

Attachment B - Regional Plan housing incentives over time; summary of Tahoe Living Working Group work

The Regional Plan has recognized the importance of affordable and workforce housing since its inception in 1987, establishing housing goals and special pools of development rights set aside for multi-family and affordable housing. As a living document, subsequent updates to the Regional Plan have sought to concentrate development in centers, while also offering incentives for affordable and workforce housing in these areas and in the nearby vicinity.

The following highlights housing goals, and housing and compact development incentives included in major plan updates over time.

Housing Goals:

Qualitative Goals

The Land Use Element of the Regional Plan has a Housing sub-chapter. This chapter includes three housing goals:

GOAL HS-1 – Promote housing opportunities for full-time and seasonal residents as well as workers employed within the region.

GOAL HS-2 – To the extent feasible, without compromising the growth management provisions of the Regional Plan, the attainment of thresholds goals, and affordable housing incentive programs, moderate income housing will be encouraged in suitable locations for the residents of the region.

GOAL HS-3 – Regularly evaluate housing needs in the region and update policies and ordinances if necessary to achieve state, local, and regional housing goals.

An iteration of Goal 1 was included in the 1987 Plan. The TRPA Governing Board approved Goals 2 and 3 through amendments in 2004 and 2012.

Numeric Goals

As part of the 2012 Regional Plan Update the Governing Board approved a numeric local resident and workforce housing goal. This was tied to California requirements that Regional Transportation Plans also include a “Sustainable Communities Strategy.”¹⁰ The most recent Regional Transportation Plan/Sustainable Community Strategy housing goal, approved in 2020, was slightly over 1,000 units.

The Tahoe Living Working Group has recognized a larger regional housing need identified by the Tahoe Prosperity Center, Placer County and Washoe County in regional housing needs assessments. Those reports have identified a need of 4,500 homes region-wide, including the Nevada side of the basin, that would not be provided by the market under current conditions.

Housing Incentives:

The 1987 Plan authorized 1,600 multi-residential development rights in a “Bonus Unit Incentive Pool” for the 20-year life of the plan. Bonus units from the pool could be used either for deed-restricted “affordable” units, or for construction of multi-residential development in exchange for completing mitigation measures such as retiring development or stream environment restoration. Except when used for deed-restricted “affordable” units, these multi-residential units were required to comply with the allocation limitations of the growth management system for residential development (thus, they required an allocation).¹¹ Amendments in 2004 expanded the use of the “Bonus Unit Incentive Pool” to include deed-restricted “moderate” income units as well as deed-restricted “affordable.”

Key Points:

- Development standards impact housing affordability
- Concentrating development in town centers is intended to benefit affordability and the environment

By 2012, approximately half of the bonus units had been used up. The 2012 Regional Plan approved another 600 bonus units, but only for use in centers. In addition, the 2012 Regional Plan set aside 200,000 square feet of commercial floor area (called the “2013 CFA pool”) which, per the note in Table 50.4.1-1 of the Code of Ordinances “shall only be made available after the 383,579 sf of remaining CFA is exhausted.” The Final Environmental Impact Statement (FEIS) for the 2012 Regional Plan Update instituted this restriction on usage of the 2013 CFA pool in response to comments and in order to delay

¹⁰ TRPA fulfills the role of the Tahoe Metropolitan Planning Organization for the Tahoe Region. Metropolitan Planning Organizations must implement California’s Senate Bill 375, which requires a Sustainable Communities Strategy for greenhouse gas reduction be built into Regional Transportation Plans. Sustainable Communities Strategies must accommodate the Regional Housing Needs Allocation (RHNA) requirements of the State of California. The Sustainable Communities Strategy/Regional Transportation Plan (SCS/RTP) is adopted into the TRPA Regional Plan.

¹¹ There are many kinds of deed-restrictions that may be recorded on a property, however in this document the use of the term “deed-restriction” refers to an income-restriction on the household or households that occupy it.

the impacts of development.¹² The 2012 Regional Plan did not describe how this pool would be allocated once the other CFA was exhausted.

The 2018 Development Rights Strategic Initiative (DRSI) was the direct result of a 2012 Regional Plan mitigation measure related to the availability of workforce housing. The DRSI amendments allowed the conversion of tourist accommodation units (TAUs) and commercial floor area (CFA) to residential units of use (RUUs) using environmentally neutral exchange rates. The ability to convert development rights offered more flexibility to developers and property owners. Because of the availability of this new option, local jurisdictions have recently asked TRPA to analyze whether the 2013 CFA pool could be converted and used either to replenish the Bonus Unit Pool when it is used up, or to incentivize non deed-restricted ADUs and multi-residential development.

The DRSI amendments also recognized a need for local worker housing for households with income levels above “moderate” income, and established a new income category, “achievable,”¹³ making bonus units from the Bonus Unit Incentive Pool available for this category without requiring an allocation. This amendment also recognized the relatively low success of the multi-residential bonus unit incentive program and shifted nearly the entire pool of bonus units out of the development-right/allocation system and into a deed-restricted only program which assigned Bonus Units to deed-restricted affordable, moderate, or achievable housing while waiving the requirement of an allocation. While this made it easier for deed-restricted housing to receive a development right in the form of a Bonus Unit, it removed the only source of residential development rights for non deed-restricted, multi-residential housing. It also introduced a need for compliance and monitoring to ensure that deed-restricted units are being used as intended.

Compact Development:

Plan Area Statements and Community Plans

The 1987 Plan was the first Regional Plan in effect to implement the 1980 Bi-state Compact (Public Law 96-551). As stated in the current Goals and Policies document, the focus of the 1987 Regional Plan was to “achieve and maintain environmental thresholds primarily through growth control, development regulations and property acquisition.” The 1987 plan focused on retiring development from sensitive lands where possible, and otherwise limiting development on sensitive lands.

¹² Final Environmental Impact Statement for the 2012 Regional Plan Update, Volume 1, Section 2.2.2, “Limits on Commodities,” and Master Response 9, “Consideration of Banked Commodities.”

¹³ “Achievable” income households must demonstrate that their household income is less than the amount needed to afford the purchase price of the median-priced home. The TRPA publishes the achievable income percentages of area median income (AMI) by county each year. The percentage varies by county but is over 120 percent of AMI in all Tahoe counties.

The 1987 plan included coverage limitations based on the land capability system established in the 1974 report, *Land Capability Classifications of the Lake Tahoe Basin*, by Robert G. Bailey.

The 1987 Plan encouraged concentration of development through plan area statements and community plans, which identified “multi-residential receiving areas,” “preferred affordable housing areas” and areas appropriate for receiving transfers of existing development. The boundaries of community plans were specifically identified as areas where commercial uses were concentrated or should be concentrated. These multi-residential receiving areas and preferred affordable housing areas are, for the most part, the areas zoned for multi-residential uses today.

Area Plans

In 2010 the Total Maximum Daily Load (TMDL) report¹⁴ identified development in the “urban uplands” as the primary contributor to fine sediment loading into the lake and a primary cause of the loss of the lake’s deep-water transparency (Figure 1). This finding coincided with the findings of threshold evaluations, which showed that while trends towards threshold attainment had improved measurably, thresholds for water quality and other resources were still not being attained.

Figure 1 – Figure 7-3 from the Total Maximum Daily Load Report, Percent Fine Sediment Particle Contribution to Lake Tahoe by Source Category

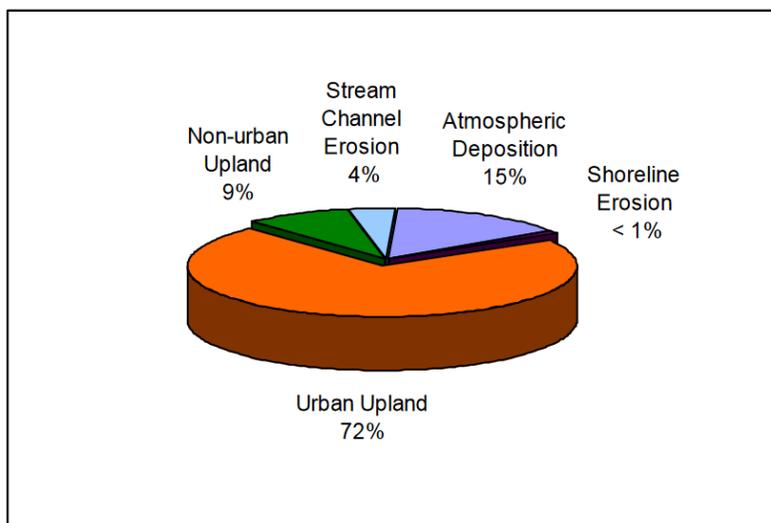


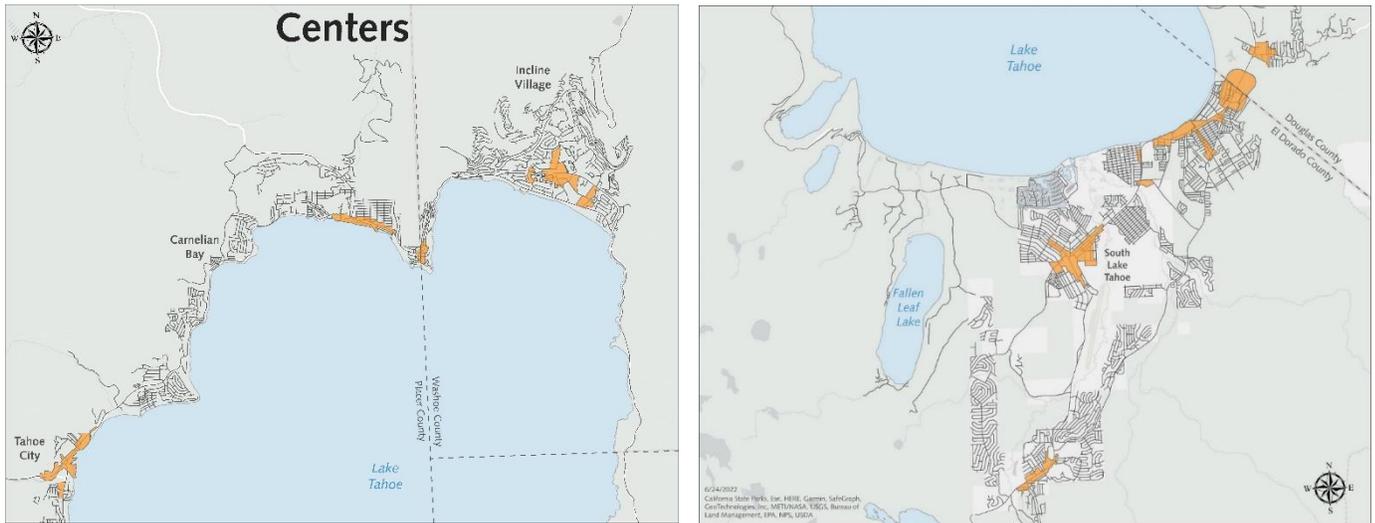
Figure 7-3. Percent Fine Sediment Particle (< 16 micrometer) Contribution per Source Category.

¹⁴ California Regional Water Quality Control Boards; Nevada Division of Environmental Protection, Final Lake Tahoe Total Maximum Daily Load Report, November 2010, https://www.waterboards.ca.gov/lahtontan/water_issues/programs/tmdl/lake_tahoe/docs/tmdl_rpt_nov2010.pdf. “Urban uplands” are urbanized areas that generate runoff.

To better address these water quality issues, the 2012 Regional Plan Update focused on accelerating private investment in environmentally beneficial redevelopment and infill development. A major component of the 2012 Regional Plan Update was the phasing out of Community Plans in favor of Area Plans, with delegated project approval authority to local jurisdictions upon the approval of an Area Plan. The 2012 plan introduced additional incentives to transfer existing and potential development out of remote and sensitive areas into centers, with transfer incentives as high as six bonus units to one transferred existing unit. The 2012 plan also provided for additional density (a maximum of 25 units per acre for residential and 40 units per acre for tourist), coverage (up to 70 percent of a parcel) and height (a maximum of four stories in town centers), with greater height incentives in the Regional Center and High-Density Tourist Center.

While the incentives placed a strong emphasis on town center development and redevelopment, the boundaries of the town centers were fairly small, using community plans as the building blocks where centers were drawn primarily around areas of existing commercial development (Figure 2). Currently, only about 17 percent of parcels that allow multi-residential housing are located within existing town centers. Of those parcels in town centers, about 27 percent are considered developable, (i.e., they are on high capability land¹⁵, their development rights have not been retired or removed, and are large enough to have more than one unit with existing density standards).¹⁶

Figure 2 –Centers



¹⁵ Bailey land capability development (LCD) classification of 4-7.

¹⁶ Existing residential density standards in town centers allow for a maximum of 25 units per acre. Outside of town centers, the highest allowable residential density is 15 units per acre. A map of basin-wide densities can be found [here](#).

Bonus Unit Boundary

In addition to establishing the “achievable” housing category and allowing conversions between different types of development rights, the DRSI amendments established the “Bonus Unit Boundary” to incentivize affordable and workforce housing development in the vicinity of transit and services.

The “Bonus Unit Boundary” included the ½-mile buffer of existing transit stops, and allowed deed-restricted affordable, moderate, and achievable units to receive a bonus unit from the bonus unit incentive pool with no requirement that it be matched with an allocation.

In July of 2021, as part of the Phase 1 Housing amendments, the Governing Board approved a slight expansion to the Bonus Unit Boundary to align with the goals of the 2012 Regional Plan and the 2020 Regional Transportation Plan, adding areas zoned multi-family that were not previously captured in the boundary, and adding the ½-mile buffer of centers to the boundary.

Tahoe Living Working Group:

in June of 2020 the TRPA Governing Board appointed the Tahoe Living Housing and Community Revitalization Working Group to work with staff to isolate and prioritize housing actions that TRPA can take that would provide meaningful change to affordable housing cost and availability. Experts on the Tahoe Living Working Group have drawn from their own experiences working in Tahoe to identify key factors limiting affordable and workforce housing, as well as using technical reports to inform recommendations and code amendment language. Using an updated version of the pro forma analysis developed during the Development Rights Strategic Initiative, staff and the Tahoe Living Working Group identified that TRPA actions could influence the cost of affordable and workforce housing by approximately 10-12 percent.¹⁷

Key themes that have emerged from the Working Group and TRPA’s research include:

1. *Accessory Dwelling Units (ADUs)* are a small home type that can be delivered by the private market but were not allowed on most residential parcels in the region.¹⁸
2. *Development standards* such as density, height, coverage, parking and setbacks, intended to curb the impacts of development contribute to per-unit and per-square footage construction costs that make multi-family and smaller home types infeasible to build.

¹⁷ Tahoe Living Housing and Community Revitalization Working Group November 4, 2020 Agenda Item V, Attachment B, Priority Tool Action Quantification, https://www.trpa.gov/wp-content/uploads/documents/archive/04_Attachment-B-Policy-Analyses.pdf.

¹⁸ In July 2021, as a result of Tahoe Living Working Group input, the TRPA Governing Board approved allowing ADUs on all residential parcels on the California side.

3. The structure of *mitigation fees* and mitigation fee programs result in higher costs per square foot for smaller units than for larger units.
4. Single-family homes and deed-restricted homes have dedicated sources of *development rights*; non-deed-restricted multi-family housing and ADUs do not and must turn to the private market to obtain these rights. Further, smaller homes are out-competed on the market for one-size-fits-all development rights by larger, high-value homes.
5. *Preservation of existing housing* is needed; single-family rentals, which make up about a quarter of the existing housing stock, are vulnerable to conversion to second homes.

The Tahoe Living Working Group recommended addressing themes 1-3 through near-term, medium-term, and long-term action priorities which were approved by the Governing Board in January of 2021. The Working Group identified theme 4 as a pressing issue during discussions related to approval of the Phase 1 Housing Amendments in 2021, and staff recommends addressing this during the “medium-term” actions. Staff has identified theme 5 as an emerging issue, and one that local jurisdictions are actively engaged on currently and may also be partially addressed by TRPA during the “long-term” actions.

In July of 2021, the TRPA Governing Board addressed “near-term” actions through the Phase 1 Housing Amendments, allowing ADUs on residential parcels of any size on the California side, and allowing increased density for hotel/motel conversions to residential development. The Working Group is currently in Phase 2, the “medium-term” amendments, starting with development standards and moving on to scaling and availability of development rights as soon as time allows.