

**TOWN OF TRUCKEE
California**

RESOLUTION NO. 2022-77

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF TRUCKEE
APPROVING AN UPDATED AFFORDABLE HOUSING IN-LIEU FEE BASED ON THE
ADOPTED ANNUAL UPDATE CALCULATION PROCESS**

WHEREAS, the Town Council on May 3, 2007 adopted Ordinance No. 2007-05 establishing inclusionary requirements for affordable housing on residential projects and on February 5, 2009 adopted Ordinance No. 2008-09 establishing requirements for affordable housing on non-residential projects; and

WHEREAS, Ordinances No. 2007-05 and No. 2008-09 include provisions for payment of fees in-lieu of constructing a project's required affordable housing; and

WHEREAS, Sections 18.214.040.E.4 and 18.216.040.F.4 of the Development Code state that the amounts, calculation, and timing of payment of the affordable housing in-lieu fee shall be established by resolution of the Town Council; and

WHEREAS, the Town Council on April 2, 2009 adopted Resolution No. 2009-13 to set the amount of the in-lieu fee and to establish guidelines and procedures for the administration of the affordable housing in-lieu fee program; and

WHEREAS, Resolution No. 2009-13, Exhibit A states that the Town Council may modify the fee by resolution based on an annual review to determine if the fee should be updated based on changes to land costs, construction costs, Town affordable housing goals, and other relevant factors; and

WHEREAS, based on a review of the housing in-lieu fee program completed by Bay Area Economics on March 2, 2011, it was determined by Town staff that the existing in-lieu fees should be modified by resolution to reflect current market conditions; and

WHEREAS, the Town Council on September 1, 2011 adopted Resolution No. 2011-42 to update the affordable housing in-lieu fee and administrative guidelines and procedures and to establish an annual process for updating the in-lieu fee described in Exhibit C of the Resolution; and

WHEREAS, the Town Council on September 11, 2012 adopted Resolution No. 2012-37 to update the affordable housing in-lieu fee and administrative guidelines and procedures and updated the annual process for updating the in-lieu fee described in Exhibit C of the Resolution; and

WHEREAS, the Town Council on October 22, 2013 found the existing housing in-lieu fee program completed by Bay Area Economics to be no longer reflective of the Truckee market and directed staff to research updated methods and indices for the future updates of the affordable housing in-lieu fee; and

WHEREAS, the Town Council on October 22, 2013 adopted Resolution No. 2013-37 continuing the housing in-lieu fee adopted in Resolution 2012-37 for an additional year; and

WHEREAS, the Housing Advisory Work Group on February 12, 2015 and March 5, 2015 reviewed the draft affordable housing in-lieu fee program establishing an updated amount of the in-lieu fee and modifications to the administrative guidelines and procedures of the fee program and forwarded this draft program to the Town Council as the recommendation of the Work Group; and

WHEREAS, the Town Council on March 26, 2015 adopted Resolution No. 2015-13 updating the affordable housing in-lieu fee calculation process in the administrative guidelines and procedures based on local real estate data, county income limits, and a national construction cost index; and

WHEREAS, the Town Council directed staff to apply the adopted affordable housing in-lieu fee calculation to determine the 2015/2016 affordable housing in-lieu fee; and

WHEREAS, on September 18, 2017, Bay Area Economics (BAE) completed a comprehensive analysis of the affordable housing in-lieu fee and provided recommendations based on the cost of construction of income restricted units, supportable development costs, and average local funding subsidies; and

WHEREAS, the Town Council adopted an process for annually updating the affordable housing in-lieu fee for the next five to ten years; and

WHEREAS, on November 28, 2018, the Town Council adopted an updated affordable housing in-lieu fee based on the 2017 updated affordable housing in-lieu fee completed by BAE Urban Economics based on the approved process; and

WHEREAS, in 2019 and 2020, the applied short-term update calculation process resulted in a decrease in the affordable housing in-lieu fee amount based on an increase in the Nevada County Area Median Income; and

WHEREAS, the Town Council believed that the reduced amount did not accurately reflect the community's ability to obtain housing and maintained the 2018 amount; and

WHEREAS, in 2021, due to the substantial increase in the single-family residential median home price and the construction cost index, the short-term update calculation process resulted in an increase to the affordable housing in-lieu fee that aligns more with the housing trends of Truckee; and

WHEREAS, in 2022, although there was an increase to the Nevada County Area Median Income, the substantial increase in the single-family residential median home price and the construction cost index resulted in an increase to the affordable housing in-lieu fee once again; and

WHEREAS, the 2022 affordable housing in-lieu is significantly less than the \$250,496 per unit subsidy required for affordable housing units identified in the 2017 BAE report without consideration for increases to cost of construction; and

WHEREAS, the Town Council finds the actions to establish an affordable housing in-lieu fee be exempt from further review under the California Environmental Quality Act pursuant to Section 15061(b)(3) of the CEQA Guidelines; and

NOW THEREFORE BE IT RESOLVED, the Town Council of the Town of Truckee hereby adopts an Affordable Housing In-Lieu Fee as set forth in Exhibit A, attached hereto and incorporated herein.

BE IT FURTHER RESOLVED, the Council hereby adopts the “Guidelines and Procedures for the Administration of the Affordable Housing In-Lieu Fee Program” as set forth in Exhibit B, attached hereto and incorporated herein.

BE IT FURTHER RESOLVED, the Council hereby adopts the “Process for Annually Updating the Affordable Housing In-Lieu Fees” as set forth in Exhibit C, attached hereto and incorporated herein.

BE IT FURTHER RESOLVED, the Council hereby rescinds the affordable housing in-lieu fees adopted by Town Council Resolution 2021-65.

The foregoing Resolution was introduced by _____, seconded by _____, at a Regular Meeting of the Truckee Town Council, held on the 13th day of December 2022 and adopted by the following vote:

AYES:

NOES:

ABSENT:

Courtney Henderson, Mayor

ATTEST:

Judy Price, MMC, Town Clerk

Exhibit A – Affordable Housing In-Lieu Fee

Exhibit A1 – Affordable Housing In-Lieu Fee Residential Projects of Six or Less Units or Lots

Exhibit B – Guidelines and Procedures for the Administration of the Affordable Housing In-Lieu Fee Program

Exhibit C – Process for Annually Updating the Affordable Housing In-Lieu Fee

**TOWN COUNCIL RESOLUTION NO. 2022-77
EXHIBIT A**

Affordable Housing In-Lieu Fee

(A) The affordable housing in-lieu fee shall be \$134,413 per affordable housing unit required.

(B) Notwithstanding the fee established in Paragraph A, the in-lieu fee for residential projects of six or less new units or lots shall be as set forth in Exhibit A1.

(C) The fee is based on a methodology utilized in the September 18, 2017 Updated Affordable Housing In-Lieu Calculations study prepared by Bay Area Economics and the November 14, 2017 Town Council staff report which established the affordable housing in-lieu fee for 2017 and the baseline for future updates. This methodology calculated average subsidy required by local governments to help fund housing projects. This methodology is based on current Town goals that 50% of the Town's affordable housing resources should be allocated to the construction of high-density rental units affordable to low-income households and 50% should be allocated to the construction of high density for-purchase units affordable to moderate-income households.

(D) The Town Council may modify the fee by resolution on or about November 1st of each year. The most recently approved affordable housing in-lieu fee shall remain in effect until the Town Council takes action to adopt an updated fee. The index-based short-term in-lieu fee update process described in Exhibit "C" of Resolution 2019-68 shall be used annually through 2022. The process is based on the Engineering News Record's Construction Cost Index, the Truckee average median home prices provided by the Tahoe Sierra Board of Realtors, and the Nevada County income limits. As part of the 2022 update process, the Council conducted a check in on the short-term update calculation process and determined that it will continue until completion of the 2040 General Plan update process and a comprehensive housing policy review can be conducted through the next update to the Housing Element. If the Town Council finds that the calculation process no longer accurately reflects the market conditions, the Town Council may choose to continue the previously approved affordable housing in-lieu fee, require an updated calculation process, and/or initiate a comprehensive analysis. If, at any time, the Council determines that there have been substantial changes to market conditions that would warrant a full economic study, the Council may direct staff to initiate a comprehensive study at any time.

(E) The administration fee for Town services provided in the assessment and collection of mitigation fees shall be one hour of Planning staff time as identified in the most recently adopted fee schedule for each payment. The Town Council may modify the administration fee by resolution.

**TOWN COUNCIL RESOLUTION NO. 2022-77
EXHIBIT A1**

**Affordable Housing In-Lieu Fee
Residential Projects of Six or Less Units or Lots**

The affordable housing in-lieu fee for residential projects of six or less new units or vacant lots shall be based on the following table:

Total # of New Units/Lots	In-Lieu Fee Payment
1	Exempt per below***
2	\$40,324***
3	\$60,486
4	\$80,648
5	\$100,810
6	\$120,971

*****Exemptions from Payment of Inclusionary Housing In-lieu Fees:**

- Exemptions by Ordinance: Refer to Development Code Section 18.214.040.F for a complete list of exemptions from payment of inclusionary housing in-lieu fees, including, but not limited to:
 - The construction of one single-family dwelling unit on an existing single-family lot.
 - The construction of an accessory dwelling unit or junior accessory dwelling unit in accordance with Section 18.58.025.
 - The construction of two attached units on an existing multi-family lot in which the total number of dwelling units on the lot does not exceed two.If additional dwelling units are subsequently constructed on the lot, single family dwelling unit and two attached units existing units shall be included and calculated towards the inclusionary requirements.
- Additional Exemptions for Residential Subdivisions:
 - Underlying Parcel Exemption: The original, underlying/parent parcel proposed to be subdivided shall **not** be counted as a newly created parcel for the purposes of calculating in-lieu fees.
 - Example: A residential parcel is proposed to be subdivided into four parcels. This would result in three newly created parcels, and the applicant would pay a \$60,455 in-lieu fee.
 - One New Lot Exemption: The subdivision of one residential lot into a total of two residential lots (one new lot) shall be exempt from payment of inclusionary housing in-lieu fees. If either of the resultant parcels is subsequently subdivided further, the previously created lot shall be included and calculated towards the inclusionary requirements for the new subdivision.
 - Example: In 2018 a residential parcel is subdivided into two parcels (Resultant Parcels A & B), therefore the applicant is exempt from payment of in-lieu fees for the one newly-created lot. In 2023, Resultant Parcel A is further subdivided into two parcels (Resultant Parcels A & C), therefore the applicant would pay an in-lieu fee of

\$40,304 for two newly created parcels (2018's Resultant Parcel B and 2023's Resultant Parcel C).

**TOWN COUNCIL RESOLUTION NO. 2022-77
EXHIBIT B**

**Guidelines and Procedures for the Administration of the
Affordable Housing In-Lieu Fee Program**

Section 1. Purpose. The following guidelines and procedures have been developed to facilitate the implementation of the Town of Truckee Affordable Housing In-Lieu Fee Program for small projects and for large projects when payment of in-lieu fees is permitted. These guidelines and procedures are intended to provide direction to Town staff and the public regarding the detailed procedures for implementing the fee program. The Community Development Director shall be the principal Town staff person designated with the responsibility of implementing these guidelines and procedures.

Section 2. Eligibility. These guidelines and procedures shall be applicable to the payment of in-lieu fees on small projects for which the payment of the in-lieu fee is at the discretion of the developer; small projects are defined as residential projects with six or fewer new units or lots and non-residential projects that generate less than 20 full-time equivalent employees. For larger projects where the payment of the in-lieu fee is at the discretion of the review authority of the land use permit, these guidelines and procedures shall be applicable to the payment of a fractional in-lieu fee. If the review authority approves the payment of the in-lieu fee for a large project, these guidelines and procedures shall be applicable except as modified by the action of the review authority.

Section 3. Fee. The amount of the fee shall be established by this Council resolution unless a subsequent resolution is adopted to supersede this resolution.

Section 4. Assessment of Fees. The Community Development Director shall assess the affordable housing in-lieu fee as follows:

A. The amount of the in-lieu fee shall be calculated based on the number or fraction of affordable housing units required for the project, as determined by the review authority for the land use permit, multiplied by the in-lieu fee per required affordable housing unit.

B. The amount of the in-lieu fee shall be calculated based upon the fee schedule in effect at the time of building permit issuance or at the time that Town staff determines the tentative map application to be complete for processing for residential subdivisions with vacant lots. If a time extension is requested for an approved tentative map for residential subdivisions with vacant lots, the amount of the in-lieu fee shall be calculated based on the fee schedule in effect at the time that Town staff determines the time extension application to be complete for processing. For residential subdivisions with vacant lots, if the in-lieu fee in effect at the time of parcel or final map application is lower than the fee set forth in the conditions of approval of the tentative map or subsequent time extension, the applicant shall pay the lower amount.

C. For projects approved prior to the April 2, 2009 adoption of Council Resolution 2009-13 which established guidelines and procedures and which included a condition addressing the payment of an in-lieu fee, the fee shall be assessed as set forth in the condition of approval of the land use permit.

D. Except for payment of a fractional in-lieu fee, the Community Development Director may proportion the amount of the in-lieu fee charged to each building permit for projects with two or more building permits. For projects with a fractional in-lieu fee, the fee shall be paid at the time of the first building permit.

Section 5. Payment, Collection, and Refund of Fees.

A. The Community Development Director shall collect the in-lieu fee in the same manner as Town impact or mitigation fees and building permit fees in accordance with Town policies and procedures except as modified or clarified in these guidelines and procedures.

B. The applicant shall pay the in-lieu fee prior to or at the time of issuance of a building permit or recordation of the parcel or final map, whichever occurs first, unless the review authority approves an alternate fee payment schedule. The applicant may pay the fee by cash, personal or business check, cashier's check, money order, certified check, or credit card payment.

C. The Community Development Director may approve a deferral of the fee payment until occupancy of the structure or parcel if the required fee is less than \$35,000 and the applicant enters into a recorded agreement with the Town to pay the fee. An application fee may be required for the consideration and processing of the deferral.

D. If the in-lieu fee is paid and the building permit expires or is canceled or voided, or the land use permit which triggers the application of the fee fails to vest within the terms of the land use permit, the Community Development Director may, upon written request of the developer, order return of the fee (or portion thereof) if work on the project has not progressed to a point that would permit commencement of a new, changed, or expanded use for which a fee would be payable.

Section 6. Appeals. The project proponent may appeal the fee assessment to the Town Council prior to issuance of the building permit. Appeals will be considered in a public hearing with notice provided to the project proponent and any other parties requesting notice. A building permit will not be issued until all fee disputes are resolved.

Section 7. Use of Fees.

A. The Town Council shall use and distribute all fees collected to support Town of Truckee affordable housing programs in the Truckee region.

B. Fees collected as part of the Affordable Housing In-Lieu Fee Program shall be used to support the creation of housing and shall not be used to fund studies.

C. All fees collected under the Affordable Housing In-Lieu Fee Program shall be deposited into an account separate from other Town funds or accounts. Any interest earned by such account shall be deposited into that account.

**TOWN COUNCIL RESOLUTION NO. 2022-77
EXHIBIT C**

**Process for Annually Updating the
Affordable Housing In-Lieu Fees**

The annual short-term index-based update process shall be used through the 2040 General Plan update process and until a comprehensive policy update can be completed as part of the next Housing Element cycle, as described in Exhibit A, Paragraph D. The short-term index-based update process is outlined in this exhibit (Affordable Housing In-Lieu Fee Calculation Worksheet). The initial base amount for the update in 2017 shall be the affordable housing in-lieu fee adopted in Exhibit A of this resolution and each subsequent year shall use the adopted in-lieu fee from the previous year as the base figure.

Step 1. Open the file

- 1) Open the worksheet "Affordable Housing In-Lieu Fee Calculation Worksheet" that was previously adopted.

Step 2. Update the Average Median Home Values from Tahoe Sierra Board of Realtors

- 1) Go to www.tahoemls.com/statistical-information/ and download the current year's monthly statistics
- 2) Insert new lines for the current year under the Truckee Single-Family Residential and Tahoe Donner Single-Family Residential tables in Sheet 1 (Index) of the previously adopted Affordable Housing In-Lieu Fee Calculation Worksheet and update it with Tahoe Sierra Board of Realtors median home prices for single family homes for Truckee and for Tahoe Donner. Drag the formulas from the previous years to the newly created lines to determine the averages and the change from the previous year.
- 3) Determine the average of the "Single-Family Residential for Truckee and Tahoe Donner under the Average Median Home Price in Total Single-Family Residential table by creating a new row for the current year and drag the formulas up for the previous year's row to get the total average and the change from the previous year.

Step 3. Update the Engineering News Records Construction Cost Index

- 1) Go to http://enr.construction.com/economics/historical_indices/construction_cost_index_history.asp
- 2) Insert a new line for the current year in the previous Affordable Housing In-Lieu Fee Calculation Worksheet and update it with the Engineering News Records' monthly cost index for the 20-city average and drag the formulas up from the previous year to get the average and the percentage change.

Step 4. Adjust Index Based on the Updated Nevada County Income Limits.

- 1) Download the most current state income limits from the Department of Housing and Community Development which are updated annually around June: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>
- 2) Insert a new line for the current year under the "Nevada County Income Limits (Four-Person Area Median Income)" table and update it with the most current income limits for Nevada County. Drag the formula up from the previous year to determine the percentage change.

Step 5. Update Index

- 1) Insert a new row under the Truckee Affordable Housing In-Lieu Fee Index to show the change from the previous year and drag the formula up from the previous year's row which will update table with the new Proposed In-Lieu Fee (with Income Adjustment).

Step 6. Double-check Formulas

- 1) Since new lines were inserted, ensure that the formulas have been carried over and updated.
- 2) Check the "In-Lieu Fee Table" tab and ensure that the in-lieu fee has been carried over.

Step 7. Update In-Lieu Fees Amounts in the Resolution.

- 1) In Exhibit A (Page 3) of this resolution, replace the in-lieu fee amount in the first paragraph with the updated amount from Sheet 2 ("In-Lieu Fee Table"), Cell D4.
- 2) In Exhibit A1 (Page 5) of this resolution, replace the in-lieu fee amounts in the table and exemptions with the updated amounts from Sheet 2 ("In-Lieu Fee Table"), Table #1, Cells D9-D15.