



June 15, 2018

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Sugar Bowl Ski Resort
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Truckee Tahoe Lumber Co.
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Betsy and Tom Watson
John Weaver
Louise and Richard Wiesner

Enclosed you will find the Year 1 Progress Report of the Mountain Housing Council of Tahoe-Truckee.

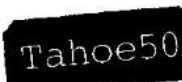
Please contact me at 530-587-1776 or stacy@ttcf.net with any questions or further needs related to reporting.

Thank you,

Stacy Caldwell, CFRE
Chief Executive Officer
Tahoe Truckee Community Foundation



Queen of Hearts
Women's Fund



PO BOX 366, TRUCKEE, CA 96160 | 530.587.1776 | TTCF.NET | [@TTCFIVES](https://www.instagram.com/ttcfives)

Dear Mountain Housing Council Partners,

Thank you for your leadership and commitment towards this important issue which affects our entire community.

Collective Results to Date

- 342 affordable new units approved and in progress
- 52 affordable new units in the pre-application process
- Approximately 300 units break ground of being built in 2018
- 10 units unlocked: from non-rental to employee housing
- Tracking to garner \$42.7M in funding to our region

Year 1 Learnings

We have gathered a few key learnings based on Year 1 touch base interviews with most of you. Partner feedback informs the structure of the Council and its meetings moving forward. A memo providing details of the key learnings included below is included with this packet.

- Council meeting structure and how we organize ourselves;
- Advocacy: local vs state;
- Community engagement;
- Moving from barriers to innovations, and
- Determining long-term entity/structure for the work

We continue to make progress in the following areas as it relates to our original proposal:

- Goals and targets were adopted through a Collaborative Action Plan (Proposal section d.i.) COMPLETE;
- Public agencies are collaborating on mapping public lands available for potential development or purchase, and identifying properties that are appropriate for housing (Proposal section d.ii.) COMPLETE;
- Recently Mountain Housing Council fee charging agencies reviewed a regional analysis of fees and move forward a collective plan of action (Proposal section d.iii.) ONGOING;
- A network of local developers has been convened to explore different project opportunities and challenges (Proposal section d.iv.) ONGOING;
- New partners related to attracting capital and funding to the region have been identified (Proposal section d.iii. and e.iii.) ONGOING;
- A website, various videos, and communications platforms have been created to communicate progress in a transparent way to the community – www.mountainhousingcouncil.org (Proposal section d.v.) COMPLETE AND ONGOING;

- Mountain Housing Council meetings are open to the public and additional workshops and webinars to identify topics and solutions to advance our action plan (Proposal section e.i.) ONGOING, and
- Residential assistance programs are being tracked and shared throughout the website and other platforms (Proposal section e.ii.) ONGOING.

We included the following items in our 6-month report, provided to partners in December 2017, to demonstrate our progress through the first half of Year 1:

- 1) Collaborative Action Plan, 2017-2020 with Proposed Goals and Targets
- 2) Mapping Local Agency Land Summary Document
- 3) Fee Analysis Presentation
- 4) Fee Analysis Summary Document
- 5) Capital Attraction Meeting Summary Notes
- 6) Flyer for Recent Public Workshop on Employer Solution
- 7) Local Housing Assistance Resources

Enclosed you will find a progress report that represents the primary work product of our efforts in Year 1, including the following documentation:

- 1) Housing Council One Pager
- 2) Year 1 Partner Interviews: Recap and Reflection
- 3) Year 1 Recap of Council Member Engagement
- 4) Year 1 Summary of Work
- 5) Year 1 Annual Housing Update Presentation
- 6) Achievable Local Housing Policy Brief
- 7) Achievable Local Housing Policy Recommendation
- 8) MHC Project Pipeline
- 9) Draft Hansford Development Fee Study
- 10) April 12 Council Placemat and Dashboard
- 11) Year 1 Financial Report (included as separate attachment)

MOUNTAIN HOUSING COUNCIL OF TAHOE TRUCKEE

2018



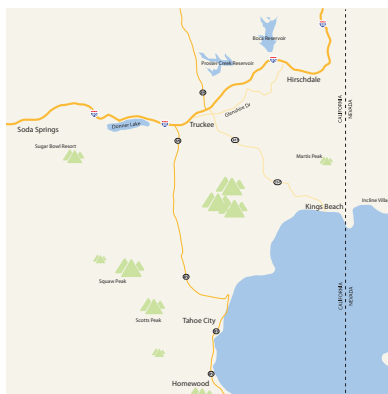
**MOUNTAIN
HOUSING
COUNCIL
OF TAHOE TRUCKEE**

MEMBERS

THE CHALLENGE

The North Tahoe-Truckee region, pictured to the right, has a population of roughly 30,000. On holiday weekends, those numbers swell to around 100,000. For full and part-time residents as well as vacationers, there are 33,300 housing units – mostly expensive, large single family homes built before 1979. 65% of them are vacant more than half the year.

Locals are struggling to find housing in our community - with estimates showing a shortfall of more than 12,000 units to serve the local workforce.



As of January 2018, the MHC represents the above geographic focus. The MHC is open to expanding the geographic scope of its work in the future where appropriate.

THE IMPACT

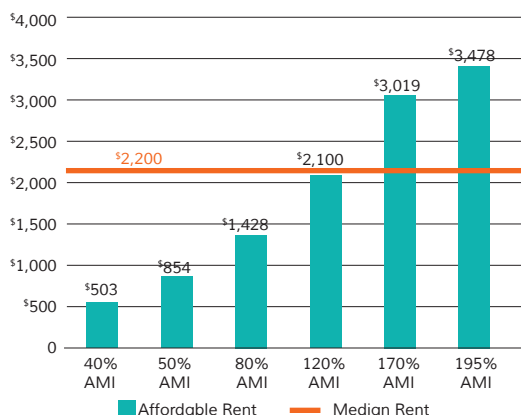
Teachers, firefighters, police, business owners, and many more can no longer afford to live here. They are forced to move away, leaving employers unable to staff businesses, emergency responders struggling with response times, and a rippling impact on our region's economy, culture, and vitality.

ACCELERATING SOLUTIONS

The Mountain Housing Council (MHC), a project of the Tahoe Truckee Community Foundation, brings together 25 diverse key stakeholders to take on the unique and pressing challenges of achievable local housing in the North Tahoe-Truckee region. The MHC's goal is to build on needs identified in the 2016 Regional Housing Study and accelerate solutions to housing problems of availability, variety, and affordability.

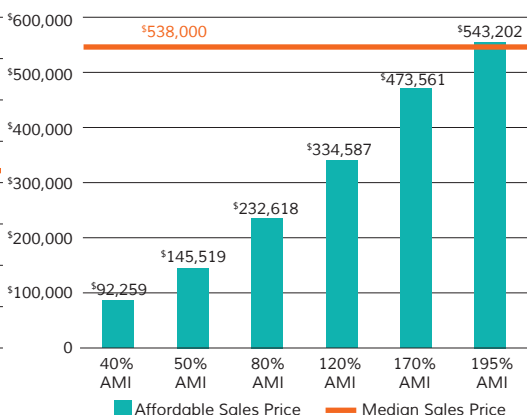
AFFORDABLE RENT PER INCOME LEVEL

3-Bedroom home for a family of four, compared to rental rate in North Tahoe - Truckee region



AFFORDABLE HOME PRICE PER INCOME LEVEL

Single-family home for a family of four, compared to median home sales price in North Tahoe - Truckee region



AMI = Area Median Income *Figures based on 2016 Regional Housing Study

LOCAL GOVERNMENTS

Nevada County
Placer County
Town of Truckee

SPECIAL DISTRICTS

North Tahoe Public Utility District
Squaw Valley Public Service District
Tahoe City Public Utility District
Tahoe Forest Hospital District
Tahoe Regional Planning Agency
Tahoe Truckee Unified School District
Truckee Donner Public Utility District
Truckee Tahoe Airport District

CORPORATE PARTNERS

Squaw Valley | Alpine Meadows
Sugar Bowl Resort
Vail Resorts

NONPROFITS

Family Resource Center of Truckee
Martis Fund
Mountain Area Preservation
North Tahoe Family Resource Center
Tahoe Prosperity Center
Tahoe Truckee Community Foundation
Truckee North Tahoe Transportation Management Association

NETWORKS







Community Collaborative of Truckee Tahoe
Contractors Association of Truckee Tahoe
North Lake Tahoe Resort Association
Sierra Business Council
Tahoe Donner Homeowners Association
Truckee Chamber of Commerce
Tahoe Sierra Board of Realtors

**PROJECT OF
TAHOE TRUCKEE
COMMUNITY FOUNDATION**

MOUNTAIN HOUSING COUNCIL

THREE YEAR GOALS

To increase the number and diversity of available units (new & used)

-  10 innovative policy solutions
-  \$15M to support range of housing types in region
-  Unlock 300 existing units for full-time low income to achievable local housing*
-  Create 300 new units for achievable local housing
-  Rehabilitate 30 existing very low-income units
-  1% increase in workers living locally (not commuting)

SOLUTIONS IN THE WORKS

The Mountain Housing Council seeks to accelerate solutions through government, business, and nonprofit partnerships targeting innovations in three key areas: funding, land, and policy. Council leaders convene quarterly to identify barriers and opportunities to unlocking existing housing stock and developing new stock. Tiger Teams and Ad-hoc Committees are tasked to explore these solutions quickly and thoroughly before presenting their findings and suggestions for moving forward. To source innovative solutions and forge collaborative partnerships, MHC brings a broad spectrum of the community together through public meetings, Dealmakers meetings, and more.

FUNDING

Development is expensive in the North Tahoe - Truckee area and building achievable local housing is unprofitable in most cases. MHC is focused on attracting funding to supplement development costs for achievable local housing as well as funding to support housing rental and purchase assistance programs.

LAND

Finding land at reasonable costs to develop is challenging for would-be achievable local housing developers. MHC is mapping lands for available and appropriate development for a range of housing types, to meet the needs of all our community members.

POLICY + PROGRAMS

Change requires collaborative efforts across the region. Together, MHC examines the root causes of the housing crisis at the intersection of counties, towns, and special districts. MHC is focused on creating an innovative policy and program agenda that works to lower barriers and increase incentives for a range of housing types and affordability levels including for-sale and rental products.

*Achievable local housing is defined as housing for those households earning between 80% AMI and 195% AMI. For progress updates on how the Mountain Housing Council's three-year goals, visit mountainhousingcouncil.org

VISION

All people that work and live in the North Tahoe - Truckee region have access to diverse, quality, and achievable local housing.

MISSION

To accelerate solutions for achievable local housing for those that live in the North Tahoe - Truckee Region.

GET INVOLVED

No one entity or group can solve the region's housing crisis. Business owners are already stepping up to assist their employees with housing. Public agencies are committed and focused on innovative policies and programs. Developers are exploring new construction and development models to decrease costs.

TO LEARN MORE, GO TO
[MOUNTAINHOUSINGCOUNCIL.ORG](https://mountainhousingcouncil.org)







Date: June 12, 2018
To: Mountain Housing Council Partners
From: Stacy Caldwell, CEO
Re: Year 1 Partner Interviews: Recap and Reflection

Feedback received from formal annual debrief interviews with a majority of our Mountain Housing Council partners will inform our second year of Council facilitation and efforts. Below is a summary of feedback and ideas.

Key Learning 1: Council Meeting Structure and Organization

Council members requested:

- Designated agenda time at quarterly Council meetings to interact with and leverage the group's collective brainpower
- Pre-meeting reading include more Tiger Team reports and progress accomplished between meetings

We tested a new meeting format at the June 2018 Council meeting.

Many of our Council members reported feeling overwhelmed by the organic launch of Tiger Teams, Working Groups, Roundtable Discussions, etc. In addition, most of these meetings required the attendance of staff members from our jurisdiction/local government partners since it is technically part of their jobs. These partners requested a more streamlined approach to the work, as well as pacing the MHC's policy-focused work.

Key Learning 2: Advocacy - Local vs. State/National

Local Lobbying

At the June 2018 Council meeting the MHC agreed that, outside of MHC policy-recommendations, our work as a collective would remain neutral on local development and individual policies. The Council determined, however, that communication platforms built by the MHC staff would be a good vehicle to alert the community to upcoming public housing decisions. Partners agreed to alert the MHC team of related housing topics on their agency agendas for broader distribution.

State/National Lobbying

The collective political muscle built by the MHC represents an unprecedented regional collaboration with the potential reach beyond our region. There are no less than seven paid lobbyists associated with our MHC partners. We will be adding new capacity to the staff team to design a state/federal policy agenda to our efforts. The thrust of these efforts will center around capital attraction and relevance of state policy related to rural housing barriers. We also see an opportunity to form meaningful relationships with leaders in our State and Country on behalf of our region.

Key Learning 3: Community Engagement

The communication products that have been designed in year 1, particularly the research white papers and policy briefing/recommendations represent significant learnings associated with our regional housing problem and solutions. MHC will continue to work in a way that creates community-facing content that breaks down this complex information in a way that the community can access, understand and share.

Key Learning 4: Moving from Barriers to Innovations

In year 1, our work has primarily been focused on removing the regional barriers to increasing housing. In year 2, we want to spend more time focused on innovations at every level. We believe that our community will need to turn the corner with us and start envisioning the type of housing we need for the future which will require some imagination and sacrifice of status quo. Without innovation as a key driver, we might lose sight of possibilities.

Key Learning 5: Determining Long-term Entity/Structure for the Work

As a three-year initiative of TTCF, in Year 2, we must explore the long-term entity or entities for this work. Partners who have insight and thoughts about this will be brought together mid-year to inform these next steps.



Tiger Team / Ad Hoc Work Plan: Current + Future
as of 5.28.18



Tiger Teams	Goal	Results	Timeframe
2017/2018			
1. Mapping Team	1) Create regional maps of parcels owned by local public agencies, 2) Create tool for regional conversations about housing on public lands	Done	Estimated Sunset Date: 6.8.18
2. Innovative Policy Agenda Team	1) Create regional policy agenda 2) Establish vocabulary for diversity of housing	Done	Estimated Sunset Date: 6.8.18
3. Expanded Definition of Affordability Team	1) Create regional definition of affordable that includes both HUD low income as well as those up to 195% AMI to better reflect needs in this area. 2) Create regional definition to drive regional solutions	1) Policy Brief + Policy Recommendation for Expanded Definition of Affordability: Locals Achievable Housing 2) Rolled out to 5 agencies to-date	Estimated Sunset Date: Jan 2018
4. Regional Fee's Team	1) Understand Fee's in the region, 2) Study perception: Impact Fee's are complicated + barrier to building local achievable housing 3) Explore solutions to lower barriers	Study Completed by Hansford Economic Consulting. Policy Recommendations in the works	Policy Recc: Sept 2018 Sunset: Sept 2018
2018			
2. Short-Term Rental Team	1) Understand role STR play in our region, 2) Research other communities, 3) Define path forward (TBD)	TBD	Policy Recc: Dec 2018 Sunset: Dec 2018
3. Land Team	1) Financially modeling for MF in the region, 2) ID parcels for housing, 3) Developer outreach	TBD	Ad Hoc in place. Goal to Sunset: Sept or Dec 2018
4. Legislation	1) Create regional agenda for state housing legislation, 2) ID action to move agenda forward	TBD	Finalizing contract with Sierra Business Council Goal to Sunset: Spring 2019?
Connecting to Accelerate	Goal	Results	Status
2017/2018			
1. Regional Housing Programs	1) Inventory existing regional housing programs 2) Understand SWOT, 3) List on MHC website	Web resource, driving work of Martis Fund Down payment program, Capital Attraction needs	Complete
2. MHC Targets	Set targets for 3 yrs. of MHC work	Integrated into MHC Work Plan, Dashboard, Q updates	Complete
3. Capital Attraction	1) ID opportunities for long-term, stable, flexible funding for range of income levels (down payment, rental assistance, etc.) 2) Track regional dollars realized for housing	In-progress, tracked as part of Dashboard quarterly	On-going
4. Supportive Housing	Create supportive housing project in Truckee	Team formed (Placer, Nevada (lead), CCTT, others) to ID funding, houses, partners	On-going
5. Mobile Home Preservation	1) Inventory existing regional mobile homes (#, ownership, quality, needs) 2) ID strategies to preserve/enhance	Initial inventory complete	On-going
6. MF Feasibility + ID Opportunity Parcel for MF	1) Create pro-formats on how to make MF projects work in region 2) Create parcel sheets to ID opportunity sites for MF (developer outreach tool)	In-progress	Potentially Roll-into New Tiger Team
7. Employeeer Supported Housing programs	Connect larger and public agency employees to resources and innovation for service employee base	Info on website, relationships built, ideas moving	Fall 2017 focus. On-going



ANNUAL HOUSING UPDATE

April 28, 2018

**TAHOE
TRUCKEE**
COMMUNITY
FOUNDATION

AGENDA

- ❖ Welcome
- ❖ Mountain Housing Council Annual Update

Short-Term Rental Focus

- ❖ Stories + What Other Communities Are Doing
- ❖ MHC Approach + Market Data

Break

- ❖ Panel
- ❖ Solutions Pitch
- ❖ Close

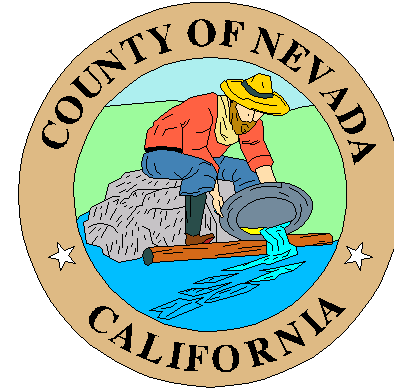
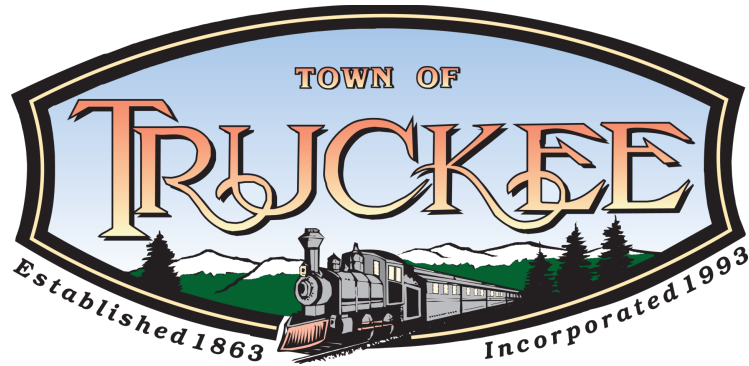


WELCOME

Stacy Caldwell, CEO
Tahoe Truckee
Community Foundation

**TAHOE
TRUCKEE**
COMMUNITY
FOUNDATION

2016 HOUSING NEEDS STUDY



Workforce Housing
Association of
Truckee Tahoe





**MOUNTAIN
HOUSING
COUNCIL
OF TAHOE TRUCKEE**

OUR SOLUTION

CREATING SOLUTIONS BASED ON COMMUNITY FEEDBACK





OUR COLLECTIVE RESULTS TO DATE

Seana Doherty, Project Director
April 28, 2018

**TAHOE
TRUCKEE**
COMMUNITY
FOUNDATION



VISION

All people that work and live in the Tahoe Truckee region have access to diverse, quality and achievable housing.

MISSION

Working to accelerate solutions to local and achievable housing for those that live in the Tahoe Truckee region.

FUNDING PARTNERS

Nevada County
Placer County
Squaw Valley | Alpine Meadows
Squaw Valley Public Service District
Tahoe City Public Utilities District
Tahoe Donner Association
Tahoe Forest Hospital District
Tahoe Regional Planning Agency
Tahoe Truckee Unified School District
Town of Truckee
Truckee Donner Public Utilities District
Truckee Tahoe Airport District
Vail Resorts/Northstar California

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Contractors Association of Truckee Tahoe
Family Resource Center of Truckee
Martis Fund
Mountain Area Preservation
North Lake Tahoe Resort Association
North Lake Tahoe Public Utility District
North Tahoe Family Resource Center
Sierra Business Council
Sugar Bowl Resort
Truckee Chamber of Commerce
Tahoe Prosperity Center
Tahoe Sierra Board of Realtors
Tahoe Truckee Community Foundation
Truckee North Tahoe Transportation Management Association

25+ PARTNERS STRONG



MOUNTAIN
HOUSING
COUNCIL
OF TAHOE TRUCKEE



Co-Living



Senior



Cohousing



Supportive



Mobile Homes

FOCUSED ON A RANGE OF HOUSING TYPES



Single
Family



Condos +
Townhomes



Multi-Family
(Apartments)



ADUs



Junior
ADUs



MOUNTAIN
HOUSING
COUNCIL
OF TAHOE TRUCKEE

TARGETS



POLICIES:

10
solutions
in 3 years



WORKERS:

1% increase
over 3 years



UNLOCK:

300 units
over 3 years



NEW:

300 units over
3 years



FUNDING:

\$15M



RENOVATE:

30

MULTI-FACETED APPROACH



INNOVATIVE POLICY AGENDA

2017

Expanded Definition of
Affordability

Fees

Short-Term Rentals

Regulatory Efficiency

Density Strategies

Inclusionary Housing

2018



ACHIEVABLE LOCAL HOUSING



ADOPTIONS SO FAR...

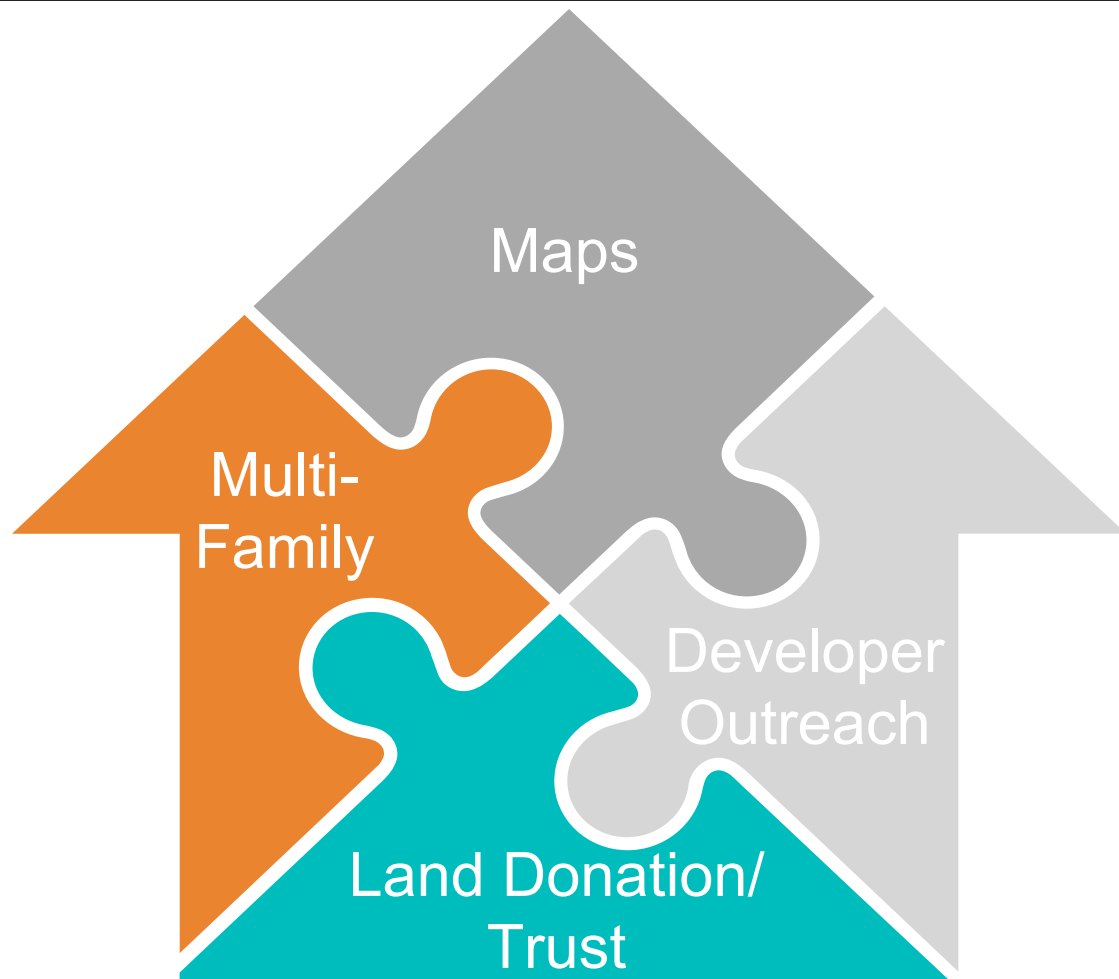
- Town of Truckee
- Truckee Tahoe Airport District
- Tahoe City Public Utility District
- CATT
- Martis Fund
- Tahoe Sierra Board of Realtors

ADOPTED!



MOUNTAIN
HOUSING
COUNCIL
OF TAHOE TRUCKEE

LAND



POLICY AREA: FEES

WHAT WE LEARNED

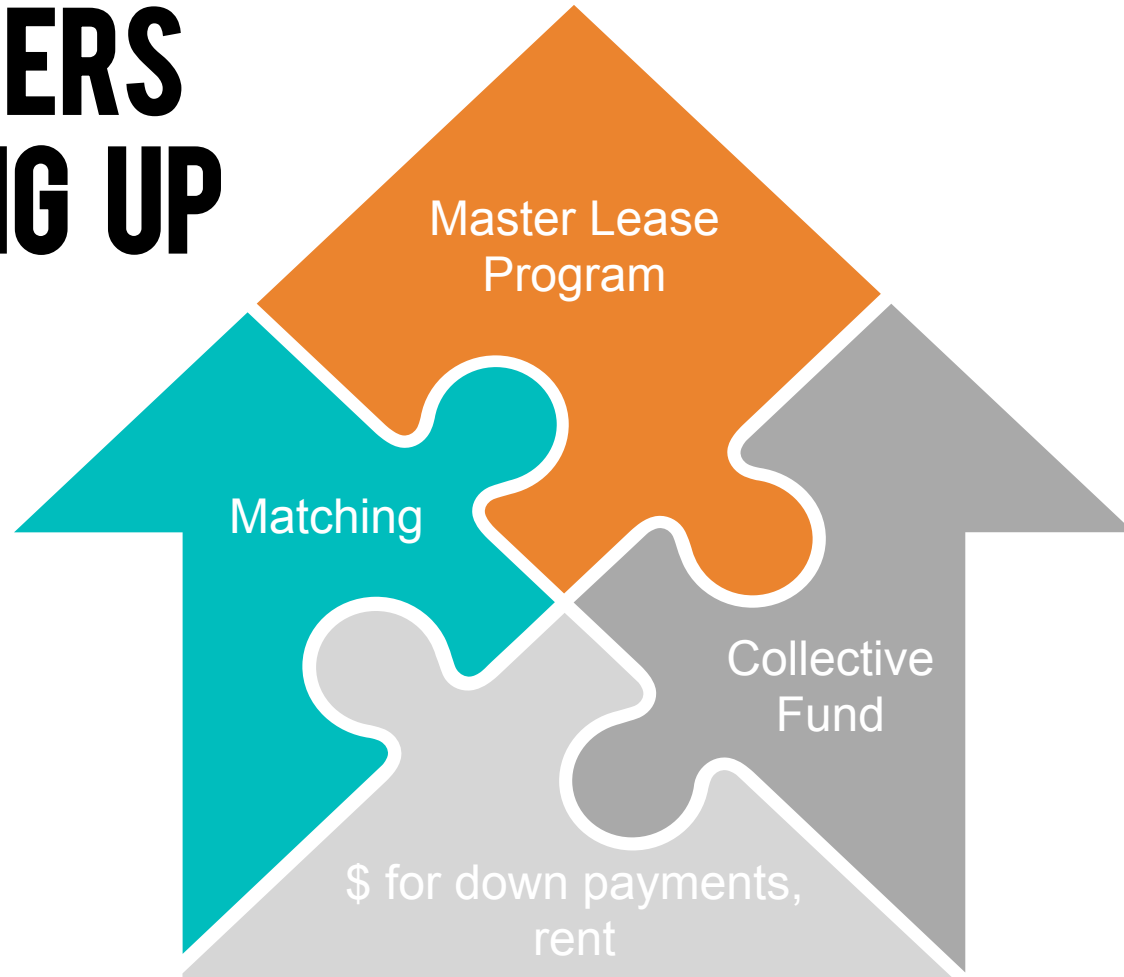
- Fees are 5-6% of total project costs
- Our fees are less than comparable communities
- Fees are complicated due to jurisdictions (18), special districts and methodology
- Fees are a challenge for multi-family and smaller projects
- Basing fees on square footage vs. flat fee could offer cost relief

PROPOSAL IN THE WORKS

Adopt regional methodology for development impact fees to create affordable incentives by design:

- Square footage basis vs. flat fee
- By bedroom
- Per fixture

EMPLOYERS STEPPING UP



IN THE WORKS...



SUPPORTIVE HOUSING

- Partnership
- Model
- Mental health/
homelessness



MOBILE HOME PRESERVATION

- Critical existing
affordable housing
(approx. 800)
- ID ways to preserve
+ enhance

COLLECTIVE RESULTS TO DATE



342 affordable new units approved and in progress



52 in the pre-application process



Approximately 300 units breaking ground or being renovated in 2018



10 units unlocked: from non-rental to employee housing



\$42M in funding attracted to our region



STORIES

**TAHOE
TRUCKEE**
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FOUNDATION



**MOUNTAIN
HOUSING
COUNCIL
OF TAHOE TRUCKEE**

SHORT TERM RENTALS

**TAHOE
TRUCKEE
COMMUNITY
FOUNDATION**



Long-term rental
impacts:
yes + no

Lots of opinions!



Income for
locals



Hospitality/
Market Impacts

SHORT TERM RENTALS



Taxes
visitors spend



Options the
market wants



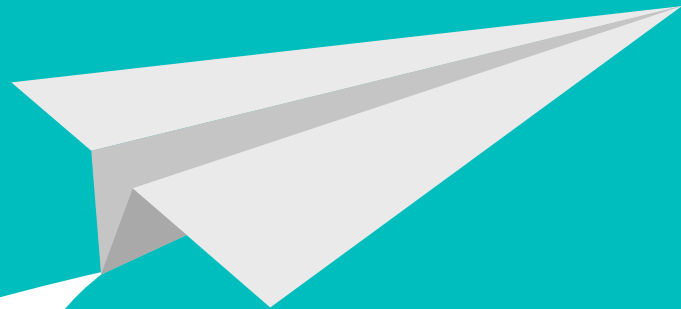
Neighborhood
impacts



Jobs

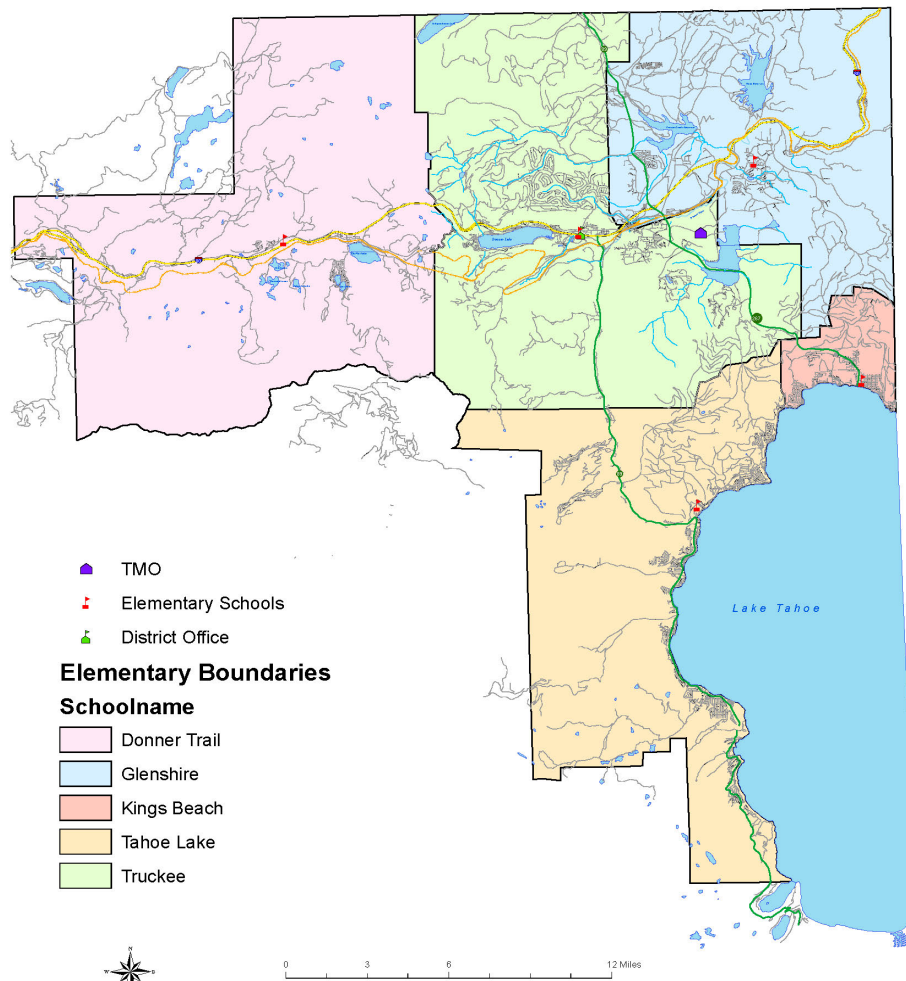
SHORT TERM RENTALS:

*What are the impacts
in our region?*



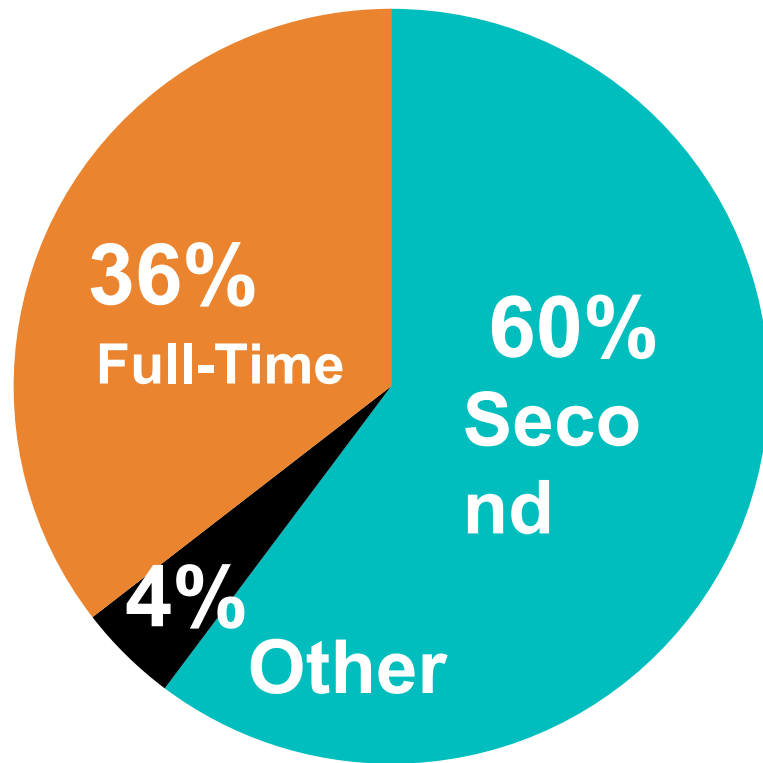
MHC PATH FORWARD

STEP 1: UNDERSTAND OUR MARKET



NORTH TAHOE-TRUCKEE REGION

OUR MARKET



**Total Regional
Units: 38,801**

**Source for Regional Unit Total: Town of Truckee + Placer County, 2018*

CURRENT STR MARKET IN THE NORTH TAHOE-TRUCKEE REGION

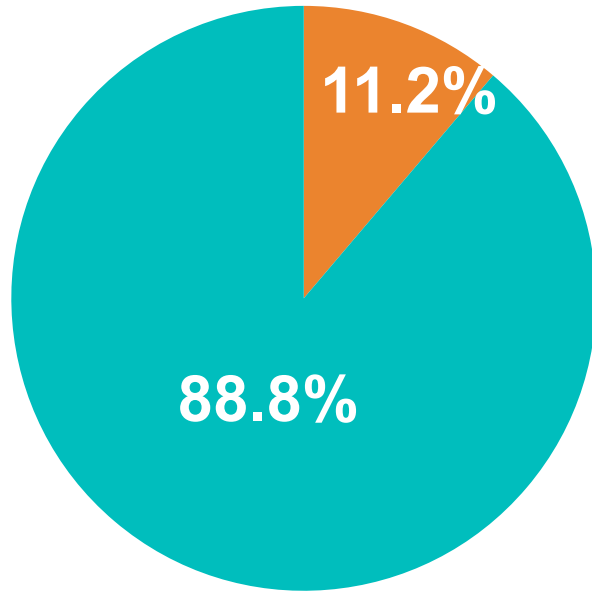
*Thanks to Placer County and the Town of
Truckee for the following data...*

WHAT IS A SHORT TERM RENTAL?

A Short Term Rental (STR) is the rental of a residential dwelling unit for less than 30 consecutive days or less.

TOTAL REGISTERED STR UNITS IN TRUCKEE

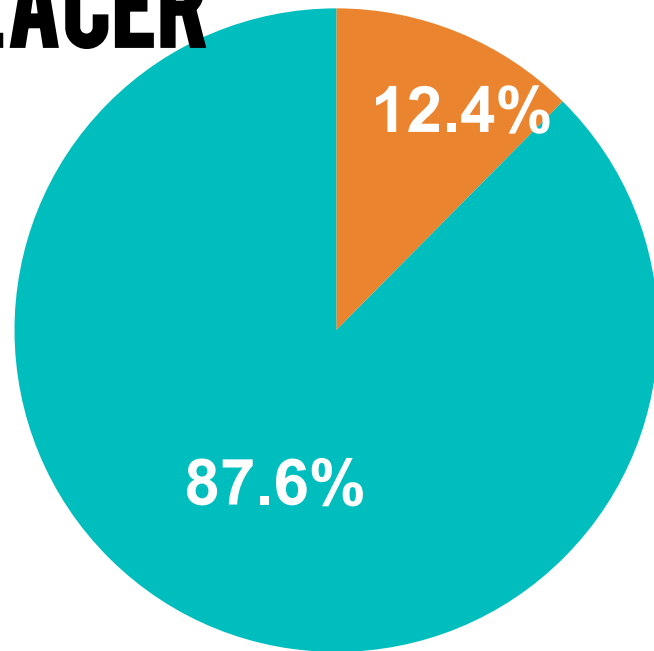
**Total Residential Units:
13,232**



■ Registered STRs in
Truckee: 1,438

■ Non or Unregistered
STRs: 11,749

TOTAL REGISTERED STR UNITS IN EASTERN PLACER

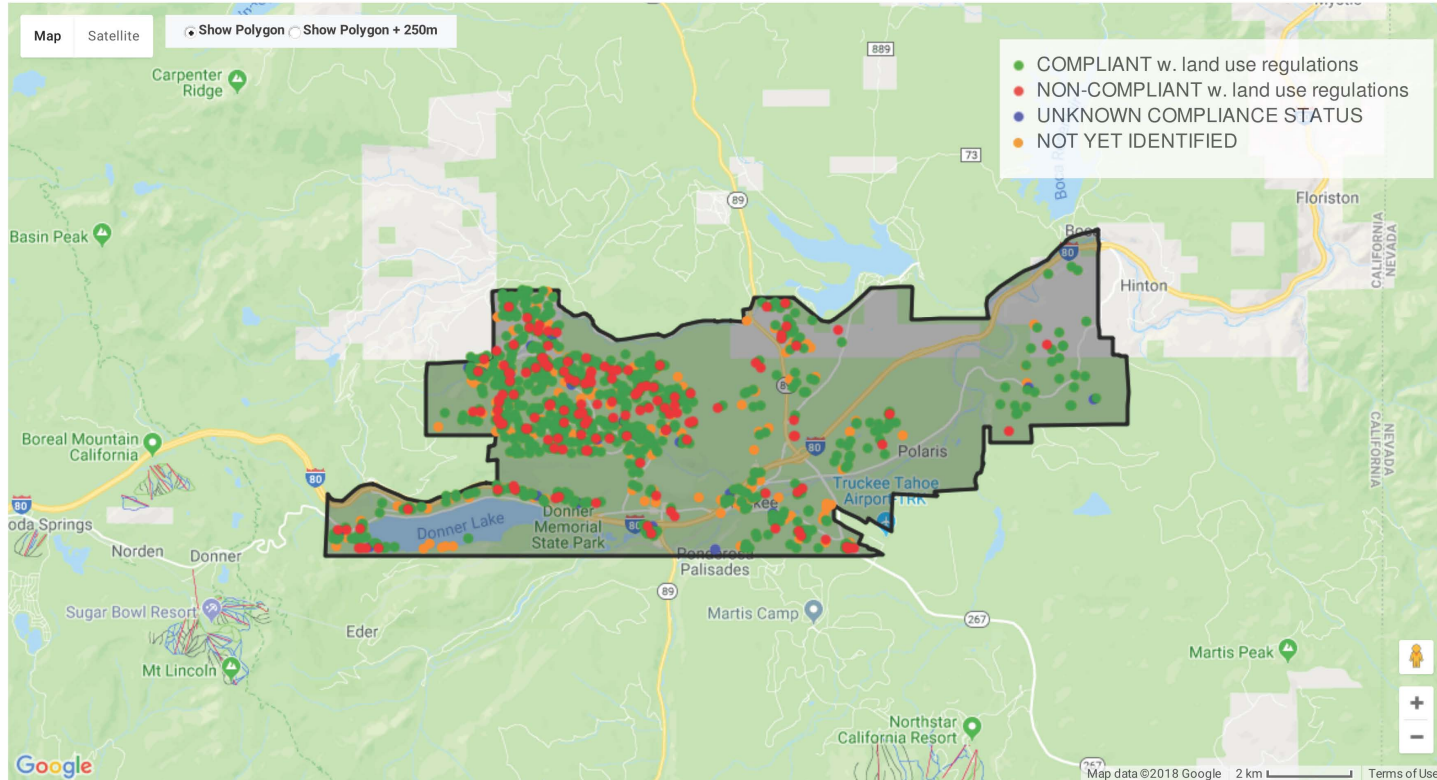


Total Residential Units:
25,569

■ Registered STRs in
Eastern Placer: 3,176

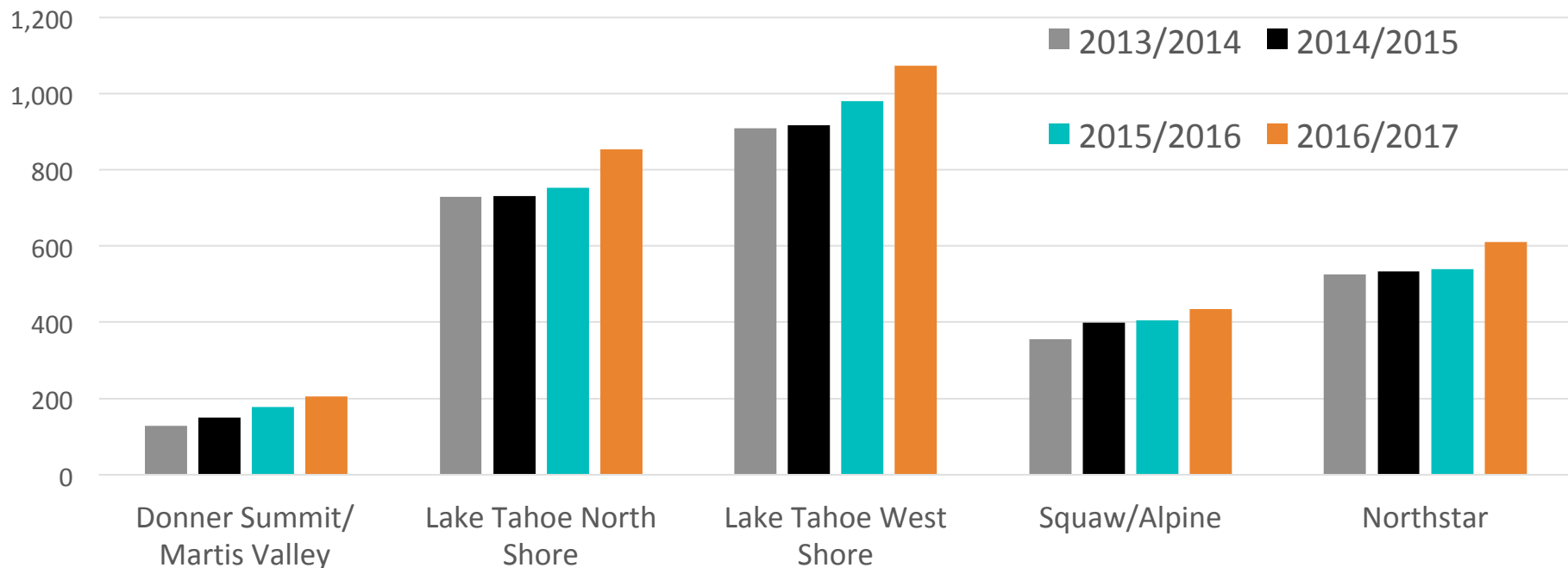
■ Non or Unregistered
STRs: 22,393

TOWN OF TRUCKEE REGISTERED STRS BY NEIGHBORHOOD



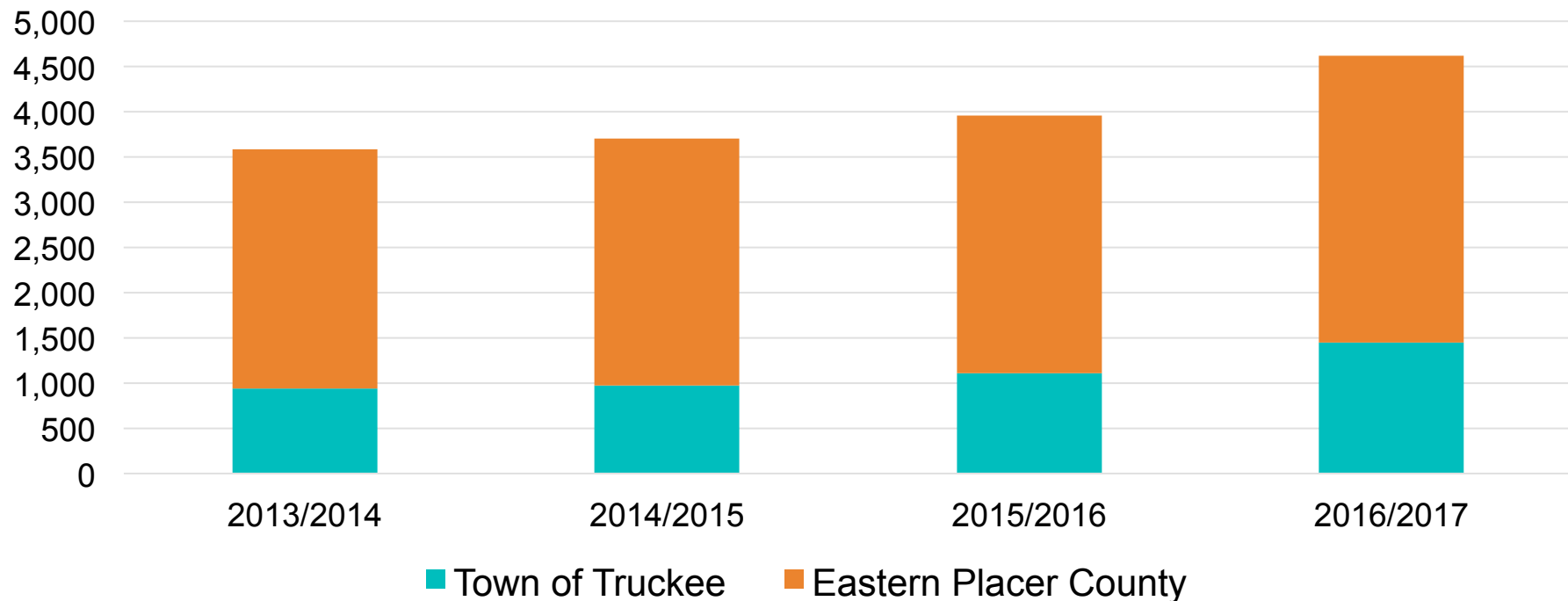
EASTERN PLACER COUNTY REGISTERED STRS BY NEIGHBORHOOD

(ONLY INCLUDES HOMES+CONDOS)



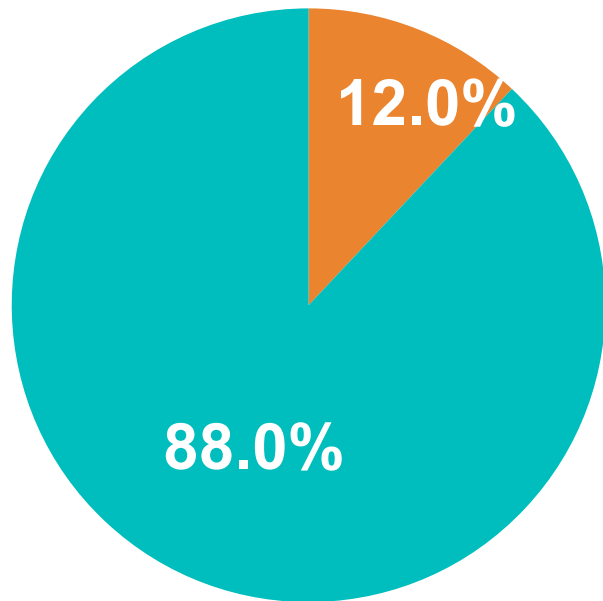
*Source: Placer County

TOWN OF TRUCKEE + EASTERN PLACER COUNTY REGISTERED STRS



*Sources: Town of Truckee + Placer County, 2018

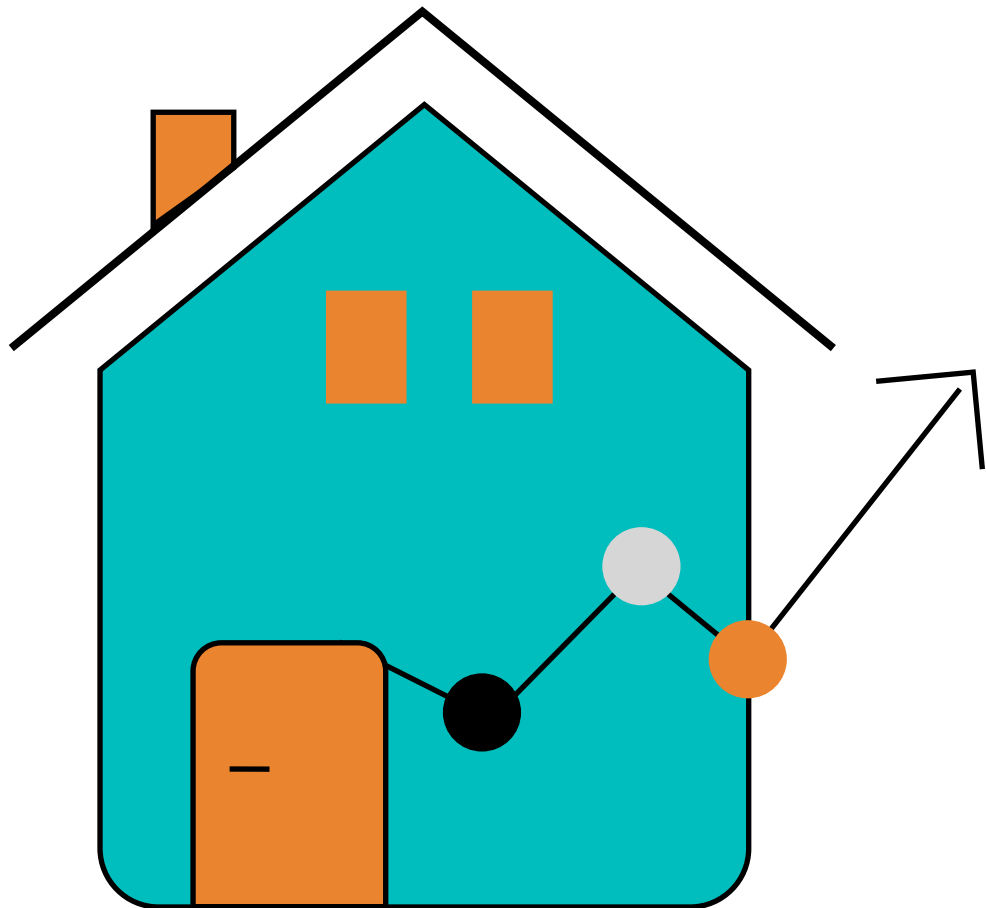
TOTAL REGISTERED STR UNITS IN NORTH TAHOE-TRUCKEE REGION (EASTERN PLACER AND TRUCKEE)



Total Units in Eastern Placer + Town of Truckee: 38,801

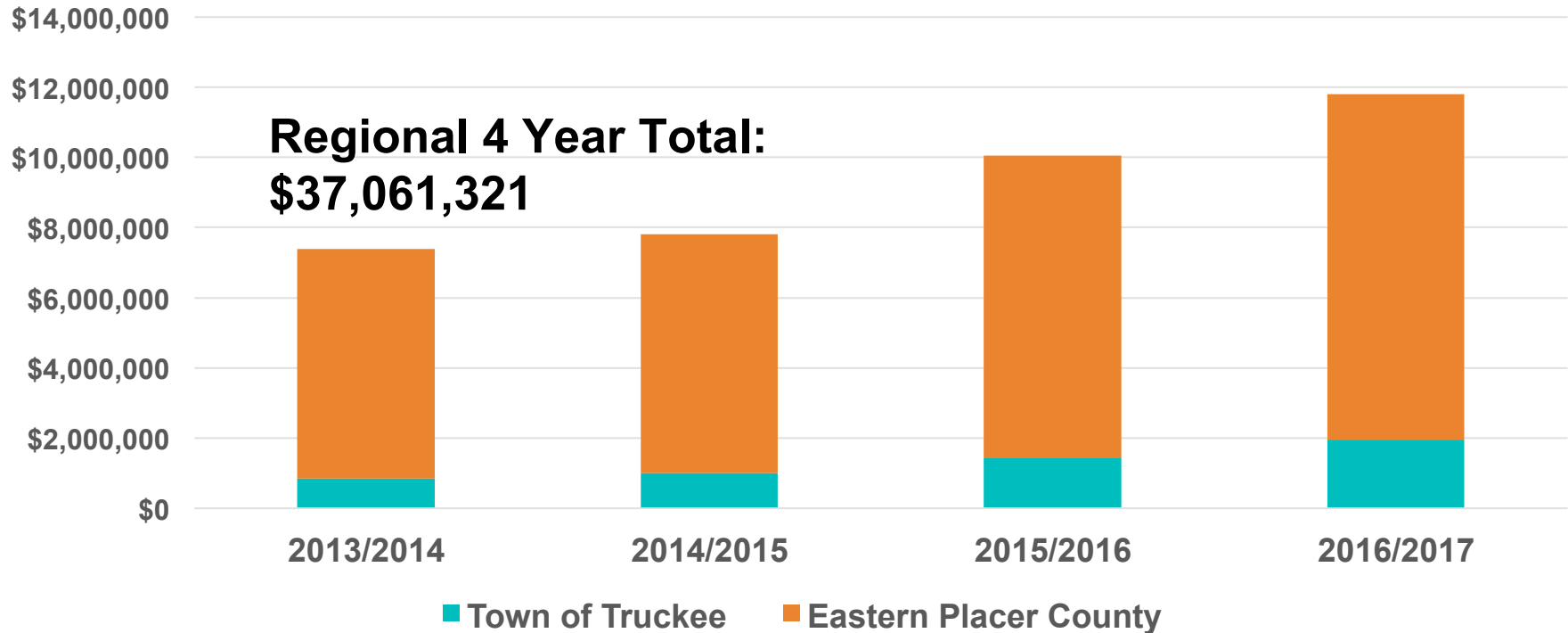
■ **Total Registered STRs: 4,659**

**Sources: Town of Truckee + Placer County*



TOT REVENUE: 4 YEAR TREND 2013-2017

TOWN OF TRUCKEE + EASTERN PLACER COUNTY ANNUAL TOT COLLECTED (ONLY INCLUDES HOMES + CONDOS)



*Sources: Town of Truckee + Placer County, 2018

HOW TOT IS USED

EASTERN PLACER: 10%



100% generated in Placer spent to attract, serve, mitigate tourism



60% used for transit, capital, bike paths, arts, marketing, etc.



40% used for Government services: Snow removal, libraries, public safety, roads, Health & Human Services, etc.

TRUCKEE: 10% TOT + 2% TTBD



10% TOT funds used for trail/sidewalk maintenance, road maintenance, snow removal, public safety, crosswalks, emergency services, lighting, river revitalization, etc.



2% for Truckee Tourism Business Improvement District (TTBD) designated for destination marketing and event sponsorship

STEP 2: DOING OUR HOMEWORK

WHAT ARE OTHER COMMUNITIES DOING?



APPROACHES TO STRS



REGULATE



INCENTIVIZE



TOT COMPLIANCE



DO NOTHING

LOCAL APPROACHES BEING CONSIDERED BY PLACER+TOWN OF TRUCKEE



REGULATE

Goals:

- Nuisances issues
- Increase long-term rentals



INCENTIVIZE

Goal:

- Unlock for long-term rentals



**MOUNTAIN
HOUSING
COUNCIL**
OF TAHOE TRUCKEE

STEP 3: GET TO WORK

MHC TIGER TEAM

TEAM

Community Members / Business Owners

North Tahoe Business Association

North Lake Tahoe Resort Association

Placer County

Tahoe City Downtown Association

Tahoe City PUD

Tahoe Donner

Tahoe Sierra Board of Realtors

Town of Truckee

Truckee Chamber

Truckee Tourism Business Improvement District

APPROACH

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Research

Define approaches:
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Share results with
Truckee + Placer Counties

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QUESTIONS WE WILL BE EXPLORING IN THE NEXT 6 MONTHS

- Does regulation of STRs increase the supply of long term rentals?
- Review regulation in other communities, does it work?

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Policy Brief

2.20.18

Achievable Local Housing

POLICY BRIEF PURPOSE

The following policy brief was developed by a working group of the Mountain Housing Council to outline the challenges of and potential solutions for addressing a wide range of housing needs in the region. The Policy Brief will guide the development of a MHC regional Policy Recommendation.

ACKNOWLEDGEMENTS

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I. INTRODUCTION

There is a gap between traditional affordable housing programs and available housing in the Tahoe-Truckee region — people who make too much to qualify for affordable housing developments, but too little to buy or rent market rate homes. This group includes teachers, firefighters, business owners and many, many others. Ultimately they're being forced to move away, leaving employers unable to staff businesses, emergency responders struggling with response times and impacting the region's economy, culture and vitality.

HUD (Housing and Urban Development) defines affordable housing as those with monthly payments (rent or mortgage plus utilities) as no more than 30% of a household's gross income (before taxes). **By that definition, almost half (49%) of all residents in the region are overpaying for housing.**

II. REGIONAL HOUSING CHALLENGES

The North Tahoe Truckee Region includes Donner Summit and Serene Lakes to the west, the Town of Truckee, the communities of Hirschdale, and Floriston to the east, and extends to the north shore of Lake Tahoe to include the communities of Kings Beach, Tahoe City, and Tahoma.

The region has a population of about 30,000 people. On holiday weekends, those numbers swell to around 100,000. For part-time residents and vacationers, there are 33,300 housing units available — mostly single family homes built before 1979. Sixty-five percent of those homes are vacant more than half of the year.

As more and more homeowners convert their properties to short-term vacation rentals and new developments are filled with luxury second homes, locals are struggling to find housing in our community — with estimates showing a shortfall of more than 12,000 units to serve the local workforce.¹

A. TRADITIONAL DEFINITION OF AFFORDABILITY NOT REFLECTIVE OF REGION

While there is a great need in the North Tahoe Truckee region for more housing options for low income groups that are most at risk of homelessness and other negative outcomes, the 2016 Regional Housing Study also found that there is a need for housing for middle income earners. These are people who are making decent salaries, but are still priced out of the region's exceptionally high real estate market.

The 2016 Regional Housing Study shows an unmet need for about 12,160 housing units to serve the local workforce of the region. Of those units, over half (57%) are needed for households earning moderate incomes or above. This includes households earning at least 80% of the area median income (AMI), which is \$73,500 for a family of four in Nevada County and \$76,100 in Placer County.

Regional Housing Needs by Household Income Category

HOUSEHOLD INCOME CATEGORY	TOTAL UNITS NEEDED	% OF TOTAL	State and Federal Funding Available No Funding
Extremely Low ($\leq 30\%$ AMI)	911	7.49%	
Very Low ($> 30\% \leq 50\%$ AMI)	1,695	13.94%	
Low ($> 50\% \leq 80\%$ AMI)	2,548	20.95%	
Moderate ($> 80\% \leq 120\%$ AMI)	2,499	20.55%	
Above Moderate ($> 120\%$ AMI)	4,507	37.06%	
Total	12,160	100.00%	

Source: Table 38, Truckee North Tahoe Housing Study, BAE 2016

¹ Truckee/North Tahoe Housing Study BAE 2016

B. GAPS BETWEEN INCOME LEVELS AND HOUSING PRICES

A family of four earning 100% of the area median income (in Nevada County), could afford a \$278,565 priced home, but this is nowhere near the median home price of \$538,000. ***The median for-sale single-family home price is almost double what a household earning the median area income can afford.***

Buying Power for Home Purchase by Income Level (for Nevada County)

INCOME LEVEL FOR FAMILY OF 4	ANNUAL INCOME	BUYING POWER	AFFORDABLE HOME PRICE	MEDIAN HOME PRICE	GAP	DOWN PAYMENT REQUIRED
193% AMI	\$141,953	3.79	\$538,000	\$538,000	\$0	\$107,600
120% AMI	\$88,200	3.79	\$334,587	\$538,000	\$203,413	\$107,600
100% AMI	\$73,500	3.79	\$278,565	\$538,000	\$259,435	\$107,600
80% AMI	\$61,300	3.79	\$232,618	\$538,000	\$305,382	\$107,600

C. LACK OF STATE AND FEDERAL FUNDING FOR INCOME EARNERS OVER 80% AMI

- 1 The nationally accepted definition of housing affordability is set by HUD (U.S. Department of Housing and Urban Development). The HUD definition is applied to household gross income and uses four different levels as the way to classify that income. The income levels are based on Area Median Income (AMI), which is also set by HUD and adjusted by the California Department of Housing and Community Development (HCD). For a family of four in 2017, the Placer County AMI is \$76,100 and the Nevada County AMI is \$73,500.
- 2 The HUD income levels are:
 - ▶ **Extremely Low** ($\leq 30\%$ AMI)
 - ▶ **Very Low** ($> 30\% \leq 50\%$ AMI)
 - ▶ **Low** ($> 50\% \leq 80\%$ AMI)
 - ▶ **Moderate** ($> 80\% \leq 120\%$ AMI)

Anything equal to or greater than 120% of AMI is categorized as Above Moderate income.

- 3 There are no federal and very few state and local subsidy programs that provide financial support for housing programs that serve households earning more than 80% AMI. The limited availability of housing subsidy programs, coupled with the high cost of housing and scarcity of housing inventory in the region, leaves the Moderate and Above Moderate income challenged to find and afford housing.
- 4 The majority of federal and state subsidy programs only provide financial support for housing programs that serve households earning no more than 80% AMI. For the Moderate income ($> 80\% \leq 120\%$ AMI) level, the only incentive for housing programs is through the State Density Bonus Law which still only applies to condo projects. There are, however, no state or federal programs for the Above Moderate income level households.

III. RECOMMENDATION

This policy brief provides more in-depth analysis of the challenge in our region and justification for the recommendation that local jurisdictions adopt an expanded definition of affordable to include moderate and above moderate income households.

The Mountain Housing Council proposes expanding the definition of affordable housing to also include the Missing Middle income levels in order improve our region's ability to address the housing needs for a diversity of households. **The new definition being proposed for an expanded definition of affordability is Achievable Local Housing.**

A. ACHIEVABLE LOCAL HOUSING

Creating housing solutions for lower income earners is still a priority for the region; however, based on the high cost of housing, lack of inventory in the Missing Middle income levels, and the fact that HUD generally recognizes but does not address the Moderate ($\geq 80\%$ AMI) income level, the Mountain Housing Council proposes expanding the definition of affordable housing to include the Missing Middle income levels. Per the HUD resource (see sidebar), it is reasonable for jurisdictions to define their own standards for affordability based on market conditions.²

MHC recommends that its partner jurisdictions consider adoption of an expanded definition of "affordability" in order to design housing programs that begin to address needs of a larger range of income levels.

This recommendation is based on the affordability gap that exists between what a Missing Middle (80% to 195% AMI) household can afford for housing as demonstrated in the tables and charts provided in the appendices, and the significant shortfall of available housing for local residents of the region. Over half (57%) of this need is attributed to the Moderate (80% to 120% AMI) or above ($> 120\%$ AMI) incomes groups. **While local jurisdictions would continue to have subsidized housing programs for low income households as they do now, an expanded definition of affordability will improve our region's ability to address the housing needs for a diversity of households.**

Moving forward, local jurisdictions will have to determine how to implement Achievable Local Housing in their own jurisdiction. The tables on the following pages provide reference information for Annual Incomes, Housing Buying Power, and Affordable Rents for the Missing Middle income groups.

► Definitions

PER THE HUD GLOSSARY (www.HUDuser.gov)

AFFORDABLE HOUSING: In general, housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities. Please note that some jurisdictions may define affordable housing based on other, locally determined criteria, and that this definition is intended solely as an approximate guideline or general rule of thumb.

COST-BURDENED

When housing costs exceed 30% of income, the household is considered to be Cost Burdened. Households are severely cost-burdened when housing costs comprises 50% or more of gross income.

AREA MEDIAN INCOME (AMI)

The household income for the median — or middle — household in a region. The US Department of Housing and Urban Development (HUD) publishes this data, which will vary by household size, annually for regions. The California Department of Housing and Community Development (HCD) makes minor adjustments based on regional factors to these numbers prior to publishing.

² https://www.huduser.gov/portal/glossary/glossary_a.html

ABOUT MOUNTAIN HOUSING COUNCIL OF TAHOE TRUCKEE

Mountain Housing Council, a project of the Tahoe Truckee Community Foundation, is a regional, multi-stakeholder coalition working to accelerate solutions to housing. Twenty-five members have come together for a three-year commitment to develop an innovative set of policies, programs, funding, and solutions to significantly move the needle on local housing needs.

The Council seeks to address the unique and pressing challenges of housing in the North Lake Tahoe Truckee Region: availability, variety and affordability — defined by the 2016 Regional Housing Study commissioned by the Tahoe Truckee Community Foundation.

For more information about Mountain Housing Council of Tahoe Truckee go to:

www.mountainhousingcouncil.org

NEUTRAL CONVENOR

- ▶ Tahoe Truckee Community Foundation

FUNDING PARTNERS

- ▶ Nevada County
- ▶ Placer County
- ▶ Squaw Valley | Alpine Meadows
- ▶ Squaw Valley Public Service District
- ▶ Tahoe City Public Utility District
- ▶ Tahoe Donner Association
- ▶ Tahoe Forest Hospital District
- ▶ Tahoe Regional Planning Agency
- ▶ Tahoe Truckee Unified School District
- ▶ Town of Truckee
- ▶ Truckee Donner Public Utility District
- ▶ Truckee Tahoe Airport District
- ▶ Vail Resorts

COMMUNITY PARTNERS

- ▶ Community Collaborative of Truckee Tahoe
- ▶ Contractors Association of Truckee Tahoe
- ▶ Family Resource Center of Truckee
- ▶ Mountain Area Preservation
- ▶ North Lake Tahoe Resort Association
- ▶ North Tahoe Family Resource Center
- ▶ North Tahoe Public Utility District
- ▶ Truckee Chamber of Commerce
- ▶ Tahoe Prosperity Center
- ▶ Tahoe Sierra Board of Realtors



APPENDIX A ► HOME OWNERSHIP

In the North Tahoe Truckee Region, the median home price in 2016 was \$538,000.³

If housing is defined as “affordable” when no more than one third of a household’s income should be allocated towards housing, this means that the maximum sale price a household can “afford” is about 3.79⁴ times their annual income and the down payment required to purchase the home will be equal to 20% of this affordable price to secure a 4.0% interest rate.

OWNERSHIP COST ASSUMPTIONS	
% of Income for Housing Costs	30% of gross annual income
Down payment	3.5% of home value
Annual interest rate	4.0% fixed
Loan term	30 years
Upfront mortgage insurance	1.75% of home value
Annual mortgage insurance	0.85% of mortgage
Annual property tax rate	1.25% of home value
Annual hazard insurance	0.42% of home value

Source: Tables 24 & 25, Affordable For-Sale Housing Prices, Truckee North Tahoe Housing Study, BAE 2016

Based on these parameters, **only households earning at about 190% of the area’s median income — and with \$107,600 in cash available for a down payment — can currently afford to buy a home in the North Tahoe-Truckee Region.**

³ 2016 data was used for this analysis as the median home sale price for the Mountain Housing Council boundary is not readily available for 2017. In addition, using 2016 data keeps this analysis consistent with the BAE Housing Needs Assessment which developed the Ownership Cost Assumptions using 2016 data.

⁴ 3.79 is based on the Ownership Cost Assumptions Table which equates to 3.79 times the annual income of a household. For example, to afford the median single family home sale price of \$538,000, the household must earn \$141,953. $\$141,953 \times 3.79 = \$538,000$

A1 ► Nevada County — Annual Income Buying Power

INCOME LEVEL FOR FAMILY OF 4	ANNUAL INCOME	BUYING POWER	AFFORDABLE HOME PRICE	MEDIAN HOME PRICE	GAP	DOWN PAYMENT REQUIRED
193% AMI	\$141,953	3.79	\$538,000	\$538,000	\$0	\$107,600
170% AMI	\$124,950	3.79	\$473,561	\$538,000	\$64,440	\$107,600
120% AMI	\$88,200	3.79	\$334,587	\$538,000	\$203,413	\$107,600
100% AMI	\$73,500	3.79	\$278,565	\$538,000	\$259,435	\$107,600
80% AMI	\$61,300	3.79	\$232,618	\$538,000	\$305,382	\$107,600

Source: Tables 24 & 25, Affordable For-Sale Housing Prices, Truckee North Tahoe Housing Study, BAE 2016

A2 ► Placer County — Annual Income Buying Power

INCOME LEVEL FOR FAMILY OF 4	ANNUAL INCOME	BUYING POWER	AFFORDABLE HOME PRICE	MEDIAN HOME PRICE	GAP	DOWN PAYMENT REQUIRED
187% AMI	\$141,953	3.79	\$538,000	\$538,000	\$0	\$107,600
170% AMI	\$129,370	3.79	\$490,312	\$538,000	\$47,688	\$107,600
120% AMI	\$91,300	3.79	\$346,423	\$538,000	\$191,577	\$107,600
100% AMI	\$76,100	3.79	\$288,419	\$538,000	\$249,581	\$107,600
80% AMI	\$60,900	3.79	\$231,100	\$538,000	\$306,900	\$107,600

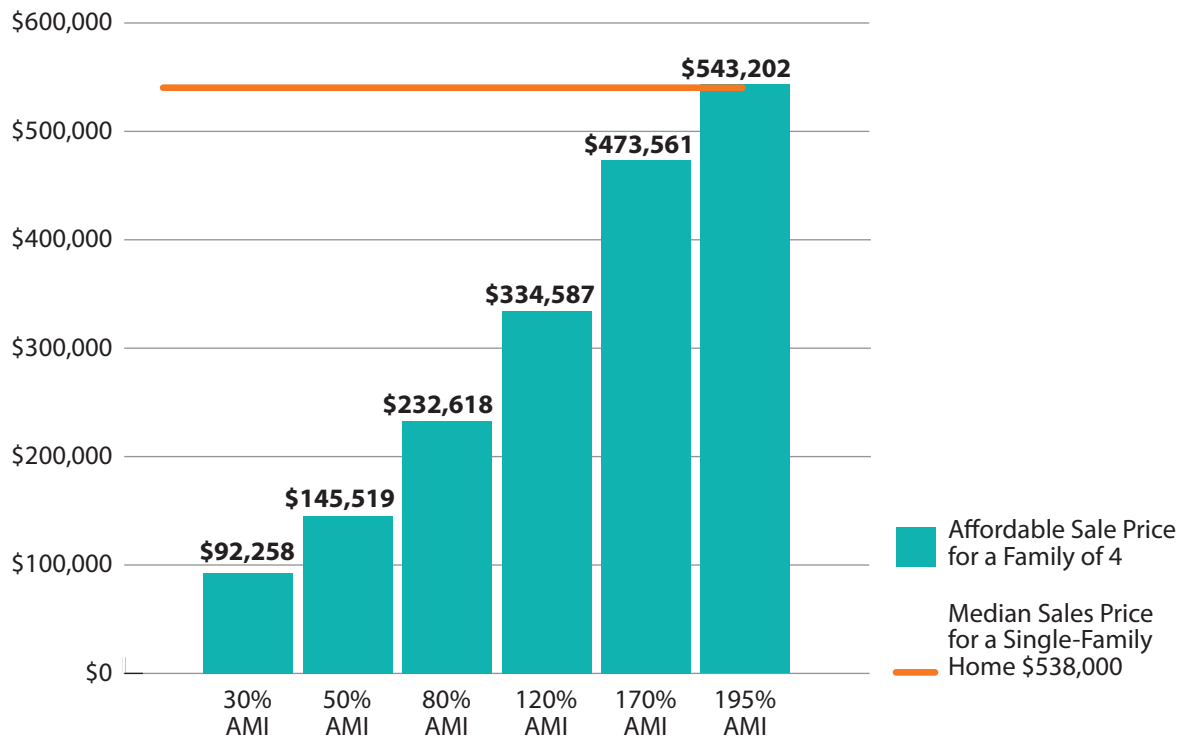
Source: Tables 24 & 25, Affordable For-Sale Housing Prices, Truckee North Tahoe Housing Study, BAE 2016

Based on a comparison of the median sale price, it is clear that only Above Moderate income households earning greater than 193% of Nevada County's area median income (187% for Placer County) would be able to afford the median sale price for single-family homes in the North Tahoe Truckee area without exceeding the 30% cost burden.

A3 ►

OWNERSHIP AFFORDABILITY GAP FOR SINGLE-FAMILY HOMES

Affordable Price Per Income Level Compared to Median North Tahoe Truckee Sales Price

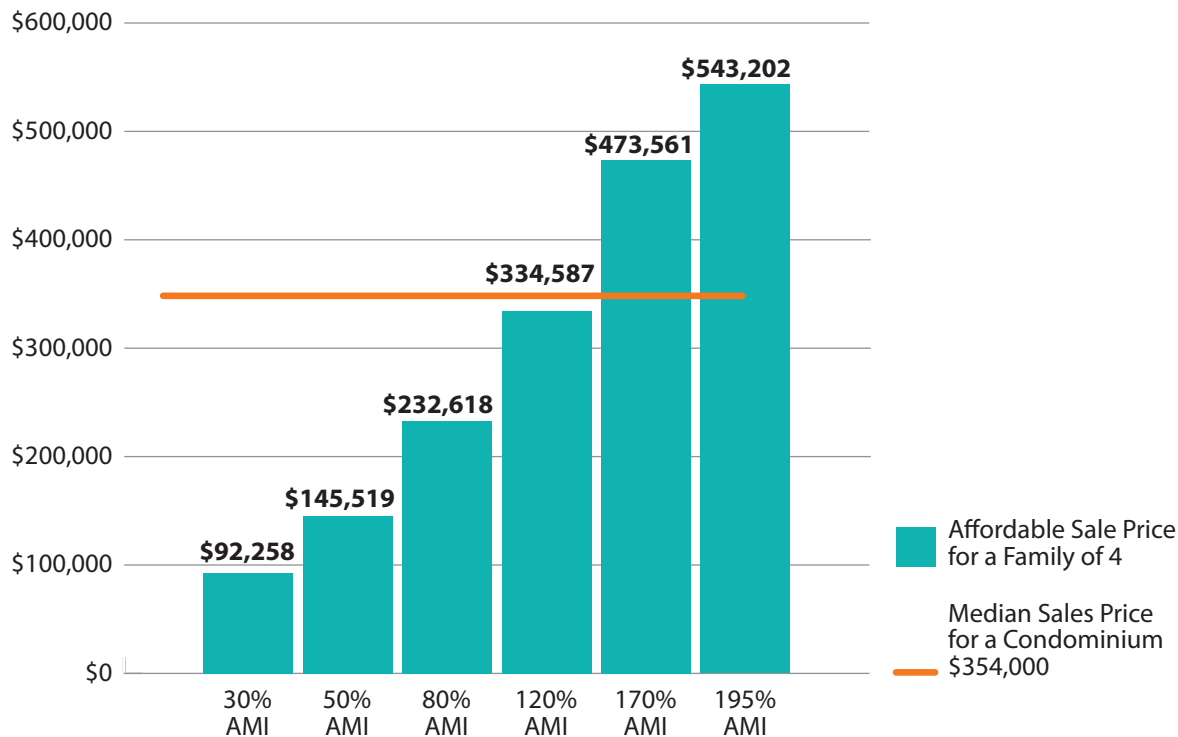


Source of Data: Table 21: Single-Family Home Sales & Table 23: Affordable For-Sale Housing Prices, Truckee North Tahoe Housing Study, BAE 2016. Using Nevada County Median Income of \$73,500 for a family of four (2017) and Single-Family Home Sale Price for North Tahoe Truckee Region (2016).

As the chart above demonstrates, households earning below 120% AMI will never be able to afford a single-family home with the significant gap in affordable sale price and median home price. For example, a family of 4 earning 80% AMI in Nevada County has a gap of affordable sale price to median home sale price of \$305,382 (\$306,900 for Placer County) while those earning 120% AMI still have a gap of \$203,413 in Nevada County (\$191,577 in Placer County).

A4 ► OWNERSHIP AFFORDABILITY GAP FOR CONDOMINIUMS

Affordable Condominium Price Per Income Level Compared to Median North Tahoe Truckee Sales Price



Source of Data: Table 22: Condominium Sales & Table 23: Affordable For-Sale Housing Prices, Truckee North Tahoe Housing Study, BAE 2016. Using Nevada County Median Income of \$73,500 for a family of four (2017) and Median Condo Sale Price for North Tahoe Truckee Region (2016).

While the cost of a condominium is roughly aligned with what would be “affordable” for above Moderate income households (> 120% AMI), it is important to note that the income limits represent the maximum that could be reasonably considered affordable. Therefore, moderate (> 80% ≤ 120% AMI) as well as above moderate income households (>120% AMI) at the lower-end of the range, or those that are burdened with other obligations, such as child care costs or student loan debt, may have difficulty affording for-sale housing in the area, regardless of type.

APPENDIX B ► RENTAL HOUSING

For renter households, housing costs are assumed to include a monthly cash rent payment as well associated utility costs. The calculation of affordable rental rates is equal to 30% of gross monthly income minus a utility allowance. Rental rates that would be affordable to moderate income ($> 80\% \leq 120\%$ AMI) households in Nevada County range from \$1,487 to \$2,257.

B1 ► Affordable Rental Rates

HOUSEHOLD INCOME CATEGORY	STUDIO 1 PERSON	1 BR 2 PERSONS	2 BR 3 PERSONS	3 BR 4 PERSONS	4 BR 5 PERSONS
Extremely Low ($\leq 30\%$ AMI)	\$346	\$392	\$433	\$503	\$587
Very Low ($> 30\% \leq 50\%$ AMI)	\$614	\$700	\$779	\$854	\$912
Low ($> 50\% \leq 80\%$ AMI)	\$1,017	\$1,158	\$1,295	\$1,428	\$1,532
Moderate ($> 80\% \leq 120\%$ AMI)	\$1,487	\$1,696	\$1,900	\$2,100	\$2,257

Source: Table 28 Affordable Rental Rates, Truckee North Tahoe Housing Study, BAE 2016.
Using Nevada County Median Income of \$73,500 for a family of four (2017).

B2 ► Gap in Affordability between Median Rental Rates and Affordable Rental Rates for Moderate Income Households ($> 80\% \leq 120\%$ AMI)

RENTAL SIZE	MEDIAN RENTAL RATE	AFFORDABLE RENTAL RATE	AFFORDABILITY GAP
Studio	\$850	\$1,487	\$637
1 Bedroom	\$1,260	\$1,696	\$436
2 Bedroom	\$1,350	\$1,900	\$550
3 Bedroom	\$2,200	\$2,100	-\$100
4 Bedroom	\$2,500	\$2,257	-\$243

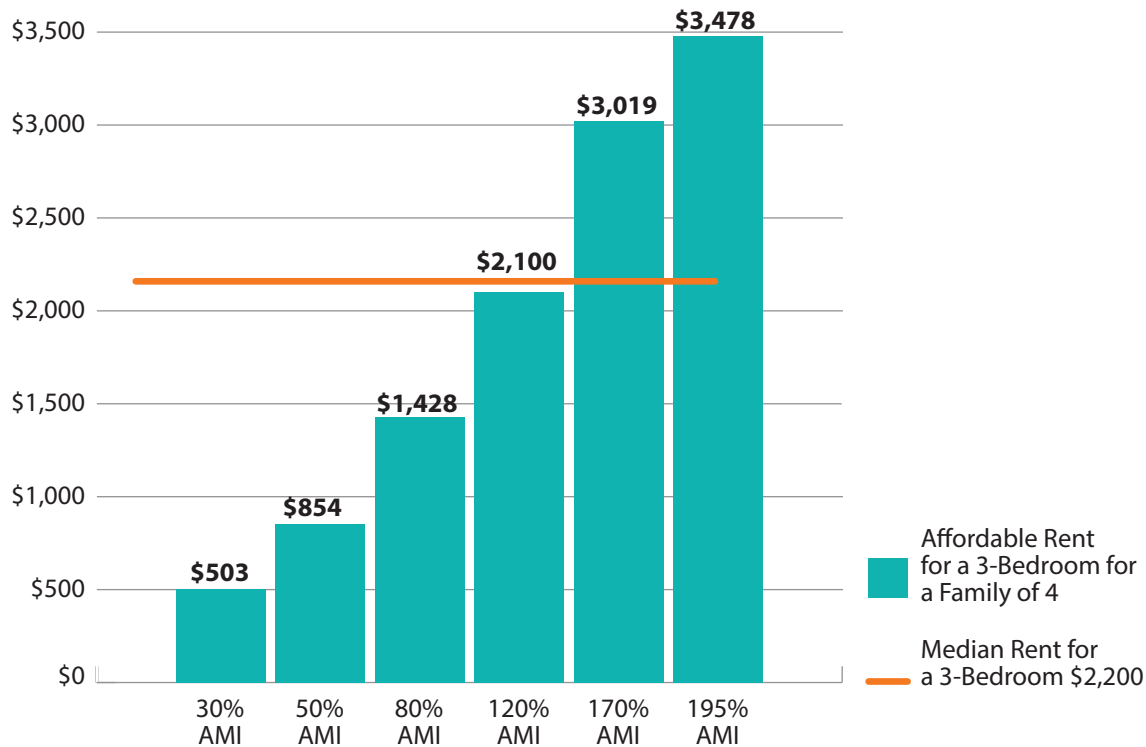
Source: Median Rental Rates, Truckee North Tahoe Housing Study, BAE 2016, pg. 5. Using Nevada County Median Income of \$73,500 for a family of four (2017) and Median Rental Rate (2016).

As seen in the table above, smaller Moderate income households can afford studios and 1- or 2-bedroom apartments. The gap in affordability grows when larger Moderate income households require 3-bedroom (\$100 monthly shortfall) or 4-bedroom (\$243 monthly shortfall) rentals.

B3 ►

RENTAL AFFORDABILITY GAP

Affordable Rent per Income Level Compared to Median Rental Rate in North Tahoe Truckee Region



Source of Data: Table 28: Affordable Rental Rates, Truckee North Tahoe Housing Study, BAE 2016 — Using Nevada County Median Income of \$73,500 for a family of four (2017) and Median Rent for North Tahoe Truckee Region (2016).

The chart above demonstrates that for Lower income households, there is a significant gap in affordability of rentals. For example, a family of 4 earning 80% AMI can only afford a rental cost of \$1,428, but the median rental rate is \$2,200 for a 3-bedroom. In addition to the gap in affordability of rentals for Lower income households (80% AMI and below), the more significant barrier to rental housing that affects all income levels, however, is the severe rental housing shortage.

APPENDIX C ►

REGIONAL HOUSING NEEDS

The tables below represent the Regional Housing Needs for the North Tahoe Truckee Region for year-round residents, seasonal residents, and in-commuter workforce, demonstrating a total need of 12,160 units, with 2,499 needed for Moderate ($> 80\% \leq 120\%$ AMI) and 4,507 needed for Above Moderate income households ($> 120\%$ AMI). To meet this need, our region will need a range of options from apartments to rooms for rent to single family homes.

C1 ► Regional Housing Needs by Unit Size and Income Category

HOUSEHOLD INCOME LEVEL	STUDIO	1 BR	2 BR	3+ BR	TOTAL	% OF TOTAL
Extremely Low ($\leq 30\%$ AMI)	225	166	354	165	911	7.49%
Very Low ($> 30\% \leq 50\%$ AMI)	272	414	709	300	1,695	13.94%
Low ($> 50\% \leq 80\%$ AMI)	371	879	1,014	285	2,548	20.95%
Moderate ($> 80\% \leq 120\%$ AMI)	409	714	965	411	2,499	20.55%
Above Moderate ($> 120\%$ AMI)	351	1,836	1,724	596	4,507	37.06%
TOTAL	1,627	4,009	4,766	1,757	12,160	100.00%

Source: Table 38, Truckee North Tahoe Housing Study, BAE 2016

C2 ► Regional Housing Needs by Workforce Household Type and Income Category

HOUSEHOLD INCOME CATEGORY	YEAR-ROUND RESIDENT	SEASONAL RESIDENT	IN-COMMUTER	TOTAL	% OF TOTAL
Extremely Low ($\leq 30\%$ AMI)	379	274	258	911	7.49%
Very Low ($> 30\% \leq 50\%$ AMI)	440	269	986	1,695	13.94%
Low ($> 50\% \leq 80\%$ AMI)	884	291	1,373	2,548	20.95%
Moderate ($> 80\% \leq 120\%$ AMI)	1,001	168	1,330	2,499	20.55%
Above Moderate ($> 120\%$ AMI)	1,396	194	2,917	4,507	37.06%
TOTAL	4,100	1,196	6,864	12,160	100.00%

Source: Table ES-1, Truckee North Tahoe Housing Study, BAE 2016

APPENDIX D ►

ASSUMPTIONS FOR ANNUAL INCOME
AND HOUSING BUYING POWER TABLES

- ▶ Aqua and white/grey rows for Annual Incomes for each County calculated by HUD and adjusted by CA Department of Housing & Community Development (HCD).⁵
- ▶ Aqua and white/grey rows in **Amount Available for Housing and Affordable Home Purchase Price** Tables reported in **Truckee North Tahoe Housing Study, BAE 2016**.
- ▶ **Monthly Amount Available for Housing** calculation: $(\text{Annual Income}/12) \times .30$. Following BAE methodology, this calculation does not include associated utility costs.
- ▶ **Affordable Purchase Price Calculation:** Annual Income $\times 3.79$, following BAE methodology.
- ▶ HUD calculated income limits are not exactly equal to 30%, 50%, 80% or 120% of the county's median family income. According HUD, this is because there are many exceptions to the arithmetic calculation of income limits. These include adjustments for high housing cost relative to income, the application of state nonmetropolitan income limits in low-income areas, and national maximums in high-income areas.⁶
- ▶ Orange rows are un-verified estimates for households with Above Moderate income levels. Because the details of HUD's adjustments to the % of AMI calculations are not available, we used 170% and 195% of AMI for our calculations rather than the slight adjustments to the percentages that HUD or HCD would most likely apply.
- ▶ With the new definition of Local Achievable Housing, the aqua and orange row income categories (80% to 195% AMI) would be categorized as the Missing Middle.

⁵ <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/inc2k17.pdf>

⁶ https://www.huduser.gov/portal/datasets/il/il15/faqs_15.pdf

D1 ►

ANNUAL INCOMES AND THE HOUSING BUYING POWER IN NEVADA COUNTY

Annual Incomes by AMI for the Nevada County Residents (2017)

Missing
Middle

INCOME LEVEL	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON
Extremely Low (up to 30% AMI)	\$16,100	\$18,400	\$20,700	\$24,300	\$28,440
Very Low (up to 50% AMI)	\$26,850	\$30,700	\$34,550	\$38,350	\$41,450
Low (up to 80% AMI)	\$42,950	\$49,050	\$55,200	\$61,300	\$66,250
Median (up to 100% AMI)	\$51,450	\$58,800	\$66,150	\$73,500	\$79,400
Moderate (up to 120% AMI)	\$61,750	\$70,550	\$79,400	\$88,200	\$95,250
Upper Middle (up to 170% AMI)	\$87,465	\$99,960	\$112,455	\$124,950	\$134,980
Missing Middle (up to 195% AMI)	\$100,328	\$114,660	\$128,993	\$143,325	\$154,830

Eligible for
State and
Federal
Assistance

Eligible for
limited State
and Federal
Assistance

No
Government
Assistance

Monthly Amount Available for Housing by AMI for Nevada County Residents

Missing
Middle

INCOME LEVEL	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON
Extremely Low (up to 30% AMI)	\$403	\$460	\$518	\$608	\$711
Very Low (up to 50% AMI)	\$671	\$768	\$864	\$959	\$1,036
Low (up to 80% AMI)	\$1,074	\$1,226	\$1,380	\$1,533	\$1,656
Median (up to 100% AMI)	\$1,286	\$1,470	\$1,654	\$1,838	\$1,985
Moderate (up to 120% AMI)	\$1,544	\$1,764	\$1,985	\$2,205	\$2,381
Missing Middle (up to 170% AMI)	\$2,187	\$2,499	\$2,811	\$3,124	\$3,375
Missing Middle (up to 195% AMI)	\$2,508	\$2,867	\$3,225	\$3,583	\$3,871

Affordable Home Purchase Price by AMI for Nevada County Residents

Missing
Middle

INCOME LEVEL	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON
Extremely Low (up to 30% AMI)	\$61,019	\$69,736	\$78,601	\$92,258	\$107,887
Very Low (up to 50% AMI)	\$101,762	\$116,353	\$131,103	\$145,519	\$157,203
Low (up to 80% AMI)	\$162,781	\$185,900	\$209,401	\$232,618	\$251,282
Median (up to 100% AMI)	\$194,996	\$222,852	\$250,709	\$278,565	\$300,926
Moderate (up to 120% AMI)	\$234,033	\$267,385	\$301,204	\$334,587	\$361,293
Missing Middle (up to 170% AMI)	\$331,492	\$378,848	\$426,204	\$473,561	\$511,574
Missing Middle (up to 195% AMI)	\$380,241	\$434,561	\$488,882	\$543,202	\$586,806

D2 ►

ANNUAL INCOMES AND THE HOUSING BUYING POWER IN PLACER COUNTY

Annual Incomes by AMI for the Nevada County Residents (2017)

INCOME LEVEL	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON
Extremely Low (up to 30% AMI)	\$16,000	\$18,300	\$20,600	\$24,600	\$28,440
Very Low (up to 50% AMI)	\$26,650	\$30,450	\$34,250	\$38,050	\$41,100
Low (up to 80% AMI)	\$42,650	\$48,750	\$54,850	\$60,900	\$65,800
Median (up to 100% AMI)	\$53,250	\$60,900	\$68,500	\$76,100	\$82,200
Moderate (up to 120% AMI)	\$63,900	\$73,050	\$82,150	\$91,300	\$98,600
Missing Middle (up to 170% AMI)	\$90,525	\$103,530	\$116,450	\$129,370	\$139,740
Missing Middle (up to 195% AMI)	\$103,838	\$118,755	\$133,575	\$148,395	\$160,290

Eligible for State and Federal Assistance

Eligible for limited State and Federal Assistance

No Government Assistance

Monthly Amount Available for Housing by AMI for Placer County Residents

INCOME LEVEL	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON
Extremely Low (up to 30% AMI)	\$400	\$458	\$515	\$608	\$711
Very Low (up to 50% AMI)	\$666	\$761	\$856	\$951	\$1,028
Low (up to 80% AMI)	\$1,066	\$1,219	\$1,371	\$1,523	\$1,645
Median (up to 100% AMI)	\$1,331	\$1,523	\$1,713	\$1,903	\$2,055
Moderate (up to 120% AMI)	\$1,598	\$1,826	\$2,054	\$2,283	\$2,465
Missing Middle (up to 170% AMI)	\$2,263	\$2,588	\$2,911	\$3,234	\$3,494
Missing Middle (up to 195% AMI)	\$2,596	\$2,969	\$3,339	\$3,710	\$4,007

Affordable Home Purchase Price by AMI for Placer County Residents

INCOME LEVEL	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON
Extremely Low (up to 30% AMI)	\$60,640	\$69,357	\$78,146	\$92,258	\$107,887
Very Low (up to 50% AMI)	\$101,004	\$115,406	\$129,889	\$144,305	\$155,989
Low (up to 80% AMI)	\$161,644	\$184,763	\$208,036	\$231,100	\$249,612
Median (up to 100% AMI)	\$201,818	\$230,811	\$259,615	\$288,419	\$311,538
Moderate (up to 120% AMI)	\$242,181	\$276,860	\$311,674	\$346,423	\$374,039
Missing Middle (up to 170% AMI)	\$343,090	\$392,379	\$441,346	\$490,312	\$529,615
Missing Middle (up to 195% AMI)	\$393,544	\$450,081	\$506,249	\$562,417	\$607,499

D3 ►

AFFORDABLE RENTAL RATES

Affordable Rental Rates by AMI for Nevada County

Missing
Middle

HOUSEHOLD INCOME CATEGORY	STUDIO 1 PERSON	1 BR 2 PERSON	2 BR 3 PERSON	3 BR 4 PERSON	4 BR 5 PERSON
Extremely Low (up to 30% AMI)	\$346	\$392	\$433	\$503	\$587
Very Low (up to 50% AMI)	\$614	\$700	\$779	\$854	\$912
Low (up to 80% AMI)	\$1,017	\$1,158	\$1,295	\$1,428	\$1,532
Median (up to 100% AMI)	\$1,229	\$1,403	\$1,569	\$1,733	\$1,861
Moderate (up to 120% AMI)	\$1,487	\$1,696	\$1,900	\$2,100	\$2,257
Missing Middle (up to 170% AMI)	\$2,129	\$2,432	\$2,727	\$3,019	\$3,250
Missing Middle (up to 195% AMI)	\$2,451	\$2,799	\$3,140	\$3,478	\$3,747

Affordable Rental Rates by AMI for Placer County

Missing
Middle

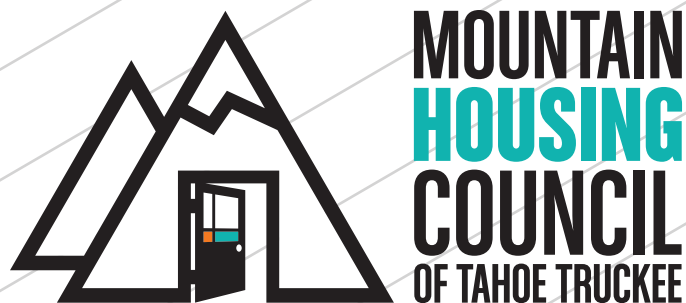
INCOME LEVEL	STUDIO 1 PERSON	1 BR 2 PERSON	2 BR 3 PERSON	3 BR 4 PERSON	4 BR 5 PERSON
Extremely Low (up to 30% AMI)	\$334	\$382	\$419	\$493	\$578
Very Low (up to 50% AMI)	\$600	\$685	\$760	\$836	\$895
Low (up to 80% AMI)	\$1,000	\$1,143	\$1,275	\$1,408	\$1,512
Median (up to 100% AMI)	\$1,265	\$1,446	\$1,616	\$1,787	\$1,923
Moderate (up to 120% AMI)	\$1,532	\$1,750	\$1,958	\$2,168	\$2,332
Missing Middle (up to 170% AMI)	\$2,197	\$2,512	\$2,815	\$3,119	\$3,361
Missing Middle (up to 195% AMI)	\$2,530	\$2,893	\$3,244	\$3,595	\$3,874

APPENDIX E ►

ASSUMPTIONS FOR AFFORDABLE RENTAL RATES TABLES

- ▶ Aqua and white/grey rows reported in Tables 28 & 29, *Truckee North Tahoe Housing Study, BAE 2016*.
- ▶ Orange rows are un-verified estimates for households with Above Moderate income levels. Following BAE's methodology, the calculation of affordable rental rates is equal to 30% of gross monthly income minus a utility allowance as reported below:

	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON
Nevada County	\$57	\$68	\$85	\$105	\$124
Placer County	\$66	\$76	\$96	\$115	\$133



Policy #1

Recommendation

Achievable Local Housing

ISSUE

The 2016 Regional Housing Study shows an unmet need for about 12,160 housing units to serve the local workforce of the region.¹ Of those units, over half (57%) are needed for households earning moderate incomes (> 80% AMI) or above.

There are no federal and very few state and local subsidy programs which provide financial support for housing programs serving households earning more than 80% of the area Median income (AMI) and there are no government subsidy programs for the Above Moderate (> 120% AMI) income level households. In North Tahoe-Truckee, a household of four needs to make more than 195% AMI to afford an average market-rate home priced at about \$550,000 as of 2016. In order to begin to serve a range of housing needs in the area, a new way of defining and addressing the need is required.

RECOMMENDATION

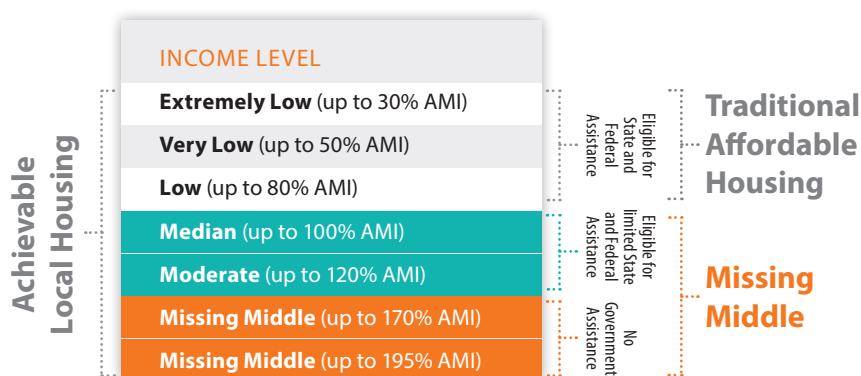
The Mountain Housing Council of Tahoe Truckee is putting forward this Policy Recommendation to more accurately define the range of housing needs in the area as **Achievable Local Housing**. **This means that along with the traditional affordability levels of very low and low (up to 80% AMI), the new definition expands affordability levels to include** households earning between 80% – 195% AMI levels. Adoption of the new definition will improve the region's ability to address the true housing needs for a wider range of income levels.

AREA MEDIAN INCOME (AMI)

The household income for the median — or middle — household in a region. The US Department of Housing and Urban Development (HUD) publishes this data annually for regions; data varies by household size. The California Department of Housing and Community Development (HCD) makes minor adjustments based on regional factors to these numbers prior to publishing.

IMPLICATIONS

It is up to each of the 25 Mountain Housing Council members to implement the Achievable Local Housing Policy Recommendation as they see fit. The goal of this Policy Recommendation is to catalyze local solutions to serve housing needs where state and federal funding falls short.



¹ Truckee/North Tahoe Housing Study Bay Area Economics 2016

RATIONALE

Housing solutions for Lower income earners ($\leq 80\%$ AMI) remain a priority for the region, as these households will essentially never be able to purchase a home with affordability gaps exceeding \$300,000. Researchers at the University of California Berkeley studying the San Francisco Bay Area housing market found that although subsidized housing has twice the impact of market-rate units, both market-rate and subsidized housing work together to reduce displacement pressures at the regional level. The findings support the need to produce more housing at all levels of affordability in strong-market regions like the North Tahoe-Truckee Region to ease housing pressures. When there is a lack of housing relative to demand for housing, prices for all types of housing rise.²

The Mountain Housing Council **Policy Brief** provides more in-depth analysis of the challenge in our region and justification for the recommendation that local jurisdictions adopt a new definition of **Achievable Local Housing** to include moderate and above moderate income households.

USE OF THE POLICY RECOMMENDATION

Adoption of the new definition by each of the Council member jurisdictions will require separate and specific implementation. Approval of the Policy Recommendation by the Mountain Housing Council does not legally obligate any of the Council member jurisdictions to implement the Policy Recommendation.

ABOUT THE MOUNTAIN HOUSING COUNCIL

The Mountain Housing Council of Tahoe Truckee, a project of the Tahoe Truckee Community Foundation, brings together 25 diverse key stakeholders to take on the unique and pressing challenges of housing in the North Lake Tahoe-Truckee Region. The MHC's goal is to build on needs identified in the 2016 Regional Housing Study and accelerate regional solutions to housing problems of availability, variety, and affordability.



² Miriam Zuk and Karen Chapple, "Housing Production, Filtering and Displacement: Untangling the Relationships," Institute of Governmental Studies Research Brief (Berkeley: UC Berkeley), 2016

VISION

All people that work and live in the North Tahoe - Truckee region have access to diverse, quality, and achievable local housing.

MISSION

To accelerate solutions for achievable local housing for those that live in the North Tahoe - Truckee Region.

PARTNERS

LOCAL GOVERNMENTS

Nevada County
Placer County
Town of Truckee

SPECIAL DISTRICTS

North Tahoe Public Utility District
Squaw Valley Public Service District
Tahoe City Public Utility District
Tahoe Forest Hospital District
Tahoe Regional Planning Agency
Tahoe Truckee Unified School District
Truckee Donner Public Utility District
Truckee Tahoe Airport District

CORPORATE PARTNERS

Squaw Valley | Alpine Meadows
Vail Resorts | Northstar California

NONPROFITS

Family Resource Center of Truckee
Mountain Area Preservation
North Tahoe Family Resource Center
Tahoe Prosperity Center
Tahoe Truckee Community Foundation

NETWORKS

Community Collaborative of Truckee Tahoe
Contractors Association of Truckee Tahoe
North Lake Tahoe Resort Association
Sierra Business Council
Tahoe Donner Homeowners Association
Truckee Chamber of Commerce
Tahoe Sierra Board of Realtors

PROGRAM OF
TAHOE TRUCKEE
COMMUNITY FOUNDATION

Approved Regional Affordable Housing Pipeline

Currently Underway or Approved, but Not Started

as of May 30, 2018



	Name of Project	Description/Location/Jurisdiction	Acres	Total # of Units	Total # of Affordable Units	Very Low-Income (<50% AMI)	Low-Income (51% - 80% AMI)	Moderate Income (up to 120% AMI)	Above Moderate Income (up to 195%)	Local/Deed Restricted	Status of Project
Currently Underway	Railyard Master Plan - Truckee Artist Lofts	90 multi-family units: 76 units for low- and very low-income, 5 units for moderate-income, 8 market rate units, 1 manager's unit in downtown Truckee (Town of Truckee).	1	90	81	38	38	5		1	Approved, Phase 1 has started. Expected completion 2019.
	Quality Automotive	1 deed restricted, locals workforce housing unit above new auto repair shop marketed to shop employees on Donner Pass Rd (Town of Truckee).	0.84	2						1	Approved. Expected completion late Spring/early Summer 2018.
Approved, but Not Started	Homewood CEP Project	12 employee housing units with 55-year deed restriction in Homewood (Placer County).	101.3	244	12		12				Approved, Unbuilt
	Martis Valley West	61 workforce housing required for new full-time equivalent (FTE) employees in Martis Valley (Placer County). 47 units will be built. Developer will pay the County \$585,000 to fully satisfy the remainder of its obligation. ON HOLD		760	0	TBD	TBD	TBD			Approved, Unbuilt (Under Litigation)
	Schaffer's Mill Work Force Housing	56 units for employee housing in Martis Valley was approved. Project was renamed Schaffer's Mill (Placer County).	5	56	56		56				Approved, Unbuilt
	Hopkins Ranch	40 low- to moderate income units with 30-year deed restriction on each unit at closing in Martis Valley (Placer County).	282.3	50	40	TBD	TBD	TBD			Approved, 10 units Built
	Northstar Highlands II	32 workforce housing units on Highlands View Rd (Placer County).	1245.9	516	32		32				Approved, Unbuilt
	Coburn Crossing	138 multi-family units:132 deed restricted for locals plus 6 workforce housing (low and moderate income) units near Truckee Cemetery (Town of Truckee).	10.37	138	6		3	3		132	Approved, Unbuilt. Expected completion 2019.
	Pioneer East	8 deed restricted units in Pioneer Center (Town of Truckee).		8	8			8			Approved, Unbuilt
	Coldstream Specific Plan (PC1)	48 units of low and very low income housing in Western Gateway to Truckee near Highway 80 (Town of Truckee)		300	48	29	19				Approved, Unbuilt
	Crestwood Construction	1 multi-family/4 units, 1 low-income unit in Truckee Industrial Park (Town of Truckee).	1.07	4	1		1				Approved, Unbuilt
	Mother's Nature Employee Housing	Conversion of an existing ten room motel into 8 employee housing units and one manager's unit in Tahoe City (Placer County)	0.25	9	8	TBD	TBD	TBD			Approved, Unbuilt
	Tahoe City Marina	County)	3.2	10	8			8	2		Design Review
	Totals			2,187	300	67	161	24		134	





Mountain Housing Council

Development Fee Study



DRAFT

April 18, 2018

HANSFORD
ECONOMIC CONSULTING

Hansford Economic Consulting (HEC), founded in 2005, provides planning, economic, and financial services for public and private clients in the Western United States. The company is owned and managed by Catherine Hansford, an applied economist with more than 20 years of experience. HEC clients include regional agencies, counties and cities, special districts, non-profits, private entities, and homeowner associations.

HEC's services include:

- Public Facilities and Services Financing Plans
- Fee Nexus Studies
- Fiscal Impact Studies
- Infrastructure Networks Analysis
- Economic Development & Business Impact Analysis
- Agency Governance, Mergers & Organization
- Water Utilities Resource and Financial Plans

Our high-quality work products span a breadth of land and water resource related topics that touch our human communities and environments. HEC endorses progressive and adaptive planning, understanding that plans are useful only if they are comprehensive, relevant to the specific local conditions, and lead to implementation.

Contact HEC

P.O. Box 10384
Truckee, CA 96162

P: (530) 412-3676

E: catherine@hansfordecon.com

Visit HEC

www.hansfordecon.com

Report Sections	Page
I. Background and Process	1
II. Methodology and Key Materials Presented	2
Fees by Housing Type	3
Impact of Fee Structure	6
Multi-Family Feasibility	9
III. Findings	11

Attachment A: Fee Roundtable Presentation November 30, 2017

Attachment B: Fee Roundtable Presentation March 20, 2018

I. Background and Process

Background

In the fall of 2017, the Mountain Housing Council (MHC) hired Hansford Economic Consulting (HEC) to assist the MHC Fee Makers Group in discussions that might result in crafting of recommendations and/or policies to the MHC. The Fee Makers Group wanted to explore if development impact fees are a barrier to new construction of achievable local housing in the North Tahoe-Truckee Region (Region). Specifically, HEC was asked to examine these questions:

- a) What is the basis for, and what are the development impact fees in the region?**
- b) Are fees in the region higher than elsewhere?**
- c) Do fee waivers and deferrals stimulate housing?**
- d) Are fees a barrier to building affordable housing?**
- e) Does fee structure affect financial feasibility of new housing?**
- f) What other fee-related actions could promote housing?**

Process

HEC addressed these questions in two rounds of analysis. For the first round of analysis, HEC reviewed development impact fees across the Region and how they may affect the development of local achievable housing. The review began with an overview of types of development fees charged and authority for charging the fees. The analysis demonstrated regional differences in total fees for a 1,400 square foot single family home.

In the second round of analysis, HEC examined fees for different housing types, including multi-family, large home, small home, and accessory dwelling units (detached and attached) and compared these with fees charged in Reno, Sacramento, and the Bay Area for the same product types. The analysis also included identification of different fee structures and how fee structure affects financial feasibility of development for the identified different housing types.

HEC presented these two rounds of analysis to the Fee Makers Group separately. The two presentations, dated November 30, 2017 and March 20, 2018, are provided with this report as Attachments A and B.

II. Methodology and Key Materials Presented

Methodology

HEC compiled comprehensive fee schedules for nine sub-regions of the North Tahoe – Truckee Region: Kings Beach, Squaw Valley, Alpine Meadows, Tahoe City, Northstar, Serene Lakes, Martis Valley, Town of Truckee, and Donner Summit. The nine sub-regions were selected to include all of the fee chargers in the region, which include the Town of Truckee, Placer County, Nevada County, and many special districts.

Fees in the analysis included development impact fees (also known as AB 1600 fees), school fees, water and sewer connection fees, building permit fees, and Tahoe Regional Planning Agency (TRPA) fees; in sum, the total fees that would be due at building permit. HEC compiled the fee schedules directly from each fee charger. *Fees are current to the best of our knowledge at the time of this report.*

Development costs and profit assumptions in the analysis were provided by local developers, and from recently completed work that HEC conducted for Placer County.

HEC summarized all local fee deferral and waiver programs, as listed below, but did not apply any of these in the analysis.

Placer County – Deferral of traffic, parks and recreation, and capital facilities impact fees; exemption from impact fees and permit fees if secondary dwelling units are deed restricted for affordability.

Nevada County – 50% reduction in all County permit fees for projects that develop housing for very low-income households, lower income households, or housing for persons with disabilities.

Truckee - Deferral until Certificate of Occupancy shall be approved if fee exceeds \$25,000 and developer enters into recorded agreement with the Town (any development); Town impact fees, including Truckee Fire Protection District and Truckee Donner Recreation and Parks District, **shall** be deferred for Workforce Housing development (Workforce Housing Ordinance); Review authority **may** reduce or waive Town permit (building) fees and impact fees, including Truckee Fire Protection District and Truckee Donner Recreation and Parks District, for Workforce Housing development (Workforce Housing Ordinance).

Each of the land use agencies have inclusionary housing policies that apply in at least a portion of the Region which require in-lieu fees for market rate development when affordable housing is not built as part of the development. Of the comparison regions, Palo Alto and Sunnyvale also have affordable housing in-lieu fees which apply to market-rate only multi-family development. The inclusionary housing cost component is not included in this fee analysis for single or multi-family development.

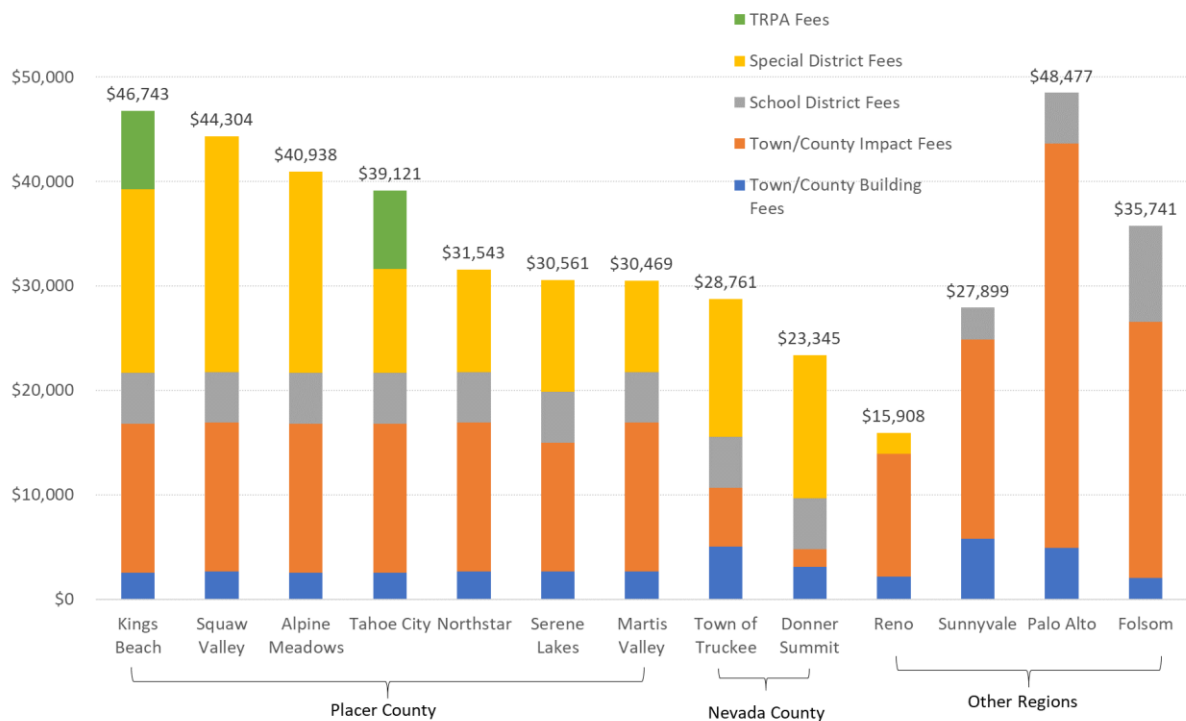
Key Materials Presented

Fees by Housing Type

Single Family Fees: Fees for a 1,400 square foot single family (no garage) unit vary in the North Tahoe – Truckee Region depending on the special district, county, and town with development fee authority, as shown in **Figure 1**.

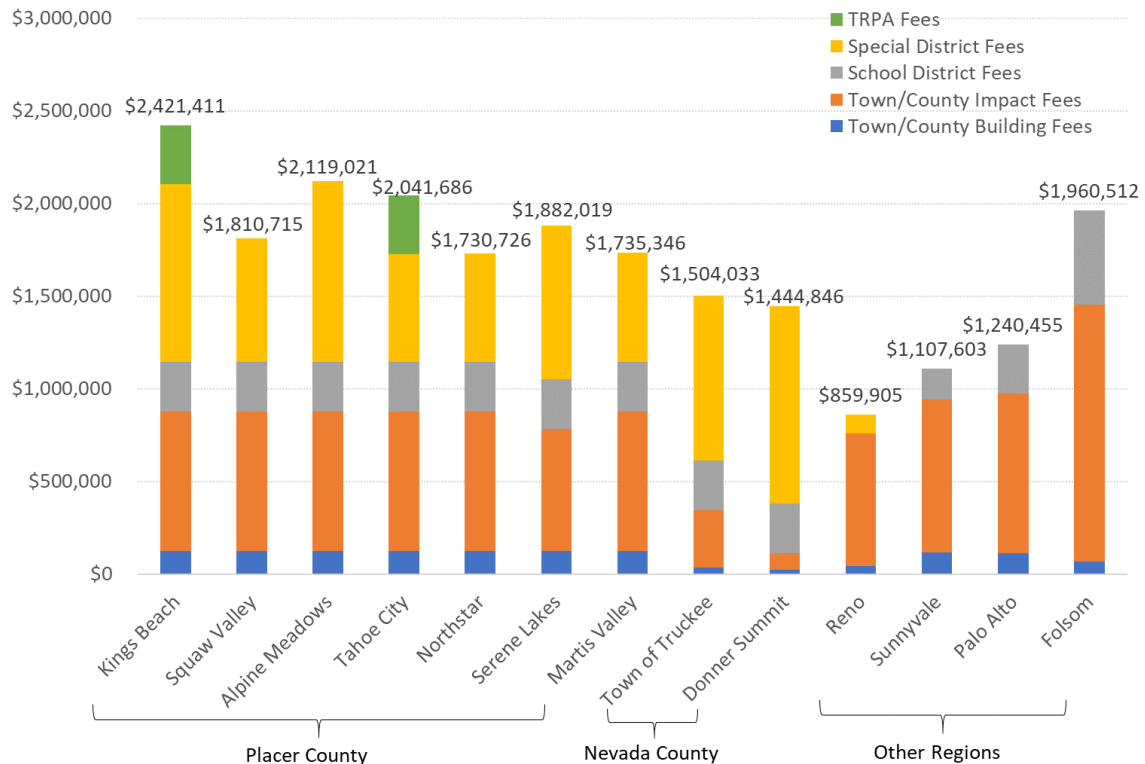
When compared with other regions, the North Tahoe – Truckee Region fees are comparable to Bay Area fees, but lower than the City of Reno’s fees due to different state laws for fee charging authority. A noticeable difference in the composition of the North Tahoe – Truckee region fees is the large percentage of fees charged by special districts when compared to the selected other communities.

Figure 1
Total Fees for North Tahoe-Truckee Sub-Regions and Comparison Communities
1,400 sq. ft. Single Family Home



Multi-Family Fees: For multi-family housing, a hypothetical apartment complex with 77 2-bedroom units (each 900 sq ft with 100 sq ft/unit allotted for common areas) was used in the analysis. **Figure 2** on the next page shows how total fees vary across the region for the hypothetical apartment complex. Fees for multi-family housing in the North Tahoe – Truckee region are much higher than in three of the four comparison communities.

Figure 2
Total Fees for North Tahoe-Truckee Sub-Regions and Comparison Communities
77 Unit Multi-Family Complex



Accessory Dwelling Units Fees: For Accessory Dwelling Units (ADUs), fees vary based on whether the unit is attached or detached. **Figure 3** on the next page shows the total estimated fees for a 400 sq ft detached ADU. **Figure 4** shows the total estimated fees for a 576 sq ft attached Accessory Dwelling Unit (ADU).

In the North Tahoe - Truckee Region, the school fee is only assessed on residential projects over 500 sq ft and in the Town of Truckee, additions of less than 500 sq ft do not pay development impact fees.

With the passage of Assembly Bill (AB) 494 (effective January 1, 2018), local agencies may require a new or separate utility connection for detached ADUS; in addition, in accordance with the Fee Mitigation Act (adopted 1987), fees must be proportional to the actual impact (e.g., significantly less than a single-family home). AB 494 states that attached ADUs shall not be considered new residential uses for the purposes of calculating local agency connection fees or capacity charges for utilities, including water and sewer service. In the analysis, water and sewer connection fees are included for the detached unit but excluded for the attached unit.

Figure 3

Total Fees for North Tahoe-Truckee Sub-Regions: One Detached ADU, 400 Sq. Ft.

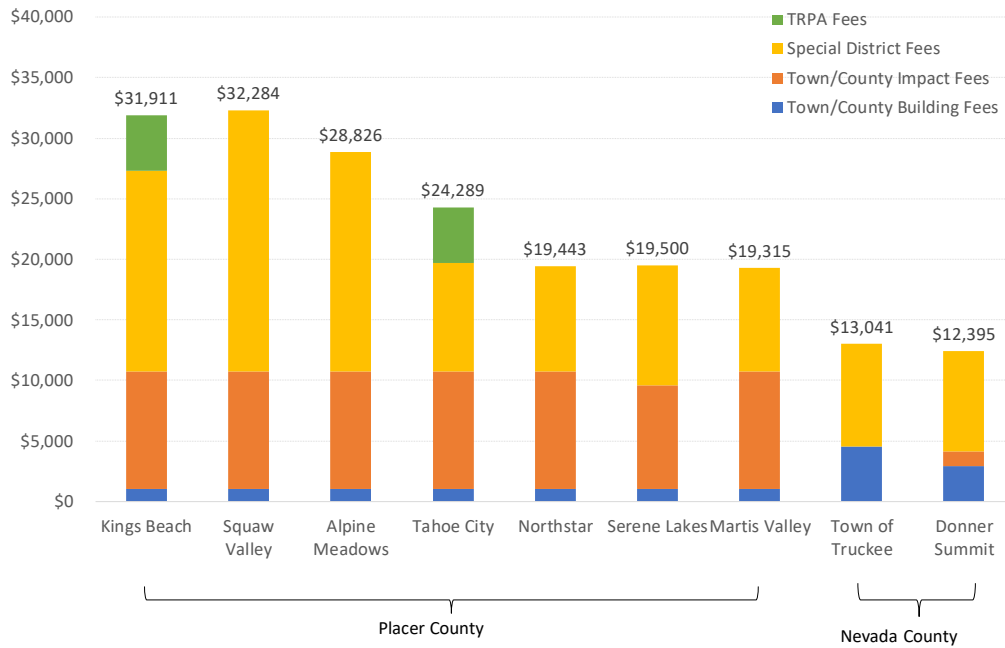
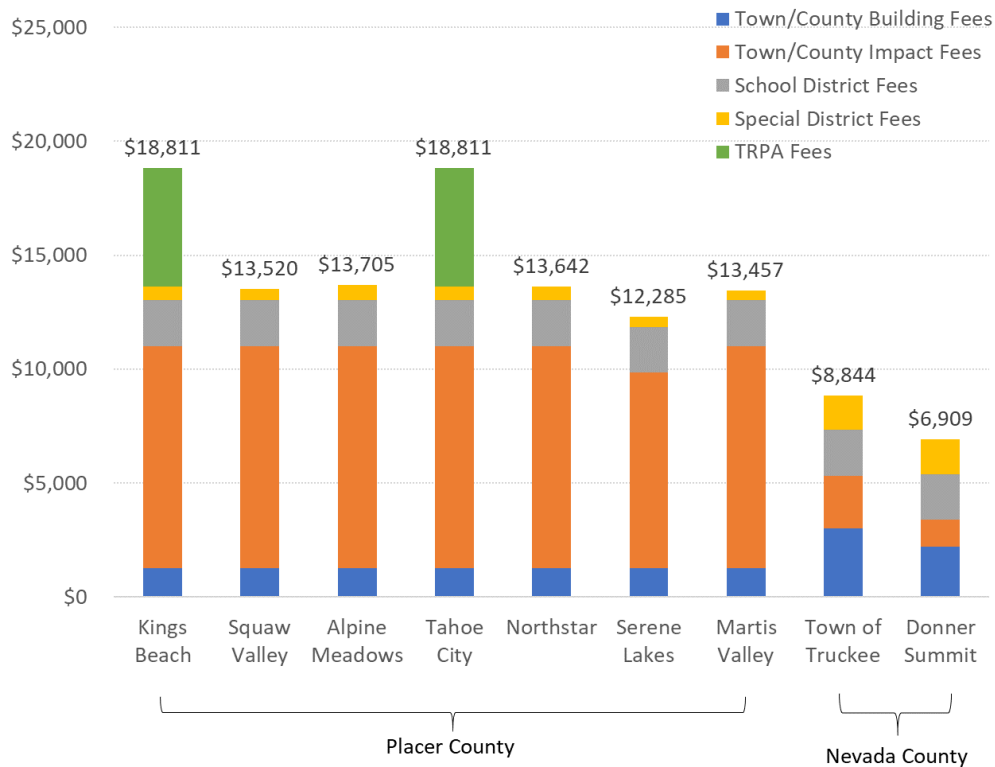


Figure 4

Total Fees for North Tahoe-Truckee Sub-Regions: One Attached ADU, 576 Sq. Ft.



Overall, fees are significantly less for the 576 sq ft attached ADU than for the 400 sq ft detached ADU. This is true of all sub-regions because in addition to having no water and wastewater charges, school fees do not apply to new residential space smaller than 500 sq ft.

Impact of Fee Structure

Fee structures in the North Tahoe – Truckee Region include: per unit, per equivalent dwelling unit based on plumbing fixtures, per building square foot, per meter, and per bedroom.

Figure 5 shows the total estimated impact fees due for a 1,400 sq ft single family home organized by methodology for charging the fee. Per unit is the most common basis, followed by per square foot and per meter, for the Region. The selected comparison communities include a few other methodologies such as by water demand, per trip, and per gross acre, but also predominantly charge fees per unit.

Figure 5
Basis for Charging Impact Fees in North Tahoe–Truckee and Comparison Regions
1,400 sq ft Single Family Home

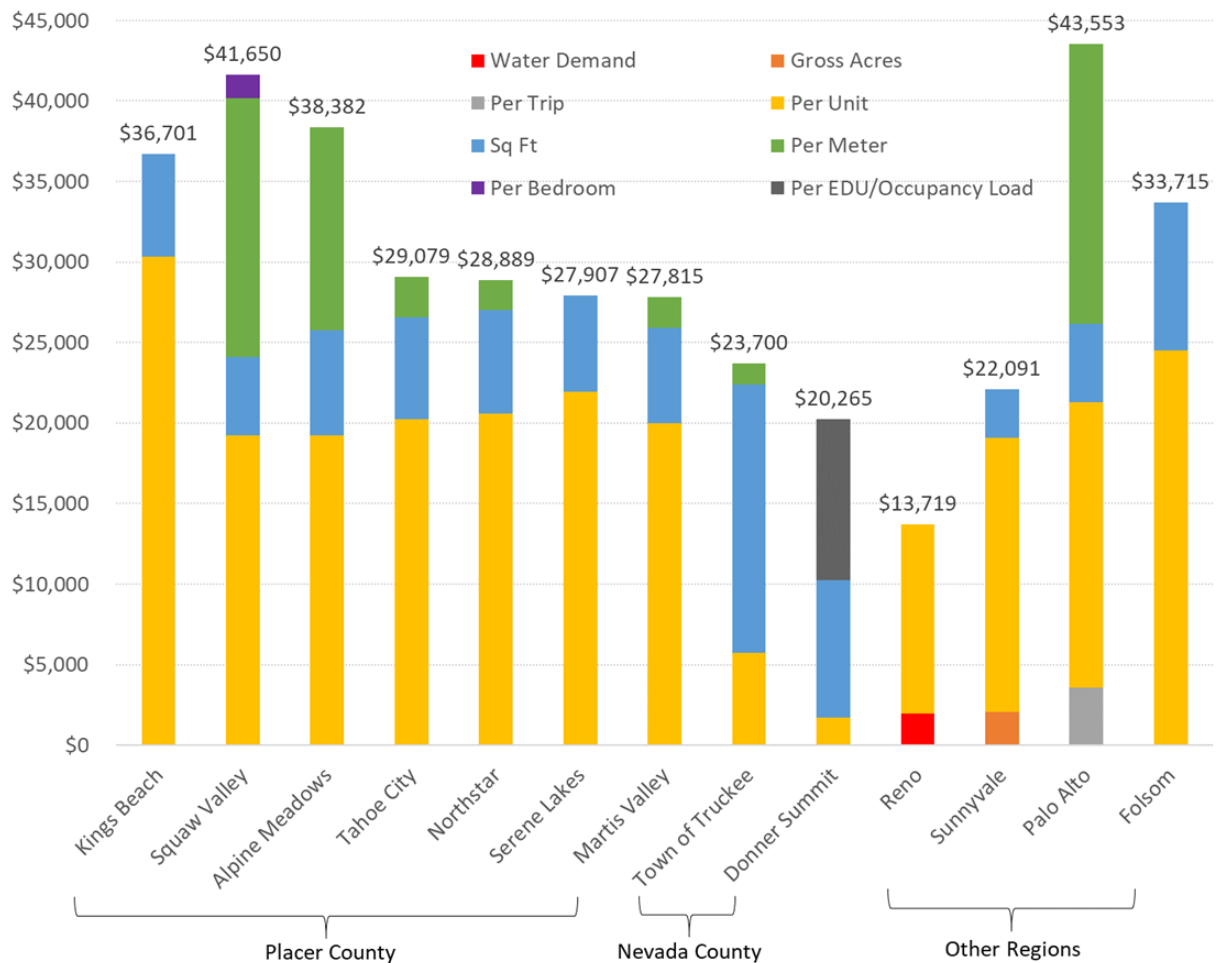


Figure 6 (which only shows impact fees) demonstrates that the Town of Truckee has the most significant variability in impact fees for different sized homes with a developer paying 103% more in impact fees for a 3,000 sq ft home than for a 1,400 sq ft home. While it might be tempting to change all fees to a sq ft basis, the Fee Mitigation Act requires that a nexus must be shown between the fee and the facilities the fee will fund.

Figure 6
Difference in Impact Fee Levels by Home Size in the Region (excl. building permit fees)

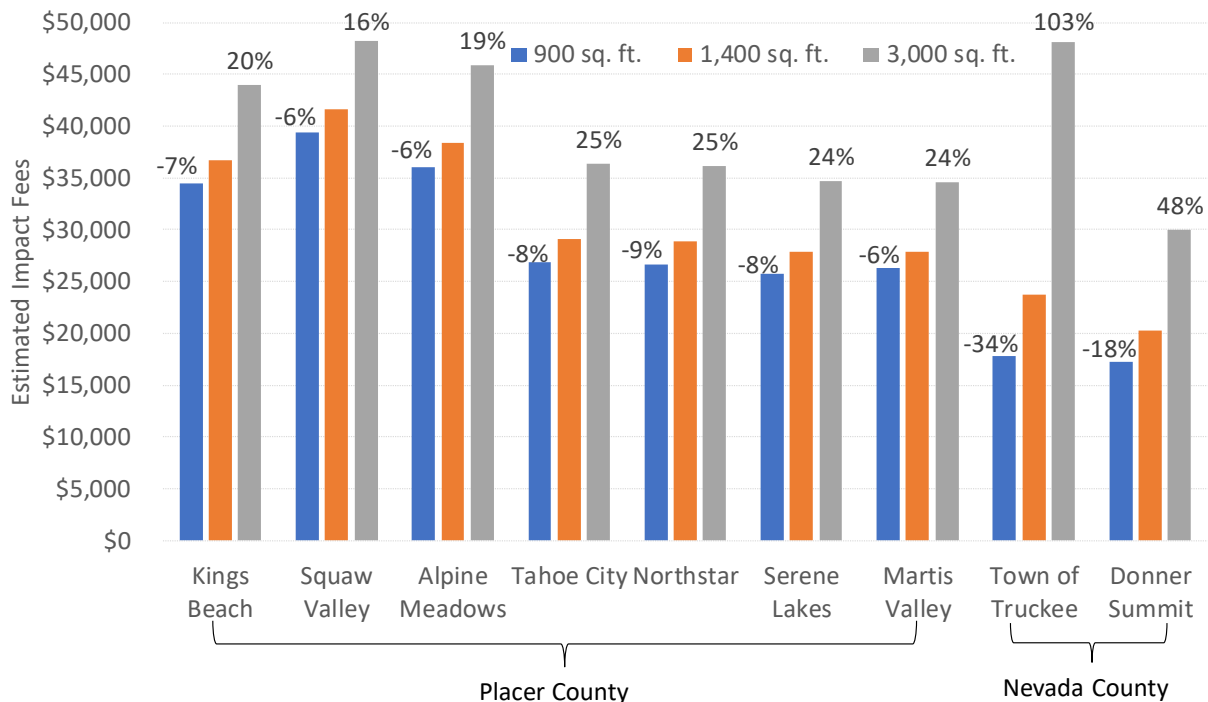


Figure 7 (which includes permit fees and impact fees) on the next page shows the total estimated fees due for a 3,000 sq ft, 1,400 sq ft, and 900 sq ft single family home in select sub-regions.

Impact fees that vary with home size in **Figures 6 and 7** include:

- School district fees - per sq ft basis
- Fire district fees – per sq ft basis
- Parks and Recreation Fees for Truckee Donner Recreation and Parks District – per sq ft basis (note Placer County’s parks fee is per unit)
- Town of Truckee impact fees – per sq ft basis
- Squaw Valley PSD fire fees – per bedroom
- Donner Summit PUD Wastewater fees – per EDU

Figure 7
Total Fees by Residential Unit Size - Squaw Valley, Northstar, Truckee, and Donner Summit

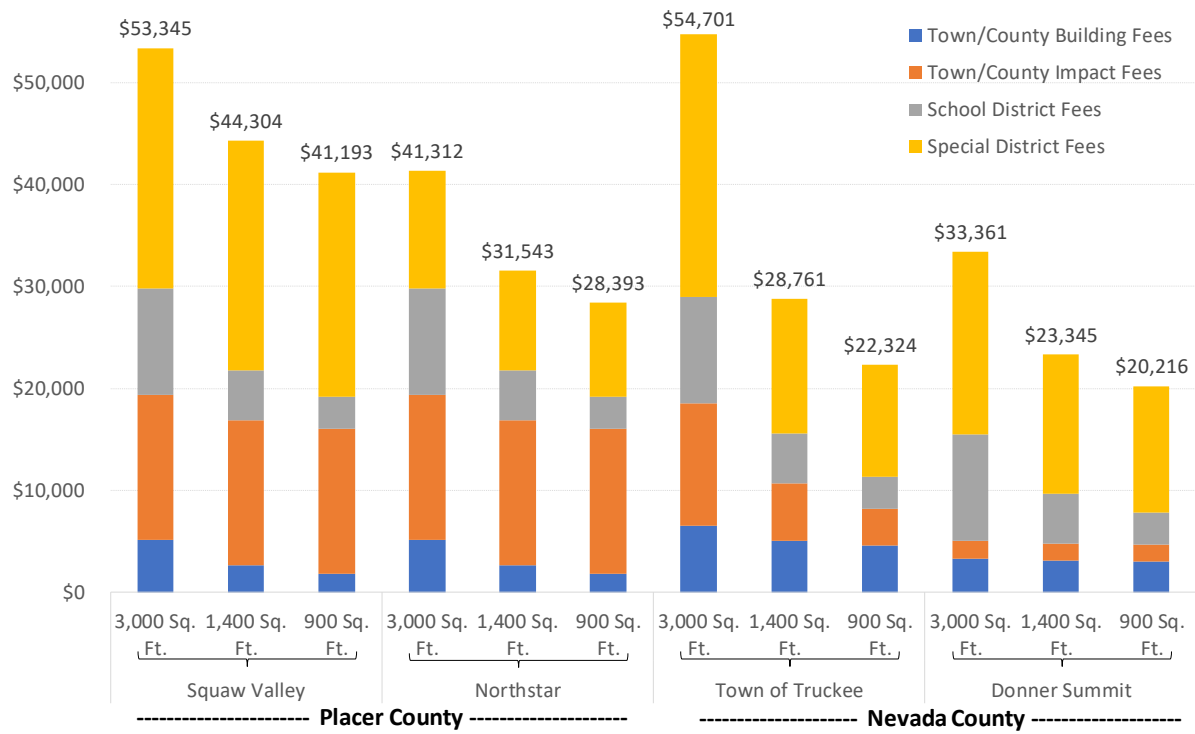
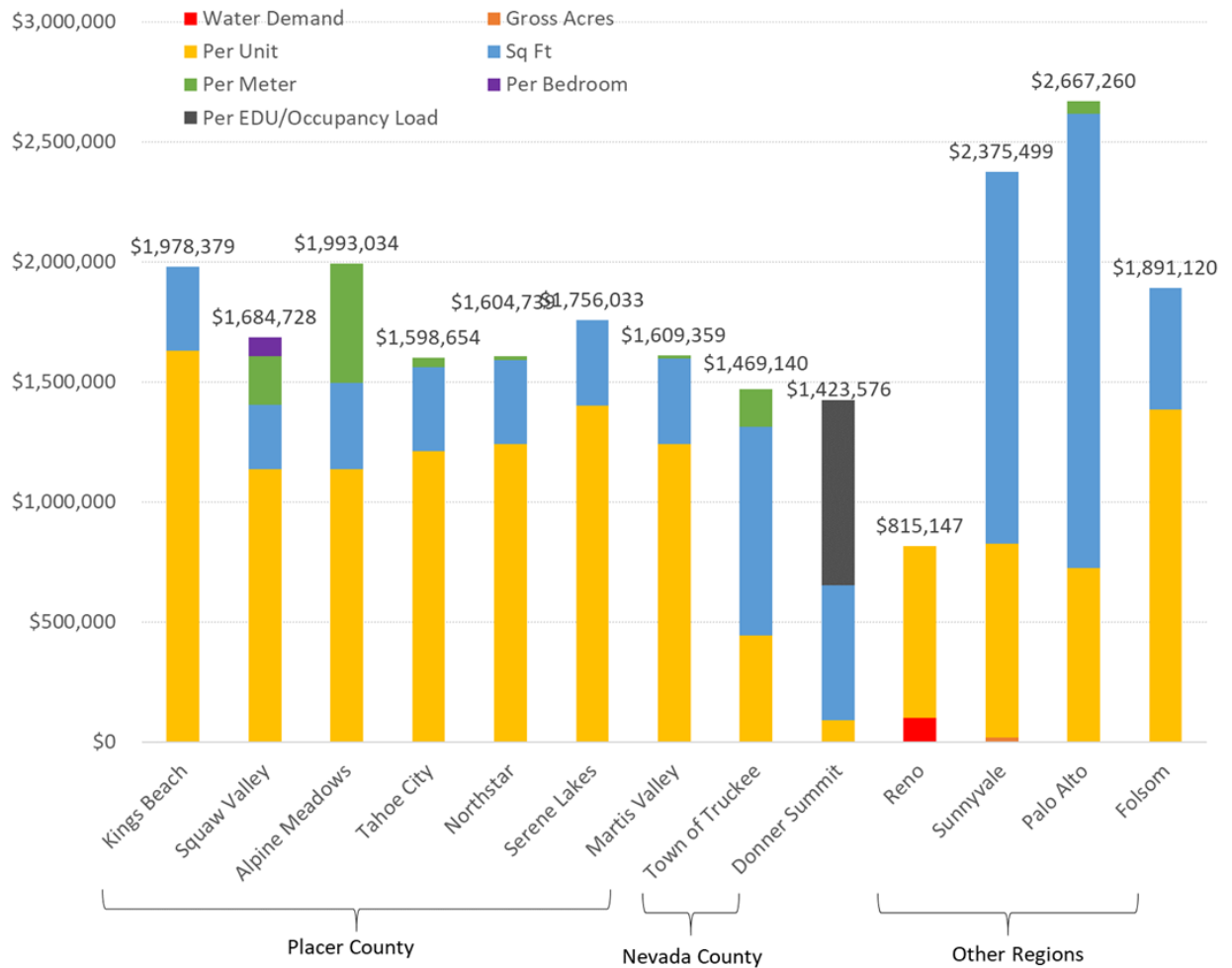


Figure 8 on the following page shows the total estimated impact fees due for a 77,000 sq. ft. multi-family complex with 77 units, each with 2 bedrooms, organized by methodology for charging the fee. As with single family, per unit is the most common basis for charging fees, followed by per square foot and per meter for the North Tahoe – Truckee Region.

Figure 8
Basis for Charging Impact Fees in North Tahoe–Truckee and Comparison Regions
77 Unit Multi-Family Complex



Multi-Family Feasibility

The Residual Land Value test is used by real estate developers and investors to evaluate the financial feasibility of different unit types and densities on a piece of property. The project must generate a positive residual land value to incentivize land development. The final sales price of a developed property less the development costs and builder profit results in the residual land value, or the price that a builder is able to pay for property and still have a financially feasible project. The residual land value is highly influenced by a combination of current market conditions and the level of development fees. Land values can experience dramatic swings between recessionary downturns and economic booms. In average market conditions, connection/impact fees can greatly influence land prices in some regions.

If home prices and other development costs are constant, then an increase in development fees causes a reduction in land price. In hot markets, development fee increases may have no impact on home sales prices or land prices. In recessionary markets, development fee increases may cause a greater than 1 to 1 land price reduction because of their impact on project feasibility.

Figure 9 shows the estimated land development costs for a 77-unit multi-family complex in Truckee and in Reno. As shown, construction costs are the predominant costs followed by other costs. Fees are 6% of total costs while land cost is only 3% of total costs. While fees are not a large factor in total costs, they can make/break feasibility of a project, and can affect where a developer chooses to build.

Figure 9
Land Development Cost Example for Multi-Family Housing
Town of Truckee and City of Reno Comparison

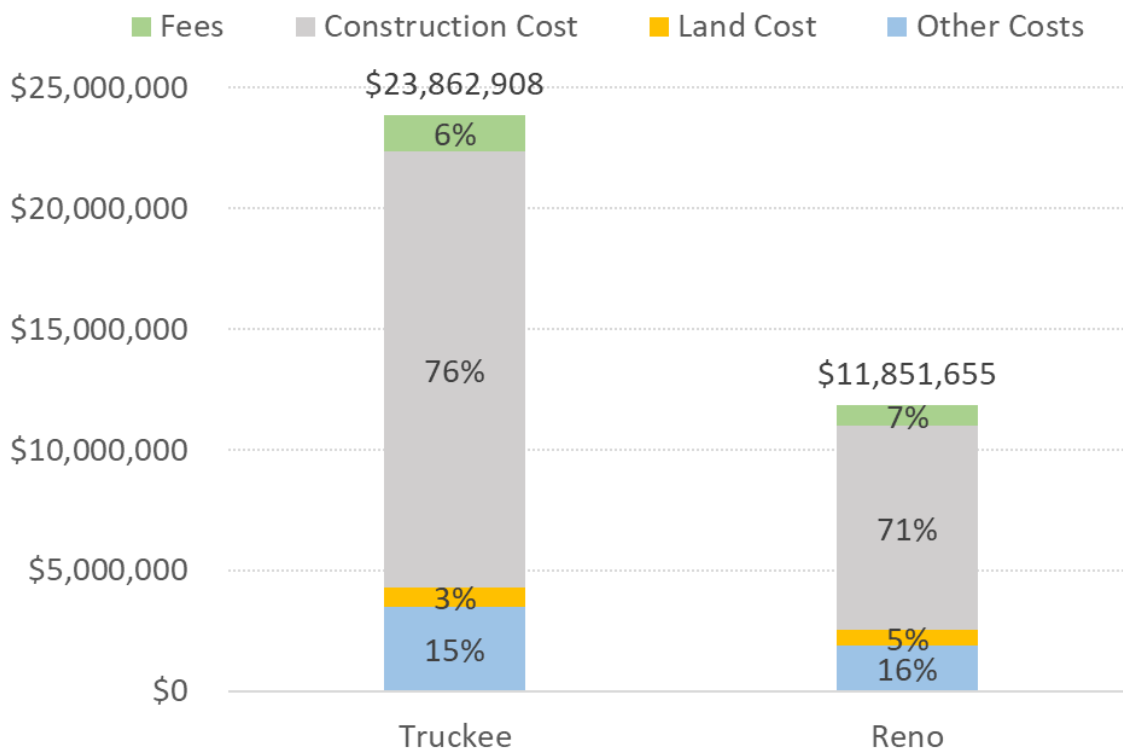
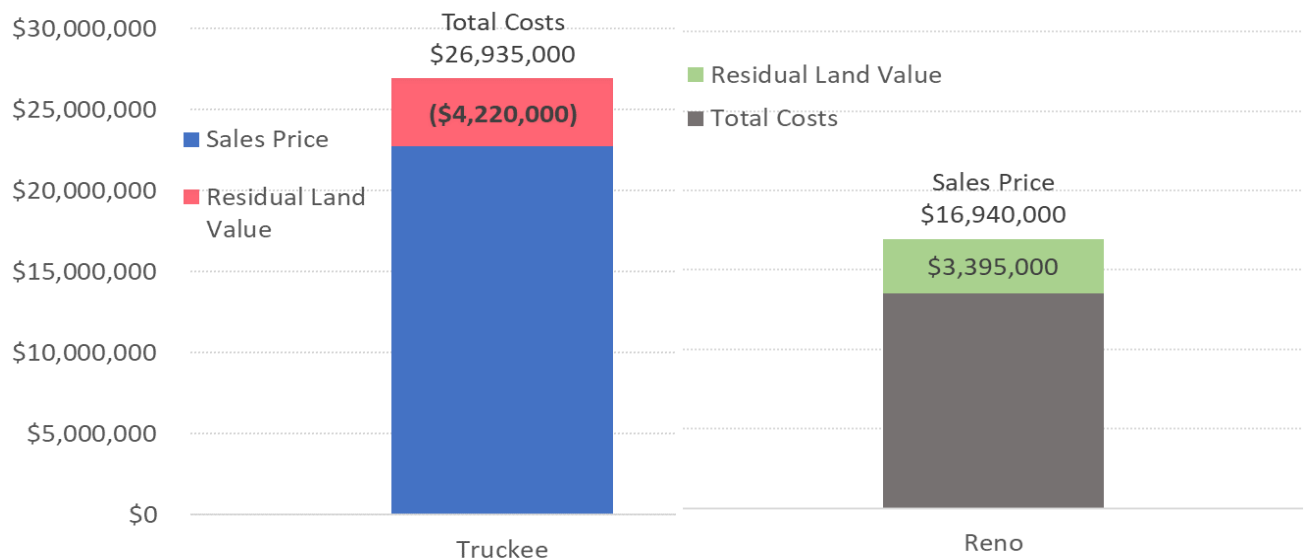


Figure 10 on the next page shows that multi-family development is not feasible in Truckee, and by extension, in the Region. The analysis assumes that sales price for the apartment complex is \$22.7 million in Truckee and \$16.9 million in Reno. While actual costs will be different for each individual project, it is very unlikely that apartment complexes can be built in the Region without government subsidies. Meanwhile, apartment development in Reno is feasible, as evidenced by current development activity.

Figure 10
Financial Feasibility Test for Multi-Family Housing



III. Findings

The following findings, answering the questions HEC was tasked with, are summarized here:

a) What is the basis for, and what are the development impact fees in the region?

- The California Constitution allows agencies to recover costs of facilities to service new developments upon demonstration of reasonable relationship between the fee and need for the fee. Development impact fees pay for schools, parks and recreation, fire, utilities, government facilities, animal service facilities, and road infrastructure.
- There is substantial difference in total fees paid for the same housing type/product in different sub-regions of the North Tahoe-Truckee region. Total fees charged for these facilities vary throughout the region because different service providers have different cost structures due to many factors including: geography, age of infrastructure, and management structure.
- The North Tahoe-Truckee region has many more fee charging agencies than the comparison communities selected in the Bay Area, Sacramento, and Reno. Having many fee chargers adds an additional challenge for developers to accurately estimate all fees due for a project and additional time spent paying fees at various fee charging jurisdiction locations.

b) Are fees in the region higher than elsewhere?

- The total fee burden is similar to **selected** Bay Area and Sacramento communities for single family housing types/products. The total fee burden is higher for multi-family complexes in the North Tahoe-Truckee Region. Total fees in Reno are much lower, but this is expected due to the different tax structure in the State of Nevada.

c) Do fee waivers and deferrals stimulate housing?

- HEC called other fee chargers in California that had implemented fee waiver and/or deferral programs to learn the challenges and successes of this approach to increase the supply of housing. These fee chargers collectively expressed that waiver programs are not effective. Deferral programs are effective in that they provide developers with more cash flow when it is needed, and therefore can encourage development (of all residential types).
- Cities and counties have greater ability to waive or defer fees than special districts due to having more discretionary revenue sources. Nevada County halves permit fees for traditional affordable housing and persons with disabilities. Placer County provides fee waivers for ADUs (provided they are deed-restricted). The Town of Truckee may provide permit and impact fee waivers and shall provide impact fee deferrals for workforce housing if fees exceed \$25,000. If fees are waived or reduced, another funding source must fill the gap.

d) Are fees a barrier to building affordable housing?

- Not typically, but they can influence where development occurs and the type of housing constructed; lowering of fees could contribute to breaking down the barriers to affordable housing if combined with other cost-lowering strategies.
- Housing stimulation is largely driven by market forces (national and regional economic health), which influence sales price, costs, and interest rates; rather than by development impact fees. If, however, other costs are homogeneous, fees can be a deciding factor where to develop and can make the difference in financial feasibility.
- The greatest cost component to building housing in our Region is construction cost. For single family homes, the next highest cost is land. For multi-family housing, land costs were only approximately 3% of total costs whereas other costs (soft costs of construction, financing costs, and costs of selling) were 15% and fees were 6% of total costs. Land costs could be mitigated by land donations from public and private property owners. A land banking strategy could assist in developing a greater supply of affordable housing.
- As it is not currently financially feasible for developers to build multi-family housing in the North Tahoe – Truckee Region, if construction costs cannot be altered due to

competition for labor with market rate development, other funding sources are needed to close the gap. Utilizing non-profit or other local developers willing to accept a lower profit margin, financing from public agencies (such as USDA or HUD) with lower interest rates, and having owners build and retain the housing to avoid costs of selling, could all contribute to lowering total costs.

- The affordable housing supply could be increased by existing homeowners. The analysis shows that creating attached ADUs is more financially feasible than creating detached ADUs for existing homeowners.

e) Does fee structure affect financial feasibility?

- Fees are more likely to affect financial feasibility of developing smaller units, including multi-family units because many fees are flat (do not change with size of the unit). Fee structures in our region that change with unit size include fees that are charged on the basis of:
 - Equivalent Dwelling Units (based on number of plumbing fixtures)
 - Building Square Feet
 - Number of Bedrooms

It is possible to restructure many of the existing fees in the region; however, while fee structures that change with the size of a unit is tempting, a nexus for this must be demonstrated.

- Fee chargers in the Region do not have a consistent definition of multi-family. Some agencies define multi-family structures as residential while others define them as commercial. It would be beneficial to have the same definitions for structures across the region. Reclassification may not change financial feasibility, but it would help with consistency of fees for housing in the Region.

f) What other fee-related actions could promote housing?

- To ease the burden on developers in estimating and paying fees, agencies could consider creation of a Single Fee Point: One place to go (private or public) that keeps all fee schedules current in the Region, and additionally:
 - Identifies district boundaries clearly on maps
 - Gives developers/builders accurate estimates of how much they will have to pay in fees anywhere in the Region
- Another effort that could reduce time and costs to develop housing is a 1-stop permit processing center run by each of the three land use agencies (Placer County, Nevada County, and Truckee). At such a center:
 - All building permit fees could be paid at once

IMPLEMENT INNOVATIVE REGIONAL POLICY AGENDA



GOALS:

- Increase incentives, decrease barriers to accelerate range of housing types for broad range of income levels (up to 195% of AMI)
- 10 solutions in three years

COLLECTIVE RESULTS TO DATE:

- ✓ Policy Solutions Adopted:
 - a) Policy #1: Achievable Local Housing: Created an expanded definition of affordability to include income earners up to 195% of Area Median Income.

BUILD NEW ACHIEVABLE LOCAL HOUSING

GOALS:

- 300 units over three years

COLLECTIVE RESULTS TO DATE: TRACKING ON 341

- ✓ 56: Schaffer's Mill - low, moderate income rental units, Martis Valley
- ✓ 138: Coburn Crossing - 132 deed restricted, market-rate apartments, six low income workforce units, Truckee
- ✓ 9: Mother Nature's Inn Employee Housing, conversion of existing hotel into workforce housing, Tahoe City
- ✓ 1: Quality Automotive one deed restricted rental unit above auto shop, Truckee
- ✓ 8: Tahoe City Marina - two low income, six moderate income rental units, Tahoe City
- ✓ 81: Railyard Artist Lofts - 38 very low, 38 low, five moderate income units, Truckee
- ✓ 48: Coldstream - 29 very low, 19 low income units, Truckee

PRE-APPLICATION PROJECTS IN THE WORKS:

- ✓ 56: 20: Lazando Project – serving missing middle with rental units built from shipping containers, Truckee
- ✓ 93: Truckee Co-housing – serving range of income levels, Truckee



HOW WE ARE TRACKING OUR COLLECTIVE RESULTS TO DATE

VISION

All people that work and live in the Tahoe-Truckee region have access to diverse, quality, and achievable housing.

MISSION

Working to accelerate solutions to local achievable housing for those that live in the Tahoe-Truckee region.

INCREASE FUNDING FOR HOUSING

GOALS:

- \$15 million in three years to support range of housing in region

COLLECTIVE RESULTS TO DATE: \$30,110,000

- ✓ \$12.85M: \$3.25M local dollars leveraged \$9.6M through state tax credits to support the Artist Lofts, Truckee Railyard Project.
- ✓ \$16.6M: Application in progress for 56-units, seeking funding from State Sustainability Grants
- ✓ \$660K: Committed by Truckee Tahoe Airport District for Lazando project to support rental housing for missing middle income levels



UNLOCK EXISTING HOUSING STOCK FOR LONG-TERM RENTALS

GOALS:

- 300 units over three years serving low income to achievable local levels

COLLECTIVE RESULTS TO DATE:

- ✓ Master Lease Programs: In place or starting at three ski areas: shifts seasonal employees out of the long-term rental market (11 homes in Tahoe Donner, 23 beds in Squaw Valley)
- ✓ Short-term Rental Tiger Team: Researching ways to incentivize homeowners to shift from short-term renters to long-term



WORK TO RENOVATE/KEEP EXISTING AFFORDABLE HOUSING

GOALS:

- 30 units in three years

COLLECTIVE RESULTS TO DATE:

- ✓ Inventory of mobile homes in region (840 homes)



INCREASE % WORKERS THAT LIVE + WORK IN OUR REGION

GOALS:

- 1% increase in three years

COLLECTIVE RESULTS TO DATE:

- ✓ Employer outreach via business networks
- ✓ Video: How to Set up Master Lease Program
- ✓ Hosted webinar on creative strategies for housing seasonal employees
- ✓ Hosted public workshop providing strategies for employers to help

