



Date: April 8, 2025

Honorable Mayor and Council Members:

Author and title: Lynn Baumgartner, Program Analyst II

Title: **Lease to Locals Program Review, Guidelines Update, and Contract Amendment**

Jen Callaway, Town Manager

Recommended Action: 1) Approve the updated Lease to Locals Program Guidelines; 2) Authorize the Town Manager to execute a contract amendment with Placemate in the amount of \$120,000 for a total amended contract amount of \$240,000 to provide program administration for Lease to Locals and extend the contract term through June 30, 2026, pending approval of the FY 25/26 budget.

Discussion:

DISCUSSION

One of Town Council’s priorities is to actively support the development and preservation of workforce housing. To address this goal, staff continue to react to the rapidly evolving housing market and needs within our community and region, and to pilot and iterate innovative housing programs.

The Lease to Locals Program is a housing program that the Town launched in October 2020 in partnership with local company Placemate. The program aims to unlock existing housing units for use as long-term employee housing by incentivizing homeowners with underutilized housing units to shift to renting long-term to locally employed tenants.

Homes participating in the Program are leased to households in which at least half of the adult residents are employed at least 20 hours per week within the region, and the average annual income of all adults in the rental household is less than 150% of the area median income (AMI), which for Nevada County is currently \$118,125 per person.

Lease Length	1 Qualifying Tenant*	2 Qualifying Tenants	3 Qualifying Tenants	4 Qualifying Tenants
Seasonal (5-11 months)	\$2,000	\$4,000	\$6,000	\$8,000
Long Term (12+ months)	\$4,500	\$9,000	\$13,500	\$18,000

Table 1: Current Incentive Amounts

SELECT PROGRAM RESULTS

Participation

From July 1, 2024 – March 25, 2025 (FY 24/25 YTD), the Lease to Locals Program has converted 43 housing units into long term rentals, with a total of 109 bedrooms and has housed 121 individuals, including 83 local employees. Since program inception in October 2020, the program has converted

218 units, with a total of 508 bedrooms and has housed 532 individuals, including 410 local employees.

	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25 YTD	Full Program
Units Converted	15	57	53	50	43	218
Bedrooms	30	113	132	124	109	508
People Housed	27	119	138	127	121	532
Qualified Tenants	22	91	104	110	83	410

Table 2: Lease to Locals program results by Fiscal Year.

	# of Units (FY 24/25 YTD)	# of Units (Total)
Individual Room Rental*	3	24
Studio	0	8
1 bedroom	3	19
2 bedroom	10	56
3 bedroom	25	99
4+ bedroom	2	12

Table 3: Breakdown of Unit Sizes.

Renter & Lease Data:

In the current fiscal year, the average rent has been \$1,088 per bedroom per month and \$2,759 per unit per month. For the full program, the average rent has been \$1,069 and \$2,490 per unit per month. According to Zillow data, the average market rate rent per bedroom per month for the current fiscal year is \$1,563, \$475 higher than the program average (Figure 1).

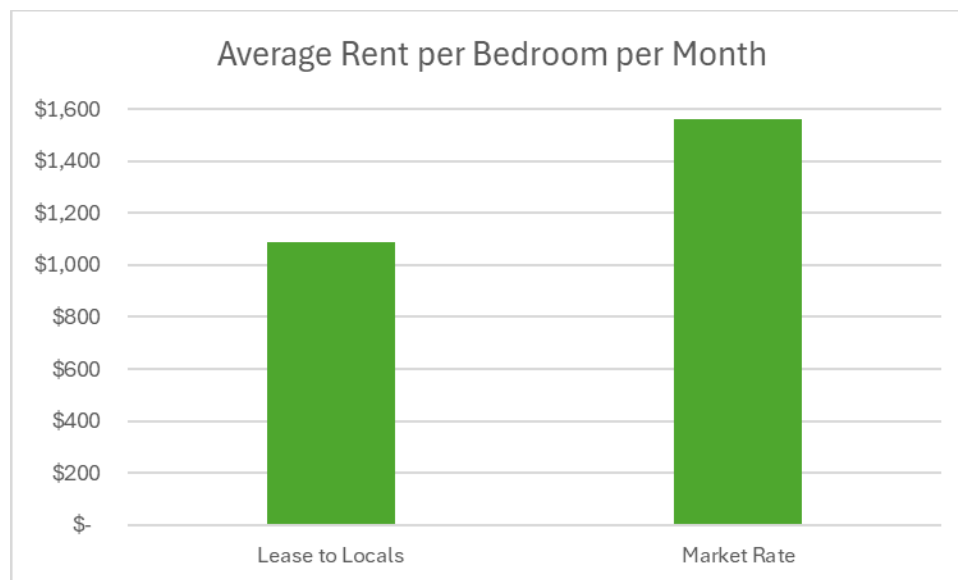


Figure 1: Average rent per bedroom per month for Lease to Locals compared to market rate.

Program wide, 60 units (28%) of Lease to Locals rentals are affordable to households making less than 80% AMI, 126 units (58%) are affordable to households making 80% - 120% AMI, and 32 units (15%) are affordable to households making 120% - 150% AMI (Figure 2). Affordability is determined based on unit size and household income (See Table 4). For the current fiscal year, the average income per adult has been \$62,787 (80% AMI), which is significantly less than the program eligible income cap of \$118,125 (150% AMI). While the AMI cap for Lease to Locals participation is 150% AMI, since program

inception 184 of 218 (84%) participant households have had an AMI of 120% or less, with an average household income of 72% AMI.

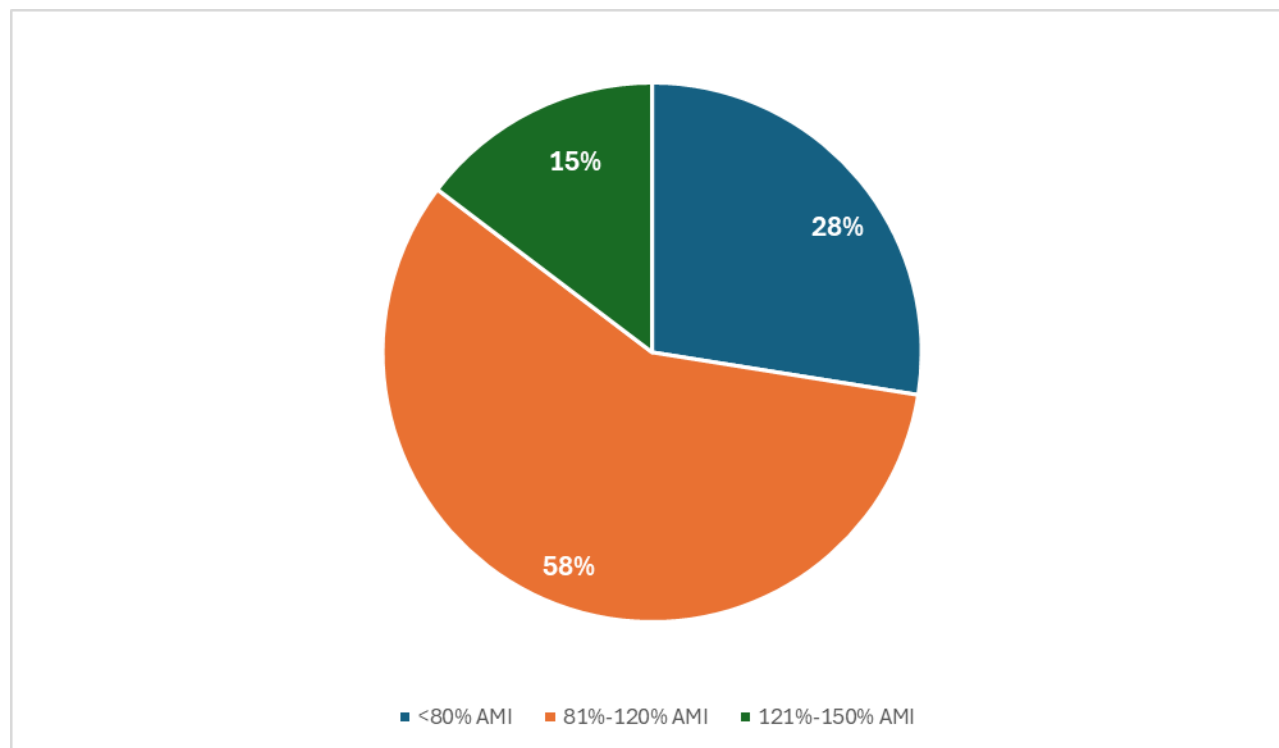


Figure 2: Percent of Lease to Locals units that are affordable to underserved AMI ranges.

	<80%	80%-120%	120%-150%	Total # of Units
HH 1 (Studio or Single Bedroom Rental)	93%	7%	0%	29
HH 2 (1-BR)	73%	27%	0%	22
HH 3 (2-BR)	20%	73%	7%	56
HH 4 (3 BR)	6%	66%	28%	99
HH 5 (4 BR)	0%	100%	0%	12

Table 4: Affordability of Lease to Locals units based on unit size and AMI category.

A household is considered burdened by housing costs if those costs are more than 30% of the monthly household income and severely burdened if costs are more than 50%. According to the Mountain Housing Council Needs Assessment, 53% of survey respondents in the Truckee-North Tahoe region were burdened by housing costs. Unfortunately, this data is not broken down by AMI levels, and lower-income households tend to spend a larger proportion of their income on housing costs. Data from the 2016-2020 American Community Survey indicates that 91% of Truckee households making less than 100% of the median income spent more than 30% of their income on housing and 31% of those households spent more than 50%. In comparison, only 36% of Lease to Locals households under 100% AMI were cost burdened and only 11% were severely cost burdened. (Figure 2)

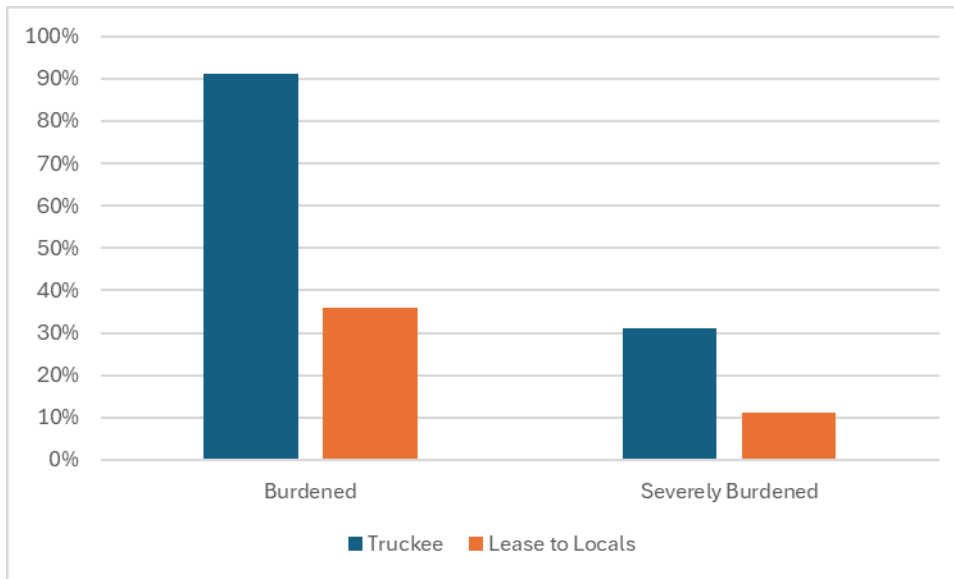


Figure 3: Housing cost burden for households making under 100% AMI in Truckee and Lease to Locals participants.

In the current fiscal year, four properties (10% of participating properties) have been leased under the seasonal lease option and the remaining 38 have leased for at least one year (90%). For the full program, 179 (82%) of units have been long term leases and 39 (18%) have been seasonal.

Local Employment Data

Lease to Locals tenants work in a variety of fields from accommodation to education to personal care to utilities – 24 local industries are represented. Some tenants work multiple local jobs to stay afloat, and there have been 410 qualified employees working in 425 local positions. The majority of tenants work in the recreation, food & beverage services, and construction/contractor industries. Table 5 shows the top industries of Lease to Locals qualified tenants.

Industry	Tenants
Recreation	111
Food/Beverage Services	64
Construction/Contractor	36
Retail	34
Education	30
Accommodation	27
Public Administration	24
Health Care	21
Property Management	21
Real Estate	11
All Other	46

Table 5: Industries represented by Lease to Locals tenants

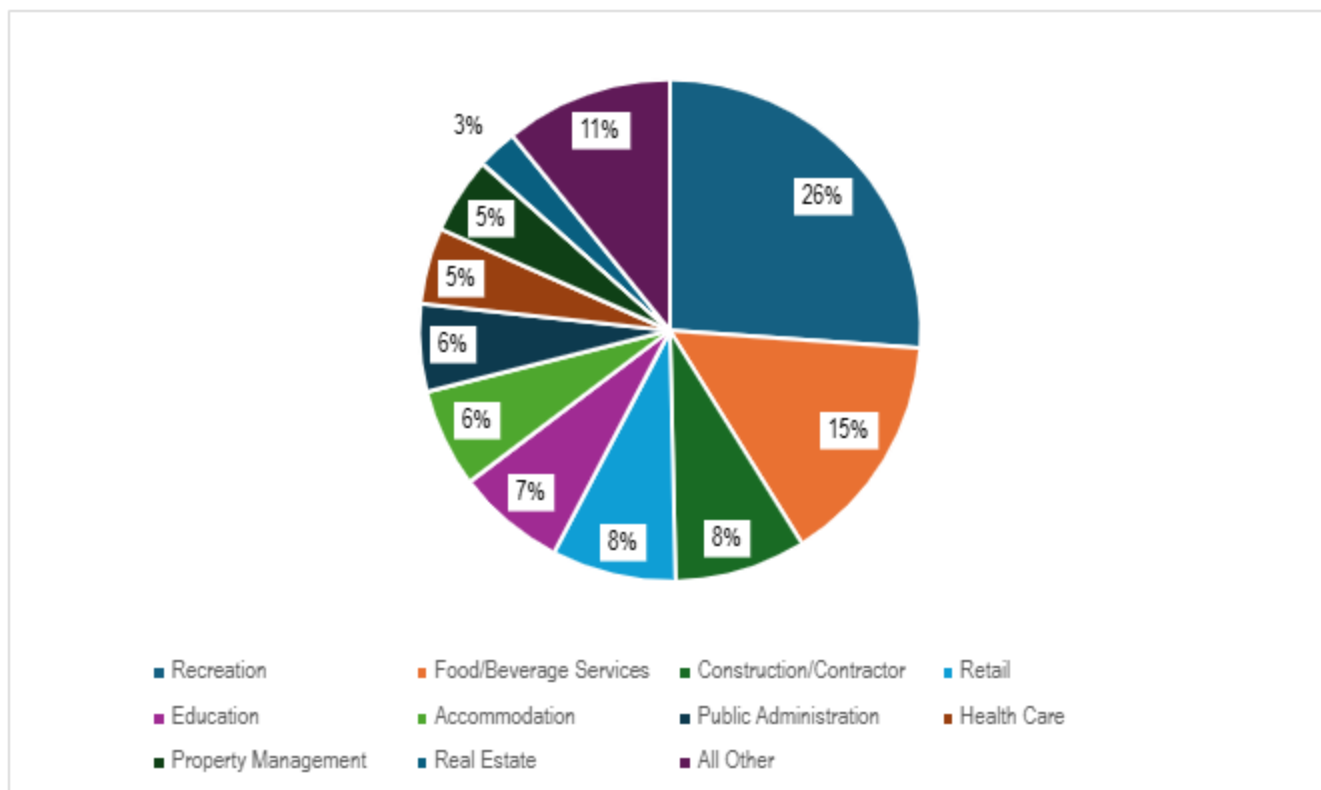


Figure 4: The distribution of industries of Lease to Locals qualified tenants.

Incentives

In the current fiscal year, the Town has allocated \$408,500 in incentives, which is an average of \$9,500 per unit and \$3,748 per bedroom. Since inception through the projected end of Fiscal Year 24/25, the Town has allocated \$2,075,355 in total Lease to Locals program costs, which includes incentives, program administration, and marketing. This is a total program cost per unit of \$9,520. Recent data from the Truckee Tahoe Workforce Housing Agency projects that the cost to develop new workforce housing is around \$850,000 per unit. While Lease to Locals units are not permanently preserved like deed restricted workforce housing, retention data shows that 69% of Lease to Locals participants continue renting long term after their year in the program.

PROGRAM GUIDELINES UPDATE

Over the past year, staff has been working to bring the guidelines of all the housing programs into closer alignment in formatting and organizationally. Staff recommend aligning the Lease to Locals Program Guidelines as closely as possible to the Rooted Renters Program Guidelines, as well as including several additions to improve program functions. Recommended changes are summarized below and provided as Attachments 1 and 2.

- *Section 2: Definitions:* The format of the definitions has been changed and terms have been added to align with the definitions in the Rooted Renters Program Guidelines.
- *Section 7: Property Owner Participation Requirements, Section 8: Eligibility Requirements for Housing Units, and Section 9: Eligibility Requirements for Tenant Household Groups:* These sections were adapted from Sections 4.0 and 5.0 from the previous Lease to Locals Program Guidelines.
 - *Section 7.A.c:* Eligibility criterion added to require that, “If property owner applicant has previously participated in any Town of Truckee housing incentive program, property owner must have remained in compliance with all requirements of that program for the full program term.” The intent of this change is to ensure that property owners must be in “good standing” with Town housing incentive programs to participate in Lease to Locals. This is the only substantive change to the Lease to Locals Program Guidelines.

- *Section 10: Incentive Payment:* This section was moved from the previous Section 2.0.
- *Section 11: Contingencies:* This section was moved from the previous Section 4.0 and expanded to align with Rooted Renters Program Guidelines.

CONCLUSION AND NEXT STEPS

Program Goals:

For FY 25/26, the program's goal is to add 50 new properties into the program and to house an additional 100 locals. As evidenced in Table 2, the number of units converted each fiscal year has been remaining steady, and staff anticipate that to continue in FY 25/26. The current contract with program administrator Placemate expires on June 30, 2025.

Staff recommends that Town Council authorize the Town Manager to execute a contract amendment with Placemate in the amount of \$120,000 to provide program administration for the Lease to Locals Program for a one-year term ending June 30, 2026, pending approval of the FY25/26 budget. It should be noted that this contract is separate from the contract with Placemate to administer the Rooted Renters program. This contract amount is separate from the incentives that would be paid to landlords as part of the program. Staff further recommend that Town Council approve the updated Lease to Locals Program Guidelines.

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 FY25/26 C2012 has proposed \$120,000 for Lease to Locals program administration, which will provide sufficient funding for the recommended contract amendment, pending FY25/26 budget approval. The FY 25/26 budget is slated to be presented to Council for adoption at the June 10, 2025 Council meeting.

Public Communication: This Staff Report.

Attachments:

Attachment 1: Lease to Locals Program Guidelines – track changes version

Attachment 2: Lease to Locals Program Guidelines – clean version.