



Date: January 24, 2023

Honorable Mayor and Council Members:

Author and title: Lynn Baumgartner, Program Analyst II

Title: **Truckee Home Access Program Guidelines Revision**

Approved By: \_\_\_\_\_ Jen Callaway, Town Manager

**Recommended Action:** Review and approve recommended changes to the Program Guidelines for the Truckee Home Access Program (THAP).

**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-- or reserved— for full-time occupancy—is an important strategy used in many jurisdictions to ensure the long-term availability of workforce housing. A deed restriction is a tool that helps preserve a housing unit as a fulltime residence through legal requirements that run with the property for the term of the restriction (typically 55+ years). These limitations of land use can include resident income requirements or fulltime residency requirements.

In October 2022 the Town launched the Truckee Home Access Program (THAP), a deed restriction purchase program that is available to buyers, sellers, businesses, and developers (see Attachments 1-3 for previous staff reports regarding this program). Since that time we have implemented an outreach campaign, hosted eleven informational presentations and workshops, launched the program application, and begun receiving and reviewing applications. We have received 10 applications. One was denied due to being over the income limit, two are currently in review, seven have been approved for the program, and one THAP participant has closed on a home.

In the process of implementing the program, staff and Housing Inc. have found opportunities for necessary Program Guideline corrections and clarifications and have drafted a suite of clean-up revisions to the Program Guidelines for Council consideration.

**PROPOSED PROGRAM GUIDELINE CHANGES**

The following program updates are included in the revised Program Guidelines (See Attachments 4 and 5).

**3.2 Funding/Payment for Deed Restrictions**

Language stating “The funding amount will generally be taxable, and the Town will file a 1099 with the IRS and will provide a copy of such filing to the payee, in accordance with Internal Revenue Code” was struck. After further research, it was determined that the title company involved in the real estate transaction is the party responsible for issuing the 1099 form.

**3.3 Eligible Use of Funds and Distribution: Other Deed Restrictions**

The Martis Fund Homebuyer Assistance Program offers down payment assistance to fulltime residents within the Truckee Tahoe Unified School District area who meet certain local employment requirements and who have a household income below 180% AMI for Placer County. It should be noted that while the AMI is tied to Placer County for the Martis Fund Homebuyer Assistance Program, the program does not restrict purchase of a home to be within Placer County, homebuyers seeking to buy a home in Truckee would qualify for the Martis Fund's program. The Homebuyer Assistance Program is different from THAP in that the funding is structured as either a low interest loan or an equity share, and funds must be repaid if the home is sold, rented, or the homeowner defaults on program requirements. Unlike THAP, the Martis Fund program does not have a long-term deed restriction that runs with the land. At the time that the THAP program was developed, the Martis Fund's program guidelines did not allow the Homebuyer Assistance Program funds to be bundled with other homebuyer programs. However, the Martis Fund has decided to change this requirement and the Town's THAP program administrators have begun receiving requests to combine THAP funding with the Martis Fund Homebuyer Assistance Program.

The current THAP program guidelines state that the THAP program cannot be combined with other deed restrictions that restrict ownership and/or occupancy based on a local employment or income requirement. The purpose of this requirement was to ensure that the THAP deed restriction would provide significant additional value to the Town by preserving a housing unit that wouldn't otherwise be preserved as workforce housing. Staff recommend that Council consider revising the THAP program guidelines, as described below to accommodate layering THAP with the Martis Funds (or similar) down payment assistance, because the Martis Fund Homebuyer Assistance Program is sufficiently different from THAP such that the THAP deed restriction would add significant value through long term preservation of the housing unit. Additionally, layering these two programs would provide additional financial assistance for homebuyers below 180% AMI, who are more likely to have a significant affordability gap for home purchase.

The suggested THAP program guidelines change to section 3.3 would clarify that THAP funds can be combined with other housing assistance funds and allows the THAP Deed of Trust to be subordinate to the Deed of Trust of the other housing assistance program if required by that program and if approved by town staff. It is important to note that this revision would add some risk to the Town's investment, as the Town's financial interest will be subordinate to the lender's and the additional program's. However, staff believes that the benefits of combining program funding outweigh the risks.

Additionally, the proposed revision would replace the sentence "THAP cannot be combined with other deed restrictions that restrict ownership and/or occupancy based on a local employment or income requirement," to "THAP cannot be combined with any housing assistance funding that requires equivalent deed restrictions (e.g. 55-year term or renewal upon sale) that restrict ownership and/or occupancy based on a local employment or income requirement."

Staff met with Tom Murphy, Martis Fund Board President, and Amy Kelley, Program Coordinator, to discuss this proposed change and the consideration of subordinating THAP to the Martis Fund. If this change is approved by Council, staff recommend that the Town and Martis Fund agree as follows: In the event that a buyer utilizing both program enters into default, if the Martis Fund receives full or partial repayment and the Town does not receive repayment due to its subordinate position, the Martis Fund would reinvest the repaid funds into housing assistance programs. This condition will be brought to the Martis Fund Board for approval. If Council directs staff to make the recommended changes to the Program Guidelines and the Martis Fund Board agrees to this condition, staff will work with the Martis fund to memorialize this commitment prior to approving any THAP Property Applications that propose to use Martis Fund Homebuyer Assistance.

Permitting participants to combine THAP and Martis Fund funding increases the range of workforce members who can realistically purchase a home in Truckee. Additionally, Martis Fund caps the participant area median income (AMI) at 180% of Placer County's AMI, \$183,960 for a family of four, so the AMI

range for participants who qualify to combine the funding would be capped well below THAP's maximum, making homeownership more feasible for more of our workforce.

## CONCLUSION AND NEXT STEPS

Staff recommends that Council review and approve the attached updates to the THAP 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:** Slightly increases the risk that the Town would not receive repayment in the event of a default as the Town's financial interest will be subordinate to the lender's and the additional program's. The exact financial risk is not calculable at this time.

**Public Communication:** Agenda posting.

### **Attachments:**

Attachment 1: March 8, 2022 Staff Report available at:

<https://portal.laserfiche.com/Portal/DocView.aspx?id=59564221&repo=r-6a91ddbc>

Attachment 2: September 13, 2022 Staff Report available at:

<https://portal.laserfiche.com/Portal/DocView.aspx?id=59590999&repo=r-6a91ddbc>

Attachment 3: December 13, 2022 Staff Report available at:

<https://portal.laserfiche.com/Portal/DocView.aspx?id=59635018&repo=r-6a91ddbc>

Attachment 4: Updated Program Guidelines (clean copy)

Attachment 5: Program Guidelines with Track Changes