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Deed Restricted Housing Annual Audit Report for 2025

September 5, 2025

Summary

Effective enforcement and monitoring of deed-restricted affordable and workforce housing properties are key to the success of the Tahoe Regional Planning Agency's (TRPA) housing programs and attainment of associated environmental threshold goals. Regulatory compliance is fundamental to the success of the Regional Plan and processes are integrated throughout the agency to ensure policies are followed and violations are corrected. TRPA is committed to continual improvement of these systems. This report summarizes the results from the annual audit of deed-restricted housing for 2025.

Background

TRPA began issuing deed restrictions around 1996. Many early deed restrictions were tied to the subdivision of existing "defacto" affordable- or moderate-income housing, or to federal or state grants subsidizing the construction of new deed-restricted housing projects. During this time, the mechanism for compliance was the nature of property titles and transfers. Deed restrictions run with the title of a property in perpetuity and are disclosed through a title search at the time of sale.

These early deed restrictions did not contain language related to annual compliance reporting, documentation requirements or penalties for non-compliance, although authority and mechanisms for enforcement exist through the Bi-State Compact and Code of Ordinances just as they do for any violation of TRPA code.

There are approximately 170 properties and nearly 600 units carrying TRPA deed restrictions. The vast majority are in managed multi-family complexes such as Kelly Ridge Senior Apartments, or the Aspens in South Lake Tahoe. Other units have been subdivided into individual ownership units such as Pinebrook Condominiums in Incline Village and are still required to meet the terms of their deed restrictions. TRPA may audit these properties or request voluntary information from them on the use of the property.

The 2012 Regional Plan Update created an incentive-based system to encourage more beneficial projects in the region. Property owners and builders can apply for bonus development rights if their project includes certain environmental or transportation improvements, or creation of deed-restricted affordable housing units. In October 2018, TRPA brought forward new policies requiring all projects receiving bonus units for deed restricting affordable or workforce housing units to be part of an annual compliance monitoring program, whereby owners of deed-restricted properties must submit a form each year certifying that occupancy of the home complies with the requirements of the deed restriction. These deed-restricted properties are also subject to complaint-based investigation or an audit requiring documentation of compliance with the terms of the deed restriction. With Governing Board approval, the Deed Restricted Housing Annual Monitoring Program went into effect December 17, 2018 and apply to all permits for deed restrictions issued after that date.

TRPA contracts with HousingINC., a firm with expertise in managing deed-restricted housing programs, to conduct third-party certification of the annual deed restriction compliance monitoring and audit documentation. HousingINC. can also make recommendations for program improvements to ensure continuous improvement and progress toward Regional Plan goals.

Compliance Monitoring and Audit Program

TRPA's compliance monitoring program consists of two discrete parts: 1) Annual compliance monitoring of properties receiving a deed restriction after December 2018 ("post-2018"); and 2) Audit a sample of all properties that carry a deed restriction issued by TRPA before or after December 2018. This report summarizes the 2025 Annual Audit processes and results. A comprehensive report written by HousingINC on the audit process and results can be found in Attachment A, the *2025 Tahoe Regional Planning Agency Deed Restriction Program Report: Part Two – Audit*.

In April of 2025, TRPA mailed its annual letters to all property owners of deed-restricted housing reminding them of the requirements to comply with the terms of the deed-restrictions on their property. All TRPA-issued deed-restricted properties receive this letter every year in the spring, regardless of whether they will be audited.

In preparation for this year's audit, TRPA worked with HousingINC, a housing consultant, to develop a well-defined and consistent methodology.

- A total of 260 units, 50% of all deed-restricted properties, were selected as a subset for the audit. This group of units are comprised of 6 apartment complexes that receive state and/or federal housing assistance funding to provide rental rates at or below the low- to moderate-income levels.
- On July 16, 2025, TRPA mailed an official letter with a Project Questionnaire to the 6 apartment complexes requesting completion of the questionnaire and submit reports applicable to the type of funding they receive.
- TRPA assessed each apartment complex for compliance with the deed restriction on the property and collected information, including a project overview, income and rent data, occupancy information, program compliance documentation, and unit- and tenant-level details.
- TRPA's annual audit for the year 2025 of 6 apartment properties resulted in 100% compliance. See Attachment A for the details of these results.

Regional Plan Consistency

The Deed Restricted Housing Monitoring Program ensures property owners participating in the Bonus Unit Program comply with the Code of Ordinances and helps achieve the goals of the Tahoe Living Strategic Initiative. The monitoring program is consistent with the following Regional Plan Goals and sections of the Code of Ordinances:

GOAL HS-1

PROMOTE HOUSING OPPORTUNITIES FOR FULL-TIME AND SEASONAL RESIDENTS AS WELL AS WORKERS EMPLOYED WITHIN THE REGION.

GOAL HS-3

REGULARLY EVALUATE HOUSING NEEDS IN THE REGION AND UPDATE POLICIES AND ORDINANCES IF NECESSARY TO ACHIEVE STATE, LOCAL, AND REGIONAL HOUSING GOALS.

Code of Ordinances Section 52.3.4. Affordable, Moderate, and Achievable-Income Housing.

All projects receiving a residential bonus unit for affordable, moderate, or achievable housing development as defined in Chapter 90: Definitions shall comply with criteria in Section 52.3.4A-F. TRPA shall report to the TRPA Governing Board biennially on the implementation of the residential bonus unit program for affordable, moderate, and achievable housing development. This report shall include, but is not limited to, the number of housing developments and units awarded and constructed bonus units, number of bonus units awarded to and constructed in each income category, number of bonus units awarded to and constructed in single and multi-family housing developments, location of housing developments, and compliance with the program.

Contact Information

For questions regarding this report, please contact Michelle Brown, Associate Planner, at (775) 589-5226 or mbrown@trpa.gov.

Attachment(s)

Attachment A: 2025 Tahoe Regional Planning Agency Deed Restriction Program Report: Part 2 - Audit. HousingINC., September 10, 2025.

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Attachment: A

2025 Tahoe Regional Planning Agency Deed Restriction Program Report: Part Two – Audit

September 10, 2025

The Tahoe Regional Planning Agency (TRPA), in partnership with HousingINC., implemented a two-part Monitoring and Reporting Program in 2025 to ensure property owners are compliant with their TRPA housing deed restrictions. Part One collected data from owners on how they are using their units and also helped owners to better understand their deed-restrictions. Part Two audited approximately 50% of the deed-restricted units to verify compliance with program requirements.

The audit examined six multifamily apartment communities located in El Dorado and Placer Counties, totaling 260 affordable housing units subject to TRPA's Affordable Housing Deed Restrictions.[1] Each property also participates in federal housing programs that provide additional layers of program oversight. The federal housing programs take legal priority, or "seniority," over TRPA's deed restrictions, meaning that in cases of conflicting requirements, the recorded federal program restrictions govern and are enforced first, because they are recorded first and carry binding federal compliance obligations. In addition, TRPA's "affordable" and "moderate" definitions include adherence to state and federal standards (see below).

Three of the developments were financed through the federal Low-Income Housing Tax Credit (LIHTC) program—administered in California by the Tax Credit Allocation Committee (TCAC)—and offer reduced rents to income-eligible households. One property serves residents with disabilities through the U.S. Department of Housing and Urban Development's (HUD) Project Rental Assistance Contract (PRAC) program. Another is funded by the federal HOME Investment Partnerships Program (HOME), which provides financing for the development of affordable rental housing in exchange for long-term affordability restrictions.

All six properties are subject to ongoing compliance monitoring by the California Department of Housing and Community Development (HCD) or/and TCAC to ensure adherence to applicable federal and state requirements. Compliance monitoring typically includes annual reporting requirements, on-site inspections, tenant file reviews, and income verification to confirm that households meet eligibility criteria.

TRPA conducted its own audit. The TRPA auditing process collected comprehensive information from each of the six apartment communities, including:

[1] This includes two deed-restricted "moderate-income" managers' units, one in each of two different complexes.

- Project Overview: Project name, total number of units, total number of TRPA deed-restricted units, the number of units/households currently exceeding 80% AMI, and a list of all applicable deed-restricted programs.
- Income and Rent Data: 2024- and 2025-income limits for all programs, and 2024 and 2025 rent limits.
- Occupancy Information: June 2025 rent roll and a 12-month occupancy/vacancy report.
- Program Compliance Documentation: Most recent clearance letters from all applicable programs (e.g., HOME, TCAC).
- Unit- and Tenant-Level Details: Unit numbers, unit AMI maximum, bedroom size, rent limit, tenant's share of rent, rental assistance, utility allowance, total rent plus utilities, number of persons per unit, annual household gross income, and current household AMI.

TRPA Affordable Housing Deed Restrictions Overview

TRPA's deed restrictions align closely with these federal and state regulations and are defined in the TRPA Code of Ordinances. The "affordable" and "moderate" deed-restriction definitions have been modified slightly over time and are currently defined in Chapter 90 of the code. The deed-restrictions for the six properties that TRPA audited for this effort, however, all adhere to an earlier version of TRPA's definitions. These were defined in Chapter 2 of TRPA's Code of Ordinances until 2012, and are as follows:

- *Affordable Housing*: Residential housing, deed restricted to be used exclusively for lower-income households (income not in excess of 80% of the respective county's median income) and for very low-income households (not to exceed 50% of the respective county's median income). Such housing units shall be made available for rental or sale at a cost that does not exceed the recommended state and federal standards. Each county's median income will be determined according to the income limits published annually by the Department of Housing and Urban Development.
- *Moderate Income Housing*: Residential housing, deed restricted to be used exclusively as a residential dwelling by permanent residents with an income not in excess of 120% of the respective county's median income. Such housing units shall be made available for rental or sale at a cost that does not exceed the recommended state and federal standards. Each county's median income will be determined according to the income limits published annually by the Department of Housing and Urban Development.

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Income and Rent Limits for PRAC, HOME, and TCAC Housing Programs

Household Income Limits and Determination

The PRAC (Project Rental Assistance Contract) and HOME housing programs reserve units for households with incomes at or below (and anywhere in between) 80% of the Area Median Income (AMI), adjusted for household size, based on HUD income limits for their county. Household income is verified with third-party documentation at initial move-in and recertified annually to determine continued eligibility.

For HOME, income definitions and requirements are governed by 24 CFR §92.203 and §92.2, which incorporate HUD's Section 8 income determinations. For PRAC, HUD applies Section 8 income rules and procedures under 24 CFR Part 891. For LIHTC properties governed by the California Tax Credit Allocation Committee (TCAC), income determinations follow IRS Section 42, with guidance from HUD Handbook 4350.3 and the TCAC Compliance Manual.

Over-Income Tenants

For HOME, if during an annual recertification, a tenant's income exceeds 80% of AMI and they no longer qualify as low-income, they may remain in the unit if they are paying less than 30% of their adjusted income toward rent and the Next Available Unit Rule applies: the next comparable HOME-assisted unit that becomes available must be rented to a qualified low-income household. (*Reference: 24 CFR §92.252(i)*)

For TCAC Properties, if during an annual recertification, a tenant's income exceeds 140% of the current income limit for that unit, the Next Available Unit Rule is also triggered. The same TCAC rent limits apply. (*Reference: IRS Section 42; TCAC Compliance Manual*)

Rent Limits

Each affordable housing program publishes annual rent limits based on HUD income data and AMI for each county. However, rent calculation methods vary by program.

For PRAC, tenants pay no more than 30% of their adjusted income toward rent. HUD covers the remaining cost. (*Reference: HUD Handbook 4350.3, Chapter 5; 24 CFR Part 891*). For HOME, rents must not exceed HUD's High or Low HOME Rent limits. These are based on local Fair Market Rents (FMR) or 30% of 65% AMI, depending on the unit's designation. (*Reference: 24 CFR §92.252*). For TCAC, maximum rents are based on set income levels (e.g., 30%, 50%, 60% of AMI), adjusted for utility allowances. These rents are not based on the tenant's actual income but on imputed income formulas. (*Reference: IRS §42(g); TCAC Rent Limit Charts*)

This audit evaluates the units for compliance with TRPA's deed-restrictions on the property, with reference to their federal or state deed restriction program – PRAC, HOME, and/or TCAC as defined above.

TRPA Deed Restriction Compliance Results

As part of the audit, documentation was requested from property managers to verify gross rent amounts, utility allowances, and tenant incomes. Under TRPA deed restrictions: 1) household income must not exceed 80% of the Area Median Income (AMI) (see Table 2.1); and 2) rent rates must remain within state and federal affordability standards (see Table 2.2). The audit confirmed that apartment complex owners and their property managers are maintaining rent levels in compliance with state and federal affordability standards (see Table 3).

The audit identified several households currently exceeding TRPA's 80% AMI limit (see Table 4). While these households were income-qualified at move-in, they are allowed to remain in their units under the federal and/or state programs, per the TRPA deed-restriction definition which calls for adherence with federal and state standards for rental and sale. Reviewing audit clearance letters, when available from the applicable federal programs, provided additional assurance that households were meeting program requirements and helped verify ongoing compliance with other restricted program obligations.

The audit raised questions regarding the property manager's units. Some of these units are governed by other restricted programs that do not require the manager's unit to meet income qualifications. Thus, the owners were not verifying income or rental rate compliance for the two managers' units. For future audits, TRPA should educate property owners and managers in advance that income and rental rates will need to be provided for the moderate units as well as the affordable units, collect the data and determine compliance for these two units.

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Table 1: Apartment Complex Income Categories and Rent Rate Standards

	Complex	Number of Deed Restricted Units	Federal Program Area Median Income Category	TRPA Area Median Income Category	Rent Rate Standard
1	Kelly Ridge	33[2]	50% and 60%	50% & 80%	LIHTC/TCAC & HOME
2	The Aspens	56[3]	30%, 40%, 50%		LIHTC/TCAC
3	Kings Beach Apartments	59	Under 60%		LIHTC/TCAC
4	Sugar Pine Village	96 (68 are built)	30%, 50%, 60%		LIHTC/TCAC
5	Sky Forest Apartments	18	30%, 50%, 80%		PRAC
6	Evergreen Apartments	26	Under 50% or 65%		HOME

Table 2.1: El Dorado County & Placer Counties HUD 2024 Area Median Income Limits & El Dorado & Placer Counties HUD 2025 Area Median Income Limits (TRPA income limits)

TRPA Deed Restriction Program Income Limits		Persons in the Household 1	2	3	4	5	6
2024	*50% - very low*	$41,300	$47,150	$53,050	$58,950	$63,650	$68,400
2025		$45,050	$51,450	$57,900	$64,300	$69,450	$74,600
2024	*80% - low-income*	$66,050	$75,450	$84,900	$94,300	$101,850	$109,400
2025		$72,050	$82,350	$92,650	$102,900	$111,150	$119,400
2024	*120% - moderate*	$99,0751	$113,175	$127,350	$141,450	$152,775	$164,100
2025		$108,075	123,525	$138,975	$154,350	$166,725	$179,100

[2] Includes one ”moderate” manager’s Unit
[3] Includes one “moderate” manager’s Unit

Table 2.2: El Dorado & Placer Counties 2024 and 2025 Rent Limits –PRAC, HOME, and TCAC

		Bedroom Size			
	PRAC[4]	0	1	2	3
2024	Low– 50%	$1,543	$1,666	$2,072	$2,884
2025		$1,679	$1,777	$2,206	$2,992
		Bedroom Size			
	HOME[5]	0	1	2	3
2024	Low– 50%	$1,032	$1,105	$1,326	$1,532
2025		$1,126	$1,206	$1,447	$1,671
2024	High -65%	$1,323	$1,418	$1,703	$1,959
2025		$1,144	$1,548	$1,859	$2,140

		Bedroom Size			
	TCAC[6]	0	1	2	3
2024	60%[7]	$1,232	$1,326	$1,591	$1,839
2025		$1,351	$1,447	$1,737	$2,006

Table 3: Rent Rate Audit Summary

	Complex	Are rent rates compliant?
1	Kelly Ridge	Yes[8]
2	The Aspens	Yes[9]
3	Kings Beach Apartments	Yes
4	Sugar Pine Village	Yes
5	Sky Forest Apartments	Yes
6	Evergreen Apartments	Yes

Table 4: Income Limit Audit Summary

	Complex	Number of Deed-Restricted Units	Number of Over-Income Units/Households	Number of Vacant Units
1	Kelly Ridge	33	0	0

[4] FY 2024 Fair Market Rent (FMRs) Documentation System — Sacramento--Roseville--Arden-Arcade, CA HUD Metro FMR Area
[5] 2024 California HOME Rent Limits - Effective June 1, 2024
[6] 2024 Limits PIS from 1-1-09 to 5-14-23.xlsx
[7] For Projects placed in service on or after 4.1.2024
[8] With the exception of the "moderate" income manager's unit, for which data is not available
[9] With the exception of the "moderate" income manager's unit, for which data is not available

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2	The Aspens	56	12	2
3	Kings Beach Apartments	59	20	0
4	Sugar Pine Village	68	0	4
5	Sky Forest Apartments	18	0	1
6	Evergreen Apartments	26	0	5

Documentation

All documentation provided by the apartment complex managers and owners has been submitted to TRPA and will be retained by the agency in its program files.