



Date: April 8, 2025

Honorable Mayor and Council Members:

Author and title: Lynn Baumgartner, Program Analyst II

Title: **Rooted Renters Program Review & Guidelines Update**

Jen Callaway, Town Manager

Recommended Action: 1) Receive a report on the first cohort of the Rooted Renters Program; 2) Approve the updated Rooted Renters Program Guidelines; 3) Authorize the Town Manager to execute a contract amendment with Placemate in the amount of \$120,000 for a total amended contract amount of \$185,000 to provide program administration for Rooted Renters and extend the contract term through June 30, 2026, pending approval of the FY25/26 budget.

Discussion:

INTRODUCTION

Increasing the inventory of long-term workforce housing available to community members living and working in Truckee is a Town Council priority. The Town continues to face a shortage of rental and for-sale housing that is affordable to people with jobs in and around Truckee. Rental incentive programs are an effective tool to fulfill some of the missing community needs by “unlocking” existing housing inventory for use as workforce housing without the cost and time commitment of new construction. This effort furthers the Council’s strategic priority of actively supporting the development of workforce housing in our community, while also helping to preserve the inventory of existing workforce housing.

The Rooted Renters Program aims to lock in workforce rental units at below market prices for at least three years by providing financial incentives to property owners. The goals of the Program are to:

- Create stable, long-term rental housing for locals at an affordable rate,
- Provide landlords offering below-market rent with a financial incentive, and
- Expand the Town’s suite of housing programs through a multi-year rental solution.

Council approved the Rooted Renters Program in May 2024 as a pilot, with a plan to have two cohorts of participants who agree to rent long term to income qualified local workers for three years (Attachment 1). The program launched for the first cohort of participants in July 2024, and staff plan to launch the application for the second cohort in July 2025.

PROGRAM OVERVIEW

Rooted Renters is focused on providing housing to local employees who work at least 20 hours per week within the boundaries of the Tahoe Truckee Unified school district and who average up to 150% of Area Median Income (AMI). As Truckee continues to face housing needs and large numbers of inadequately housed households, the Rooted Renters Program offers another solution to the ongoing housing crisis.

Selected Program Requirements:

Following are some selected program requirements. For the full list of program requirements, please refer to the Rooted Renters Program Guidelines (Attachments 2 & 3).

- **Qualified Tenant Household:** Any individual renter or group of individual renters living together in one home as their primary residence, where at least half of the adults are Qualified Tenants. Qualified Households must meet one of the following income qualifications:
 - The average annual income of all adult residents of a household (related or unrelated) can be no more than 150% of the area median income as set by the California Department of Housing and Community Development. Adult tenants who are full-time students are not included when determining if 50% of the adults in the household are Qualified Tenants or when calculating average household income.
 - The income qualification for single parent households with one adult and at least 50% child custody is a household income of 1.5 times of 150% of the area median income for a single person income as set by the California Department of Housing and Community Development, which includes all income, including child support.
- **Occupancy density:** For properties that have 3 or more bedrooms, there is a minimum total household size of 1 fewer residents (including adults and children) than bedrooms in the house.
- **Initial lease:** Property owners must sign a 12-month lease agreement with the qualified household.
- **Short-term renting:** Short-term renting or renting as a Hosted Rental is not allowed under any circumstances. If the property is short-term rented or rented as a Hosted Rental, it will be disqualified from Rooted Renters and from receiving subsequent incentive payments.

Monthly Rent Amount Maximums

Rooted Renters requires property owners to charge rents below Truckee's market rate and limits the amount that the rent can increase annually. In May 2024, Town Council approved the rent caps and maximum annual increases for Cohort 1 (Table 1). These rents were set based on affordability to households making 100% AMI using the AMI tables for Nevada County from California Department of Housing and Community Development (HCD).

	% Increase	Room	Studio	1-Bed	2-Bed	3-Bed	4+ Bed
Year 1 Rent	-	\$810	\$1,013	\$1,520	\$2,026	\$3,039	\$4,052
Year 2 Rent	+7%	\$866	\$1,084	\$1,626	\$2,168	\$3,252	\$4,336
Year 3 Rent	+7%	\$927	\$1,160	\$1,740	\$2,320	\$3,479	\$4,639

Table 1: Property rental maximums for Cohorts 1 & 2: July 1, 2024 – June 30, 2026

The program guidelines, approved by Council in May 2024, indicated that Council would approve the rent caps for Cohort 2 (i.e. to determine if adjustments were necessary). Based on feedback from Placemate, the current rental maximums are appealing to property owners while still being affordable to tenants. Therefore, staff recommend that the rental maximums for Cohort 2 remain the same as for Cohort 1.

Incentive Amount & Schedule

Property owners participating in the Program are eligible to receive the incentive payments listed in Table 2 below. The total incentive available is based on the size of their housing unit. To receive 100% of the available incentive payments, owners must long-term rent their property to a Qualified Household group for a cumulative total of 36 months. Incentives will be paid to property owners in four installments, each a percentage of the total incentive payment. Staff are not recommending a change to the incentive amounts or distribution schedule at this time.

	Room	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
0 Mo (15%) (Application Approved)	\$1,350	\$2,250	\$3,000	\$3,450	\$3,600	\$3,900
12 Mo (15%)	\$1,350	\$2,250	\$3,000	\$3,450	\$3,600	\$3,900
24 Mo (30%)	\$2,700	\$4,500	\$6,000	\$6,900	\$7,200	\$7,800
36 Mo (40%)	\$3,600	\$6,000	\$8,000	\$9,200	\$9,600	\$10,400
Total Incentive	\$9,000	\$15,000	\$20,000	\$23,000	\$24,000	\$26,000

Table 2: Incentive amounts and schedule.

SELECT PROGRAM RESULTS

Participation

Rooted Renters launched with the first cohort in July 2025. There was extreme interest in this program, both from previous Lease to Locals participants and non-participants. Staff closed the application after receiving 73 applications for around 20-25 slots. Placemate began vetting applications in the order in which they were received, and, after qualification, it was determined that all slots filled within a day. In the first cohort, Rooted Renters has preserved 23 housing units, with a total of 56 bedrooms. This used the entirety of the year-one incentive budget for Cohort 1 and exceeded the initial goal of preserving 20 units.

The 23 units included in Cohort 1 collectively housed 55 individuals, including 35 local employees and 15 children. Participating units were comprised of 17 existing long-term rental units, 3 units that were previously empty second homes, 2 units that were converted from owner-occupied primary residences to long-term rentals, and 1 bedroom rented within an owner-occupied primary residence. Seven units had previously completed the Lease to Locals long-term rental conversion program. While information was not collected during the Cohort 1 application process, with Cohort 2 Placemate will begin asking property owners who had previously long-term rented their unit to provide information on the rent charged prior to joining Rooted Renters. This information will help the Town better assess whether the program is helping to reduce rental rates, in addition to the program's primary goal of preserving long-term rental housing.

	# of Units
Individual Room Rental	2
Studio	0
1 bedroom	2
2 bedroom	6
3 bedroom	12
4+ bedroom	1

Table 3: Breakdown of Unit Sizes.

Renter & Lease Data:

The average rent has been \$929 per bedroom per month and \$2,261 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, \$572 higher than the program average (Figure 1).

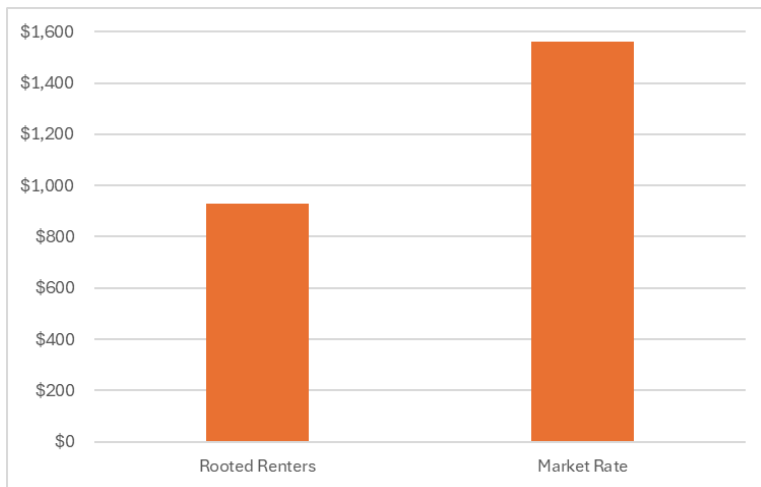


Figure 1: Average rent per bedroom per month for Rooted Renters compared to market rate.

All Rooted Renters units are affordable to households making up to 100% AMI. Twelve units (52%) of cohort 1 Rooted Renters units are affordable to households making less than 80% AMI and the remaining 11 units (48%) are affordable to households making 80% - 100% AMI (Figure 2). Affordability is determined based on unit size and household income (See Table 4).

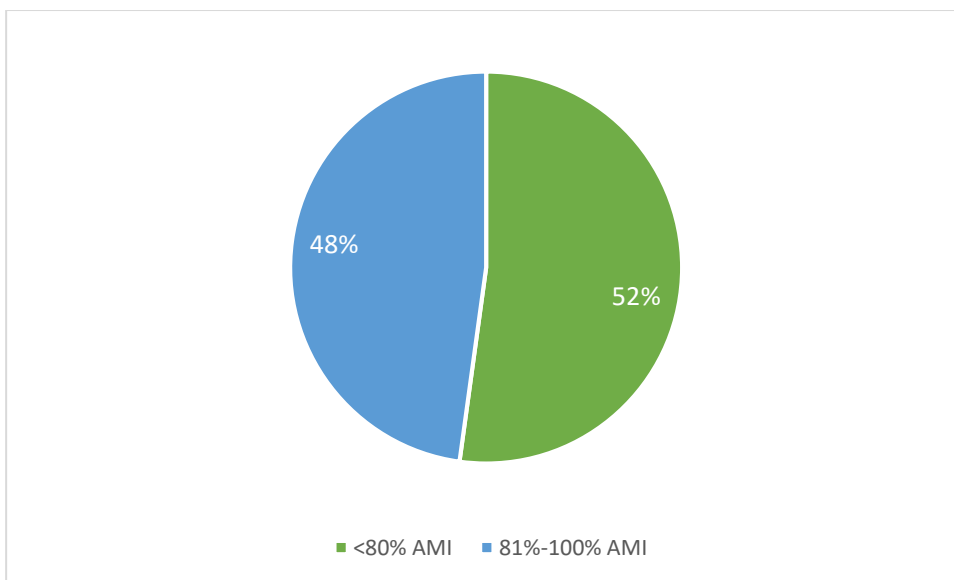


Figure 2: Percent of Lease to Locals units that are affordable to underserved AMI ranges.

	<80%	80%-100%	Total # of Units
HH 1 (Studio or Single Bedroom Rental)	100%	0%	2
HH 2 (1-BR)	100%	0%	2
HH 3 (2-BR)	100%	0%	6
HH 4 (3 BR)	17%	83%	12
HH 5 (4 BR)	0%	100%	1

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

The average income per adult has been \$67,506 (86% AMI), which is significantly less than the program eligible income cap of \$118,125 (150% AMI).

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 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 28% of Rooted Renters households under 100% AMI were cost burdened and only 6% were severely cost burdened. (Figure 2) While the AMI cap for Rooted Renters participation is 150% AMI, 18 of 223 (78%) participant households have an AMI of 100% or less.

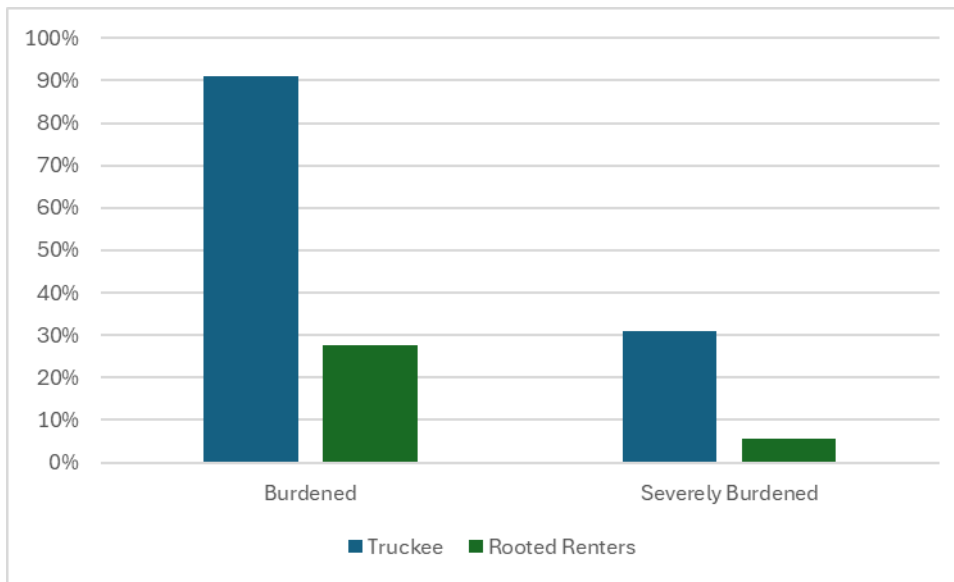


Figure 3: Housing cost burden for households making under 100% AMI in Truckee and Rooted Renters participants.

Local Employment Data

Rooted Renters tenants work in a variety of fields from animal care to financial to property management – 12 local industries are represented. The majority of tenants work in the recreation, education, and retail industries, and some work multiple local jobs. Table 5 shows the top industries of Rooted Renters qualified tenants.

Recreation	10
Education	7
Retail	6
Food/Beverage Services	4
Construction/Contractor	2
Facility Services	2
Health Care	2
Other	5

Table 5: Industries represented by Rooted Renters qualified tenants

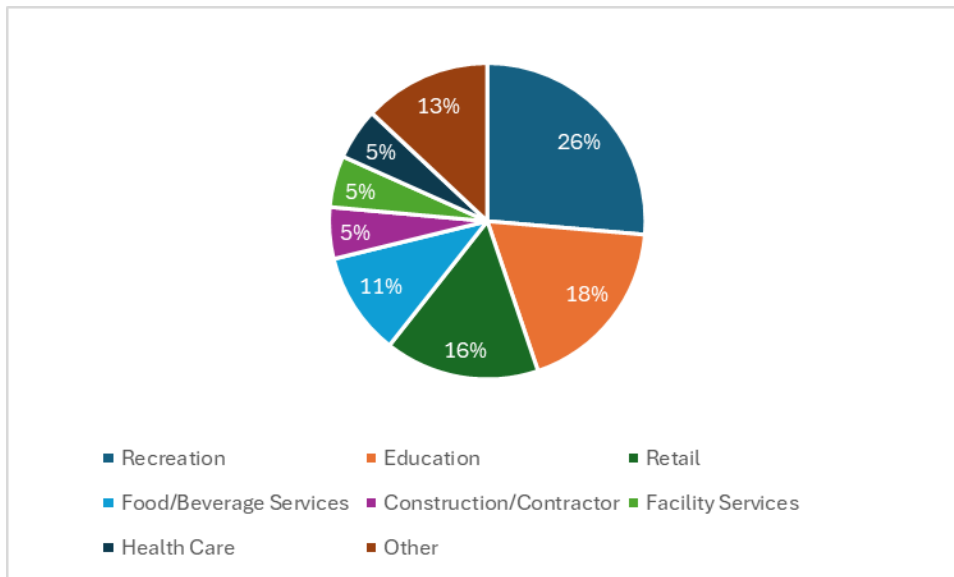


Figure 4: The distribution of industries of Rooted Renters qualified tenants.

Incentives

For Cohort 1, the Town has allocated \$510,000 in incentives (which will pay out across three years), with one third of the funds allocated for previous Lease to Local units and two thirds of the funds reserved for new participants. This is an average of \$7,391 per unit per year and \$3,036 per bedroom per year. Including program development and projected administration for this cohort, the Town has allocated \$710,000 in total program costs. This is a total program cost per unit per year of \$9,422. Staff anticipate that Rooted Renters properties will have similar or greater retention than that of Lease to Locals, which currently has a retention rate of 69% of participating properties continue to long-term rent after their program participation-- and eligibility for incentives--has ended.

PROGRAM GUIDELINES UPDATE

In the process of implementing Rooted Renters, staff and Placemate have found opportunities for necessary Program Guideline additions and clarifications and have drafted several clean-up revisions to the guidelines for Council consideration. The following updates are included in the revised guidelines (Attachments 2 & 3). There are no major proposed changes that impact program operation.

A. Section 7.A: Program Eligibility

- 7.A.a: Eligibility criterion added to require that "The applicant must be the owner of the property or able to represent the owner or ownership group legally." This was added to align the guidelines with Lease to Locals
- 7.A.b: 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 Rooted Renters.

B. Section 7.C: Rental Rate Requirements

- As discussed above, staff recommend that rental maximums for each cohort are set when HCD releases the annual update to the AMI levels for Nevada County, which usually happens in the spring.

C. Section 8: Eligibility Requirements for Housing Units

- Updated "The home must have a certificate of occupancy" to a specific definition of habitable as outlined by the California Health and Safety Code.

- Added a restriction that homeowners may only participate with one home, as funding for the pilot program is limited. Homeowners renting a whole home may participate in the Program with one unit per cohort, or homeowners renting a shared home may participate with up to two shared rooms. In the case of a shared home, a separate lease is required for each rooted renters room to assist with program administration.
- Clarified that homeowners who are participating with single room rental(s) must occupy the home.

PROPOSED PROGRAM EXPANSION

As mentioned above, Rooted Renters was extremely popular upon launch, with all available slots filling within one day, and three times as many applications as slots to fill. Staff and Placemate continue to field interest from homeowners in the program, and we anticipate that the Cohort 2 will experience similar or greater levels of interest to Cohort 1.

Staff recommend expanding the number of properties for Cohort 2 by doubling the incentive budget. Staff anticipate that this would result in preserving 40 – 50 long term rentals, and housing 96 – 120 people. This number of units is in line with the units converted by Lease to Locals, which has ranged from 50 – 57 in the past few fiscal years. The incentive budget for Cohort 1 in FY 25/26 would remain at \$76,750, and for Cohort 2 it would increase from \$75,000 to \$150,000. For Cohort 1, 2/3 of the incentive budget was allocated to property owners who had not received an incentive through the Lease to Locals program to provide an opportunity for participation from property owners who were not eligible for Lease to Locals (for example, those that has been renting a property prior to the Lease to Locals program). Staff recommend maintaining this budget allocation for Cohort 2.

Doubling the incentive budget and homes preserved would significantly increase the amount of program administration required to successfully run the program. Placemate's expertise and administration has been instrumental in the success of Rooted Renters so far. Currently, Placemate's contract for Rooted Rented program administration expires on June 30, 2025. Staff recommend that Council authorizes the Town Manager to execute a contract amendment with Placemate in the amount of \$120,000 for a total amended contract amount of \$185,000 to provide program administration for Rooted Renters and extend the contract term through June 30, 2026, pending approval of the FY25/26 budget.

This would increase costs over the life of the program, as increasing the size of Cohort 2 would increase the overall incentive total to \$1,261,000 from \$1,011,000 and program administration to \$480,000, for a total program cost of \$1,991,000 through FY 28/29. Preserving long term, below market rate rentals through Rooted Renters is significantly cheaper and faster than developing new workforce housing. Current data from the Truckee Tahoe Workforce Agency project that the cost of new workforce housing is around \$850,000 per unit, and it takes at least several years for a workforce housing project to go from concept to move in. While Rooted Renters is just one "tool in the toolbox" of housing solutions, it helps to quickly and efficiently provide housing to our local workforce.

CONCLUSIONS AND NEXT STEPS

Staff recommend that Council:

- 1) Receive a report on the first cohort of the Rooted Renters Program;
- 2) Approve the updated Rooted Renters Program Guidelines;
- 3) Authorize the Town Manager to execute a contract amendment with Placemate in the amount of \$120,000 for a total amended contract amount of \$185,000 to provide program administration for Rooted Renters and extend the contract term through June 30, 2026, pending approval of the FY25/26 budget.

If Council approves the updated guidelines and contract amendment, Staff and Placemate anticipate launching the application for Rooted Renters Cohort 2 in July 2025, pending approval of the FY 25/26 budget.

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 C2311 has proposed \$120,000 for Rooted Renters program administration, which will provide sufficient funding for the recommended contract amendment, and \$226,650 for increased incentive amounts, 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: Staff Report – Proposed Housing Program Guidelines – Rooted Renters Pilot Program \(formerly Long-Term Rental Preservation Program\)](#)

Attachment 2: Rooted Renters Program Guidelines – track changes version

Attachment 3: Rooted Renters Program Guidelines – clean version