



Date: June 25, 2024

Honorable Mayor and Council Members:

Author and title: Lynn Baumgartner, Program Analyst II

Title: **Truckee Home Access Program (THAP) Update and HousingINC Contract Amendment**

Jen Callaway, Town Manager

Recommended Action: 1) Receive the Truckee Home Access Program update; 2) Authorize the Town Manager to execute a contract amendment with HousingINC in the amount of \$87,000, for a total amended contract amount of \$244,147.50 to provide program administration for the Truckee Home Access Program and extend the contract term through June 30, 2025, pending approval of the FY24/25 budget.

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 for full-time occupancy by income qualified local workers is an important strategy used in many jurisdictions to ensure the long-term availability of workforce housing. The Truckee Home Access Program (THAP) is the Town's very successful 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:

The main goal of THAP is to increase ownership access to the housing market for a range of households that live and work in the region. Launched in November 2022, THAP provides 16% of the purchase price of a home (up to \$150,000) in exchange for a deed restriction that ensures the home's residents are full-time, income qualified, locally employed households. The maximum sales price for a home is \$937,500. Home buyers, sellers, local businesses, and developers can participate in THAP in various ways.

The 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.
- Create a second for-sale housing market that only income qualified, locally employed buyers have access to.

In this case, the qualified buyer is a household that earns no more than 245% of the area median income (AMI), has at least one household member who works at least 30 hours per week within the boundaries of the Tahoe Truckee Unified School District (or has a written offer for employment in the boundary and is in the process of relocating), and occupies the home as a full-time residence. The program is a long-term strategy aimed at tipping the scales of the local housing inventory slightly towards full-time residents to align with the Town Council goal of actively supporting the development of workforce housing.

PROGRAM UPDATE

It will take time to build the inventory of for-sale deed restricted housing in Truckee, but THAP has already been very successful for buyer households. As of June 2024, THAP has deed restricted 17 houses, including a purchase by a local business. Staff does not anticipate any more closings in FY 23/24. One property application is in process with a closing date in July 2025. Staff has talked to 8 developers and local businesses and has received one funding application from a developer.

Full Program Data (November 2022 – June 2024):

THAP Applicant Data

Since program launch, staff and program administrators have hosted 33 workshops for potential THAP applicants with 347 attendees. The program has received 48 applications. The average AMI of approved program applicants is 153%, with a range of 30% to 237%. Fourteen applicants are employees of Truckee Tahoe Workforce Housing Agency (TTWHA) members. Fourteen percent of workshop attendees apply to the program and, so far, 35% of applicants have successfully purchased a home using THAP.

THAP Participant Data

- Two homes closed in FY 22/23, and 15 in FY 23/24. Nineteen local workforce members have been housed through THAP at sixteen local employers.
 - Six employees of TTWHA member agencies have used THAP funds.
 - Tahoe Forest Health System (2), Town of Truckee (3), and Tahoe Truckee Unified School District (1)

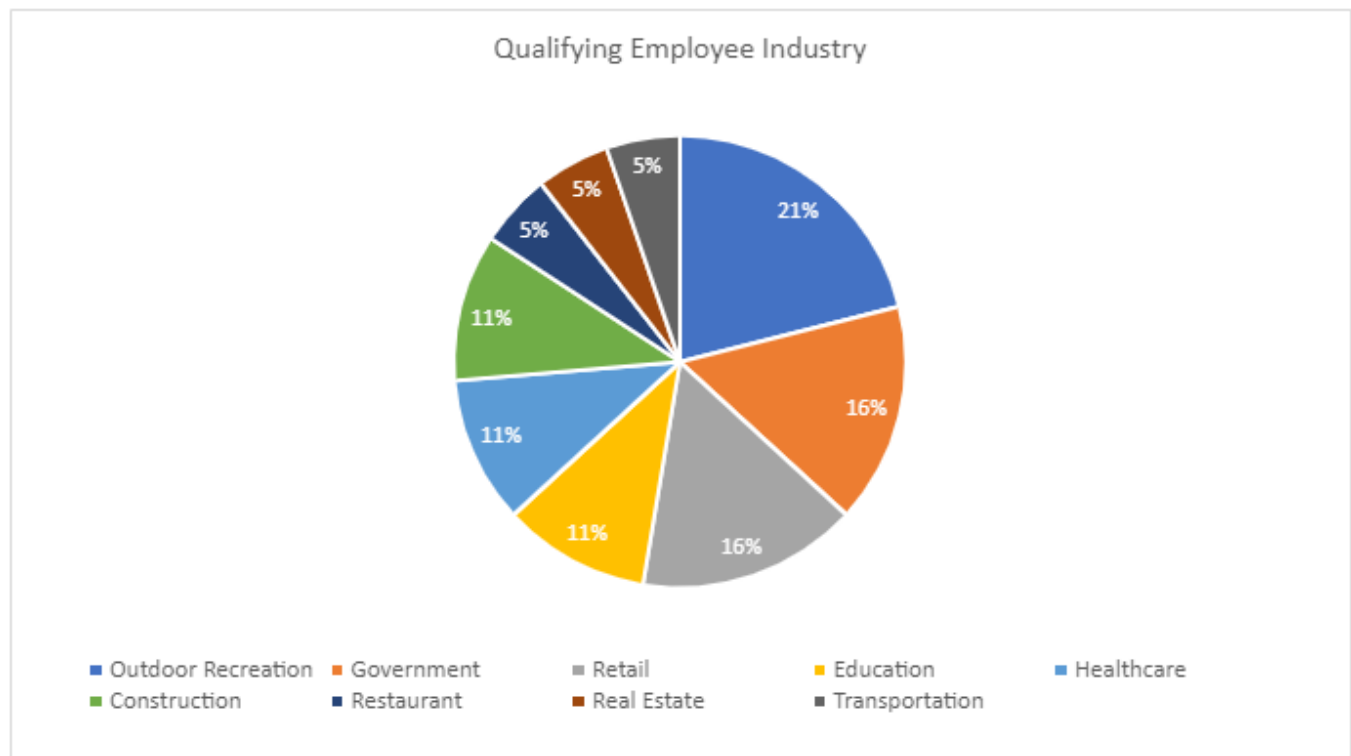


Figure 1: Qualifying Employee Professions

- Forty-one individuals have been housed through THAP (includes children and non-local workforce adults).
- The average AMI for buyer households is 164%, with a range of 106% - 237% AMI.

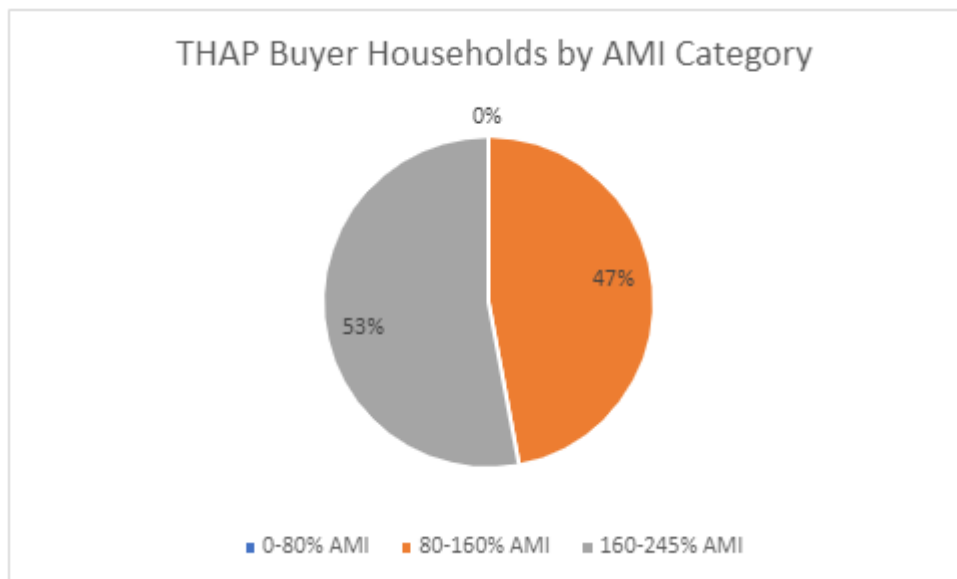


Figure 2: THAP Buyer Households by AMI Category

- The median sales price is \$650,000, with a range from \$308,000 - \$856,000.
- Homes purchased through THAP consisted of thirteen single family homes, 2 townhouses, and 2 condos.
 - One-bedroom: 2
 - Two-bedroom: 8
 - Three-bedroom: 5
 - Four-bedroom: 1

	# of Deed Restrictions	# of Bedrooms	# of Qualifying Employees	# of People Housed	Average AMI	Average THAP Payment	Average Payment/ Bedroom
FY 22/23	2	5	16	34	178%	\$99,600	\$44,381
FY 23/24	15	35	3	7	163%	\$103,556	\$39,840
THAP Total	17	40	19	41	164%	\$103,091	\$43,814

Table 1: THAP Data broken down by Fiscal Year

THAP Funding & Payments

The funding available through the THAP program assists full-time resident households in achieving home ownership to help move our market towards one that is more balanced. The funding for both buyers and sellers is represented in C2014 as the line item “THAP purchases – households.”

- THAP funding comes from Measure K Transient Occupancy Tax.
- The average THAP payment to buyers has been \$103,091, with a range of \$49,280 to \$136,960.
 - The average payment is about \$1,874 per workforce housing unit per year, over the life of the 55-year deed restriction.
- The average cost per bedroom is \$43,814.
 - This is about \$797 per bedroom per year, over the life of the 55-year deed restriction.
- In September 2023, Council amended the THAP budget by \$500,000 to increase the THAP purchases – households line item to \$1,200,000 and in December 2023, Council again amended the THAP budget by an additional \$500,000 to the THAP purchases households line item to a total of \$1,700,000 for that line item and an overall budget of \$2,249,250.
- In FY 23/24 to date:
 - \$1,553,344 out of the THAP purchases – households budget line item has been spent out of \$1,700,000 with \$146,656 remaining.

- \$105,600 out of the THAP purchases – businesses budget line item has been spent out of \$125,000 with \$19,400 remaining.
- \$0 out of the THAP purchases – developers budget line item has been spent out of \$345,000.
- Staff does not anticipate spending any more on these line items by the end of the fiscal year.

HOUSING INC CONTRACT RENEWAL

In 2022, Town Council also directed staff to request proposals for a third-party administrator to operate the Truckee Home Access Program (THAP), then called the Below Market Rate Housing Program. A request for proposals for program administration was publicly advertised and the Town received one consultant proposal from HousingINC. Staff determined that HousingINC is exceptionally qualified for this role, with experience establishing and administering down payment assistance programs and deed restriction programs, including administration of Placer County's Workforce Housing Preservation Program. Town Council approved a contract with HousingINC for program administration of THAP through June 2022 (**Attachment 1**). In June 2023, Council renewed HousingINC's contract for THAP program administration through June 2024 (**Attachment 2**).

Staff recommends that Council authorize the Town Manager to execute a contract amendment with HousingINC in the amount of \$87,000, for a total amended contract amount of \$244,147.50 to provide program administration for the Truckee Home Access Program and extend the contract term through June 30, 2025, pending approval of the FY24/25 budget. See **Attachment 3** for the HousingINC rate sheet.

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: The proposed budget for FY24/25 C2014 has proposed \$87,000 for Truckee Home Access Program Administration, which will provide sufficient funding for the recommended contract amendment, pending FY 24/25 budget approval. The FY 24/25 budget is slated to be presented to Council for adoption at the June 25, 2024 Council meeting.

Public Communication: This agenda posting.

Attachments:

Attachment 1: Staff Report Below Market Rate Housing Program Administration – Contract Award (May 24, 2022) <https://portal.laserfiche.com/Portal/DocView.aspx?id=59579406&repo=r-6a91ddbc>

Attachment 2: Staff Report – Approval of Truckee Home Access Program administration contract amendment Housing Inc (June 13, 2023)
<https://portal.laserfiche.com/Portal/DocView.aspx?id=59655516&repo=r-6a91ddbc>

Attachment 3: HousingINC Rate Sheet Fiscal Year 2024/25