Pat Davison

From:	Pat Davison <pat@ca-tt.com>
Sent:	Thursday, June 14, 2018 12:11 PM
To:	pat@ca-tt.com
Subject:	for the TRPA DRWG

From: Pat Davison <pat@ca-tt.com>
Sent: Monday, June 11, 2018 7:42 AM
To: Jennifer Self <jself@trpa.org>
Cc: John Hester <jhester@trpa.org>
Subject: for the TRPA DRWG

Chair Shute and members of the Development Rights Working Group – please accept my thanks on behalf of the Contractors Association of Truckee Tahoe (CATT) for the tremendous job you have done over the course of many months (years!) to sort out the definitions, policies, programs, and practices associated with development rights in the Tahoe Basin. Your work will affect virtually every parcel at the Lake in some way or another. I am so sorry I have not been able to participate as you plowed through the complex layers of data and information.

My attendance at your May 22 meeting was intended to support adding a "local achievable" income bracket to TRPA's vocabulary and also to support the expanded use, beyond what was proposed, of bonus units to incentivize moderate and local achievable housing. I was very pleased with the way DRWG members analyzed the issues and brought up many of the points I had hoped to cover. My comments that follow in this email are a recap of what we see as important highlights of the DRWG scope of work related to housing for the fulltime population of the Tahoe Basin.

CATT has long been involved in housing issues because they have an economic aspect, a regulatory aspect, and also a workforce aspect. Our members are employers just like other employers around the Lake – when workforce housing is not available, workers live elsewhere and the employer and community suffer the consequences. Construction around the lake employs hundreds if not thousands of people – those families depend, to a great extent, on the custom residential market for their livelihood.

Right now, housing in the Basin is in two buckets: a small amount in the income based-deed restricted bucket and everything else in the open market bucket where fulltime residents, second homeowners, investors and others are competing for a limited supply. We desperately need a third bucket that is deed restricted to fulltime locals! We envision a supply of "locals-only" housing that is insulated from open market forces without an income based deed restriction, getting us closer to a more normal atmosphere of supply and demand.

Specific to your May 22 topics, we support the Placeworks proposed set of four "local achievable income" (LAI) brackets that respond more realistically to the Basin-wide conditions than the federal HUD income brackets. I was involved in the Mountain Housing Council process that created the LAI of 195% of area median income (AMI) so this definition is very familiar to me. Initially, I thought you would have one regional LAI but understand why you have four. Please consider when and how the LAI will be revised in the future.

The other topic of interest relates to residential allocations and bonus units. We strongly support the proposed recommendation to provide a bonus unit development right for a residential unit priced in the local achievable income bracket (121% to 275% AMI). This matches the way TRPA treats residential units in both the affordable (up to 80% AMI) and moderate income (81% to 120% AMI) brackets. That consistency is good and keeps the program simple.

As you are aware, we are very protective of market rate residential allocations because they are the fuel of the construction economic engine. As a timing mechanism, they control or meter out how many new market rate homes can be constructed in a given two year period. Anything that might reduce allocations gets our attention pretty quick!

Market rate allocations are not needed for affordable units (up to 80% AMI) – those units are exempt. The proposal on the agenda for May 22 suggested that any housing in the moderate income bracket (81% to 120%) should get half of their market rate allocations from TRPA and half from the local jurisdiction. The proposal is certainly a better scenario than the current requirement where a developer/owner of moderate income housing must get in line with the market rate developers/owners! But can we do even more to attract more moderate and local achievable housing developers/owners? We think the answer is yes.

It seems to us that market rate allocations should not be used for the moderate/local achievable housing where a deed restriction is in place. Developing a robust moderate/local achievable housing program means allocations or some replacement mechanism (i.e. bonus unit?) will be needed for each housing unit. Please do not create a situation where the local achievable housing developer/owner (willing to encumber property with a locals-only deed restriction) is competing for the same market rate allocation as a second homeowner or investor. Think of tiny homes, second units, or smaller homes. Those are what we want to incentivize. What we want to avoid is creating a new problem (shortage of market rate residential allocations/lottery/black market) by trying to solve an existing problem (lack of locals only housing).

<u>We respectfully request that the proposal for TRPA to provide a 50% match of allocations for moderate income housing (81% to 120% of AMI) be broadened so TRPA, not the local jurisdiction, is providing 100% match of allocations (or equivalent mechanism) for moderate income housing</u>.

<u>Additionally, we respectfully request that where no (0%) allocation match was proposed for local achievable housing (121% to 275% of AMI) be changed so TRPA, not the local jurisdiction, is providing 100% match of allocations (or equivalent mechanism) for local achievable housing</u>.

Again, units built with these incentives should be covered by a locals-only deed restriction.

The Placeworks memo dated May 15, 2018 notes, "(TRPA) Code section 52.3.1 designates up to 1,400 residential bonus units that may be awarded by TRPA to multi-family residential projects that are considered affordable or moderate-income." We agree with the proposed criteria in the Placeworks memo: ½ mile distance, 700 bonus units for affordable + 700 for moderate and local achievable (although the quantities can be changed based on justification), prohibition on vacation rentals, disclosure form, and some sort of fine for violation.

Does it make sense to allow single family residential like tiny homes, second units, or smaller than average SFR some access to these bonus units, not just multi-family? We say yes. We also think there should be a revisiter in a couple of years to see if any of these changes have actually generated more moderate and local achievable housing. Lastly, we reserve the right to comment further on specific Code text relating to an income cap on a "for sale" or "for rent" unit. As that text is drafted, we will coordinate with TRPA staff before the August 23 meeting to better understand what is being proposed.

Thanks again to all of you for the many hours and brain power you have invested in the DRWG. Your work is much appreciated by CATT! Please do not hesitate to contact me if you have any questions or need more information. Pat

Pat Davison
Government Affairs Manager
Contractors Association of Truckee Tahoe
12313 Soaring Way, Suite 1A, Truckee, CA 96161
phone 530-550-9999
www.ca-tt.com
pat@ca-tt.com