

Attachment A - Phase 2 Housing Amendments – Background and detailed proposal

Background:

The Tahoe Region has seven general categories of development standards that were put into place between 1972 and 1987 to manage the environmental and community impacts of development in the region and meet environmental thresholds. These standards include density, coverage, height, development rights, setbacks, parking, and the restriction of subdivisions. Some of these development standards are implemented by TRPA; others are implemented through local jurisdiction requirements. These development standards apply to all types of development, including commercial, tourist, and single-family and multi-residential development. Standards may vary by location and by development type.

Affordable and workforce housing is often provided through multi-family housing.³ This is because multi-unit construction can provide smaller units that are more affordable to local resident households. While many older, single-unit homes in the Tahoe region are small and provide affordable housing, newer single-family homes tend to maximize the allowable development footprint, are larger, and cater to the second-home market. Also, multi-unit development designed to be used as rentals, rather than as condominiums, are primarily rented by local workers, whereas for-sale units, regardless of their size or condition, are attractive to second homeowners who have higher purchasing power than most local residents.⁴

Multi-family housing ranges in size from small scale duplexes up to large scale 100-plus unit developments. Because of its potential for lower costs per unit of development, the Tahoe Living Working Group has identified multi-family development and accessory dwelling units (ADUs) as key strategies in providing housing to Tahoe's local workforce. However, feedback to-date from the Tahoe Living Working Group and the public has identified that existing development standards have, to a significant extent, hampered the financial feasibility of new multi-family housing for a variety of reasons. The reasons differ between town centers where additional incentives have been put in place and outside of town centers in areas zoned for multi-family and other multi-residential types. In town centers where higher density, coverage, and height are allowed, the Cascadia analysis and Working Group members have identified that the existing standards are close to what is needed but barriers remain that add significant cost, such as the need for changes of a few feet in height to accommodate modular construction techniques or unique characteristics of the parcel.

³ In the TRPA Code of Ordinances "multi-family" is a subset of "multi-residential." "Multi-residential" includes single-person rooms with shared kitchen and bathroom facilities such as dorms, employee housing and senior living as well as larger scale multi-family housing, such as duplexes and triplexes as well as larger apartment buildings. The proposals in this document are intended to apply to all multi-residential types, but we use the more familiar term "multi-family" throughout the document.

⁴ Tahoe Prosperity Center, [South Shore Housing Needs Report](#), 2019

In the case of unsubsidized development, low maximum density requirements can result in large units, such as those that were built at Wildwood Commons.

In the vicinity of town centers, TRPA standards are generally the same when constructing single-family and multi-family housing. There are few incentives that encourage the development of more than one unit on a lot. The most significant barrier is that maximum allowable densities, while ostensibly designed for multi-family development, often do not allow more than one unit per parcel on smaller parcels. The issues are discussed in more detail below.

As noted above, in the fall of 2021, TRPA contracted with Cascadia Partners to complete a financial feasibility analysis of a variety of multi-family development scenarios in the Tahoe Basin. The analysis examined density, coverage, height, and other development standards, both regional and local, to identify the effect of changes to these standards on the cost and feasibility of affordable and workforce housing (see Attachment D). The analysis highlights specific changes that would help make multi-family housing more feasible in locations for which it is zoned.

Proposal Summary:

The Phase 2, “medium-term” Tahoe Living Initiative action priorities include work on analyzing and updating TRPA’s development standards to promote multi-family, compact residential development both within town centers and in the vicinity of town centers. A key element of examining these development standards is to determine in which cases they are serving to achieve environmental thresholds and Regional Plan goals, and in which cases they could be updated to better encourage workforce housing and meet Regional Plan goals. Much of the remaining limited supply of development rights and vacant buildable lots in the Lake Tahoe region is not being used for housing to support local workers or low-income households. Staff propose further analyzing the following density, coverage, and height options to better support affordable and workforce housing and Regional Plan goals. These policy options, if approved, would amend the Regional Plan density, coverage, and height allowances for certain uses. Local jurisdictions would then have the option to adopt standards within their own planning documents up to the new limits if they so choose.

Key Points:

- Multi-family housing is key to accommodating local workers, but development standards limit capacity for these housing types
- The Tahoe region needs development standards that support workforce housing and environmental improvement
- These goals are not mutually exclusive

Town Centers: Policy options for multi-family housing		
Density	Coverage	Height
Allow residential density up to 40 units/acre	Utilize other resource protection measures instead of traditional coverage requirements*	Implement height allowances that align with California Density Bonus Law*
Allow density bonus for residential use in town centers*		Clarify Regional Plan and Code language related to number of stories versus number of feet
Remove density requirements for 100% deed-restricted developments*		

*Option to implement through a pilot program

Vicinity of Town Centers: Policy options multi-family housing		
Density	Coverage	Height
Allow up to a triplex in areas zoned for multi-family	Provide increased coverage incentives for deed-restricted units	Reduce or remove roof pitch requirements
Allow up to 25 units/acre in areas zoned multi-family		

Pilot Programs

Pilot programs have been used in the past by TRPA and partners to test new ideas and create an understanding about what types of policy changes are needed. Several members of the Tahoe Living Working Group have expressed interest in using pilot programs to test new standards that may be more flexible than what the Regional Plan allows today. While not all of the options included in this staff report would be appropriate as a pilot, some higher intensity options would be particularly useful in targeted areas that are close to transit and services. The policy options that may be appropriate for pilot programs are called out in the following development standard sections.

Additionally, staff have received requests to align development standards with California’s Density Bonus Law⁵ that was passed in 2021. The law allows significantly higher density, coverage and height, than the Regional Plan currently allows and also incentivizes reductions in parking and setback

⁵ California Government Code Section 65915, Title 7, Planning and Land Use, Chapter 4.3, [Density Bonuses and Other Incentives](#).

requirements in exchange for a higher percentage of income-restricted units. Allowing jurisdictions to implement state law through a pilot program would provide an opportunity to test policy changes in a specific location before being applied more widely.

Detailed Proposal

Density

Density is the metric that controls the number of units a developer can build on a property depending upon the size of the parcel. Higher residential density allowances are critical in making affordable and workforce housing financially feasible and for creating compact, walkable neighborhoods. Certain levels of density are necessary to sustain efficient transit for the region. Existing Regional Plan density allowances range from three units per acre in neighborhoods that are made up of primarily single-family homes to the highest density allowance of 25 units per acre in town centers.

Town Centers

The factors that have discouraged multi-family housing from being built in and near the region's town centers have also slowed progress towards meeting other Regional Plan goals, such as creating compact, walkable neighborhoods and supporting transit. Data indicate that the current maximum allowable densities in town centers are too low to encourage residential redevelopment, provide the number of homes needed to support thriving local businesses, and support walkability and transit service. Although 25 units per acre is currently allowed in town centers, gross densities⁶ in most of the region's town centers are less than five units per acre. While there is no one-size-fits-all density threshold for creating compact, walkable neighborhoods that support transit, available research points to gross density of 15 to 20 units per acre to support frequent transit service⁷. To achieve this, allowable densities need to be much higher. The table below shows existing gross density within a quarter mile of town centers.

Existing gross density within ¼ mile of transit stops (residential and tourist)

Town Center	Gross Density
Stateline/Ski Run	9.6
Kings Beach Commercial Core	4.3
Tahoe Valley Area Plan (South Y)	3.9
Incline Village Commercial/Tourist	3.7
North Stateline/North Stateline Casino Core	2.6
Tahoe City	1.6

⁶ Gross density refers to the sum of all development and activity across all parcels, including commercial development, open space and other non-residential and tourist uses. This calculation uses the sum of residential and tourist units within the analysis zone.

⁷ Puget Sound Regional Council, [Transit Supportive Densities and Land Uses](#), 2015

In the Vicinity of Town Centers

Last year, Opticos Design presented recommendations for implementing “missing middle” housing (also known as middle housing) in the basin to the Local Government Housing Committee (Attachment C). Middle housing is defined as house-scale buildings with multiple units built in walkable environments. This type of housing is often built in the form of smaller scale multi-family development such as duplexes, triplexes, and fourplexes that can easily blend into lower density neighborhoods. This creates an opportunity to provide additional, more naturally affordable housing units in the vicinity of town centers. However, because middle housing is generally built on smaller lots in low and medium intensity neighborhoods, it requires different development standards than larger scale multi-family development. The maximum allowable density requirements found in the TRPA and local jurisdiction codes do not, to a large extent, consider or even allow middle housing.

Key Points:

- Current density limits are too low to support walkable, affordable neighborhoods
- Density standards should support "missing middle" housing

The analysis completed by Cascadia Partners identified that on smaller parcels zoned multi-family, many allowable multi-family types cannot be realized due to current density standards. For example, a 5,000 square foot parcel located in Kings Beach with a density allowance of 15 units per acre would only be allowed one unit due to the parcel size, even though the parcel is located in an area that allows multi-family dwellings. For reference, the median

size of all lots zoned multi-family in the Basin is 5,000 square feet, resulting in many of these lots not being able to have more than one unit. Of the 17,227 parcels in the Basin that allow multi-family dwellings, only 51% of them are large enough to accommodate a duplex under existing standards and only 37% are large enough to build a triplex.

Example Density Calculation: 5,000 sq. ft. Parcel

5,000 sq. ft. = 0.11 acres

0.11 acres x 15 units/acre = **1.7 units**

Staff recommend further analyzing the following policy options within town centers and within the vicinity of town centers to encourage the development of smaller and larger multi-family development. As with all development, property owners would be required to comply with TRPA’s other development standards and growth management system.

1. Increase density allowances *in town centers* to better support Regional Plan goals
 - Allow residential density up to at least 40 units per acre, consistent with allowable tourist density for deed-restricted and non-deed-restricted residential development. The final recommendation may suggest densities higher than 40 units per acre that would better support transit.

- Allow a density bonus for residential use in town centers. Within this option staff will analyze allowing this level of density for various mixes of deed-restricted and market rate units. Higher density would be allowed in exchange for additional deed-restricted units. For example, density could be increased to 45 units/acre if ten percent of the units are deed restricted or to 50 units/acre if 20% of the units are deed restricted. To the extent feasible, TRPA would align this option with the California density bonus laws passed in 2021.
 - Remove density requirements for 100% deed-restricted developments in certain “pilot program” town centers which are served by frequent transit. Possible locations for pilot programs could include specific areas within the Stateline/Ski Run Town Center, the Kings Beach Commercial Town Center, the Incline Village Commercial, and the Tahoe City Town Center District.
2. Allow “missing middle” housing densities *in the vicinity of town centers* (areas zoned multi-family but outside of centers)
- Allow up to a triplex on all lots already zoned multi-family that are outside of town centers.
 - Allow up to 25 units per acre in areas zoned multi-family that are outside of town centers.

Coverage

To reduce the impact of development on soils and water quality, TRPA limits the amount of impervious coverage on a parcel. Limiting impervious land coverage is a tool for protecting lake clarity by allowing uncovered soil to accommodate natural infiltration and by preventing soil erosion and the transport of pollutants to the lake.

Town Centers

In the past, TRPA has modified coverage limits in certain circumstances to promote Regional Plan goals. In 2012, TRPA began allowing higher coverage on parcels in town centers to encourage higher density and more compact development. Project applicants in town centers can transfer in additional coverage to get up to 70 percent coverage on parcels located in land capability districts 4-7. Similarly, in adopted community plans, project applicants may transfer in additional coverage to get up to 50 percent coverage on parcels located in land capability districts 4-7 for certain types of projects, including multi-family projects of five units or more. Community plans were a previously allowed planning document that covered many of the areas where multi-family development is allowed. However, community plans are being phased out and replaced with area plans. Outside of town centers, the maximum allowable coverage within area plans is 30 percent.

Coverage is one tool for protecting lake clarity, but there are other tools that can meet or exceed water quality standards that do not rely on traditional coverage limits. For example, certain areas inside the basin, such as Heavenly Village and Edgewood, have installed stormwater infrastructure that allows higher coverage and reduces pollutant loading to the lake.

Key Points:

- Current coverage standards drive up the cost of affordable and workforce housing
- Other tools, like stormwater infrastructure, can meet or exceed the water quality benefits of coverage

In the Vicinity of Town Centers

The analysis completed by Cascadia Partners and input to-date from Working Group members and the public provide evidence that the maximum allowable coverage limit of 30 percent on parcels outside of centers and community plans is a key factor affecting the financial feasibility of multi-family housing development in these locations. Many parcels suitable for multi-family development and ADUs exist outside of these boundaries, but still in areas targeted for walkable development.⁸ Counterintuitively, the 30 percent allowable coverage limit may lead to larger coverage footprints per unit because while 30 percent coverage is enough to build a single-family home, the Cascadia analysis showed that this does not allow for duplexes or triplexes that can generate a positive return on investment when factoring in other development standards (parking, setbacks, etc.) and development costs. Thus, developers construct larger units that will. Cascadia’s analysis showed that at least 35 percent coverage would be needed to generate a positive return on investment for a duplex on the median multi-family lot size, if parking standards do not change. Higher coverage percentages would be required for other multi-family types, such as a triplex or fourplex in order to generate a positive return on investment.

In addition to financial feasibility, TRPA’s adaptive management system encourages an approach that considers whether there are ways to better meet or exceed water quality and resource protection goals. Considering this, TRPA staff recommends analyzing the following policy options that allow coverage flexibility for deed restricted multi-family housing or ADUs on high capability lands (land capability districts 4-7) and buildable IPES parcels.

1. In *town centers*, utilize other appropriate resource protection, stormwater management requirements, and stormwater infrastructure instead of traditional coverage requirements

Staff propose to analyze a policy change that would allow TRPA and local jurisdictions to utilize other appropriate critical and sensitive resource protection and stormwater management requirements, and stormwater infrastructure instead of traditional coverage requirements *in town centers*. This policy option would be appropriate as part of a pilot program and would provide an alternative approach to coverage requirements for 100 percent deed restricted housing.

⁸ The [bonus unit boundary](#) provides residential incentives outside of town centers but still in areas targeted for higher density growth. The boundary is ½ mile from transit, ½ mile from town centers, and includes all neighborhoods zoned for multi-family.

To be a viable option, such an approach would require a strong partnership between TRPA, local jurisdictions and interested developers and would need to demonstrate equal or better environmental benefits as coverage while providing an incentive to the housing provider. Additional criteria, including the requirement(s) for an existing local jurisdiction area plan, Governing Board approval, consistency with applicable findings, etc., could be put in place.

1. *In the vicinity of town centers, allow additional coverage for deed restricted units*

Based on existing TRPA code that allows higher coverage allowances in town centers and community plans, TRPA staff recommends further analyzing a policy option that would allow property owners to build above maximum coverage limits allowed in TRPA Code section 30.4.2.A for deed-restricted multi-family housing or ADUs on high capability lands outside of town centers. Any additional coverage above base allowable would be required to be used for the deed restricted unit. For example, if a single-family home covered 30 percent of a lot, the property owner could build a deed-restricted ADU which would bring the total coverage on the parcel up to 35 percent, however other expansions to the single-family home that were not part of the deed-restricted ADU would not be allowed.

Any time TRPA allows additional coverage above base allowable, it is required to be mitigated. Under the current code, that mitigation typically occurs through the transfer of coverage from one property to another and through the use of excess coverage mitigation fees. The Tahoe Living Working Group and the public have repeatedly identified the costs associated with these fees as a challenge to building affordable and workforce housing, thus the environmental analysis will consider whether there are alternative mitigation strategies which would be less costly for multi-family development projects.

Height

TRPA's Regional Plan and Code institute height limits to protect scenic resources and promote buildings that align with neighborhood character. Like coverage and density incentives adopted in 2012, TRPA increased height standards in town centers, regional centers, and high-density tourist districts as part of the 2012 Regional Plan amendments. In town centers, development is allowed up to four stories measured from the lowest point of natural grade, with no TRPA restrictions on roof pitch.⁹ Outside of centers, existing TRPA height allowances are dependent on the slope of the parcel and the proposed roof pitch of the building, but essentially allow a maximum of two and a half stories. A few of the local jurisdictions within the basin have additional requirements and guidelines to ensure buildings fit the character of the community.

⁹ Local jurisdictions have added their own roof pitch requirements in Area Plans.

Key Points:

- Inflexibility of current height standards adds cost to multifamily housing development

According to local jurisdiction staff and Working Group members, height is particularly challenging when building larger multi-family developments, both within town centers and outside of town centers, generally due to a lack of flexibility in TRPA and local jurisdiction codes.

For instance, in some cases just a few additional feet of height are needed to accommodate unique characteristics of the site, but this is not possible without a Regional Plan amendment. At the same time, at Working Group meetings TRPA heard from the public that more height would be out of place in most neighborhoods. Related to this, the Cascadia analysis showed that height is not a limiting factor for multi-family developments of less than six units. Taking these factors into account, TRPA proposes to analyze the following height policy changes for deed-restricted multi-family housing projects.

1. TRPA proposes to analyze these changes *within town centers*:
 - Implement height allowances that align with California’s Density Bonus Law through a pilot program in town centers.
 - Clarify Regional Plan and Code language related to stories versus number of feet *in town and regional centers*.

TRPA’s Regional Plan and Code state the building height within town centers “may be allowed up to four stories (56 ft.) maximum as part of an Area Plan.” The Regional Plan and Code contain similar language for regional centers. Tahoe Living Working Group members indicated having two standards (number of stories and allowable feet) result in developers being limited to building four stories when, in some cases, five stories could fit into a 56-foot building. To provide greater flexibility to developers, staff propose to analyze a policy change to set the maximum height in feet and remove the number of allowable stories. This amendment would also need to be made in local jurisdiction area plans.

2. TRPA proposes to analyze these changes within *the vicinity of town centers*:

- Reduce or remove roof pitch allowances.

Within the vicinity of town centers, multi-family zoning occurs directly adjacent to town centers, along arterials, and also adjacent to low-density neighborhoods designated for single-family development. While the final proposal may specify different roof pitch regulations for each of these areas or require local jurisdictions to delineate roof pitch in Area Plans, for the purposes of the environmental analysis, TRPA proposes to study the options above in all areas zoned multi-family.