



Many of the report's suggestions are either in whole or in part being implemented by Placer County. Today's discussion is to further define where additional steps can be taken. An infographic summary of the report is attached to this memo.

Additionally, the State Legislative Analyst's Office published a report in March 2017 that suggests required General Plans and Housing Elements do not adequately plan for diverse housing needs. The question now becomes if state-mandated efforts are not producing intended results, what can Placer County do to develop and implement its own successful strategies?

## **1. THE HOUSING ELEMENT**

In accordance with State law, California cities and counties must have an adopted General Plan, which must contain a Housing Element. Housing Element law requires that all jurisdictions facilitate housing development by creating policies and adopting land use plans and regulatory schemes that provide opportunities for housing development, including units that could accommodate households with very-low, low, moderate and higher incomes. The Placer County Housing Element was adopted by the Board on October 8, 2013 and was certified by the California Department of Housing and Community Development on November 22, 2013. It covers the 2013 to 2021 planning period.

Placer County's affordable housing strategy in western Placer primarily consists of three programs outlined in the Placer County Housing Element:

- Policy B-12 requires privately-initiated proposals requesting to amend the General Plan or a Community Plan land use designation of Agricultural/Timberland, Resort and Recreation, Open Space, General Commercial, Tourist/Resort Commercial, or Business Park/Industrial to a land use designation of Residential or Specific Plan to include an affordable housing component.
- Policy B-13 requires 10 percent of residential units in Specific Plans be affordable.
- Policy B-14 requires 10 percent affordable units or in-lieu fee for any General Plan amendment that increases residential density.

For eastern Placer, the County's strategy primarily consists of one program. Per Placer County's Housing Element Policy C-2, the County requires new development in the Sierra Nevada and Lake Tahoe areas to provide for employee housing equal to at least 50 percent of the full-time equivalent employee housing demand generated by the project. If the project is an expansion of an existing use, the requirement only applies to that portion of the project that is expanded. Employee housing is to be provided for 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.

## **Annual Progress Report**

Placer County is required by the state department of Housing and Community Development to submit an annual report on its progress and status of implementing the Housing Element portion of its general plan. The item will be placed on a subsequent agenda to allow for public comments on the

report as required by California Government Code Section 65400. The 2015 Annual Housing Element Implementation Report can be viewed on Placer County's Housing Program webpage at: <http://www.placer.ca.gov/departments/communitydevelopment/planning/documentlibrary/housing-element>.

Based on the regional determination provided by State Department of Housing and Community Development (HCD), The Sacramento Area Council of Governments (SACOG) must develop a Regional Housing Needs Allocation (RHNA) and a Regional Housing Needs Plan (RHNP). These state-mandated documents allocate a projected share of the regional determination to each of the cities and counties in SACOG's six-county region. The RHNA establishes the total number of housing units that each city and county must plan for within the eight-year planning period. Of the 5,031 units Placer County is required to plan for during the 2013-2021 planning period, 1,187 units have been built. The allocation identifies for Placer County that 3,258 units must be planned for affordable housing. The County's General Plan defines Affordable Housing as "Housing capable of being purchased or rented by a household with very low, low or moderate income". During this Housing Element cycle to date, 82 affordable units have been constructed and up to another 2,213 affordable units have been approved but not yet built.

### **Completed Housing Element Tasks**

#### Affordable Housing Project Development

Placer County has participated in the planning and development of three separate affordable housing projects. They are as follows:

- 2006 - Sawmill Heights - Northstar - 12 units (\$350,000 forgivable loan to write down affordability gap, which also extended affordability term to 55 years)
- 2012 - Domus Scattered Sites - Kings Beach - 77 units
- 2016 - Quartz Ridge - Auburn - 64 units
- 2009-2011 - Hopkins - 4 units - Martis Valley
- 2009-2012 - Atwood III 15 units - Auburn
- 2013 - Corda Workforce Housing - 1 unit - Tahoe City

#### Zoning Text Amendments (ZTAs)

Changes to county code 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.

- 2008 - Reasonable Accommodations
- 2011 - Emergency Shelter, Transitional and Supportive Housing
- 2013 - Farmworker Housing
  - Single Room Occupancy (SRO)
- 2014 & 2015 - Transitional and Supportive Housing
  - Town Center Combining District
- 2016 - Secondary Units on Smaller Lots
  - Emergency Shelters (updated to allow in three additional zone districts)

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 were not allowed in the Tahoe basin, except on residential parcels greater than one acre in size until TRPA's adoption of the Tahoe Basin Area Plan earlier this year.

### Tahoe Basin Area Plan

The Tahoe Basin Area Plan was approved by your board in December 2016, and by the TRPA Governing Board in January 2017. 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 new Area Plan made significant changes to TRPA policy by allowing second units to be developed on residential parcels less than one acre in size. The plan also waives the development right and residential allocation normally required for residential development in the case where a second unit is deed-restricted to be affordable consistent with State-prescribed standards, and also eliminated any requirement that at least either the primary or secondary unit be owner occupied.

### **Housing Element Implementation Challenges**

Placer County has demonstrated progress in implementing its Housing Element, but some factors that have taken place over the course of the last several years that can hinder future progress. Those factors are outlined as follows:

#### Funding/Internal Capacity

When Placer County had an active Redevelopment Agency, a consistent dedicated revenue stream was available to plan and develop affordable housing. Redevelopment agencies were required by state law to set aside 20 percent of annual revenue for affordable housing. The completed housing projects listed above were all funded in part with Redevelopment Agency revenue. Since the demise of redevelopment agencies statewide, Placer County has not replaced the funding source and implementation of new projects has not occurred. Additionally, the lack of a consistent revenue source has impacted available staff resources. The former Redevelopment Agency had six housing specialists on staff. One staff person dedicated to housing remained in CDRA, and a Principal Planner was recently hired to assist with housing and economic development initiatives. The reduction in staff impacts the county's ability to keep up with state mandated code changes, pursuing grants, compiling reports, and identifying new streamlining opportunities

Placer County does have \$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 of the available revenue was generated in eastern Placer County.

Also available for projects in eastern Placer County are the proceeds from the sale of a property initially dedicated by a development project for affordable housing. The property, however, was sold to a private school. The proceeds, estimated to be between \$2.5 and \$4.5 million, accrued to the

Martis Fund, which has committed to allocating the funds toward the planning and development of workforce housing in Placer County.

### Short-Term Rentals

During the course of public outreach for the Tahoe Truckee Housing Needs 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 the Short Term Rental market as an area for further analysis. Staff 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.

Your Board approved a contract with Host Compliance in October 2016. There are currently 3,877 active TOT certificates tied to properties that rent various unit types for 30 days or less in unincorporated Placer County. All but 35 of those certificates are based in eastern Placer County. Initial analysis confirmed by Host Compliance has uncovered an additional 3,600 properties in unincorporated Placer County that do not currently hold required TOT certificates, and are therefore not remitting TOT. Most of the new non-compliant properties identified are in eastern Placer County. Revenue Services sent out its first batch of compliance notices in late March. While there is significant new TOT revenue potential associated with bringing properties into compliance, the analysis also demonstrates a clear impact on housing that could otherwise be available to the region's residents and workforce. A balanced approach to limiting Short Term Rentals or incentivizing full time residential use is something staff recommends your board consider.

### **Comparative Jurisdiction Housing Element Implementation**

During the October 25, 2016 housing discussion, board members expressed interest in understanding tools used by other jurisdiction to facilitate housing development. As your Board is being asked to prioritize planned housing programs, or to develop and implement new programs, it is beneficial to understand what other local or comparative jurisdictions include in their codes. Following is a summary of such programs.

City of Rocklin:

- The City of Rocklin does not have an inclusionary housing requirement.
- To facilitate development of affordable housing, the City's Housing Element requires identification and rezoning of 261.4 acres of underutilized and vacant land within the city, at a minimum density of 22 units per acre.
- To assist the development of housing for lower income households on larger sites, the City will facilitate land divisions, lot line adjustments, and specific plans resulting in parcels sizes that facilitate multifamily developments affordable to lower income households. The following incentives for the development of affordable housing which may include:
  - Streamlining and expediting the approval process for land division for projects that include affordable housing units
  - Ministerial review of lot line adjustments
  - Deferral or waiver of fees for projects affordable to lower income households

- Provide technical assistance to acquire funding
- Modification of development requirements

City of Roseville:

- Within each Specific Plan, specific parcels are subject to certain affordable housing requirements and are set through Development Agreements. Agreements between the City and developers may include a variety of housing types, including mixed-use, wherever applicable to help achieve the 10% Affordable Housing Goal.
- The City's Housing Element calls for the consideration of a nonresidential construction fee program, which would levy a fee on nonresidential construction to assist in the development and retention of affordable housing. The rationale behind this fee is that new employment is a factor in the need for additional housing.
- The City prefers affordable housing be developed as specified under the 10% Affordable Housing Goal within each of the Specific Plan Areas. Because the City does not control or own land to ensure the development of the affordable units, the City has not established a formal in-lieu fee program. In-lieu fees may be considered on a case-by-case basis.
- In all cases where in-lieu fees are considered as an alternative to producing affordable units, Housing Division staff review the project based on: (1) a good faith effort by the owner to secure and utilize available subsidies; (2) the type of project and its ability to absorb the affordable units; and (3) the ability to use the in-lieu fees within the same Specific Plan or infill area.

Town of Mammoth Lakes:

- Mammoth Lakes adopted its first Affordable Housing Mitigation Ordinance in 2000 and was updated in 2015. The Town requires new development to mitigate a share of its workforce housing demand through payment of in-lieu fees that support workforce housing programs, provision of on-site or off-site workforce units, conveyance of land for workforce housing, or other means. The inclusionary housing requirement of 10 percent for all new residential and lodging developments applies to projects larger than nine residential units or 19 lodging units, at a target income level of 120% of AMI or less.
- Exemptions from housing mitigation requirements for small single-family residences (under 2,500 sq. ft.), rental apartments and deed-restricted units, and retail and restaurant development in certain zones. The non-profit Mammoth Lakes Housing, Inc. (MLH) administers the Town of Mammoth housing programs. Part of the revenue to MLH is a direct pass through from the one percent of TOT revenues dedicated to fund affordable and workforce housing programs and projects.

Town of Truckee:

- The Town adopted an Inclusionary Housing Ordinance in May 2007. The Ordinance requires all new residential development to include deed-restricted affordable units, to pay an in-lieu fee or dedicate land.
- For ownership projects, 100 percent of the inclusionary units must be affordable to moderate income households, or one-third must be affordable to low income households, one-third

affordable to moderate-income households and one-third affordable to above moderate income households.

- For rental projects, 100 percent of the inclusionary units must be affordable to low-income households, or one-third must be affordable to very low income households, one-third affordable to low income households and one-third affordable to moderate-income households.
- Non-residential projects and residential projects which include certain non-residential uses are required to include or provide workforce housing for 100 percent of employees generated by the project.
- The number of workforce housing units varies by project size and is calculated based on the number of full-time equivalent employees (FTEEs), or based on the number of employees that are generated by income level. The workforce housing units can either be rental or for sale units, and must be targeted for households with incomes between 30 and 120 percent of the area median.

## **2. OPTIONS FOR BOARD OF SUPERVISORS CONSIDERATION**

The next two sections of this report include tactics for consideration by your board. Based on Board feedback on preferences and priorities, staff will return with a draft FY 2017-18 Housing Work Plan for the Board's further review and consideration.

### **LEGISLATIVE ADVOCACY**

The county's legislative platform reads "support legislation to increase funding opportunities to expand housing and homeless assistance programs." County staff is currently following bills related to streamlining approval processes and imposing statewide fee structures to determine whether they are consistent with our platform.

One example is SB 35, which proposes to require cities and counties who have failed to meet their regional housing needs assessment goals to create a ministerial approval process for housing developments that meet certain criteria, such as multifamily, urban infill, contains subsidized rental or ownership units, and is consistent with current zoning.

Placer County also participates in CSAC, and participates by providing feedback on proposed legislation and comment letters that support its platform. Recently, Placer County staff has engaged with CSAC on state over-reach in response to the growing and under-regulated web-based short term rental market, and is likely to engage this term on other housing related matters.

Governor Brown last year enacted the "No Place Like Home" program, which dedicates \$2 billion in state bond proceeds to acquire, design, construct, rehabilitate, or preserve permanent supportive housing for persons who are experiencing homelessness, chronic homelessness or who are at risk of chronic homelessness, and who are in need of mental health services. Counties will be eligible for grants through a competitive process with similarly-sized counties. Funds are expected to be available winter 2018. Should the county decide to apply, Shaw / Yoder / Antwih can provide grant-writing and other support.

## NEW FUNDING/RESOURCES

- Real Estate Transfer Tax - One revenue option suggested at the October 25 workshop was to consider a real estate transfer tax to assist in funding planning and development of affordable housing. A county may only impose those taxes that it is specifically authorized to impose under CA statutes – such as the documentary transfer tax. All counties in California, collect a documentary transfer tax of \$1.10 per \$1,000 in real estate transferred. The transfer tax amount is established by state law for counties and, in fact, Revenue and Taxation Code section 11551 requires overpayments of a documentary transfer tax to be refunded to the person from whom it was collected. Placer County's revenue from this source funds Recorder's Office costs related to documentation paperwork. Some charter cities have enacted a property transfer tax but they fall under different statutory authority than counties. There is no provision in state law that authorizes a county to charge a real estate transfer tax. Absent state law amendments to the Documentary Transfer Tax Act to authorize the County to collect additional amounts and/or for reasons other than related to the document transfer, the County is prohibited from enacting such a tax.
- Fee Revenues - Placer County currently collects fees in lieu of construction of affordable housing in certain circumstances. Just over \$1 million in in-lieu fee revenue is currently held in a Housing Trust Account managed by CDRA. While payment of fees in lieu of developing housing on or off-site is currently an option under today's code, the payment amount is negotiated on a case by case basis. As discussed in more detail below staff has engaged a consultant to analyze data necessary in order to develop a comprehensive program based on a legal nexus to impact. If instituted, the program could take many forms.
- Transient Occupancy Tax (TOT) - Eight percent is required to be collected on all overnight stays of 30 days or less in unincorporated Placer County, except in eastern Placer County, where the tax is 10 percent. Just over \$16 million in TOT revenue was collected last fiscal year. Some jurisdictions with significant tourism impacts have recently increased room tax or set aside out of existing collections revenue to plan for and develop workforce housing. A majority of TOT revenue collected in the unincorporated area of the County comes from the Tahoe region, 60 percent of which is currently allocated to marketing, transportation and capital projects and 40 percent is allocated into the county general fund. Your board could choose to allocate existing TOT revenue to housing. A proposed increase in TOT would require a ballot measure. If not tied to specific budget allocations, a 50 percent plus one majority vote would be required. Should your Board want staff to further analyze this option, near term steps could include analyzing revenues, developing options and surveying voters.
- Capital Reserves - As identified in a discussion on planned development of a Capital Improvement Plan, Placer County sets aside capital reserves each year for projects, including facilities, roads, parks, trails and other infrastructure. Funds could also be allocated to developing workforce housing.
- Redevelopment Property Tax Trust Fund - Property tax increment from the former Tahoe, Auburn and Sunset redevelopment areas is currently being allocated to an account available for priority capital projects. Your Board could consider setting aside 20 percent of that fund toward the planning and implementation of affordable housing, consistent with former requirements for redevelopment agency funds.

- General Fund - Operations - In addition to resources set aside by the County Executive Office to participate in the Housing Council, CDRA is proposing that \$200,000 be made available in the FY 2017-18 budget to fund necessary studies, planning and code changes.
- Martis Fund (Tahoe only) - Proceeds from the sale of a property conditioned to be available for affordable housing is managed by the Martis Fund and is available for planning and development of housing in eastern Placer County.
- Land - Placer County has public land that could be appropriate for the development of affordable, workforce, mixed use and other housing product types. Your Board could request that staff return with an inventory of public land, possibly including analysis of sites near transit (called "hot spots") and those likely to yield priority grant and tax credits.

## **INCENTIVES**

- Placer County already offers a fee waiver for second unit projects and those that qualify under federal affordable housing guidelines. Because workforce housing that is affordable to broader income levels has also been identified as a challenge to develop, it may be possible to extend the program to other housing development projects that serve diverse workforce needs.
- As recommended in Housing Element Program A-6, Placer County could develop and provide Prototype Second Unit Plans for the most common applications. This would help bring down permit costs for secondary dwelling unit construction.
- The McKinsey Institute study also recommends providing an amnesty path for second units that have not been permitted. Legitimizing the units would boost building code compliance and also raise property tax revenue. This concept could be offered for a limited term and could include amnesty for Placer County fees and possibly even subsidy of other special district fees to incentivize participation.
- Placer County could implement a policy that specified projects that address priority workforce housing, such as second units or multi-family residential projects, receive priority placement in the project review queue.
- At the October 25, 2016 Board meeting, Supervisor Uhler suggested the County consider developing an incentive program that could possibly subsidize seasonal usage of otherwise vacant or used for Short Term Rentals. Staff believes an appropriate first step in determining program viability would be to survey second homeowners, possibly in partnership with property management companies. The survey could assess overall interest, seasonal preferences and what level of subsidy would be necessary as an incentive.
- A related program could include creating a registry, where seasonal or permanent residents can be matched with second home owners interested in renting their homes for residential rather than short term rental use.

## **REGULATIONS**

### **Inclusionary Housing**

Inclusionary housing is a term that refers to local ordinances that require a given share of new construction or development to be affordable by people with low to moderate incomes. While the County maintains policy requiring an inclusionary component for Specific Plans within western Placer, the County does not have inclusionary policy requirements for eastern Placer and also does not have an inclusionary housing ordinance.

In western Placer, the County has approved Specific Plans that include 10 percent affordable units. Those Specific Plans include Placer Vineyards Specific Plan, Regional University Specific Plan, and Riolo Vineyards Specific Plan. The Bickford Ranch Specific Plan was amended in 2015 to revise its affordable housing obligation which now allows for the payment of an in-lieu fee rather than an inclusionary housing requirement. The Placer Ranch Specific Plan is currently underway. Your board will also be asked to evaluate this Specific Plan in light of county policy.

As this tool is used in neighboring and other comparative jurisdictions in a broader sense, it may be a tool your Board wants staff to analyze, given subsequent value growth in the region's real estate market.

### **In Lieu Fees**

The County's Housing Element contains policy which allows projects the option of paying an in-lieu fee as a way to meet their affordable housing obligation. Currently, however, the County does not maintain a Board-approved affordable housing in-lieu fee program. Placer County Housing Policies B-14 and C-2, provide an affordable housing in-lieu fee payment option for project that increase residential density in both western and eastern Placer County.

The County's Housing Element also contains a program geared at exploring the adoption of in-lieu fees, impact fees and planning-related fees associated with residential and non-residential development:

- Placer County Housing Element Program A-5 states that the County's analysis of fees shall determine whether or not the fees collected are appropriate and fair and compare fee structures with those in nearby jurisdictions.
- Placer County Housing Element Program B-9 includes consideration of an affordable housing program that applies to areas of the County under 5,000 feet in elevation, and that may include an in-lieu fee component.
- Placer County Housing Element Program C-2 includes consideration of an employee housing program that applies to eastern Placer which may include an in-lieu fee component.

Over the last few years CDRA has seen an increased interest in developers who want to pay in-lieu fees to meet their affordable housing obligation rather than building affordable housing units. Because the County does not have a Board-adopted in-lieu fee or program, developer requests have been negotiated on a project-by-project basis. This system has negative impacts on process timeline and development cost certainty, and places staff in a position to negotiate a fee without supporting nexus analysis.

In 2015, Placer County began an effort to implement the Housing Element programs geared at exploring in-lieu fee programs and contracted with Mintier-Harnish Planning Consultants to prepare nexus-based Workforce Housing Fee Studies for the eastern and western portions of the county. The studies provide necessary background analysis intended to inform Board of Supervisor's future decisions and actions by presenting quantitative data and a comprehensive overview of the many facets that influence housing affordability.

The purpose of the Fee Studies is to assist the County in implementing its affordable housing policies in both eastern and western Placer, specifically to:

1. Establish the nexus (reasonable relationship) between new residential and non-residential development and the demand created for additional affordable housing; and,
2. Determine the maximum justifiable affordable housing fees and present options for adoption of fees.

The maximum justifiable fees represent the amount needed to cover 100 percent of the difference between the costs of developing a mix of housing types, including rental and ownership for-sale market rate units, and what Placer County households can afford to rent or purchase. This difference is called the "affordability gap". This fee is NOT intended to cover the full cost of constructing affordable housing units.

For residential development, the approach for the Studies assumes that the development of new housing units brings new residents to the county, who spend money in the county on goods and services. Increased local business results in the need to hire new employees. A nexus study establishes the connection between the new households that move to the county to purchase new housing units and the number of new employees that will be hired by local businesses to serve the needs of new residents.

The maximum justifiable residential fee that has been analyzed in the Studies is based on the estimated number of income-qualified local workers required to support the residents of market-rate units and the subsidy required to construct housing for those workers. Multi-family, apartment complex and other non-residential development was also analyzed. Few jurisdictions charge the maximum justifiable fee. As an example, the city of Oakland charges different fees based on zones, and while the maximum justifiable fee per new single family residence in one zone was over \$75,000, the adopted fee was \$5,000.

#### Fee Study Next Steps/Outreach

Should your Board direct staff to continue this analysis, staff will complete the draft and release the draft Housing Fee Studies to the public for review and comment. Staff would conduct stakeholder meetings, both in eastern and western Placer, to present the studies, answer questions, and seek input from key stakeholders. After meeting with stakeholders, staff would request the Board conduct two workshops, one in eastern Placer and one in western Placer, where the consultants and staff could provide a presentation and the Board would provide direction to staff on key policy considerations related to affordable housing policy and a future in-lieu fee program. Some key considerations include:

- Broaden to impact fee (applies to all project types) or implement in-lieu fee only?
- Include residential and non-residential developments?
- Consider collecting fees in only certain areas or for only certain project types?
- Level of fee? Any exceptions?
- Use in menu of options to include inclusionary or off-site?

## **OTHER LAND USE AND ZONING CHANGES**

The Placer County Community Development Resource Agency (CDRA) continually works to implement the County's Housing Element and has been successful at implementing many of the programs called out in the Housing Element. Placer County Housing Element includes a number of programs that involve amendments to the Placer County Zoning Ordinance to help address affordable housing needs in the County. Some programs that have not yet been implemented are straight-forward and could be prioritized over the next fiscal year include are listed below.

- *Program A-1 – Land Supply.* Identify additional areas that may be suitable for higher-density residential development.
- *Program A-3 – Mixed-Use Development.* This program would create mixed-use zoning districts that would allow for residential development to occur within existing commercial zones as a way to promote multi-family residential development.
- *Program A-4 – Minimum Density Standards.* This program would set a minimum density standard for single-family homes in the Multi-Family Residential zoning district as a way to discourage or disallow single-family development and address the loss of multi-family sites to single-family construction.
- *Program A-8 – Co-op Housing Regulations.* This program would define co-op housing, develop standards, and designate zones appropriate for units as a way to encourage an alternate housing type.
- *Program A-9 – Studio Apartments.* This program would ease development standards and/or provide density bonuses to encourage construction of studio apartments.
- *Program B-6- Impact Fee Waivers and Fee Deferrals for Affordable Housing.* This program would waive or reduce impact fees for affordable housing projects, or allow developers to pay over a number of years as a loan. It includes special needs housing and deed-restricted affordable second units, the latter of which has already been implemented.
- *Program B-10 - Second Units/Multi-Generational Housing.* This program was recently implemented by CDRA staff; however, based on recently adopted State statutes related to secondary dwelling residential units the County's secondary unit ordinance must be amended again to further relax development standards for secondary units.
- *Program B-12 – Multi-family on Commercial Sites.* To facilitate construction of high-density housing on commercial sites, the County could revise the Zoning Ordinance to allow multi-family dwellings of 20 or fewer units/acre as a permitted use by right in the C1 and C2 Zone Districts, and/or permit multi-family housing that contains an affordable housing component at 30 units/acre on commercial sites where it is supported by appropriate infrastructure.

Amendments consistent with recent changes in State law are being prepared and are anticipated to be brought forward for review and approval this summer.

In addition to the above programs which are outlined in the County's Housing Element, there has been interest countywide in utilizing "tiny houses" to solve certain affordable housing needs. Your Board could consider a zoning code change that would define micro-housing (tiny houses) and establish standards for micro co-housing communities. Since this concept has not be addressed in the Housing Element, it would likely move forward at a slightly slower pace, with possible completion before the end of the calendar year.

### **3. PROPOSED TAHOE TRUCKEE REGIONAL HOUSING COUNCIL AND OTHER PARTNERSHIPS**

In partnership with Nevada County, the Town of Truckee and the Tahoe Truckee Community Foundation (TTCF), Placer County assisted in the completion of a Regional Housing Needs Assessment, which reviewed existing local housing market conditions in the North Lake Tahoe region.

The study analyzed demographic data, workforce trends and needs, housing characteristics, housing market conditions and current local and regional jurisdiction programs and policies, and includes an assessment of case studies from similar mountain resort communities. 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.

Based on these and other findings, the Assessment recommends a series of policy, organizational and funding options. The Community Foundation has prioritized development of a Regional Housing "Council," which includes representatives from different regional stakeholder entities, to lead implementation of the recommended Action Plan. It is believed there is value in convening other regional jurisdictions responsible for the development of workforce housing, as well as other public, private and non-profit partners to address goals that cannot be achieved alone.

The Community Foundation proposes that the Council be responsible for developing a regional housing agenda, creating resident assistance programs, and undertake capital funding strategies. In total, action plan goals may include developing regional housing targets by type, create an inventory of available public land, suggest opportunities to streamline permitting and fee structures, partner with developers, financial institutions and public funders to achieve targets, and track and monitor progress. TTCF will act as a fiduciary manager and organizer for the Council and its staff will coordinate the council's work. To date, Nevada County, Town of Truckee, Tahoe Regional Planning Agency, Tahoe Truckee Unified School District, Tahoe Truckee Airport District and Vail Resorts have committed to partner in funding the Council, each at a rate of \$10-\$50,000 per year for a three year term. Other special districts and private partners are expected to sign on before the end of April 2017. A public kick-off of the Council is being planned for Saturday, April 29 at Truckee High School.

Placer County's participation in the Council is consistent with and implements Housing Element Policy C-5, which states that "The County shall continue to meet with stakeholders and surrounding jurisdictions in the Tahoe Basin to discuss workforce housing issues and develop cooperative strategies that address identified workforce housing needs." For these reasons, staff recommends that your Board approve a resolution delegating authority to the County Executive Officer to execute an agreement with TTCF to participate in the Housing Council for a three year term at a contract amount not to exceed \$50,000 per year, including appointment of the District 5 Supervisor and an alternate to the council, and to commit staff expert resources as needed to move forward the Council's Placer-related initiatives. (See Attachment B)

## **OTHER PARTNERSHIPS**

### Placer County Housing Authority

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 manages the waiting list, verifies eligibility, performs rental unit housing inspections and develops and manages rental agreements with landlords and participants. 265 vouchers are currently managed by the Housing Authority.

In order to assist in addressing the growing need to house individuals who are currently homeless, the department of Health and Human Services is recommending that your Board adopt administrative plan changes to allocate a limited portion of residual vouchers to the homeless, rather than reallocating them to the current waiting list of qualified housed applicants.

It is possible that a future step to adapt to changing needs and resources would be to partner with a Housing Authority in a neighboring jurisdiction. HHS staff continues to analyze this alternative as it seeks to provide effective services with limited resources. It is possible that economies of scale and participation in a larger organization could yield not only cost savings, but greater resources toward the development of housing for Placer County's very low income and homeless residents.

### Non-Profit Advocacy Organizations

Staff has also met recently with staff and board representatives from the Building Industry Association and the Placer Community Foundation. While the organizations have differing goals and roles associated with the development of affordable, workforce or market rate housing, both have a keen interest in Placer County's deliberations about possible next steps and have expressed willingness to advocate consistent with their goals.

The North State Building Industry Association was instrumental in connecting the City of Rocklin with a developer for the implementation of a 200-unit affordable housing project at the former K-Mart site. The Placer Community Foundation has created "Placer Housing Matters," with the goal of educating the public about the need for attainable workforce housing. It has also been engaged in development of the Placer County Government Center plan, advocating for the inclusion of workforce housing on the site.

## **CONCLUSION**

There is no perfect mix of implementation steps Placer County can take to improve the supply and availability of units needed to house its residents and workforce. Much of the decision will be based on community will and prioritization, funding availability and the internal capacity to plan and complete projects. As is often the case when complex social and land use issues intersect, various approaches will be accompanied by controversy. A strategic approach will take significant effort, but is likely to yield broader support and ultimately improve the ability to implement projects. Given the state's interest in the issue, it is also likely that jurisdictions that take a more proactive approach to implementation will have a higher probability of developing programs consistent with community preferences and possibly also avoid imposition of top down approaches.

Based on Board direction, staff will prepare a Work Plan product for future public review and Board consideration that identifies and prioritizes preferred strategies to facilitate implementation of the Housing Element and return with a draft.

**FISCAL IMPACT**

The recommended \$50,000 per year for three years to contract with the Tahoe Truckee Community Foundation to facilitate operation of a Regional Housing Council will be funded from Community and Agency Support at a budgeted net county cost of \$50,000 for three years.

**ENVIRONMENTAL ANALYSIS**

This item is categorically exempt from CEQA per Guidelines Section 15306, information collection, and 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..

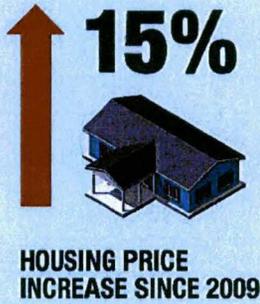
**ATTACHMENTS**

- Attachment 1 - A Tool Kit to Close California's Housing Gap
- Attachment 2 - Resolution

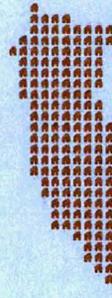
# A TOOL KIT TO CLOSE CALIFORNIA'S HOUSING GAP:

3.5 MILLION HOMES BY 2025

## THE SITUATION TODAY



HALF THE STATE'S HOUSEHOLDS ARE UNABLE TO AFFORD THE COST OF HOUSING IN THEIR LOCAL MARKET



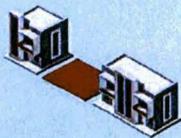
**\$50 billion**  
ANNUAL HOUSING AFFORDABILITY GAP

**\$140 billion**  
LOST ECONOMIC OUTPUT PER YEAR

## TOOLS TO CLOSE THE GAP



### IDENTIFY "HOUSING HOT SPOTS"



Build on vacant urban land already zoned for multifamily development



Intensify housing around transit hubs



Add units to existing single-family homes



Add units to underutilized urban land zoned for multifamily development



Develop affordable and adjacent single-family housing



### REMOVE BARRIERS TO HOUSING DEVELOPMENT



Incentivize local governments to approve already planned-for housing



Accelerate land-use approvals



### ENSURE HOUSING ACCESS



Prioritize state and local funding for affordable housing



Attract new investors in affordable housing



Design regulations to boost affordable housing while maintaining investment attractiveness



### UNLOCK SUPPLY BY CUTTING THE COST AND RISK OF PRODUCING HOUSING



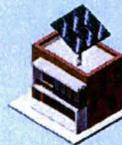
Raise construction productivity



Deploy modular construction



Accelerate construction permitting



Reduce housing operating costs



Align development impact fees with housing objectives

# Before the Board of Supervisors County of Placer, State of California

**In the matter of:** A Resolution authorizing the County Executive Officer, or designee, to finalize and execute an Agreement with the Tahoe Truckee Community Foundation to administer Tahoe Truckee Regional Housing Council.

Resolution No.: \_\_\_\_\_

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held \_\_\_\_\_, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

\_\_\_\_\_  
Chair, Board of Supervisors

Attest:

\_\_\_\_\_  
Clerk of said Board

---

WHEREAS, The County of Placer (County) Housing Element, approved on October 8, 2013 includes, called; and

WHEREAS, Policy C-4 of the Housing Element states the County shall investigate additional mechanisms to facilitate the production of workforce housing the Lake Tahoe area"; and

WHEREAS, on March 10, 2015, the County Board of Supervisors acted to fund Placer County's share to develop a regional Housing Needs Assessment in partnership with Nevada County, the Town of Truckee and the Tahoe Truckee Community Foundation; and

WHEREAS, the Regional Housing Needs Assessment made the following findings about the North Lake Tahoe region:

- 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; and

WHEREAS, a primary recommendation of the Regional Housing Needs Assessment is to “establish a regional housing entity” to develop a “regional workforce housing action plan”; and

WHEREAS, Policy C-5 of the Housing Element states that “the County shall continue to meet with stakeholders and surrounding jurisdictions in the Tahoe Basin to discuss workforce housing issues and develop cooperative strategies that address identified workforce housing needs”; and

WHEREAS, participation in the Tahoe Truckee Regional Housing Council satisfies that policy in part because jurisdictions such as Nevada County, the Town of Truckee, Tahoe Regional Planning Agency, Tahoe Truckee Unified School District, Tahoe Truckee Airport District and private corporations such as Vail Resorts have pledged funding and committed to membership and participation in the Housing Council; and

WHEREAS, Placer County is committed to working collaboratively with partner jurisdictions, non-profit organizations and private entities to seek solutions to the region’s housing challenges.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors, County of Placer, State of California, to appoint the District 5 Supervisor and one alternate to the Tahoe Truckee Regional Housing Council, and the County Executive Officer, or designee, is hereby authorized to finalize and execute an Agreement with the Tahoe Truckee Community Foundation, subject to the concurrence of County Counsel and Risk Management, to participate in and provide funding in the amount of \$50,000 per year toward the activities of the Tahoe Truckee Regional Housing Council for a term of three years, totaling \$150,000.