

Tahoe Living: Housing and Community Revitalization Workgroup

Workgroup Meeting #7

Wednesday, April 21, 2023

9:00 AM to 12:00 PM

Via Zoom

Draft Meeting Minutes – these minutes have not yet been approved

AGENDA ITEM

I. CALL TO ORDER AND DETERMINATION OF QUORUM

Chair Mr. Ferry called the meeting to order at 9:35 a.m.

Members present: Emily Setzer, Kate Moroles-O'Neil, John Hitchcock, Eric Young, Judith Simon, Cindy Gustafson, John Friedrich, Vince Hoenigman, Alexis Hill, Daniel Huerta, Natalie Yanish, Meea Kang, Gavin Feiger, Jean Diaz, Aidan Downey, Elizabeth Balmin, Heidi Hill Drum, Brendan Ferry.

Members absent: Stacy Caldwell, Katie Victor

II. WELCOME AND COMMENTS BY THE CHAIR

Katherine Hangeland called the roll and determined that there was a quorum.

III. WELCOME NEW MEMBERS

New members: Vince Hoenigman, Alexis Hill, Daniel Huerta, Kate Moroles-O'Neil, Aidan Downey, Emily Setzer

IV. APPROVAL OF AGENDA

V. ZOOM PROTOCOLS

VI. DISPOSITION OF MINUTES

John Friedrich made a motion to approve the minutes. Minutes approved unanimously. Kate Moroles-O'Neil, Heidi Hill Drum, and Aidan Downey abstained.

VII. EXPERT PRESENTATIONS

Samir Tuma, Kila Properties

Presentation overview of a proposed dorm-style redevelopment project within Tahoe City's town center. The project highlighted the financial, regulatory, and community challenges with building housing in the Tahoe Basin. The project would adaptively reuse an existing shopping center to create housing, primarily for seasonal residents. The town center location allows for higher density housing with less public pushback from residents. The project would accommodate 28 people in 14 rooms with community kitchens, dining rooms, and storage.

VIII. REPORTS

a) Tahoe Living Priority Actions Progress

The Tahoe Living Working Group has been meeting since August 2020. Early on, the Working Group identified priority actions that could be completed in the near term which were focused on allowing accessory dwelling units (ADUs) and density when converting hotel uses to residential. Those near term items are complete. Medium term (Phase 2) actions include changes to height, density and coverage standards to incentivize multi-family housing and are the focus of the today's meeting. Longer term actions (Phase 3) include actions that touch multiple areas of the Regional Plan and will take longer to complete.

b) Grants update

TRPA received \$600,000 Regional Early Action Planning (REAP) grant funding through the MPO Allocation, which is designated for our region through formula funding. This grant will be used to support work in Phase two and three of the Tahoe Living Initiative.

Additionally, TRPA applied for a \$2.4 million competitive Higher Impact Transformative (HIT) grant through the REAP program, which would be used to support work in Phase three of the Tahoe Living Initiative.

c) "Achievable" Definition update

TRPA is in the process of changing the criteria of the "Achievable" income level to require that at least one member of a household work at least 30 hours a week for a local employer, earn at or below 120% of the area median income, or be retired and lived in a deed-restricted unit for at least seven years. The criteria still requires that the unit must be used as the primary residence, cannot be used as a second home or vacation rental, and certifies annually that they are meeting the requirements of the deed restriction.

IX. TAHOE LIVING DISCUSSION ITEMS

1. Development Standards Discussion, including discussion of height, coverage, and density standards for multi-family housing and accessory dwelling units

Cascadia Partners presented the results of a second pro-forma feasibility analysis for multi-family housing in the Tahoe Basin. The goal of the analysis was to identify all major barriers to multi-family development and test the removal of those barriers to make it more financially feasible for developers to build workforce, moderate, and/or affordable housing. The analysis showed that “turning the dials up” (i.e. increasing) on density, coverage, height, and parking results in units that are affordable to households that make a lower percent of the area median income (AMI). The higher the dials are turned, the more units the market produces without significant public subsidy. Cascadia’s presentation slides can be found [here](#).

Questions/Comments from the Working Group:

Vince Hoenigman

Clarified that the analysis looked at a mix of unit sizes (studio, 1 bedroom, 2-bedroom, 3-bedroom) and assumed that household size and income would be based on unit size. Inclusionary type policies usually have unit size included.

John Friedrich

How can AB 2011, which allows streamlined permitting process for affordable housing, be implemented through this proposal and how many more development rights would be needed? Do we need to think about disincentivizing larger single-family homes through development rights?

Karen Fink: Placer County and the City of South Lake Tahoe has taken advantage of AB 2011 and TRPA has tried to streamline permitting as best we can. For example, Sugar Pine received streamlined permitting from TRPA. TRPA will look at permit streamlining more holistically in Phase three.

Karen Fink: The overall housing need that has been identified is about 4,500 units region-wide, which is less than what we have in the bonus unit pool. This proposal focuses on incentives for the remaining bonus units. Phase three will focus on better utilization of development rights and bonus units.

Kate Moroles-O’Neil

Clarified that there are three levels of deed restrictions in the TRPA Code. Affordable is less than 80% AMI, moderate income is between 80 – 120%, and achievable can be above 120% if the occupant meets local employment criteria. Samir Tuma clarified that the employee housing project has not determined rental rates. Rates would depend on whether the units are deed restricted or not.

Natalie Yanish

Asked if there is consideration for incentivizing smaller units with the remaining development rights available. Won’t this lead to less housing if smaller multi-family

(potentially studio) units are being built versus single-family homes with more bedrooms?

Karen Fink clarified that development rights will be the focus of Phase three.

Meea Kang

Agrees that parking is a significant issue and there are state laws that allow for reduced parking. Agrees that development rights should be scaled by unit size. Question: Did the analysis include coverage transfer costs?

Alyssa Bettinger: The analysis included transfer fees in the "existing conditions" scenario but excluded them in the "TRPA Changes" scenarios.

John Hitchcock

Clarified that viable transit options are required in order to reduce parking requirements. Zach Thomas noted that density allowances need to be increased to receive tax credits and other state/federal subsidies.

Alyssa Bettinger presented TRPA's recommended changes related to height, coverage, and density. Components of the proposal would apply in town centers (<1% of the total basin area), in areas that are already zoned for multi-family (<4% of the total basin area), and in the Bonus Unit Boundary (11% of the total basin area). The proposal would not change growth caps in the basin but would provide incentives for new development and redevelopment within and adjacent to town centers, instead of more rural locations that are further from services. As was proposed at this meeting, the changes would need to take affect through local jurisdictions area plans. TRPA will try to streamline this process through sample environmental review and regulatory language. The proposal included the following recommendations:

Height:

1. Town centers: Allow up to five stories for deed-restricted housing when certain findings can be made. This option would require buildings to incorporate design features such as pitched roofs, articulated facades, articulated roof planes, and the use of earthtone colors.
2. Areas zoned for multi-family housing: Allow deed-restricted developments to extend an additional fifteen feet (15'), up to forty-eight feet (48') (four stories), whichever is less, if certain findings are made. This option would require buildings to incorporate design features such as pitched roofs, articulated facades, articulated roof planes, and the use of earthtone colors.

Density:

1. Town centers: Remove density maximums for deed-restricted and market rate residential units. Only deed-restricted housing units would qualify for the height and coverage incentives in this proposal.
2. Areas zoned for multi-family housing: Increase density to 60 units per acre for deed-restricted and market rate residential.

Coverage:

1. Town centers: Allow for utilization of green stormwater infrastructure instead of traditional land coverage limits (land coverage would not be capped at any percentage on high capability lands) for deed restricted multi-family housing. Coverage transfers would be exempt.
2. Areas zoned for multi-family housing: Allow up to 70 percent coverage for deed-restricted multifamily development, or to accommodate a deed-restricted accessory dwelling unit on high capability lands (or up to 1,200 square feet, whichever is less). On parcels with accessory dwelling units, any additional coverage above the base allowable would be allowed only for the accessory dwelling unit, it could not be used for the primary residence. Coverage transfers over base allowable would be exempt.

Parking and Setbacks:

Parking and setbacks are currently set by the local jurisdictions. Based on the Cascadia analysis, parking standards need to be reduced in order for the proposal to be effective. There are a number of ways this could be done; local jurisdictions could defer parking standards to the developer, introduce parking minimums, uncouple parking from the unit, or implement shared parking agreements between property owners.

The incentives in the proposal are focused primarily on deed restricted units. TRPA has a compliance program in place that requires property owners with deed restricted units to submit annual compliance forms and TRPA conducts audits. With the potential for more deed restrictions to be issued through this proposal, there may be a need to expand the compliance program or identify a source for ongoing funding to ensure robust management of deed restrictions.

Staff have heard concerns over evacuation with increased density and reduced parking. The 2012 Regional Plan environmental impact statement analyzed development rights within the scope of evacuation and there would be no changes to development rights with this proposal. TRPA will convene fire and public safety officials to ensure they are aware of this proposal.

Following the April 21st Working Group meeting, TRPA will release the environmental analysis for the proposal in late May or early June. Staff are requesting volunteers from the Working Group to form a Technical Code Team that would advise staff on redline

changes to the Code for the proposal. Staff are also planning a briefing to the Local Government and Housing Committee in June. Staff anticipate beginning the public hearing process for the amendments in August. Alyssa Bettinger and Karen Fink are available to meet with interested stakeholders and members of the public on the proposal between May and August.

Questions/Comments from the Working Group:

Jean Diaz gave an update on the Riverside Project that constructed three single family homes in the Al Tahoe neighborhood. The three homes are reserved for moderate income households that own the home, but the land remains with St. Joseph Community Land Trust. The Land Trust was originally interested in building duplexes and triplexes but due to density, parking, and setback standards, the only feasible projects were single family homes.

Heidi Hill Drum

We need to support TRPA making these changes as well as the local jurisdictions. Suggests that TRPA should not require a residential unit of use for an ADU.

Aidan Downey

Noted that the Cascadia presentation showed that sale and rental prices are at the achievable level. Once you put deed restrictions on these units, the value goes down and the sale and rental prices may go up.

Vince Hoenigman

Concerned that density allowances for market rate units would increase land prices. Developers have to do what is most profitable, and that might be market rate.

Emily Setzer

Supports the proposal and the ability for local jurisdictions to tailor the proposal to their community. Echoes concerns about density increases for market rate housing. Removing the higher income limit from the achievable deed restriction gives developers more flexibility to the developer.

Gavin Feiger

Concerned about coverage from housing and pavement. Parking needs to be reduced in order for the League to support changes to coverage. Echoes concerns about allowing density increases for market rate housing.

John Friedrich

Concerns about density increases for market rate housing. Notes that we should be ensuring that there is no cumulative environmental impacts. We could charge more

for large single-family homes and offset the costs for deed restricted housing. Supports changes to parking standards at the local level.

Natalie Yanish

Deed restrictions disincentivize developers because financing is difficult. Many local builders want to build on smaller infill lots (duplexes, triplexes, etc.) but if they don't have the financing upfront, it is very difficult to make it happen. Noted that the major contributor of sediment and nutrient runoff is from roads, not from residential properties.

Cindy Gustafson

Echoes concerns about increasing density for market rate housing. Suggests requiring a certain percentage of deed restricted units if we want to allow higher density for market rate units.

Meea Kang

Supports the proposal but suggests that the location where height is measured should be more flexible. Suggests that TRPA allow California state density law to apply in California jurisdictions. There should be more flexibility with Stream Environment Zones. Multi-family should include tiny homes.

John Hitchcock

Would mixed-use development qualify for these incentives? Would developers still be required to pay the water quality mitigation fee?

Alyssa Bettinger: As it stands now, the proposal would not apply to mixed use development. Staff are working on a definition of mixed use by the end of 2023 and will identify how the two proposals fit together. Developers would not be required to pay water quality mitigation fees.

Judith Simon

Asked for clarification on what happens when deed restrictions change ownership. How does TRPA require annual compliance forms and can they put a lien on the property if one is not filled out?

John Marshall: The deed restriction runs with the land so if it is sold, it stays with the property. TRPA requires a real estate disclosure form when any deed restricted unit is sold. This is the obligation of the realtor and seller to disclose any information about the title.

Jean Diaz

The deed restriction system we have in place isn't perfect but it is the tool we have to ensure that these units maintain the public benefit they are supposed to have.

Echoes concerns about density increases for market rate housing and suggests requiring a percentage of deed restricted along with market rate.

Samir Tuma

Clarified that financing for deed restrictions that have local employer criteria are not as challenging as some think. VMT reductions from employees living close to their jobs need to be captured. Asked how TRPA deals with someone who rents or buys a unit then changes jobs. Is there any way for a jurisdiction to go through the public hearing process for an area plan amendment at the same time as the TRPA proposal? Or, could pilot programs be implemented? Suggests moving to a floor area ratio instead of using density standards. Agrees with other comments that a percentage of deed restricted units should be required with market rate incentives.

Comments on Parking:

Gavin Feiger

It will be easier to reduce parking than to increase coverage. Enforcement for BMPs is already challenging; building, monitoring, and maintaining area-wide stormwater systems seems like it would be a challenge. Suggests no parking minimums, let the developer choose to provide unbundling parking, or car share services. There are many people in Tahoe without cars.

Emily Setzer

Previous experience living in Telluride where on-street parking works year-round. Parking management and snow removal is key; Placer County doesn't haul snow off roads during the winter. Parking in town center is typically lost during the winter due to snow. Changes to parking and snow management would be required if parking requirements change.

Heidi Hill Drum

Supports the idea of parking maximums and leaving parking to the developer. Creativity with parking solutions is important. It is much easier to get around using micro-transit today than it was two years ago. Making parking changes without coverage changes doesn't go far enough.

Judith Simon

Emphasized that TART Connect is good but does not always go into the neighborhoods due to snow. Parking is important with snow removal.

Emily Setzer

Suggests using the term "open market" instead of "market rate".

Public Comment:

Patrick Taylor

Supports proposed changes. The first step when developing a project is looking at parking; the whole project is designed around parking. This needs to be addressed because it dictates the size and location of units. Density increases will help, especially outside of town centers because land is so limited in town centers. He has not had problems financing deed restricted projects as long as you have enough projects and units. Local developers should get priority for building housing rather than outside developers. Suggests a joint permitting process between local jurisdictions and TRPA for workforce housing projects.

Patrick Taylor

Time is money on these developments. Has there been any thoughts in regards to the MOUs, and the bonus units? Instead of them having to do the dual agency processing as they go through the approval process? Karen Fink: Permitting streamlining is part of a later phase of the Working Group action items.

Hanni Walsh

Snow storage design should be considered when decreasing setbacks or parking. Existing transportation and roads system are extremely busy. TART buses seem very unreliable on the north shore. The short-term rental market should be tapped to free up existing homes for the local workforce.

Vinton Hawkins

Suggests using forest lands adjacent to town centers as an option for workforce housing projects.

Robb Olson

There is a shortage of bonus units available. Suggests no development right requirement for deed restricted housing. Local developers should have priority over outside developers. Supports removal of the coverage cap if you can treat all stormwater onsite. Supports density increases for deed restricted housing but there should be a percentage deed restricted required for market rate density increases.

IX. Working Group Comments

John Friedrich

It's important to make sure we are investing in programs that unlock the existing housing stock instead of only focusing on building new units. The City has disallowed VHRs through measure T, they are considering a vacancy tax, they support programs like lease to locals, and would be interested in requiring the VHRs have a TAU. It's important to pair programs that add new units but also unlock existing homes.

Vince Hoenigman

Excited that the Working Group is making changes that would provide units without enormous public subsidies.

X. Public Comment

There was no additional public comment.

XI. Adjournment