



Date: December 13, 2022

Honorable Mayor and Council Members:

Author and title: Lynn Baumgartner, Program Analyst II

Title: **Truckee Home Access Program (THAP) Guidelines Update**

Approved By: \_\_\_\_\_ Jen Callaway, Town Manager

**Recommended Action:** Review and approve recommended changes to the Program Guidelines for the Truckee Home Access Program (THAP) and authorize the Town Manager to approve minor administrative edits to the guidelines for clarity.

**Discussion:**

**INTRODUCTION**

Increasing the inventory of rental and ownership homes available to community members living and working in Truckee is a Town Council priority. Growing the inventory of housing that is legally deed restricted-- or reserved— for full-time occupancy—is an important strategy used in many jurisdictions to ensure the long-term availability of workforce housing. A deed restriction is a tool that helps preserve a housing unit as a fulltime residence through legal requirements that run with the property for the term of the restriction (typically 55+ years). These limitations of land use can include resident income requirements or full-time residency requirements.

No one program or policy will resolve our region's housing challenges. However, by implementing a range of strategies that support a variety of housing types and a wide spectrum of income levels, we will see progress toward the goal of increasing the inventory of homes that our local workforce can access. The Truckee Home Access Program (previously called the Below Market Rate Housing Program) is a deed restriction purchase program that offers an additional tool in the toolbox to help address our community's immediate housing needs and to preserve workforce housing.

**BACKGROUND:**

In August 2021, the Town contracted with a consulting team comprised of BAE Urban Economics and Rise Housing to assist with the development of the Below Market Rate Housing Program (herein after referred to Truckee Home Access Program, or THAP). Additionally, the Town convened a nine-member stakeholder advisory committee in late 2021 to early 2022 to inform program development. The main goal of the program is to increase ownership access to the housing market for a range of households that live and work in the region. Specifically, through the management of existing deed-restricted units and the purchase of new deed restrictions, the goal is to increase the overall inventory of deed-restricted housing in Truckee. Currently, 772 (about 5.8%) of the approximately 14,000 housing units in Truckee are deed restricted. Of the 5.8%, the majority (79%) have household income caps at or below 80% of the area median income, which is considered low income by Department of Housing and Urban Development (HUD) standards. Additionally, most of Truckee's existing deed restricted units are rental rather than for-sale.

On March 8, 2022, Town Council approved Program Guidelines for the Below Market Rate Housing Program and directed staff to proceed with a request for proposals for a third-party administrator to operate the program (**see Attachment 1: March 8, 2022 Staff Report**). On September 13, 2022, Council approved updates to the Program Guidelines, including changing the name of the program to the Truckee Home Access Program (THAP) (**see Attachment 2: September 13, 2022 Staff Report**).

The Council-approved program goals are to:

- Increase the percentage of the total housing stock that is deed restricted to 10% of the Town's housing inventory in the next 10 years;
- Expand Truckee's deed restriction program to include higher income levels (up to 245% AMI) to preserve housing stock at a range of income levels and reflect current conditions in the for-sale market; and
- Expand the deed restriction program to include more for-sale product.

Following Council approval of the updated Program Guidelines in September 2022, the Town has launched THAP with the support of Housing Inc, our Program Administrator. We have implemented an outreach campaign, hosted seven informational presentations and workshops, launched the program application, and begun receiving and reviewing applicant files. As of December 2, 2022, ninety individuals have attended the workshops for Buyers & Sellers, and 25 individuals have attended the workshop for Realtors & Lenders. We have created a THAP interest list, and 210 people have signed up to receive emails about the program. We have received six completed program applications, and have approved four applicants to the program.

In the process of implementing the program, staff and Housing Inc. have found opportunities for necessary Program Guideline corrections and clarifications and have drafted a suite of clean-up revisions to the Program Guidelines for Council consideration. Additionally, staff proposes that Council authorizes the Town Manager to approve minor administrative edits to the guidelines for clarity, as currently all changes must be approved by Council.

## PROPOSED PROGRAM GUIDELINE CHANGES

The following program updates are included in the revised Program Guidelines (See Attachments 3 and 4).

### **3.3 Eligible Use of Funds and Distribution: Other Deed Restrictions**

Language was added to state that while THAP will consider applications that combine THAP funding with other housing assistance funding, THAP cannot be combined with other programs that already restrict ownership and/or occupancy based on a local employment restriction or income. One goal of this program is to increase the inventory of deed restricted homes in Truckee, and if the unit is already deed restricted, funding the purchase of that unit would not fulfil that goal.

### **4.4 Mortgage Readiness: Program Documents**

Originally this section stated that applicants can work with any lender that has reviewed the THAP Program documents and confirmed in writing that they are able to lend on the THAP, including having the lender's interest be subordinate to the THAP deed restriction and deed of trust if applicable. This has been modified to remove "and deed of trust if applicable." Following review of the program by several local lenders, staff recommend this change due to the fact that no lender will subordinate their interest to another deed of trust. While the intent of the THAP program is that program participants will not pay back the THAP payment amount received from the Town, the Deed of Trust provides that, in the event of default of program requirements, the Town can requirement repayment. The recommended change would subordinate the Town's Deed of Trust to the lender's Deed of Trust, meaning that in the event of a mortgage default, the Town would be in second position for repayment.

### **4.4 Mortgage Readiness: Seller Carry Back**

Language was added to include what documentation is needed in case a seller or buyer is using a seller carry back (i.e. seller financing) instead of a traditional lender and to clarify that the program will accept that type of financing. We anticipate that some program participants will be interested in utilizing a seller carry back, specifically in transactions between landlords and tenants.

#### **4.5 Tenant Eligibility, 5.4 Renters/Tenants & 7.2 Renting: Roommates**

Language was added to clarify that roommate tenants who occupy the THAP Unit with the THAP Unit Owner are required to meet program rental requirements, including lease term, rent affordability, and AMI and local employment requirements. This change is consistent with the current restriction that tenants for a whole-house rental must meet these requirements.

#### **CONCLUSION AND NEXT STEPS**

Staff recommends that Council review and approve the attached update THAP Program Guidelines and authorize the Town Manager to approve minor administrative edits to the guidelines for clarity.

#### **Priority:**

<input type="checkbox"/> Enhanced Communication	<input checked="" 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:** None.

**Public Communication:** Agenda posting.

#### **Attachments:**

Attachment 1: March 8, 2022 Staff Report available at:

<https://portal.laserfiche.com/Portal/DocView.aspx?id=59564221&repo=r-6a91ddbc>

Attachment 2: September 13, 2022 Staff Report available at:

<https://portal.laserfiche.com/Portal/DocView.aspx?id=59590999&repo=r-6a91ddbc>

Attachment 3: Updated Program Guidelines (clean copy)

Attachment 4: Program Guidelines with Track Changes