

Workforce Housing Preservation Program

Program Description and Guidelines February 2021

1. PROGRAM DESCRIPTION

Introduction

In 2017, the Placer County Board of Supervisors approved a series of tasks that comprise the County's Housing Work Plan. This work plan is aimed at identifying ways the County can improve local controls to address the housing crisis and state requirements. The work plan approaches the problem by targeting four main focus areas:

- Creating more incentives to build affordable and workforce housing
- Changing regulations to make building easier
- Advocating for state and federal assistance
- Furthering partnerships for meeting regional housing needs.

As one of many tools to facilitate housing, the Placer County Board of Supervisors directed staff on March 10, 2020 to implement a workforce housing deed restriction Program. The Workforce Housing Preservation Program is designed to help implement the County's Housing Work Plan by preserving and utilizing existing single family and multifamily housing stock as one means of supporting the county's permanent local resident workforce.

The Workforce Housing Preservation Program (WHPP) facilitates the purchase of residential deed restrictions in the unincorporated area of the County. The deed restrictions limit the occupancy of the home to the local resident workforce. Due to unique housing differences in the East Placer region, the Program includes an additional component specific to the eastern region, as described below in the Program Overview.

Program Overview

The WHPP is an incentive-based Program that facilitates housing for the local resident workforce in low, moderate, and achievable income brackets depending upon location. The Program would be available at the point of sale or construction of a single family or multifamily unit. Consistent with the State of California's legal framework for deed - restricted affordable housing, the WHPP implements a 55-year deed restriction on the property that automatically renews with each point of sale or transaction. In return for payment, the deed restriction is legally recorded, appears on the property title and is passed to future owners for a renewed 55 - year term. The Program is broken out into two components: 1) countywide component, and 2) East Placer region component. The countywide Program component is designed to provide developers with the ability to facilitate home ownership for low- to moderate-income households that are part of the local resident workforce. Developers can buy a deed restriction on a home to satisfy their affordable or employee housing mitigation requirement through this program. The County does not subsidize developer obligations; however, developers can work with the County to purchase deed restrictions that support the local resident workforce population consistent with the County's Program parameters. The East Placer Program may be implemented anytime funds are available and is designed to preserve regional housing stock for the local resident workforce in the East Placer region. This component is initially available for only new residential construction, and conversions of non-residential to residential purchases. The Workforce Housing Preservation Program will be monitored on an annual basis to determine effectiveness. Based on the Program's success, the Program may be extended or refined with Board approval.

Program Guidelines and participant criteria is described below.

2. PROGRAM GUIDELINES

A. Definitions

- I. "Achievable Income Limits" shall mean income limits defined as "Achievable" by the Tahoe Regional Planning Agency
- II. "Administrative Variance to Work Site" shall mean an exception to the 20-mile distance between the employment site and the Property, granted by the Program Administrator
- III. "Approving Agent" is the Board of Supervisors for Placer County or its designee
- IV. "Board" means the Board of Supervisors of Placer County
- V. "Date of Implementation" is the date the Program opened to the public
- VI. "Deed Documents" means the documents necessary to enter into a deed restriction agreement
- VII. "Deed Restriction Disbursement" is the value of the deed restriction paid by the Program Administrator to the Program Participant
- VIII. "Fair Market Value" means the value of the Property as determined by the appraiser
- IX. "Occupant" applies to all occupants in the Property
- X. "Potential Avalanche Hazard Area" means a location that is in a potential avalanche path as defined by a County planning document
- XI. "Program" or "WHPP" means the Workforce Housing Preservation Program
- XII. "Program Administrator" is the administrative group or agent designated by the Placer County Board of Supervisors who oversees the qualification, processing, and operation of the Program
- XIII. "Program Participant" is the applicant to the Program who is buying or constructing a residential property
- XIV. "Property" is the property on record receiving the deed restriction

B. Countywide Program

- I. Eligibility Criteria for Occupant and/or Program Participant
 - a. Gross annual household income must be equal to or less than 120 percent (120%) of Placer County's median income, adjusted for household size as set forth by the California Department of Housing and Community Development.
 - b. A household must have at least one member who is currently employed 30 or more hours per week at an employment site in Placer County.
 - c. A household must have at least one member whose work site is less than or equal to 20 driving miles from the Property.
 - i. Administrative Variance to Work Site. A twenty percent (20%) variance may be granted by the Program Administrator.
 - d. Program Participant must not have owned a home in the last 12 months and must not have participated in this Program for the last three years.
- II. Property:
 - a. The Program Administrator will determine eligible homes for participation in this Program based on sale price and what is considered affordable for a household meeting 120% area median income limits.
 - b. The Property shall be located in unincorporated Placer County.
 - c. The Property shall not be located in a Potential Avalanche Hazard Area.
- III. Conditions
 - d. The Program Participant shall be required to make all repairs and replacements necessary to keep the home in good condition and repair.
 - e. The Program Participant shall comply with all applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials. The Property

shall pass a homebuyer's inspection/and or final building permit inspection prior to the completion of a disbursement.

- f. Program Participant shall consent to recordation of a lien against the Property in the amount of the funds disbursed plus a reasonable estimation of interest and fees.
- g. Program Participants may not rent their Property on a short-term basis.
- h. Program Participants may rent their Property to a qualified Occupant who meets local employment and income criteria described in Section C.I.

C. East Placer Program

I. Eligibility Criteria for Occupant and/or Program Participant

- a. Gross annual household income shall not exceed the Tahoe Basin Regional Planning Agency Achievable Income limit of 245 percent (245 %) of the area median income for Placer County for single-family dwellings or 220 percent (220%) for multifamily dwellings at the time of purchase or rental.
- b. A household must have at least one member who is currently employed 30 or more hours per week at an employment site within the Tahoe Truckee Unified School District geographical boundary.
- c. A household must have at least one member whose work site is less than or equal to 20 driving miles from the Property.
 - i. Administrative Variance to Work Site. A twenty percent (20%) variance may be granted by the Program Administrator.
- d. Program Participant must not have owned a home in the last 12 months and must not have participated in this Program for the last three years.

II. Property:

- a. The Program Administrator will determine eligible homes for participation in this Program based on sale price and what is considered affordable for a household meeting the TRPA Achievable Income limits.
- b. The Property shall be located in unincorporated Placer County within the Tahoe Truckee Unified School District geographical boundary.
- c. The Property shall not be located in a Potential Avalanche Hazard Area.

III. Conditions

- a. The Program Participant shall be required to make all repairs and replacements necessary to keep the home in good condition and repair.
- b. The Program Participant shall comply with all applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials. The Property shall pass a homebuyer's inspection/and or final building permit inspection prior to the completion of a disbursement.
- c. Program Participant shall consent to recordation of a lien against the Property in the amount of the funds disbursed plus a reasonable estimation of interest and fees.
- d. Program Participants may rent their Property on a short-term basis for no more than 30 days each calendar year.
- e. Program Participants may rent their Property to a qualified Occupant who meets local employment and income criteria described in Section C.I.
- f. Program Participants must work within the Tahoe Truckee Unified School District geographical boundary for at least seven years after initial Program participation before retiring.

D. Determining the Deed Restriction value

- I. The County will use the following methods to determine the deed restriction value, based off the fair value of the property:
 - a. County Assessor recent sale price (within last three months, if possible) information for similar properties
 - b. Appraisal, paid by Program Participant, completed by a certified Member Appraisal Institute (MAI) or other qualified real estate appraiser approved in advance by the County
 - c. Program Participant and the County may establish the Fair Market Value of the Property by mutual agreement in lieu of an appraisal
- II. The County will consider the following criteria and findings to determine the Deed Restriction Disbursement:
 - a. The Property provides housing to a permanent year-round resident participating in the local workforce
 - b. The market value of the deed restriction is comparable in value to other existing deed restrictions in the community as demonstrated by a licensed real estate appraiser
 - c. Most cost effective and efficient use of the County's limited supply of financial resources
 - d. Fair market value is paid for the deed restriction relative to current market conditions
 - e. The amount contributed by the Program Participant to the down payment

E. Deed Restriction Processing and Approval

- I. The Program Administrator reviews applications and determines eligibility based on the initial Program interest applications.
- II. Program Participants who qualify will be sent an eligibility packet with the necessary forms, disclosures, information, and contact information. They should submit a complete packet to the Program Administrator within 15 days of receipt of packet. The completed packet should include all completed forms and documents verifying eligibility.
- III. All Program Participants shall verify on their application that all information provided is true and accurate. If any of the information is determined by the County to be inaccurate or non-verifiable, the applicant may be subject to disqualification by the County from the application and/or approval process.
- IV. The Program Administrator shall review the packet for completion and compliance with the terms listed for the particular Program for which the Program Participant is applying. Once the Program Administrator verifies the packet is complete and eligible, the Program Administrator will prepare the Packet for presentation to the Approving Agent.
- V. Upon the approval of the Approving Agent, the Program Administrator shall prepare the Deed Documents for signature, execution, and recording. The Deed Documents shall include, but not be limited to, a Deed Restriction Purchase Agreement, Restricted Deed (recordable), Lien (recordable), and Subordination Agreement. Once the Deed Documents are recorded, funds will be transferred to the Program Participant. The Program Administrator and Program Participant will work together to transfer the funds.

F. Monitoring and Compliance

- I. Program Participants are required to certify that the Property are occupied on a full-time basis by Occupants meeting the income and employment criteria. The Program Administrator will monitor the deed restrictions annually. By March 1st

of each year, each Program Participant and Occupant, if applicable, shall provide the following certifications and information as proof of occupancy requirements.

- a. Occupant's W-2 or most recent pay stubs.
 - b. Occupant's tax returns.
 - c. Occupant's lease agreement, if applicable.
- II. If any of the required information is not available, the Program Participant shall provide other documentation as requested by the Program Administrator. The sufficiency of any such alternative documentation will be determined by the Program Administrator at its sole discretion.
 - III. The Program Administrator may inspect the participating property with prior notice to Program Participant.
 - IV. Failure to comply with the annual verification will result in notification of violation with a deadline for compliance, followed by additional enforcement as laid out in the Noncompliance Section (H) of this document.

G. Future Sale of the Residence and Release from the Deed Restriction

- I. Future Sales:
 - a. The deed restriction will auto-renew the 55-year term with each future sale of the Property.
 - b. Occupancy requirements for the Program will apply to all future Program Participants and Occupants.
 - c. In the event a Program Participant wishes to sell the property, the Program Participant shall notify the Program Administrator for purposes of monitoring the transaction (or sale).
- II. Program Termination:
 - a. In the event a Program Participant decides to terminate the deed restriction, the Program Participant shall notify the Program Administrator.
 - b. The Program Administrator will present the Program Participant with a termination fee of whichever is greater: 1) the original Deed Restriction Disbursement plus interest calculated at three percent (3%) per year from date of deed restriction recordation compounded annually or 2) the original Deed Restriction Disbursement plus interest calculated at the rate of appreciation on the fair market value of the house since the date of deed restriction recordation.
 - c. Upon Program Participant's repayment of all monies owed, a release of lien will be recorded in favor of the Program Participant.

H. Noncompliance with Conditions of the Deed Restriction Program

- I. In the event a Program Participant participating in the Program fails to comply with the Program requirements, the Residence shall be terminated from the Program and the Program Participant shall owe the County a termination fee of:
 - a. 1) the original Deed Restriction Disbursement plus interest calculated at three percent (3%) per year from date of deed restriction recordation compounded annually or 2) the original Deed Restriction Disbursement plus interest calculated at the rate of appreciation on the fair market value of the house since the date of deed restriction recordation, whichever is greater
 - b. Appraisal, title and escrow fees.

I. Monitoring and Adaptive Management

- I. To ensure Program effectiveness, the Program Administrator will monitor the Program annually and evaluate data and trends such as but not limited to:
 - a. Types of housing Residences & prices of housing Residences in Program

- b. Frequency of how often Residences in Program sell
 - c. Sale prices of Residences in Program
 - d. Owner or renter occupancy
 - e. Changes to workforce population in East Placer
 - f. Changes to percentage of owner-occupied properties in East Placer
- II. The Program Administrator will also present Program updates to the Board of Supervisors on an annual basis. The Program Administrator will evaluate that data to gauge effectiveness of the Program and adapt and update the Program on an as-needed basis, with Board of Supervisors approval.