



MEMORANDUM
COMMUNITY DEVELOPMENT RESOURCE AGENCY
PLANNING SERVICES DIVISION
County of Placer

TO: Honorable Board of Supervisors **DATE:** January 25, 2022
FROM: Jane Christenson, ACEO, Interim Agency Director
BY: Shawna Purvines, Deputy Director | Emily Setzer, Senior Management Analyst | Devin McNally, Associate Planner
SUBJECT: East Placer/Tahoe Housing Update

ACTION REQUESTED

1. Receive an update on the County's efforts to create achievable housing opportunities in East Placer and the Tahoe Basin.

BACKGROUND

HOUSING COSTS IN EAST PLACER COUNTY

The North Tahoe Truckee region has faced a continually worsening housing problem as most of the area's housing stock is not available to primary residents throughout the year because the majority of homes are being used as a vacation home or short-term rental (STR). In the last two years, this already existing problem severely worsened. The ability to work remotely during the COVID-19 pandemic has allowed higher paid professionals from out of the region to move to more rural areas like the North Tahoe Truckee region, resulting in a drastic increase in home prices which many local workers can't afford.

In the North Tahoe Truckee area, the median single family home price was \$1.175M in November 2021, an increase of 25% from the median price of \$941,000 in November 2020. The current median price represents an increase of almost 178% from the median single family home price of \$660,000 in April 2020. To have afforded the \$660,000 median sale price would have required a household income for two people to be around 245% of Area Median Income (AMI), or \$178,605, which is the maximum of what Placer County and the Tahoe Regional Planning Agency (TRPA) consider to be achievable for local workers. To afford the current median sale price of \$1.175M, a two-person household income would need to be \$310,000, or about 425% AMI.

The increase in home sale prices led many buyers to sell, resulting in the loss of a substantial amount of long-term rental housing as existing tenants were forced to move from their existing rentals. Additionally, those residents who were ready or preparing to buy soon were quickly priced out of the market. The lack of affordable and available housing limits the ability for employers, including Placer County, to hire workers and provide high quality service to residents and visitors of the North Tahoe Truckee area.

COUNTY COMMITMENT TO DATE

As achievable housing for the local workforce has been a consistently increasing need in East Placer, Placer County has been involved in facilitating housing since 2010 through applying for federal funds, leveraging private funding, and using County funds to develop, deed restrict, or preserve housing in East Placer County. To date, the County has leveraged over \$18 million and assisted in the creation of 294 units of affordable or achievable housing. These include:

- Administering 19 Down Payment Assistance loans through funding from the Martis Fund
- \$13.5 million to assist in the construction of two affordable housing developments: Kings Beach Housing (77 units) and Sawmill Heights (96 units).
- A workforce housing obligation from the Schaffer’s Mill development that led to the construction of 56 units of affordable housing at Meadowview Place, including County recreation and pedestrian/bike trails helped the project secure \$16 million in funding from the State Affordable Housing and Sustainable Communities Program.
- An additional agreement for the construction of Hopkins Village, a 40 unit for-sale housing development for homebuyers who work in the Tahoe Truckee Area and earn under 180% of the AMI. The price of the units has risen from \$550,000 to between \$575,000 and \$590,000 due to increased construction and materials costs. Placer County qualified 33 buyers, six of whom are in contracts to purchase homes in early summer 2022.
- Placer County purchased the 11-acre Nahas property near Tahoe City in 2019 at a reduced sale price of \$4.2 million to develop Dollar Creek Crossing, a mix of achievable rental and for-sale housing, which is currently beginning environmental review.

A full breakdown of funds is detailed in the table below.

Type of Assistance	Amount	Units	Notes
Second Loan	\$ 1,027,060.00	23	Includes Martis Fund loans
Rehabilitation Loan	\$ 126,225.00	2	
Land Purchase	\$ 3,400,000.00	0	Dollar Creek Crossing
Development Loan	\$ 13,582,700.00	173	Sawmill Heights and Kings Beach
Developer Agreement	\$ 0.00	96	
Total	\$ 18,135,985.00	294	

CURRENT COUNTY EFFORTS

Planned Projects and Programs

The County has worked to secure additional funds and launch additional programs to support achievable housing. This includes securing over \$5 million in funding for specific projects and programs, as well as up to \$4 million per year with an estimated 170 units of housing currently being planned. These include:

- \$2.5 million through the State’s Permanent Local Housing Allocation program to develop the Dollar Creek Crossing site into 150 units of affordable rental and homeownership housing. Staff are currently finalizing the project description for environmental review.
- \$1.3 million in Project Homekey funding to purchase and rehabilitate the Seven Pines Motel in Kings Beach into 14 units of permanent supportive housing.
- \$500,000 in County General Funds to launch the Workforce Housing Preservation Program (WHPP). Due to increasing housing costs, County staff recently increased the amount of assistance available to a maximum of 16% (previously 15%) up to \$150,000 (previously \$100,000). Currently, there are 11 qualified home buyers looking for housing. The Martis Fund is also preparing to make available an additional \$500,000 for the program for households which make 180% of AMI. The County is also coordinating with the Town of Truckee, who is developing a similar program.

- \$315,000 in County funding to the Mountain Housing Council for affordable housing development.
- Estimated \$4 million per year, beginning 2021, through redirected Transit Occupancy Tax (TOT) funds freed up from the Tourism Business Improvement District dedicated to achievable housing and transit.

County Collaboration with Stakeholders

In July 2021, the County joined the Tahoe Truckee Workforce Housing Authority (TTWHA). A joint powers authority comprising of the Tahoe Truckee Unified School District, North Tahoe Public Utility District, Tahoe Forest Hospital, Tahoe Truckee Airport, and others. The TTWHA will be pooling resources and expertise to develop housing for its employees.

The County is also working with Housing Trust Placer exploring ways to assist with acquisition and/or conversion of multifamily and commercial land uses for workforce housing. This includes talks with the County to purchase properties recently developed to deed restrict them for either achievable income (225-245% AMI), moderate income (120% AMI) or low income (80% AMI) households.

In addition, the County is in the early stages of researching and potentially purchasing a site owned by the Tahoe Conservancy to develop achievable housing for the local workforce. Staff expect to bring an item to the Board of Supervisors in Spring 2022.

ADUs

Currently, TRPA has received six applications for Accessory Dwelling Units in the Tahoe Basin, one has been approved, while the others are still waiting for additional information. The County is also working with Nevada County to develop building plans which are suitable for the Tahoe Basin and higher elevations.

Plan Updates and Regulatory Reforms

County staff are currently working on Tahoe Basin Area Plan amendments targeted at increasing the economic sustainability of town centers, which includes housing related amendments. The goal is to have these amendments adopted in the first half of 2022.

Additionally, County staff have proposed changes to the Short-Term Rental Ordinance to protect workforce housing and address issues raised related to STRs in East Placer.

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FISCAL IMPACT

None.

