December 10, 11th

Housing Advisory Group Packet

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Public Private Partnership Tools Summary

The below tables summarize the tools that are presented in more detail below.

- Priority Tools: are presented in detail.
- Lower Tier Tools: are grouped in a table for further discussion.

Note on Existing Tools: Many strategies are currently in place or have been used in South Shore. The entities currently using a tool are listed in the "Who is Active?" column. Priority tools that are in place should be reviewed for potential changes or modifications that can improve their effectiveness. Tools in place that received few or zero votes do NOT mean the strategy should go away, it simply means that the strategy is not currently a priority for additional action.

Priority Tools

Priority Votes	Public Rank	Tool	Who is Active?
5		Public/Institutional land	TTD, CTC, CA, NV, LTUSD, DCS, Barton, TCC, STPUD
3		Employer assisted housing	Vail, SJCLT, Barton, Edgewood, Casinos, EDC, CTC, FSUC

*Priority Votes column is the number of high priority dots received by Advisory Group (November session); Public Rank shows the top 15 ranked tools per the Open House and Housing Tahoe Partnership sessions.

Lower Tier Tools

Priority Votes	Public Rank	Tool	Who is Active?
1		Foster more housing developer capacity	

PUBLIC/INSTITUTIONAL LAND DEVELOPMENT

Partnering with developers to build community housing on publicly owned site. May be publicly-owned vacant or under-utilized land. May also include institutional properties.

Potential Impact

How much: TBD

For whom: Varies; typically below 150% AMI (low to moderate); can also be for mixed use/mixed income.

Issues

In General

Using publicly owned land for housing can catalyze development and provide public oversight to achieve the type, amenities, and price point of housing needed.

A prioritized inventory of parcels can create partnerships and provide a predictable pipeline of new housing.

An RFP/RFQ process is effective for selecting development partners; clear project goals and objectives are essential to establish a solid basis for any RFP/Q and related partnership.

Housing may compete with other desired uses of public parcels.

Public ownership of land can be retained using long-term leases to ensure the public asset is used as intended, although this approach may complicate financing.

Land banking works well when the responsible agency (typically public or non-profit) is poised to act quickly when the right parcel becomes available; an inventory of potential parcels that meet specified criteria allows agencies to act more quickly.

Public-ownership of land can reduce long-term carrying costs if the entity is exempt from property taxes.

Example: Breckenridge, CO; Winter Park, CO; Jackson, WY; Mammoth Lakes, CA

South Shore Specific: (pp. 97-104 of South Shore Region Housing Needs and Opportunities)

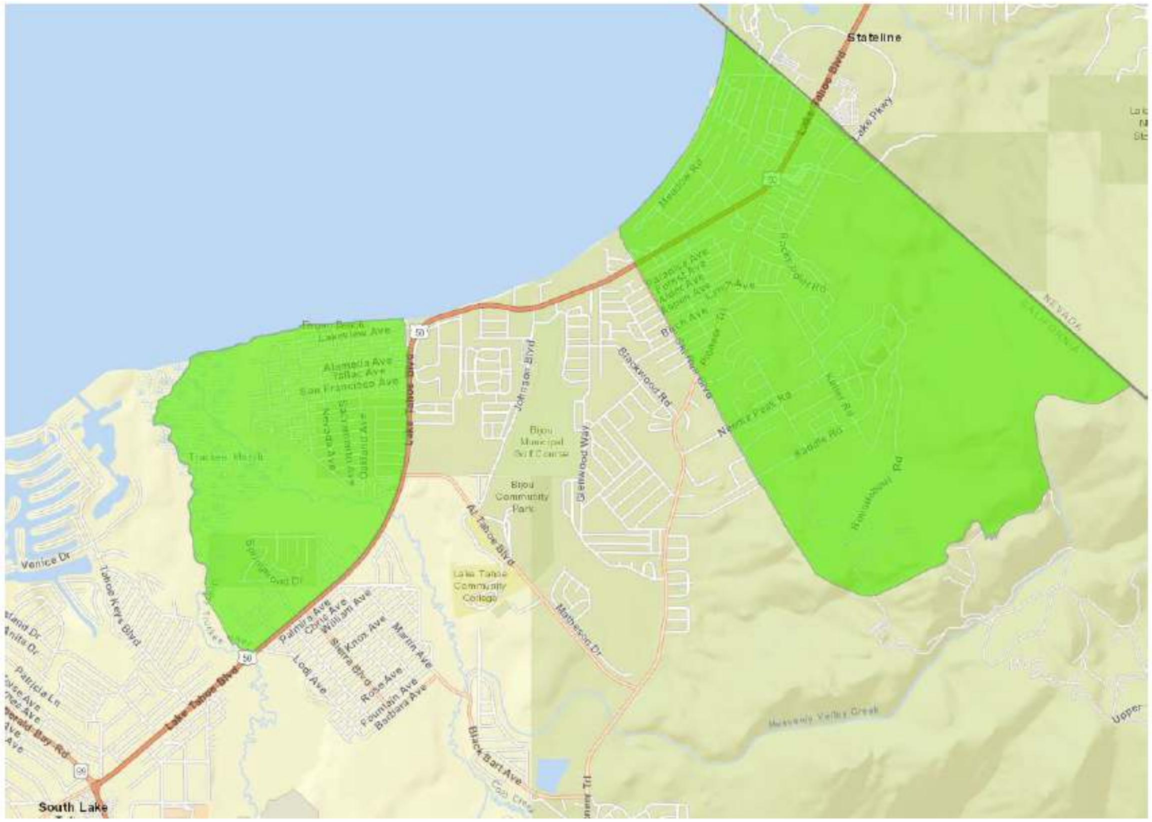
There are over 8,000 acres of publicly- and institutional-owned land in the South Shore area (excluding federal lands). An important first step to evaluate the potential for partnerships to help produce local resident housing is to take an inventory of such lands and understand which may be appropriate for housing (e.g., usage, location, environmental sensitivity, etc.).

Of publicly-owned or available development rights:

- There are 166 publicly-owned residential allocations, 170 potential residential units of use (RUU), 49 single family RUU.
- There are up to 2,247 MF RUU equivalents publicly owned as CFA or TAUs
- There are 1,452 bonus units available in the Tahoe Basin

Two opportunity zones are eligible to receive private investment through opportunity zone funds in the South Shore Region.

Opportunity Zones: South Shore Region, 2019



Source: https://opzones.ca.gov

City of South Lake Tahoe is evaluating their owned lands for potential housing development or sale, with proceeds to be allocated to an affordable housing fund. As of September of this year, several parcels are under review or pending action:[1]

- Potential sale of 3483 Ralph Dr. (0.23 acres) was evaluated – a forest service deed restriction exists prohibiting development;
- 2180 Washington Ave. (0.22 acres) appraisal is pending for sale – suitable for one single-family home;

[1] The City Council meeting agenda and staff materials from August 6, 2019, can be consulted for more information on these parcels, available at: https://d3n9y02raazwpg.cloudfront.net/slt/c77abe24-129b-11e9-b021-0050569183fa-805e687c-9266-48f6-8c9d-aa26b5b78d20-1564781540.pdf

- Three parcels at 3141 Riverside (0.34 acres total) are being evaluated. Saint Joseph Community Land Trust has been issued a right of first refusal to acquire the lots, which might accommodate 3 to 5 permanently affordable homes. These parcels are currently in Successor Agency ownership.

Some parcels have been identified for beginning evaluation for potential multi-family development.

- 948 Link Rd. (3.54 acres). These parcels are adjacent to CTC, STPUD and forest service land. The City is fielding interest from these agencies first.
- 2098 and 2102 James Ave. (0.25 acres)
- Al Tahoe Blvd. (6 parcels totaling 16.8 acres). This is under longer-term discussion (5-year timeframe).

<u>California Tahoe Conservancy</u> owns and manages nearly 4,700 parcels comprising about 6,500 acres around Lake Tahoe, of which, the Conservancy Board identified 17 asset lands in three urbanized areas (City of South Lake Tahoe [City], Kings Beach, and Meyers) that could support sustainable compact development consistent with local area or town center plans.

Conservancy staff has initiated and coordinated the following items on Conservancy asset lands:

- The Conservancy entered into an Exclusive Negotiating Agreement (ENA) with the adjacent landowner on two parcels near 2017 Lake Tahoe Boulevard. The adjacent landowner has now entered into a joint venture with an affordable housing developer. The joint venture submitted a revised site plan to the Conservancy. The site plan includes housing, a commercial building, and a portion of the City's planned Greenbelt trail and storm water project.
- An RFP was issued in 2018 for an ENA to purchase and develop a ½-acre parcel near the Y district on Emerald Bay Road in the City. The successful bidder is working with the Conservancy to potentially advance "affordable by design" tiny homes.
- In September 2019, the State of California Department of General Services (DGS) selected two Conservancy asset land parcels on Tata Lane and Lake Tahoe Blvd (Y-district area) for housing projects under the direction of Governor Gavin Newsom's Executive Order N-06-19. This executive order requires DGS and the Department of Housing and Community Development to identify and prioritize excess state-owned property and aggressively pursue sustainable, innovative, cost-effective housing projects. The Conservancy partnership with DGS and HCD will provide access to contracted economic and architectural services, and expertise regarding alternative land transfer approaches such as a long-term ground lease on the parcels.
- Work is continuing on the other identified assets lands to conduct due diligence and get more parcels ready for release. The objective is to evaluate each parcel to help implement regional and area plan goals. Local resident housing is a primary consideration.

To facilitate this work, CTC is adding a new position to supervise the asset land program and is in coordination with the Strategic Growth Council.

Asset Lands	Acreage	Map Reference (see Appendix pp A-1 t0 A-10 in HNA)
8644 Speckled Avenue	1.51	APN 090-094-022
8602 North Lake Tahoe Boulevard	0.25	APN 090-134-056
Meyers Community Center Parcels (2)	2.12	APNs 034-331-15, 23
Meyers SE Corner 50, 89 Parcels (2)	1.02	APNs 035-261-04, 05, 06
Meyers SW Corner 50, 89 Parcels (4)	2.47	APNs 034-300-25, 26, 27, 28
1029 Tata Lane	1.6	APN 032-291-31
1860 Lake Tahoe Boulevard	9.75	APN 032-291-28
833 Emerald Bay Road	0.51	APN 023-171-09
2017 Lake Tahoe Boulevard	3.67	APN 023-231-01 , 03

Source: California Tahoe Conservancy

Lake Tahoe Community College (LTCC) is one of the largest institutional landowners in the South Shore Region. The College has been studying the possibility of providing student housing on its campus. The 2014-2020 Facilities Master Plan identifies a potential Residential Student Living project intended to provide affordable student housing on campus as an option to the limited off-campus market. Adding Residential Student Living was also a key recommendation of the LTCC 2020 Vision. In pursuit of this vision:

- This year, LTCC executed a 5-year master lease for 30 beds of student housing plus a unit for a Resident Assistant in a property that is about one-mile from campus. The all-inclusive housing fee to students is $675 per bed. The project was marketed beginning in June and, as of mid-August 2019, leases had been executed for about one-third of the beds. Some units are still undergoing renovation, but leases will be complete this year.
- The College also recently completed a study on Due Diligence and Concept Development of P3 Opportunities for Residential Student Living. The study, prepared by The Concourse Group and completed August 2019, was conducted to evaluate the feasibility of developing student housing at the College. The project concept will help the College move forward with student housing needs. (See Appendix for a map of potential development sites).

Tahoe Transportation District (TTD) is currently working on a memorandum of understanding (MOU) with two affordable housing developers and the City to facilitate the construction of an estimated 76 of the required 109 units required for Highway 50 project mitigation near the corner of Ski Run Boulevard and Pioneer.

- TTD has staff capacity to assist with local resident housing and transportation development; potential financing to TOD projects; and the desire to work with regional partners to catalyze local resident housing in the Tahoe Basin through TOD in particular.

NOVEMBER INPUT

Agency and developer partnerships

LTCC has new affordable housing program, needs student housing

Ask Forest Service to open more land

Implementation Discussion Questions – Public/Private/Institutional Partnerships and Land Banking

1. What current projects are underway/ripe for partnership?
   a. Status?
   b. Next steps?
   c. Who needs to be involved? In what capacity?

2. What parcels should be next in line?
   a. What criteria should be used for prioritizing? (Location, access Infrastructure, topography, water & sewer, appropriate zoning, degree of potential controversy politically or with neighbors, near public transit/pathways, ripe/ready for development, others?)
   b. CTC assets lands? City priority parcels? Others?

3. Who should lead community engagement, developer selection, and ongoing partnership responsibilities?
4. Are there other partnership needs or challenges to consider?

EMPLOYER ASSISTED HOUSING

Employer Assisted Housing (EAH) is providing housing support to employees. Employers can provide land and partner in development of housing. EAH is often direct employee support, such as help with finding housing, down payment, rent/mortgage, relocation or master leasing/providing rentals.

May also include a PROPERTY MANAGEMENT component: Contracting with or master-leasing units from a private, non-profit or public entity to manage affordable/employee rental units.

Potential Impact

How much: TBD

For whom: Often rentals below 100% AMI; larger employers may pursue ownership.

Issues

In General

Employers may have land or capital for housing. (Quasi)-public, private and non-profit agencies can partner with employers to provide technical assistance, property management, support for homeownership programs and/or development of housing to facilitate EAH. For example:

- Property management can assist employers in sharing, managing and maintaining housing. It would allow employers to not be "in the housing business," yet still help supply housing for their employees. Could operate where the (quasi)-public sector hires private/non-profit company or private sector hires public/non-profit.
- Facilitate housing development affordable for employees by coordinating financing or partnerships with multiple employers to develop housing or coordinating an upfront master lease program for rental projects to ensure tenants and rents for developers (mitigate risk).
- Helping employers with the guidelines/contracts/technical assistance needed to establish down payment assistance programs or other EAH; pooling employer resources to help employers leverage combined funds and be more effective.

Barriers to providing EAH for some employers may be the high cost of housing, desire not to be involved in employees lives outside of work, desire to not be in the housing business, or lack of capacity.

Getting multiple employers to coordinate on projects has been challenging in Jackson, WY. For example, for a master-leased development project, employers have been reluctant to commit to the long-term master leases that are needed to support favorable developer financing for a project (e.g. 10+ years). The same has been a challenge in Winter Park, CO.

Example: Santa Barbara Coastal Housing Partnership, CA (employer memberships open access to various EAH opportunities; short, helpful videos at http://www.coastalhousing.org); Jackson, WY (school district provided the land upon which Community Housing Trust developed and manages ownership project for school employees). Crested Butte, CO (Town partnered with developer and provided preference for employers to purchase deed restricted units and lease to their employees; units sold out in less than two weeks). Eagle County, CO (School District and Habitat for Humanity partnered to build housing on school owned land and prioritize sale of homes to district employees).

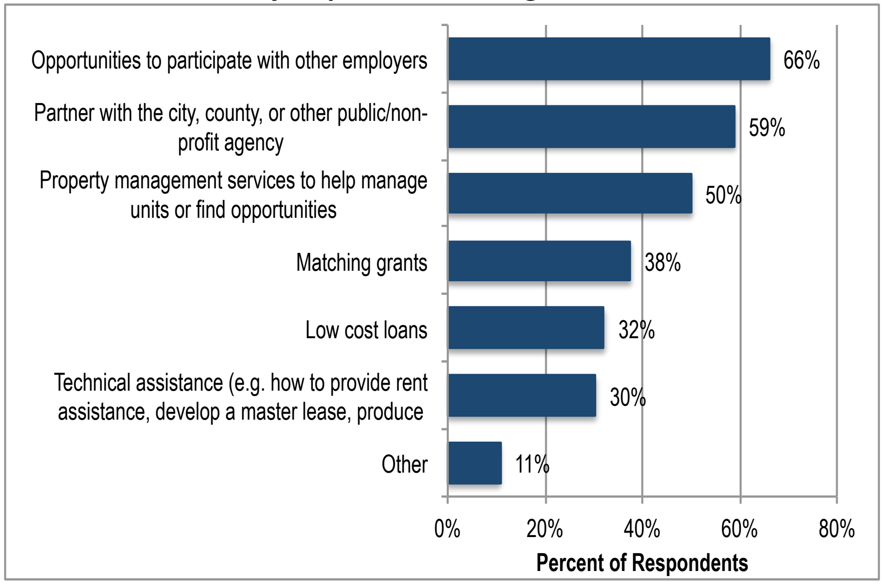
South Shore Specific: (pp. 37, 50 et seq. of South Shore Region Housing Needs and Opportunities)

- Barton Health and SJCLT are working together on employee housing for the hospital.
- All of the employers responding to the 2019 South Shore Employer survey indicated that the availability of housing that is affordable for the workforce is a problem at some level in the South Shore Region.

"Do you now provide, or would you consider providing, the following types of housing assistance for your employees?"

	Provide	Would Consider Providing	Unsure/ Need more info
Assistance with housing search	19%	53%	27%
Temporary/relocation housing	12%	23%	65%
Employer-purchased units rented to employees	10%	16%	74%
Employer-leased units rented to employees	7%	16%	77%
Convert existing hotels into housing	2%	29%	69%
Down payment/mortgage assistance	2%	26%	72%
Monthly housing stipend/hiring bonus	2%	23%	75%
Rent assistance (help with first/last/deposit)	2%	34%	64%
Provide land on which units can be constructed	0%	13%	88%
Partner with private or non-profit developers to build housing	0%	20%	80%

"Would any of the following increase your willingness or ability to provide housing assistance?"



Source: 2019 South Shore Employer Survey

NOVEMBER INPUT

Major employers can help loan money to workers to buy homes

More employee housing units should be built

Vail needs to build an apartment complex for their employees

Housing is the responsibility of major/low wage employers

Implementation Discussion Questions – Employer Assisted Housing

1. What types of assistance and partnerships seem most promising for the South Shore area?
2. What are the barriers to employers collaborating? What about opportunities?
3. How do we help employers work together and with other entities: who takes the lead?
4. How do we begin – what steps are needed to facilitate discussions, learn about and develop programs?
5. Which entity(s) is best suited to coordinate, educate and assist employers around EAH?

LOWER TIER TOOLS

Tools
Foster more housing developer capacity – Support interest/access to development opportunities, and demonstrate and grow ability to do deals in the area through an incubator approach. *November Comments*: • *Job training for construction related trades* • *Coordination – point of contact for funding, land, development rights, permitting, etc.* *Consultant Comment:* • *Incubation should be part of public land development – developer outreach and education, RFP/RFQ process, ombudsman/manager to guide the developer through the public process.*

Housing Programs Tools Summary

The below tables summarize the tools that are presented in more detail below.

- Priority Tools: are presented in detail.
- Lower Tier Tools: are grouped in a table for further discussion.

Note on Existing Tools: Many strategies are currently in place or have been used in South Shore. The entities currently using a tool are listed in the "Who is Active?" column. Priority tools that are in place should be reviewed for potential changes or modifications that can improve their effectiveness. Tools in place that received few or zero votes do NOT mean the strategy should go away, it simply means that the strategy is not currently a priority for additional action.

Priority Tools

Priority votes	Public Rank	Tools	Who is Active?
2	8	Home Buyer Assistance	EDC, NVRHA (NV regl housing auth)
4	14	Short-Term Rental (STR)/ Vacant Home Conversion	Tahoe Co.: these are all elements of the program
5	13	Property management	
		Tenant matching	

*Priority Votes column is the number of high priority dots received by Advisory Group (November session); Public Rank shows the top 15 ranked tools per the Open House and Housing Tahoe Partnership sessions.

Lower Tier Tools

Priority votes	Public Rank	Tools	Who is Active?
1		Senior housing	City, EDC
		Land banking	CTC, City, Counties, LTCC
1		Public sector development	
		Co-op or Co-housing	
1		Transitional housing	EDCHA, Tahoe Coalition for the Homeless
		Self Help Build	Habitat for Humanity (El Dorado)
		Tenant hotline (NEW)	City?
		Rent control (NEW)	State legislation effective 1/1/2020
		Improve visibility of existing programs (NEW)	
		Contested indigenous lands program (NEW)	

HOMEBUYER ASSISTANCE

Down payment assistance in the form of grants or second mortgages to assist qualified buyers to purchase a home.

Current Program

How much: 47 active loans through City of South Lake; a few through El Dorado County

For whom: <80% AMI

Issues

In General

Homebuyer assistance funds may be used for purchasing deed restricted or market rate homes. Participation in financial counseling and homebuyer education are often requirements.

Second mortgages may be forgiven after the household owns the home for a specified amount of time. Some programs utilize a shared equity model, returning funds to the program when a home is sold and allowing the seller the remaining equity. Payments on second mortgages can also support a "revolving loan fund" approach.

Homebuyer assistance enables specific households to attain housing, but does not increase the inventory of local resident housing for the long term, unless the homebuyer assistance (as a grant) requires a deed restriction be placed on the property.

There must be homes available to purchase at relatively affordable price points for the program to succeed.

Grant sources include Federal programs (HOME and CDBG) and State of California programs (CalHome, BEGIN and HELP). Assistance is limited to households earning under 80% AMI or up to 120% AMI (HOME funds). Financing through private donations (foundation) or general funds (city or county) may be used for higher AMI levels.

Examples: Mammoth Lakes, CA; Truckee, CA (had 160% AMI program, Martis Fund program up to 180% AMI)

South Shore Specific: (see pp. 47-48, 50, 62, 90 of South Shore Housing Needs and Opportunities)

- Households that want to purchase a home in the South Lake Tahoe area were asked how much they have available for a down payment. The median down payment available was $10,000. About 18% of households have no or low down payment available, which lenders noted is a barrier to many would-be purchasers.
- Down payments are among the largest hurdles for locals wanting to buy.
  - High rents and car payments prevent the ability to save.
  - Education is also needed. Many do not realize they do not have to have 20% down payment and that zero, 3% or 3.5% down payment programs exist.
- Down payment assistance ranked most favorably among five options, when households and employees seeking to purchase were asked *"Which of the following types of help with housing you would consider for you and your household?" (p 91)*

- The City of South Lake Tahoe has 47 homes, mostly single family, that carry a deed restriction pursuant to their first-time homebuyer program. The first-time homebuyer program was available to income-qualifying residents in the 1990's through 2013. The programs were funded primarily through CDBG, Redevelopment Low and Moderate Income Housing (LMIH) fund and CalHOME.
  - Upon receiving a first-time homebuyer loan, a restriction was placed on the property to ensure repayment of the loan, plus interest, upon resale of the property. The restriction also prohibits rental of the property and the ability to refinance and take out cash equity.
  - The program was very helpful and would be useful if brought back.
- A handful of homes in the South Shore area, outside of City limits, carry first-time homebuyer loan deed restrictions pursuant to El Dorado County's program to ensure repayment of the loan upon resale. This program is still active, but is pending additional funding. CDBG and HOME are the primary sources of funds.
  - Expanding access to El Dorado County's first time homebuyer assistance would also be helpful. This program has limitations in funding, access based on income (80% AMI), home price qualifications ($399,000), and a waitlist.
  - Nevada Rural Housing Authority has a Home at Last Program for down payment assistance that can operate in Douglas County. Incomes cannot exceed $135,000 if used with a Freddie Mac mortgage. They also offer Mortgage Credit Certificates (direct tax credit on the interest they pay on their home) for households earning under 80% AMI ($52,600 for a three-person household).
- Employers can be partners in providing down payment assistance; 26% of employers expressed interest in providing that type of assistance.

November Comments:

Needs to apply up to income level needed to purchase; 120% is too low

More assistance: we pay $2,000 in rent but are told we cannot afford $2,000 mortgage.

Implementation Discussion Questions – Homebuyer Assistance (Down Payment)

1. What is the status of the local down payment initiatives? How could current efforts be scaled up to better meet the community needs?

2. Who is managing the program:

    a. Applying for/receiving/distributing financing?
    b. Conducting marketing?
    c. Qualifying buyers?
    d. Providing ongoing compliance and monitoring?

3. Households earning up to 150% AMI have trouble affording homes, yet existing funding sources are much more restrictive. Are programs targeting the right groups or are other considerations needed?

4. Can this program assist other housing strategies – e.g. deed restricted units; leverage employer down payment programs/contributions; etc.?

SHORT TERM RENTAL/VACANT HOME CONVERSION PROGRAM

Incentivizing conversion to long term rentals (LTR) may include providing rent guarantees and property management in exchange for renting units long term that were vacant or rented short term. Other options may include property tax breaks or other incentives to rent long-term.

Issues

In General

The short-term rental market affects the demand for community housing both from the supply side, by removing long-term rentals and homes previously owned by local residents from the market, and the demand side, through increased job growth to provide services to the short-term visitors and the rental properties.

Current Impact

Resident Housing: About 625 renters displaced over past 5 years due to unit converting to STR.

With the explosive growth in short-term vacation home rentals enhanced by websites such as VRBO, Airbnb and other online hosting sites, STR concerns are in the forefront within most every high-cost mountain resort community.

Concerns range from a loss of long-term rental units for residents, increased low-wage jobs, lodging tax collections, impacts on hotel/lodging businesses, and neighborhood concerns: parking, noise, trash, transient "neighbors," etc.

Examples from other areas:

STR Conversion to long term rentals

- Offers property management services, rent guarantee/certainty and tenant location in exchange for owners renting homes year-round to local employees.
- Components of programs typically include:
    - Outreach to homeowners,
    - Inspection of potential properties,
    - Outreach/advertising to potential tenants and employers,
    - Contracting for or providing property management services (free or discounted). Some programs use paid subscriptions from business owners to cover property management costs (e.g. membership includes property management).
    - Application and/or vetting of potential tenants.
    - Website resource to link tenants to homes; inventory of units/tenants (Mammoth Lakes, CA, with involvement from the Chamber).
- Examples:
    - Summit County, CO (Housing Works Initiative, https://www.summitfirc.org/assistance/housing-works-initiative/);
    - Whistler, BC (HomeRun program https://homerun.whistlerhousing.ca)
    - Santa Barbara Coastal Housing Partnership, CA (employer memberships open access to various EAH opportunities; short, helpful

videos at http://www.coastalhousing.org
  - Mammoth Lakes, CA (under development: combined town, Chamber and Mammoth Lakes Housing effort).
  - The Landing, Truckee, CA (continued development).

STR Conversion using Time Share Model

- Encourage second homeowners to rent their unit long term; those that want to use their home a few weeks during the year can use another unit within the same/similar complex. Can be effective in condominium complexes with many like-units that are owned by absentee owners. Cumbersome to organize – need multiple absentee owner participation/coordination.
- Example: The Landing (Truckee, CA) is working on providing this option.
- Alternative Example: Winter Park, CO. Year-round leases that contain term vacancy provisions are common – tenants must find alternative arrangements for one or two weeks per year, but otherwise occupy the home.

South Shore Specific (see South Shore Housing Needs and Opportunities)

Current program – Tahoe Home Connection.

Tahoe Home Connection (THC) is a new program for property owners to rent their properties on a seasonal or longer-term basis to South Shore professionals working part-time, seasonal or full-time. The program seeks to open up second homes and homes that are vacant for several months each year for occupancy by local tenants.

THC is a fund of the El Dorado Community Foundation that was started with support from several government, citizen, and business groups including: the Tahoe Prosperity Center, Progress for Tahoe, the Realtors' Association, St Joseph's Land Trust, local employers, and the City of South Lake Tahoe. Five volunteers currently operate the program. The program:

- Solicited interest from 124 second homeowners through outreach initiatives and has stated onboarding 70 of those homes into their pool of units available to employees. Discussions with the remaining 54 respondents are in process.
- Is in contact with nine potential tenants and are in the process of matching them with available homes.
- Within four months, the organization has matched employees with three homes that were previously not available to tenants. The organization has 33 "active" homes that are ready to be matched with employees.

Short-Term Rental Impacts

The short-term rental market affects the demand for community housing both from the supply side, by removing long-term rentals and homes previously owned by local residents from the market, and the demand side, through increased job growth to provide services to the short-term visitors and the rental properties. With the explosive growth in short-term vacation home rentals available through websites such as VRBO, Airbnb and other online hosting sites, these concerns have come to the forefront, not only in the South Shore Region, but also among most high-cost resort communities throughout the mountain west.

In areas such as the South Shore Region with limited development capacity, high cost of development, and established growth limitations, the potential loss of resident-occupied homes to short-term vacation use becomes even more acute. The constrained housing market is unable to respond to a decline in resident housing stock by simply building more units to make up for the loss – i.e., every unit counts.

Permitted Short Term Rentals in the South Shore

In 2019, TRPA found that there are approximately 6,947 permitted short-term rentals (STRs) in the entire Tahoe Region, which is approximately 14% of all residential units.

In the South Shore Region, permitted STRs comprise 11.2% of units. This includes permitted units only; some STRs are likely operating without permits.

Permitted Short Term Rentals (STR) in the Tahoe Basin: 2019

Jurisdiction	Total Residential Units	Total Permitted STRs	% of STRs of Overall Residential Units
City of South Lake Tahoe	17,714	1,941**	10.5%
Douglas County	4,320	655	15.16%
El Dorado County	8,715	859	9.9%
Placer County *	11,267	2,768	24.57%
Washoe County *	7,372	963	13.1%
Carson City	1	0	0%
TOTAL	**49,389**	**6,947**	**14.4%**

Source: Local Government Activities Related to Short Term Rentals in the Lake Tahoe Basin, TRPA Local Government & Housing Committee Report, July 2019 (p. 4); City of South Lake Tahoe number updated by consultant team.

*In Washoe County and Placer County, STRs were considered "permitted" if TOT is being collected

**Includes 640 in the Tourist Core.

Each City and County jurisdiction is regulating STRs in some manner:

Douglas County

On September 6, 2018, Douglas County adopted a new Lake Tahoe Vacation Home Rental Ordinance (Ord. 2018-1520), requiring that no owner of a vacation rental may rent the unit for 28 consecutive days or less without a valid vacation home rental permit. The County hired Host Compliance to identify unpermitted STRs and established a 24/7 hotline for citizens to file complaints. Transient Occupancy Tax (TOT) is collected by the County tax collector for STRs. In 2019, the County also began collecting a $5 room surcharge in the Tahoe Township to support construction of a Stateline events center.

El Dorado County

On September 11, 2018, El Dorado County adopted a new Vacation Home Rental Ordinance (Ord. 2018-5092), requiring that no owner of a vacation home rental shall rent a unit for 30 consecutive calendar days or less without a valid vacation home rental permit.

The County maintains a website (https://www.edcgov.us/Government/planning/vhr) with information on STR permitting and how to report a violation. TOT is collected by the County tax collector for STRs covered by the ordinance.

City of South Lake Tahoe

The City requires a STR permit for all short-term rentals. The number of STR increased 53% between 2011 and 2016. Some of this growth is related to increased enforcement to identify unpermitted STRs and bring them into compliance with requirements. Growth in STR has significantly slowed since 2016, averaging 1.4% per year.[2]

Change in Permitted STR: 2011 to 2019 - City of South Lake Tahoe

Year	Total STR Units	% yearly change
2011	1,213	-
2012	1,262	4.0%
2013	1,455	15.3%
2014	1,505	3.4%
2015	1,730	15.0%
2016	1,861	7.6%
2017	-	-
2018	-	-
2019	1,941	1.4%

Source: Socioeconomic Impacts of Vacation Home Rentals in South Lake Tahoe, June 2017, Michael Baker Int'l, p. 2-32 (2011 to 2016 data); City of South Lake Tahoe (2019 data)

[2] A temporary moratorium was put into place in the City in 2017, affecting this growth: http://www.southtahoenow.com/story/10/24/2017/temporary-moratorium-vhr-permits-south-lake-tahoe

Of the 1,941 units, 640 are in the Tourist Core area, 1,253 are in areas zoned as single-family residential, 46 are in areas zoned commercial and 2 are in areas zoned recreation.

In November 2018, the City of South Lake Tahoe voters approved Measure T, which limits STRs to the tourist core and commercially zoned areas and will phase out permits for STRs outside of these areas over the next three years (until 2021). The measure makes a limited exception that grants permanent residents the ability to obtain a permit to rent out their home up to 30 days a year. A lawsuit challenging the constitutionality of Measure T is pending; the City has agreed not to enforce new occupancy limits while the legal process unfolds.

The City maintains a website with information on permitting and how to report a violation. The City collects TOT.

Effect on Housing Availability

Complete data on the change in use of units over time is not available. Without a full census of the use of units over time – including units that are owner-occupied, short-term rented, long-term rented, seasonally used, etc. – and the ability to track changes over time, the full trends and precise impacts cannot be measured.[3]

Several observations from the local Realtors, property managers, and input from renters (based on the 2019 South Shore Household and Employee survey), however, provide some insight into the effect that short-term rentals have on home availability for residents.

Realtors observed that:

- Investment buyers comprise about 25% of the homebuyer market. This is a mix of buyers purchasing to short-term rent or long-term rent. Investment buying has increased with the rise in long-term rents and STRs.
- Second home buyers that want to rent their home typically look for lower-priced homes (below $500,000).
- As of this study, no notable decrease in home prices due to the passage of Measure T in the City (noted above) had been observed by interviewed Realtors.

Property managers have observed that:

- The managed stock of long-term rentals has remained fairly stable in recent years (e.g., since 2014/15). As rents have increased, property managers have observed a rise in investment buyers that fix up units, then re-rent for significantly more.

[3] The Town of Crested Butte, CO, has completed such a census, determining how many units were occupied by long-term renters, occupied by owners, and used as vacation rentals in 2012 and 2015 (most recent census year). The Town discovered that during this three-year period that 3.5% of all homes in the community were converted from long-term local occupancy to short-term rental use.

- Interviewed managers felt there had been a recent decrease in interest to short-term rent given that this market has been up and down and varies by season.
- The typical life cycle for second homes in the managed rental inventory has been for the owner to first vacation in it themselves, then rent short-term, rent seasonally, rent long-term, and then sell. Many owners that long-term rent defer maintenance and would rather sell the units than fix them. This means high fix-up costs for the new buyer.

Survey Responses. As stated in Section 5 – Housing Problems, renters were asked whether they were forced to move within the past five (5) years for various reasons. Owners selling their rental and owners converting the long-term rental to short-term were the most common reasons renters gave for being forced to move.

> In the past five years, about 970 renter households lost their homes due to owners selling homes; 625 due to their rental being converted to a short-term rental.

Based on responses:

- About 970 renter households had to move within the past five years because their unit was sold; and
- About 625 had to move because the unit was converted to a short-term rental.

Short-term rental conversion is not the most significant impact on renters in the South Shore Region, but it has forced at least 10% of renters to find other housing. Owners selling homes is also a consideration because when homes are re-purchased, many will not be re-rented long-term and some, unknowingly to the renter, may convert to short-term. In other words, these figures are likely conservative.

In an area in which resident-occupied homes are being lost, particularly rentals, every impact on the supply deserves attention, albeit in balance with the positive and negative impacts on the community.

NOVEMBER INPUT

Roommate search besides craigslist and assistance/help homeowners find renters
Tax incentive for … rentals
Develop PR marketing campaign to reach out to second homeowners; provide incentives to convert STR to LTR; call/email – show financial advantages to convert to long term

Implementation Discussion Questions – Short Term Rental/Vacant Home Conversion Program

6. Existing programs – what is working/not?
7. What is needed to be more effective?
8. Who should front/organize such a program? Who needs to be involved?
9. Should the program operate regionally?
10. Steps needed to improve?

Lower Tier Tools

Senior Housing - High density, smaller, low maintenance units designed for retiring employees. Could free up housing for employees if strategy prevents purchase by second-home buyers or STR conversion. *November Comments: none*
Land Banking -- Acquiring land through purchase, donations, inclusionary housing, or USFS trades for eventual housing development when specific project not known. *November Comments: none*
Public Sector Development -- Initiating, designing, financing and constructing homes by municipalities, counties and/or housing authorities. Example: Breckenridge, CO *November Comments: none*
Coop or Co-housing -- Common ownership and management of purpose-built communities. Co-op ownership can be used to share large homes by multiple employees. Examples: Boulder, CO; Oakland, CA; Bellingham, WA *November Comments: none*
Self Help Build - Homebuyers receive low interest loans and technical assistance for their construction of homes. Requires large time commitment. *November Comments: none*
Tenant hotline (NEW) - The City of South Lake Tahoe has created a Housing Issues Hotline to assist residents with landlord-tenant concerns. The Housing Issues Hotline is a phone number you can call and get information, locate resources, request assistance, or potentially file a complaint regarding the condition of your rental unit. *November Comments:* • *SLT housing hotline needs more resources and volunteers and ability to hold landlords accountable* • *Tenant education* • *Reach out to local legal community for pro bono work to help prosecute landlords fair housing violations* • *Informing/education renters that the city will help get necessary items fixed in their unit; SLT city inspector?*
Rent control (NEW) – Control and regulation of the amounts charged for rent on private market rentals. Rentals constructed with LIHTC or state or federal subsidies impose rent control that limits the amount that can be charged and yearly increases. Tenant Protection Act of 2019 (AB 1492) will be effective in California Jan. 1, 2020 and sunset in 2030, limiting rent increases to no more than the lower of 5% plus inflation or 10% per year on most multi-family properties constructed 15 or more years ago. Requires that a landlord may only evict a tenant from a covered unit for just cause, as defined by the statute. *November Comments:* • *Rent control that limits rent increases and imposes eviction controls is part of the solution.* • *Artificial caps on pricing takes away incentive to build new housing – that doesn't mean restoration/upgrades can't still be lucrative with rent control*
Improve visibility of existing programs (NEW) -- *November Comments:*
Contested indigenous lands program (NEW) -- *November Comments:* • *Allow lands contested by indigenous tribes to be publicized. Allow coop with any owners and tenants over the contested properties.*

INCENTIVE TOOLS SUMMARY

The below tables summarize the tools that are presented in more detail below.

- Priority Tools: are presented in detail.
- Lower Tier Tools: are grouped in a table for further discussion.

Note on Existing Tools: Many strategies are currently in place or have been used in South Shore. The entities currently using a tool are listed in the "Who is Active?" column. Priority tools that are in place should be reviewed for potential changes or modifications that can improve their effectiveness. Tools in place that received few or zero votes do NOT mean the strategy should go away, it simply means that the strategy is not currently a priority for additional action.

Priority Tools

Priority Votes	Public Rank	Tools	Who is active?
5	Encompasses 2, 10, 11	Align with State Regs for Housing: • Density bonus • ADU • Parking (flexible devpmt standards) • Streamlining	EDC (on west slope) City (streamlining, ADU)
2	5	Zoning for Affordability	
		Transfer of Development Rights	City, TRPA, County, CTC (staff level)

*Priority Votes column is the number of high priority dots received by Advisory Group (November session); Public Rank shows the top 15 ranked tools per the Open House and Housing Tahoe Partnership sessions.

Lower Tier Tools

Priority Votes	Public Rank	Tools	Who is active?
3		Removal of Regulatory Barriers	TRPA
2	7	Short term rental restrictions	All jurisdictions, TRPA in process
		Fee waivers/deferrals	STPUD, TRPA
		Incentives for redevelopment (NEW)	CA State, City

ALIGNING WITH STATE CODES

Presently TRPA codes supersede the State of California legislation related to local resident housing. This disincentivizes jurisdictions from adopting state legislation that is designed to increase the production of local resident housing. Jurisdictions are not inclined to spend time and resources adopting codes that may not be effective under Area Plans, therefore necessitating Area Plan amendments, which may further not be permitted by the TRPA Regional Plan or require justification beyond the environmental thresholds. The goal of this tool is to increase the flexibility of jurisdictions to meet state legislative housing options within the TRPA region.

State of California legislation does not govern in NV (Douglas County). However, this does not mean that Douglas County cannot also adopt or consider the state provisions as a guideline to also increase local resident housing development flexibility in their County.

State of California legislation may or may not be applicable in the South Shore Region, however it does contain useful provisions for creating incentives and removing barriers to community housing production. Local legislation should be tailored to be effective in the South Shore where inconsistencies exist (e.g. definition of "major transit stop" in AB 744 is not applicable in the South Shore, see below).

- ADUs (California AB 2229, SB 1069, AB 670).
    - SB 1069 – makes ADUs easier to build and approve by reducing parking, fire sprinkler, utility connections (for some) and requiring ministerial approval of ADUs if they meet specified conditions. Provides that ADUs are not additional density.
    - AB 670 prohibits HOAs from prohibiting ADUs
    - Other pending bills look to reduce minimum lot sizes, coverage requirements, setbacks, etc (see see https://carlaef.org/2019/09/13/making-sense-of-this-years-adu-legislation/ for more information)
- Parking (AB 744)
    - Housing projects entitled to a density bonus under state law are also eligible for maximum parking ratios of:
        - 1 onsite parking space for studio and one bedroom units
        - 2 onsite parking spaces for two and three bedroom units
        - 2.5 onsite parking spaces for units with four or more bedrooms
    - In addition to the density bonus, the city or county is also required to provide one or more "incentives" or "concessions" to each project which qualifies for a density bonus, which may include additional parking concessions.
    - Parking ratios under AB 744 may be reduced to 0.5 spaces per unit if within ½-mile to a "major transit stop" (i.e., a site containing an existing rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a frequency of service of 15 minutes or less during peak commute periods). 100% affordable special needs projects may be reduced to 0.3 spaces per unit if they have paratransit service or are within one-half mile of accessible fixed bus route service operating at least eight times per day.
- Density Bonus (CA Gov't Code §§ 65915 – 65918 and amendments)

    - The Density Bonus Law (California Government Code §§ 65915 – 65918) encourages the development of affordable and senior housing, including up to a 35% increase in project densities, depending on the amount of affordable housing provided. Projects providing a specified percentage of rentals <50%, 60% and 110% AMI or ownership up to 110% fall under this law.
    - Requirements are a state mandate, meaning a developer meeting the requirements is entitled to receive the bonus and other benefits.
    - Special development bonuses are available for developers of commercial projects who partner with affordable housing developers to provide onsite or offsite affordable housing. Special bonuses are also available for condominium conversion projects and projects that include child care facilities.
    - In addition to the density bonus, the city or county is also <u>required</u> to provide one or more "incentives" or "concessions" to each project which qualifies for a density bonus, which include other tools such as reduced parking requirements, reduced setback and minimum square footage requirements.

- Streamlining (SB 35)

    - SB-35 applies in cities that are not meeting their Regional Housing Need Allocation (RHNA) goal for construction of above-moderate income housing and/or housing for households below 80% area median income (AMI). SB-35 amends Government Code Section 65913.4 to require local entities to streamline the approval of certain housing projects by providing a ministerial approval process, removing the requirement of CEQA analysis, etc. Projects must be at least 50% below 80% AMI; prevailing wage applies.

    - City of South Lake Tahoe has been awarded a grant of $160,000 through the SB 2 Building Homes and Jobs Act, with which the City will work to streamline residential development standards and expedite permitting. It is anticipated TRPA would be involved in the discussions.

    - El Dorado County has a project (LIHTC) proposed under SB-35 on the west slope.

<u>November Comments</u>

TRPA allow all California laws to apply to projects

TRPA create a CA compliance with new state mandates; align regs with new CA housing legislation

When state law conflicts with TRPA, jurisdictions do nothing to further/adopt state law

Relax parking for below-market rate housing – ensure near transit and transit works

Fast track by right if meet design stds and DR affordable

ADUs – use incentives rather than restrictions to facilitate building – allow everywhere (not just town centers)

CA state code exemption at TRPA

Increase height, density, fast track

Hotels 40 units/acre; housing 25/acre – fix this!

Increase to at least 40 units/acre

Density gives smaller human footprint

Area Plans: density changes to incent more achievable housing

Relax rules for height, density, parking

Density bonuses – allow development of higher density properties – 25 to 50 units per acre

Regulatory agencies need to loosen up and allow some zones to urban density levels: 50 units/ac

Implementation Discussion Questions – Aligning with State Codes

1. To what extent should we pursue aligning local regulations with new CA laws?
2. Which of the new laws seem to rise as priorities for the South Shore area?
3. What steps need to be taken?
4. Who needs to be involved?
5. What coordination is required?
6. What are the primary challenges and opportunities?
7. Steps to proceed – whom, what, how?

ZONING FOR AFFORDABILITY

Ensure that local regulations align with the desired outcome of increasing the supply and diversity of housing choices for local residents. Zoning for affordability includes allowing small lots for modest/tiny houses, complete neighborhoods, live/work opportunities, and multi-family housing by-right in all or most zones.

Unique South Shore discussion points include environmental impact analysis, allowing for PUD product type (townhome-style attached single family homes as opposed to condominiums) to diversify local resident housing options and aligning zoning for affordability with public/institutional lands where appropriate.

Issues

In General

Land use codes may disincentivize housing development by driving up project costs or disallowing the types of housing that might be affordable for local residents.

Complete code review through the lens of "does this policy create a barrier to workforce housing?" and rewrite might be required. Local builders/developers are a resource for how to make codes more favorable for smaller, more affordable housing.

Zoning for affordable housing may not be enough to stimulate private sector/profitable development.

Live/Work units can help the market supply employee housing, but needs clear regulations and covenants to help enforce use. Jackson, WY, has live/work units, but most are primarily either live or work and few are occupied as true live/work.

Potential Impact

How much: TBD

For whom: Low to middle or moderate (below 200%)

Town of Mammoth Lakes has an Affordable Housing Overlay allowing very low-income to moderate-income housing only (no market rate housing). The Town Council may waive any or all development fees; development standards for parking are relaxed and additional zoning concessions may be requested; and density bonuses are permitted.

Examples: Jackson, WY (mostly incentive based by zone); Breckenridge, CO; Crested Butte, CO; Mammoth Lakes, CA

South Shore Specific

Environmental Assessment. To facilitate the Tahoe Transportation District's goal of producing over 200 local residents housing units as part of their Hwy 50 project, TTD undertook environmental assessment for their project ahead of time for general mixed use in some areas. This means that once final are plans drawn, the developer will only need a supplemental analysis to address specifics. This reduces risk and project time for the developer.

PUD (attached single-family home) product. Land cannot be subdivided in the South Shore Region. Meaning multi-family product are duplexes, triplex, etc. or condominiums. PUD (attached single-family homes, townhome-style) are a missing local resident product in the South Shore (*see p. 61, South Shore Housing Needs and Opportunities*). Lending on a PUD product is the same as a single-family home; condominiums carry different lending requirements and can be more cumbersome for local residents to acquire (e.g., higher down payment, non-FHA approved condominiums that don't meet guidelines established by the most common mortgage programs can be harder to finance, and harder to sell).

Mixed-Use Development. While permitted in the South Shore Region, mixed-use development has different coverage and residential ratio requirements that make this a difficult option for local resident housing. For example, "Hard" coverage is required to build residences as part of a mixed-use development; any type of coverage can be used to develop solely residential developments.

Public/Institutional Land Overlay. As shown on pp. 99-104 of South Shore Housing Needs and Opportunities (Public, Institutional and Vacant Land) and discussed in the "Partnerships" section of this work session, many potential land opportunities for development exist. Successful development of these parcels will require coordination among the various entities (developer, jurisdictions – City, TRPA, Counties, non-profits or private entities as may be involved). Even if the land is provided for free, additional financial resources and development flexibility will likely be needed to produce the desired local resident housing.

- Getting ahead of parcels primed for development, such as TTD, above, can help facilitate desired projects (e.g. completing environmental assessments)
- Creating an overlay, such as the Mammoth Lakes example, that can coincide with these projects is an option to provide more flexibility in zoning codes and the approval process without changing the underlying code.

November Comments

Define areas that encourage local resident projects.

Allow housing in Industrial section (for employees of businesses)

The city needs to be flexible with planning and other regulations to permit existing commercial structures to convert to housing

Emergency zones for urban density levels; 25-50 units/acre

Make mixed-use easier

Implementation Discussion Questions – Zoning for Affordability

8. Is easing the ability to construct local resident housing where appropriate and increase the variety of housing types worth pursuing now?
9. Where should affordable housing for year-round residents be encouraged or zoned for such? Does it make sense to tie this to ripe public or institutional parcels in the near term?
10. Should an affordable housing overlay that provides flexible standards (such as higher density, streamlined permitting, reduced parking) be considered for suitable areas of the South Shore?
11. To what extent should changes occur in the zoning overall vs. as an overlay (e.g. mixed-use development, PUD, etc).
12. To what extent can environmental assessments be done ahead of time to relieve the developer of the task? Will this help?
13. Who needs to be involved to effectuate changes?
14. What steps are needed to begin?

TRANSFER OF DEVELOPMENT RIGHTS

Incentivizing local resident housing production by ensuring development rights available for deed restricted housing. May include free development rights, exempting deed restricted homes from the development cap, allowing more than one deed restricted home to be built per development right, etc.

In General

Areas with yearly caps on development have found that annual allocations have a tendency to restrict housing during booms when it is most needed, then become irrelevant when the economy is slower (i.e., the cap is not met).

Overall caps (e.g. a build-out limit) without yearly limits are more responsive to market fluctuation while still controlling overall growth, but pose significant policy questions once the build-out limit is near.

When growth is slower than the yearly cap, density bonus and other incentives for deed restricted units are less effective – developers do not need the incentives to "build more."

Allocation Distribution Policies in Other Communities (Examples):

First-come/first-serve: El Dorado County; Livermore, CA

Lottery system: Placer County

Scoring System/Evaluation criteria: Petaluma, CA; Pitkin County, CO; Boulder, CO

- Lesson: balance administrative complexity with community benefits
- Petaluma, CA – exempts multi-family very-low-income and low-income housing from the allotment program, among other types of development.
  - Yearly allotment of 500 units. Can "borrow" from future allocations – no more than 1,000 in any one year or 1,500 over three-years.
  - Program modified over time, but considers several development objectives:
    - Housing mix (types and affordability);
    - East/west development ratio;
    - Needed public facilities;
    - Infrastructure improvements; and
    - Infill areas
  - Development objectives are assessed to determine if a project will receive all allocations sought or a portion thereof. When applications exceed availability, development objectives are used to determine how to distribute allocations to and among projects.
- Pitkin County, CO – exempts deed restricted affordable housing (among other development) from the allocation program

- Yearly allotment based on sq. ft. and location (23,000 sq. ft. residential/year in Aspen UGB, etc.)
- Development is scored through this competitive process by the Planning and Zoning Commission and allotments are awarded by the Board of County Commissioners to the highest scoring applicants. Categories evaluated include:
  - Effect on infrastructure
  - Effect on environment
  - Achievement of community goals (e.g., smaller sq. ft. gets higher score, etc.)

- Boulder, CO – exempts permanently affordable homes, among other development, from the allocation program, including inclusionary zoning units.
  - Growth limited to 1%/year – about 450 units/year
  - Adopted a few years after Petaluma's program – and patterned from it.
    - Initially had a competition-based system patterned after Petaluma, CA, that looked at proximity to urban services, design, affordability and energy efficiency, among other factors.
    - Changed in 1982 to allow first-come, first-serve if requests were below available allocations, but use the competition system if requests exceeded availability.
    - Changed in 1985 to a first-come/first-serve and pro-rata system: if requests exceed available allocations, all applicants get a pro-rata share of their request. The competition criteria were developed into development performance standards applied to all new development.
    - Scaled allocation system: 0.5 allocations needed for an efficiency unit, no allocation for an ADU, etc.
    - Can "borrow" up to 20% above any year's allocation from the following year.
- **TDR Example: Breckenridge/Upper Blue (CO)**
  - Breckenridge does not limit yearly development, but has an overall cap for buildout. The Town is about 85% built-out.
  - The Upper Blue Basin TDR Program was initiated in 2000 and has been the most successful TDR program in the Summit County. In 17 years it has protected 1,386 acres and generated approximately $3.9 million to be recycled for more open space purchases. The Upper Blue Basin is about 80,400 acres with a population of approximately 9,000 residents. Roughly 78% of the basin is national forest system land, the majority of which comprises undeveloped mountainsides. The primary areas of development are within and adjacent to the towns of Blue River and Breckenridge, in close proximity to the valley floor of the Blue River.
  - One TDR is equal to 20 acres of backcountry property (with a couple of exceptions) and in 2018 is sold by the County for $82,500 or about $4,125 per acre. This price is adjusted annually. An administrative fee must also be paid to the County Planning Department, which, in 2018, is $2,800 for any transaction of one development right or a fraction of a development right. For transactions involving more than one development right, an additional incremental fee of $350 must be paid for each additional development right or portion of a development right.

- Incentive for attainable workforce housing: The Town began with full exemption of deed restricted units from the development rights system (program started in 1997). Due to strong local resident housing production, the Town will now transfer density it owns to assist the development of an attainable workforce housing project at a ratio of one development right for every two attainable workforce units. § 9-1-19-3A(E).
- The Basin has build-out caps with limited density. Upzoning is prohibited in the Upper Blue Basin, so additional density for affordable housing needs to come from somewhere – either natural density on the site or a transfer to the site. If a site needs more density for deed restricted housing, then the Town will transfer development rights at the above ratio.
- The Town accepts exceeding the build-out caps for deed restricted housing only; meaning they will allow 2 deed restricted units to be built for every one development right that the Town has available. This density is not unlimited - once the Town is out of development rights, then this policy will be done.

South Shore Specific

Conversion exchange rates. TRPA has approved the conversion of development rights among different uses (TAU, CFA, SF RUU, MF RUU). The goal is to better manage growth, support environmentally beneficial and economically feasible redevelopment, respond to market demands and improve the effectiveness and predictability of the current development rights system within the Lake Tahoe Basin.

TRPA Conversion Exchange Rates

Existing Development Rights	Equivalent Development Rights			
	CFA	TAU	SF	MR
300 sq. ft. CFA	300 sq. ft.	1	1	3/2
1 TAU	300 sq. ft.	1	1	3/2
1 Single Family RUU	300 sq. ft.	1	1	3/2
1 Multi-Family RUU	200 sq. ft.	2/3	2/3	1

Source: http://www.trpa.org/about-trpa/how-we-operate/strategic-plan/development-rights/

*A residential unit of use (RUU) is a combined development right and allocation

Since adopting the above conversion rates, more than 60 residential units have been added throughout the region, while the number of TAUs has been reduced by more than 50 and CFA reduced by over 4,000 square feet.

Bonus Units. TRPA approved changes to the residential bonus unit program to allow affordable (under 80% AMI) through achievable housing (varies by jurisdiction, but may exceed 195% AMI in some areas) to be awarded bonus units directly from TRPA, rather than through the local jurisdiction. The project receiving a bonus unit is exempt from having to obtain a residential allocation (RA). Bonus units are available for affordable through achievable housing if:

- Development is within ½-mile of an operational transit stop. Some city multi-family zoned land falls outside of these areas.
- Units are deed restricted at the respective affordability level and prohibit the use of the unit as a vacation rental or second home. Property owners can acquire a full RUU and remove this restriction.

Bonus units may also be awarded to existing homeowners that will deed restrict their home in exchange for receiving a bonus unit. This then allows the homeowner to sell their existing RUU on the market, providing a "paid" incentive to deed restrict their property.

Residential Allocations. As of March 2019, TRPA has 2,374 residential allocations left to distribute throughout the Tahoe Basin through the year 2032. TRPA periodically reviews total allocations for the region and added 2,600 allocations to the development pool upon its last review in 2012.

"Build-Out" Summary: TRPA Tahoe Region Through 2032
March 2019

	Residential Units	% of Units
Total Development Potential	**51,097**	**100%**
Built or allocated	47,271	93%
Bonus units (unused)	1,452	3%
Affordable/Moderate/Achievable	859	-
Affordable/Moderate/Achievable (Centers)	260	-
Market rate (Centers)	333	-
Remaining allocations (through 2032)	2,374	5%

Source: TRPA

TRPA distributes residential allocations to jurisdictions every two-years; currently averaging about 120 allocations per year in the entire Lake Tahoe Basin. Local jurisdictions may impose their own conditions for distribution of development rights, and there are often wait lists for these rights. The last allocation occurred this year, awarding 73 allocations to the South Shore jurisdictions for 2019 and 73 for 2020.

Residential Allocations: 2019 and 2020

	2019	2020
Douglas County	10	10
El Dorado County	30	30
South Lake Tahoe	33	33

Source: TRPA

Of the allocations made to South Shore jurisdictions for 2019 and 2020:

- El Dorado County reported having already awarded all 60 allocations with most, if not all, for single-family homes;
- The City of South Lake Tahoe has 55 allocations available in the Town Center, 25 multi-family allocations, and 4 IPES allocations for single-family or multi-family. Three single-family allocations have been offered and are pending acceptance.
- Douglas County is still issuing allocations from 2015.

<u>Banked coverage and development rights</u>: public entities, institutions, organizations and private sector have banked coverage and development rights that could be made available to affordable/workforce housing, preferably at no/low (administrative) cost. Jurisdictions may have allocations available. Additional creativity may be needed to tap into the private sector.

- The City is evaluating the ability to make banked rights available for local resident housing projects for free and/or sell rights and place the proceeds into an affordable housing fund. Additional creativity will be needed to tap into banked rights owned by the private sector. El Dorado County is also exploring this option.

With the adopted TRPA conversion exchange rates, banked and pooled rights may be converted to other development uses. As an example, the table below shows the multi-family residential development potential if all CFA, TAU and RUU are converted to multi-family RUU (MF RUU).

The development rights exchange rates present an opportunity for the jurisdictions to master plan for local resident housing and assess whether, for example, excess TAU or CFA may be better utilized to instead construct homes. Obviously 100% of the banked TAU or CFA would not be converted, but the table illustrates that another potential 1,466 multi-family units in the City and 854 in the counties can be “found” through conversions.

Banked and Pooled Development Rights Held by Jurisdictions and Private Owners

Banked Rights (may include private) October 2019				MF RUU Equivalent			
	City	El Dorado County	Douglas County	Conversion To MF RUU	City	El Dorado County	Douglas County
300 sq.ft CFA	70,263	7,229	9,453	3/2	351.3	36.1	47.3
TAU	605	210	0	3/2	907.5	315.0	0.0
Single-Family RUU*	3	13	33	3/2	4.5	19.5	49.5
Potential RUU	69	85	16	-	-	-	
Coverage (hard)	542,618	33,720	296,632				
Coverage (potential)	440,023	395,848	269,927				
Coverage (soft)	12,338	16,987	57,571	-	-	-	
Pooled Rights (public owned): November 2018				**MF RUU Equivalent**			
	City	**El Dorado County****	**Douglas County**	**Conversion To MF RUU**	**City**	**El Dorado County**	**Douglas County**
300 sq.ft CFA	33,097	33,395	33,520	3/2	165.5	167.0	167.6
TAU	25	10	25	3/2	37.5	15	37.5
RA	86	34	46	-	-	-	
TOTAL	-	-		-	1,466.3	552.6	301.9

Source: TRPA, Consultant team

*Banked rights verified by the City as city-owned; not verified by the counties (some may be in private ownership and may not be available).

**El Dorado County pooled rights are designated for the Meyers Area Plan.

NOVEMBER INPUT

All govt agencies give all commodities for free for DR housing

Every govt agency donate commodities to affordable projects.

Can or should TRPA development rights system be further modified to help with housing for local needs?

No Upper Truckee coverage – need it; free? Easy to find?

Create a simple process for repurposing/redeveloping building to create high-density housing (e.g. vacant commercial -> apt building)

Implementation Discussion Questions – Transfer of Development Rights

11. Do the recent TRPA changes effectively remove the development right caps from deed restricted housing? Is there need for more flexibility?
    a. Align City and County policies with TRPA changes
    b. Where bonus units can be used
    c. Applicable deed restrictions
    d. Others?

12. To what extent is it necessary to have both a cap on total development in the Basin and have yearly growth/allocation limits per jurisdiction? Does the yearly limit affect the ability for the market to produce needed housing when the market is strong?

13. If public development rights are provided to developments, what if any local resident housing guarantees are needed?

14. What role does the need for coverage and development rights play in limiting the usefulness of a density bonus incentive? How can pooled public rights be best used for this purpose or are there other options?

15. What is needed to proceed – next steps?

16. Who needs to be involved; coordination required?

Lower Tier Tools

Removal of Regulatory Barriers - Updating/modifying code provisions and procedures that impede affordable housing development. Complex PUD requirements can be barriers to local resident housing. Complete code review and rewrite might be required. *November Comments:* • *Need full community cooperation and partnership* • *Multiple jurisdiction government regulation* • *Rules that cost time/money (remove them)* • *Relax restrictions on aesthetics of buildings* • *Make mixed-use easier* • *Create standardized permitting building plan check process for a specific type of house (e.g. standard shipping container plan check process).* *Consultant Comments: may be addressed if the above priority tools are implemented*
STR Restrictions - Prohibitions in zones where residents and employees reside, limiting the number in defined areas, requirements that units be occupied as primary residences part time, prohibiting STR of deed restricted housing. *November Comments: Zone areas that divide vacationers from residents.* *Consultant comment: Jurisdictions have momentum; Measure T litigation – monitor outcome.*
Fee waivers/deferrals - Water/sewer tap fees, building permit or other fees waived in part or whole to reduce cost to build affordable housing. General funds or other source need to cover cost of fees waived. *November Comments:* • *Waive all govt fees for restricted housing* • *Provide fee deferral on front end development and construction costs*
Incentives for Redevelopment (NEW) – *November Comments:* • *Create a simple process for repurposing/redeveloping building to create high-density housing (e.g. vacant commercial -> apt building)* • *Build a third level to all 2-level apt complexes*

Funding Tools Summary

The below tables summarize the tools that are presented in more detail below.

- Priority Tools: are presented in detail.
- Lower Tier Tools: are grouped in a table for further discussion.

Note on Existing Tools: Many strategies are currently in place or have been used in South Shore. The entities currently using a tool are listed in the "Who is Active?" column. Priority tools that are in place should be reviewed for potential changes or modifications that can improve their effectiveness. Tools in place that received few or zero votes do NOT mean the strategy should go away, it simply means that the strategy is not currently a priority for additional action.

Priority Tools

Priority Votes	Public Rank	Tool	Who is Active?
2	1	Taxes dedicated for housing	EDCF (voluntary in process)
		Federal and State Grants/Loans – CDBG. HOME, CalHOME, USDA/Rural Development, etc.	City, EDC, DC
3		Private donations/grants	EDCF

*Priority Votes column is the number of high priority dots received by Advisory Group (November session); Public Rank shows the top 15 ranked tools per the Open House and Housing Tahoe Partnership sessions.

Lower Tier Tools

Priority Votes	Public Rank	Tool	Who is Active?
1		Voluntary property transfer donations and document fee (NEW)	EDCF (in process)
		General Funds	City
		LIHTC (Low Income Housing Tax Credits)	City, EDC, DC
2		Tax increment financing (TIF), California: Enhanced Infrastructure Financing Districts (EIFD)	
		Debt financing with favorable terms	
		Housing Choice Vouchers and other Rent Subsidies	EDCHA, DC
		Opportunity Zones	EDCF, Chamber
		Employee head tax (NEW)	
		Increase wages/living wage (NEW)	
		Financial consulting (NEW)	

GENERAL NEED FOR FUNDING – SOUTH SHORE REGION

Estimated funding gap needed per unit (includes free land). (*see pp. 110-111 of the South Shore Housing Needs and Opportunities report*).

Table 6.3. Single and Multi-Family Homeownership Subsidy required

	Single Family		Multi- Family*	
Sales Price:	$300,000	$400,000	$300,000	$367,500
	Free Land	Free Land	Free Land	Free Land
Cost to Develop	$455,570	$455,570	$367,500	$367,500
Additional Funds Required (GAP)	**$155,570**	**$55,570**	**$67,500**	**0**

NOTE: Assumes single-family and multi-family homes are 1,000 sq. ft., 2-bed/1-bath.
*Estimated cost of to develop per unit for a 30-unit MF complex.

Table 6.4. Rental Gap Requirement for Multi-Family

Sources of Funds	Multi- Family*	
Rent charged:	$1,250 Rent	$1,750 Rent
Sales Price / Debt Supported per unit**	$162,000	$240,000
	Free Land	Free Land
TOTAL SOURCES	$162,000	$240,000
Additional Funds Required (GAP per unit)	**$205,500**	**$127,500**

*30-unit development, not subsidized or income restricted, $2,500/ unit in operating costs annually
**Assumed, 5% interest, 30-year amortization, 1.2 DSCR.

3,290 housing units needed through 2026; 1,880 of which should be priced lower than prevailing market prices. If all 1,880 units were built new, requiring an average of $100,000 in subsidy, this equates to $188 million in subsidy.

A blend of local, State, and Federal funding sources should be pursued to support a complete response to the community housing needs. State and federal sources of financing have various restrictions on the income limits and price points for which the financing can be used:

- Typically <80% AMI for rentals and owners, with some options up to 120% AMI (SB 2 and CalHOME (California)).
- State and federal funds can have cumbersome management and use tracking requirements that require staff time. Layering multiple sources of funds increases the reporting/management complication.
- Local sources (e.g., taxes, fees, general fund, etc.) are needed to supplement state/federal financing. Local sources also carry less management obligation and more freedom in application (e.g., can be used for programs, capacity/staffing, management and development/production)

A range of price points are needed: (*see pp. 7-8; 116 et seq. of the South Shore Housing Needs and Opportunities report*).

Household Income	Max monthly rent	Max purchase price
Under $20,000	$500	$100,000
$20 to $39,999	$1,000	$150,000
$40 to $49,999	$1,250	$200,000
$50 to $59,999	$1,500	$250,000
$60 to $74,999	$1,875	$300,000
$75 to $99,999	$2,500	$400,000
$100 to $124,999	$3,125	$500,000
Over $125,000	Over $3,125	Over $500,000

Primary resident and employee demand

TAXES DEDICATED TO HOUSING

Sales, property, lodging, real estate transfer, excise, vacancy tax can be dedicated sources for community housing efforts.

Potential Impact

How much: TBD. Example: 2% TOT increase in the City in 2016 has generated $2.5 to $3.3 million/year.

For whom: TBD; could be flexible for all local resident income levels and rental or ownership.

Issues

In General

A flexible, reliable funding source and/or revenue stream can be created to respond to local conditions and used for most housing-related activities, including programs, capacity and management.

Voter approval required in most states; two-thirds voter approval required for some measures. Recent ballot initiatives have had mixed results. Approval requires extensive public education.

Can be used for "missing-middle" housing. Can fill in gaps where state and federal funds are not available.

Examples: Summit County, CO (0.725% sales tax); Breckenridge, CO (lift ticket tax); Vancouver, BC (empty homes tax); Oakland, CA (vacancy tax); Routt County, CO (1-mil property tax); Mammoth Lakes, CA (administratively dedicates 1% of 13% TOT tax to housing); Highland Park, IL (residential demolition tax of $3,000/unit up to $10,000/building).

South Shore Specific:

There is not currently a local funding source explicitly dedicated to housing in the South Shore.

- The City of South Lake Tahoe is currently analyzing various City-owned parcels for suitability for housing development or sale with proceeds to go into an Affordable Housing Fund.
- El Dorado Community Foundation is working with Realtors to secure voluntary donations and the document transfer fee upon sale/resale of properties.

Recent tax ballot measures in the South Shore:

- Transient-occupancy tax (TOT) in South Lake Tahoe ranges from 12% to 14%. The City successfully passed a 2% increase by over 2/3-voters in 2016 (Measure P) with funds earmarked for a new recreation complex. This has generated between $2.5 and $3.3 million/year.
- TOT in El Dorado County is 10%. A general ballot measure to increase TOT by 2% failed to receive approval by a majority of voters (greater than 50%) in 2018 (44% yes).

- TOT in Douglas County (Tahoe Township) is 14%. Senate Bill 461 imposed a $5 per night surcharge beginning July 2019 with proceeds to go to the Tahoe-Douglas Visitor's Authority (TDVA), which was created by the state legislature for tourism and recreation promotion. The surcharge proceeds will primarily be used by TDVA to help pay for the planning, construction, and operation of an events center at Stateline.

NOVEMBER INPUT

Increase property tax by ballot. 0.5% within reduction for local and long term rentals

Empty homes tax on property value of vacant owned homes to bring more units into the market and curb the use of housing as speculative market

House flipping tax on speculators who sell a new owner-occupied property is fold for more than it was purchased within 5 years of purchase

Vacancy tax on second homes and VHR

Use local voting power to increase property taxes to 2d homeowners

Transfer tax instead of vacancy tax

Vacancy tax

Tax on second homes

New, special tax agreed to be paid by homeowners who purchase new housing during escrow. This tax will help pay back low interest loans taken out to build property; do not tax all residents in county – keep taxes to people benefiting from new housing/neighborhoods.

Apply % of STR (TOT) tax to affordable housing fund – support fee reductions, utility tap reductions, backing private loans, etc.

Vacancy tax (x2) – put funds into affordable housing fund

Document transfer fee – EDCF to potentially capture in EDC property exchanges

Implementation Discussion Questions - Taxes Dedicated to Housing

17. Looking at the wide array of potential local taxes that could be dedicated to housing, which seem the most promising for the South Shore?

18. How should the pursuit of these potential revenues be prioritized?

19. Pursing a dedicated tax for housing is a serious, time consuming issue. Let's discuss the major challenges and issues.
    a. Upfront polling and outreach to determine tax measure – who leads?
    b. What wins/successes do we need in place to generate support for a tax measure?
    c. Who are key allies?
    d. What other public ballot initiatives do we need to take into consideration with regard to timing and voter awareness (i.e., don't clutter the ballot)?

20. How should the funds be managed (e.g. Housing Trust Fund, other); how should funds be used (e.g. prioritization, criteria, etc.)?

FEDERAL AND STATE GRANTS/LOANS – CDBG, HOME, CalHOME, USDA/Rural Development

Federal and State loans and grants are a basic ingredient in many successful housing programs and projects. In high cost communities, State and Federal resources usually need to be paired with local funding as well.

Potential Impact

How much: TBD

For whom: Federal funds are limited almost exclusively for households below 80% AMI, some exceptions for households up to 120% AMI with some California programs.

Issues

In General

Many State and Federal resources only serve low income households (<50%, 60% or 80% AMI), and are proscriptive in how funds must be used. California SB2 can serve up to 120% AMI; California Affordable Housing Sustainable Communities (AHSC) may be able to assist over 80% AMI with the ability for mixed income projects. Competitive and complicated grant application and administration processes can be an additional drawback, but many communities have successfully navigated these constraints over time.

There is an art to matching state and federal resources to the appropriate projects and programs that will best meet local housing needs and priorities. Certain programs such as rental housing using the Low Income Housing Tax Credit, weatherization and rehab using Federal Department of Energy funding, down payment assistance using federal HOME funds have strong track records, and can be effective in most communities.

Managing multiple funding sources, and ensuring that funding requirements are aligned can be cumbersome. Communities need to invest in consistent capacity, to remain competitive for State and Federal funds, ensure funds are used timely and appropriately, and that long-term compliance is maintained in the housing created.

A list of California financing programs are shown below, with detail provided at: See https://www.hcd.ca.gov/grants-funding/active-funding/index.shtml

Available CA Funding Programs	General info
Affordable Housing and Sustainable Communities (AHSC)	Generally <80% AMI; use for infrastructure may increase AMI applicability
CalHome; HOME (Home Investment Partnerships Program)	Up to 120% AMI for down payment assistance in CA.
CESH (California Emergency Solutions and Housing)	For at-risk of homelessness; last application period: early 2019
Community Development Block Grant (CDBG)	Available to entitlement communities on a non-competitive basis (none in the South Shore). May be applied to wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services.
ESG (Emergency Solutions Grants Program)	Emergency and transitional assistance.
GSAF (Golden State Acquisition Fund)	GSAF makes up to five-year loans to developers for acquisition or preservation of affordable housing
HHC (Housing for a Healthy CA)	Supportive housing
Housing-related parks program	-
IIG (Infill infrastructure grant program)	-
MPRROP (mobile home park rehab and resident ownership program)	Mobile home park preservation
MHP (multifamily housing program)	-
National Housing Trust Fund	Emphasis on <30% AMI rental housing
No Place Like Home	Permanent supportive housing
Predevelopment Loan Program (PDLP)	-
Section 811 Project Rental Assistance	-
SHMHP (Supportive Housing Multifamily Housing Program)	-
Veterans Housing and Homelessness Prevention Program (VHHP)	-
SB2 Planning Grants program	Up to 120% AMI. Provides one-time funding and technical assistance to all eligible local governments in California to adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production.

South Shore Specific: (pp. 47, 48, 54 of South Shore Region Housing Needs and Opportunities)

In the past, the City of South Lake competed for and received awards of State and Federal funding sources for housing on a routine basis. With a new housing coordinator on staff, that practice could resume.

- City of South Lake Tahoe utilized federal CDBG and state CalHome Funds in the 1990s through around 2013 to fund down payment assistance for first time homebuyers and rehabilitation loans to income qualified homeowners.
- El Dorado County has a homebuyer assistance program funded with CBDG and HOME funds.
- The City of South Lake currently has $2 million in old CDBG and grant funds, plus loan payments, that may be able to be used to further local resident housing needs.

Based on the local housing needs, federal and state resources could be a helpful part of the funding strategy.

- Only 2% of sales from July 1, 2018 – June 30, 2019 were affordable to the median household income ($68,000)
- Evergreen Apartments (26 units) is one of many apartments that were constructed utilizing a federal HOME grant in the South Shore Region.

NOVEMBER INPUT

Federal/state grants/loans (x2)

Help local, state, federal funds/programs impact our S. Lake community

Implementation Discussion Questions – Federal/State Grants and Loans

1. Which existing programs could be enhanced/expanded with more consistent pursuit of state and federal housing funds?
2. What new projects, programs, or housing goals might be well aligned with state and federal requirements?
3. Which agency (or agencies) is best positioned to pursue these funding sources?
4. Who will lead on applying, implementing, and ongoing monitoring?

PRIVATE DONATIONS/ GRANTS

Tax deductible contributions to a non-profit organization, which purchases or develops housing.

Existing Impact

How much: TBD

For whom: Range of incomes, ownership and rental. Subject to non-profit mission, by-laws, etc.

Issues

In General

Philanthropic investment to bridge the subsidy gap and make an affordable housing project feasible, and/or educate the community about the value of affordable housing. Often viewed as a grassroots approach to address the issue because it is not being adequately addressed by the market or public sector.

Affordable housing projects offer an opportunity for capital campaigns and the ability to leverage philanthropy with public funds (state, local or federal). Philanthropic contributions often include land donation. Can be used for an ownership or rental product. Income levels served is dependent upon non-profit mission and status and the IRS has requirements for charitable/tax exempt affordable housing organizations.

It is challenging to raise funds for affordable housing, especially with large subsidies needed. Permanence of affordability can ensure a one-time investment serves multiple families over time. Cultivating donors and managing donations is administratively burdensome. Private donations can be used for education, but limited for advocacy. Fundraising for affordable housing may compete with other charitable causes.

Examples: Jackson, WY; Placer Co./Truckee, CA.

South Shore Specific: (p. 46 of South Shore Region Housing Needs and Opportunities)

- St. Joseph Community Land Trust has constructed 1 moderate-income single-family home and renovated a 76-unit apartment building to ensure permanent affordability. SJCLT is working with Barton to produce an employee unit. SJCLT is working to acquire a City parcel(s).
- The El Dorado Community Foundation is currently providing data, research, and financial assistance to support private investment in South Lake Tahoe. EDCF is also working to establish options for a housing fund, including potentially developing a South Shore/Regional Land Bank and Opportunity Zone fund.
- Other non-profits exist as collectors/distributors for potential funds: Tahoe Prosperity Center, Tahoe Homeless Coalition, Family Resource Center, etc, depending upon defined mission/purpose.

NOVEMBER INPUT

Improve visibility of available programs to leverage opportunities

Gap financing

Need rapid-response to pilot programs while policies are updated

Develop a private foundation to back loans or as a revolving fund

Build housing foundation to subsidize affordable housing

Implementation Discussion Questions – Private Donations/Grants

1. What entity (existing or new) should be responsible for fundraising and allocating the donations/grants?
2. How should the donations/grants be used? Are there some initial criteria or guidelines the group would want to recommend?
3. Should serving higher income households (80% - 150% AMI) be an eligible use of funds? What needs to be done to ensure donations are tax exempt?

LOWER TIER TOOLS

Tools
General Funds - An annual or occasional budget allocation to support local resident housing needs, such as staffing, pre-development and gap financing. *No comments*
Low Income Housing Tax Credits (LIHTC) - Provides project equity for public, non-profit and private developers. Market for credits uncertain with reduction in corporate tax rate. Widely used in mountain towns. Often done through public/private partnerships. Multifamily sites needed. *No comments*
Tax Increment Financing (TIF), Enhanced Infrastructure Financing Districts (EIFD) - Allocation of new property and/or sales tax in defined districts. California allows cities, counties, and special districts to form Enhanced Infrastructure Finance Districts (EIFDs) and issue TIF bonds with 55% voter approval. The acquisition, construction, or rehabilitation of housing for persons of low and moderate income is a specified use of EIFD. *No comments*
Debt Financing with Favorable Terms - Low interest loans, tax exempt bonds, certificates of participation and other forms of development financing available to housing authorities, cities, counties and some non profits. *November comments* • *Low interest financing paid by homeowners who buy/live in new housing development over time* • *Silent second mortgage credit certificate*
Housing Choice Vouchers and other Rent Subsidies - Project-based and tenant-choice vouchers that pay difference between market rents and 30% of household income. Not frequently used in mountain towns – few rentals are available at HUD Fair Market Rents and few vouchers are available. *No comments*
Opportunity Zones - The Opportunity Zones investment incentive was established in 2017 to encourage long-term private investments in low-income communities. Two Opportunity Zones are eligible to receive private investments through opportunity funds in the South Shore Region. The program does not explicitly address local resident housing, but might be designed to do so. *November Comments*: • *Grants – business owners in this town would largely benefit from housing so they could keep a strong workforce plus it's a tax write off for their business* • *Community fundraising*
Other November Session Write-Ins (NEW) • Voluntary transfer assessment and document fee • Employee head tax • Increase wages/living wage • Financial consulting

Regulations Summary

The below tables summarize the tools that are presented in more detail below.

- Priority Tools: are presented in detail.
- Lower Tier Tools: are grouped in a table for further discussion.

Note on Existing Tools: Many strategies are currently in place or have been used in South Shore. The entities currently using a tool are listed in the "Who is Active?" column. Priority tools that are in place should be reviewed for potential changes or modifications that can improve their effectiveness. Tools in place that received few or zero votes do NOT mean the strategy should go away, it simply means that the strategy is not currently a priority for additional action.

Priority Tools

Priority Votes	Public Rank	Tool	Who is Active?
4		Impact Fees/Residential/Commercial Linkage	None for housing specifically
1	15	Inclusionary Zoning	None

*Priority Votes column is the number of high priority dots received by Advisory Group (November session); Public Rank shows the top 15 ranked tools per the Open House and Housing Tahoe Partnership sessions.

Lower Tier Tools

Priority Votes	Public Rank	Tool	Who is Active?
		Annexation Policies	NA

GENERAL NEED

Requiring community housing through regulations can be a compelling way to increase the affordable housing inventory and diversity of new housing being created. Regulations can generate actual housing units, or fees in lieu of housing units that can be invested in projects and programs that support community housing goals.

A drawback of these regulatory tools is that they depend upon development activity to be successful: the more development is happening in the community, the more community housing these tools generate. The effectiveness of these tools will rise and fall with the highs and lows of construction activity. They may be less effective in the South Shore where development has been relatively limited.

At the December 10 and 11th work sessions, we'll focus on a discussion of linkage and inclusionary zoning (IZ) as potential regulatory approaches, and seek to form a direction for the South Shore area. The consultant team does not recommend pursuit of both linkage and IZ at this time.

	Tax (see Funding session)	***Annexation (not under consideration as a priority, limited effectiveness in South Shore)***	**Inclusionary Housing (under consideration as a top priority regulation)**	**Linkage Fee (under consideration as a top priority regulation)**
Local Government Authority	*Public vote*	*Authority to extend urban service and municipal boundaries*	Zoning code, no nexus study required	Nexus between fee charged and impact to community (study required)
Structure	*% of revenue*	*% of residential units*	% of residential units	Varies – usually policy makers set a rate based on estimate of new jobs generated/sq ft
Administration	*Collected with other taxes*	*Contractual: land use negotiations, council action on annexation agreement*	Non-discretionary – zoning code standard	Collected with other land use approval fees such as permit fees
Outcome	*Funds for housing*	*On-site housing*	Housing built, land, or funds depending on regs.	Funds for housing (occasionally onsite housing or other compliance)
For Example in other communities	*Property Tax, Sales Tax, STR Excise Tax*	*40-80% of new homes affordable*	10-25% or more of new homes affordable	Varies – e.g., $1/sq ft (Grand Lake); $35/sq ft (Boulder) – depends on community/regs.

IMPACT/LINKAGE FEES

A fee directly linked to the need for housing generated by new development through jobs created; distinction made be made for commercial v. residential linkage.

Potential Impact

How much: TBD. Depends on rate, program design, and level of new development activity. Much recent development has been single family homes. Some MF in Douglas; Commercial in the City.

For whom: Flexible use. Potentially wide range of income levels and rental/ownership.

Issues

In General

Nexus required. Fees imposed on a per-unit, as opposed to per square foot, basis is a disincentive to smaller unit development.

Can produce a significant funding stream for housing in response to the strong nexus between jobs created and the need for workforce housing.

Impact fees can apply to new development, redevelopment and additions (e.g., home expansion).

Inclusionary zoning that collects a fee-in-lieu of development can operate in a similar manner as impact fees for residential development without requiring a nexus study.

Fees should be sufficient to support production of community housing through other methods – public land acquisition/development, redevelopment, public/private partnership, leverage with state/federal funds, etc.

Concerns with impact fees include:

- Commercial impact fees (commercial linkage): some types of commercial development may be encouraged or discouraged if fees vary significantly by commercial type (e.g. retail vs. bar/restaurant vs. lodging, etc.) – this can be a positive or negative depending on the desired type of development.
- Residential impact fees often increase with house size and may exempt homes below a certain size (e.g., under 1,200 sq. ft.) to avoid discouraging construction of smaller homes/homes more affordable to the community.
- Fees are only productive if development is occurring.

Examples: Mammoth Lakes, CA (residential and commercial (see below)); Truckee, CA; Park City, UT; Gunnison, CO; Summit County, CO (voter-approved $1 to $2/sq ft impact fee on new development - allowed by state legislation)).

Mammoth Lakes, CA: Fees charged are well below that justified by the nexus study. The fees assume that the Town, Mammoth Lakes Housing, Inc., and other service providers will provide 70% of the housing generated by new development for households at or below 60% AMI.

Town of Mammoth Lakes Housing Fees (2018)

Use	Housing Impact Mitigation Fees
Residential	$5,700/unit[1]
Lodging	$3,700/room[2]
Retail/Restaurant	$2/sq. ft.
Office	$2/sq. ft.
Light Industrial	$1/sq. ft.
Services	$2/sq. ft.

Source: Town of Mammoth Lakes

[1]Exemptions include additions, RMF-1 Zone multiple family projects of 4 or fewer units where average habitable sq. ft. does not exceed 1,300 sq. ft. per unit, legal secondary units, and apartments.

[2]Room = a hotel or motel key. Fee includes accessory uses in a lodging project (e.g., retail, restaurant, conference)

South Shore Specific: (p. 115 of South Shore Region Housing Needs and Opportunities)

- 575 housing units will be needed to meet housing demand from projected new jobs by 2026. If the "gap" averages $100,000 per unit to construct new, this equates to $57.5 million (although fulfilling the full demand is not likely a recommended policy direction or a realistic expectation). Onsite compliance, and combining fee revenue with other sources could help to lower the amount of subsidy needed.
- TRPA currently has impact fees for environmental and transportation impacts (air quality, water quality).
- No jurisdiction collects impact fees for housing.

NOVEMBER INPUT

Fees structured to exempt small homes, be assessed on a graduated basis where larger homes built towards new development (ex. 5,000 sq ft home pay extra fee)

Require new market developments to include percentage of affordable or pay in lieu fee

Impact fees – lots charged, but not for housing

Waive all govt fees for restricted housing

Employers pay impact fee per employee

INCLUSIONARY ZONING (IZ)

Requires that a percentage of residential units in new subdivisions/PUDs are restricted to community housing. Market rate homes support below market units. Most effective if new subdivisions/PUDs are developed.

Potential Impact

How much: TBD. depends on rate, program design, and level of new development activity.

For whom: Can serve the full range of incomes, including missing-middle (80% to 150% or more)

In General

Many communities have a combination of inclusionary zoning and linkage programs implemented through different ordinances.

IZ applies to new residential subdivisions, requiring a percentage of units to be priced at levels that residents and employees can afford. Ranges vary between 5% (base rate in Breckenridge) to 60% (Crested Butte, CO), with the most common ranges being between 10% and 25%. Requirements typically affect multi-family and single-family developments.

Options for compliance can include: building units on-site, building or purchasing off-site units, dedicating vacant land, providing subdivided lots or a cash contribution to a housing fund (cash in lieu). Units built for ownership typically serve households earning 80% AMI or higher; rentals below 80%. If development is required, design standards for the required units must ensure desirable/livable units.

Concerns include: the financial burden on residential development; market-rate homes must achieve sufficient price points to support below-market prices for IZ homes. In some cases, IZ may discourage smaller scale projects and market-affordable solutions.

Examples: Whitefish, MT (20%); Boulder, CO (25%); Burlington, VT (15% to 25%); Truckee, CA (15%); Mammoth Lakes, CA (was 10% - replaced with fee structure in 2015).

South Shore Specific: (p. 95 and 96 of South Shore Region Housing Needs and Opportunities)

- With current residential allocations of around 73 units/year in the South Shore area, inclusionary zoning of 20% could achieve about 14 units/year.
- Because the majority of residential development is single family homes, fees in lieu would need to be an essential part of an inclusionary zoning policy.

NOVEMBER INPUT

No one ever talks about this but it seems to work very well other places
For luxury developments and allow in-lieu fee

Implementation Discussion Questions – Impact/Linkage Fees v. Inclusionary Zoning

21. What are pros/cons of impact fees compared with inclusionary zoning?
    a. Which will be a better fit in the South Shore, and why?
22. What are the potential barriers and challenges for either tool?
23. Who needs to be consulted, engaged, and on board with the approach?
24. To what extent is coordination and consistency appropriate and attainable across the jurisdictions?
25. Who should lead the effort?

Lower Tier Tools

Regulations – Lower Tier Tools
Annexation Policies - Negotiating affordable housing as part of annexation agreements. Policy based. Municipalities have discretion in negotiations. *No comments* *Consultant comment: likely limited utility in South Shore Region.*

Preservation Tools Summary

The below tables summarize the tools that are presented in more detail below.

- Priority Tools: are presented in detail.
- Lower Tier Tools: are grouped in a table for further discussion.

Note on Existing Tools: Many strategies are currently in place or have been used in South Shore. The entities currently using a tool are listed in the "Who is Active?" column. Priority tools that are in place should be reviewed for potential changes or modifications that can improve their effectiveness. Tools in place that received few or zero votes do NOT mean the strategy should go away, it simply means that the strategy is not currently a priority for additional action.

Priority Tools

Priority Votes	Public Rank	Tools	Who is active?
5	3	Deed restricted housing (permanent)	
3	4	Community Land Trust	SJCLT, EDCF (in process)
Improve rental conditions	12	Housing rehabilitation and weatherization	EDC, City (prior)
		Expand Multi-Family inspection program (NEW)	City
		Landlord fund/loan to help with repairs (NEW)	

*Priority Votes column is the number of high priority dots received by Advisory Group (November session); Public Rank shows the top 15 ranked tools per the Open House and Housing Tahoe Partnership sessions.

Lower Tier Tools

Priority Votes	Public Rank	Tools	Who is active?
1	6	No net loss/replacement policy	State (as affects city and county)
		Rent to own (NEW)	Exists – education needed
	9	Acquisition of Market Units	SJCLT, TRPA (can DR existing units)
		Condominium conversion policy	CA State, City
		Mobile home rent stabilization	

DEED RESTRICTED HOUSING (PERMANENT)

Dwelling units permanently restricted by occupancy (local employee/resident), income level, and with rent/resale restrictions to retain affordability in rising and high cost housing markets.

Current Program

How much: SJCLT units: Sierra Gardens apts (76 units), one single-family home.

Issues

In General

Creation of deed restricted housing that is sold for below market prices requires subsidies (public or private) to allow the home to sell for below market prices. Subsidy investment may occur through direct investment, regulations (inclusionary zoning, etc), incentives (fee waivers, density bonus, etc.).

Deed restrictions may be permanent or non-permanent.

Permanent deed restrictions utilize a "**subsidy retention**" model where the initial subsidy placed in the home remains with the same home to maintain its affordability long-term. The home is sold at affordable prices to later buyers. Every buyer of the deed restricted home benefits from the initial subsidy.

Non-permenant or limited term deed restrictions may utilize a "**subsidy recapture**" provision to recoop the subsidy placed into a unit plus a portion of the appreciation of that home when the home is sold. The home is sold at market prices and is no longer restricted to be affordable for future buyers. The recooped subsidy monies can be reinvested in another home or home buyer.

In markets where housing prices grow at faster rates than local incomes, subsidy recapture requires larger and larger amounts of public funds to keep the homes affordable to the same kinds of families. The need for larger and larger subsidies can be prevented with subsidy retention, or permanent affordability.

Mechanisms to preserve affordability include deed restrictions (covenants running with the property) and community land trusts (ground leases). In exchange for public assistance in purchasing a home, the buyer agrees to limits the price at which they sell that home as follows:

- If the resale formula is based on increases in income and not the housing market, the home remains affordable
- Resale formula that balances equity creation for homeowners and preserves long-term affordability
- Households still earn equity, just not as much as an unrestricted home
- Benefits of homeownership for family: a decent home, stability, security, equity buildup, tax savings
- Benefits for the community: inventory of community housing, stability, diversity, improvement of neighborhoods without displacement, inclusive neighborhoods, maximum public 'return on investment,' employees can find/afford homes, homes will not be sold to the second homeowner or short-term rental market.

Both subsidy recapture and retention programs take resources to manage homebuyer qualification and sales. Retention programs require greater resources to manage and steward the homes consistent with the terms of the restriction, including educating homebuyers regarding benefits and responsibilities of subsidized homeownership, and monitoring and enforcing homeownership compliance with restriction terms.

A few best practices include:

- Have consistent deed restrictions as much as possible: create a common restriction to be given to or used by developers rather than creating their own – inconsistency breeds confusion and management complications. Mammoth Lakes, CA, and Breckenridge, CO, have fill-in-the-blank restrictions to promote consistency.
- Some flexibility to allow for changing life circumstances is also helpful, as many jurisdictions learned during the last housing recession.
- Always include a right of first refusal for the jurisdiction to purchase the deed restriction if needed.
- Drafting restrictions with the assistance of a consultant, input from lenders (Fannie Mae/Freddie Mac), public input and the real estate community is highly recommended.

See Center for Housing Policy report "Preservation of Affordable Homeownership: A Continuum of Strategies", April 2007 by Rick Jacobus and Jeffrey Lubell; and YouTube video (8-minutes) "Understanding Subsidy Retention", April 2014 by Rick Jacobus for additional information.

South Shore Specific (see pp. 46-58, 90-91, 94 of South Shore Housing Needs and Opportunities)

Rentals. There are 557 income-restricted rentals available in the South Shore Region. Most have term-limits on their affordability period.

- Sierra Gardens apartments (76 units), owned in part by St. Joseph Community Land Trust, ensures its continued affordability.
- Some units were created pursuant to TRPA requirements. Aspen Grove (39 units), Nevada Royale (5 units), and Faris Apartments (10 units) are examples.

Ownership. There is one known ownership unit that is deed restricted to ensure permanent affordability to local resident households.

- The City of South Lake Tahoe transferred ownership of a site at 961 Tallac to the Saint Joseph Community Land Trust (SJCLT) for development of a home affordable to households earning less than 120% of AMI. SJCLT constructed a 3-bedroom, 2-bath home on the site and sold the home subject to the SJCLT 99-year ground lease.

Other deed restrictions exist from homes utilizing rehabilitation and down payment assistance from the City (47 homes) and El Dorado County (handful in the unincorporated South Shore area). These deed restrictions expire upon resale or repayment of the loan.

TRPA Bonus Units. TRPA has also approved changes to the residential bonus unit program to allow affordable (under 80% AMI) through achievable housing (varies by jurisdiction, but may exceed 195% AMI in some areas) to be awarded bonus units directly from TRPA, rather than through the local jurisdiction. The project receiving a bonus unit is exempt from having to obtain a residential allocation (RA). Bonus units are available for affordable through achievable housing if:

- Development is within ½-mile of an operational transit stop. Some city multi-family zoned land falls outside of these areas.
- Units are deed restricted at the respective affordability level and prohibit the use of the unit as a vacation rental or second home. Property owners can acquire a full RUU and remove this restriction (i.e, the restriction may not be permanent).

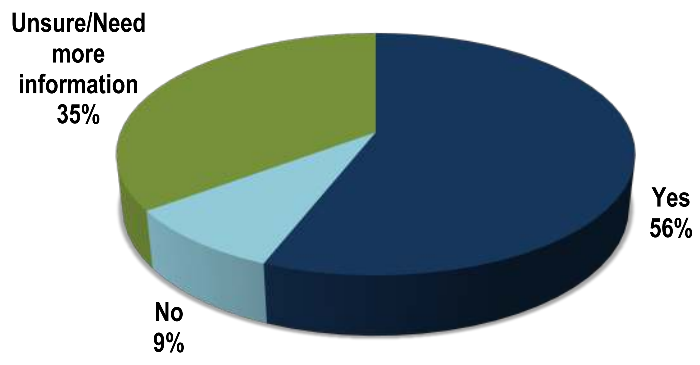
Bonus units may also be awarded to existing homeowners that will deed restrict their home in exchange for receiving a bonus unit. This then allows the homeowner to sell their existing RUU on the market, providing a "paid" incentive to deed restrict their property.

A total of 1,119 bonus units are available for affordable/moderate/achievable homes and 333 bonus units are available for market rate development in specified Centers.

Interest in purchasing homes with deed restrictions. Survey respondents who want to move within the South Shore Region were asked if they would consider purchasing a home with a deed restriction, understanding that the home would be priced below market rate and affordable to them, but that appreciation would be limited to 3% to 5% per year.

- Fifty-six percent (56%) indicted that they would consider buying a home with such a deed restriction.
- There is an opportunity for education and outreach, as 35% indicated they were unsure or needed more information. Education of potential buyers as well as those in the real estate industry will be needed, given that deed restrictions of this type do not exist in the area for ownership product.

Percentage of Households that would Consider Purchasing a Deed Restricted Home



Source: 2019 Household/Employee survey

NOVEMBER INPUT

Allowing investors purchase and subsidize only means that housing will be sold for profit eventually

Implementation Discussion Questions – Deed Restricted Housing (Permanent)

26. Community land trusts and permanent deed restrictions are different methods to achieve similar goals. Let's discuss distinctions, and make sure we want to prioritize both tools.

27. In pursing permanent deed restrictions, what can we learn from previous efforts in our community? How can experiences in other communities help?

28. Getting deed restrictions right up front take time, research, and careful consideration. Who needs to be involved? What coordination is required?

29. Monitoring and compliance are long term commitments. What agency or agencies would be best suited to this role?

COMMUNITY LAND TRUST (CLT)

Community nonprofit owns land, develops housing and provides long-term stewardship for permanent affordability through long-term ground leases. Typically, single family or townhomes for moderate and middle-income households.

Issues

In General

CLTs have been used to ensure permanent affordability of owned homes, cooperative housing, and rental housing, and even nonprofit space.

CLTs are a national model and can be complex organizations that typically provide the following services:

- Administration and Operations (running the CLT organization)
- Portfolio Development (creating the homes to be brought into the CLT's portfolio)
- Stewardship (maintaining and preserving the CLT's portfolio of homes and homeowners)

There are about 225 CLTs currently operating in the United States, some of which have been in operation for 30 years or more.

Potential Impact

How much: TBD

For whom: Can serve all incomes, including hard-to-serve incomes (80% to 150%)

Community land trusts are usually non-profits governed by a volunteer board. CLTs may play a role otherwise filled by local government.

CLTs require education, time, staff and dedication to manage and execute. The permanent affordability model requires the entity to manage and steward the homes consistent with the terms of the restriction, including educating homebuyers regarding benefits and responsibilities of subsidized homeownership, and monitoring and enforcing homeownership compliance with restriction terms.

Requires funding. Northern Ground lease fee revenue collected from CLT homeowners is typically insufficient to cover the full administrative and program costs. This revenue shortfall needs to be covered through grants and operating support. California Land Trust is working on building an acquisition loan fund for sufficient reserves to allow faster purchase of properties to compete in the high-cost, fast-pace housing market. Relying on typical subsidies (i.e., state and federal) has been too slow for many purchases.

Deed restrictions serve the same affordability purpose as CLT. Both carry resale price restrictions, but CLT applies them through a long-term ground lease agreement rather than deed restriction. Neither is necessarily more or less challenging to administer.

Example: Northern California Land Trust (Berkeley, CA); St. Joseph Community Land Trust (South Lake Tahoe); Housing Land Trust of Sonoma County, CA.

South Shore Specific

St. Joseph Community Land Trust (SJCLT). The SJCLT is a 501(c)(3) non-profit membership organization that was founded in 2002 to address housing needs in the entire Lake Tahoe Basin. SJCLT's mission is to provide high quality dignified, permanently affordable homes and supportive housing programs to Lake Tahoe's low- and moderate-income employees and residents, as well as ensure resident participation in management of the organization and leadership opportunities for low- and moderate-income residents of the Tahoe Basin. The SJCLT:

- Maintains permanent affordability through a ground-lease model. St. Joseph acquires or builds homes and sells homes to income-qualified households subject to a 99-year ground lease. The resale restriction limits the resale price to changes in the area median income, ensuring permanent affordability.
- Housing projects: one permanently affordable 120% AMI single-family home. Sierra Gardens Apartments (76 units) for households earning under 60% AMI.
- Operates the Employer Assisted Shared Equity (EASE) program to work with employers to provide affordable homes for ownership to employees. SJCLT is currently working with Barton Health through this program.
- Has a motel to home revolving loan program for households with school-age children that are residing in hotels to help with security deposit and the first month of rent. The program has placed 31 children into homes so far.
- Recently hired a new director. The organization now has one full-time director and a part-time staff person, but desires to grow their housing portfolio and capacity.

El Dorado Community Foundation (EDCF). The El Dorado Community Foundation is an accredited Community Foundation. The Foundation is a public charity serving thousands of people who share a common concern—improving the quality of life in El Dorado County. The Foundation pools charitable funds created by individuals, families and businesses, and invests and administers the funds to provide grants each year to many of the humanitarian, educational, and cultural organizations in El Dorado County.

- EDCF is working to establish a Land Bank combined with a Community Land Trust to serve the Lake Basin and focus on local resident housing.

NOVEMBER INPUT

Partner with large employers

Senior housing

City housing endowment to purchase motels and convert to micro apts

Form a CHDO – community housing development organization

Implementation Discussion Questions – Community Land Trust

1. Is the goal securing land for future community housing opportunities or providing permanent affordability, or both?
2. Is current SJCLT model consistent with permanent affordability? Are tweaks/changes needed?
3. How can current efforts be scaled up to better meet community needs?
4. How can the public interest be ensured to be carried forward through a non-profit land trust?
5. What is needed to establish a regional entity?
    a. Capacity
    b. Funding
    c. MOU/agreements
6. Who should be a part of an "umbrella" community land trust?
7. What options exist to also manage deed restricted units (e.g. not under the land-lease structure – see above)?
8. Steps to proceed – whom, what, how?

IMPROVE RENTAL CONDITIONS TOOL COMBINATION

Housing Rehabilitation and Weatherization

Programs to repair, update, and improve energy efficiency in existing homes occupied by low income households. Rehabilitation and weatherization improve the quality of the existing housing inventory.

Funding is usually through State and Federal grants, with strict limitations on who can be served.

Staff/time intensive.

Does not increase the inventory of community housing; rather improves the quality of the existing housing inventory, making homes safer and more comfortable, and lowering utility bills for occupants. Helps preserve inventory for future use; corrects deferred maintenance, and in extreme cases can avoid uninhabitable conditions.

Expanded Multi-Family Inspection Program (NEW)

The City manages a Multi-family and Single Room Occupancy Inspection Program. All multi-family dwellings with six or more units are subject to annual inspections to “identify blighted and deteriorated housing stock and provide for the rehabilitation of housing that does not meet minimum building, housing and property maintenance code standards.” Such properties are required to hold a current business license, with annual fees used to finance the cost of inspection and enforcement. This program has resulted in a few recent condemnations and displacement of tenants (see South Shore Housing Needs and Opportunities, Section 5 – Housing Problems, Loss of Housing), though efforts are made to facilitate improvements in lieu of taking this step.

Grants/Loans for Landlord Improvements (NEW)

Home Improvement in exchange for long-term rentals for local residents.

Mammoth Lakes Housing, Inc., offered this program (CDBG funding), but received no takers. Lessons learned:

- Outreach, advertising, education is important.
- Participation is also more likely if paired with a “stick” to encourage landlords to improve properties. Mammoth Lakes does not require long-term rental landlords to acquire a license nor do they have a regular inspection program.

<u>South Shore Specific:</u> (pp. 69-71 of South Shore Housing Needs and Opportunities)

About 54% of South Shore residents who are dissatisfied with their housing state that their home needs repairs or is poorly maintained. Maintenance is an issue for 20% of all renters, compared to only 1% of all owners.

Of repairs that are needed, over 50% of respondents selected flooring, followed by exterior upgrades and energy efficiency. Old or broken appliances followed at 45%. “Structural repairs” was only selected by 24% of dissatisfied respondents in homes that need repairs – or 2% of all South Shore Region households.

“If repairs or improvements are needed, what type?”

	Percent of
Flooring (carpet, tile, etc.)	60%
Exterior upgrades (paint, siding, landscaping)	54%
Energy efficiency upgrades, insulation, windows	54%
Old, inefficient, or broken appliances	45%
Infrastructure (sidewalk, driveway, water/sewer lines)	35%
Heating, plumbing or electrical	33%
Roof (leaking, cracked)	28%
Structural repairs/damage (sinking foundation, cracked walls, etc.)	24%
Mold or asbestos abatement	24%
Other	15%

Source: 2019 Household and Employee survey

Owners are not upgrading their homes due to cost – either overall cost or cost of improvement relative to home value. The most common reason repairs have not occurred in rental units, according to the tenants, is unwillingness on the part of the landlord.

"If your home needs repairs, why have repairs not been made?"

	South Shore Owners	South Shore Renters
Cost of repair - too expensive	71%	31%
Do not want to spend more money on the home	15%	19%
Landlord not taking responsibility	0%	58%
Other	24%	24%

Source: 2019 Household and Employee survey

The above follows from discussions with local property managers as well. While some investment buyers have been fixing up rentals before charging higher rents, most rents have been increasing without corresponding improvements.

- Property managers report that absentee landlords, insufficient budgets for adequate maintenance and the age of units are the primary contributors to units falling into fair or poor condition.
- Property managers additionally cited challenges related to regulatory requirements. Many properties do not meet modern code standards and when improvements are made, bringing properties up to code (e.g., parking standards, coverage, etc.) can add significant cost and act as a disincentive for renovation.

<u>Renovation/Weatherization Program.</u> (p. 48, South Shore Housing Needs and Opportunities)

The City made rehabilitation loans (69 total) between 1995 and 2011. The down payment and rehab programs were funded primarily through CDBG, Redevelopment Low and Moderate Income Housing (LMIH) fund and CalHOME. The programs were stalled in 2013 due to a loss of LMIH funds, which supported staff, not due to demand for the program.

El Dorado County provides low-interest financing to lower income households to assist with health and safety repairs for homeowners in the unincorporated South Shore Region of the County utilizing CDBG and HOME funds. A handful of loans have been provided in the South Shore Region.

El Dorado County Housing Authority has energy assistance and weatherization programs that provide utility assistance, emergency fuel and home weatherization for income-eligible households throughout the County. Just over $1 million was granted this year for energy assistance; $600,000 for weatherization.

NOVEMBER INPUT

Expand SLT MF inspection program to <6 unit properties

Connect owners of blighted properties with solutions for low-cost renovations

Repurposing appliances, fixtures, windows – place to store/share

Make renovating old homes easier, cheaper, (permitting, labor costs, materials)

Conflict/tension between renovating problems properties vs. increasing rents/prices

Education – out of area landlords; way to understand that top dollar is not stable here, our community needs stability over high cost

Require mandatory 1 in 6-month's meeting attendance/net working for property mgt/landlords

Waivers/assistance for landlords and significant capital improvements are made – incentivize updates/modernization of property conditions.

Tax incentive for first decade or developer – rentals

Advocate for current rentals to allow shared rentals/roommates

Rental homes that do not comply with basic habitability need sanctions and enforcement

Eliminate retaliation by landlords when tenants complain

Engage the property managers who control rental market – engage, oversight, enable path to complain

Establish a powerful housing community; regulate existing owners for upkeep of their properties

End monopoly of housing rental market by a small number of companies/rental agencies

Enforce fair housing laws, discrimination and habitability

Implementation Discussion Questions – Improve Rental Conditions

9. What has been the effect of increased City MF inspection program?
10. Where are challenges, difficulties?
11. Does this need to expand beyond the city (Douglas County, El Dorado County?)
12. What is needed to add in a landlord loan/grant option for upgrades?
    a. Financing – CDBG, HOME, CalHome, etc?
    b. Capacity – new city housing manager, other? EDC repair and EDCHA weatherization program?
    c. Rent limits: temporary for low-interest loan; permanent for grant; other options?
13. Steps to proceed – whom, what, how?

Lower Tier Tools

No net loss/replacement policy - Requiring replacement of below-market dwellings occupied by residents when redevelopment occurs. Similarly-priced units should be replaced on site or another site, or a fee-in-lieu of replacement could be allowed. Demolition tax used to fund replacement. *November Comments: Stop destroying affordable housing and replacing with $1-million plus condos*
Acquisition of market units - Usually involves investing public funds to lower the sales price in exchange for restricted community housing. Inability to obtain condo mortgages can result in units being rented. Public sector purchases can drive up prices for low-end market units. *November Comments: Allowing investors purchase and subsidize only means that housing will be sold for profit eventually*
Condominium conversion policy - Limiting or prohibiting conversion of apartments to condominiums to retain rental housing. May require some portion of converted units to be restricted community housing or provide first right of refusal of sales to apartment occupants, among other conditions. Some impose a conversion fee that goes into a housing fund. Possible state legislative/process change in MT needed to track. *November Comments: none*
Mobile Home Rent Stabilization – Ordinances that limit the frequency and amount of lot rent increases that may occur in mobile home parks – typically limited to once per year with the increase frequently linked to the Consumer Price Index. Rent refers to the amount charged a mobile home owner to lease lot space in a mobile home park on which their home is located. *November Comments: none*
Rent to Own (NEW) – A process by which a tenant commits to renting a property for a specific period of time, with the option of buying it before the lease runs out. Rent-to-own agreements include a standard lease agreement and also an option to buy the property at a later time. The tenant pays rent throughout the lease, and in some cases, a percentage of the payment is applied to the purchase price. Helpful for tenants that are not in a financial position to purchase today, but allows time to get finances in order, save for down payment, improve credit score and lock-in a desired home to purchase. *November Comments: none* *Consultant comment: this program exists; education*