

Housing Workshop #2 Summary

March 1, 2017

Tiny Homes/Second Units

- To increase the number of second units in Truckee we must:
 - o Reduce fees associated with building a second unit
 - o Find out which HOAs restrict second units, and which do not (this is a to-do task), then develop strategy to remove those restrictions
 - New idea: Offer HOAs different option than just allowing all lots to build second units by-right, and propose limited pool, via lottery, for homeowners to build within a specified timeline
 - o Stock building plans are a good idea
 - o Partner with manufacturer of pre-fab homes to build per the stock building plans specs
- Tiny Homes – we really got mixed reviews here:
 - o Tiny homes should be allowed use as second units
 - o Tiny Home villages could be located close to transit/resources
 - o BUT, some said tiny homes should NOT be located near transit, save that space for more dense developments/multi-family
 - o No general consensus on whether we want to see tiny homes on wheels or foundations, but agreed being on wheels provide cheaper construction

Funding

The small group discussed a variety of potential funding opportunities that could be used in support of the preservation or construction of “locals” housing. They included the following:

- An increased sales tax for housing. A .25% increase in sales tax would generate about \$1.2 million per year. Such a tax would require a supermajority public vote.
 - o Many of the participants liked this option because of the revenue generated at relatively low impact on the price of goods. There was concern expressed about the potential impact on local business, particularly as the special sales tax in Truckee grows that much higher than the surrounding area. It appeared to be a relatively strong consensus that this funding option should be explored further.
- Use the proceeds from the potential tax on cannabis sales and/or process if the Town decides to allow these uses. In peer communities, such a tax has generated \$150,000 per year. Such a tax would require a supermajority public vote.
 - o This was the most favored option of all of the funding sources. There appeared to be a common belief that it could generate significantly more than \$150,000 in Truckee. There were also comments about how the proliferation of “grow houses” in Truckee is having a negative impact on the availability of housing for locals. Strong consensus that this funding option should be explored further.
- Increase the transient occupancy tax on short term rentals and use the proceeds for housing. An increase of the tax from 10% to 15% would generate \$700,000 to \$800,000 per year.
 - o This funding option generated significant discussion. There were several that thought that houses that may rent out a room but maintain a permanent household should not be taxed at the higher rate. Others suggested that if a property included a second unit or “lock off” that was occupied by a local then the higher tax rate should not apply to the short term rental on the property. There was interest in studying this funding source further.

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- Construction impact fee for housing. A \$1 per sq. ft. impact fee would generate approximately \$250,000 per year and add \$2,500 to the cost of an average size home.
 - o There was concern expressed that this would increase the cost of housing and could be difficult to establish the required nexus. It was also suggested that this fee should only apply to “larger” houses geared to second home buyers. There did not appear to be strong interest in pursuing this funding source further.
- Parcel charge for housing. A \$50 per year parcel charge would generate approximately \$650,000 per year.
 - o It was suggested that maybe the rate should be increased but a homeowners exemption or reduction provided for homes that are occupied by residents. There appeared to be significant support for pursuing this funding option further. A derivation of this concept was to charge a higher property tax rate on second homes as is done in Park City and Vancouver.
- Leverage large resorts to provide funding for housing.
 - o Although raised in the discussion it was identified that most of the local resorts are not in Truckee.
- Commit to financial partnerships to employers that are providing housing.
- Institute a Real Estate Transfer Tax, particularly on large homes or high value homes selling at \$1 million or more.
- Charge a higher property tax rate on second homes that do not house a permanent occupant.

Residential Development Opportunities

Site 1: Neighborhood In-Fill (Sierra Drive):

- Should be start-up homes
- Look at doing duplex units, maybe also with second units
- If duplex units, do something innovative
- Target single professionals
- Allow for more than 22 units if they are small
- Tiny homes on permanent foundations could allow for more density
- Prime property for higher density, should discourage single-family
- If single-family is proposed, only allow if down payment assistance is provided to ensure they are affordable to locals

Site 2: Incomplete Neighborhood (Spring Creek)

- Create model plans that could be purchased at a low cost, including small single-family and tiny homes
- Incentivize second units on the single-family parcels
- Provide down payment assistance
- Incentivize the construction of the remaining duplex units (more modular units to help with affordability?)

Site 3: Riverfront Opportunity (West River Street)

- Locate commercial along the frontage and cluster residential along the river to create a neighborhood
- Undergrounding of utilities and stormwater treatment is expensive = lots of up front cost burden which makes building difficult and deters development

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- The Town now has better receiver-site opportunities such as Joerger Ranch (PC-3) and Pioneer Commerce Center to relocate less desirable river front uses [e.g. repair shops, outdoor vehicle and material storage]
- Needs to be acknowledgment that you might kill businesses in redeveloping the property
- Would be a tough site for publically-financed affordable housing, but good site for high density multi-family/apartments (multi-story buildings)
- Could be an opportunity site for a developer-developer partnership, one for a commercial component and one for a residential component
- Critical to include dining on this site since there is nothing else around; dining would create a draw
- Some single-family houses along the river could be appropriate to help fund other affordable housing on-site
- The Town needs to be pro-active in finding developers
- Working in California is more expensive than elsewhere = disincentive; this is especially true working under the California Building Code versus the International Building Code
- Increasing density will decrease cost = incentive
- Could be a good site for work/live units if they are flexible enough to allow for a variety of businesses
- Drive creative parking solutions and require less parking overall (e.g. required car sharing, lower parking requirements, incentives for Uber)
- We need to look at higher density; density isn't right in every location, but where it makes sense such as this site, we should be pushing for more
- Good site for multi-family rentals (there are too few in Truckee)
- Could reach out to groups like HGTV that have worked in the Tahoe area to film our housing story and progress
- Placer County has a role in the solution, what about creating a new fee to support housing (e.g. filming permit for activities like the Audi commercial on Highway 267 in Placer County that caused traffic back-up in Truckee)
- If the zoning can be changed, increase the number of residential units that could be built

Site 4: Mixed-Use (Envision DPR):

- If the Town is going to subsidize the development of mixed-use by allowing for concessions, there should be some guarantee that the residential units will be used for residential purposes in perpetuity (and not converted to office)
- Incentivize density but for a full spectrum of housing types
- New single-family homes would not be appropriate in this corridor; multi-family apartments, units on top of buildings would be more appropriate
- Need to look at improving public transit and walkability; this is a key corridor; Envision DPR project sounds like the Town is working on changes which will spur new investment = good
- Don't require too much parking, only just enough
- Key investment in infrastructure would further inspire privately-owned property upgrades
- Create a "DPR Pilot Project," a catalyst project to jump-start change. Tag Envision DPR as "the place for locals"
- Tiny homes are not an efficient use of land in this area, would be more appropriate elsewhere; they are like a grown-up/modernized version of mobile homes which is a

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needed segment in our community but pose challenges because they are regulated by the State

Short Term Rentals

- Restrict frequency with which each short term rental property (STR) can be rented
 - o Would need to restrict to <90 days/year if objective is to even the revenue that can be earned from Short Term Rental and Long Term Rental
 - o Could result in selling off of STRs—this could put more housing back into primary resident pool (home purchase or long term rental); This could also hurt housing values in Truckee
 - o Unclear how many current STR properties would turn over to long term rental vs. sit vacant when vacation home owner is not using property
- Restrict number of STR units
 - o Could result in selling off of STRs—this could put more housing back into primary resident pool (home purchase or long term rental); This could also hurt housing values in Truckee
 - o Restrict number of STR vacation homes, but continue to allow STR of primary residences (e.g. occasionally while owner is on vacation, or rental of a spare bedroom). This would allow primary residents to supplement mortgage and other living expenses but would reduce investment in properties for STR.
 - o Unclear how many current STR properties would turn over to long term rental vs. sit vacant when vacation home owner is not using property
 - o Consider zoning to restrict areas where STRs are allowed. Certain zones could be designated as “locals housing” and not allow STRs (e.g. Mammoth Lakes does this)
- Increase taxes
 - o Increase Transient Occupant Tax (TOT) on all residential STRs
 - o Increase TOT on out-of-area owners who operate STRs (i.e. non-primary residences)
 - o Increase TOT on all residential STRs, with certain exceptions for primary residents who rent out an extra bedroom as STR. Rationale: rental of an extra room is used to support mortgage and essential living expenses
 - o Concern that increasing TOT will drive more STR operators “underground” to avoid paying TOT
- Consider different regulations for primary residences vs. non-primary residences (i.e. vacation homes occasionally rented as STRs, or full-time vacation rental properties)
- Create incentive to turn over STR properties into long term rentals
 - o Incentive could be through reduction in property tax
 - o Concern that CA has laws that are not favorable to landlords, therefore owners may not be interested in long term rental

Impact Fees/Incentives/Development Standards

- Impact fees should be based on square footage
 - o Make sure that the impact fees match the impacts

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- Consider the possibility of tiering the impact fees based on size or use (short-term rental /second home vs. primary residence/long-term rental)
- Concern that smaller homes can still be sold to second homeowners and not to locals – no way to deed restrict if the impact fee reduction is applied across the community
- Use the impact fee as a disincentive for second homes/short-term rentals
- Actively market second units to make it easier for people to build; set goals for a number of second units in a certain amount of years
 - Land costs make new construction difficult but second units are a good solution
 - Find a way to lift the HOA requirements prohibiting second units
 - Reduce/eliminate fees for second units
 - Expedited permitting
 - Subsidize impact fees for second units for five year long-term rental restriction
 - Create stock building plans for second units
 - Amnesty for existing illegal second units
- Revisit Mixed Use incentives
 - Consider if this is what we want
 - Require mixed use for all projects 10,000 s.f. or more (currently, the requirement is 20,000 s.f.).
- Incentivize housing in Truckee in centralized locations to encourage walking and access to jobs, amenities, and groceries.
- There was concern over any programs that would incentivize conversion of current short-term rentals to long term rentals. In general, the group did not want to “reward” those that currently rent their properties as short-term renters over those that already rent their properties as long term rentals.
- Down payment assistance
 - For all homebuyers, not just first-time
 - For potential landlords who are interested in renting the home for long-term rentals
- Create an employer-pooled assistance program. It can be complicated but it would be a way to help employers find a way to help their employees find housing.