the homeowner as the individual designated as the hosted rental contact person. Due to the proposed ordinance modifications listed above for section 5.02.030, staff suggest incorporating tenants, to the extent permitted by subsection F.5 of Section 5.02.030, to this section.

In the operational standard section for hosted rental contact person, code currently states local contact person. In the definition section 5.02.020 of the ordinance, the local contact person is in reference to a short-term rental certificate and for a hosted rental certificate, code strictly calls out hosted rental contact person. Staff recommend modifying the local contact reference in this section to specifically reference “hosted rental local contact” to be consistent with the short-term rental ordinance definitions.

5.02.060 Penalties; certificate denial, suspension, and revocation

In the penalties; certificate denial, suspension, and revocation section, staff propose adding *hosted rental contact person* to the sentence that currently reads “*any person violating the provisions of this chapter, including without limitation guests, operators, and local contact persons.*”

In addition, this section currently reads that the owner of a short-term rental or hosted rental shall be deemed responsible. Town Council had directed staff to modify municipal code to include a requirement that both the homeowner and the long-term tenant shall be jointly and severally liable for any violation of the Truckee Municipal Code. Staff recommend expanding this section to read that the owner and non-owner operator of a hosted rental pursuant to subsection F.5 of Section 5.02.030 shall be jointly and severally liable for all violations of this chapter.

Section B. Denial, Suspension or Revocation of a Transient Occupancy Registration Certificate. – Subsection 3.

Currently subsection three (3) requires that if a short-term rental or hosted rental operator or guest is in violation of any local, state or federal laws, statutes, ordinances, rules or regulations pertaining to the operation of the rental, the Town may deny, suspend or revoke a transient occupancy registration certificate. Staff recommend adding “hosted rental” to the reference to operation of the rental, so it is all encompassing to our certificate types.

5.02.070 Changes in ownership

Taking into consideration the proposed ordinance modification to encompass long-term tenants, staff recommend adding that in the event of the expiration or termination of a tenancy, any outstanding transient occupancy registration certificate shall expire upon the expiration or termination of the tenancy. This ensures there are no vested rights of the tenant in light of the homeowner selling the property.

Environmental Clearance

The adoption of this ordinance does not qualify as a “project” subject to the California Environmental Quality Act (“CEQA”) because the ordinance will not result in a direct or reasonably foreseeable indirect physical change in the environment. (State CEQA Guidelines, § 15060(c)(2)-(3), 15378.) Notably, the ordinance serves to establish a cap on the number of transient occupancy registration certificates issued for short-term rental properties, allows for some transient occupancy registration certificates to be provided to developers of workforce housing, and harmonizes provisions of the Municipal Code relating to transient occupancy registration certificates. The ordinance will not result in any construction or any other physical change to the environment. Moreover, the ordinance does not change the land use designation or zoning for any site within the Town’s boundaries. Thus, the ordinance will not result in direct or reasonably foreseeable indirect physical changes in the environment and is not a “project” within the meaning of CEQA.

In the alternative, if the ordinance is a project subject to CEQA, the ordinance is exempt from environmental review for at least two reasons. First, and for the same reasons the ordinance does not qualify as a “project,” the ordinance falls within the “common sense” exemption because “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” (State CEQA Guidelines, § 15061(b)(3).) Specifically, and as noted above, the ordinance will not result in any construction or any other physical change to the environment, and it will not change

any land use designation or zoning for any site within the Town's boundaries. There is thus no possibility that the ordinance would have a significant effect on the environment.

Second, the ordinance falls within the Class 1 categorical exemption, which applies to the operation, permitting, and licensing of existing structures where the activity in question results in negligible or no expansion of use. (State CEQA Guidelines, § 15301.) Here, the ordinance relates to transient occupancy registration certificates issued for short-term rental or hosted rental properties for units that have already been constructed in the Town; accordingly, the ordinance relates to the operation, permitting, and licensing of existing structures as short-term rental or hosted rental properties, and the ordinance does expand the existing use of these properties. The ordinance does not authorize the construction of new uses and does not result in land use or zoning changes, which could alter the density of development on sites where short-term rental or hosted rental uses could occur. In fact, the ordinance seeks to limit the number of transient occupancy registration certificates that the Town issues. To the extent that the ordinance incentivizes construction of workforce housing in other areas of the Town by making available transient occupancy registration certificates to those projects, the incentive would not intensify residential development in the Town. Any new housing projects will be fully evaluated for CEQA compliance and any future transient occupancy registration certificates that are issued would have to comply with the Town's existing regulations for short-term rental and hosted rental uses. The ordinance is thus categorically exempt from CEQA.

With regard to the Class 1 categorical exemption, none of the exceptions to the Class 1 exemption apply as the ordinance will not result in any physical change to the environment and will not result in any potentially significant impact. (State CEQA Guidelines, § 15300.2.)

Each of the foregoing justifications fully and independently exempts the whole of the action from environmental review under CEQA.

Summary: Staff recommend that Town Council introduce Ordinance 2025-05 to amend Truckee Municipal Code Chapter 5.02 and find the ordinance exempt from CEQA.

Priority:

| | | |
|--|---|--|
| <input type="checkbox"/> Enhanced Communication | <input type="checkbox"/> Climate and Greenhouse Gas Reduction | <input checked="" type="checkbox"/> Housing |
| <input type="checkbox"/> Infrastructure Investment | <input type="checkbox"/> Emergency and Wildfire Preparedness | <input checked="" type="checkbox"/> Core Service |

Fiscal Impact: Staff time to develop the ordinance amendments as directed by Town Council.

Public Communication: Notification was published as part of the regular Town Council agenda packet, and an email notification was sent to registered hosted rental owners, registered short-term rental operators, applicants on the STR waitlist, and Visit Truckee Tahoe (VTT).

Attachments:

1. May 27, 2025 – [Consideration of Hosted Rental Requirement Modifications](#)
2. Ordinance 2025-05
3. Municipal Code Chapter 5.02 – Track changes from current STR Ordinance
4. Municipal Code Chapter 5.02 – Clean copy