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## STAFF REPORT

Date: June 17, 2020

To: TRPA Governing Board

From: TRPA Staff

Subject: Tahoe Living: Housing and Community Revitalization Initiative and Designation of Working Group

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Summary and Staff Recommendation:

Staff will present the Tahoe Living: Housing and Community Revitalization Initiative, including designation of a joint APC-Governing Board and Stakeholder Working Group to launch and implement the initiative. The Governing Board is asked to approve the formation of the Tahoe Living: Housing and Community Revitalization Initiative Working Group.

Required Motions:

To form the Tahoe Living: Housing and Community Revitalization Initiative Working Group, the Governing Board should make the following motions, based on the staff report:

- 1) A motion to form the Tahoe Living: Housing and Community Revitalization Working Group, with the membership and responsibilities as described in this staff report.
- 2) A motion to designate two named members of the Regional Plan Implementation Committee, and two named members of the Local Government and Housing Committee, on the Tahoe Living: Housing and Community Revitalization Working Group.

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

Project Description/Background:

In 2012, the TRPA approved the Regional Plan with 4,160 residential development rights, including approximately 1,400 residential bonus units which were set aside for affordable and moderate-income housing in Town Centers. Eight years later, development trends in general have shifted in the opposite direction. Since 2010, over 75 percent of new homes built in the South Shore were priced at over \$550,000, far above what is considered achievable for local residents, and in the Tahoe portion of Placer County, local homeownership rates sank from ten percent of new homes in 2010 to six percent in 2019. Since 2012, only 113 new affordable or moderate-income units have been constructed in Town Centers, including Domus development in Kings Beach and the Aspens in South Lake Tahoe's Tourist Core Area.

As with other areas of the country, the Lake Tahoe Region is facing the collision of high construction and labor costs with out-of-date, auto-oriented zoning patterns, leading to a building environment that favors large single-family homes on vacant lots rather than the mixed-use, walkable redevelopment called for in the Regional Plan. This situation combined with aging infrastructure and the pressures of increasing buying power from out-of-the-region investors makes the provision of new, transit-oriented, locally affordable and achievable housing a major challenge that now needs to be addressed to meet both local and regional needs.

At this point in time, the disparity between housing cost and affordability for local residents is one of the most serious functional breakdowns in the Tahoe Region. Without affordable and achievable housing Tahoe communities run the risk of losing the workforce (e.g., teachers, nurses, police officers, retail clerks, waiters, etc.) and services (schools, medical clinics and hospitals, public safety, shopping, restaurants, etc.) that make them communities.<sup>1</sup> The current COVID-19 crisis only further complicates this issue.

The purpose of the Tahoe Living: Housing and Community Revitalization Strategic Initiative is to shift the course of development back towards the original intent of the 2012 Regional Plan, designing a path for more residential development rights to be used in the affordable-achievable market and aligning with housing needs identified in recent regional housing assessments. In addition, this approach is consistent with and can meet the requirements from recent California legislation, including the California Regional Housing Needs Assessment (RHNA). The RHNA is the amount of overall state housing need, including low- and moderate-income housing that each California local government is required to provide over an 8-year period. Per California's Senate Bill 375, the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) must demonstrate that it accommodates the housing need identified in the RHNA, and the housing forecast for the 2020 RTP/SCS has been developed with this in mind.

The Housing and Community Revitalization Strategic Initiative will achieve this by identifying and implementing the most effective set of strategies using existing modeling and planning tools, such as the Transportation Model, the housing analysis tool/pro forma, and the Regional Transportation Plan/Sustainable Communities Strategy, and other regional housing goals and actions set through collaborative community housing planning efforts. A key element of this Strategic Initiative is the formation of a Working Group that brings together a diverse set of stakeholders to help vet strategies and identify needed analysis.

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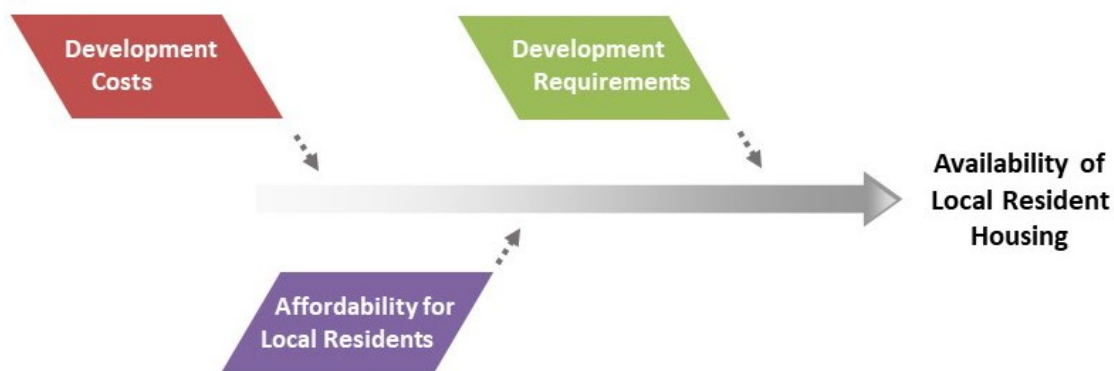
<sup>1</sup> TRPA recognizes that there are additional factors, often referred to as social determinants of health (e.g., a healthy environment, access to transportation, recreational opportunities, availability of healthy food, access to healthcare, etc.), that determine the health and viability of a community (for example, see <https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-of-health>). Many of these determinants are addressed in other TRPA Strategic Initiatives (e.g., Climate Change and Sustainability, Transportation and Sustainable Recreation) or may be addressed by future initiatives.

Previous Housing Planning and the TRPA Housing and Community Revitalization Initiative Approach: The Housing and Community Revitalization Initiative will directly build on previous and on-going efforts to shift development and use of existing housing stock towards the affordable-achievable range. TRPA has been an active participant in collaborative efforts at the local, state, and regional level that aim to address the housing challenge and have begun laying the groundwork for increasing the provision of housing for local residents in the Tahoe Basin. Based on several outcomes of these efforts, as well as changes TRPA has put in place over the past two years, TRPA now has a solid foundation on which to achieve regional housing goals and build a set of the highest impact implementation actions, which can form the basis for engagement and collaboration with other Basin agencies and stakeholders.

The Housing and Community Revitalization Initiative builds on the planning efforts since the approval of the 2012 Regional Plan:

- TRPA Development Rights Strategic Initiative:
  - Allowed conversion of development rights among different types of development
  - Expanded the availability of bonus units from affordable to moderate and achievable housing within ½ mile of transit
  - Outreach and education on these new provisions
- Truckee-North Tahoe Workforce Housing Needs Assessment, 2016
- South Shore Housing Needs Assessment, October 2019
- California Regional Housing Needs Assessment (RHNA), 2021-2029
- Mountain Housing Council Policy Papers and Recommendations (2018-2019)
- Housing Tahoe Partnership’s South Shore Housing Action Plan (March 2020)

Through participation in the North and South Shore policy development and action planning efforts, as well as other research and analysis, TRPA has developed a housing analysis tool based on the three root causes of the mismatch between available housing and housing needed for local residents: Development Costs, Development Requirements, and Affordability for Local Residents (Income).



The components of **Development Costs** include land acquisition, hard construction, soft costs, development rights, and financing costs. These are included in more detail (i.e., 17 separate items) in a pro forma spreadsheet model originally developed by the consulting economist for the TRPA Development Rights Strategic Initiative (DRSI), completed in October 2018. **Development Requirements**

include land use and zoning regulations and requirements for development rights and allocations. Again, the impacts of changes in these regulations can be tested using the pro forma spreadsheet model. The items impacting **Affordability for Local Residents** include the market for second homes, the market for short term rentals, limited local resident homebuyer income, and limited local resident renter income. Information on income, median home prices, and median rent is already used by TRPA to administer current regulations related to affordable and achievable housing. Using that information and the pro forma with the proposed Working Group (see below), the impact on changes in Development Costs and Development Requirements can be evaluated against income and affordability on a county-by-county basis. In addition, other programs like the purchase of deed restrictions to limit sales or rental to local residents can be evaluated by comparing the cost for the deed restriction and the change in affordability.

Tahoe Living: Housing and Community Revitalization Working Group: To launch and implement the initiative, TRPA proposes to form the Tahoe Living: Housing and Community Revitalization Working Group. The Working Group will be a formal committee of the Advisory Planning Commission comprised of the local government members of the APC or an alternative staff person from their respective local governments, in order to ensure that regional and local government plans that meet regional housing needs are consistent and complementary; two members of the Regional Plan Implementation Committee, two members of the Local Government and Housing Committee, and eight stakeholders representing owners of public lands, an affordable-achievable housing provider, an affordable-achievable housing developer, an affordable-achievable service provider, building contractors, realtors, employers, and the environmental community. The Working Group will be a formal committee of the APC, as allowed by the APC Charter. Subcommittees of this Working Group may meet informally from time to time as needed to develop recommendations.

TRPA Housing and Community Revitalization Scope, Initiative Actions, Timeframe and Check-in Points: As part of this Housing and Community Revitalization Initiative, TRPA will pursue further interventions that help to meet regional housing goals by mitigating the root causes of the housing problem in Tahoe. With the Working Group, TRPA will further develop the key elements of this Initiative, including identifying objectives, additional needed analysis, priority actions, and policy recommendations. Key tools in this analysis will include:

- TRPA Housing Model
- TRPA Transportation Model
- California RHNA and South Shore and Placer County/Tahoe-Truckee Housing Needs Assessments
- Mountain Housing Council Policy Papers and Recommendations (2018-2019)
- Housing Tahoe Partnership's South Shore Housing Action Plan (March 2020)

TRPA anticipates that the first phase of the Housing and Community Revitalization Initiative will take place between July 2020 and July 2022, with the following schedule.

Year 1 Schedule:

- GB meeting – approve Designation of Working Group; and two members of the Local Government and Housing Committee and two members of the Regional Plan Implementation Committee to serve on the Working Group (June 2020).
- APC meeting – approve six local government members to serve on the Working Group (July 2020).

- APC/Working Group – identify Objectives, Process, and Performance Metrics (August 2020).
- APC/Working Group – identify needed research and analysis (September 2020).
- APC/Working Group – Draft prioritized Strategy List (December 2020)
- RPIC/LGHC/GB – Informational item on Draft Prioritized Strategy List (December 2020)
- APC/Working Group - Finalize Prioritized Strategy List -- February 2021
- APC/Working Group – Policy Recommendation #1 – March-May 2021
- RPIC/LGHC/GB – Consideration of Policy Recommendation #1 Draft (GB) – June-July 2021

Year 2 Schedule:

- APC/Working Group –
  - Policy Recommendation #2 (June – August 2021)
  - Policy Recommendation #3 (September – November 2021)
  - Policy Recommendation #4 (December 2021 – March 2022)
- RPIC/LGHC/GB –
  - Consideration of Policy Recommendation #2 (September – November 2021)
  - Consideration of Policy Recommendation #3 (December 2021 – January 2022)
  - Consideration of Policy Recommendation #4 (April - May 2022)

Contact Information:

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