

Date: September 26, 2023

Honorable Mayor and Council Members:

Author and title: Lynn Baumgartner, Program Analyst II

Title: **Truckee Home Access Program Update and Budget Amendment**

Jen Callaway, Town Manager

Recommended Action: 1) Receive the Truckee Home Access Program Update and 2) Approve a budget amendment for C2014 (Truckee Home Access Program) for fiscal year (FY) 23/24 to increase the budget by \$500,000 to a total of \$1,749,250.

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.

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 (THAP) is the Town's 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 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.

The program helps to build sufficient inventory of properties to create a second for-sale housing market that only qualified 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 (of 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.

Housing costs are high, and funding assistance is limited. Today, over 50% of Truckee’s housing stock is vacation homes.

Housing Market and Needs Assessment data:

- According to the 2023 Mountain Housing Council Housing Needs Assessment Update, the median household income in Truckee is \$110,300.
- Using the home purchase affordability calculation developed for Mountain Housing Council, the affordable purchase price for a median income household is about \$418,500.
- Thirty-four homes (including single family homes, condos, townhouses, and mobile homes) sold for below \$418,500 in the past 12 months.
- A household must make at least 293% of Truckee’s median income to afford the current median home price of \$1,152,500.
- As of August 2023, 29% of homes (96 units) sold in Truckee so far in 2023 were sold for below the THAP program cap (\$937,500).
- According to the 2023 Mountain Housing Council Housing Needs Assessment Update, there are 4,259 inadequately housed households in Truckee.
 - 0%-80% AMI: 2,162 inadequately housed households (51%)
 - 80%-160% AMI: 1,557 inadequately housed households (36%)
 - 160%-245% AMI: 539 inadequately housed households (13%)

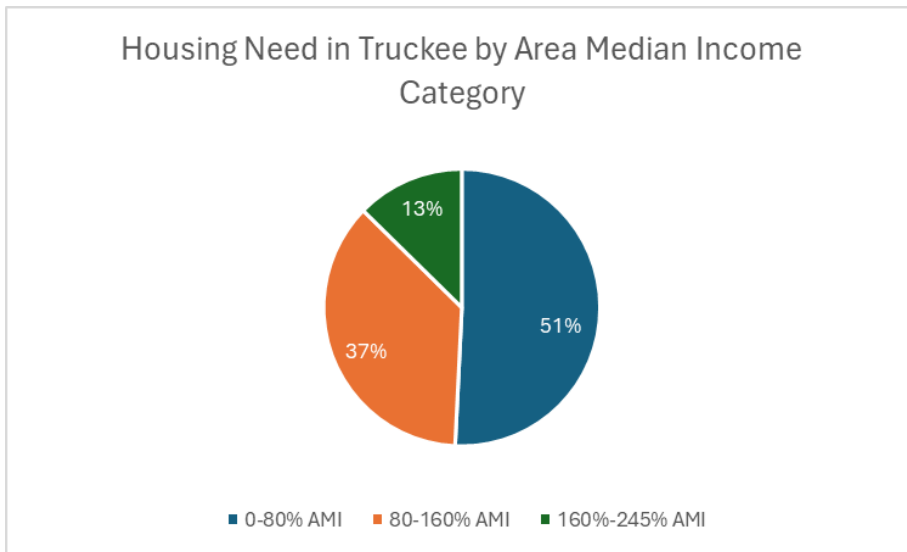


Figure 1: Housing Need in Truckee by Area Median Income Category

PROGRAM UPDATE

Program Development & Outreach

Since program launch, staff and Housing Inc. program administrators completely revamped the draft guidelines, developed technical program documents including the deed restriction, deed of trust, promissory note, and notice of default, produced an outreach and marketing plan, designed a THAP-

specific website, marketed the program, and created educational workshops and materials for buyers, sellers, local businesses, developers, realtors, and lenders.

As of September 18, 2023, THAP Program Administrators and staff have hosted 23 workshops (four with Spanish interpretation available) for buyers and sellers with more than 250 attendees and recorded an online version of the workshop in both English and Spanish. We have hosted 11 workshops for Lenders and Realtors with more than 50 attendees. We have 11 loan officers from seven approved lenders and 13 realtors who have successfully completed our workshop and are approved to be listed on our THAP website.

The THAP Guidelines, frequently asked questions, and key web page resources have been fully translated into Spanish. Staff worked with Sierra Community House to present information about THAP to the Promotoras, and we will be hosting a workshop entirely in Spanish on September 28, 2023.

Program Successes:

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 September 18, 2023, THAP has deed restricted five houses and a sixth is approved, in escrow, and is scheduled to close on September 28, 2023. One additional property application is in process. We have had one seller submit to sell their property through THAP, though that property will not be on the market until later this fall. Staff has talked to 8 developers and local businesses and has received one funding application from a developer.

THAP Buyer Data:

- Thirty-one THAP Buyer Applications have been received
- Two homes closed in FY 22/23, and three in FY 23/24 to date.
- Seven local workforce members have been housed through THAP at six local employers.
 - Four employees of Truckee Tahoe Workforce Housing Agency (TTWHA) member agencies have used THAP funds.
 - Tahoe Forest Health System (2), Town of Truckee (1), and Tahoe Truckee Unified School District (1)
 - 60% of THAP home purchases had at least one TTWHA member employee in the household

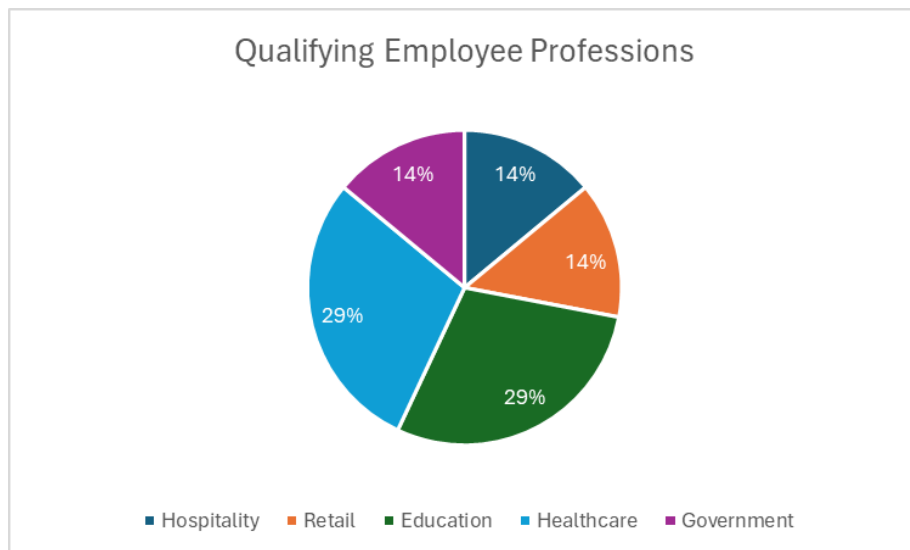


Figure 2: Qualifying Employee Professions

- Fourteen individuals have been housed through THAP (includes children and non-local workforce adults).
- The average AMI for buyer households is 161%, with a range of 116% - 220% AMI.

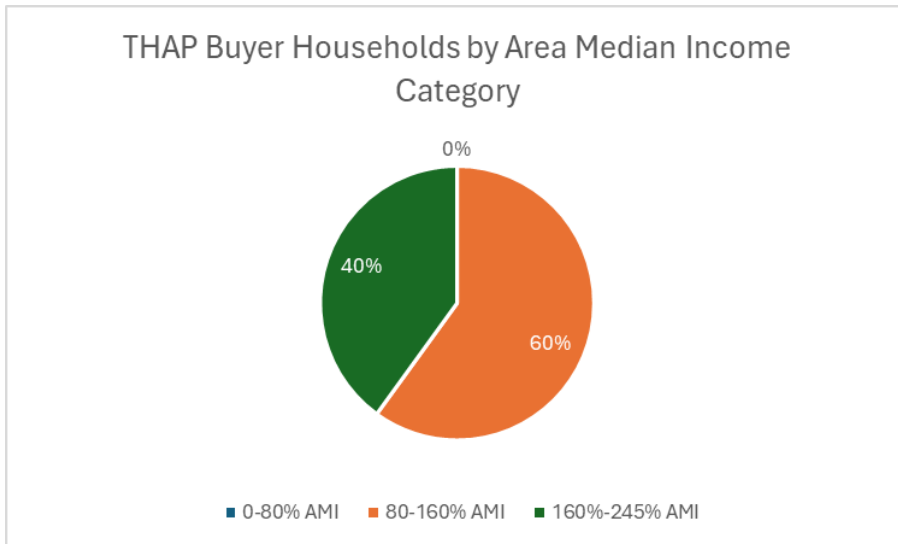


Figure 3: THAP Buyer Households by AMI Category

- The average home sales price is \$607,800, with a range from \$424,000 - \$720,000.
- Homes purchased through THAP have consisted of three single family homes, 1 townhouse, 1 condo
 - One-bedroom: 1
 - Two-bedroom: 2
 - Three-bedroom: 1
 - Four-bedroom: 1
- Two purchasers have used both THAP and Martis Fund Downpayment Assistance.

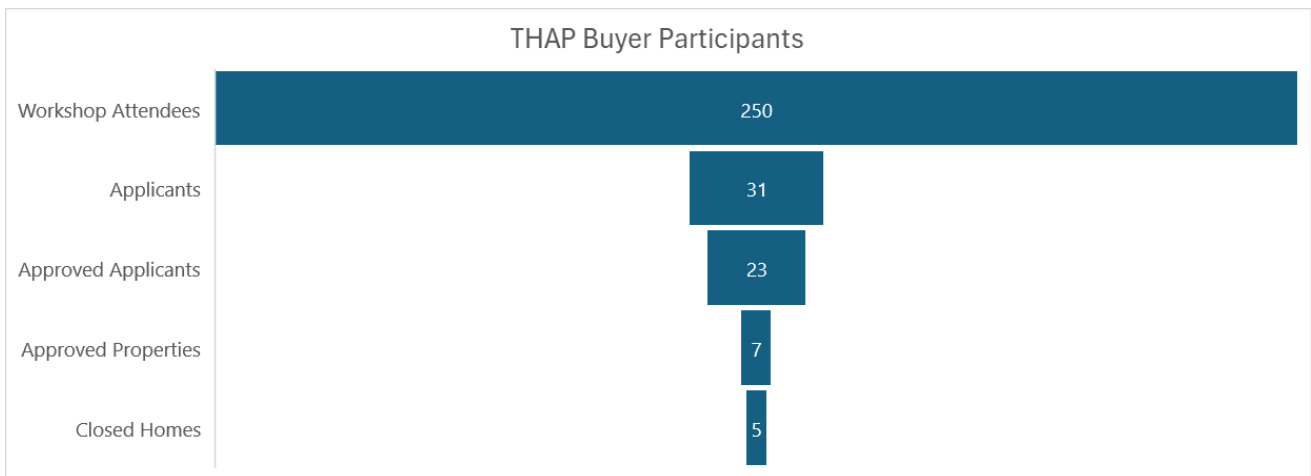


Figure 4: THAP Buyer Participant Funnel

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 for FY 23/24 comes from Measure K Transient Occupancy Tax.
- The average THAP payment to buyers has been \$97,600, with a range of \$69,900 to \$115,200.
 - The average payment is about \$1,775 per workforce housing unit per year, over the life of the 55-year deed restriction.
- The average cost per bedroom is \$40,667.
 - This is about \$740 per bedroom per year, over the life of the 55-year deed restriction.
- In FY 22/23, \$199,200 from the C2014 budget line item for THAP purchases – households was spent. The FY22/23 “estimated actuals” for this line item was \$700,000, leaving a remainder of \$500,800. This is largely due to the timing because the majority of THAP transactions during the peak summer buying season closed after the end of FY22/23.
- In FY 23/24 to date, \$288,800 out of the THAP purchases – households budget line item has been spent out of \$700,000 with \$411,200 remaining.
 - House #6 (closing September 28, 2023) has been approved for \$136,960, which will bring the remaining THAP purchases - households balance to \$274,240.

PROPOSED BUDGET AMENDMENT

THAP will have closed on four houses this fiscal year by the end of the first quarter of FY 23/24 and will have \$274,240 remaining in the THAP purchases – households line item. Depending on purchase prices, this would only allow for 2-3 more home purchases for the rest of the fiscal year. THAP has also received a property application for THAP House #7.

Due to the success of THAP in preserving workforce housing through deed restrictions, staff proposes amending the FY 23/24 C2014 budget with an increase of \$500,000 in the THAP purchases-household line item for a line-item total of \$1,200,000 and a budget total of \$1,749,250. Staff proposes using \$500,000 of Measure K funding from the unspent estimated actuals in the C2014 FY 22/23 budget. This would allow for approximately five additional payments to THAP buyers or sellers this fiscal year. The budget amendment will leave the budgeted amounts for Developers (\$345,000) and Businesses (\$125,000) unchanged, allowing the Town to continue to market the THAP opportunity to these groups.

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: This budget amendment would increase the C2014 (Truckee Home Access Program) budget by \$500,000 for a budget total of \$1,749,250. Staff proposes to use \$500,000 of unspent Measure K funding that had been included in the estimated actuals from FY 22/23 and was not spent, to cover this additional expense.

Public Communication: This staff report.

Attachments: None.