



Town of Truckee
Short-Term Rental Workforce Housing Pilot Program
(Token Program)
Program Guidelines

Approved: September 12, 2023

Short-Term Rental Workforce Housing Token Pilot Program
Table of Contents

Section 1 Program Background	Page 2
Section 2 Program Summary	Page 2
Section 3 Program Definitions	Page 3
Section 4 Deed Restriction	Page 4
Section 5 Eligibility Requirements	Page 5
Section 6 Tokens	Page 7
Section 7 Application Process	Page 9
Section 8 Non-Discrimination	Page 9
Section 9 Marketing	Page 9

SECTION 1 – PROGRAM BACKGROUND

The Short-Term Rental Workforce Housing Token Pilot Program (Token Program) is a new and innovative approach to workforce housing creation.

The Truckee-North Tahoe region is experiencing a significant shortage of rental and for-sale housing affordable to people with jobs in Truckee and surrounding communities. The Town of Truckee is proactively working to address this shortage on numerous fronts. The Token Program provides the Town with an additional tool to facilitate development and deed restriction of workforce housing.

During the fall of 2021, the Town completed a rigorous study process to better understand the landscape of short-term rentals in Truckee and to update the Town's short-term rental policies to align with the Town's workforce housing preservation goals. As part of this process, the Town convened a stakeholder advisory committee to advise the Town's study process and develop recommendations. The Committee recommended that the Town adopt a cap of 1,255 transient occupancy registration certificates issued to short-term rentals in Truckee, which would effectively result in a waitlist for new registration certificates. Additionally, the committee recommended that the Town incentivize the private sector to contribute to workforce housing solutions by setting aside a limited pool of registration certificates that would be leveraged as a new tool in the Town's menu of housing incentives. Town Council adopted amendments to the Short-term Rental Ordinance in 2022 including a cap of 1,255 registration certificates. The amended ordinance also allowed that the Town Council may authorize withholding a certain number of registration certificates from issuance to applicants on the waitlist, and subsequently issuing such certificates as incentives for the creation of workforce housing units. The incentive, which entitles the recipient to one registration certificate, is referred to as a "Token." Such Tokens may either be granted *under* the cap (i.e. prior to awarding available certificates to applicants on the waitlist), or *above* the cap (i.e. issuing additional Tokens such that the registration certificate cap is exceeded).

SECTION 2 – PROGRAM SUMMARY

The Token Program incentivizes the creation of Workforce Housing Units by offering in-kind payment for Deed Restrictions in the form of Tokens. The Token provides an opportunity for an interested program participant (e.g. property owner, property manager, developer, or local business) to propose creating one or more dedicated Workforce Housing Units in exchange for a limited number of Tokens that are redeemable for Transient Occupancy Registration Certificates (Certificates). The Program Participant is required to deed restrict the Workforce Housing Units for a specified term, which sets legal limits on the use of the property for that term.

Each Token will be redeemable for one Certificate and is valid for the length of the corresponding deed restriction. A registered Token Holder can use their Token to access a Certificate for a property they own or manage. The Token may be Re-used between properties, so a recipient that manages multiple Short-term Rental Properties could cancel the Certificate currently using the Token and apply the Token to register a new Short-term Rental Property.

The Token may be Transferred to another individual or business that becomes the new registered Token Holder.

SECTION 3 - PROGRAM DEFINITIONS

- A. Applicant: Individual, business, or organization that submits a Token Program proposal during the Request for Proposals period.
- B. Area Median Income (AMI): The median income for Nevada County as defined by the California Department of Housing and Community Development (HCD) and adjusted for household size are published annually. The amounts are further adjusted and calculated by the Town and are available on the Town's website.
- C. Deed Restrictions: The binding agreement signed by each Owner of a Token Program unit. The Deed Restriction places restrictions on the Workforce Housing Unit during the 15-year term based on agreed uses, including occupancy by a Qualified Tenant. The Deed Restriction is a covenant running with the land.
- D. Existing Unit: A housing unit that obtained its Certificate of Occupancy before being purchased and Deed Restricted by a Program Participant.
- E. New Construction: A housing unit that is constructed and Deed Restricted by a Program Participant.
- F. Owner(s): An individual, business, or organization that owns the Workforce Housing Unit.
- G. Program Administrator: The person or persons who administer the day-to-day operation of the Token Program.
- H. Program Application: The Token Program application with required supporting documents submitted by Applicants during the Request for Proposals period.
- I. Program Maximum Area Median Income (AMI): The maximum AMI for the Token Program is 150% AMI average per adult resident. The AMI for an individual Workforce Housing Unit may be lower than 150% as outlined in the Deed Restriction.
- J. Program Participant: An individual, business, or organization that is selected by Town Council to deed restrict a specific number of Workforce Housing Units in exchange for a specific number of Tokens.
- K. Property: The parcel upon which the Workforce Housing Unit is located. The Deed Restriction is a covenant running with the land.
- L. Qualified Tenant: An individual or household that is permitted to rent a Token Program Unit. At least 50% of adults over the age of 18 in the household must work at least 20 hours a week (averaged throughout the year) for an employer located in the geographic boundaries of the Tahoe Truckee Unified School District or have a written offer for full-time employment at an employment site within the Tahoe Truckee Unified School District geographical boundary. Household income must not exceed the AMI average per adult resident specified in the Deed Restriction.
- M. Re-Use: To cancel the Transient Occupancy Registration Certificate that has been granted via Token and associated with a specific Short-term Rental Property and use the Token to register a new eligible Short-term Rental Property.
- N. Short-term Rental Property: A unit that is eligible to be rented for less than 30 consecutive days according to the Town of Truckee Municipal Code Chapter 5.02.
- O. Term: 15 years.

- P. Token: The transferable commodity that will be granted by the Town to program applicants in exchange for an agreed upon number of deed restricted workforce housing units. Each token is redeemable for one Transient Occupancy Registration Certificate and is valid through the end of the Deed Restriction Term.
- Q. Token Holder: The entity that has possession of a Token. A Token Holder may be an individual, business, or organization.
- R. Token ID Number: The unique number that will be associated with each Token and will remain consistent as Tokens are Transferred or returned to the Token pool.
- S. Token Transfer and Disclosure Form. The document that is required by the Town of Truckee to recognize the Transfer of a Token to a new Token Holder. The Token Transfer and Disclosure Form will include the Token ID Number, new Token Holder contact information, and disclosures including Token expiration date and the agreed-to revocation of Token upon default.
- T. Transfer: Sell, trade, or otherwise convey the Token to a new Token Holder.
- U. Transient Occupancy Registration Certificate (Certificate): A document signifying that its holder has fulfilled the requirements of the Town's Transient Occupancy Tax ordinance by registering with the tax administrator for the purpose of collecting from transients the Transient Occupancy Tax and remitting the tax to the tax administrator. This certificate does not authorize any person to conduct any unlawful business or to conduct any lawful business in an unlawful manner, nor to operate a hotel or short-term rental without strictly complying with all applicable laws, including but not limited to those requiring a permit from any board, commission, department or office of this Town.
- V. Workforce Housing Unit: Housing unit that was Deed Restricted as part of the Token Program.

SECTION 4 – DEED RESTRICTION

A deed restriction is a binding agreement that places long-term restrictions on a property. In exchange for Token(s), the Owner agrees to restrict the future use of the Workforce Housing Unit for a term of 15 years. The Town will record the Deed Restriction against the Property in the Official Records of Nevada County at the Owner's expense. The deed restriction is a covenant running with the land for the 15-year term.

4.1 Deed Restriction Requirements

- A. Deed restriction term: 15 years and the covenant runs with the land
- B. Must be a long-term rental unit for the term of the deed restriction with a lease period minimum of 12 months (See Section 5.3.A)
- C. Rent rates: Maximum rent rates are calculated at 30 percent of the area median income specified in the Deed Restriction adjusted for bedroom size. (See Section 5.3.A)
- D. Must be occupied by a household whose income does not exceed the AMI average per adult resident as outlined in the Deed Restriction (See section 5.2.B)
- E. 50% of adult residents work full-time (at least 20 hours per week averaged throughout the year) within the Truckee Tahoe Unified School District (TTUSD) boundaries or have a written offer of full-time employment within the TTUSD (See section 5.2.A)
- F. All residents occupy the unit as their primary residence (See Section 5.2.C)
- G. Cannot be short-term rented or used as a B&B (See Section 5.3.A)

- H. If the owner of the Workforce Housing Unit defaults on the Deed Restriction, the Town will revoke all Tokens that are in possession of the Owner. The Owner will also be prohibited from participating in the Token Program or obtaining a Transient Occupancy Registration Certificate for 5 years from the date of default. Additionally, the Town has the right to pursue damages, including but not limited to, attaching a lien to the Property. In the event that one or more Tokens associated with the Deed Restriction in default have been Transferred, the Owner will be required to pay \$25,000 per such Token. (See Section 5.4.D)

SECTION 5 – ELIGIBILITY REQUIREMENTS

5.1 Workforce Housing Unit Eligibility Requirements

- A. Must be located within the Town of Truckee boundaries
- B. Can be New Construction or an Existing Unit. For New Construction, the project must have completed entitlement prior to program application
- C. May not already be Deed Restricted based on local employment or income restrictions
- D. May not already be Deed Restricted to meet inclusionary requirements as stated in Truckee Municipal Code Chapter 18.214 or workforce requirements as stated in Truckee Municipal Code Chapter 18.216
- E. May not have any open code violations

5.2 Lease Requirements

Proposed leases shall meet the following criteria:

- A. Monthly rent charged must not exceed 30 percent of the maximum annual area median income level of the Workforce Housing Unit's Deed Restriction divided by 12 months adjusted for bedroom size.
- B. The initial lease period must be a minimum of 12 months and can be month-to-month thereafter with the same tenant. All leases must be in writing.
- C. Any proposed lease and each tenant, sub-tenant, or roommate tenant must be approved in advance by the Town. Short-term renting or renting a Workforce Housing Unit as a bed and breakfast Inn is not allowed under any circumstances.

5.3 Tenant Eligibility Requirements

Token Program Units may only be leased to a Qualified Tenant who must meet specific Token Program eligibility requirements regarding local employment and household income for the term of the Deed Restriction.

- A. Local Employment: At least 50% of adults over the age of 18 in the household must work at least 20 hours per week (averaged throughout the year) for an employer located in the geographic boundaries of the Tahoe Truckee Unified School District or shall have a written offer for full-time employment at an employment site within the Tahoe Truckee Unified School District geographical boundary. A paystub from the qualifying employer(s) will be required prior to lease signing to verify employment. Continuous local employment will not be required by the Token Program after execution of the lease.
- B. Household Income and Size: The program maximum income is 150% AMI per adult resident over the age of 18. Each Workforce Housing Unit will have a maximum AMI specified in the Deed Restriction, which in some cases may be lower than the program

maximum. Household income shall not exceed the AMI maximum specified in the Deed Restriction. Annual income limits adjusted by household size are based on the California Department of Housing and Community Development (HCD) Area Median Income (AMI) for Nevada County. Current income limits are available on the Town's website. Household income is considered at lease signing only or upon application to the Town for the approval of a new tenant, sub-tenant, or roommate.

- C. Occupancy: All household members must occupy the Workforce Housing Unit as their principal residence a minimum of 10 out of 12 months out of a calendar year.

5.4 Program Participation Requirements

- A. Annual Monitoring: The Town will coordinate with Program Participants and tenants once a year to ensure Program Guidelines are adhered to. The Town will verify occupancy, rent rates and tenant/ sub-tenant eligibility. The Town will work with the Program Participant on a remedy if the Program Participant is found to be in default but reserves the right to revoke the Token and Certificate if a cure satisfactory to the Town is not implemented.
- B. Refinancing:
 - a. *Approval*: Owners are permitted to refinance up to 75% of the property's current fair market value. If an Owner chooses to refinance their first mortgage, they must contact the Token Program Administrator for approval. Refinance requests are considered for a lower interest rate and/or better loan term, or to a restricted amount of cash-out as described below.
 - b. *Refinance Fee*: Owners will be charged a refinance fee, as specified in the Town's adopted fee schedule, to be paid to the Town of Truckee upon closing in order to cover a portion of the costs associated with eligibility screening and preparation of subordination documents. This refinance fee can be financed and paid at closing. A copy of the check shall be sent to the Token Program Administrator with the final closing documents. The check will be issued and sent directly to:

Town Of Truckee
Attn: Finance Department
10183 Truckee Airport Road
Truckee, CA 96161
 - c. *Home Equity Line of Credit, Home Equity Loans, and Reverse Mortgages*: Home equity lines of credit (HELOC), home equity loans, or reverse mortgages are not permitted. Owners who use such programs are in violation of their Deed Restrictions and will not be allowed to refinance their loan.
 - d. *Cash Out Refinance Policy*: The Town has approved a limited Cash Out Refinance Policy allowing homeowners to consolidate debt or receive cash at closing. This policy is subject to termination at any time. The new first loan amount will be restricted to an amount not to exceed 75% of the current Fair Market Value. In order to qualify for a cash out loan, Owner must meet the following requirements:
 - i. Current on HOA dues (if applicable)
 - ii. Current and in compliance with most recent annual monitoring of THAP program requirements

- iii. Not in default on first mortgage and has no recorded Notice of Default (NOD) in the past 12 months
 - iv. Not otherwise in default under the Program requirements
- C. Selling a Token Program Workforce Housing Unit:
 A Workforce Housing Unit is allowed to be sold at any point during the Deed Restriction Term. Upon sale, the Deed Restriction remains on the Workforce Housing Unit for the remainder of the Deed Restriction Term. The Deed Restriction does not renew upon sale or resale. There are no restrictions on who the Workforce Housing Unit is sold to, but all restrictions must be disclosed to the buyer.
 - a. *Notice of Intent to Sell:* Once an Owner has decided to sell their Unit, the owner must contact the THAP Administrator and submit a Notice of Intent to Sell. The THAP Administrator will provide the Owner with a formal response and consult with the Owner on how to proceed.
 - b. *Escrow:* The THAP Administrator will coordinate with the Buyer, Realtor, lender, and title company to complete all escrow steps outlined in Section 6.
 - c. *Resale Fee:* Upon sale or transfer of any THAP unit, regardless of the cause of sale, the Seller will be responsible to pay a resale fee as specified in the Town's adopted fee schedule, payable to the Town of Truckee.
- D. Defaulting on the Property
 For a full account of the default process, including the Deed Restriction violations, Notice & Cure, Remedies, and Liens, refer to the Token Program Deed Restriction. The following is an overview of the default process.
 - a. *Default:* A default on the Property by Owner includes breach of the covenants set forth in the Deed Restriction, including:
 - i. Any use or occupancy of the Workforce Housing Unit in violation of Section 4 above.
 - ii. Failure to submit an annual certification of occupancy and use.
 - iii. Any action by the Owner to encumber the Property in a manner that conflicts with the terms of the Deed Restriction or these Guidelines or renders compliance with the terms of the Deed Restriction impossible or impractical.
 - iv. Refusal to make all repairs and replacements necessary to keep the Workforce Housing Unit in good condition and repair.
 - v. Encumbering the property with any lien not approved by Town.
 - b. *Notice and Cure:* If a Deed Restriction violation is discovered, the Town will notify the Owner using the process outlined in the Deed Restriction, giving the Owner an opportunity to correct or appeal the violation(s).
 - c. *Remedy:* In the event of violation of the Deed Restriction by the Owner that is not cured or successfully appealed, any Tokens that are in possession of the Owner will be immediately revoked. Revoked Tokens will be returned to the Token Pool. The Owner will also be prohibited from participating in the Token Program or obtaining a Certificate for 5 years from the date of default. In the event that one or more Tokens associated with the Deed Restriction in default have been Transferred, the Owner will be required to pay \$25,000 per such Token.

SECTION 6 – TOKENS

6.1 Use of Tokens

- A. A Token will be issued to a Token Holder upon proof of Certificate of Occupancy issued by the Building Division and recordation of Deed Restriction with the County of Nevada.
- B. Program Participants may either redeem Token(s) for Transient Occupancy Tax Registration Certificates (Certificates) to be used on a Short-term Rental Property of their own or can Transfer them to another recipient who becomes the Token Holder. (See Section 6.2.A)
- C. A Token can only be exchanged for a Certificate for a Short-Term Rental Property that is eligible to be short-term rented per Town of Truckee Municipal Code Chapter 5.02.
- D. A Short-term Rental Property that receives a Certificate through the Token Program shall be subject to all requirements of Town of Truckee Municipal Code, including but not limited to the requirement to collect and remit Transient Occupancy Tax, the requirement to register the Short-term Rental Property and pay a registration fee annually, and all other occupancy, health and safety requirements provided in Chapter 5.02.
- E. The Token Holder can cancel the associated Certificate for a Short-term Rental Property and apply to the Town to Re-use the Token to receive a Certificate for a different eligible property. (See Section 6.2.A) Each request for re-use will be reviewed to confirm that the proposed STR property meets all requirements to be short-term rented under Municipal Code Chapter 5.02.
- F. Each Token is issued with an expiration date that is concurrent with the end date of the Deed Restriction associated with that Token. Upon expiration of the Token, the Transient Occupancy Registration associated with the Token will become void and will return to the Token Program pool. At the end of the Term, by mutual agreement of the Town and the Owner the deed restriction and Token may be extended for an additional Term.
- G. A Token that is not redeemed for a Certificate for a period of 36 months will be deemed inactive and will be returned to the Token Program pool. The Deed Restriction will remain in place on the Workforce Housing Unit for the full Deed Restriction Term.
- H. If a Certificate associated with a Token is revoked, the Token will be immediately revoked and returned to the Token Pool.

6.2 Transfer or Re-Use of Token

- A. A Token can be Transferred between Token Holders a maximum of one (1) time per calendar year.
- B. A Token may only be used to register two (2) different Short-term Rental Properties in a calendar year. Such registrations include (i) The registration or registration renewal of the Short-term rental at the beginning of the calendar year; (ii.) The re-use of a Token, wherein the Token Holder cancels the registration certificate associated with the Token and applies the Token to register a new Short-Term Rental Property that they own; or (iii.) the registration of a Short-Term Rental Property following the transfer of the Token to a new Token Holder.
- C. The Token Holder shall notify the Town in writing if they wish to Transfer their Token to a new Token Holder. The Town will then provide the required Token Transfer and Disclosure Form for the specified Token. Notification shall be sent to:
 - Town of Truckee
 - Attn: Short-Term Rental Division
 - 10183 Truckee Airport Rd

Truckee, CA 96161

Or via email to TOT@townoftruckee.com

- D. Prior to the Transfer of a Token to a new Token Holder, the current Token Holder shall provide the buyer with a Token Transfer and Disclosure Form. Following the sale, trade or transfer of a Token, the Token Holder shall submit a copy of the Token Transfer and Disclosure Form signed by both parties to the Town of Truckee.
- E. Upon Transfer of a Token, the Certificate associated with that Token shall be immediately cancelled and the associated Short-term Rental Property may no longer be short-term rented unless another Certificate is obtained.
- F. Town approval of the fully-executed Token Transfer and Disclosure Form is required before the Town will review a new application for a Transient Occupancy Registration Certificate associated with the Token. A purported transfer of a Token without satisfaction of the requirements of this Section 6.2 is void and the Town will not honor it.
- G. The Token Holder shall notify the Town in writing if they wish to cancel the Certificate associated with a Token and Re-use the Token to register a different eligible Short-term Rental Property. Notification will be sent to:

Town of Truckee

Attn: Short-Term Rental Division

10183 Truckee Airport Rd

Truckee, CA 96161

Or via email to TOT@townoftruckee.com

SECTION 7 – APPLICATION PROCESS

For the initial program pilot, the Town will issue a request for proposals for interested Applicants to submit proposals to the Token Program. Applicants will be invited to propose a Workforce Housing Unit(s) and the number of Tokens they would be willing to accept for the proposed unit(s). The response period will be 90 days. Selection criteria for the Token Program will be detailed in the specific request for proposals.

Town Council will review the program following the initial pilot. Throughout Fiscal Year 23/24, the Token Program will remain open for applications. Proposals will be accepted until June 30, 2024 and will be reviewed by staff and proposals meeting minimum qualifications will be brought to Town Council for review at least once per quarter.

SECTION 8 – NON DISCRIMINATION

8.1 Non-discrimination Policy

The Token Program will be implemented consistent with the Town's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, nation origin, ancestry, or any other arbitrary cause.

SECTION 9 – MARKETING

9.1 Program Outreach and Marketing

Housing staff, in coordination with the Town's Public Information Officer, will create and implement a marketing plan that will provide broad awareness and equitable access to the Program. Token Program information will be shared on the Town's website and social media channels and made available at request in hard copy at Town Hall. All marketing and educational materials and applications will include the Fair Housing logo and marketing materials will be translated and available in Spanish. The Town will issue a press release. The Town will periodically re-market the program.