

STR OPTIMIZATION FRAMEWORK

Prepared by Visit Truckee-Tahoe

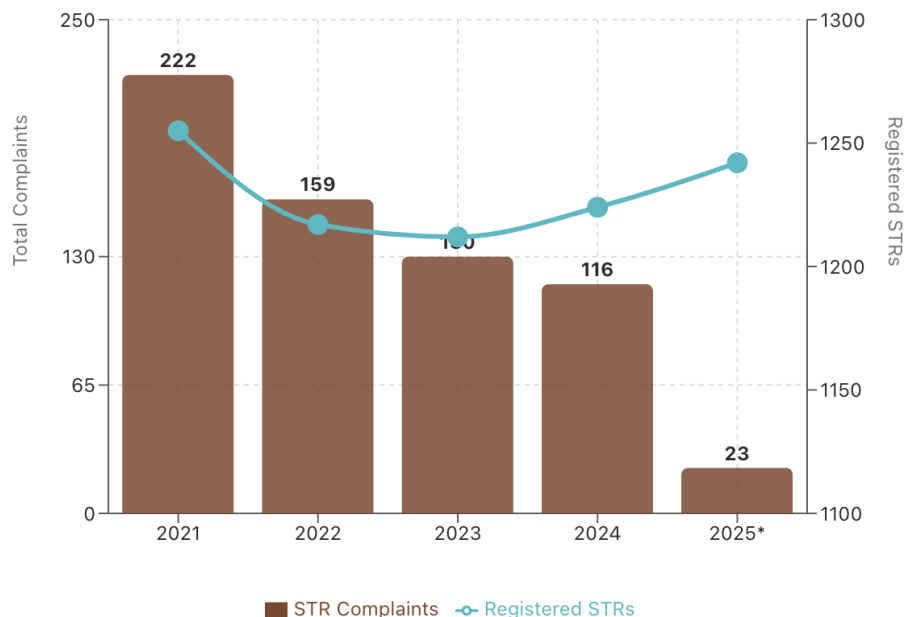
August 17, 2026

BACKGROUND

For more than two decades, the Town of Truckee has relied on Transient Occupancy Tax (TOT) as a fiscally responsible means of funding municipal services that are used by overnight visitors. Rather than shifting those costs to local taxpayers, the Town has consistently maintained that visitors should contribute toward the roads, snow removal, public safety, trails, housing initiatives, and other public services their visits require. Measure K expanded this approach by increasing the TOT rate from 10 percent to 12 percent, creating dedicated funding for workforce housing – all without increasing taxes on Truckee residents.

The Town's Short-Term Rental (STR) Ordinance was established in 2020 to address a different, but complementary, objective. Rather than serving as a revenue measure, the ordinance created a regulatory framework to improve neighborhood compatibility through registration, education, operational standards, and enforcement. In 2022, the Town refined that framework by limiting the number of STR registrations to the existing inventory of 1,255 certificates while adopting additional housing and neighborhood protections.

STR COMPLAINTS TREND, (2021-2024, JAN-JUN 2025)

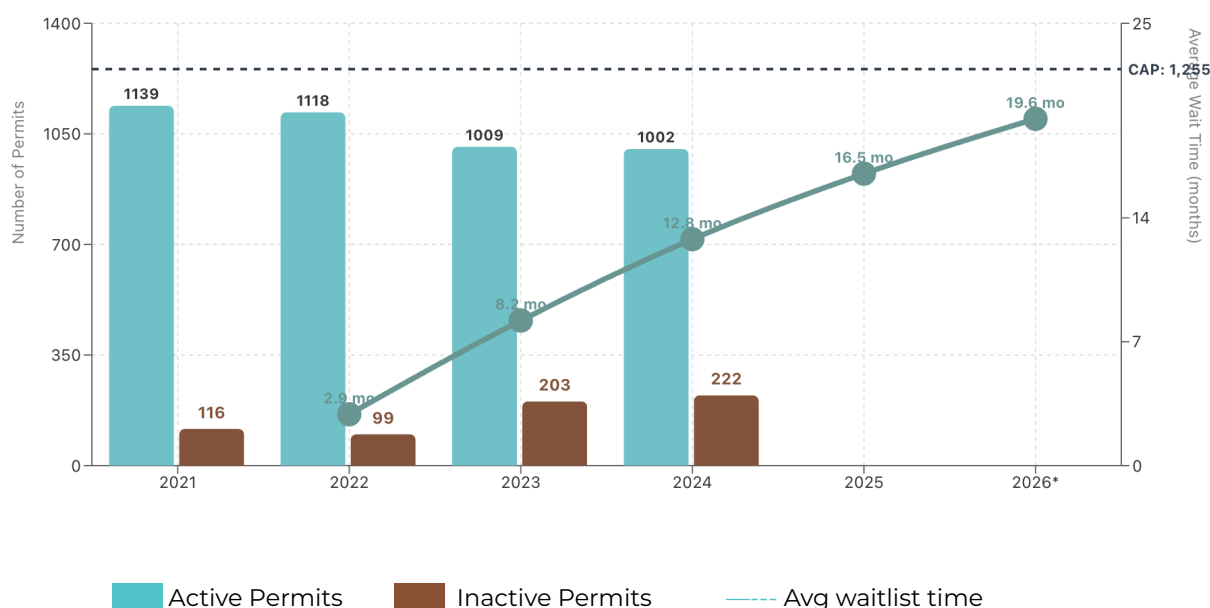


Town of Truckee 2025 STR Division Data Report (Section 6a). 2025 data is Jan-Jun 2025.

By the Town's own measures, the ordinance has largely achieved its original objectives. According to the 2025 STR Division Data Report, complaints have declined approximately 90% since implementation, a result staff attribute to improved education, proactive enforcement, and ongoing compliance efforts.

Now six years into the program, the Town's data has identified an unintended consequence. While the ordinance limited growth in the number of STR permits, it does not ensure that those permits remain active. The Town's 2025 STR Division Data Report found that 222 registered STRs reported zero rental nights in 2024. This is nearly double the 116 inactive permits reported in 2021, while a 19.6 month long waitlist remains for prospective operators seeking access to the capped inventory that has never been fully realized. As a result, a growing share of the Town's limited STR permits generate neither overnight visitor activity nor Transient Occupancy Tax (TOT) revenue and occupy permits that cannot be used by others.

PERMIT UTILIZATION TREND, 2021-2024

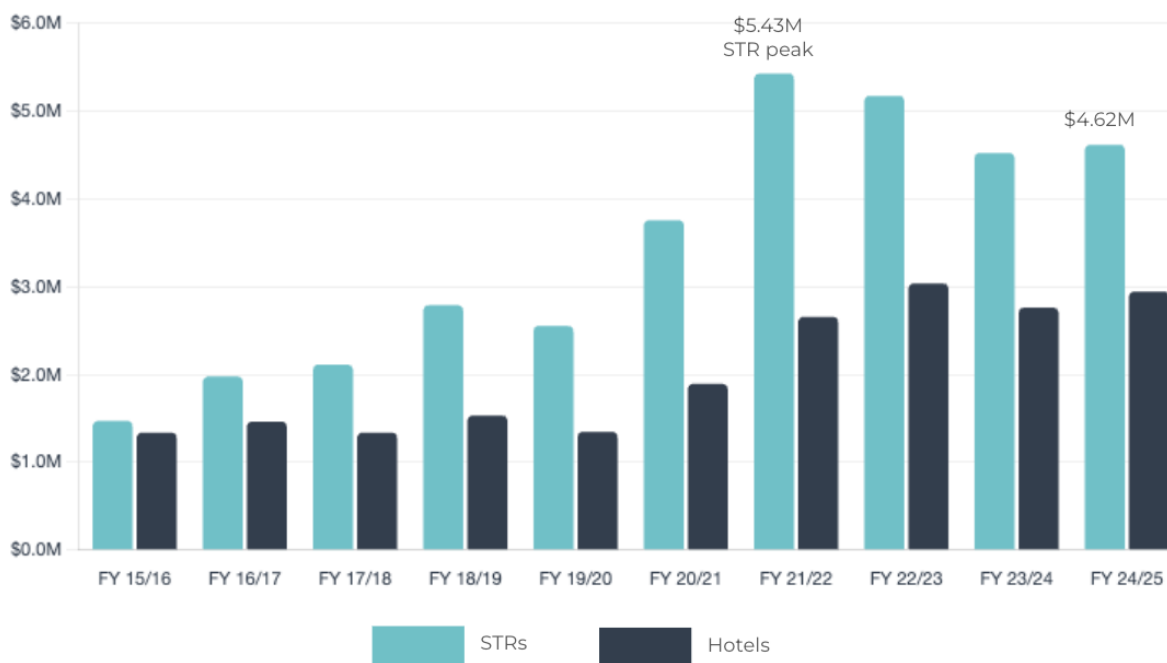


Town of Truckee 2025 STR Division Data Report & STR Division Waitlist Data. 2026 data as of June 8, 2026.

While the STR Ordinance was adopted to improve neighborhood compatibility, short term rentals are one of the Town's most important sources of visitor-paid funding. In FY 2024/25, STRs generated approximately \$4.6 million in Transient Occupancy Tax (TOT), representing over 60% of all TOT collections, the third largest revenue source for the Town of Truckee. Those visitor-paid revenues support the Town's General Fund and provide dedicated funding for Measure K priorities, including workforce housing. The ordinance has largely achieved its original objective of improving

neighborhood compatibility. The Town's data now suggest that the next opportunity lies in improving utilization within the existing STR inventory to ensure those neighborhood and fiscal benefits continue to be fully realized.

TOT REVENUE TREND BY LODGING TYPE, FY 15/16 - FY 24/25



Town of Truckee TOT Remittance

STR PERMITTED PROPERTIES AND WORKFORCE HOUSING AFFORDABILITY

STR policy discussions often assume that reducing or capping STR permits would free up housing stock for the local workforce. The current STR permitted inventory within the Town of Truckee doesn't support that assumption. Even at nearly double Truckee's area median income, most of these homes remain out of reach for local workforce households. Findings included:

- Only 20.3% of the Town's STR permitted properties are affordable to a four-person household earning up to 180% of area median income (\$252,720 per year). The median STR permitted SFH is valued at \$1,080,550, well above the \$806,077 maximum that a household could afford to purchase.
- At area median income (100% AMI, or \$140,400 per year), only 4% of STR permitted properties are affordable, just two of those 45 properties are SFH.
- At moderate income levels (120% AMI, or \$168,500 per year), fewer than 5% are within reach.
- At the low-income threshold (80% AMI), just 9 properties (0.8%) are affordable.

HOW WE CALCULATED THIS

The dataset began with the Town of Truckee’s STR registration certificate holder list included in the 2025-2035 TTBD MDP. After removing commercial lodging properties (hotels and inns that are assessed through the Truckee Tourism Business Improvement District but are not residential STRs), the working dataset included 1,237 residential properties. Zillow Zestimates were collected in May 2026 for each property to reflect current market values. 1,122 properties returned valid Zestimate values and were included in the affordability analysis.

Note: This analysis models its methodology after Eastern Placer County's Short-Term Rental Housing Affordability Assessment (draft), which used assumptions provided by that county's Housing Specialist including a 10% down payment, 7% fixed interest rate, 1.15% property tax rate, and comparable insurance figures.

AMI Level (4-Person HH)	SFH Max Price	MFH Max Price	SFH	Condo	Total	% of Total (1,122)
80% AMI (\$100,100)	\$284,909	\$230,272	1	8	9	0.8%
100% AMI (\$140,400)	\$422,526	\$367,889	2	43	45	4.0%
120% AMI (\$168,500)	\$518,482	\$463,845	5	50	55	4.9%
150% AMI (\$210,600)	\$662,245	\$607,608	29	68	97	8.6%
180% AMI (\$252,720)	\$806,077	\$751,440	137	91	228	20.3%
245% AMI (\$343,980)	\$1,117,712	\$1,063,075	544	103	647	57.7%

The price gap is only part of the story. These homes are already used as occasional, personal use properties rather than full-time housing, and a July 2026 survey of Truckee STR permit holders found that wouldn't change without STR access. Consistent with that pattern, permit holders reported they'd be more likely to leave the unit vacant than convert it to a long-term rental.

STR OPERATOR SURVEY RESULTS	
72%	57%
Second home owners rating "Definitely Not" or "Probably Not" when asked if they'd convert to a long-term rental w/out STR access	Rating "Probably" or "Definitely" that they'd leave the property vacant instead

Measure K and the Town's existing housing programs are the substantial mechanisms for workforce housing in Truckee. Converting permitted STRs to long-term housing has not proven to be an effective substitute: of the approximately 1,710 unique STR registrations since the waitlist began (per Town of Truckee STR Division, Jan. 7, 2026), only 24 properties, 1.4%, have converted through the Lease to Locals program.

STR OPTIMIZATION FRAMEWORK

Following publication of the Town's 2025 STR Division Data Report, Visit Truckee-Tahoe introduced the concept of STR Optimization as an operational approach to improving utilization within the Town's existing STR program. At the Town Council Retreat, Council directed staff to include STR optimization in the Town's work plan and authorized Town staff to continue evaluating STR optimization concepts in collaboration with Visit Truckee-Tahoe.

The concepts presented are intended to be evaluated as one integrated framework. While each recommendation addresses a different operational challenge, they share a common objective: improving utilization within the Town's existing permit inventory. In any regulated program with a limited inventory, policy establishes the framework for achieving community objectives. Periodic evaluation helps determine whether that framework continues to perform as intended over time.

Together, the three concepts improve utilization within the Town's existing 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.

OPTIMIZATION	MECHANISM
Minimum Activity Threshold	\$1,000 minimum annual TOT remittance to renew a certificate; certificates below the threshold return to inventory. Effective Jan 1, 2028; enforcement begins Jan 1, 2029.
Hosted Rental Amendment	Redefines Hosted Rental to cover any resident: owner or long-term tenant; occupying the home as their primary residence, extended to whole home use for residents away no more than 60 days a year.
Provisional Permits (2027 & 2028 only)	Temporary permits for waitlisted applicants, capped at 30 nights/year; sunsets after two years; converts to full certificate in 2029 if space allows. Exceeding the night cap triggers revocation.

1. MINIMUM ACTIVITY THRESHOLD (MINIMUM TOT REMITTANCE)

Objective: Ensure 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.

Issue Addressed & Rationale: The Town's current ordinance limits the number of STR certificates but does not require those permits to remain active contributors to the program. As a result, permits reporting no rental activity continue occupying upwards of 18% of the inventory while generating neither overnight visitor activity nor TOT revenue. Establishing a minimum activity standard creates a clear, objective measure of active participation while improving long term inventory availability.

18% <i>(222 inactive permits)</i>	23% <i>(51 of 222 permits)</i>	62.5%
<i>Total inventory not using their permit during an entire year</i>	<i>Identify as primary residents</i>	<i>Inactive operators per STR Operator survey admit they hold permits to preserve their future option to rent</i>

Proposed Framework:

- Require an annual minimum of \$1,000 in TOT remittance to maintain an STR Registration Certificate.
- Verified through existing GovOS reporting
- Certificates below the threshold return to available inventory
- Effective January 1, 2028 (12-month notice given at adoption). Enforcement begins on January 1, 2029.

Fiscal Considerations: Based on the Town's reported 2024 average taxable receipts of \$32,999 per STR property, certificates reporting no rental activity represent upwards of \$879,000 in potential annual TOT revenue lost. Recycling inactive certificates into the available inventory increases the likelihood that this existing revenue generating capacity is put back into productive use.

2024 Inactive Certificates	Avg Taxable Receipts per Active STR in 2024	Estimated Unrealized TOT (12%)
222	\$32,999	\$222k-\$879k annually

Why this approach: Based on the Town's reported average taxable receipts per STR property, a \$1,000 annual TOT threshold represents approximately one quarter of what a typical property already remits., which in 2024 the average was \$32,999. This highly achievable threshold ensures actual economic participation and closes compliance loopholes (such as renting to acquaintances for a nominal fee to meet a "night" quota).

STR OPERATOR SURVEY RESULTS		
75%	72%	83%
<i>Active operators rely on STR income to offset basic ownership costs & maintenance costs</i>	<i>Active independent operators support minimum activity <30 nights</i>	<i>PM operators support minimum activity <45 nights</i>

OTHER NEIGHBORING JURISDICTIONS ADDRESSING UTILIZATION	
Placer County	Cap: 3,900 STR permits. 30-night minimum rental requirement once cap is reached. Permit not renewed if minimum not met. After one year, owner may reapply as new application.
El Dorado County	Cap: 900 STR permits. 10-night minimum rental requirement. Permit not renewed if minimum not met. This is phrased as "This is to prevent vacation home rental permits from being obtained with no intent to rent the property."

2. HOSTED RENTAL AMENDMENT

Objective: Extend the Town's Hosted Rental category to include any resident with a legal right to occupy the home as their primary residence, not just owners, and add a whole home option for residents who are away no more than 60 days a year, rather than requiring onsite presence for the entire stay.

PRIMARY RESIDENT STR OPERATOR SURVEY RESULTS		
67%	7.4%	78%
<i>18 of 27 primary resident operators note their motivation to STR is to offset basic ownership costs (mortgage, property tax, wildfire insurance)</i>	<i>Primary resident operators cite generating a profit as their motivation for renting (Just 2)</i>	<i>Primary resident operators report living in the unit "frequently" or "most of the year"</i>

Issue Addressed & Rationale: Today, only a property owner can be a Hosted Rental host, with one narrow exception: a small, closed group of tenants who held a Bed & Breakfast Inn certificate before May 2022 and have operated continuously since. Regardless of who the host is, current rules also require them to remain onsite with the guest for the entire stay, in a single designated bedroom.

The Hosted Rental structure was introduced to give full-time residents a lower fee, flexible way to offset the rising cost of living in Truckee. The recent STR operator survey confirms this holds true for active operators who are primary residents as well: 67% of primary resident permit holders (18 of 27 surveyed) cite covering essential ownership costs, including mortgage, property tax, HOA, and insurance, as their reason for operating an STR. A long-term tenant, with their landlord's consent, faces that same cost pressure. Even a homeowner who qualifies for Hosted Rental can't rent the whole home under the current ordinance, since current rules require the host to be onsite for the entire stay. Renting out their whole home means falling back to the capped, higher fee Short-Term Rental tier instead, the very category Hosted Rental is meant to offer a lower-cost alternative to.

This amendment redefines who can be a Hosted Rental host: anyone with the legal right to occupy the home as their primary residence, owner or long-term tenant, rather than an owner-only requirement. That same standard applies 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. The narrow, pre-2022 Bed & Breakfast Inn exception is retired as part of this change, since the new definition already covers what it used to carve out, more simply and for more people.

Requirements stay in place: primary residence only, one certificate per host per home, certificate terminates when the tenancy or ownership changes. This isn't a novel structure. San Diego's comparable resident-host tier already allows up to 90 days of host absence per year for whole-home use, with no cap on participation. Truckee's proposal is more conservative at 60.

PRIMARY RESIDENCE STATUS

	2023	2024
<i># Properties claimed Primary Status</i>	91	106
Annual Nights Rented		
Mean	29	23
Median	8	3
Count of 0 Annual Nights	35	51
Mean (if more than 0)	47	45
Median (if more than 0)	32	28

Data from STR Division sent on November 25, 2025 via email

51 of these primary resident properties reported 0 rental nights in 2024. These are the same households counted among the 222 inactive certificates we are aiming to address in our Optimization 1 proposal. Adopting the Minimum Activity Threshold without this amendment would revoke their certificates with no alternative path to continued participation.

Proposed Approach:

- Redefine who can be a Hosted Rental host: anyone with the legal right to occupy the home as their primary residence, owner or long-term tenant, replacing today's owner-only requirement.
- Apply that 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.
- Retire the current narrow, legacy tenant exception, since the new definition already covers what it used to carve out, more simply and for more people.
- Requirements carry over: primary residence only, one certificate per host per home, certificate terminates when the tenancy or ownership changes.
- No change to certificate cap status or renewal cycle: Hosted Rental remains outside the short-term rental transient occupancy registration certificate, on its existing three-year renewal.

SAN DIEGO JURISDICTION ADDRESSING LOCAL ACCESS

TIER	RENTAL TYPE	KEY REGULATIONS	LICENSE CAP
Tier 1 - Part-Time	A room or entire dwelling rented 20 days or fewer per calendar year	Host does not have to remain onsite during the rental.	Unlimited
Tier 2 - Home Sharing	Host's primary residence rented more than 20 days per year	Renting a room or rooms in the home for more than 20 days per year so long as the Host resides onsite The Host may be absent from the permanent residence during the whole home STRO for up to 90 days per calendar year	Unlimited
Tier 3 - Whole Home (excl. Mission Beach)	Entire dwelling rented more than 20 days per year without the host residing onsite	Minimum two-night guest stay; property must be used as an STRO for at least 90 days annually to retain the license; quarterly reporting required.	5,665. No more than 1% of citywide housing units outside Mission Beach. (829 left as of August 14, 2026)
Tier 4 - Mission Beach Whole Home	Entire dwelling in the Mission Beach Community Planning Area rented more than 20 days per year without the host onsite	Minimum two-night guest stay; at least 90 days of annual STRO use; quarterly reporting required.	1,099. No more than 30% of Mission Beach housing units. (0 left as of August 14, 2026)

3. PROVISIONAL WAITLIST PERMITS

Objective: Create a temporary, regulated pathway for qualified waitlisted applicants while long-term utilization measures improve certificate availability.

Issue Addressed & Rationale: The waitlist was designed as a fair, orderly queue. First applicants get permits as space opens. But with a 19.6 month wait and inactive permits frozen in place, the queue isn't moving. It's just a wall. While the proposed Minimum Activity Threshold is expected to improve inventory availability over time, those benefits will occur gradually as inactive certificates return to the available inventory through the Town's normal administrative process.

To bridge this implementation gap, this optimization establishes a temporary pathway that brings waitlisted properties into full regulatory and safety compliance, generating dedicated funding for the Town's workforce housing programs. Provisional permits are intended solely as transition tools during implementation and will sunset after two years.

WAITLIST SURVEY RESULTS		
19.59%	64%	54%
<i>29 of 148 respondents (nearly 1 in 5 applicants) on the waitlist are primary, full-time residents of Truckee</i>	<i>Waitlist applicants indicate their motivation for seeking an STR permit is to offset essential ownership costs</i>	<i>Waitlist applicants answered "definitely not" considered renting the property as a long term rental (28% would "definitely" consider it)</i>

Proposed Approach:

- Available only to applicants currently on the Short Term Rental waitlist.
- Temporary permit valid January 1, 2027 – December 31, 2028.
- Maximum 30 rental nights annually.
- Full compliance with all existing STR operational standards
- Exceeding the 30-night limit results in permit revocation and removal from the waitlist.
- Beginning in 2029, participants may receive a full STR Registration Certificate as inventory becomes available; otherwise, they retain their position on the waitlist.

Fiscal impact: For modeling purposes, provisional permits are estimated to generate approximately \$118,000–\$236,000 in additional annual TOT revenue during 2027–2028, based on the 2025 Key Data ADR of \$437 and assuming 150 participating waitlist properties averaging 15–30 rental nights annually. Not all waitlist applicants will participate. These projections illustrate the additional contributions provisional permits could generate while the optimization framework is implemented.

Provisional Permits	Avg Daily Rate x Nights Rented	Estimated TOT (12%)
150	<i>\$437/night renting at 15-30 nights</i>	<i>\$118k-\$236k annually</i>

ADDITIONAL OPTIMIZATION CONSIDERATIONS

01 HOUSING PRIORITY EXCHANGE

Objective: Enable active STR permit holders to voluntarily pause their permit and convert their property to long-term workforce housing for a verified local worker. Upon lease completion, they receive guaranteed top of waitlist priority to resume their STR permit.

Proposed Approach:

- Available to active STR permit holders in good standing.
- Tenant must be verified as a local employee within the TTUSD School District.
- Permit shelved for lease term; property converted to long-term residential rental.
- Upon lease completion or early termination, permit holder receives automatic top of waitlist priority for permit reactivation.
- Full compliance with all existing STR operational standards upon reactivation.
- The program operates on voluntary basis; no mandatory participation or penalties for non-participation.

02 COMMITMENTS FACILITATED BY VTT

As the Town evaluates STR program optimizations, Visit Truckee-Tahoe 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.

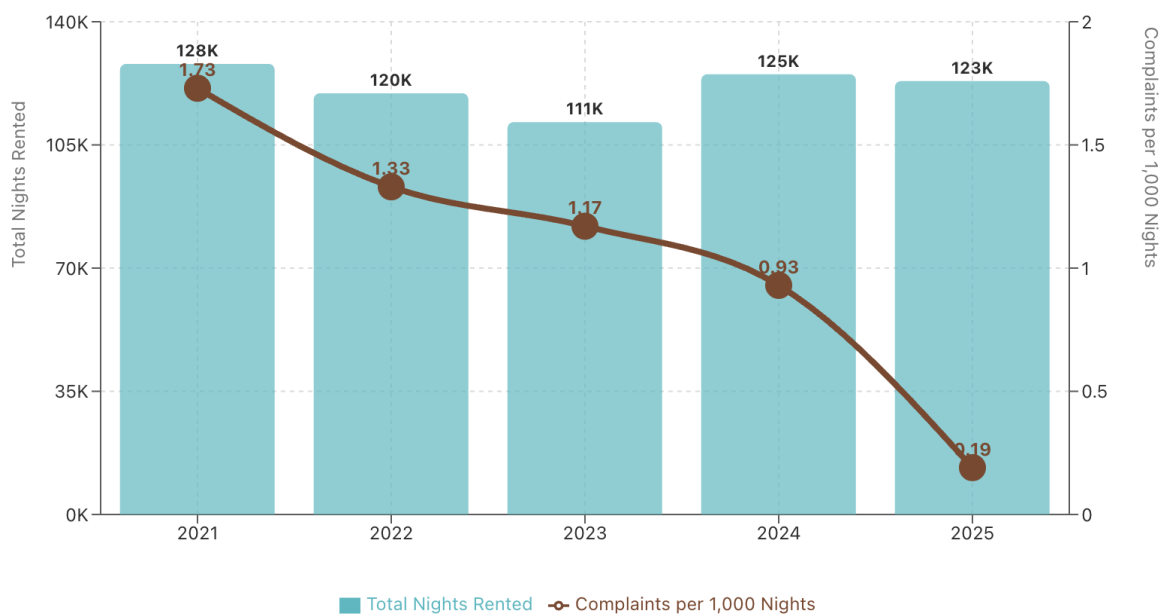
1. VTT to host educational seminars annually once a new operator joins the program that is not professionally managed
 2. VTT to create The Truckee Way Poster that is Required to be displayed in all permitted homes
 - a. VTT to design & print
 - b. [Example from Crested Butte](#)
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UNDERSTANDING POTENTIAL NEIGHBORHOOD IMPACTS

One of the primary considerations when evaluating any modification to the STR program is whether increased utilization could result in additional neighborhood impacts. The Town's data provides an important point of reference.

Between 2021 and 2025, annual STR rental activity remained relatively consistent, ranging from approximately 111,000 to 128,000 rental nights per the TTBD export data. While reported complaints declined from 222 to 23 per the 2025 STR Report. When normalized for rental activity, complaint density decreased from 1.73 complaints per 1,000 rental nights in 2021 to 0.19 complaints per 1,000 rental nights in 2025, an 89% reduction.

STR COMPLAINTS PER 1,000 RENTAL NIGHTS TREND, 2021-2025 (JAN-JUN 2025)



Town of Truckee TTBD Data Export (calendar year STR nights, 2021–2025) and 2025 STR Division Data Report (complaints by calendar year, 2021–2025). *2025 represents January–June data only for complaints.*

This trend suggests that neighborhood compatibility has improved while the STR program has continued operating at a similar level of visitor activity. It also indicates that the Town's education, operational standards, compliance requirements, and enforcement program have been effective in reducing neighborhood impacts.

The optimization concepts presented in this report do not reduce or modify those operational requirements. All participating properties would remain subject to the

Town's existing requirements for registration and compliance. Accordingly, continued success should be evaluated through ongoing monitoring of complaint trends, complaint density, compliance rates, and enforcement activity.