



Date: **April 7, 2026**

Honorable Mayor and Council Members:

Author and title: Yumie Dahn, Principal Planner

Title: **Public Hearing: Development Code Amendments for Deed-Restricted Housing Incentives (Homegrown Housing Nonmonetary Incentives)**

Jen Callaway, Town Manager

Recommended Action: That the Town Council conduct a public hearing and take the following actions:

- 1) Determine the amendments to be exempt from the California Environmental Quality Act (CEQA) because the adoption of this ordinance and resolution is not a “project” pursuant to Sections 15060(c)(2) and 15060(c)(3) of Title 14 of the California Code of Regulations, and because under Section 15061(b)(3) of the State CEQA Guidelines, the amendments are exempt from the requirements of CEQA because it can be seen with certainty that the provisions contained herein would not have the potential for causing a significant effect on the environment;
- 2) Introduce Ordinance 2026-06, adopting amendments in support of 2040 General Plan implementation to the Truckee Municipal Code, Title 18 Development Code to create a Deed-Restricted Housing Incentives ordinance and related clean-up amendments; and
- 3) Adopt Resolution 2026-11, establishing qualifying income limits for the Deed-Restricted Housing Incentives (Truckee Municipal Code, Title 18 Development Code Chapter 18.213).



Executive Summary: The Town of Truckee is proposing to amend the Development Code to implement the 2040 General Plan, which was adopted on May 9, 2023, and further the Town’s housing goals. The proposed Development Code amendments seeks to implement 2040 General Plan Action LU-2.B (**Town of Truckee Workforce and Affordable Housing Density Bonus**), which, directs the Town to “create a Town of Truckee-specific Workforce and Affordable Housing density bonus program that offers additional housing density and financial incentives for the creation of workforce and affordable housing units in targeted infill areas that meet the affordability needs of Truckee’s local workforce, particularly those who would otherwise be unable to afford housing within Truckee. Identify specific criteria to participate in this program.” Other amendments are proposed throughout the Development Code to help support the creation of the new housing incentives. The adoption of this Development Code amendment is intended to provide nonmonetary incentives to developers of deed-restricted housing projects. These Development Code incentives could be

used in conjunction with the monetary incentives being revised by the Housing Division for the Homegrown Housing program. The following Development Code amendments are proposed:

1. Chapter 18.213 – Deed-Restricted Housing Incentives
2. Chapter 18.25 – Objective Design Standards, specifically Section 18.25.105 (Design Standards for Projects in the Historic Preservation (-HP) Overlay District)
3. Chapter 18.78 – Planned Developments

Additional related clean-up amendments are proposed in the following chapters:

1. Chapter 18.58 – Standards for Specific Land Uses, specifically Section 18.58.140 – Mixed-Use Developments
2. Chapter 18.72 – Zoning Clearance
3. Chapter 18.74 – Development Permits
4. Chapter 18.77 – Historic Design Review
5. Chapter 18.79 – Streamlined Residential Review
6. Chapter 18.210 – Affordable Housing Controls
7. Chapter 18.214 – Inclusionary Housing, specifically Section 18.214.050.A – Location of Inclusionary Requirements)
8. Chapter 18.216 – Workforce Housing

Discussion:

Background

In 2022, Town Council adopted a goal to deed restrict 10% of Truckee’s housing stock by 2032, an estimated 1,500 units of deed restricted housing based on Truckee 2040 General Plan projections for 2032 build out. Deed restrictions are widely recognized among peer visitor destination communities as the most effective tool to ensure that housing units are preserved and available to house full-time residents and members of the workforce at a variety of low-, moderate-, and middle-income levels who otherwise would struggle to find and afford housing, due to the upward market pressure caused by the demand for vacation homes. Additionally, developing sufficient stock (i.e., 10%) of deed restricted units will effectively result in an ongoing secondary housing market of deed-restricted housing units that tend to be more affordable than un-restricted units.

The Town of Truckee has relied on several housing programs and policies that support the preservation and creation of housing that serve the local workforce, including the Inclusionary and Workforce Housing Ordinances, the Accessory Dwelling Unit ordinance and associated programs (grants, loans, master plans), the Truckee Home Access Program, Homegrown Housing (previously called the Deed Restrictions for New Development Program), Lease to Locals, and Rooted Renters. A total of 800 units have been deed-restricted, which accounts for 5.7% of the existing housing stock.

In order to add to the library of existing housing programs and policies to achieve the Town’s housing goals, the Planning Division and Housing Division are working in conjunction to create monetary and nonmonetary incentives for deed-restricted housing units under a joint effort branded as “Homegrown Housing.” The Housing Division is focused on creating monetary incentives and the Planning Division is focused on nonmonetary incentives in the context of creating a streamlined and more flexible review process in the Development Code. The goal of the housing incentive program is to target the creation of housing units that are not otherwise required or supported by existing Town housing policies or State law. The Town Council reviewed potential program modifications to Homegrown Housing monetary incentives at its January 27, 2026 meeting and potential funding sources at its February 10, 2026 meeting. Attachment #5 includes the links to the staff report and minutes from the program modification discussion. Finalization of the program modifications is anticipated to occur concurrently with the final adoption of the nonmonetary incentives.

In addition to supporting the creation of housing, the General Plan directs the Town to “[r]equire all new development to incorporate high-quality site design, architecture, and planning to enhance the overall quality of the built environment in Truckee and create a visually interesting and aesthetically pleasing town environment.” With this policy in mind, the Town Council previously directed staff to incorporate minimum design standards in the incentive program to balance the need for housing with the desire to maintain the Town’s community character.

The Town Council provided direction to staff on the nonmonetary incentives (Development Code changes) at its June 10, 2025 and September 9, 2025 meetings and direction on monetary incentives was provided at its September 9, 2025 and January 27, 2026 meetings. Staff reports and minutes can be found in the attachments.

Council’s direction at the June meeting included the following:

- The program should be flexible but predictable.
- Minimum objective design standards could be included.
- Planned Developments should still be offered where a project does not meet the Town’s development standards.
- Support for a higher AML cap and should include seniors.
- The school district employment boundary is appropriate.
- Program should support for-rent and for-purchase-products.
- Larger projects should be reviewed by the Planning Commission.
- Create a new Development Code chapter.

At the September meeting, Council provided the following direction related to Development Code amendments:

- General Plan process is where we discussed appropriate density as a community.
- State Density Bonus Law is not necessarily creating projects that are meeting the community’s needs.
- Make the balconies, decks, patios, and storage useable and livable.
- Consider a cap on the number of studios constructed.
- Generally supportive of exempting projects from the inclusionary housing requirements.
- Reconsider the percentage of deed-restricted units thresholds for eligibility to the program.

As noted in the previous Town Council staff reports, staff also researched programs in other jurisdictions, reviewed past Planned Development and State Density Bonus projects, reached out to developers and designers in the region to get their feedback on potential incentives, and conducted three targeted engagement events with stakeholders. Based on the overall feedback provided, staff has created a draft Development Code chapter for the nonmonetary incentives. Other amendments are proposed to help implement the incentive program and clean-up amendments are also proposed to help clarify other housing policies and programs.

The Planning Commission reviewed the draft Development Code language at its November 18, 2025 and March 17, 2026 meetings and provided recommendations and edits, which are detailed below. Attachment #3 provides links to the staff report and minutes for the November 18, 2025 Planning Commission meeting and Attachment #4 provides links to the staff report and minutes for the March 17, 2026 Planning Commission meeting.

As part of the drafting process, staff considered past projects and conversations, but accounting for future projects ideas, and nuances is challenging. Staff believes that the only way to fully understand the impact of this program is through implementation. The proposed amendments will be reviewed and monitored

to determine the ordinance's effectiveness, deficiencies, or opportunities and staff anticipates that the ordinance will be revisited in the future.

Deed-Restricted Housing Incentives Development Code Amendments

Draft Town Council Ordinance 2026-06 includes amendments to the following chapters:

1. Chapter 18.213 – Deed-Restricted Housing Incentives
2. Chapter 18.25 – Objective Design Standards, specifically Section 18.25.105 (Design Standards for Projects in the Historic Preservation (-HP) Overlay District)
3. Chapter 18.78 – Planned Developments

The Planning Commission's recommended changes are shown in **yellow highlighted text** in the draft ordinance. Further discussion of Planning Commission's recommendations is provided below, where applicable. Staff's recommendations differ from Planning Commission's recommendations in the following areas:

- **Affordability term:** Staff recommends that the affordability term be "in perpetuity" whereas the Planning Commission recommended a term of 55-years, renewing upon conveyance.
- **Seniors and persons with disabilities:** The Planning Commission supported allowing seniors and persons with disabilities who are not members of the workforce as allowed occupants in the deed-restricted units. Staff agrees with the Planning Commission's recommendation, but recommends deferring this change to the future to provide time for careful consideration of what this would entail. The Housing Division is contemplating changes to incorporate seniors into its programs, but with consideration of potential asset caps. Staff recommends aligning the Housing Division's language into this ordinance, when it is refined.
- **On-street parking maintenance:** Staff recommends retaining the previously recommended language requiring the property owner or business owner be responsible for maintenance services and snow removal of on-street parking spaces. The Planning Commission had recommended that the on-street parking maintenance should be the responsibility of the Town.

Discussion of these items are denoted with a star (★) and are discussed in more detail below.

Minor changes made by staff are also shown in **blue highlighted** text in the draft ordinance and discussed below.

Chapter 18.213 – Deed-Restricted Housing Incentives

A new chapter, Chapter 18.213 (Deed-Restricted Housing Incentives), is proposed in Article VII – Housing of the Development Code. This is the primary change under consideration and where all the eligibility requirements for the deed-restricted housing program are located and all the incentives are identified. The section is structured in four parts, as described below:

1. **Applicability:** The Development Code Chapter applies to all residential and mixed-use zoning districts, including Manufacturing. Since the Development Code does not apply to Specific or Master Plans, the areas in the Railyard and Hilltop Master Plans and Gray's Crossing, Coldstream, and Joerger Ranch Specific Plans are not eligible for the Development Code incentives. These areas could be eligible for the funding program if they fall within the adopted funding program boundaries and meet the general requirements of the program. Changes to the plan areas could be made at the direction of the Council; however changes in areas with active Development Agreements (Coldstream and Railyard) could not be made until the respective Development Agreement expires or the Town and the underlying developer agree to make amendments.
2. **Review Process:** A revised review process is proposed where smaller projects are reviewed at the staff-level, medium projects are reviewed at the staff-level with additional requirements for

public outreach, and larger projects reviewed at the Planning Commission level. Time extensions for all projects regardless of original review authority are proposed to be reviewed at the staff-level.

3. Eligibility Requirements: In order to be eligible for the incentives, the project is required to meet minimum requirements, including the following:

a. Affordability/Use Restriction:

- 1) **Affordability Restriction:** In order to be eligible, projects are required to meet affordability and use restrictions. Affordability will be based on income thresholds adopted by resolution by the Town Council (Attachment #2). By referencing a resolution for the income limits for these incentives, it provides the Council with the flexibility to amend the qualifying incomes more quickly. Alternatively, the income limits could be incorporated into the Development Code; amendments to the income levels would then require Planning Commission review, two Town Council meetings, and a 30-day referendum period.

As drafted in Resolution 2026-11, the income limits are aligned with the existing Homegrown Housing program which is restricted to households with incomes up to 180% Area Median Income (AMI). The maximum rent will be required to be affordable to households up to 120% AMI; household size would be based on bedroom count for each unit. The Homegrown Housing monetary incentives program guidelines currently require a maximum qualifying initial purchase price of deed-restricted units of \$687,500, which is consistent with an affordable purchase price for a three-person household with an income up to 180% AMI. No limit is placed on purchase prices after the initial sale. Initial and subsequent buyers are limited to liquid assets no greater than 30% of the sales price of the housing unit and are required to obtain primary mortgage financing. As part of the Resolution 2026-11, staff is recommending that the initial purchase price be limited to households with a maximum income of 180% AMI, without a specific purchase price amount listed. This change will allow the initial purchase price to fluctuate based on the Nevada County AMI without requiring an update to the resolution. If the Town Council supports this change, staff will evaluate if this change should also be applied to the monetary incentive program guidelines.

Additionally, for subsequent sales of these units, the Town Council may wish to consider if the purchase price of these units should be limited based on the maximum income of a household income of 180% AMI based on bedroom count or if relying on the buyer's income qualifications and asset limits is sufficient. As written, the resolution does not include a maximum purchase price limit for subsequent sales. Other restriction requirements such as the employment requirements in the Tahoe Truckee Unified School (TTUSD) district boundaries, prohibition of short-term rentals, and full-time resident requirements, are incorporated into the Development Code.

Staff notes that the monetary incentives program requires that all household members occupy the unit as their principal residence a minimum of 10 out of 12 months out of a calendar year. The Development Code only requires one member of the household to be a full-time resident. If a project were using both the nonmonetary and monetary incentives, the stricter requirement would apply. Council should discuss if these requirements should be amended to be aligned.

Planning Commission's Recommendation: The Planning Commission requested that the Town Council consider implementing affordability thresholds based on the Town's existing rental programs (Lease to Locals and Rooted Rentals), which allow an average income of 150% AMI for all adult residents of a household and an alternative AMI for a single parent household with at least 50% child custody (1.5 times the 150% AMI for a single-person income).

Staff Note: Based on discussions with the Housing Division, staff does not recommend using the income restrictions in the Town's existing rental programs. In general, the housing types and households that are anticipated to be part of the deed-restricted housing incentive program are expected to be different than the housing types used for the rental programs. The rental program often serves a group of adult roommates that live together as a household in a single-family home whereas the deed-restricted housing incentive program is geared toward a higher density multifamily residential project with smaller units. Additionally, the 150% AMI for a single-person household is \$130,800. If three adults lived in one unit, the total household income cap would be \$392,400, which is a high total household income. If the Council is interested in considering this type of income eligibility structure, staff recommends that the Council direct staff to look at other AMI thresholds that would serve the Truckee workforce and return with recommendations. The AMI thresholds proposed in Resolution 2026-11 (Attachment #2) align with the program guidelines for the monetary incentives in the Homegrown Housing program.

- ★ 2) Affordability Term: Staff recommended that the deed restriction be applied to the project in perpetuity, consistent with the inclusionary and workforce housing requirements of the Development Code.

Planning Commission Recommendation: The Planning Commission recommended requiring the deed restriction for a 55-year term, renewable upon transfer or conveyance of the property.

Staff Note: Staff continues to recommend that the deed restriction be applied in perpetuity in order to be consistent in the Development Code. Additionally, monitoring property conveyance, renewal of terms, and when a property is considered no longer deed-restricted would create an additional burden on staff, when the general expectation is that the property would remain deed restricted in perpetuity. Staff's understanding of Council's goal of deed-restricting 10% of the housing in Truckee is to create an ongoing and permanent smaller market that serves the Truckee workforce. The language in Ordinance 2026-06 reflects staff's recommendation to maintain the term "in perpetuity." If the Council supports the Planning Commission's recommendation, the ordinance would be revised for the second reading.

- ★ 3) Occupant Requirement: The language in the draft did not include seniors or persons with disabilities who are not members of the workforce as eligible occupants for deed-restricted units and is focused on employment in the TTUSD boundaries.

Planning Commission Recommendation: The Planning Commission recommended that the program incorporate seniors and persons with disabilities as eligible occupants of deed-restricted units.

Staff Note: Staff agrees that the program should be eligible to seniors and persons with disabilities. Staff is working with the Housing Division to craft the appropriate

eligibility criteria, which may include an asset cap. The Housing Division has been working on creating this language but requires additional work to create the appropriate criteria. Staff will return at a future date with this language to amend the Development Code. Staff notes that this change can be incorporated into future Development Code clean-up efforts that occur regularly.

- 4) **Monitoring Requirement:** The draft language incorporates monitoring deed-restriction requirements in the deed-restricted housing agreement, but did not specify monitoring of physical and operational maintenance of the projects.

Planning Commission: The Planning Commission recommended requiring ongoing maintenance of the deed-restricted housing projects.

Staff Note: Staff included a provision requiring ongoing physical and operational maintenance of these projects in the deed-restricted housing agreement.

- b. Minimum Density:** Projects are required to meet the minimum density of the applicable zoning district. Where no density is defined for mixed-use zoning districts, up to four dwelling units per acre is proposed.
- c. Percentage of deed-restricted units:** At least 50% of the residential units in a project are required to be deed-restricted to be eligible for the program. If a mixed-use project has only one residential unit, the residential unit is required to be deed-restricted.
- d. Development standards:** The project is required to be consistent with all development standards in the Development Code unless modified by the Chapter.
- e. Unit types:** In past meetings, the Town Council provided general direction to consider limitations on the number of studio units in a project to ensure diversity in unit types. As part of the Planning Commission review, staff recommended a standard that caps the amount of studio units to a maximum of 15% of the deed-restricted units in a project. Minimum proportions for one-bedroom and two-bedroom units were also considered but were not proposed. The 15% maximum was based on the housing needs assessment that indicated that the unmet demand for studio units in Truckee is approximately 16%.

Planning Commission Recommendation: The Planning Commission recommended removing the 15% cap on studios believing it was too restrictive for developers to program individual projects with different site constraints. The Planning Commission supported encouraging unit mixes in projects through monetary incentives.

Staff Note: The draft ordinance omits a studio cap and includes only language that encourages a unit mix, as recommended by the Planning Commission. The Town Council may wish to discuss adding a studio cap back into the ordinance.

- f. Objective Design Standards:** Minimum objective design standards related to massing, articulation, roof types, materials, and colors are identified. The requirements are substantially pared down and simplified from the standard objective design standards. The standards for private balconies, decks, and patios and storage areas are unchanged from the regular objective design standards, with the exception of allowances for considering semi-private areas of a shared exterior walkway as a balcony, deck, or patio. Common outdoor recreational amenities and outdoor areas have been waived from the requirements.

The following standards were discussed by the Planning Commission:

- 1) Design Review: Consistency with the minimum objective design standards was required.

Planning Commission Recommendation: The Planning Commission recommended allowing flexible design review for all projects, without the need to apply for a Planned Development. This would mean that all projects, even projects that are reviewed at the staff level, would be allowed to request waiver of all the objective design standards and request review based on the design guidelines. Projects in the Historic Preservation Overlay District would be subject to Historic Preservation Advisory Commission (HPAC) review.

Staff Note: Staff had some concerns about allowing flexible design review at the staff-level. However, staff does not want to penalize smaller projects or delay smaller projects with a higher level of design review. At this time, staff supports the addition of flexible design review. Staff believes that this can be revisited at a future date if the flexible design review option creates conflict or confusion.

- 2) Required Amenities: The original draft language required that applicants meet the standard requirements for storage and balconies, decks, and patios. With the addition of Flexible Design Review for all projects, as recommended by Planning Commission, storage requirements; balconies, decks, and patios; and common laundry facilities were extracted as required amenities that were not eligible for Flexible Design Review. However, both requirements for storage and balconies, decks, and patios can be modified through the Planned Development option. Reformatting of this section was required to accommodate this change.

- a) Storage requirements: The Town's standard requirement for storage is to provide 40 square feet of storage area outside of bedrooms per unit. The length and width are required to be a minimum of two feet and the height a minimum of five feet six inches. Storage areas may be located in each unit, as a separate private storage space, or as a combination of both. This requirement was carried forward into the original staff recommendation for the deed-restricted housing incentives program. Staff originally recommended that alternatives to this requirement could be reviewed under a Planned Development.

Planning Commission Recommendation: The Planning Commission recommended requiring that for deed-restricted housing incentive projects the minimum total storage area for the project should be based on a 24 square feet of storage per bedroom calculation. Based on this total, the developer could allocate the storage as desired amongst the units. Example: A project with 20 residential units (10 one-bedroom and 10 two-bedroom, 30 bedrooms total) is required to provide 720 square feet of residential storage (30 bedrooms x 24 square feet). The developer can opt to distribute the 720 square feet of storage amongst the 20 residential units as desired (i.e., each of the units can have 36 square feet of storage each; 10 of the units can have 40 square feet of storage and 10 units can have 32 square feet of storage; or 10 units can have 72 square feet of storage each and 10 units can have no additional storage).

Staff Note: The draft ordinance includes Planning Commission's recommended language, including clarifying language that a studio is counted as a bedroom for the purposes of this standard. The Town Council should discuss if this is an appropriate standard. Some alternatives staff has considered are as follows:

- o Requiring storage for a certain percentage of deed-restricted units.
- o Allowing waiver of long-term bicycle parking requirements if the storage area is consolidated in one location (or vice versa). Staff notes that flexibility in the long-term bicycle requirements is not part of an allowed incentive as currently drafted.
- o Storage area requirements can be waived if fully enclosed parking is provided for the unit. However, staff notes that storage in garages can impede the parking functionality for which the garage is intended.

Staff supports Planning Commission's language though staff has mild concerns that application of the requirement may be a little confusing. If Council supports this approach, the Council may wish to consider if a standard should be incorporated requiring storage for a minimum proportion of the deed-restricted units.

- b) Balconies, decks, and patios requirements: The Town requires that all residential units have one private balcony, patio, or deck that is a minimum of 48 square feet with no dimension less than six feet. This requirement was carried forward into the original staff recommendation for the deed-restricted housing incentives program. Staff originally recommended that alternatives to this requirement could be reviewed under a Planned Development.

Planning Commission Recommendation: For deed-restricted housing incentive projects, the Planning Commission recommended that a minimum of 50% of the units have a 30 square foot deck with minimum dimension of four feet in any direction. The decks should be required to be equally distributed between deed-restricted and market rate units.

Staff Note: The draft ordinance includes Planning Commission's recommended language. The Town Council should discuss if this is an appropriate standard. Some ideas that have been considered by staff include requiring meaningful outdoor spaces/amenities that were otherwise exempted (e.g., larger barbecue areas, rooftop decks, play areas) or requiring larger common balconies or decks.

- c) Common laundry facilities: The Town requires that all multifamily residential developments with five or more dwelling units provide common laundry facilities, except where laundry facilities are provided within each unit at a rate of one washer and one dryer for every five units or fraction thereof.

Planning Commission Recommendation: For deed-restricted housing incentive projects, the Planning Commission recommended that the rate should be increased to one washer and one dryer for every four units.

Staff Note: Staff updated the language to make this change. Additionally, staff is recommending that the Council reduce the threshold throughout this section from five to four to align with the Planning Commission's recommendation. Draft Ordinance 2026-06 includes this language.

d) Clean-ups

Planning Commission Recommendation: The Planning Commission recommended some language clean-ups to the “Adjacent Development” standard and covered parking standard. Additionally, the Commission requested a new diagram depicting the “Adjacent Development” standard and a minor clarifying label to the “Example of a Balcony on a Shared Exterior Walkway” diagram. Additionally, the Planning Commission recommended removal of the requirement that material changes cannot occur on the same plane.

Staff Note: These changes were made in Ordinance 2026-06.

- g. Historic Design Standards:** As part of this update, new historic design standards were created as a baseline for any project in the historic district, including deed-restricted housing incentive projects. More information on this topic is provided in the “Chapter 18.25 – Objective Design Standards” discussion below. Any project in the Historic Preservation Overlay District would be required to meet the Historic Design Standards in conjunction with the minimum objective design standards related to massing, articulation, materials, colors, private outdoor space, and storage, unless flexible design review is requested.

4. Incentives: The following incentives are provided for projects that meet the eligibility criteria.

- a. Inclusionary/Workforce Housing Requirements:** All deed-restricted housing incentive projects are exempt from inclusionary and workforce housing requirements. While staff believes that integrating affordable housing units in projects throughout town creates stronger and more diverse neighborhoods, the purpose of this exemption is to support the stated purpose of this ordinance – to encourage housing that is not otherwise supported or required by existing policies. Units deed-restricted for lower Area Median Income (AMI) could be incentivized through the Homegrown Housing funding component. Staff also notes that this requirement, and any component of this ordinance, could be revisited.
- b. Density Bonus:** A density bonus of 10% (or at least one unit) was originally proposed for all deed-restricted housing incentive projects, except in the CMU zoning district on the north side of Donner Pass Road from Frates Lane to the I-80 off-ramp/McIver Roundabout where the density can go up to 24 dwelling unit per acre (instead of 18 dwelling units per acre).

Planning Commission Recommendation: The Planning Commission recommended a 25% density bonus for projects where 100% of the units are deed-restricted. All other projects would retain the 10% density bonus option. The Planning Commission also contemplated allowing Dwelling Unit Equivalents (DUEs) where a studio is considered 0.5 unit, a one-bedroom unit is considered 0.67 unit, a two-bedroom is considered 0.8 unit, and a three-or more bedroom is considered one unit. However, the Planning Commission believed that density based on units rather than Dwelling Unit Equivalents provides more clarity when communicating projects with the public. Further, the Planning Commission thought that the Town increased density through the General Plan already and contemplating potentially doubling density through DUEs was unnecessary at this time.

Staff Note: Staff included Planning Commission’s language in the draft ordinance and supports the Planning Commission’s recommendation.

- c. **Parking Quantity:** A reduced parking calculation is provided for deed-restricted housing incentive projects, including a reduced 10% guest parking requirement.

Planning Commission Recommendation: The Planning Commission specifically discussed this standard and recommended keeping the project as proposed. They believed it was an appropriate balance between the need for parking to support a successful project and the cost and physical constraints from constructing parking.

- d. **Additional incentives.** Additional incentives are provided to deed-restricted housing incentive projects based on the percentage of deed-restricted units provided in the project. Incentives are divided into Tier 1 and Tier 2 incentives. For projects that are on sites 0.5 acre or smaller, a higher proportion of Tier 2 incentives are provided to the project due to the greater amount of site constraints that often occur on smaller sites. Tier 1 incentives include FAR and height increases, waiver of fully enclosed garage parking requirements for deed-restricted units, and allowances for tandem or on-street parking. Tier 2 incentives include waivers of some landscaping requirements, reduction in open space and setback requirements, and increases in site coverage requirements.

Planning Commission Recommendations:

1. **Site Coverage:** The Planning Commission recommended increasing the site coverage incentive for parcels in the RM zoning district to 60% (the standard is 40% and the allowance was a 15% increase or 46% site coverage). The Planning Commission thought that this increase would be more meaningful and helpful to accommodating projects on constrained parcel.

Staff Note: Staff included Planning Commission's language for site coverage in the RM zoning district in the draft ordinance and supports the Planning Commission's recommendation.

2. **Open Space:** With this coverage increase in mind, the Planning Commission also decreased the open space requirement and supported staff's recommendation to decrease the open space requirement in the RM zoning district from 30% to 20% for project sites that are larger than 0.5 acre. For project sites that are 0.5 acre or smaller, projects could be exempt from the open space requirement. Previously, a 15% decrease was provided.

Staff Note: Staff included Planning Commission's language for open space in the RM zoning district in the draft ordinance and supports the Planning Commission's recommendation.



3. **On-street parking:** As part of the original Planning Commission review, staff recommended allowing on-street parking as an allowed incentive option in the CMU zoning district under specific circumstances. To allow the on-street parking, the property owner was required to enter into an agreement to provide street maintenance services and snow removal of the on-street spaces. The Planning Commission recommended removing this requirement and shifting maintenance to the Town. The Planning Commission believed that relying on the Town for maintenance would ensure a consistent level of service rather than relying on individual property owners.

Staff Note: While staff understands the Planning Commission's perspective and desire for consistency, staff does not believe it is appropriate for the Town to provide services for private developments that are not part of an established Community Facilities District. The on-street parking would be used to meet the project's parking demand and maintenance provided by the Town is not consistent with the Town's general policies related to services for private properties and use of public funds. Staff recommends retaining the requirement that the property owner or business owner is responsible for maintenance of these spaces, in compliance with the Town Engineer's requirements.

4. Clean-up language: The Planning Commission recommended language clean ups to "tandem parking" which have been incorporated into the ordinance.

In addition to Planning Commission's recommendations noted above, Planning Commission also recommended that the Town Council direct staff to discuss allowable density within the Tahoe Donner subdivision and potential conflicts with Town zoning with Tahoe Donner. At this time, this discussion is not in the Town's work plan.

Staff has also included the following additional clean-ups in the Ordinance shown in **blue highlighted** text:

- Added mixed-use projects not located directly adjacent to Donner Lake with one or more residential units within the Neighborhood Mixed Use (NMU) zoning districts as a project that is eligible for deed-restricted housing incentives programs.
- Adding in provisions requiring that the applicant meet minimum parking standards of the Chapter and waiving use of State law parking waivers, if the voluntary program is pursued. If use of provisions of State law are requested, other standard permit pathways continue to remain available.
- Minor clarifying, nonsubstantive, changes throughout.

Staff notes that while the nonmonetary incentives are being drafted with the monetary incentives in mind, the two incentives can be used separately. For example, if a project does not meet the minimum requirements for percentage of deed restrictions (Item 3.b above) but is willing to deed-restrict a unit in a larger project, the applicant could request Homegrown Housing funding for the one unit without relying on the Development Code chapter. The standard Development Code requirements, including the objective design standards, would apply to the project. Any requirements in the Homegrown Housing funding program would also be applied.

Proposed amendments are shown in Ordinance 2026-06 (Attachment #1). The amendments related to this discussion topic are in the new Chapter 18.213 (Deed-Restricted Housing Incentives).

Chapter 18.25.105 – Design Standards for Projects in the Historic Preservation (-HP Overlay District)

Chapter 18.25 (Objective Design Standards) was adopted in 2023 to create design standards for multifamily residential projects. Minor objective design standards for accessory dwelling units on properties with historic resources were also created. However, historic objective design standards that considered more character-defining features or compatibility with existing historic resources were not adopted at that time. Staff anticipates a larger effort to create historic objective design standards in the future; however, to ensure that the current project applicants for deed-restricted housing projects have a clear understanding of design expectations in the Historic Preservation (-HP) Overlay District, staff drafted minimum historic design standards. In drafting this language for the deed-restricted housing incentive program, staff determined that, at the minimum, these standards should also apply to all multifamily residential projects in the historic district. These standards should only be considered as a first step in creating the more robust historic design standards for all projects in the historic district,

including nonresidential projects and single-family dwellings. If historic design standards are adopted, the standards would be layered with the existing objective design standards that apply to all multifamily residential standards.

This new section focuses on general historic design standards that apply to all projects, modifications to existing historic resources (both attached and detached additions), and new construction or modifications to non-historic structures or sites. In creating the draft, staff reviewed the Historic Design Guidelines and considered past Historic Preservation Advisory Commission (HPAC) recommendations on projects and tried to incorporate this information into the standards. Staff's primary focus was on compatibility of structures with the surrounding context, materials, and windows. For reference purposes, a link to the Historic Design Guidelines can be found in Attachment #6.

For deed-restricted residential projects, if a project is consistent with all objective historic design standards, the project would qualify for a streamlined staff-level review process without HPAC review. For projects not using the deed-restricted housing incentive process, staff is proposing that multifamily residential projects would be required to be in compliance with the standards and would go through Historic Design Review to ensure consistency with the intent of the Historic Design Guidelines. Alternatively, projects that are not using the deed-restricted housing incentive process can go through a flexible design review consistent with the Town's current review process which relies on the Historic Design Guidelines and HPAC's review. The format of the review may change when the more robust historic design standards process occurs. Table 1 shows how design requirements apply across different housing project types:

Table 1: Design Review Requirements, with Modifications Incorporated

| Project Type | Multifamily residential projects outside of the historic district | Multifamily residential projects in the historic district | Mixed-use projects where less than 2/3 of the floor area is residential | Deed-restricted multifamily housing incentive projects outside of the historic district (includes any mixed-use project that meets the criteria) | Deed-restricted multifamily residential projects in the historic district (includes any mixed-use project that meets the criteria) |
|---|--|--|--|---|--|
| Objective Design Review | Objective design standards | Objective design standards | None | Minimum objective design standards (a pared down version of the objective design standards) | Minimum objective design standards (a pared-down version of the objective design standards) |
| Objective Historic Design Requirements | None. | Historic design standards HPAC review still required | None. | No historic design review. | Historic design standards |
| Flexible Approach Paths | Voluntary flexible design review available where use of the Design Guidelines are applied. | Voluntary flexible design review available where use of the Design Guidelines can be used. HPAC review is required and Historic Design Guidelines are applied. | Flexible design review is required. The Design Guidelines are applied. If the project is in the historic district, HPAC review and the Historic Design Guidelines apply. | Voluntary flexible design review available where use of the Design Guidelines will be used. | Voluntary flexible design review available where use of the Design Guidelines will be used. HPAC review is required and Historic Design Guidelines are applied |

The historic design standards outline requirements for materials, windows, doors, roofs, decks, retaining walls and fences, and exterior lights for all projects in the -HP Overlay District. Additionally, a few key requirements related to compatibility and complex are described below:

- Section 18.525.105.B (Modifications to existing historic resources): This section requires maintaining the historic resource as the dominant form by identifying location, size, and height requirements for attached and detached additions to existing historic resources.
- Section 18.25.105.C.1 (Massing of new construction or nonhistoric structures): This section limits the square footage of new structures or modified existing nonhistoric structures on parcels 0.5 acres in size to 120% or less of the median of the square footages of historic structures that are within 250 feet of the project property. Square footages would be based on building records as the primary source of information and assessor records as the secondary source of information. This standard was included to maintain the size and scale of the buildings in the same character area.
- Section 18.25.105.C.2.a (Setbacks for new construction or nonhistoric structures): This section requires that the front setback for new structures shall be 20% of the average of the distance of the front setback of structures within 250 feet on either side of the property. This standard was included to maintain the rhythm of the frontages of the character area.

The Historic Preservation Advisory Commission (HPAC) reviewed the proposed historic design standards at its November 12, 2025 meeting. See Attachment #4 for the staff report and draft minutes. At the meeting, the HPAC recommended the following edits:

- Prohibit stone veneer in the historic district
- Require a minimum slope of 6:12 for gable roofs
- Remove the color green as an allowed color for roofs
- Noted that wood shingles are not Wildland Urban Interface appropriate
- Prohibit removal of character-defining architectural features on historic resources

HPAC's suggested changes have been incorporated in the draft Development Code language. The HPAC also wanted to preserve a pathway for subjective review for applicants that may not meet the requirements of the historic design standards. Staff notes that a subjective pathway continues to be available for all multifamily residential projects, including, with the Planning Commission's recommendations, projects that are pursuing the deed-restricted housing incentives. Additionally, HPAC expressed strong interest in continuing work on expanding the historic design standards, including standards for single-family dwellings.

Planning Commission Recommendation: The Planning Commission recommended the following modifications:

- Update some headings to accurately reflect the standard;
- Apply the four-foot front yard fence height to the side fence between the front of the building and the public right-of-way;
- Modifying dimensions on the board-and-batten siding to 8"-12" from 6"-8";
- Allow a broader range of materials to detached additions on properties with a historic resource;
- Incorporating diagrams/figures into these standards to further clarify the standards. The Planning Commission recommended allowing deferral of creation of these figure to a later update to allow the Development Code update to move forward expeditiously; and
- Incorporating a requirement that would prohibit an inappropriately large window. The Planning Commission directed staff to propose draft language for Council's review.

Staff Note: Staff incorporated the Planning Commission's recommendations in Ordinance 2026-06. To address Planning Commission's last bullet point modification, staff included language prohibiting window openings that are greater than six feet in height. Staff believed that this standard, coupled with the existing

standards requiring that windows have a vertical proportion (at least 2:1) and that the maximum window openings on a building wall is 30%, would address Planning Commission's concerns.

The Planning Commission expressed concerns with some of the objective design standards, including historic design standards, but ultimately understood that these were intended to provide an avenue for an objective review of design. Since this could be applied for all projects without discretion, staff thought a stricter, more conservative approach for some standards made sense. With Planning Commission's modification adding in the option for a flexible design approach, the Planning Commission believed it was appropriate to have a stricter path for a streamlined review since an alternative option for other designs was available.

Proposed amendments are shown in Ordinance 2026-06 (Attachment #1). The amendments related to this discussion topic are in the new Chapter 18.25 (Objective Design Standards).

Chapter 18.78 – Planned Development

The Town Council's direction was to provide predictability and flexibility for these projects. The proposed Deed-Restricted Housing Incentives ordinance provides an avenue for streamlined review of deed-restricted projects with clear areas where flexibility in the standards is provided. Staff believes that the areas where development standards have been reduced in the new ordinance are the areas where flexibility can be provided. These are also the areas where flexibility has typically been requested in past Planned Development and Density Bonus projects. However, staff believe that the amount of flexibility in terms of quantity of incentives or amount of deviation from the standard would be appropriate to consider on a case-by-case basis through a Planned Development. Additionally, without a Planned Development, with Planning Commission's recommended modification, the objective design standards can also be waived through a Flexible Design Review process. The proposed language in Ordinance 2026-06 provides an option of predictability and an option for flexibility.

The purpose of a Planned Development is to allow consideration of innovation in site planning that more effectively responds to the site than the standard requirements. A project approved under a Planned Development is intended to be of greater quality than a typical project. The findings that are needed for a Planned Development purposefully hold the project to a higher standard. The requirement for a Project Mandatory Feature (such as affordable housing, LEED certification, etc.) is intended to be a baseline public benefit threshold that allows entry into the consideration for a Planned Development. In general, the selected Project Mandatory Feature is not intended to be the only feature that is of greater benefit to the community.

Under the proposed amendments, a new Project Mandatory Feature is proposed to accommodate a project with deed-restricted residential unit, as follows:

1. The project has five or more residential units and the residential floor area is equal to or greater than half of the floor area of the project;
2. 100% of the residential units are deed-restricted;
3. The project is consistent with the requirements of Chapter 18.213 (Deed-Restricted Housing Incentives) and is only requesting consideration of one or more of the following:
 - a. Alternatives to the requirements of Section 18.213.040.M.1 (Balconies, decks, and patios);
 - b. Alternatives to Section 18.213.040.M.3 (Storage);
 - c. A greater number of incentives than allowed under Section 18.213.050.F Tables 7-1 and 7-2; and/or
 - d. A change to the flexibility within each incentive (e.g., the amount of front setback reduction or site coverage increase).

When drafting this Planned Development amendment, staff wanted to find a way to encourage use of the Deed-Restricted Housing Incentives as drafted. If the Planned Development process was too broad, staff were concerned that it would undermine the purpose of the ordinance and drive use of the Planned Development without consideration for the streamlined ordinance.

Staff's reasoning in requiring five or more residential units in a primarily residential project and 100% deed-restricted units as baseline thresholds was to ensure that the number of units that are deed-restricted is substantial enough to warrant consideration of further deviations than what is already allowed. Planned Development projects are expected to be held to a higher standard than the baseline requirements of the Development Code. Further, staff believe that limiting the deviations only to the standards for balconies, decks, and patios, storage, and the listed incentives provide more clarity to a future applicant. As noted previously, these listed incentives, including the private outdoor space, are also the main standards where deviations are requested. Staff recommend that the Town Council consider the criteria and identify if other criteria should be incorporated. If a project does not meet the deed-restricted housing incentive Planned Development criteria, other mandatory features can be incorporated, including the affordable housing minimums or the public amenity.

Proposed amendments are shown in Ordinance 2026-06 (Attachment #1). The amendments related to this discussion topic are in Chapter 18.78 (Planned Developments).

Related Development Code Clean-up Amendments

In the course of drafting the proposed deed-restricted housing incentives, staff identified areas where updates are required in other sections of the Development Code to ensure consistency with the new chapter. Staff also noted additional clean-up amendments to provide clarifying language to housing policies and requirements:

1. Section 18.58.140 – Mixed-Use Developments – Clarify multifamily residential project requirements that are not subject to the objective design standards and re-include accidentally removed language on the mixed-use component proportions for projects in the Manufacturing (M) zoning district.
2. Chapter 18.72 – Zoning Clearance – Minor clean ups and insert reference to the “Deed-Restricted Housing Incentives” review process
3. Chapter 18.74 – Development Permits – Insert reference to the “Deed-Restricted Housing Incentives” review process
4. Chapter 18.77 – Historic Design Review – Exempt Deed-Restricted Housing Incentive projects from Historic Design Review
5. Chapter 18.79 – Streamlined Residential Review – Clarify that use of the objective design standards and Streamlined Residential Review is required for State Density Bonus projects.
6. Chapter 18.210 – Affordable Housing Controls
 - a. Update the definition of Above Moderate Income Household to align with the definition of “Affordable Sales Price.”
 - b. Clarify that sale of affordable housing units to non-qualifying households is required to be consistent with the requirements of the deed restriction,
 - c. Update the “Affordable Housing Agreement” to “Affordable Housing or Workforce Housing Agreement” to align with the Workforce Housing Ordinance
7. Chapter 18.214 – Inclusionary Housing – Require offsite inclusionary housing requirements to be reviewed under an Alternative Equivalent Proposal. It is unclear under the existing language how the offsite requirements would be applied given that the ordinance requires 15% of all new dwelling units in a residential development project shall be affordable.
8. Chapter 18.216 – Workforce Housing

- a. Clarify the purpose of the Workforce Housing Ordinance,
- b. Require offsite workforce housing requirements to be reviewed under an Alternative Equivalent Proposal
- c. Clarify that the goal is to further housing goals for Truckee rather than the Truckee region, which is undefined.
- d. Modify the FAR incentives for projects in the Manufacturing (M) zoning district and General Commercial (CG) zoning districts
- e. Remove allowances that are not consistent with other Town policies and reference the State Density Bonus Law Development Code Section (Chapter 18.212 – Density Bonuses, Incentives, and Concessions) for pathways for other incentives and concessions.

Additional related clean-up amendments are proposed in the following chapters:

9. Chapter 18.58 – Standards for Specific Land Uses, specifically Section 18.58.140 – Mixed-Use Developments
10. Chapter 18.72 – Zoning Clearance
11. Chapter 18.74 – Development Permits
12. Chapter 18.77 – Historic Design Review
13. Chapter 18.79 – Streamlined Residential Review
14. Chapter 18.210 – Affordable Housing Controls
15. Chapter 18.214 – Inclusionary Housing, specifically Section 18.214.050.A – Location of Inclusionary Requirements)
16. Chapter 18.216 – Workforce Housing

Priority:

| | | | | | |
|--------------------------|---------------------------|--------------------------|--------------------------------------|-------------------------------------|--------------|
| <input type="checkbox"/> | Enhanced Communication | <input type="checkbox"/> | Climate and Greenhouse Gas Reduction | <input checked="" type="checkbox"/> | Housing |
| <input type="checkbox"/> | Infrastructure Investment | <input type="checkbox"/> | Emergency and Wildfire Preparedness | <input type="checkbox"/> | Core Service |

Fiscal Impact: As proposed, there will be minimal fiscal impact to the Town in administering the amendments related to 2040 General Plan Implementation. The cost to apply the Ordinance to individual projects would be paid for by each project proponent as part of the land use application. Homegrown Housing monetary incentives are discussed separately.

Public Communication: In addition to the standard noticing requirement for Council agendas, a display notice was published in the *Sierra Sun* on Friday, March 27, 2026. The hearing date with a link to the staff report was also provided on the Town website five days prior to the Council hearing. Emails have been sent out to developers, designers, and stakeholders when each Planning Commission and Town Council staff report has been published.

Attachments:

- Attachment 1: Ordinance 2026-06 – Development Code Amendments for Deed-Restricted Housing Incentives
- Attachment 2: Resolution 2026-11 – Establishing Qualifying Income Limits for the Development Code Deed-Restricted Housing Incentives (Chapter 18.213)
- Attachment 3: November 18, 2025 Planning Commission
 - Staff Report: <https://portal.laserfiche.com/Portal/DocView.aspx?id=59897203&repo=r-6a91ddbc>

- Minutes:
<https://portal.laserfiche.com/Portal/DocView.aspx?id=59920497&repo=r-6a91ddbc>
- Attachment 4: March 17, 2026 Planning Commission
- Staff Report:
<https://portal.laserfiche.com/Portal/ElectronicFile.aspx?docid=59928105&repo=r-6a91ddbc>
 - Draft Minutes:
<https://portal.laserfiche.com/Portal/DocView.aspx?id=59934407&repo=r-6a91ddbc>
- Attachment 5: January 27, 2026 Town Council meeting (Program Guidelines Discussion on Monetary Incentives)
- Staff Report:
<https://portal.laserfiche.com/Portal/ElectronicFile.aspx?docid=59916226&repo=r-6a91ddbc>
 - Minutes:
<https://portal.laserfiche.com/Portal/DocView.aspx?id=59922470&repo=r-6a91ddbc>
- Attachment 6: Historic Design Guidelines: <https://www.townoftruckee.gov/336/Historic-Design-Guidelines>