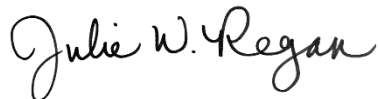


TAHOE REGIONAL PLANNING AGENCY (TRPA)  
LOCAL GOVERNMENT & HOUSING COMMITTEE  
MEETING

NOTICE IS HEREBY GIVEN that on **Wednesday, June 14, 2023**, commencing at **1:00 p.m.**, at the **Tahoe Regional Planning Agency, 128 Market Street, Stateline, NV**, the **Local Government & Housing Committee** of the Tahoe Regional Planning Agency will conduct a meeting.

Pursuant to TRPA Rules of Procedure, 2.16 Teleconference/Video Conference Meetings and Participation, Committee members may appear in person or on Zoom. Members of the public may observe the meeting and submit comments in person at the above location or on Zoom. Details will be posted on the day of the meeting with a link to Zoom.

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Julie W. Regan,  
Executive Director

This agenda has been posted at the TRPA office and at the following locations and/or websites: PostOffice, Stateline, NV, North Tahoe Event Center, Kings Beach, CA, IVGID Office, Incline Village, NV, North Lake Tahoe Chamber/Resort Association, Tahoe City, CA, and Lake Tahoe South Shore Chamber of Commerce, Stateline, NV

Members of the public may email written public comments to the Clerk to the Board, [mambler@trpa.gov](mailto:mambler@trpa.gov). All public comments should be as brief and concise as possible so that all who wish to participate may do so; testimony should not be repeated. The Chair shall have the discretion to set appropriate time allotments for individual speakers (3 minutes for individuals and group representatives as well as for the total time allotted to oral public comment for a specific agenda item). No extra time for participants will be permitted by the ceding of time to others. Written comments of any length are always welcome. In the interest of efficient meeting management, the Chairperson reserves the right to limit the duration of each public comment period to a total of 1 hour. All written comments will be included as part of the public record. Public comment will be taken for each appropriate item at the time the agenda item is heard and a general public comment period will be provided at the end of the meeting for all other comments.

TRPA will make reasonable efforts to assist and accommodate physically handicapped persons that wish to attend the meeting. Please contact Marja Ambler at (775) 589-5287 if you would like to attend the meeting and are in need of assistance. The staff reports will be posted at <https://www.trpa.gov/meeting-materials/> no later than 7 days prior to the meeting date. Any member of the public with questions prior to the meeting may contact Marja Ambler, [mambler@trpa.gov](mailto:mambler@trpa.gov) or call (775) 589-5287. On meeting day please contact TRPA admin staff at [virtualmeetinghelp@trpa.gov](mailto:virtualmeetinghelp@trpa.gov) or call (775) 588-4547.

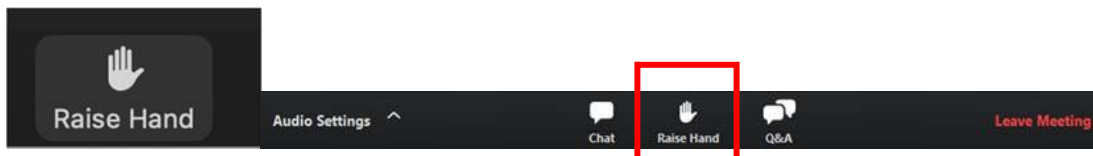
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2. On the day of the meeting, join from the link or phone numbers posted under the appropriate meeting date and time on the TRPA website ([www.trpa.gov](http://www.trpa.gov)).
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AGENDA

- I. CALL TO ORDER AND DETERMINATION OF QUORUM
- II. APPROVAL OF AGENDA
- III. APPROVAL OF MINUTES Page 5
- IV. ELECTION OF CHAIR AND VICE-CHAIR **Action**
- V. PLANNING MATTERS
  - A. Housing Amendments, including proposed changes to height, density and coverage for multi-family housing and accessory dwelling units **Informational/Possible Direction to Staff** Page 9
- VI. COMMITTEE MEMBER REPORTS
- VII. PUBLIC INTEREST COMMENTS
- VIII. ADJOURNMENT

TAHOE REGIONAL PLANNING AGENCY  
LOCAL GOVERNMENT AND HOUSING COMMITTEE

Zoom/TRPA

September 28, 2022

**Meeting Minutes**

I. CALL TO ORDER AND DETERMINATION OF QUORUM

Chair Ms. Novasel called the meeting to order at 3:33 p.m.

Members present: Ms. Aldean, Mr. Anderson, Ms. Gustafson, Ms. Hill, Ms. Novasel, Ms. Faustinos, Mr. Bass.

Members absent: Mr. Rice.

II. APPROVAL OF AGENDA

Mr. Hester stated no changes to the agenda.

Ms. Novasel deemed the agenda approved as posted.

III. APPROVAL OF MINUTES

Ms. Gustafson moved approval of the May 25, 2022, minutes as amended by Ms. Aldean.

**Motion carried.**

IV. REVIEW AND PROVIDE DIRECTION ON EVALUATION METRICS FOR ALLOCATION OF THE STATE OF CALIFORNIA'S REGIONAL EARLY ACTION PLANNING 2.0 (REAP 2.0) GRANT FUNDS IN THE LAKE TAHOE REGION TO ACCELERATE PROGRESS TOWARDS STATE HOUSING GOALS AND CLIMATE COMMITMENTS; PROVIDE DIRECTION AND GUIDANCE ON PROPOSED USES OF THE REAP 2.0 FUNDS

TRPA staff Ms. Fink provided the presentation.

Ms. Fink thanked Supervisor Novasel for her leadership with this being her last meeting. Before TRPA elevated housing as a Strategic Initiative, Supervisor Novasel got El Dorado County housing taskforce off the ground which was the spark that led to the South Tahoe Housing Needs Assessment which eventually led to parts of this initiative.

Some major funding is coming from the State of California for housing in recognition of the serious housing crisis that we have. This is an opportunity to advance the Tahoe Living priorities that the committee heard about at the July Housing workshop. Ms. Fink will be presenting on a few funding opportunities and is specifically looking for committee feedback on the first one.

[Slide 2] This presentation will be some background on the REAP program, some Tahoe-specific outreach that's been done, the input received, and how that's informed the evaluation metrics in the staff report and the program as a whole. [Slide 3] California's Regional Early Action Planning Grant 2.0 is the second cycle of this program. The first cycle went directly to local jurisdictions for them to fulfill their housing objectives. The main goal of this program is to accelerate progress towards State housing

goals and climate commitments. There are 2 key elements that are important to the State of California which is to utilize the funds to help Regions implement their Sustainable Communities strategies; that's TRPA's Regional Transportation Plan (RTP) and Regional Plan, as well as helping local jurisdictions implement their housing elements and meet their 6<sup>th</sup> cycle Regional Housing Needs Assessment (RHNA) requirements. Proposed uses of these funds need to meet three objectives and those include supporting infill development that facilitates housing supply, choice, and affordability. The funds also need to affirmatively further fair housing and that means to take meaningful actions to combating patterns of segregation and discrimination and fostering communities that encourage access to opportunities. Finally, the funds need to support reducing Vehicle Miles Traveled (VMT).

[Slide 4] California's REAP funding is split into 3 funding buckets and TRPA as the MPO (Metropolitan Planning Organization) are eligible for two of those buckets. The first one is the main focus of today's presentation which is the MPO Direct Allocation. This is formula funding and the Tahoe Region is eligible for \$604,134. The region will get that funding but TRPA also needs to comply with California's fairly rigid application requirements. This presentation to the Local Government and Housing Committee is fulfilling one of those requirements. The second bucket of funding is competitive and it's called the High Impact Transformative Program. It's a \$30 million program state-wide and MPOs, cities, counties, and tribal entities can apply directly for those funds for applications between \$5M and \$15M. That grant program could take the Tahoe region much farther as far as bringing transformative, on-the-ground projects to fruition. It will likely be very competitive and so TRPA staff is planning to meet in the next few weeks with local jurisdictions and other partners to determine if we could put forward a compelling regional package.

Both of these pots can be used for planning or implementation or a mix of both. Both applications are due December 31, 2022. [Slide 5] TRPA has been conducting outreach since the beginning of 2022. Staff has had one-on-one meetings with each of the local jurisdictions, the League to Save Lake Tahoe (LTSLT), social service organizations, and the Washoe Tribe. TRPA issued two memos to solicit input in a more formal way. The input received from that outreach has informed the recommendations today and the program as a whole. Ms. Fink thanks everyone who took the time to provide input and who's here today to provide additional feedback. [Slide 6] The summary of input TRPA heard was increasing the number of permanently affordable and workforce housing available is the top priority. TRPA did hear from social service representatives that there's an immediate need for rental assistance or housing assistance to keep people in their homes but they also recognize that just putting funds towards that wouldn't solve the problem long-term. TRPA heard that these funds [MPO Direct Allocation] should be stretched as far as they can go. Since it's not a lot of funding - \$600,000 won't go far towards implementation when it costs \$500,000 to build one affordable unit - that tells TRPA to prioritize advancing the Tahoe Living priorities. TRPA needs to do that so local governments can more effectively implement their housing elements and their RHNAs. There should be a robust but streamlined environmental process for any proposed use and that administrative costs should be minimized.

[Slide 7] Based on what TRPA heard from the partners, there was widespread support for using these funds to advance the priorities of the Tahoe Living working group and support the direction that the Governing Board provided at the July Housing workshop. TRPA developed evaluation metrics to meet grant requirements and to help staff evaluate the specific scope within the priorities. The slide demonstrates the metrics that were more heavily weighted to demonstrate what the package of proposed uses would deliver. One of the key metrics is that proposed uses need to show that they would bring about a significant change in land use patterns and travel behaviors; particularly with

respect to reducing VMT. Each proposed use needs to show that it will have a multi-jurisdictional benefits; a regional benefit. TRPA wants these proposed uses to impact a large number of units. There are a few evaluation metrics that state that the proposed use should facilitate the construction or provision of over 100 units. That emphasizes the Tahoe Living priority that TRPA can facilitate the number of units that local jurisdictions need as part of their housing elements. A large capital project could qualify under these metrics but probably unlikely because it would need to have a regional impact and score higher on the other metrics. Finally, the proposed uses need to benefit disadvantaged communities and show cost effectiveness. TRPA wants to ensure they're efficient in taking these funds as far as possible.

TRPA would likely manage most of this funding as many of the Tahoe Living priorities are focused on TRPA's Codes and policies such as the height, density, and coverage changes that the committee heard about and the environmental analysis to support those. TRPA also sees potential for a local jurisdiction or another partner to propose advancing one of the priorities themselves. If a local jurisdiction had capacity to do that, that could help speed up the process and move some priorities forward concurrently. One example is that Placer County has been looking at ways to do a more programmatic of multi-family projects through the update of their Area Plan. That could be replicable amongst the other jurisdictions which could be a proposed use where funds could be sub-allocated.

[Slide 8] Next steps are to get the committee's input on these metrics and the program as a whole. Staff anticipates that there will be feed back from the State of California on these metrics as well which may lead to modifications. In October, TRPA will be doing a final solicitation for proposals on how to use the funds and it will be brought back for Governing Board approval in November with the final application being submitted by December 31, 2022. [Slide 9] Finally, TRPA will be requesting letters of support from committee members as well.

#### Committee Comments & Questions

Ms. Gustafson states that Placer County in particular only has a few sites that would benefit from 100 units or more. She raises concerns about that metric being specific to one site or if it could be over a few sites.

Ms. Fink responds that TRPA is thinking of "100" in a very broad sense. For instance, one of the proposed uses that staff thinks would score well with these metrics is putting these funds to advancing Phase 2 of the Tahoe Living Housing initiative so having funding to use to advance the Code to increase height, density, and coverage, and the environmental analysis which would influence thousands of units rather than a smaller effort that would really just be focused on one parcel impacting 20 units.

Ms. Gustafson appreciates the clarification of using the metrics to evaluate the program as a whole and not necessarily individual projects. Ms. Gustafson states that recently it's come to her attention that both in the town of Truckee and in Placer County that there are units that are affordable that are sitting vacant because they are 2-3 bedrooms. There are too many of those for the income levels which are higher than AMI and the housing prices are higher than that. Folks make too much money to qualify for affordable housing but not enough to compete at market rates. Ms. Gustafson urges staff to be updating those numbers with respect to the market and supporting the units that can be acquired and that we're tracking it.

Mr. Marshall asks if Ms. Gustafson can provide that information now that her office has collected it.

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Ms. Fink confirms that it's a Truckee specific problem right now because there aren't affordable units in the Basin. Ms. Gustafson states it's happening in Meadowview Place and Schaefer's Mill which is a Placer County project where the 2-3 bedroom units are vacant but there's a huge waiting list for studio and 1-bedrooms.

Ms. Aldean asks if there's anything in Placer housing code that precludes subletting? Ms. Gustafson replies that it's an issue of affordability because if you have two working adults with no dependents, you make too much to qualify with the AMI standards. Ms. Gustafson cautions TRPA to not be too focused, although we may be pushed by the State, on the affordable range because it's not making sense.

Ms. Faustinos asks that if the MPO pot, these metrics don't seem to relate much to climate impacts. She wonders if that puts TRPA at a disadvantage or if the climate requirements relates more to the second pot of funding?

Ms. Fink responds that the goals for both pots are basically the same but the way the State wants to see climate addressed is a change in land use patterns and travel behaviors. The grant is very focused on housing and land use. For instance, we could not fund EV charging with this program.

Ms. Faustinos said but you could leverage and hopefully make it more competitive by including those.

Ms. Fink said it could be part of it but it couldn't be the only piece.

Ms. Faustinos said obviously adjacent to green space and infrastructure always helps on these kinds of programs.

Ms. Aldean said this a new terminology "naturally affordable workforce housing." How does that differ from affordable workforce housing.

Ms. Fink said there are definitions in the Code of Ordinances for affordable housing and achievable housing and that means they need to be deed restricted. They are also seeing housing for instance in the City where the housing is not deed restricted but it's rental housing. Rental housing is primarily used by the local workforce. They don't see those being turned into vacation rentals for instance or sitting empty. If it's a rental apartment or for instance an accessory dwelling unit that may not be deed restricted, they consider that naturally affordable housing. It means that it's not deed restricted but likely to be used for a local workforce.

Ms. Aldean said then that is defined in the Code of Ordinances, because she's never seen it before.

Ms. Fink said they don't define "naturally affordable" in the code.

Ms. Aldean asked if they could state it as non-restricted affordable workforce housing. She feels that people would probably understand what we're talking about as opposed to naturally. She's thinking about not having to respond to questions about what constitutes naturally affordable housing.

Ms. Aldean said is the project expected to permanently increase the overall affordable and workforce housing stock, she assumes that relates to whether or not it's deed restricted in perpetuity.



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Ms. Fink said yes.

Ms. Aldean asked if that could be clarified as well. Also, what is the regional level of impact, she understands you're talking about impact for more than one jurisdiction. It could be useful to give examples that we're not crossing boundaries and in two jurisdictions with one project. But that based on employment opportunities they're servicing more than one jurisdiction. Maybe the word "servicing" should be inserted.

Mr. Hester said from our discussions, it means something that works in more than one jurisdiction.

Ms. Aldean asked in what respect does it work in more than one jurisdiction.

Mr. Hester said they did a program to change densities across all jurisdictions versus a project for one site or jurisdiction.

Ms. Aldean said this doesn't refer to code changes, doesn't it refer to projects?

Ms. Fink said that is a point of confusion. In this memo they called these projects as they continued to discuss this after they released the memo, they shifted to calling it proposed uses because they are primarily talking about planning efforts. They realize that projects sound like capital projects. They had that language in the earlier version but changed that for the presentation. It would be changed to proposed use not project.

Ms. Novasel said about \$550,000 will not go very far but if it helps us be able to design projects then that's great. How do we get a project on the ground?

Ms. Fink said they are proposing that they feel the most effective use of this fund so that they don't tie themselves up with a lot of administration trying to administer a program where they need to look at a lot of different grant proposals. The most efficient way to use these funds is to put them towards changing the code so that private development can come in and deliver housing more effectively. They could even through a formula designate a small portion to each of the three jurisdictions and they could use it in a certain way as long as it's consistent with the grant guidelines.

Mr. Hester said the staff's preconceived notion coming to the committee was using the \$550,000 to make systemic changes will give a bigger bang to the buck in the long run. Maybe the high impact funds they could go after something to build.

Ms. Novasel said our brains are thinking projects. Phase one and phase two make sense.

Ms. Gustafson said within California you can apply and become a housing friendly county or jurisdiction and does expedite some funding. Placer County has been working on that. Is that an opportunity on the California side to have that focus on meeting those goals and objectives to expedite funding for the two local jurisdictions. It could be through these programs that they set up a system that then they can qualify for projects in El Dorado and Placer County's to move forward.

Ms. Finks said that some of the criteria for qualifying as that type of community are somethings that they currently don't allow in the Tahoe Basin. They don't allow the densities that are allowed to qualify.

Ms. Gustafson said to qualify and then looking at our plans too. But infill in town centers you can.

Ms. Novasel said they can take a look at what's out there right now.

#### Public Comments & Questions

Zack Thomas, Housing Manager, City of South Lake Tahoe said their comments reflect kind of what the committee has already said and staff has clarified. On August 3, during the initial request made on July 11 for the Tahoe Housing Catalyst Program, the City did submit recommendation of the uses for the REAP 2.0 funds, basically in line with what staff is saying. The funds should be used to conduct all necessary environmental and threshold analysis associated with phased 2.A and 2.B of the median term which is the current phase of TRPA five year housing work plan. While this comment letter provided the city's preferred use of the funds, they are also happy to provide input on the metrics presented in the staff report. They request that the metrics be aligned with the REAP 2.0 guidelines example metrics. As proposed, there are no separate categories within the metrics which appears to force the metrics to perhaps to compete with one another. The term of project versus intended use, clarifies some of their confusion in terms it looks like maybe project would be competing.

There is an example of this scoring system in Attachment 4 of the REAP 2.0 guidelines. A few examples that they thought could use some clarification. One, the metric of environmental review. Currently this metric appears to penalize projects that do not go through environmental review. If that were the case, Sugar Pine Village project which is under construction utilized Senate Bill 35 to streamline and exempt certain types of projects and jurisdictions from environmental review. It reads as this might score lower than a project that would go through environmental review. The metric of 100 units, the committee had a similar concern that it came across as a project of 100 units and an affordable project of this size would be close to \$100 million and would be constructed in several phases. It would be unlikely that a project this size would be solely reliant on a grant of this small planning size level. There is a quote in the metrics that states "would the project otherwise not be built." That raised concerns that they wouldn't want to tie it to a project that would solely rely on these funds. Third, by treating low, moderate, and achievable, scoring the same might have an unintended consequence of reproducing housing inequality. It was mentioned about the unique situation in the north shore, they don't see that in the south shore. The AMI in El Dorado County is double the AMI for the City of South Lake Tahoe. They don't have housing units sitting vacant, most of their low income restricted properties have one to two or more of a waiting list. An idea is for a tiered scoring criteria would create a more equitable outcome or access to housing opportunities scoring low income housing projects. Higher could maybe direct the funding in a way that would be consistent with Federal state law to affirmatively further fair housing and that's also consistent with standard practice. That's the metrics that every single state grant uses.

There are also some fundamental issues with the scoring metric that make it a little unclear how the REAP 2.0 grant would be best used under the proposed metrics. These issues include a reference to disadvantaged communities and historically underserved communities. It's not clear how those are defined. Typically, the basin doesn't have any of those communities but can make applying for certain grants challenging. As was brought up earlier, naturally occurring affordable housing is unclear how that's also defined. Typically, that's part of a larger preservation strategy. As Ms. Fink referred to, it's kind of an existing rental product, part of a preservation strategy and not sure that's totally reflected in the metrics to the extent that staff is intending. Lastly, the staff report referenced eight letters and coordination with stakeholders. They submitted one letter and are curious who those stakeholders

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are.

Doug Flaherty said it's a little bit frustrating, everyone ought to have six minutes from now on for public comments. You just gave the person from the City, six or more minutes, why, because he's a government bureaucrat. This is the type of inequitable treatment that you give the public versus your government so called partners.

Staff responses:

Ms. Fink said they can post the comments received in advance or with the next staff report. Although, these comments were reflected pretty much verbatim in the staff report and summarized the public input received. Regarding the comment about the disadvantaged and historically underserved, there is definition in the naturally affordable workforce housing, and they need to follow that for the disadvantaged and underserved. She thinks they should remove the scoring about environmental analysis because pretty much all projects need to go through an environmental analysis with TRPA. They'll work that into the overall project description.

Also differentiating a little bit more between low, moderate, achievable, and naturally affordable workforce housing will change the definition on that. She can also potentially align this with the three categories. They could organize the metrics in those categories. They felt that these metrics fit all those categories and that is why they didn't break them up. They will need to follow the definition that the state of California is included. That is an important part of their requirements and will need to make sure that their projects to the extent that they can in basin do help that category.

Presentation can be found at: <https://www.trpa.gov/wp-content/uploads/Local-Government-Housing-Committee-Item-No.-3-REAP-2.0-Evaluation-Metrics.pdf>

V. COMMITTEE MEMBER COMMENTS

Ms. Gustafson said that the vacancy in those units is multi-faceted reason why and a lot depended on income. She doesn't want to give the idea that they have a desperate need for housing. It's just making sure that people can qualify for the product we are building.

VI. PUBLIC INTEREST COMMENTS

None.

VII. ADJOURNMENT

Ms. Aldean moved adjournment.  
Ms. Novasel adjourned the meeting at 4:17 p.m.

Respectfully Submitted,



Marja Ambler  
Clerk to the Board

*The above meeting was recorded in its entirety. Anyone wishing to listen to the recording of the above-mentioned meeting may find it at <https://www.trpa.gov/meeting-materials/>. In addition, written documents submitted at the meeting are available for review. If you require assistance locating this information, please contact the TRPA at (775) 588-4547 or [virtualmeetinghelp@trpa.gov](mailto:virtualmeetinghelp@trpa.gov).*

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## STAFF REPORT

Date: June 14, 2023

To: Local Government Housing Committee

From: TRPA Staff

Subject: Update on Phase 2 Housing Amendments: Land use code innovation to promote affordable and workforce housing

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### Summary and Staff Recommendation:

TRPA staff and consultants will present the results of the Financial Feasibility 2.0 analysis that identifies coverage, height, and density standards needed to facilitate private sector investments in workforce housing. TRPA staff will then present recommended changes to TRPA's coverage, height, and density standards to assist in achieving Regional Plan housing and other goals. Staff requests discussion and suggestions from the Local Government and Housing Committee.

### Background:

The TRPA Governing Board has directed the agency to work swiftly and collaboratively on solutions to the housing crisis impacting the region. Studies, feedback from local government partners, and community sentiment continue to show the deepening impact of demographic changes on housing affordability in Tahoe and in mountain communities across the West. These changes are impacting the region's ability to achieve the housing goals outlined in the Regional Plan and through the Sustainable Communities Strategy, as well as state requirements such as the California Regional Housing Needs Assessment. As market demand for second homes and high-end units increases, there are less opportunities for workers and families to live within the region. Businesses struggle to remain fully staffed and more residents are forced to relocate outside the basin, which increases traffic and vehicle emissions that harm the environment.

Basin partners are introducing solutions throughout the region in the form of public projects, subsidies, and property owner incentives that are increasing the availability of deed-restricted affordable and workforce housing. However, solutions can also be found in the market itself. The Financial Feasibility 2.0 analysis and TRPA's initiative to allow more flexible height, density, and land coverage standards are part of the longer-term priorities identified by the Working Group and would encourage more private sector investment in affordable and workforce housing.

Development in Tahoe is subject to local and regional development regulations designed to protect environmental thresholds, maintain neighborhood character, and meet the goals of the Regional Plan and Compact. These development regulations include density, height, coverage, development rights, setbacks, parking, and the restriction of subdivisions. Some of these standards, including coverage, height, and density are implemented by TRPA while others, like parking and setbacks, are for the most part implemented by local jurisdictions. Staff and the Tahoe Living Working Group (a.k.a., Working Group) members have been working to determine in which cases existing development regulations are serving to achieve environmental thresholds and Regional Plan sustainability goals, and in which cases they may be inadvertently incentivizing larger home development to the exclusion of more affordable housing types. Phase two of TRPA's Housing Initiative focuses on innovations to TRPA's development standards to better incentivize affordable and workforce housing.

At a housing workshop held with the TRPA Governing Board in July 2022, TRPA staff presented conceptual policy changes to TRPA's coverage, height, and density standards, along with a first financial feasibility analysis that identified the effect that modestly increasing these standards would have on the cost and feasibility of building affordable and workforce housing. Governing Board members indicated support for bold changes to development standards. In response to Governing Board questions, staff pursued a "return on investment" (ROI) analysis from a consultant to indicate the scale of changes to height, density, and coverage needed for workforce housing projects to generate an ROI that can attract private developers. To obtain these answers, TRPA staff initiated a "financial feasibility analysis 2.0" with Cascadia Partners.

#### Financial Feasibility Analysis 2.0

Building on the previous financial feasibility analysis, Cascadia identified the coverage, height, density, and parking standards needed to achieve a 12 to 15 percent rate of return for multi-family development and the resulting affordability levels (i.e., AMI levels) at which the units would be sold or rented. Developer and consultant input show this to be the range of investment returns expected for this kind of development in the region. The analysis identified that without comprehensive changes to both regional and local development regulations, or major subsidies, developers typically can only achieve a positive rate of return by building larger and more expensive units to meet target returns. These high-end units are unaffordable to the local workforce.

The analysis results show that allowing higher coverage and building height would effectively expand the footprint of the building, ultimately increasing the building's unit capacity. However, without lowering parking requirements, an increase in units would be severely limited since the additional parking required for every additional unit would quickly consume most of the expanded building footprint. This is especially true with smaller infill sites where space is very limited. Allowing for higher coverage and height allowances and lower parking requirements, along with increased density, would encourage the development of more units with a smaller footprint per unit that are inherently more affordable to the occupant. At higher coverage levels, green stormwater infrastructure (e.g., areawide BMPs) is also feasible and would maintain or enhance water quality. Without major subsidies for "missing middle" housing, this level of change will likely be needed to get closer to meeting the full housing need illustrated by regional housing needs assessments. A summary of the results of the Financial Feasibility 2.0 analysis will be presented to the LGHC.

#### Discussion:

Based on the Financial Feasibility 2.0 analysis, Working Group, Committee, Board, and other stakeholder input, TRPA refined the list of recommended policy changes to TRPA Code since presenting them to the

Governing Board in July of 2022. The policy changes focus on two areas within the basin: 1) in town centers, and 2) in areas currently zoned for multi-family housing within the bonus unit boundary<sup>1</sup>. The recommendations would further incentivize development in town centers and in proximity to transit and services by increasing density, height, and coverage allowances. The recommendations would also promote development that fits the neighborhood character of areas outside of town centers that are targeted for multi-family housing and walkability.

**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<sup>2</sup>. In order to qualify for the density increases, market rate developments would be required to provide a certain number of deed restricted units within the development. Additionally, 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. In order to qualify for the density increases, market rate developments would be required to provide a certain number of deed restricted units within the development. Additionally, only deed-restricted housing units would qualify for the height and coverage incentives in this proposal.

**Coverage:**

1. *Town centers:* No land coverage cap for deed restricted multi-family housing on high capability lands if a project utilizes green stormwater infrastructure. Such projects would be exempt from coverage transfer requirements, excess coverage mitigation fees, and water quality mitigation fees.
2. *Areas zoned for multi-family housing:* Allow (1) up to 70 percent coverage for deed-restricted multi-family development, and (2) up to 70 percent coverage to accommodate a deed-restricted accessory dwelling unit on high capability lands (or up to 1,200 square feet, whichever is less). Limit any additional coverage above the base allowable for only the accessory dwelling unit; additional coverage could not be used for the primary residence. Exempt both categories of projects from coverage transfer requirements, excess coverage mitigation fees, and water quality mitigation fees.

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<sup>1</sup> The Bonus Unit Boundary is the area within ½ mile of transit, ½ mile of town centers, and areas that allow for multi-family residential housing within the Tahoe Basin. Parcels receiving TRPA bonus units must be within the Bonus Unit Boundary.

<sup>2</sup> Market rate residential developments would qualify for increased density allowances but not increased height or coverage incentives. Allowing higher density market rate units would encourage smaller size units within the allowable building footprint which are likely to be more affordable to the occupant due to their smaller nature.

Staff is completing analysis of potential impacts through an Initial Environmental Checklist (IEC) and anticipates this document will be ready later this summer. Staff anticipates completion of most of the height, density, and coverage options could be complete by December 2023, depending on the results of the IEC. Some components, including exemptions for coverage transfers and mitigation fees may be completed during Phase 3 work.

#### Implementation

These policy changes would be implemented in the TRPA Code of Ordinances. However, because each local area of the basin is unique, the changes to height and density are proposed to be implemented through local area plans. Local governments have expressed concerns about the staff time and lengthy planning period required to develop a new area plan or amend an existing area plan. TRPA staff will work to streamline the area plan development and amendment process and provide example code language and sample environmental review language.

#### Parking and Setbacks

As shown in the Financial Feasibility Analysis 2.0, workforce housing developments are only feasible when changes to height, density, coverage, parking and setbacks are considered simultaneously. TRPA staff will work with local jurisdictions through the area planning process to update parking and setback standards to further encourage affordable and workforce housing.

#### Enforcement of Deed-Restrictions

TRPA currently maintains a Deed-Restriction Compliance Program to monitor and ensure homes built with bonus units (TRPA's deed restricted residential housing) are occupied by a household that meets the requirements of the deed restriction language. The program includes annual compliance reporting and auditing by TRPA staff. Because this proposal will likely increase the number of bonus units distributed in upcoming years, a component of the proposal will look at possible options for funding an expanded compliance program and increasing penalties for violations.

#### Wildfire Preparedness and Evacuation

Lake Tahoe is a wildfire-prone area and wildfire preparedness is an important part of life in the Region and in planning for future development. The successful evacuation of the South Shore of Lake Tahoe during the Caldor Fire provided important lessons learned for coordination of evacuation activities. The proposed housing amendments will not result in an overall increase to development potential in the basin, and instead are intended to concentrate development closer to transit and services, consistent with Regional Plan goals for walkable communities and reducing reliance on the private automobile. As part of the IEC, the amendments must be evaluated to determine whether they represent a change in the ability for first responders to conduct emergency evacuation compared to the 2012 Regional Plan. TRPA will coordinate with first responders and public safety agencies to review the policy proposal related to emergency evacuation and develop mitigation measures, if appropriate, during the environmental review process.

#### Input from Tahoe Living Working Group

Staff presented the proposed policy changes to the Tahoe Living Working Group (TLWG) in April 2023. The TLWG supported the proposal with a few key changes that were incorporated into the policy recommendations presented above:



1. **Density for market rate:** Density incentives should be provided to market rate units only if a certain percentage of the units are set aside as deed restricted affordable, moderate, or achievable. TRPA staff are working with Cascadia Partners to determine an appropriate percentage requirement.
2. **Mixed-Use:** Address how this proposal would apply to mixed-use developments. TRPA is currently working on a mixed-use definition and requirements and will coordinate these development incentive proposals with the mixed-use definition and requirements.
3. **Parking:** Parking requirements at the local level need to be reduced but concerns with adequate transit and snow removal need to be addressed as part of those changes.

#### Next Steps

Staff requests feedback from the LGHC on the policy changes outlined in this staff report. Following the LGHC meeting, staff will complete code amendments and the environmental analysis before beginning the formal public hearing process in September. During this time, TRPA staff will also engage with stakeholders and interested public groups to answer questions about the proposal and address concerns. Amendments would follow the regular public approval process including Advisory Planning Committee (APC), RPIC, and Governing Board hearings.

#### Contact Information:

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