



Date: **September 22, 2026**

Honorable Mayor and Council Members:

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Title: **Consideration of Short-Term Rental Permit Optimization Options**

Jen Callaway, Town Manager

Recommended Action: That Council: (1) review the Short-Term Rental (STR) permit optimization analysis and provide direction to staff regarding STR permit optimization options; and (2) review and confirm the goal of STR permit optimization.

Executive Summary:

On April 12, 2022, Town Council adopted Ordinance 2022-02 establishing a cap of 1,255 transient occupancy registration certificates for short-term rentals town wide. The implementation of this cap has resulted in a waitlist of applicants in line to receive a registration certificate. The 2025 STR data report identified that 18% of registration certificates were inactive in the prior year (i.e. reporting zero rental activity).

On February 10, 2026, in response to a request from Visit Truckee Tahoe (VTT), Council directed staff to add short-term rental "permit optimization" to the 2025-2027 Council Strategic Priorities Workplan. Staff's working understanding of the STR permit optimization goal is to identify policy options ***to induce turnover of registration certificates that are currently reporting zero or very low annual rental activity.***

Process

Over the past several months, VTT and staff have worked both collaboratively and independently on considering, researching and ultimately packaging potential STR permit optimization options for Town Council consideration.

- Town staff and VTT collaboratively developed a survey to both STR permit holders and STR waitlist applicants to understand STR permit utilization and the experience of applicants on the waitlist. A complete summary of the survey questions, results and comments are provided as **Attachment 1** for STR permit holders and as **Attachment 2** for STR waitlist applicants.
- Staff compiled and shared with VTT data analysis to better understand current STR usage as it pertains to STR permit optimization. The complete data set is provided as **Attachment 3**.
- Staff researched four other jurisdictions that have an STR minimum activity threshold. A summary of the information collected is provided as **Attachment 4**.
- VTT and Staff met several times to talk through STR data, survey questions, and ideas for potential permit optimization strategies.

VTT Proposal

VTT recommended three STR permit optimization options (see **Attachment 5**) that are intended to be evaluated as one integrated framework. The three concepts are intended to improve utilization within the

Town's existing permit inventory, improve inventory availability, and support the visitor paid revenues that fund essential municipal services. The options are as follows:

- (1) Minimum activity threshold (\$1,000 minimum transient occupancy tax (TOT) remittance);
- (2) Hosted rental amendment;
- (3) Provisional permits (2027 & 2028 only).

Additional VTT optimization considerations include a housing priority exchange and further STR educational commitments facilitated by VTT.

Staff Recommendations

Based on Council direction, staff have identified solutions to address registration certificates that are currently reporting zero or very low annual rental activity. Staff recommend:

- (1) Minimum activity threshold (\$500 minimum TOT remittance);
- (2) Provisional permits in relation to vehicle miles traveled (VMT) areas (2027 & 2028 only) and
- (3) Collaborative STR operator education and resource creation, in partnership with VTT.

Discussion:

Background:

The Town Council held an all-day retreat on January 29, 2026, at Gravity Haus in Truckee. The retreat included the Town Council members and the Town's Department Head team, as well as members of the public. The retreat was an open, public meeting, and several members of the public attended to provide public comment and listen to the retreat discussion. Retreat discussion focused on the 2025-2027 Council Strategic Priorities workplan and associated updates (see **Attachment 6**). As part of the retreat discussion, Council discussed adding STR permit optimization to the workplan.

On February 10, 2026, Council approved VTT's Annual Report and approved VTT's request that Council consider adding STR permit optimization to the workplan (see **Attachment 7**). This request was presented by VTT as a potential strategy to improve utilization of the Town's existing STR permit inventory, because a portion of existing permits are inactive each year. As part of their request, VTT relayed that optimization of the permits allowed under the STR permit cap could also strengthen the reliability of Transient Occupancy Tax (TOT), Measure K, and the Truckee Tourism Business Improvement District (TTBID) revenues. STR permit optimization was incorporated into the workplan and was reviewed by Council as part of the third quarter workplan update on May 12, 2026 (see **Attachment 8**).

VTT and Town of Truckee staff met on several occasions to discuss options regarding how to optimize STR permit utilization with the working understanding of the goal of STR permit optimization being: ***to induce turnover of registration certificates that are currently reporting zero or very low annual rental activity.***

The following sections present optimization proposals considered, a summary of survey results from STR permit holders and waitlist applicants, and key takeaways provided from the STR permit optimization data analysis and jurisdiction review.

VTT's STR Permit Optimization Options:

On April 7, 2026, VTT presented an STR optimization proposal to Town staff (see **Attachment 9**). The concern leading the discussion was STR permits sitting inactive while demand is waiting. VTT yielded three concepts to lead towards permit optimization that were designed to function together as a system. These initial concepts included:

- *Minimum Activity Threshold (30 nights/year for renewal):* Require 30 nights rented annually for permit renewal.

- *Primary Residence Exemption:* Allow verified primary residences to be exempt from the 1,255 cap, limited to fewer than 30 nights per year, subject to all existing operational standards, TOT collection, safety requirements, and fire inspections.
- *Provisional Waitlist Permits:* Allow verified properties to rent fewer than 30 nights per year on an annual provisional basis while they wait for a full permit. Tracked via the same quarterly remittance process. Any operator exceeding 30 nights is removed from the waitlist and penalized with a one-year delay.

Town staff met with VTT to review the initial proposal and provided feedback. VTT committed to updating their proposal.

On August 18, 2026, VTT provided Town staff with their revised STR optimization proposal (see **Attachment 5**). The concepts presented are intended to be evaluated as one integrated framework. The three concepts are portrayed in the report to improve utilization within the Town's existing permit inventory, improve inventory availability, preserve neighborhood protections, and support the visitor paid revenues that fund essential municipal services and Measure K investments in workforce housing. The final VTT recommended optimization proposal is summarized as follows:

1. *Minimum Activity Threshold (Minimum TOT Remittance):* \$1,000 minimum annual TOT remittance to renew a certificate; certificates below the threshold return to inventory. Ensures certificates within the existing STR inventory demonstrate a minimum level of active use and do not remain indefinitely assigned to properties reporting no rental activity. Effective January 1, 2028 (12-month notice given at adoption) and enforcement begins on January 1, 2029.
2. *Hosted Rental Amendment:* Redefine the Town's hosted rental ordinance to include any resident with a legal right to occupy the home as their primary residence, owner or long-term tenant, replacing today's owner-only requirement. Then apply the same standard to both forms of hosted rental: the existing single-bedroom option, and a new whole-home option for residents who are away no more than 60 days a year, rather than requiring onsite presence for the entire stay. Existing hosted rental registration certificate requirements, and operational standards would still apply. Maintains that hosted rentals remain outside the STR registration certificate cap and continue the existing three-year renewal. The hosted rental amendment is meant to offer full-time residents a lower permit cost alternative, and a flexible way to offset the rising cost of living in Truckee.
3. *Provisional Permits (2027 & 2028 only):* Due to a 19.6 month wait on the waitlist and slow waitlist movement, a provisional permit option would establish a temporary pathway for improved certificate availability. Create provisional permits for qualified applicants currently on the STR waitlist where the provisional permit is valid January 1, 2027 – December 31, 2028, and there is a maximum of 30 rental nights annually. Required to adhere to all existing operational standards and exceeding the 30-night limit results in permit revocation and removal from the waitlist. The provisional permit sunsets after two years, and beginning in 2029, participants may receive a full STR Registration Certificate as inventory becomes available; otherwise, they retain their position on the waitlist. This option assumes that there would be 150 participating waitlist properties.
4. *Additional VTT Optimization Considerations:*
 - *Housing Priority Exchange:* Enable active STR permit holders in good standing to voluntarily pause their permit and convert their property to long-term workforce housing for a verified local worker. Upon lease completion or early termination, permit holders receive guaranteed top of waitlist priority to resume their STR permit.
 - *Commitments Facilitated by VTT:* As the Town evaluates STR program optimizations, VTT is committed to supporting responsible operation through education and guest communication

that could be added to the ordinance. VTT can provide tools that improve compliance, reduce neighborhood impacts, and strengthen host awareness. VTT to host educational seminars annually once a new operator joins the program that is not professionally managed. VTT to create The Truckee Way Poster that is Required to be displayed in all permitted homes.

STR Optimization Survey to Permit Holders & Waitlist Applicants:

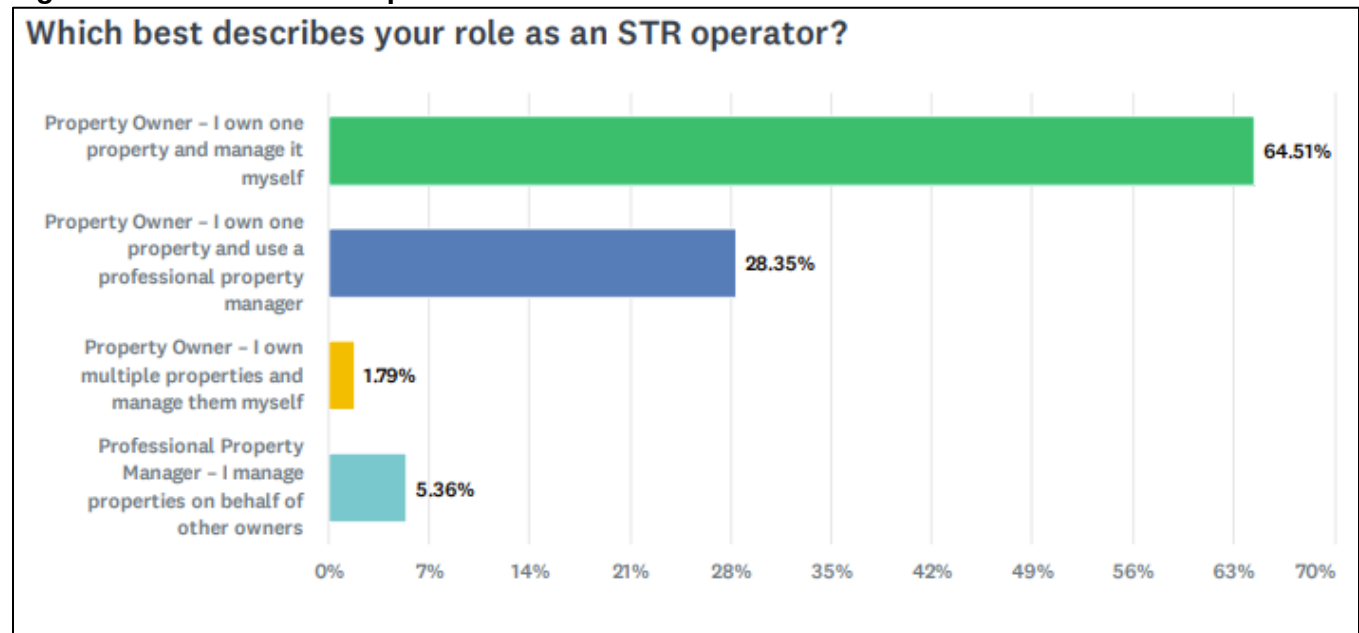
Town of Truckee staff and VTT jointly decided that surveying both STR permit holders and STR waitlist applicants was warranted to best understand STR permit utilization and the experience of applicants on the waitlist. Town staff and VTT worked collaboratively on survey content with the goal of better understanding what factors influence rental activity, and how the program can be improved to serve both operators and the broader Truckee community.

Staff distributed separate surveys to both STR permit holders and STR waitlist applicants on June 26, 2026, with a deadline to complete the survey by July 31, 2026. In the 36 days that the survey was open, Town staff received 448 responses for the STR permit holder survey and 148 responses for the STR waitlist applicant survey. A complete summary of the survey questions, results and comments are provided as **Attachment 1** for STR permit holders and as **Attachment 2** for STR waitlist applicants and select findings are highlighted below.

STR Permit Holder Survey:

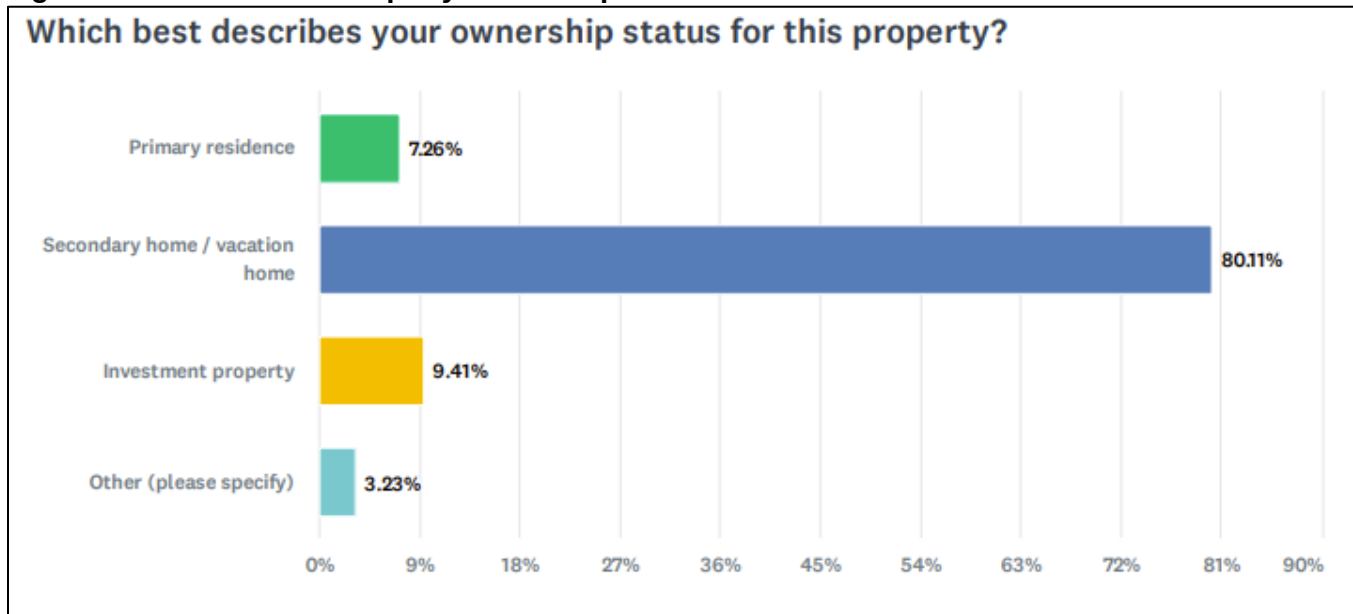
STR permit holder survey respondents represented STR operators that are a property owner(s): that own one property and manage the property themselves, own one property and uses a professional property manager, or own multiple properties and manages them themselves, and professional property managers that manage properties on behalf of the other owners (see Figure 1).

Figure 1: Role as an STR Operator



Ownership status was further represented in the survey as primary residence, secondary home/vacation home, investment property, and other (see Figure 2). Those that chose “other” specified they use the property as a ski lease, mixed use, utilize seasonally, and rent to family.

Figure 2: Permit Holder Property Ownership Status



Survey respondents were asked about personal usage of the property, the primary motivation for short-term renting, the number of nights the property was short-term rented annually, why the property was not actively rented in the last year (if applicable), what annual minimum number of nights threshold is most reasonable, and how the property would be utilized if unable to STR.

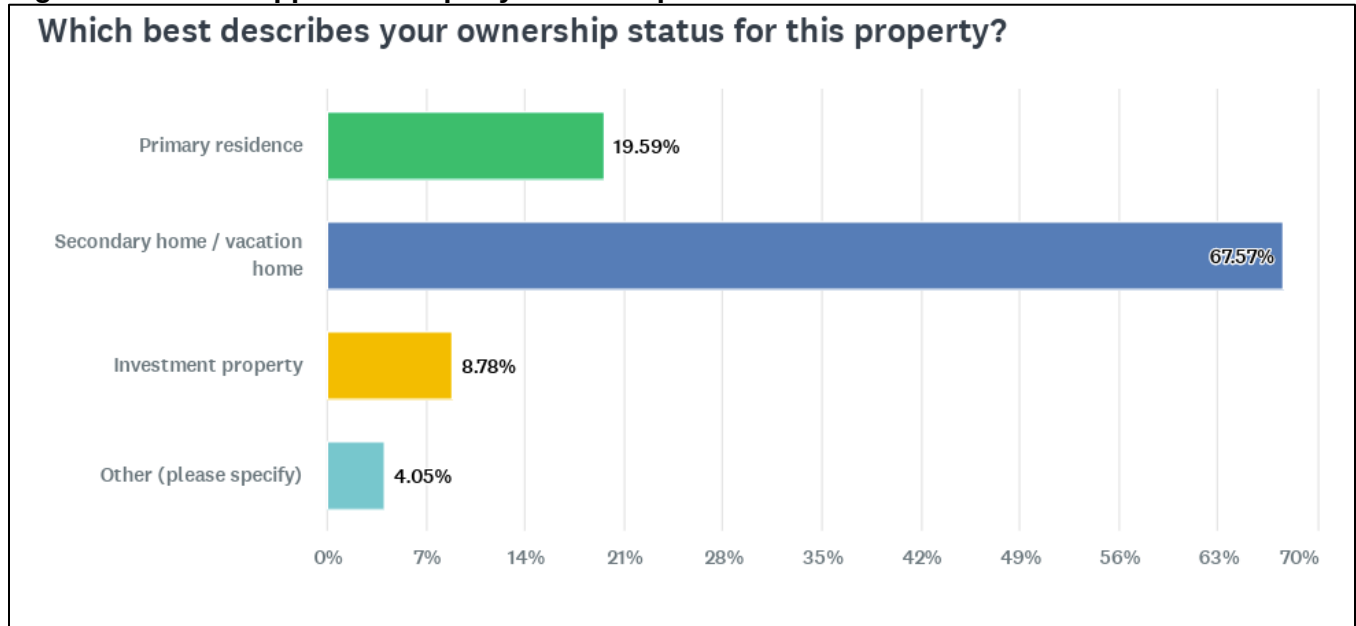
Permit holder survey key takeaways:

- Only 11 percent of survey respondents said they “rarely/never” use their STR for personal use.
- The primary motivation for renting the property as a short-term rental is most often to cover essential ownership costs and/or to offset maintenance and upkeep costs. Only 11 percent of survey respondents claimed that the primary motivation is to generate a profit.
- 63 percent of survey respondents that claimed no rental activity in the last year stated that they did not actively rent in the last 12 months but want to retain the STR permit for future use.
- Some of the top reasons respondents said they did not actively rent in the last 12 months are the following: using the property primarily for personal or family use, renovations, and personal life circumstances (divorce, illness, etc.)
- About 50 percent of survey respondents found that zero to 14 nights was a reasonable minimum number of nights threshold required annually to keep the STR certificate. Another 17 percent of respondents chose “other” where comments mostly specified a disapproval of any minimum number of nights requirement.

STR Waitlist Applicant Survey:

STR waitlist applicant survey respondents' ownership status was further represented in the survey as primary residence, secondary home/vacation home, investment property, and other (see Figure 3). Those that chose other specified they use the property as a second home but rent a room to a local, that they fall into all three categories, and it is their primary residence for 75 percent of the year.

Figure 3: Waitlist Applicant Property Ownership Status



The survey respondents were asked how often they personally use the property, how the property is being used while on the waitlist, primary motivation for seeking an STR permit, how many nights would be needed to rent annually to meet their primary goal, and has being on the STR waitlist influenced any decisions about the property.

Waitlist applicant survey key takeaways:

- While waiting on the waitlist, 75 percent of survey respondents primarily use the property for personal or family use.
- At 64 percent, the primary motivation for seeking an STR permit is to cover essential ownership costs (mortgage, property taxes, HOA, insurance).
- There is a lot of variation in the number of nights needed to be rented in order for survey respondents to meet their primary goal of renting their STR.
- 61 percent of survey respondents stated that being on the STR waitlist has not influenced any decisions about the property. Survey respondents were then asked to rate on a scale how being on the waitlist influenced certain decisions about the property. 48 percent stated that they have definitely considered renting the property as a seasonal or extended stay rental, and 47 percent have definitely not considered converting the property to a long-term rental (12 plus months).

STR Permit Optimization Data Analysis:

Staff have compiled a data analysis to better understand current STR usage as it pertains to STR permit optimization. The information includes STR annual nights rented, annual TOT filed, average daily rate, zero filers, consecutive zero filers, annual TOT filed by primary residents, STR waitlist applications received and registrations released, and TOT remittance behavior for new registrations. The complete data set, including narrative summaries, is provided as **Attachment 3**, and key takeaways are provided below.

- **Annual Nights Rented:** Initially as an STR permit optimization option, VTT proposed a minimum activity threshold of 30 nights rented annually for permit renewal. Town staff wanted to better understand the distribution of STR's in terms of nights rented annually and identify the impact that a minimum night threshold would have on the current STR inventory with its current use. From 2023 through 2025, an average of 18 percent of STR's reported zero nights rented annually. There is an even distribution of the number of nights reported from 1 to 30 nights, together making up approximately 20 percent of STR's. The remaining 62 percent of STR's report 31 nights or

more annually. This data helps us to identify the impact that a minimum annual nights rented threshold would have.

- *Annual TOT Filed:* VTT revised their minimum activity threshold STR permit optimization option to require a \$1,000 minimum annual TOT remittance for permit renewal. The data pulled shows the distribution of STR use in terms of TOT filed annually and helps us identify the impact that a minimum TOT remittance threshold would have. From 2023 through 2025, an average of approximately 18% of STR's had no STR activity and reported \$0 TOT. The distribution of TOT remittance is not as uniform as number of nights reported. Currently, 31 percent of STR's file \$0 to \$1,000 TOT annually.
- *Average Daily Rate (ADR):* ADR is a metric to measure the average price that a rental property earns for each booked stay per day. The purpose of the data was to gain a deeper insight into the ADR of STR's. The ADR was calculated by dividing the total quarterly taxable receipts by the total number of nights rented that was reported on each STR tax return. The average ADR is around \$500 and 43 percent of STR's report an ADR under \$400.
- *Zero Filers:* Because it was identified that between the years of 2023 to 2025 an average of 18 percent of STR's filed zero TOT annually (meaning no STR activity), Town staff reviewed the trend of zero TOT filers beginning with the STR Ordinance inception in 2021. The Town has always had approximately 100 or more \$0 filers. There was a significant increase in \$0 filers in 2023 which coincides with the institution of the STR cap and waitlist application process. Town staff further reviewed how many of the zero filers claimed primary status. Primary status refers to those that claim maintaining the property as their primary dwelling/permanent residence and typically spend the majority of the calendar year at the property. On average, around 50 STR's (22 percent of \$0 filers) claim primary status.
- *Consecutive Zero Filers:* In addition to zero TOT filers annually, Town staff wanted to better understand the behavior of \$0 TOT filers annually over consecutive years. In general, in the subsequent year after initially filing \$0 TOT: 50 percent file \$0 again, 25 percent file more than \$0, and 25 percent do not renew their registration for the following year.
- *Annual TOT Filed – Primary Status:* Town staff reviewed the impact that a minimum activity threshold for TOT remittance could have for those who use their property as their primary dwelling. From 2023 through 2025, of the STR's that claim the property as their primary dwelling: an average of approximately 46 percent reported \$0 in TOT annually, 12 percent reported \$1 to \$500 in TOT annually and the remaining 42 percent reported more than \$500 in TOT annually.
- *STR Waitlist Applications Received & STR Registrations Released:* The waitlist application process opened in June 2022; Town staff reviewed the quantity of STR waitlist applications received and STR registration opportunities granted through June 2026. Over the last three years, an average of 400 waitlist applications were received each year. The time spent on the waitlist has increased significantly since 2022 and the current wait time is 19.6 months. Although the wait time is increasing, there is consistently waitlist churn, averaging over 130 waitlist spots that are released to register as an STR per year. STR registrations become available due to the sale of a property, when an operator decides they no longer want to STR, when the property fails to renew their registration at the end of the calendar year, and in rare cases if the registration is revoked.
- *TOT Remittance Behavior for New Registrations:* To understand how a minimum activity threshold might affect a new STR registrant, staff identified how long it typically takes an STR to start actively renting (filing more than \$0 in TOT) after receiving a new STR registration. Available registrations are released to the waitlist on a quarterly basis, expire at the end of the calendar year and must be renewed for each calendar year. On average, a new STR registrant takes over 2 quarters to start actively renting (filing more than \$0 in TOT). Should Council consider a

minimum activity threshold policy, this raises the question of when this threshold should go into effect for a new registration certificate that is received partway through the year.

STR Permit Optimization Other Jurisdictional Review:

As a part of the STR permit optimization analysis and complimentary to VTT's jurisdictional research, Town staff researched other jurisdictions that have an STR minimum activity threshold, whether it be minimum nights rented or a minimum remitted TOT requirement. STR staff were interviewed from four jurisdictions to better understand their requirements, discuss enforcement challenges, and review any lessons learned. A summary of information collected from the four jurisdictions is provided as **Attachment 4**. Key takeaways from other jurisdictions included the following:

- Minimum activity threshold requirements are reviewed annually at renewal by reviewing submitted TOT tax filings.
- All other jurisdictions have a rolling enrollment, meaning the renewal period is spread throughout the year, making the TOT tax filing review/enforcement follow-up more staggered and not all at once.
- All ordinances include some type of exemption to the minimum night requirement e.g. long-term lease, hardships (property damage or illness), an open building permit where the property is not habitable, and the STR operator is unable to rent.
- Using a minimum TOT threshold addresses potential loopholes identified in a minimum night rented threshold.

Town Staff STR Permit Optimization Options:

In alignment with VTT's STR permit optimization options, staff want to address registration certificates that are currently reporting zero or very low annual rental activity by adopting a minimum activity threshold requirement. If such a policy is adopted, it will take several months to yield significant turnover of registration certificates (for example, permit holders could be notified in late 2026, during the renewal period for January 1 – December 31, 2027 registration, that, beginning in 2028, renewal would require that the property has met a minimum activity threshold over the prior year. This would be expected to turnover inactive permits in early 2028.

Given the lag time in permit "churn" described above, staff understand VTT's desire for improved certificate availability through a temporary but immediate churn on the waitlist. In comparison to VTT's STR permit optimization option for a hosted rental ordinance amendment, staff recommend a temporary approach to making permits available during this anticipated lag time, rather than a permanent action. As a reminder, a hosted rental is the renting of a *single* permitted bedroom within a dwelling unit where the homeowner (or tenant, to the extent permitted) occupies the dwelling unit as their primary residence, and where the home's resident will reside on-site with the renter during the stay. The hosted rental ordinance was intentionally structured as a limited opportunity to help people who live in Truckee full-time as an alternative to the full STR registration certificate process. Staff do not recommend expanding the hosted rental program, as proposed by VTT, because doing so would be difficult to enforce and could create significant loopholes to be exploited.

Staff recommended STR permit optimization options are as follows:

1. Minimum Activity Threshold (Minimum TOT Remittance):

Rationale: During the 2021-2022 policy development process the STR advisory committee recommended establishing a minimum number of nights rented per year. Council ultimately did not adopt a minimum number of nights at that time. When comparing a minimum activity threshold approach of minimum number of nights versus minimum TOT remittance, staff recommend a threshold based on minimum TOT remittance. Enforcing a minimum TOT threshold leaves fewer loopholes than enforcing a minimum number of nights threshold. For example, with a minimum

number of nights threshold, STR operators may easily artificially deflate the nightly rate to meet the night requirement (i.e. charge \$10/night). Additionally, TOT is a financial metric that leaves a paper trail that is more audit friendly.

In the STR permit optimization data analysis, Town staff looked at annual TOT filed to understand the impact that a minimum TOT remittance threshold would have (reference Attachment 3: Figure 2a and 2b). TOT is shown as the full 12 percent TOT rate and does not include any late fees or interest. It also does not include the TTBD assessment that is remitted on behalf of VTT alongside TOT each quarter. From 2023 through 2025, an average of approximately 18 percent of STR's had no STR activity and reported \$0 TOT, and 6 percent of STR's remit \$1 to \$500 in TOT annually.

Recommended Policy: Staff recommend approaching minimum TOT remittance conservatively and where the majority of our active TOT payors would meet the required threshold. If a minimum TOT threshold of \$500 was chosen (meaning you must remit at least \$500 in TOT a year), 77 percent of the current STR inventory would meet the threshold with their current use. If Council directed staff to move forward with a minimum activity threshold it would be staff's recommendation to proceed with a minimum TOT remittance of \$500.

- *Comparison of Minimum Activity Threshold Recommended Options:*
 - *Town Staff – \$500 Minimum TOT Remittance Annually:*
 - 23 percent of current inventory does not meet the requirement.
 - \$4,166 in taxable revenue which is equivalent to 8 days rent at \$500 a night with a \$300 cleaning fee.
 - *VTT – \$1,000 Minimum TOT Remittance Annually:*
 - 31 percent of current inventory does not meet the requirement.
 - \$8,333 in taxable revenue which is equivalent to 16 days rent at \$500 a night with a \$300 cleaning fee.
- *Enforcement:* Enforcement on a minimum activity threshold proves to be difficult and will inherently be delayed. Tax returns are submitted quarterly and are due one month after the close of each quarter. Thus, annual TOT data is not available until February 1st of the following year. Since the Town requires an annual registration process and not a rolling registration enrollment like other jurisdictions, enforcement for an annual minimum TOT remittance will be audited all at once, after February of the following year. Another identified challenge is if the registration opportunity is released mid-year. Then the STR has less than a full year to meet the threshold requirement before renewal. In the STR permit optimization data analysis (reference Attachment 3: Figure 8), on average, it takes a new STR registrant over two quarters to start actively renting.
- *Exemptions:* Staff recommend considering potential exemptions to achieve overarching compliance as there may be factors that affect STR operators' ability to reach a minimum TOT threshold. These scenarios include but are not limited to receiving the registration mid-year, an active long-term lease, hardships (property damage or illness), and an open building permit where the property is not habitable and the STR operator is unable to rent. Both El Dorado County, Calif., and Bend, Ore., have exemptions as listed above. In addition to potential exemptions, Council may also want to consider limiting the number of times an exemption is claimed. For example, Bend, Ore., caps the number of times that a given property may use an exemption to 3 times over the lifetime of the STR.

2. *Provisional Permits in Relation to Vehicle Miles Traveled (VMT) Exempt Areas:*

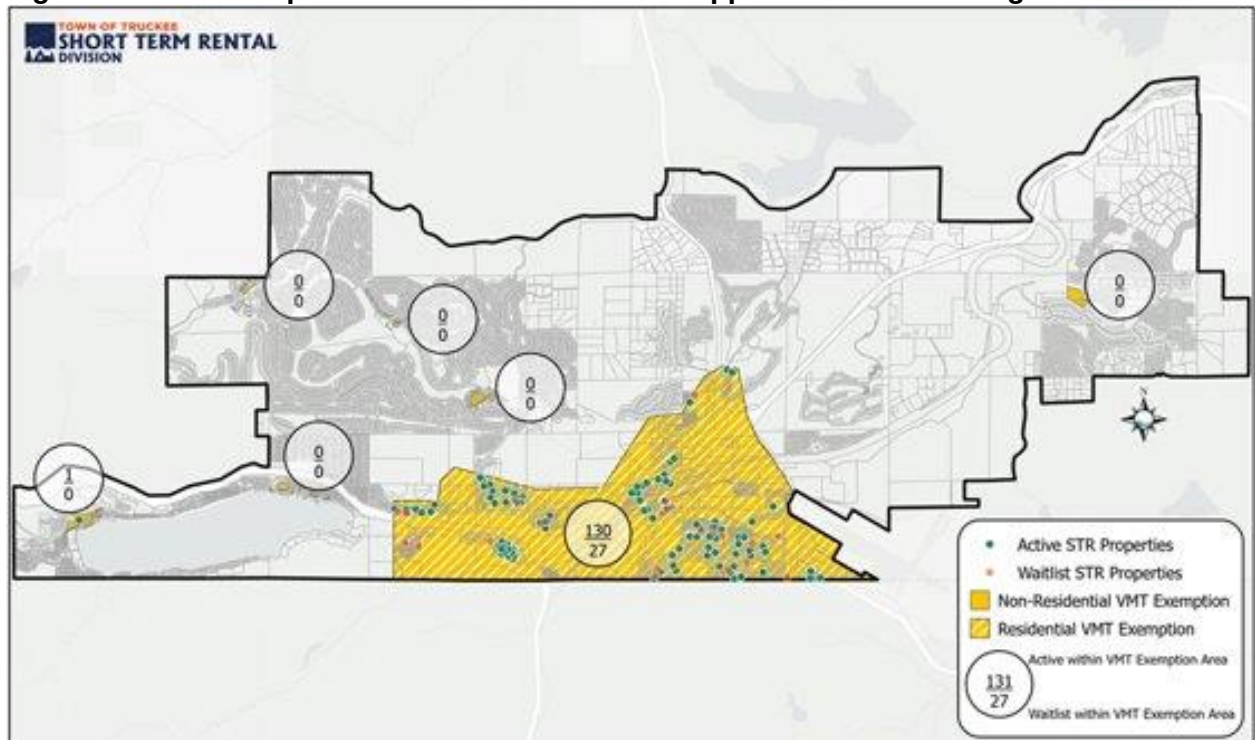
Rationale: The waitlist application process was designed to partner with the establishment of the STR registration certificate cap and are helpful policies to prevent investing in properties for the primary purpose of short-term renting. Applications are released from the waitlist in sequential

order as registrations become available under the cap. While a wait on the waitlist is inherent, with the current waitlist trending at a 19.6 month wait, Council may wish to consider a temporary adjustment to the cap to allow for immediate movement to the waitlist while the effects of the minimum activity threshold take place. Based on previous Council direction, *removal* of the waitlist is not the goal, thus a provisional permit temporarily creates turnover but maintains the waitlist.

Staff recommend considering a temporary versus permanent approach to maintain the long-term fidelity of the cap, which Council adopted following significant community and stakeholder engagement. Additionally, the Town has two incentive programs that use bypassing the waitlist application process as a tool to incentivize housing and building electrification. These programs are the STR Workforce Housing Token Program (access to token STR certificates in exchange for workforce housing), and the Building Electrification Token Program (access to token STR certificates through building electrification).

Staff then investigated the potential justification for a temporary permit and to consider if there was an environmentally sustainable approach. This led to looking into vehicle miles traveled (VMT) which reflects overall vehicular activity generated. VMT exemption areas are areas, previously adopted by Town Council, where there are reduced vehicle miles traveled due to proximity to restaurants, grocery stores, services, transit, schools etc. Predominant VMT areas include Downtown and Sierra Meadows. Staff further wanted to understand the inventory of waitlist applications and active STR registrations within the VMT exemption areas. As of July 2026, there are 27 active waitlist applications and 131 active STR registrations in VMT exemption areas, representing a total of 158 homes in the VMT exemption area that are either currently registered or on the waitlist for an STR permit (see Figure 4).

Figure 4: VMT Exemption Areas – Active Waitlist Applications & STR Registrations



Recommended Policy: Staff recommend considering the release of up to 158 temporary STR permits outside of the cap, based on current inventory of STR certificates and waitlist applicants within the VMT exemption areas. This includes the 27 active waitlist applications (in VMT exemption areas) and an additional 131 temporary permits (outside of the VMT exemption areas) in lieu of the 131 active STR registrations that currently meet the parameters of a VMT exemption area. Listed below are highlights of the proposed temporary permit:

- One-time temporary permit valid for two years (January 1, 2027 – December 31, 2028); required to renew annually.
- No maximum rental nights are required annually.
- Compliance with existing STR operational standards and registration requirements.
- Temporary permits are converted to regular permits in 2029. If space is unavailable under the cap, the permit will remain valid until it's phased out. Note: based on anticipated turnover of permits as a result of the recommended minimum activity threshold, staff anticipate that sufficient permits will be available in early 2029 to convert temporary permits to “regular” permits under the 1,255 cap.

The temporary permits will accelerate the issuance of an additional 158 permits for a two-year permit term, they will remain valid and temporary until phased out and will lend to movement on the waitlist. However, there is potential in 2029 for little movement on the waitlist due to temporary permits being phased back into the cap. Transition of a temporary permit to a regular permit will be more of an administrative exercise creating different mechanisms for tracking; from the permitholder perspective, the registration process for a “temporary” and “regular” permit would be the same.

3. *STR Operator Education:* Staff recommend continuing to work collaboratively with VTT and expanding collaborative STR operator education and resources. Staff recommend that the focus should not solely be for individual operators that are not professionally managed but should be open to all STR operators. This could be through required training to participate in the STR program whether it be in-person seminars, webinars or online tutorials. Council could formalize STR operator education to be added to the STR ordinance, or it could be an internal enhancement on educational resources.

STR Permit Optimization Option Synopsis:

Highlighted below is an overview of staff’s understanding of the STR permit optimization goal, all posed STR permit optimization options, and overall impact of the options.

- *Optimization Goal:* The goal of STR permit optimization is to induce turnover of registration certificates that are currently reporting zero or very low annual rental activity.
- *VTT STR Permit Optimization Options:* The recommended options presented by VTT are intended to be evaluated as one integrated framework. The three concepts improve utilization within the Town’s existing permit inventory, improve inventory availability, and support the visitor paid revenues that fund essential municipal services.
 - *Minimum Activity Threshold (minimum TOT remittance)* → \$1,000 minimum annually.
 - *Hosted Rental Amendment:*
 - Amend current hosted rental ordinance definition to include a new whole-home option for residents who are away no more than 60 days a year, rather than requiring onsite presence for the entire stay.
 - Maintained outside of the cap.
 - *Provisional Permits (2027 & 2028 only):*
 - Temporary permits for applicants currently on the waitlist, valid Jan. 1, 2027 – Dec. 31, 2028, and a maximum of 30 rental nights required annually.
 - Compliance with existing STR operational standards and registration requirements.
 - In 2029 they receive a full STR permit if available or retain position on waitlist.
 - *Additional VTT Optimization Considerations:*

- *Housing Priority Exchange*: STR permit holder to pause permit while long-term renting. Guaranteed top of the waitlist priority to resume their STR permit once lease has completed.
- *Commitments Facilitated by VTT*: VTT to host educational seminars annually for a new operator that is not professionally managed. VTT to create The Truckee Way Poster that is required to be displayed in all homes.
- *Town Staff STR Permit Optimization Options*: Overall staff recommended options address \$0 filers while encompassing varied levels of permit use and lean on a temporary permit alternative rather than a permanent permit alternative. The options are summarized as follows:
 - *Minimum Activity Threshold (minimum TOT remittance)* → \$500 minimum annually.
 - *Provisional Permits in Relation to VMT Areas*:
 - One-time temporary permits available for active waitlist applicants in VMT exemption areas (27) and an additional (131) to the waitlist. Valid Jan. 1, 2027 – Dec. 31, 2028 (required to renew annually), and no maximum rental nights annually.
 - Compliance with existing STR operational standards and registration requirements.
 - Provisional permits are converted to regular permits in 2029. If space is unavailable under the cap, the provisional permit remains until it's phased out.
 - *STR Operator Education*: Town of Truckee commits to continuing to work collaboratively with VTT and expanding collaborative STR operator education and resources.
- *STR Optimization Impact*: If Council chooses to move forward with STR permit optimization options, staff anticipate an increase in the staff time required to enforce the new regulations. With new enforcement activities and auditing, along with the potential of more denials/suspensions/revocations of registration certificates, and the potential for increased level of appeals (administrative and Council appeals), additional staff would be needed, which would result in an increase in STR permit fees. The increase in actively rented STR's and the provisional permit option could also increase neighborhood impact with the potential of increased complaints.

Council Feedback Requested:

Staff recommend Town Council provide direction regarding STR permit optimization options and provide confirmation on the goal of STR permit optimization. For example:

- *Minimum Activity Threshold*: Is Council supportive of a minimum activity threshold and is \$500 the correct threshold.
- *Provisional Permit*: Is Council supportive of a provisional permit in relation to VMT exemption areas. Is a two-year permit term and no maximum rental nights required annually, appropriate for provisional permits.
- *STR Permit Optimization Goal*: Does Council agree that the goal of STR permit optimization is to "induce turnover of registration certificates that are currently reporting zero or very low annual rental activity."

Council may choose to consider STR permit optimization options including the suggestions provided by both VTT and Town staff. At this time, staff is looking for direction from Council based on the provided recommendations and in consideration of the existing STR ordinances.

Next Steps:

If directed to move forward with further developing STR permit optimization regulations, staff anticipate bringing a draft ordinance to Council for consideration in fall 2026 with anticipated ordinance adoption in late 2026. Following ordinance adoption staff will partner with VTT on a communication strategy for the

ordinance changes that will take place. Furthermore, staff will continue to work collaboratively with VTT and expand STR operator education and resources.

Priority:

☒ Enhanced Communication	☒ Climate and Greenhouse Gas Reduction	☐ Housing
☐ Infrastructure Investment	☐ Emergency and Wildfire Preparedness	☒ Core Service

Fiscal Impact: None resulting from this agenda item. If Council provides direction to move forward with STR permit optimization there would be staff time to develop an ordinance amendment. The specific fiscal impacts associated with an STR ordinance update will be discussed in more detail when ordinance updates are brought back to Council. Ongoing impacts are anticipated to include additional staff time resulting in an increase in the STR registration fee rates; a temporary increase in STR registration fees received (during the term in which provisional permits would be offered), and/or may result in a change to TOT revenue.

Public Communication: Notification was published as part of the regular Town Council agenda packet; survey and email notifications were sent to registered STR owners/operators and applicants on the STR waitlist. Town Staff worked collaboratively with Visit Truckee Tahoe (VTT).

Attachments:

1. STR Optimization Permit Holder Survey Results
2. STR Optimization Waitlist Applicant Survey Results
3. STR Permit Optimization Data Analysis
4. STR Permit Optimization Other Jurisdictional Review
5. VTT STR Optimization Proposal Revised
6. January 29, 2026 – Truckee Town Council Workshop Minutes:
<https://portal.laserfiche.com/Portal/DocView.aspx?id=59922471&repo=r-6a91ddbc>
7. February 10, 2026 – Staff Report- 2025 Visit Truckee Tahoe Annual Report and Rate Increase Request: <https://portal.laserfiche.com/Portal/DocView.aspx?id=59919570&repo=r-6a91ddbc>
8. May 12, 2026 – Attachment 2: Fiscal Year 2025-27 Council Priorities Workplan Update for Quarter Ended March 31, 2026:
<https://mccmeetingspublic.blob.core.usgovcloudapi.net/truckee-ca-meet-cfa709e7a17d4f10b55d219fcb601079/ITEM-Attachment-001-b0ffaaa095094c089f0e973c3f4b6dde.pdf>
9. VTT STR Optimization Proposal