



Date: May 27, 2025

Honorable Mayor and Council Members:

Author and title: Rosie Johnson, Program Analyst II

Title: **Consideration of Potential Hosted Rental Requirement Modifications**

Jen Callaway, Town Manager

---

**Recommended Action:** Provide direction to staff regarding modifications to Municipal Code Chapter 5.02 regarding hosted rental requirements.

**Discussion:** Truckee Municipal Code Chapter 5.02 currently allows for the operation of “Hosted Rentals,” which are defined as *one permitted bedroom within a dwelling unit where the homeowner occupies the dwelling unit as their primary place of residence, and where one designated bedroom is rented for the purpose of continuous overnight lodging for a period of not less than one night and not more than thirty (30) consecutive days*. On May 13, 2025, a majority of the Town Council requested to agendize a discussion regarding potential minor cleanup amendments to this chapter to permit a fulltime tenant to operate a Hosted Rental within the rented dwelling, under certain conditions. The purpose of this agenda item is to have this discussion and to request Town Council policy direction on such amendments, if desired.

***Background:***

On October 13, 2020, the Town Council adopted Ordinance 2020-07 which amended the Town of Truckee Municipal Code (TMC) by adopting Chapter 5.02 regarding regulation of short-term rentals (STRs) (**see Attachment 1**). Single rooms rented within an occupied residence, which are referred to in Municipal Code as “Hosted Rentals” and formerly referred to as “Bed & Breakfast Inns” were a part of the Ordinance discussion. At that time, Truckee Development Code Section 18.58.070(A)(1) allowed for such rentals as a subset of “Bed and Breakfast Inns” under the following conditions:

*The renting of one bedroom within a residential single- or multifamily dwelling, second unit or approved detached living area for the purpose of overnight or vacation lodging is allowed as a permitted use in the RR, RS, DRS, RM, DRM, DRH, DMU, CN, CH, CG and DC zoning districts subject to the Transient Occupancy Tax in compliance with Chapter 3.24 of the Municipal Code. This exception applies to a dwelling with one family in permanent residence renting a maximum of one bedroom per parcel.*

Town Council determined that room rentals that meet the terms described in the Development Code would continue to complete a one-time, rather than annual, registration, would continue to remit Transient Occupancy Tax (TOT), and would be exempt from the STR Ordinance rules and regulations (Chapter 5.02 of Truckee Municipal Code).

On April 12, 2022, Town Council adopted Ordinance 2022-02 amending TMC Chapter 5.02 to include additional regulations on STRs, including introducing a cap of the number of registration certificates and prohibiting additional accessory dwelling units and multi-family units from registering as a short-term rental. On May 24, 2022, Town Council adopted Ordinance 2022-05 which amended the Bed & Breakfast

Inn (hosted rental) definition in the Town's Development Code Section 18.58.070(A)(1) (**see Attachment 2**). These amendments further defined requirements for hosted rentals and narrowed the definition to ensure that the "hosted rental" exemption is only used for rentals that meet the intent of renting a single bedroom within an occupied primary residence. One of the key changes was an amendment to the hosted rental definition to require that the *homeowner* to occupy the single-family dwelling as their principal place of residence and that they shall live on-site in the main dwelling for the entirety of the guest(s) stay.

The intent of these amendments was to continue to allow a lower fee and more flexible opportunity for fulltime resident homeowners to occasionally rent out a spare bedroom to offset high mortgage costs, while ensuring that the definition of hosted rentals was narrow enough to reduce the potential that a hosted rental certificate could be inappropriately used to short-term rent an accessory dwelling unit (which was no longer permitted), and to rent a unit that would more appropriately be considered a short-term rental. Additionally, the intent was to align with the Town's housing goals by encouraging long-term renting of available bedrooms (i.e. encouraging a full-time tenant with a spare bedroom in their rental unit to sub-lease the bedroom full-time, rather than short-term as a hosted rental).

Then on December 10, 2024, Town Council adopted Ordinance 2024-08, which amended Chapter 3.24 and Chapter 5.02 of the Truckee Municipal Code (**see Attachments 3-5**). Staff proposed hosted rental regulations and identified a few areas of the municipal code related to the short-term rental (STR) and transient occupancy tax program that warranted minor changes. The intent of the hosted rental regulation adopted in Ordinance 2024-08 was to address several challenges that have arisen in the administration of the hosted rental program while continuing to provide lower fees and more flexibility for hosted rentals. Ordinance 2024-08 moved the existing Development Code requirements for bed and breakfast inns into Chapter 5.02, renamed these rentals "hosted rentals," and introduced operating requirements for hosted rentals. The ordinance further required that each existing bed and breakfast inn certificate holder register for a new hosted rental registration certificate by April 1, 2025, and renew the registration every three years thereafter.

With Ordinance 2024-08 going into effect, and the requirement for all existing Bed & Breakfast Certificate holders to apply for a new Hosted Rental Certificate by April 1, 2025, the Town became aware of an issue affecting one hosted rental property. A long-term tenant who received a Bed & Breakfast Certificate prior to the 2022 bed and breakfast inn definition change and had actively rented and submitted Transient Occupancy Tax since that time, applied to register under the new hosted rental registration process and was not permitted to do so, because they are not the homeowner. It is important to note that the requirement that a hosted rental host must be the *homeowner* has been in effect since 2022; however, because bed and breakfast inn registration certificates did not have a tri-annual renewal requirement, this discrepancy was not identified until operators were required to register under the new hosted rental certificate program.

On May 13, 2025, a majority of Town Council requested to agendize a discussion to consider whether to amend the Ordinance to address this unanticipated scenario. A recommended approach for Council to consider would include limiting the hosted rental ordinance modifications to encompass long-term tenants that held a bed and breakfast (hosted rental) certificate prior to the initial definition change on May 24, 2022, and that have continued to operate a hosted rental and remit transient occupancy tax (TOT) since that date. Under this scenario, a long-term tenant who did not meet the above requirement would not be eligible for a hosted rental certificate but could apply for a short-term rental registration certificate (with homeowner permission).

A few key policy questions and issues arise with consideration to the above scenario. Staff recommend requiring that the applicant provide homeowner approval for the long-term tenant to short-term rent a single permitted bedroom as a hosted rental. This could be received in the form of a lease addendum or notarized approval letter from the homeowner. Furthermore, staff recommend that the homeowner and the long-term tenant are jointly and severally liable for any violation of the Truckee Municipal Code and collection and remittance of Transient Occupancy Tax (TOT). The reason being is in the event of non-payment of TOT, per TMC Chapter 3.24, the way the Town enforces is through a lien on the property.

Without maintaining the Town's authority to lien, we would severely limit the Town's ability to enforce. It should be noted that this condition is consistent with the requirements for short-term rentals, wherein the owner is responsible for all violations, regardless of whether the STR is operated by the owner or a third party.

Staff recommend that Town Council provide policy direction on whether to move forward with potential hosted rental requirement modifications in relation to long-term tenants operating a hosted rental with the homeowner's consent. Furthermore, if Council directs staff to amend hosted rental requirements, staff recommend that Council provide specific policy direction on such requirements and that these requirements include the homeowner permission and joint and several liability provisions described above. If directed to move forward with modifying hosted rental policy, staff anticipate bringing a draft ordinance to Council for consideration in June 2025. Alternatively, Council could direct staff to bring back hosted rental requirement modifications different than those described above or could direct staff not to move forward with regulation modification at all.

**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 an ordinance amendment, if directed to do so 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. October 13, 2020 – [Second Reading of Short-Term Rental and Noise Ordinance \(2020-07\)](#)
2. May 24, 2022 – [2022 Development Code Update; Second Reading of Ordinance 2022-05 \(Clean-up Amendments\)](#)
3. October 8, 2024 – [Bed & Breakfast \(Hosted Rental\) Policy Discussion Staff Report](#)
4. November 12, 2024 – [First Reading of the Hosted Rental Ordinance and Transient Occupancy Tax and Short-Term Rental Ordinance Clean-up Amendments](#)
5. December 10, 2024 – [Adoption of the Hosted Rental and Transient Occupancy Tax and Short-Term Rental Ordinance Clean-up Amendments](#)