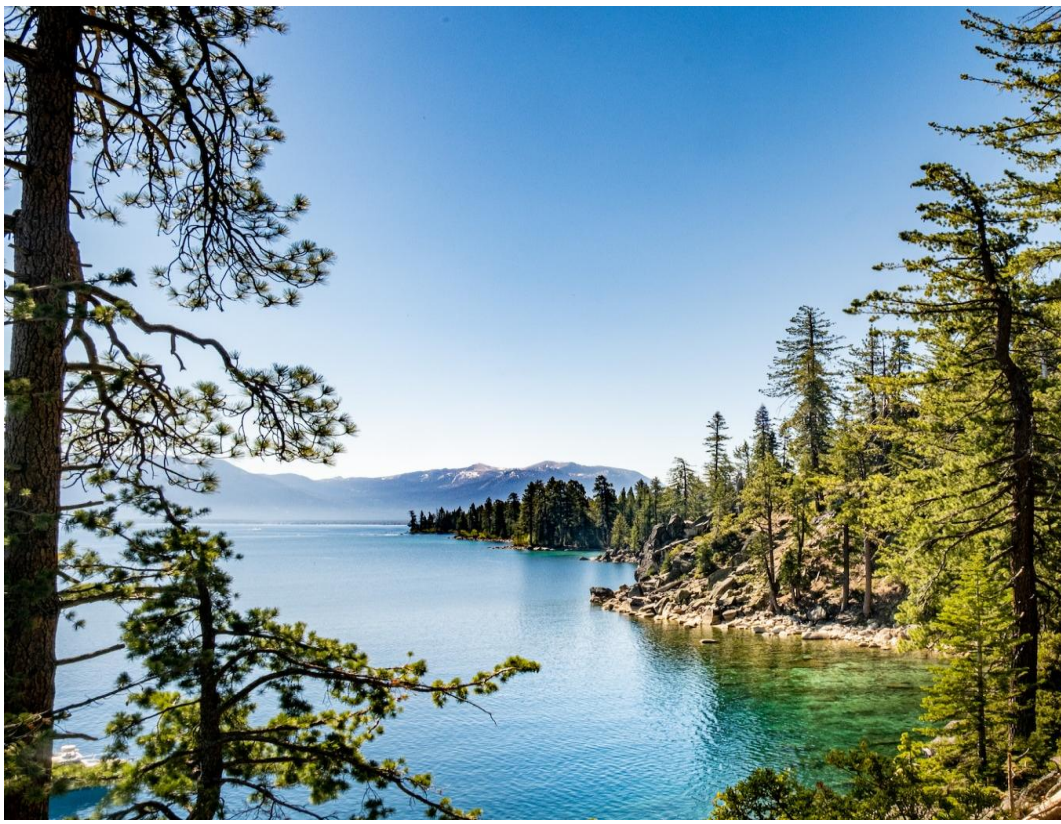
Policy Recommendations Report

January 2026



Tahoe Living

Cultivating Community, Conserving the Basin.

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How to Use this Draft Policy Report

This Draft Policy Recommendations Report summarizes and highlights recommendations for policy changes that will help address the severe shortage of affordable and workforce housing in the Tahoe Basin. Lake Tahoe and communities across the nation are finding innovative solutions to deep-rooted affordable housing challenges. While no single organization can solve these challenges, as part of the agency's mission to lead the cooperative effort to preserve, restore, and enhance the unique natural and human environment of the Lake Tahoe Region, the Tahoe Regional Planning Agency (TRPA) has a key role to play in working with partners across the region to achieve the housing goals identified in the Regional Plan.

Cultivating Community, Conserving the Basin is a multi-year project to advance Regional Plan policies that will encourage more affordable and workforce housing, continue to improve water quality, and reduce environmental impacts of the mismatch between available housing and the housing needs of the local workforce.

To achieve the project goals and outcomes, TRPA staff will prepare an environmental impact statement (EIS) analyzing the impacts of the proposed policy changes detailed in this report. The policy recommendations in this report represent the envelope of study or the full extent of policies that will be analyzed in the EIS. The final policy package will be drafted after the EIS is complete. Some policies studied in the EIS may be scaled back or even removed in the final policy package based on the findings of the EIS. In addition to describing policy recommendations for analysis in the EIS, this report identifies how input from the Governing Board and Advisory Planning Commission shaped the suite of recommendations. More detail describing how earlier input from the Tahoe Living Working Group, Community Partner Group, and public meetings shaped the policy recommendations can be found in the November 2025 Governing Board packet.

The report is organized based on key "intended project outcomes,"[1] with related policy topic areas grouped by intended project outcome. Note that many of the policy topic areas relate to multiple project outcomes. For the sake of readability, staff have grouped policy topics with only one project outcome. Project outcomes and policy topics are listed below. The key project outcomes are as follows:

REDUCE COSTS AND BARRIERS FOR SMALLER HOUSING TYPES

- Development Rights
- Costs and Fees
- Development Process

WATER QUALITY -- IMPROVEMENTS HELP ACHIEVE THE HOUSING NEED

- Using Best Available Science to Treat Stormwater Runoff

INCREASE HOUSING CHOICE

- Accessory Dwelling Units (ADUs)

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[1] *The TRPA Governing Board approved a Vision and Intended Project Outcomes for the Cultivating Community, Conserving the Basin project in March 2025.*

- Expanded Housing Sites
- Building Renovation and Rehabilitation
- Housing Occupancy
- Development Standards

Where a proposed policy topic is recommended or requires more description, a narrative description is included. Several policy topics were considered in this analysis but not included as a recommendation here for various reasons including redundancy, feasibility, and scope of the policy change. As much as possible, this report explains the rationale for including or excluding policy topics that were considered or discussed previously.t Where an element of the proposal was removed or changed from the version presented at the November 2025 meeting of the Governing Board, that change is detailed in this proposal with rationale for the change. Details that were excluded from this report for brevity, including summaries of past input from the Tahoe Living Working Group, Community Partner Group, and public workshops, may be found in the November 2025 report. Staff has internally tracked all Governing Board and APC input and how it was handled in the updates to the proposal and can respond to questions regarding any specific comment prior to or during the January 28 Governing Board meeting.

These policy recommendations seek to establish a tiered structure for workforce housing incentives whenever possible. This tiered structure prioritizes the most intensive incentives for deed restricted affordable and moderate-income housing, provides some incentives for achievable and affordable-by-design housing, and does not incentivize other unrestricted housing. In some cases, the policies proposed in this package may disincentivize unrestricted market-rate housing. While it is not possible to tier all elements of this policy proposal, incentives are generally organized according to the following tiers:

- Tier 1—Includes deed restricted affordable- and moderate-income housing units. These units would receive the strongest incentives to reduce costs through reduced and waived development fees and streamlined processes.
- Tier 2—Includes deed restricted achievable housing units and housing units meeting the criteria for "affordable-by-design." These units would receive some additional incentives including access to a limited pool of affordable-by-design bonus units, streamlined processes, and reduced development fees (though not as heavily reduced as tier 1) and are restricted against use as short term rentals.
- Tier 3—Includes all other housing types not included in tiers 1 and 2. These include unrestricted condominiums and detached single family homes. These units would not receive incentives under this policy proposal, and development fees may be increased based on an impact-based nexus.

Key Terms

Affordable and workforce housing: General terms to include any housing that is affordable to those who are eligible for "Affordable" and "Moderate" income housing and "Achievable" housing, as defined below, as well as to local workers who may not meet those definitions. This may include affordable-by-design housing (unrestricted) and is also referred to as "missing middle housing."

Affordable-by-design housing: A term used to describe non-deed-restricted housing that may be eligible for some incentives under this proposal including partial fee reductions, process streamlining, and access to bonus units. Affordable-by-design housing includes:

- Multifamily rental housing with restrictions on conversion to for-sale housing for a minimum of 15-years after which time it may be converted to deed-restricted Achievable condominiums.[2]
- Multifamily housing in a mixed-income project with a required minimum amount of deed-restricted affordable, moderate or achievable housing
- Accessory Dwelling Units under 1200 square feet
- Innovative housing types or models aimed at creating naturally occurring affordable housing, e.g. tiny homes, land trusts, co-housing, dormitories
- Single-family homes converted to duplexes, triplexes, or fourplexes

All housing types utilizing bonus units would be subject to restrictions prohibiting their use as short term rentals.

Affordable, Moderate and Achievable Housing: Types of deed-restricted homes in the Lake Tahoe Region:

- Affordable: Residential housing, deed-restricted to be used exclusively as a residential dwelling by seasonal workers or permanent residents that are lower-income households (income not in excess of 80 percent of the respective county's median income).

- Moderate: Residential housing, deed-restricted to be used exclusively as a residential dwelling by permanent residents with an income not in excess of 120 percent of the respective county's median income.

- Achievable: Single or multifamily residential development deed-restricted to be used exclusively as a residential dwelling by permanent residents who meet one or more of the following criteria:
    - Have a household income not in excess of 120 percent of the respective county's area median income (AMI) (Moderate income households and below); OR
    - At least one household occupant works at least 30 hours per week or full time equivalency for an employer with a business license or tax address within the Tahoe Region/Tahoe-Truckee Unified School District (TTUSD), and requires the employee's physical presence; OR
    - Resident is a retired person who has lived in a deed-restricted unit in the Tahoe Basin for more than seven years.

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[2] Consistent with the 15-year restriction on condominium conversions for rental projects under the Low-Income Housing Tax Credit compliance period. The 15-year restriction on conversion is intended to protect tenants from unexpected loss of housing and maximize public incentives and subsidies for workforce housing while allowing opportunities for home ownership.

Area-Wide Stormwater Treatment System (Stormwater Collection and Treatment System):

The physical infrastructure needed to effectively treat runoff from more than one parcel. Stormwater collection includes ditches, storm drains, and water pipes designed to remove surface runoff and transport it to the location or locations where it will be treated. Streets, curbs, and gutters can be included as part of the collection system.

Stormwater treatment is the process of improving stormwater runoff quality, reducing runoff volume, and reducing runoff peak flow. Debris and solids are filtered out, followed by a sedimentation process. Water is then infiltrated or discharged from the system into the receiving environment (groundwater table, ponds, streams, waterways, etc.).

Bonus units: Residential development rights that are provided by TRPA (or in some cases the local jurisdictions) as incentives for contributing to Regional Plan goals, such as constructing Affordable, Moderate, and Achievable housing, or retiring environmentally sensitive parcels from future development.

Land Coverage: All human-made surfaces and structures such as homes, driveways, and parking lots as well as areas of compacted soil created by human use that prevents normal precipitation from directly reaching the surface of the land underlying the structure, improvement, or covering.

Deed-restricted unit: A housing unit with a legal agreement on the property's title that ensures the home is reserved for local workers or households under certain income limits. A deed restriction protects an existing or new unit from market forces that can put the unit out of reach for most local workers or households.

Development right: The legal permission to create a unit of use on land in the Tahoe Basin. Development rights come in different forms, including permission to build a single-family residential unit of use, a multifamily unit, a tourist accommodation unit, and commercial floor area. TRPA approved a limited number of development rights in 1987 to manage growth and achieve environmental goals. A development right must be obtained prior to the construction of a project and commencement of use or activity on a property. The limited number of development rights in the Tahoe Basin creates a market dynamic for their use. Bonus units (above) are a type of development right.

Total Maximum Daily Load (TMDL): A TMDL is the calculation of the maximum amount of a pollutant allowed to enter a waterbody so that the waterbody will meet and continue to meet water quality standards for that particular pollutant. A TMDL determines a pollutant reduction target and allocates load reductions necessary to the source(s) of the pollutant.[3]

Unrestricted Unit: A housing unit that does not have a deed restriction of any kind on it. Also referred to as "market-rate" housing.

For additional key terms, refer to the Growth Management System Briefing Book, page 2, available here: https://www.trpa.gov/wp-content/uploads/Growth-Management-System-Briefing-Book-May-2025-1.pdf

[3] *From: https://www.epa.gov/tmdl/overview-total-maximum-daily-loads-tmdls*

Proposed Policy Changes

REDUCE COSTS AND BARRIERS FOR SMALLER HOUSING TYPES

A strong focus of public input received throughout this process has been support for making it easier to construct smaller, more affordable-by-design units in the Tahoe Basin and ensuring that the available housing stock provides for the varying needs of Lake Tahoe's low- and moderate-income households, and other workforce households. The project vision, in fact, is to facilitate meeting the overall housing need for the Lake Tahoe Basin, while maintaining and improving conservation and preservation of Lake Tahoe and the surrounding environment. Reflecting this input, one of the approved project outcomes is "incentivizing and reducing costs and barriers for smaller home types with lower environmental impacts." Other outcomes that are supported by policy recommendations in this section include:

- Increasing the availability of affordable and/or workforce housing in the Lake Tahoe Basin to support the regional economy and local businesses.
- Simplifying the development process, regulations, and environmental review for smaller units and multifamily housing that achieves environmental goals to facilitate and reduce costs for affordable and workforce housing.
- Minimizing the displacement of current residents.

Many community members and some Tahoe Living Working Group and Community Partner Group members favored remaining within the existing growth limits of the current Regional Plan. The proposed recommendations include studying whether residential development right conversion ratios, based on vehicle trip generation and used to convert between single-family and multifamily development rights, could be used to inform a system of scaled development rights, or whether the environmental effects of units should be analyzed in another way.

DEVELOPMENT RIGHTS

Development rights policy changes focus on making it easier to provide housing for local families, seniors, and local workers, while maintaining TRPA's growth limits. The idea of this section is to direct remaining growth as much as possible toward affordable and workforce housing types. The following recommended policy changes would:

- Direct some of the remaining growth potential in the basin to the residential bonus unit pool for use as deed-restricted and unrestricted affordable-by-design workforce housing. This would be limited to the growth potential remaining in existing pools;
- Allow more types of housing to qualify for bonus units;
- Simplify the assignment of bonus units through internal process improvements; and
- Scale development rights to align with development right conversion ratios and environmental impact.

As noted in the "How to Use This Report" section, incentives are tiered whenever feasible.

Policy Topic	Proposed Bonus Unit Policy Changes (Recommended)

Name	**Direct Some of the Remaining Growth Potential in the Basin to the Residential Bonus Unit Pool and Allow More Types of Housing to Qualify for Bonus Units**
Description	These potential policy changes would direct development rights from other development rights pools to the bonus unit pool and expand the types of projects that qualify for bonus units. These changes would: 1) Proactively convert underutilized pools of Commercial Floor Area (CFA), Tourist Accommodation Units (TAU), and outdoor recreational facilities called PAOTs (persons at one time) held by TRPA to residential bonus units. This would be limited to the remaining CFA, TAUs and PAOTs in the existing pools today, and would not add to the existing pools or create new development rights. 2) Expand the types of projects that qualify for residential bonus units to include affordable-by-design housing types such as single-family conversions up to fourplexes, accessory dwelling units under 1200 square feet, and new multifamily rental projects, (see discussion below for the full list of qualifying projects). This option would move existing development rights from CFA, TAU, and PAOT pools into the residential bonus unit pool through conversions. It would also set aside some bonus units for unrestricted affordable-by-design housing, ensuring that a certain amount of bonus units are reserved for deed-restricted units only. The "bonus unit boundary" would be removed in favor of incentivizing locations close to transit through the Mobility Mitigation Fee.[4] 3) TRPA would assign residential bonus units automatically during the application process, while establishing a method for accounting for these from local jurisdictions. For development that does not use bonus units, the property owner would still be responsible for acquiring development rights, like they are today. 4) Prevent all conversions of CFA and TAUs from pools, to unrestricted single-family development rights, including for-sale condominiums. Privately held rights and rights yielded from redevelopment could still be converted to unrestricted residential development rights.
Change Since November Version	Clarified that bonus units created through conversions will go into the existing bonus unit pool and a corresponding number of CFA, TAUs, or PAOTs will be removed. Some new bonus units will be reserved for deed-restricted housing, while others may be used for affordable-by-design housing. Clarified that any projects utilizing affordable-by-design bonus units will include restrictions preventing their use as a short-term rental. Multifamily rental units utilizing affordable-by-design bonus units may not be converted to condominiums for 15 years. Governing Board members suggested that use of affordable-by-design bonus units should be monitored through a voluntary survey and policy-adjusted as needed. This

[4] The Mobility Mitigation Fee updates are scheduled to come forward for consideration by the TRPA Governing Board early in 2026.

input was not added to the proposal because it is more detailed than is needed for the EIS. Staff will consider this suggestion when crafting the final policy details.

Prohibition on converting CFA and TAUs to unrestricted units will only be applied to publicly held development rights pools, not privately help development rights or redevelopment. This is to avoid any potential disincentive to redeveloping blighted tourist and commercial structures.

These residential bonus unit policy changes would add more development rights to the bonus unit pool and expand the types of housing eligible for incentives, while removing development rights from CFA, TAU, and PAOT pools. Creating a larger residential bonus unit pool would be accomplished by **converting unused CFA, TAUs, and PAOTs** to residential bonus units for multifamily homes and ADUs. This would only apply to CFA, TAUs, and PAOTs held by TRPA and would not apply to banked CFA and TAUs held by local jurisdictions. Bonus units would still be able to be used, as they are today, for deed-restricted affordable, moderate and achievable homes, including single-family. Bonus units added to the pool would be split between affordable, moderate, achievable, and affordable-by-design housing, such that the division of bonus units approximately reflects the housing needs identified in the Housing Needs Assessment (Attachment F). TRPA would encourage local jurisdictions to use a similar conversion policy. Here is an example of the units that could result from the proposed conversion strategies using existing conversion ratios[5]:

[5] Note that this policy proposal suggests reevaluating conversion ratios, which may result in a different conversion outcome.

Conversion Options	Description	Conversion Potential Based on Existing Exchange Rates
Converting CFA and TAUs held by TRPA	TRPA holds a pool of 200,000 square feet of CFA that can only be made available to local jurisdictions once the CFA in the area plans (see below) is allocated. CFA can be converted to multifamily units at a ratio of 200 square feet to one multifamily unit. (TRPA Code Sections 50.4.1 and 51.4.3.) CFA: 200,000 square feet	Up to **1,000 multifamily units** from CFA
	TRPA also holds a pool of unused TAU bonus units. Current TRPA Code says TAU bonus units shall be used for tourist accommodation projects that restore sensitive land, transfer development to centers, or remove and retire excess coverage (TRPA Code 50.7.1.C). However, these incentives have largely gone unused. TAUs can be converted to multifamily at a ratio of one TAU to 1.5 multifamily units (TRPA Code Section 51.4.3). Unencumbered TAUs: 74[6]	**111 multifamily units** from TAUs (up to 318 if encumbered units are returned)
Converting CFA held by TRPA	This pool is held by TRPA for use in area plans. These pools are currently designated for "Special Projects" that "promote major projects that result in the construction of threshold-related environmental improvements, to promote transfer of development that results in substantial environmental benefits, and to rehabilitate substandard development" (Code Section 50.6.4.D) CFA: 160,482 square feet	Up to **802 multifamily units** from CFA

[6] *An additional 138 TAU units from the TRPA pool were permitted for use at Tahoe City Lodge (48), Homewood (50), and Boulder Bay (40). If these projects do not use the units, they will be returned to the TRPA pool and would be eligible for conversion if this proposal is adopted.*

Converting PAOTs held by TRPA	This pool has been held by TRPA for outdoor recreation facilities since 1987 with very little demand. PAOTs are intended to manage increased capacity at summer day use facilities, winter day use facilities, and summer overnight facilities (campsites), and their effects were analyzed in the 2012 Regional Plan. TRPA recommends that 3,508 of the remaining 5,508 Summer Overnight "Persons at One Time" (PAOTs) be considered for conversion to residential bonus units. The TRPA Code does not specify a conversion ratio from PAOTs to bonus units. That conversion ratio would need to be established. For the purposes of this example, we are assuming a conversion ratio equivalent to that for multi-person dwellings established in Section 31.3.3 (2.5:1). PAOT: 3,508 summer overnight persons at one time	Up to **1,403 multifamily units**
Total Bonus Unit Conversion Potential using Current Conversion Factors		**3,316 multifamily units**

Converting unused development rights using existing conversion ratios could result in up to 3,316 multifamily units. Converted CFA, TAUs, and PAOTs would be taken out of their respective pools and moved to the bonus unit pool.

Additionally, these potential policy changes would expand the types of projects eligible for bonus unit incentives. In addition to allowing bonus units to be used for deed-restricted affordable, moderate, and achievable housing, and as incentives for transfers of development out of sensitive and remote areas (uses allowed today), additional affordable-by-design housing types eligible for bonus units created through the conversions detailed above could include:

- Multifamily rental housing with restrictions conversion to for-sale housing for 15 years after which time it may be converted to deed-restricted Achievable condominiums.[i]
- Innovative housing types or models aimed at creating naturally occurring affordable housing, e.g. tiny homes, land trusts, co-housing, dormitories, etc.
- Single-family homes converted to duplexes, triplexes, or fourplexes

All housing types utilizing bonus units would be subject to restrictions prohibiting their use as short term rentals.

The housing types newly eligible for bonus units would utilize a pool of bonus units created from the conversion of CFA, TAUs, and PAOTs. Units utilizing this pool would have restrictions preventing their use as short term rentals and preventing their conversion to condominiums for a minimum 15-year period after which time it may be converted to deed-restricted Achievable for-sale housing[7]. TRPA will consider other restrictions including but not

[7] Consistent with the 15-year restriction on condominium conversions for rental projects under the Low-Income Housing Tax Credit compliance period. The 15-year restriction on conversion is intended to protect tenants from

limited to allowing only a limited number of condominium conversions each year and requiring an allocation for condominium conversion. Local jurisdictions may also choose to convert unused CFA and TAUs in their own pools to create local-level affordable-by-design bonus units. The existing bonus unit pools would remain reserved for deed-restricted units only.

unexpected loss of housing and maximize public incentives and subsidies for workforce housing while allowing opportunities for home ownership.

Development Rights Scaling

Policy Topic	Proposed Development Rights Policy Changes (Recommended)
Name	**Align Conversion Policies to Scale Residential Development Rights**
Description	The Development Rights Scaling policy changes aim to adjust TRPA's policies to scale development rights for residential units. This approach builds on the current system that uses conversion ratios between rights for different development types. Under this approach, residential development rights would be scaled so that a multifamily residential unit or a bonus unit is worth only a portion of a single-family development right. It will also consider whether certain unrestricted housing types should require additional development rights. The impacts of larger units will be addressed through a scaled fee structure (see the "Costs and Fees" section). The EIS will also analyze the potential impacts of updating the existing ratios used to convert and scale development rights, and may include a new conversion ratio specific to conversion to bonus units. This policy recommendation would consider a unit that is within the footprint of the main house and is less than 500 square feet, or meets the definition of a Junior Accessory Dwelling Unit (JADU) as defined by either the State of California or Nevada as allowable within the definition of a single-family home. This would effectively mean that a new development right would not be required for a JADU. Any property utilizing this policy would be required to obtain BMP certification, meet site-specific coverage restrictions, and would be subject to restrictions prohibiting their use as a short-term rental.
Change Since November Version	The November version of this document included three options for scaling development rights: • Based on conversion ratios; • Based on unit square footage; or • Based on a formulation of environmental impact factors This version clarifies that scaling development rights based on conversion ratios is the preferred policy option for analysis in the EIS. There are several reasons why a scaling methodology based on conversion ratios was chosen, including: • Simplicity—The TLWG, Community Partner Group, APC, Governing Board, and the public favored simple policy changes wherever possible. Development rights conversion ratios are already part of TRPA's growth management system and extending the logic of conversion ratios proved to be the simplest option for scaling. Other scaling options would involve more complex structural changes to the existing development rights policy. • Housing need—Several members of the public and CPG noted the need for larger workforce housing units to accommodate families. A scaled system based on square footage could inadvertently incentivize studio and one-bedroom units at the expense of units designed for families. A scaled system based on conversion ratios will incentivize efficient land use patterns without dictating unit size. Impacts of unit size will be addressed through the scaled fees policy described in the "Cost and Fees" section of this proposal.

This policy proposal explores how adjusting the way development rights are counted could lower costs, encourage multifamily housing, and increase housing options for local workers. It also seeks to align existing policies on the conversion of development rights and extend conversion ratios to TRPA's overall accounting of residential development rights.

Scaling development rights (i.e. counting smaller or shared housing as requiring fewer development rights) would apply to all new housing, regardless of deed-restrictions or home size. Any new housing built with allocations and redevelopment using privately held development rights would be subject to these policies. However, scaling would not apply retroactively to existing residences. This policy would use existing or updated conversion exchange rates to scale development rights from single-family to multifamily. Currently, with a ratio of 1 single-family to 3/2 multifamily (Table 51.4.3-1 from the Code of Ordinances), this policy would reduce the cost burden for multifamily projects. If applied to the existing residential bonus units, this would extend the life of the pool and further encourage multifamily housing. Increasing the development rights required for some unrestricted single-family homes, could offset an increase in units. This policy will also analyze whether existing ratios should be changed to better reflect environmental impacts by studying the relative environmental impact of multifamily homes built for local workers as compared to single family detached homes. Any updated ratios would apply both to the conversion and scaling of development rights.

The policy impact of scaling development rights may be significant for achieving desired outcomes. For example, there are approximately 1,380 bonus units (or incentive units) remaining. Scaling these remaining rights would increase the likelihood that a development right is used to produce multifamily homes, and could meet the estimated housing need for low-income, moderate income, and other working households.

This policy proposal also recommends studying the potential environmental impacts of allowing a JADU or similar small unit within a building footprint of a single-family home, rather than requiring a separate development right. This policy would likely increase the supply of small rental housing within existing homes with limited impact on neighborhood character and the environment. JADUs can also serve as a source of supplemental income for homeowners. Currently, JADUs are prohibited from being used as a short-term rental in the California jurisdictions and in the Tahoe portion of Washoe County.

Complementary Development Rights Policy Option

Policy Topic	Policy Opt. B (Recommended)
Name	Ensure New Development Contributes Proportionally to Alleviating the Housing Need
Description	This policy option would require that all new development, including commercial, tourist, and unrestricted housing, contribute toward meeting the workforce housing need identified in the Housing Needs Assessment (Attachment F). Currently, projects redeveloping existing multifamily units into condominiums are the only development type subject to TRPA's inclusionary zoning rules and a 1:1 replacement requirement for affordable and moderate-income units. This places a burden on one type of development (condominiums); while allowing other types of development, which also impact the need for and supply of workforce housing, to proceed without contributing to workforce housing needs. This new policy would require that tier 3 housing in addition to condominiums, tourist, and commercial development construct deed-restricted housing mitigate its impact on affordable-, moderate-, and workforce housing. Single-family or tourist development replacing de facto or deed-restricted affordable- or moderate-income multifamily development, and the redevelopment of mobile home parks would be subject to a 1:1 replacement requirement. This policy proposal also recommends an administrative fee for service to cover the cost of deed-restriction recording, monitoring, reporting, and enforcement. Implementation of these programs would be in close coordination with the local jurisdictions to ensure they complement, rather than detract, from any existing local programs. They would also require the identification of a program of projects that fees would contribute toward and could require a longer timeframe for implementation.
Changes Since November Version	The previous version of this document included an option to require 1:1 replacement of any workforce housing units lost to redevelopment. Requiring new development to replace units on a 1:1 basis could place a disproportionate burden on redevelopment to replace units, while greenfield development would not have this requirement. The policies described above applied to all new development will support workforce housing without disincentivizing redevelopment that may have environmental benefits and will ensure that all development is responsible for contribute its fair share toward meeting the basin's housing needs. This policy would still require certain types of redevelopment to replace lost affordable and moderate-income housing on a 1:1 basis, as described above.

DEVELOPMENT COSTS AND FEES

TRPA charges fees to recover the cost of reviewing and processing permit applications and to address the environmental effects of new development, including things like vehicle travel and water quality. These fees are important, but there may be options for modernization to better reflect the relative environmental and community impact of large homes and to support affordable and workforce housing.

This policy change includes four elements: 1) tier and scale fees based on housing type and the size of the home taking into consideration possible environmental or community impact associated with size and housing typey; 2)

lower mobility fees for development in urban areas to encourage housing near transit and walkable places; and 3) defer some fees until after a project is finished to help workforce housing get started

Policy Topic	Proposed Development Costs and Fees Policy Changes (Recommended)
Name	**Fee Changes to Support Affordable and Workforce Housing**
Description	This policy recommendation includes: 1) Tiering permitting and mitigation fees based on the tier structure applied throughout this policy proposal. Tier 1 projects (Affordable and Moderate deed-restriction) would receive full relief from TRPA fees. Tier 2 projects (Achievable and affordable-by-design) would see fees reduced by 50 percent. Tier 3 projects (other market rate) would not receive relief from mitigation and permitting fees. This proposal will include a fee study to analyze the fiscal as well as the potentially significant environmental impact of fee reductions. The study will consider options for recovering sums lost due to fee reductions for project tiers 1 and 2. This is important, both from a fiscal perspective to TRPA, and to the environment because mitigation fees are returned to local jurisdictions to fund environmental improvement projects that help in achieving the environmental thresholds. The study will also consider scaling Tier 3 and possibly Tier 2 project fees, whereby larger homes would be subject to higher fees. 2) Lower mobility fees for development in urban areas to encourage housing near transit and walkable places. 3) Consider deferment of some mitigation fees until after a project is completed and the project receives its certificate of occupancy. This would focus on Tier 1 and 2 projects.
Change Since November Version	The inclusionary zoning requirement for large employers was removed due to redundancy. The "Ensure New Development Contributes Proportionally to Alleviating the Housing Need" policy would address the housing impact associated with large employers. Clarified tiering structure for fee incentives and scaling for unrestricted (Tier 3) housing. While the proposal to scale development rights does not consider square footage, unit size in terms of square footage may be addressed, if relevant to environmental and community impacts in the proposal through scaled fees for market rate housing.

Fee Changes to Support Affordable and Workforce Housing would incentivize housing types that achieve Regional Plan goals by reducing development costs for affordable and workforce housing in the Basin. The system may work well when paired with other changes such as reducing cost barriers for ADUs and development rights policy changes. Initial estimates suggest that current TRPA fees average from four to eight percent of total development costs before land value and any profit.

This policy proposal will analyze a tiered fee system that promotes deed-restricted and affordable-by-design housing units in or near centers. Deed restricted Affordable- and Moderate-income housing would receive full

relief from TRPA fees [8]while Achievable and affordable-by-design projects would experience a 50 percent reduction in fees. Other market rate projects will not receive fee reductions and this proposal will analyze scaling up fees for market rate units based on impact. For example, a baseline will be established and fees will be scaled up or down based on impact, which could be related to size, proximity to the Lake, or other factors. Fees could be linear, exponential, or tiered like utility fees but must have a nexus to actual impacts.

Fees for unrestricted housing will also be adjusted to better reflect the relative cost of reviewing and permitting a project and the cost to provide public services. For example, very large and complex single-family residential projects can involve significant staff time for review and permitting. These costs may not be fully reflected in application fees currently and should be considered when making changes to fees.

A variety of factors affect the total cost of development, including the cost of land itself, development fees, and interest rates. By decreasing fees for tier 1 and 2 projects, project economics would improve somewhat, potentially increasing the number of homes produced for low-income, moderate income, and other working households. However, other valuation factors in today's market, such as construction costs, interest rates, and capitalization rates would still challenge new multifamily housing to achieve feasibility. Additionally, mitigation and permitting fees serve an important role in achieving the region's environmental goals. This proposal will analyze other funding sources to offset revenue lost from reducing fees for tier 1 and 2 projects.

Deferring **mitigation fees** until post-construction, particularly for tier 1 and 2 projects would lower the barrier to entry for smaller developers and reduce their upfront costs. It would require a fee deferral agreement, a surety bond, a "bank" to back the deferral, or other mechanism as well as expanded project tracking and coordination with local jurisdictions to ensure deferred fees are paid once the project is complete.

DEVELOPMENT PROCESS

The development process topic area seeks to adapt administrative processes to better support workforce and affordable housing. The EIS will analyze two complementary policy options in the development process topic area.

Policy Topic	DP Opt. A (Recommended)	DP Opt. B (Recommended)
Name	**Increase Thresholds for Discretionary Review**	**Environmental Exemptions**
Description	This policy change would establish higher thresholds for TRPA-level review so that smaller projects (e.g., ADUs, small MFR projects, including small deed-restricted MFR projects) are reviewed ministerially by TRPA or local governments if they do not require an Environmental Assessment (EA) or EIS instead of by the TRPA	Article VI(a) of the Compact allows TRPA to "prescribe by ordinance those activities which it has determined will not have substantial effect on the land, water, air, space or any other natural resources in the region and therefore will be exempt from its review and approval." This policy change would analyze exempting all residential projects up to a fourplex and tier 1 and 2 redevelopment projects from project-level environmental

[8] In addition to the existing waiver of mobility mitigation and permitting fees, water quality mitigation and excess coverage mitigation fees would also be waived.

	Hearings Officer or Governing Board.	review under this section of the TRPA Compact. Lakefront projects would not qualify for this exemption. Single-family homes that may be the size of a fourplex or even larger are already exempt under the code today. Above this threshold multifamily projects would require project-level environmental review.
Process	Ministerial or administrative review for tiers 1 and 2 projects that meet all development standards (e.g. staff level review for residential projects if they do not require an EA or EIS).	Amend Code Ch. 3 to exempt up to fourplexes and tier 1 and 2 redevelopment projects from environmental review.
Change Since November Version	Clarified that this policy applies to tier 1 and 2 projects.	Clarified how policy relates to tiered incentives.

The Environmental Streamlining policy change would exempt project-level environmental review requirements for certain qualifying projects, including multifamily up to fourplexes and tier 1 and 2 redevelopment projects consistent with adopted Area Plans. Articles 6 and 7 of the TRPA Compact allows the agency to exempt certain project classes from environmental review. Single family residential projects are currently exempt from project-level environmental analysis under Chapter 3 of the Code and Compact Article 7 and there are many smaller multifamily housing types that could have a similar or lesser environmental impact than some new single-family homes. This option aligns with California's CEQA streamlining provisions, TRPA's Environmental Impact Checklist, and could reduce costs and review times for projects with minimal net new impact. Projects qualifying for ministerial review could also benefit from reduced permitting fees.

WATER QUALITY -- IMPROVEMENTS HELP ACHIEVE THE HOUSING NEED

TRPA's vision is for a lake environment that is sustainable, healthy, and safe for the community and future generations. Protecting Lake Tahoe is a top priority for the agency and is the underlying basis for nearly every action undertaken. The overarching vision for Cultivating Community, Conserving the Basin recognizes this in its own vision statement, which reads:

> *Adapt TRPA policy, regulations, and programming to facilitate community vitality and compact, walkable neighborhoods and meet the overall housing need for the Lake Tahoe Basin, while maintaining and improving conservation and preservation of Lake Tahoe and the surrounding environment.*

The policy recommendations in this section support the following intended project outcome:

- Direct development into compact, walkable neighborhoods to limit the impact of development, create a healthy living environment, preserve surrounding natural areas, and create vibrant communities where people live and work.

The policy recommendations in this section focus on the synergy between achieving water quality goals through local government pollutant load reduction targets and meeting the regional housing need.

TRPA requires each parcel to maintain a certain amount of open space that allows precipitation to naturally infiltrate into the soil. A certain percentage of a parcel can be covered by buildings, driveways, and other hard surfaces, while the rest is required to remain uncovered to capture runoff, naturally filter pollutants, recharge groundwater, and sustain plant life. TRPA also requires best management practices (BMPs) for stormwater management on individual parcels or on an area-wide basis.

In addition to TRPA's requirements, local governments must meet permit or memorandum of understanding requirements associated with the total maximum daily load (TMDL) plan approved by the states of California and Nevada. As parcel-level BMPs or area-wide treatment systems are installed and/or expanded, local governments receive pollutant load reduction credits that help satisfy their TMDL requirements. Since key stormwater treatment regulations were last approved with the 2012 Regional Plan, significant progress has been made in implementing the TMDL.

These policy proposals seek to build on progress in water quality management while reducing costs and barriers to affordable and workforce housing. As with the other proposals in this package, incentives for affordable and workforce housing are tiered wherever practical, with affordable- and moderate-income housing (Tier 1) receiving the greatest incentives, achievable and affordable-by-design housing (Tier 2) receiving some incentives, and other market-rate housing (Tier 3) not incentivized.

TRPA's policies currently only recognize some of the benefits of the TMDL for deed-restricted housing. As part of the Phase 2 Affordable and Workforce Housing amendments, TRPA allows 100 percent deed-restricted housing to build additional coverage if it is in an area treated by an area-wide stormwater treatment system fully managed and maintained by a local jurisdiction or utility. Any additional coverage over and above the base allowable (which is a maximum of 30 percent on the highest capability land) must still be purchased and transferred in, and water quality mitigation fees must still be paid.

The policies proposed as part of this section of the Cultivating Communities, Conserving the Basin project seek to recognize the benefits of the TMDL more broadly, and to focus parcel-level requirements on ensuring that stormwater is fully treated over the long term (including successful system maintenance), rather than using the percentage of a parcel covered by impervious surface as the main indicator of compliance with water quality

treatment standards. While this policy proposes changes to parcel-level coverage requirements, the proposal will still need to comply with regional coverage limits under the impervious coverage threshold. These policies are not anticipated to increase region-wide coverage overall, as they are intended to incentivize smaller, more compact units that need less coverage per unit. Coverage may still be regulated through fees or limits for some housing types, particularly in the case of tier 3 housing, to ensure that the soils threshold can be met

The new system would allow parcel owners to use one of several approved methods to treat parcel runoff for tier 1 and 2 projects, including mixed-use, as long as existing treatment standards can be met.

These policies are important because currently land coverage limits can be a barrier to the very development and redevelopment that is called for in the Regional Plan, such as affordable and workforce housing projects close to transit and services. Current coverage requirements make it harder and more costly to build smaller units closer together, even when near transit and services where housing would require less parking. Allowing other methods to treat stormwater can both encourage needed housing while also resulting in improved water quality by encouraging and generating revenue for effective treatment systems.

The policy changes recommended here would allow housing projects to either use existing coverage standards, or be allowed as much coverage as needed if they can demonstrate sufficient treatment of stormwater runoff through parcel-based BMPs or by tying into an area-wide stormwater treatment system managed and maintained by a local jurisdiction. In addition, the recommended policy changes would also 1) use the best available soil maps for land capability determination, 2) continue to support local jurisdiction implementation of regional stormwater projects, and 3) analyze exemptions to coverage transfer requirements and excess coverage mitigation fees for tier 1 and 2 projects. Basic water quality mitigation fees would still apply for all tiers of housing, to maintain a stable funding source for investing in water quality mitigation projects and planning.

Policy Topic	Proposed Stormwater Treatment Changes (Recommended)
Name	**Options Other than Coverage Limitations and Areawide Stormwater Systems to Treat Parcel-Level Stormwater Runoff**
Description	These proposed changes would allow projects to use one of several approved methods to manage runoff effectively and meet environmental thresholds. These policy changes would update the existing land coverage requirements, allowing the option for additional land coverage for tier 1 and 2 projects, including mixed-use, to reduce barriers to compact housing if runoff treatment standards, including long-term maintenance needs are met. This option would also be available to redevelopment projects. While this policy proposes changes to parcel-level coverage requirements, the proposal will still need to comply with regional coverage limits under the impervious coverage threshold. This policy would include a small administrative fee for service charged to all development that would pay for maintenance, monitoring, and enforcement of parcel-level BMPs. The fee study will analyze the fee required to cover the cost of a maintenance, monitoring, and enforcement program for BMPs, managed by the local jurisdictions, and including maintenance scenarios where the property owner is out of compliance. This policy change would study exempting tier 1 projects from coverage transfer requirements and water quality mitigation fees and reducing these fees and requirements for tier 2 projects, as long as the fee could be offset through another mechanism. This policy change would also consider whether existing coverage transfer, and restoration incentives could be recalibrated to better incentivize coverage removal and disincentivize over coverage for large market-rate homes. This policy proposal will also include analyzing higher exemptions for pervious coverage.
Change Since November Version	Clarified that the proposal would include a fee to support BMP monitoring and enforcement. Clarified how incentives for coverage transfer and fee relief would be tiered to further incentivize affordable- and moderate-income housing.

Increasing parcel-level land coverage limits for tier 1 and 2 housing would allow these housing types to continue to use a simple process for meeting water quality requirements, if tying into a larger area-wide treatment system is not an option and stormwater can be shown through existing tools[9] to be captured and effectively treated onsite. If a parcel cannot treat its runoff onsite, it could still receive higher coverage if it can demonstrate that its runoff will be treated through one of the other treatment options, such as an existing area-wide stormwater treatment system that a local jurisdiction has in place to meet the TMDL, as long as that system has capacity. This option would also be extended to all redevelopment projects, to incentivize redevelopment of overcovered parcels. This potential change would also include providing **higher exemptions for pervious coverage**. By allowing higher coverage while still guaranteeing stormwater treatment, these changes would

[9] *BMP Calculation Spreadsheet: https://tahoebmp.org/Documents/BMP_Calc.xlsx*

reduce one of the largest barriers for multifamily housing, enabling more projects to "pencil-out" financially. An administrative fee for service charged to all new development would support local government programs to monitor and enforce parcel-level BMP compliance, ensuring that BMPs are properly maintained to effectively capture and treat parcel-level stormwater.

To maintain incentives for deed-restricted housing, TRPA will differentiate requirements between tier 1 and 2 projects. For example, both project types could be allowed the same higher coverage, height, and density allowances to ensure feasibility, but tier 2 projects would continue to pay a portion of ECM and other mitigation fees, while tier 1 projects could be exempted from coverage transfers and receive full fee relief.

This set of policy changes would be most effective when paired with reforms to height, density, and parking standards (See Development Standards) so that projects can fully utilize the additional coverage. They would also combine well with all of the land coverage policy options in the table below.

Complementary Land Coverage Policy Options

The EIS will analyze the following complimentary land coverage policies:

Policy Topic	Land Coverage Policy Opt. A (Recommended)	Land Coverage Policy Opt. B (Recommended)	Land Coverage Policy Opt. C (Recommended)
Name	**Install Area-wide Stormwater Improvements**	**Use Updated Soils Maps**	**Reevaluate ECM Fees**
Description	This policy supports the ongoing work that local jurisdictions are doing to implement area-wide stormwater treatment improvements, particularly in centers and urban areas, to support environmental thresholds. Increased area-wide stormwater improvements would provide more stormwater treatment options for new multifamily in those areas.	This policy change would use existing, updated soils maps created by the Natural Resources Soil Conservation District (NRCS) or the latest maps based on the best available science to determine land capability instead of the Bailey maps. Field verification, particularly for areas with sensitive lands, would still be required. This policy would allow for a reconsideration of land verification maps to ensure they are based on the best available science.	This policy change would reevaluate Excess Coverage Mitigation (ECM) fees to ensure that they do not deter redevelopment of parcels, while also considering increasing the ECM fees, in some cases, to better align with the actual cost of mitigating coverage. This proposal recommends tiering and aligning ECM fee incentives with other fee incentives where possible. In this case, tier 1 projects would be exempt from fees, tier 2 projects would see fees reduced by 50 percent, and tier 3 projects would pay full fees. A fee study will determine options to recover revenue from fee exemptions and reductions, including an exponential ECM fee for tier 3 development.

Change since November	N/A	Clarified that soil maps should be updated regularly based on best available science, not just NRCS data.	Clarified that changes to ECM fees should be consistent with other fee changes proposed in this policy package where possible.

Use Updated Maps adopts updated soils and hydrologic maps to provide more accurate coverage allowances. This update would be largely technical in nature, requiring investment in mapping updates, but would yield long-term certainty and efficiency for both applicants and TRPA staff. It complements the standard-based system by improving the reliability of baseline data used for both meeting stormwater treatment standards or coverage limits. Updating current maps may reduce land capability challenges and thus reduce staff costs for TRPA. This policy would also allow for a reconsideration of soils and hydrologic maps every five years should new data become available.

Reevaluate ECM Fees would both analyze the current ECM fee to see if it is sufficient to support coverage restoration, while also supporting housing objectives by analyzing exemptions for deed-restricted projects and workforce types like ADUs. This reform would reduce cost barriers for affordable housing while still funding coverage removal and water-quality improvements. TRPA may also want to reevaluate ECM fees for redevelopment of commercial parcels to encourage adaptive reuse of underutilized sites for housing. Where possible, changes to ECM fees will be consistent with the tiered fee incentives proposed in this policy package. A fee study will determine how to recover revenue from fee reductions for tier 1 and tier 2 projects, this may include increasing fees for tier 3 projects if there is nexus to do so. The fee study will include analyzing an exponential fee structure for excess coverage mitigation to raise revenue for mitigation and disincentivize overcoverage by large, market-rate homes.

INCREASE HOUSING CHOICE

New housing development in the Tahoe region in recent years has been characterized by increasingly large, single-family homes that are primarily affordable only to those seeking a second home in the region, or by state and federally subsidized, deed-restricted affordable housing for the lowest income levels (generally 60 percent of AMI or below).[10] While housing needs studies show that the most housing is needed in the "affordable" income category, there is also a substantial need for housing in the moderate and achievable categories with 49 percent of identified housing need in the moderate and above moderate categories (See Attachment F). Input from community workshops has also pointed to a need for more affordable, for-sale homes so that local families can build wealth and stability. Many affordable-by-design housing types that used to be provided by the market, such as ADUs, duplexes and triplexes, and affordable, for-sale condominiums are either not allowed by current code or are financially infeasible, in part due to restrictive zoning. The policies in this section are focused on providing the range of housing types necessary to meet the housing need. They support these approved project outcomes:

- Providing for the range of housing types that meet the proportion of housing needed for different income groups as identified in the Assess and Generate portion of this process.

[10] Constructed projects utilizing bonus units or requiring deed-restrictions as mitigation have resulted in the following numbers of deed-restricted units: 542 affordable, 129 moderate, and 17 achievable. This does not include approximately 130 additional deed-restricted affordable units in the City of South Lake Tahoe that are not administered by TRPA.

- Advancing a range of housing options for individuals and families of all types and income levels to ensure greater housing occupancy, community vitality and stability, and upward mobility for local households and families.
- Encouraging mixed-income rental and for-sale housing.
- Minimize the risk of natural hazards for new and existing housing as indicated through an environmental analysis using best science available and consistent with legal requirements.
- Ensuring priority communities, including low-income households, seniors, BIPOC (Black, Indigenous, and People of Color) community members, and those with disabilities, have equitable access to quality housing near education, recreation, jobs, services, and other opportunities.
- Preserving, improving, and supporting occupancy of existing housing used by local households.

EXPANDED HOUSING SITES

The Expanded Housing sites policy changes focus on four options for adapting zoning and eligibility to support affordable and workforce housing in the Basin. Four policy recommendations are split into two separate tables for readability. The EIS will analyze all four complimentary policy recommendations to expand housing sites.

Policy Topic	HS Opt. A (Recommended)	HS Opt. B (Recommended)
Name	**Expand Geographic Scope for Incentives**	**Allow Missing Middle Housing in More Neighborhoods**
Description	This potential policy change would support local jurisdictions expanding town center and urban area boundaries in certain locations through amendments to the required Findings in the TRPA Code that must be made to amend a Regional Land Use boundary (such as a town center). This policy change could lead to broadened eligibility for infill development incentives and broaden the areas where deed-restricted housing would be eligible for incentives.	This potential policy change would allow missing middle housing types, including duplexes, triplexes, and fourplexes that used to be allowed in many Tahoe neighborhoods, to be permissible in certain single family residential areas. Implementation of this option could be a change to the use definition of single family residential to include duplexes, triplexes, and fourplexes. However, this would effectively allow small-scale multi-family in any residential neighborhood in the basin, regardless of its proximity to transit. Alternatively, this option could be implemented by local jurisdictions through area plan amendments with support from TRPA. This would allow for limited implementation in specific neighborhoods, such as areas near transit or areas with stormwater infrastructure, or for deed-restricted housing only.

Change Since November Version	Narrowed scope of policy changes to support local jurisdictions implementing the policy option in their area plans.	NA

Expand Geographic Scope for Incentives would support broadened eligibility for TRPA's existing town center and multi-family incentives — including higher density, additional height, and reduced parking requirements — to a broader set of parcels. Implementing this potential set of policy changes would require TRPA and local jurisdictions to analyze land outside existing town centers and align new boundaries with other incentive program boundaries, such as those for bonus units. This analysis would consider factors like proximity to transit and existing town centers, land capability, existing land use, and land ownership. As part of this update, TRPA may also wish to consider removing certain high-value, environmentally sensitive lands from existing town center boundaries where development incentives are inappropriate. Its effectiveness, however, depends on concurrent reforms to land coverage and development rights, since new sites in town centers will be much more feasible for housing if those barriers are also addressed.

The **Allow Missing Middle Housing in More Neighborhoods** policy change could be implemented in two different approaches: 1. TRPA could mandate the change in every single-family residential neighborhood, without the need for an area plan amendment, or 2. Support local jurisdictions in amending their area plans to allow for duplexes, triplexes, and fourplexes in appropriate neighborhoods. Under the first implementation approach, TRPA could update allowable land uses in single-family neighborhoods to permit "missing middle" housing such as duplexes, triplexes, or fourplexes. Alternatively, under the second implementation approach, a new land use category, "missing middle" could be created that allows up to a fourplex and could be applied to these neighborhoods by local jurisdictions, at their option through an area plan update. Rezoning could occur in transition areas adjacent to town centers, near transit, or in areas with stormwater infrastructure in place. This approach could provide a wider range of housing styles, sizes, and price points and incrementally expand the housing supply. It also depends on complementary reforms to development rights (for example, waiving and/or scaling rights), and development standards to make these housing forms financially feasible. For purposes of the EIS, allowing up to a fourplex in all single-family neighborhoods will be analyzed. The policy decision of how to implement will be further developed with the Tahoe Living Working Group, Community Partner Group, APC and Governing Board.

Policy Topic	HS Opt. C (Recommended)	HS Opt. D (Recommended)
Name	**Allow and Encourage Housing on Public/Institutional Lands**	**Facilitate Transitional and Supportive Housing**
Description	This potential policy change would amend the TRPA Code and Plan Area Statements (for jurisdictions that still have them) to allow residential uses on public/institutional lands as an allowed use to activate underutilized sites.	This would update TRPA's use tables and project review requirements to allow transitional and supportive housing as an allowed use in residential zones. It would also require that these types of projects be reviewed ministerially by staff if the project is located in an area zoned either for multifamily or mixed-use development. This has been identified by California jurisdictions as a discrepancy between TRPA and California law that inhibits them from meeting statewide housing goals.

Change Since November Version	NA	NA

The **Allow and Encourage Housing on Public/Institutional Lands** policy change would allow underutilized public and institutional parcels — such as lands owned by local governments, school districts, or faith-based institutions — to include housing on their properties. This could include surplus properties, vacant parking lots, or other sites suitable for redevelopment. While the scale of impact depends on the number and suitability of available parcels, this policy change has the potential to unlock land for housing production, particularly if paired with incentives, such as bonus units and fee reductions. Implementation of this option would include amending the TRPA Code to allow residential uses on public/institutional parcels covered by Plan Area Statements (in the City of South Lake Tahoe, for example). Local jurisdictions covered by area plans would likely need to process area plan amendments to take advantage of this policy change.

The **Facilitating Transitional and Supportive Housing** policy change would update TRPA's use definitions to explicitly allow transitional and supportive housing as a residential use. This would allow jurisdictions on the California side to comply with California law, while allowing Nevada jurisdictions the flexibility to implement if they deem appropriate. This aligns with the intended project outcomes of providing more housing types and more housing choice.

BUILDING RENOVATION AND REHABILITATION

The Building Renovation and Rehabilitation topic area includes one recommended set of policy changes aimed at supporting revitalization of existing housing.

Policy Topic	Proposed Building Renovation and Rehabilitation (BRR) Policy Changes (Recommended)
Name	**Support renovation and rehabilitation of existing buildings**
Description	This set of potential changes would reduce fees, including excess coverage mitigation fees, mobility mitigation fees, and water quality mitigation fees and streamline the permitting process for renovation and rehabilitation projects that do not change the building footprint. Tier 1 renovation projects would receive full fee relief and could obtain a permit for renovations without BMPs. Other renovation projects would receive a 50 percent reduction in fees.
Change Since November Version	Added specificity for what fees would be reduced.

Preserving and improving existing housing is a key concern for the community and is essential to preventing further displacement, maintaining affordability, retaining year-round residents, and improving environmental quality. At community workshops, participants, particularly low- or moderate-income homeowners reported difficulty in both finding labor as well as getting through the permitting process for rehabilitation projects that can improve safety, for instance upgrading outdated electrical systems.

This set of policy changes would encourage reinvestment in existing housing by reducing regulatory and cost barriers via fee waivers or fee reductions for modest upgrades and conversions. It would also provide financial assistance for BMP requirements, or delay BMP requirements, particularly where stormwater infrastructure is in place, significantly reducing costs and barriers on small or constrained lots. By focusing these incentives on projects that do not significantly expand footprint or intensity of use, it would preserve and improve existing

housing stock while maintaining environmental protections. Fee reductions and BMP flexibility would be particularly impactful for adaptive reuse of commercial sites and low-income homeowners/small landlords, making it more feasible to keep units in good condition, maintain existing rents, and keep units occupied by local residents. This set of policy changes also aligns closely with State and Federal housing rehabilitation programs, meaning TRPA and local jurisdictions could potentially leverage external funding and partnerships.

HOUSING OCCUPANCY

The Housing Occupancy policy area aims to increase access to existing housing for local residents. This topic area includes three complementary policy options.

Policy Topic	HO Opt. A (Recommended)	HO Opt. B (Recommended)	HO Opt. C (Recommended)
Name	**Unlock vacant housing units**	**Support housing authority to manage deed restrictions and programs**	**Establish stable sources of funding for deed-restricted housing.**
Description	Policy changes could support local jurisdictions finding ways to use a certain amount of existing housing stock for affordable and workforce housing, such as through programs like "Lease to Locals," down-payment assistance programs, or restrictions on STRs. TRPA could do this by tying access to the benefits of the Cultivating Community package, to successful utilization of existing housing stock, or through further amendments to the allocation distribution program. The EIS should also study the impacts of providing for a certain portion of the housing need through existing housing, whether that is through local or TRPA restrictions on short-term rentals (STRs), or incentives to bring more homes into workforce housing stock.	This policy is intended to make the allocation and management of deed-restricted housing more effective and streamlined by supporting the establishment of a regional housing authority. This would likely be implemented by partners, with TRPA support where appropriate.	This potential package of policy changes would explore establishing a stable set of funding sources to support deed-restricted housing in the basin. This could include purchasing deed restrictions on existing homes or implementing programs to purchase restrictions on units like ADUs as well as enforcement of deed restrictions, possibly through support of a housing authority. Best practices indicate that to ensure long-term stability, funding sources should layer multiple revenue streams. This policy is closely tied with the proposal for a housing mitigation fee in the "Cost and Fees" section.
Change Since November Version	NA	NA	NA

Unlock vacant housing units

Over the past decades TRPA has taken up the question of whether TRPA should regulate STRs directly multiple times and determined that local jurisdictions should have control over how short-term rentals are managed, with TRPA incentivizing robust STR management through its Performance Review System (Section 50.5.2.E of the TRPA Code of Ordinances). The Performance Review System now includes a "Neighborhood Compatibility" score for each local jurisdiction based on short-term rental neighborhood compatibility guidelines established by TRPA that address short-term rental location, operations, and enforcement. The Performance Review System influences how many building allocations a jurisdiction receives each year as part of the annual allocations distribution program, influencing how many new unrestricted residential units may be constructed. This program could be expanded, as described below, or an additional program tying certain new policy benefits to successful utilization of existing housing could be developed.

These incentives themselves would primarily need to be implemented by local jurisdictions, as TRPA does not have the funding or administrative mechanisms in place to administer these programs. Strategies that TRPA could implement include:

- Tie access to the benefits of the other Cultivating Community, Conserving the Basin policies (particularly for Tier 2 project types) to successful implementation of programs that bring a certain amount of existing housing stock back into use as affordable or workforce housing.
- Add additional requirements to the "Neighborhood Compatibility" element of the Performance Review process, through which local jurisdictions receive residential allocations each year.
- Support local jurisdictions in exploring mitigation fees or other mechanisms to support the programs that would successfully bring a certain amount of existing housing back into affordable and workforce housing stock.

Support a Housing Authority

Housing authorities are the entities best-suited to manage and expand deed-restricted housing. Establishment of one or more regional housing authorities would require a concerted commitment by multiple partners in the region, including finding a dedicated funding source. However, diverting responsibility for management of deed restrictions to a centralized agency could reduce staff costs for multiple agencies, so eventually could result in lowered costs overall.

Establish stable sources of funding to support deed-restricted housing

To ensure the viability of deed-restricted housing in the long term, a stable source of funding is critical. This package of policy changes would explore developing stable sources of funding to provide new and maintain existing deed-restricted housing in the Tahoe Basin. This package of changes would be most effective if combined with the establishment of a regional housing authority. Strategies and steps for this can include:

- **Obtain agreements with both states:** TRPA could explore approaching both state legislatures to request a dedicated, on-going source of funds to support on-going monitoring and enforcement of deed-restrictions.
- **Establish a new application fee:** TRPA could establish a new application fee for all new development, that would cover the cost to monitor and enforce deed restrictions, as well as support the establishment of a Housing Authority over time. Application of this fee would need to be carefully considered, so as to not add back fees onto affordable and workforce housing that these draft policy recommendations seek to remove, while also ensuring that fees are applied equitably. This fee could be included with the housing mitigation fee proposed in the "Costs and Fees" section.

DEVELOPMENT STANDARDS AND AREA PLAN PROCESS IMPROVEMENTS

The Tahoe Living Phase 2 amendments created development standard incentives for deed-restricted housing. This section considers how development standard incentives could serve to support workforce and naturally affordable housing by allowing local governments to adopt development standards that incentivize multifamily housing that is not deed-restricted. The TLWG and CPG also discussed policy options related to Process Improvements. There is some discussion below on process improvements but the full section has been removed from this document because it was duplicative of the Development Standards discussion.

This section focuses on simplifying TRPA's role in setting development standards while providing for greater flexibility and context-sensitivity at the local level. Local governments could adopt Area Plans with detailed, objective development and design standards that fall within TRPA thresholds but can be tailored to local context and needs. This approach aims to reduce confusion and redundancy, improve adaptability, and streamline future Area Plan updates while maintaining environmental, scenic, and neighborhood character protections.

Policy Topic	Proposed Development Standards Policy Changes (Recommended)
Name	**Allow higher density and height standards**
Description	This set of policy changes would allow more flexibility with density and height standards in the TRPA Code and local area plans: • Increase the density and height standards for town centers in Chapter 13 of the TRPA Code, allowing local jurisdictions to adopt higher standards if they choose and can demonstrate action toward implementing the "Unlocking Vacant Housing" section of this proposal. This policy change could also include increasing density allowances in Chapter 31 that could apply outside of town centers if local jurisdictions revise their area plans. • Ensure that incentives for deed-restricted and unrestricted housing in area plans match the tiered structure of this proposal.
Height	Allow local jurisdictions to adopt increased height for MFR both inside and outside of town center (e.g. more flexibility on roof pitch outside of centers, 5-6 stories inside centers) (DS-4, DS-5)
Density	Increase density standards for unrestricted MFR to 65 units per acre. Building form would be limited by coverage and height. (recommended); OR Increase density standards for MFR both inside and outside of town centers (DS-2)
Parking	No change to parking standards at the regional level—local jurisdictions already have discretion to change parking minimums for unrestricted housing;
Scenic Standards	Consider modifying standards in town centers to recognize scenic quality of existing development (DS-6)
Changes Since November Version	Clarified specific standards for analysis in the EIS.

This potential set of policy changes would update TRPA's standards for multifamily projects, focusing on non-deed restricted housing that does not currently qualify for previous Phase 2 amendments to the Code of Ordinances. Local jurisdictions could choose to apply incentives to multifamily housing that is unrestricted. Adoption of these policy changes by the local jurisdictions would not be required. Regional limits on height and density would be removed from Chapter 13 and jurisdictions could propose local standards that meet the scenic threshold if they demonstrate progress toward implementing the "Unlocking Vacant Housing" section of this proposal. Because the number of units on a parcel is effectively already regulated through growth limits, zoning, and building envelope standards (height, coverage, setbacks), this package of policy changes proposes removing density maximums entirely or substantially increasing them to allow or encourage construction of smaller, naturally affordable units. It could also reevaluate scenic standards to incorporate the scenic quality of new development in town centers and improve clarity and predictability of scenic findings. These reforms would allow projects to fully utilize zoning allowances and available land, making moderate to larger-scale multifamily housing more physically and financially viable. Jurisdictions that choose to utilize this option would need to ensure that additional incentives remain for deed-restricted housing.

Parking standards for workforce housing were discussed at public workshops and Tahoe Living Working Group meetings, including the idea of parking minimums for deed-restricted housing. Staff believe that adding parking minimums to deed-restricted housing would not further the goals and objectives of this project. Therefore, these policy recommendations do not include any changes to parking standards.

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[i] Consistent with the 15-year restriction on condominium conversions for rental projects under the Low-Income Housing Tax Credit compliance period. The 15-year restriction on conversion is intended to protect tenants from unexpected loss of housing and maximize public incentives and subsidies for workforce housing while allowing opportunities for home ownership.