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STAFF REPORT

Date: January 20, 2021

To: TRPA Governing Board

From: TRPA Staff

Subject: Request for Approval on Priority Housing Actions for Further Development by the Tahoe Living: Housing and Community Revitalization Working Group

Summary and Staff Recommendation:

Staff will present a set of priority TRPA housing actions recommended by the Tahoe Living: Housing and Community Revitalization Initiative for further development. The Governing Board is asked to approve the set of priority recommendations.

The Local Government and Housing Committee recommended approval of the priority housing actions at their meeting on January 6, 2021.

Required Motions:

To approve the recommendation, the Governing Board should make the following motion, based on the staff report:

- 1) A motion to approve the Tahoe Living: Housing and Community Revitalization Working Group priority housing actions as described in this staff report.

In order for the motion(s) to pass, an affirmative vote of any eight Board members is required.

Background:

In November 2019, the Local Government and Housing Committee approved a Housing Work Plan, which culminated in the development of the Tahoe Living: Housing and Community Revitalization Strategic Initiative, described in the Fiscal Year 2021 Operations Work Plan. This strategic initiative included the formation of a Working Group to identify, evaluate, and prioritize policy recommendations to help the region meet Regional Plan housing goals, building from existing work by the Tahoe Prosperity Center, the Mountain Housing Council, TRPA, and local jurisdictions.

The Tahoe Living Working Group met in August and November of 2020 to establish the overall workforce housing need that the group will work toward addressing, and to establish a process for prioritizing and further developing housing actions to meet that need. At the November meeting, after reviewing TRPA's evaluation of the effectiveness of different potential housing actions, the Working Group supported a set of prioritized actions and a general timeline for moving these actions through policy and code development. These are presented in the "Discussion" section, below.

Discussion:

In preparation for the November Tahoe Living Working Group meeting, TRPA staff conducted meetings with representatives of each of the five local jurisdictions with residential development in the Basin. The purpose of the meetings was to better understand how TRPA actions could complement local actions to meet local and regional housing needs and accelerate environmental threshold attainment. In addition, TRPA met with experienced developers of two different workforce housing types in the Basin – a local developer who specializes in developments of over 50 units for deed-restricted affordable housing, and a developer who builds market-rate, small multi-family developments with between 2-10 units that are geared toward moderate-income local residents. Through these meetings, several themes emerged.

- **Regional Plan Goals that are intended to incentivize workforce housing and mixed-use development are not yet fully supported by existing code and processes.** It is still easier to build tourist/second homes than it is to build workforce housing. While Regional Plan Goals and Policies emphasize workforce housing as a key component of walkable, bikeable communities, existing code and processes make this the most difficult type of development to create.
- **Accessory Dwelling Units (ADUs).** Accessory Dwelling Units/Secondary Residences are considered a priority strategy by California jurisdictions in meeting Regional Housing Needs Assessment (RHNA) goals and are considered an emerging strategy in the Nevada jurisdictions. Although TRPA code currently allows for ADUs on parcels of less than one acre through its Local Government Housing Program (Section 21.3.2.B of the Code of Ordinances), without further modification this program is not likely to provide enough of an incentive to stimulate the use of ADUs for workforce housing.
- **Incentives for Mixed-Use.** Mixed-Use development in centers is a key redevelopment strategy with broad public support, but existing incentives such as conversions and bonus units may not be working as intended because legacy code and permitting structures remain a barrier.
- **Coverage Incentives and Alternatives to Coverage.** Alternative coverage strategies could be used to incentivize affordable housing, such as ADUs, following the model that was used to incentivize Town Center development in the 2012 Regional Plan Update.

Building on these discussions and previous housing action plans, TRPA identified eight major actions for further development. These actions fall into two categories: 1) Land Use Actions: modifying regulations to incentivize specific land use types; and 2) Policy Actions: changes to policies that apply more generally to multiple land uses. There is crossover between land use actions and policy actions. For instance, improvements to TRPA's permitting processes would likely apply to all of the actions in the land use category.

The eight actions are:

Land Use Actions.

Incentivize:

- ADUs/Small Homes
- Mixed Use Residential
- Tourist/Commercial Conversions to Residential
- Public Land Donations

Policy Actions.

- Examine Residential Density for Modification
- Permitting Improvements/Streamlining for Workforce Projects
- Coverage Incentives for Workforce Projects
- Modify/Reduce Fees

To determine which actions should come forward first, TRPA applied the following evaluation criteria:

- **Complements local jurisdiction action.** Does this action complement the work of multiple jurisdictions? The more jurisdictions where the action is applicable, the higher the priority assigned to it.
- **Cost and affordability.** Does the action reduce the cost to build a home, or increase the purchasing power of a local resident? This was evaluated using the housing cost analysis tool TRPA created.
- **Number of homes.** How many new/preserved workforce housing units can be expected through this action?

Not all of the actions could be evaluated for cost and affordability and/or number of homes, but TRPA used the available data to ensure that actions selected as priorities to move forward result in a measurable benefit.

The following tables summarize the evaluation. A full description of the analysis for each action is available in the staff report and attachments for the November 4, 2020 Tahoe Living Working Group meeting: <https://www.trpa.org/tahoe-living-housing-and-community-revitalization-working-group/>.

Land Use Action	Number of Local Jurisdictions that Identified this as a priority	% Cost Reduction	# of Units
ADUs/Small Homes	4	An attached ADU can rent in the target range	150-300 (8-year period)
Mixed Use Residential	3	8-13%	N/A
Tourist/Commercial Conversions	4	8-10%	N/A
Land Donation	2	6%	150-250 (8-10 years)

Policy Action	Number of Local Jurisdictions that Identified this as a priority	% Cost Reduction	# of Units
Density (includes parking reductions)	3	8%	N/A
Permitting Improvements/Streamlining	3	1%, but difficult to quantify because permitting uncertainty often results in a decision not to build	N/A
Coverage	3	2%	N/A
Fees	1	1-2% (TRPA fees only)	N/A

Based on the evaluation described above, TRPA organized the actions into near-term, medium-term, and longer-term actions, and presented these to the Working Group as a set of Priority Housing Actions for further development. The table below shows the recommended actions and associated general timing:

Actions	Timing
ADUs/Small Homes and Residential Density	Near-Term (3-6 months)
Mixed Use Residential and Permitting/Streamlining	Medium-Term
Tourist/Commercial Conversions to Residential and Coverage Incentives	Longer-Term
Public Land Donations and Fees	Longer-Term

The Working Group was generally supportive of the set of actions. One Working Group member requested that evaluation of mitigation fees be moved up in the timeframe, however TRPA staff does not recommend moving fees up in the timeframe at this time. Air quality mitigation fees are being handled through a different process that will be considered by the Governing Board in early 2021, and TRPA fees as a whole make up only approximately one percent of total building cost.

On January 6th, TRPA presented the set of priority actions to the Local Government and Housing Committee. The Local Government and Housing Committee approved a motion to recommend the Priority Housing Actions to the Governing Board for approval. Committee member comments were generally supportive. Two committee members asked about moving some action elements up in the timeline. These included certain ADU incentives and promoting more “parity” in permitting processes between single-family and multi-family housing, and between tourist and residential uses. TRPA noted that within the proposed framework the Working Group could consider whether some items should be accelerated. Also, permitting parity as it relates to ADUs and small homes will be considered in the near-term actions.

Contact Information:

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