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24 January 2022

The Honorable Cindy Gustafson, Chairperson
The Board of Supervisors
The County of Placer
County Administrative Center
175 Fulweiler Avenue
Auburn, CA 95603

Delivered Electronically – Time Sensitive, immediate review & consideration requested.

Re: Short-Term Rentals Ordinance, County Executive section, Agenda Item number 5 (A., 1. & 2. Inclusive); Relating to the Rescission of the active STR Ordinance and Replacement with an alternative structure. To be considered on Tues. 25 January 2022, Time Certain at Noon, during the Board meeting of 25 Jan. 2022.

Policy Stance- Support ONLY IF AMENDED.

Dear Chairperson Gustafson & Supervisors:

This letter is to serve as the formal input and resultant requested amendments prior to action, from the Tahoe Sierra Board of Realtors® on the matter of regulating Short-Term Rental activity in Eastern Placer County. Rather than reiterate chapter and verse from our previous correspondence of 13 December 2021 on the topic under consideration, this treatment will presume a strong working knowledge of the issues in-play and the impacts for better and for worse that such a proposal would have upon our community and its economy. To begin with the end in mind, *we respectfully request that you: Accept the rescission of the Temporary Moratorium on the issuance of new STR permits to operate as is proposed; Approve of the enhanced enforcement of provisions designed at address nuisance abatement; Acknowledge the value-added that professional property managers offer, especially in regards to timely response and redress of complaints, always in pursuit of harmonious relationships with the neighborhood and community at-large, reflective of a three-year permit renewal cycle; while rejecting the provision of an artificial cap on the number of permits to be made available.* Repeal the Temporary Moratorium at this time, address the complaints vigorously, but leave the actual number of STR/TOT permits to be issued to the free market.



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To expand briefly on these points, the most concerning aspect of the entire framework that has driven this discussion and debate to-date is fundamentally based upon a false choice. Namely, the question given serious consideration was not IF the county should intervene and limit/restrict the number of permits made available, but rather HOW should the county artificially manipulate the STR marketplace. It is akin to asking, “what would you rather lose, your pinky finger or your thumb?” How about giving serious and equal time and consideration to whether the county has any place inserting itself into a fragile tourism-based outdoor economy without fully fleshing out all the downstream consequences to property values, tourism desirability, and the fact that most second homes would not convert to long-term rentals if not afforded an STR permit; rather, they would sit vacant most of the year, damaging the economy and the very jobs that the county purports to wish to protect via artificially limiting this activity. Positioning this permit a limited opportunity creates yet another High Sierra artificial commodity. Frankly, it furthers the gap between those who can afford to own a second home up here and who cannot, further “gentrifying” an already problematic situation. This economic reality extends to the visitor base as well. With supply limited, pricing is also artificially propped up by governmental intervention, making it difficult-to-impossible for a middle-class family with children to be able to afford to stay in our area more than a day. As you are well aware, day trips also present a host of unintended consequences, from traffic to trash, limited spending locally, and the environmental impacts of encouraging or forcing greater day-use visitors.

Understanding that our rural resort/tourism-based seasonal economy is deeply dependent upon the availability and affordability of STR offerings to ensure a vigorous economy. And with the understanding that hotel offerings in Eastern Placer County have not substantively expanded for decades. Combined with TRPA’s various restrictive measures and costs associated with project construction, it is, in the aggregate, unlikely-to-impossible to expect the hotel industry to meet this ever-changing need. Furthermore, in that hotels have many fixed costs, and are primarily/exclusively operating under a business model; they cannot absorb the major peaks and valleys in occupancy rates from season to season, and year-to-year, along with economic upturns and downturns. In contrast, residential properties look to STR activity as an incidental use from time-to-time, while fully in keeping with the underlying zoning of residential-



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type usage, is not as vulnerable to these factors. STRs as a class are not as fragile as hotels when it relates to the vagaries of our tourism market; for STR folks by-and-large seek some access to and use of the property they have purchased as a primary residence or second home. This resiliency, combined with the absolute necessity of the unfettered inclusion of STRs as an option for the region's visitors, is essential to not just for the vitality of region's economy, but ultimately could significantly influence its viability! Indeed, when considering the BAE Literature Review, it is critically important to discern that the vast overwhelming majority of STR and economics studies are based upon the state-of-affairs in an URBAN area, with a broad-based DIVERSE ECONOMY, and populated mostly by PRIMARY HOMEOWNERS. Eastern Placer is not urban, its economy is homogeneous for the most part – outdoor seasonal tourism driven, its housing is a relatively even and stable balance between second homes and primary homes, and supports a unique population of families and business interests oftentimes tied to our narrow economic profile. To create a condition of artificial scarcity, even using permit numbers currently in-use, is unnecessary, inflexible, and actually promotes the “rush to obtain a permit” that is so often feared and deployed by activists in seeking restrictive measures, but rarely if ever is realized. Let the free market play out, supply and demand will drive STR usage far more efficiently than any arm of government attempting to project into the future regarding climate, economics, and travel trends. If the free market, well regulated by STR/TOT permitting and vigorous enforcement of “bad actors” via nuisance abatement provisions with “teeth” do not adequately address concerns, then you can always revisit this matter. Because the County has structured the STR permit as not being vested to the real property itself, and must be renewed from time-to-time, any truly inappropriate trends can be identified and addressed via ordinance at that time. Our economy is always somewhat fragile by its narrow nature (outdoor seasonal recreation visitors), made all the more delicate to protect under the unforeseeable COVID-19 pandemic; please do not artificially insert county government into this equation. While actions that can adversely affect the economy are relatively expeditious to impose, unfortunately once imposed it can take years if not decades to “undo” the damage wrought by such governmental interventions into the private sector.



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To end this far too brief treatment of the topic we must return to the motivations for, and implications of, imposing some form of STR restriction. Ostensibly, this effort is designed to increase the availability and affordability of housing for our much-needed workforce. While the goal on its face is laudable, the undercurrents embedded in such a conceptual approach are troubling. The further erosion of private property rights, personal freedoms and liberties, and allowing the free-market economy to operate efficiently and effectively are all touched by such a regulatory/restrictive approach to the problem at hand. This situation is made all the more frustrating when one considers that in a resort tourism-based rural economy with a mix of full-time and second-home owners such as ours, the framework that might have yielded some results as intended by the ordinance in an urban, diverse, primary-home dominated community are simply not operational. The desired result is dubious at best, for we are of the opinion that so-called “underutilized homes” (e.g., second homes, part-time seasonal owners in-residence) that choose to STR on occasion are not the cause of nor the solution to the region’s housing availability or affordability crisis. Even if it were to produce the desired effect, which again we believe it will not, the focus of such actions by government is an unstated but obvious attempt to manipulate the value of private property! Should any arm or level of government seek to impose restrictions and associated measures that are intended to reduce the rental rates existing owners can secure; or reduce the underlying value of the home itself? We think not. This is the insidious nature of such impositions; they slowly erode private property rights, and reduce the value (as intended by way of the stated reasoning for imposing such restrictive measures – reduction of for-rent and for-sale homes) of the single largest purchase most families make over the course of their lifetime. Home ownership is one of the principle ways families build wealth over time, move up in the market, and pass on this asset to one’s next-of-kin, creating intergenerational prosperity.

Please limit your actions in this regard to rescinding the present moratorium, restructuring the permit processing (STR & TOT, multi-year permitting...), and adding teeth and a commitment to enforce strong nuisance abatement ordinances. A revised motion seems more than prudent. If you wish to keep tabs on the overall effect of STRs on the Eastern portion of Placer County, then add a required recurrent status report to the Supervisors, which addresses the state of the region’s economy, revenues, housing availability as well cost in both the “for-rent” and “for-sale” segments of the residential



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market. This allows our elected leaders multiple opportunities to look at trends and reassess what measures might be indicated to foster greater access to the market for our region's workforce. In any event, it seems that this housing situation is broad-based and long-standing; as such, any proposed "solutions" should also reflect the long-standing broad-based nature of the problem. Place the burden when it appropriately rests, with local government and the community at-large being looked to for solutions that all participate in implementing. Incentive-based solutions seem to be the obvious first and best step towards reducing the gap between workforce housing needs and the lack of available and affordable units.

All the best,

s/ John R. Falk

Legislative Advocate

On behalf of the Tahoe Sierra Board of Realtors®

cc: Placer Supervisors, their field reps, and county staff
TSBOR leadership