



**MEMORANDUM  
COUNTY EXECUTIVE OFFICE  
ADMINISTRATION**  
County of Placer

TO: Honorable Board of Supervisors  
FROM: David Boesch, County Executive Officer  
By: Jennifer Merchant, Deputy County Executive Officer  
DATE: October 25, 2016  
SUBJECT: Tahoe Truckee Housing Needs Assessment Findings and Next Steps

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**ACTION REQUESTED**

1. Receive a presentation on challenges associated with workforce housing in the North Lake Tahoe region, including findings and recommended strategies from the Tahoe Truckee Housing Needs Assessment.
2. Discussion and direction to staff on options for further consideration and analysis.

**BACKGROUND**

In January 2015 your board approved a budget revision to fund Placer County's \$76,000 share of a total \$172,000 project cost to develop a regional Housing Needs Assessment in partnership with Nevada County, the Town of Truckee and the Tahoe Truckee Community Foundation. The study was managed by the Tahoe Truckee Community Foundation (TTCF) and analyzes housing-related issues in eastern Placer and Nevada counties. More specifically, the Assessment included the review of existing local housing market conditions in the North Lake Tahoe region, focusing on year-round workforce housing needs, including the Town of Truckee and surrounding areas of eastern Placer County.

Community Development Resource Agency staff participated on a technical advisory committee established to guide the study. Bay Area Economics (BAE) was hired to complete the study and prepare findings and recommendations, which will be presented today by TTCF Executive Director Stacy Caldwell. In general, the study finds that the North Lake Tahoe-Truckee region faces a broad spectrum of complex housing issues. Unlike other parts of the state that also face various housing-related issues, challenges in this region are exacerbated by unique factors including a tourism economy that results in seasonal workforce fluctuations, a large share of second homes, significant constraints on land availability, and regulatory controls.

The study analyzed demographic data, workforce trends and needs, housing characteristics, housing market conditions and current local and regional jurisdiction programs and policies. Employer and employee surveys were undertaken to better understand characteristics and needs of the workforce and to identify how businesses are impacted by and responding to current conditions in the housing market. It also includes an assessment of case studies from similar mountain resort communities. Additionally, several public discussions were held, both to share intermediate data and to generate additional feedback on community needs and to test possible future solutions. The study concludes with workforce housing demand estimates and identifies policy and program options. A snapshot of Assessment findings for the region follows:

- 80 percent of housing units are single-family homes
- 65 percent of available housing units are vacant, primarily for vacation use

- Almost half of housing units were built before 1979
- Median household income was \$67,000
- Median home price in November 2015 was \$538,000
- The maximum for-sale home price considered affordable to a four-person lower income household is \$235,000
- 76 percent of residents surveyed overpay for housing (more than 30 percent of income)
- The estimated wait list for an affordable rental unit is 6 months to 2 years
- An estimated 12,160 housing units are needed to accommodate future workforce
- 58.6 percent of local employees commute into the region from outside
- 46.6 percent of local residents commute outside the region for work

Based on these and other findings, the Assessment recommends a series of policy, organizational and funding options for consideration. They are as follows:

**Policy: Develop a Regional Workforce Housing Action Plan-** Supporting actions include developing regional housing production targets, mitigation regulations, development standards, incentives, resident and employee-based assistance programs, voluntary deed restriction and banking programs, rehabilitation and preservation of existing housing, and enforcement of existing and possible future local ordinances.

**Organizational: Establish a Regional Housing "Entity"**- Preliminarily, the recommendation is that a volunteer council be established, including representatives from different regional stakeholders, to take the lead on implementation of the recommended Action Plan, as well as advocacy and education. Supporting actions include obtaining a three-year commitment for funding and in-kind support and identification of a fiscal agent to ensure accountability for the use of funds.

**Funding: Public Asset Leverage:** Given the limited supply of privately-owned land available for the development of workforce housing, land owned by public agencies could be a significant asset to be leveraged to assist in workforce housing production. A related supporting action to augment the use of public land is to provide local funds that could further leverage state and federal housing funds.

#### **Related Issues for Consideration**

Placer County, both directly and through other partnerships, has also been undertaking other housing-related efforts such as updates required by the State and analysis to assist in better understanding potential future policy changes.

**Housing Element Updates-** Based on State law, every local government jurisdiction in California must adopt a General Plan; and, every General Plan must contain a Housing Element, which must be updated every eight years. Placer County's Housing Element was adopted by the Board on October 8, 2013 and remains valid through 2021. Development and implementation of the Housing Element, including management and monitoring of programs for various affordable and workforce housing programs occurs through CDRA.

The Housing Element includes several goals and policies that apply to the North Lake Tahoe region. Goal C calls for promoting housing opportunities that meet the specific needs of residents and workers in the Tahoe basin. Policies C-4 and C-5 require the County to

investigate mechanisms to facilitate production of workforce housing, including meeting with stakeholders and surrounding jurisdictions to develop cooperative strategies that address workforce housing needs. Additionally, Policy C-2 requires new development in the region to provide for employee housing equal to at least 50 percent of the housing demand generated by the project, including expansion of existing uses. That housing is to be provided in one of four ways:

- 1.) Construction of on-site employee housing;
- 2.) Construction of off-site employee housing;
- 3.) Dedication of land for needed units; and/or;
- 4.) Payment of an in-lieu fee

In order to provide the public with greater certainty about how these requirements would be implemented from project to project, the County has contracted with Mintier-Harnish to conduct an affordable housing fee study for eastern Placer County. (A similar study has also been conducted for the western portion of the County.) The purpose of this study is to 1) establish the nexus between new residential and non-residential development and the demand created for additional affordable workforce housing, and 2) to determine the maximum justifiable affordable housing fees and present options for adoption.

Placer County currently has \$1,004,164 set aside in its countywide Housing Trust Fund that can be used for planning, studies, maintenance, land purchase or development of workforce housing. The funds have accrued from fees paid to the County from previously-approved land development projects. \$764,711 was generated in eastern Placer County.

Several zoning text amendments have been made to implement the Element since 2013, in some cases to maintain consistency with changes to state law, and in others to help streamline processes and associated costs to facilitate development of workforce housing. None of those amendments, however, affect housing regulations in the Tahoe basin, where the Tahoe Regional Planning Agency's (TRPA) regulations supersede countywide regulations. As an example, while required by right everywhere else in the state, second units are not currently allowed in the Tahoe basin, except on residential parcels greater than one acre in size.

Tahoe Basin Area Plan- A public draft of the Tahoe Basin Area Plan was released in June 2016 and a final document is expected for public review in early November 2016. The goal of the Plan is to achieve orderly development consistent with the 2012 TRPA Regional Plan, which has a significant focus on redevelopment in order to achieve environmental thresholds in nine subject areas.

The Area Plan includes a Socio-Economic Plan that contains six policies, some of which pertain specifically to facilitating development of affordable workforce housing. Policy SE-P-5 targets promotion of mixed-use development in the Town Centers of Tahoe City and Kings Beach, in part to facilitate improved affordability in the workforce housing market. Policy SE-P-6 suggests that "efforts to address the existing job-housing imbalance to provide additional housing at affordable price levels should be pursued."

The draft Plan proposes implementing a significant change to current TRPA policy, in that it recommends allowing second units to be developed on residential parcels less than one acre in

size. The plan further recommends that the current system of residential allocations and development rights normally required for each unit developed on a parcel be waived in the case where a second unit is deed-restricted to be affordable consistent with State-prescribed standards.

**Business Walks-** Concurrently, the Tahoe Prosperity Center undertook “Business Walks” in Placer County. 189 business owners were surveyed by volunteers for the purpose of better understanding business needs. Of the 140 business owners who cited they have challenges finding skilled employees, over 40 percent specifically identify lack of affordable rental or home ownership opportunities to support a steady workforce. Many of those surveyed specifically reference the relatively recent shift of housing formerly available as long-term rentals to more lucrative short-term rentals.

**Short-Term Rentals-** During the course of public outreach for the Assessment and other studies, many community members referenced anecdotal evidence that a proliferation of short-term rentals, such as Airbnb, HomeAway and VRBO, may be contributing to the tight rental market in the study area. During its recent audits of Transient Occupancy Tax payers, the Auditor-Controller’s office identified growth in this market as an area for future analysis. Staff has determined that contracting with a firm that specializes in identifying and tracking in real-time internet-based rental companies operating in the unincorporated areas of Placer County is an appropriate first step to ensure a fair and compliant short-term rental market. (Staff is currently able to track existing TOT tax payers, but is not confident that all are being captured.) Once this system is in place, the County can be more assured required taxes are being paid; and, as a result, will be better positioned to track market growth so that we can be responsive in addressing short-term rental impacts if they occur.

**Placer County Housing Authority and CDRA Housing Division-** Placer County has an existing Housing Authority that is managed through the department of Health and Human Services for the sole purpose of managing the Housing Choice Voucher rental subsidy program. The program focuses on low and very low income families and individuals (75+ percent of vouchers must be allocated to applicants whose incomes do not exceed 30 percent of area median income). The program has 2.5 staff that manage the waiting list, verify eligibility, perform rental unit housing inspections and develop and manage rental agreements with landlords and participants. Of the 265 vouchers currently managed by the Housing Authority, seven are being utilized by individuals and families in the North Lake Tahoe area.

Additionally, a unit within CDRA manages a separate affordable workforce housing program for residents in the 30-120 of median income range. Those programs include, a first time homebuyer program (funded with fees paid by specified development projects), Community Development Block Grants, monitoring of restricted housing units, identification of new workforce housing projects such as Quartz Ridge, and developing and implementing the Housing Element.

Given findings and recommendations presented in the Needs Assessment and other concurrent issues, staff recommends the Board provide direction to staff on options it is interested in analyzing further or pursuing for future action, likely early 2017.

**FISCAL IMPACT**

No funding is being requested at this time. Any Board direction on next step options will be analyzed for fiscal impacts as they are brought forward for future review and consideration.

**ENVIRONMENTAL ANALYSIS**

This item is categorically exempt from CEQA per Guidelines Section 15061, which provides a general rule that if an activity does not have the potential to cause a significant environmental effect, it is exempt from CEQA.

*On file with Clerk of the Board: Truckee North Tahoe Regional Workforce Housing Needs Assessment*

