

Memorandum

To: Hilary Hobbs, Neighborhood Services Director, Town of Truckee
Lynn Baumgartner, Program Analyst II, Housing Division, Town of Truckee

From: Aaron Nousaine, MCRP, Principal

Date: January 22, 2026

Re: Homegrown Housing Valuation Analysis

Recognizing the need to expand the available workforce housing inventory, the Truckee Town Council established a goal to deed restrict 10 percent of the housing stock for occupancy by workforce and income-qualified households by 2032. In furtherance of this goal, the Council authorized creation of the Homegrown Housing Program, formerly known as the Deed Restriction for New Housing Development Program.

The current program authorizes the award of cash grants to developers of up to \$110,000 per newly constructed housing unit that is deed restricted for full-time occupancy as workforce housing. The program is administered by the Sierra Business Council (SBC) under guidelines most recently adopted by the Town Council in March 2025.¹ Projects eligible for the current program must be located in the Gateway or Downtown neighborhoods. Program funds may only be used to support studio, one-bedroom, and two-bedroom deed restricted housing units, and each unit must have at least one dedicated parking space. Deed restricted units must be rented or sold for occupancy on a full-time, or equivalent, basis to a qualifying household who works for an employer based in, or a work site located in, the Tahoe Truckee Unified School District boundary, with the income of the occupying household capped at 180 percent of the area median income (AMI). If sold, the maximum sale price under the current program guidelines is \$687,500 per unit. The program also caps the maximum rent that may be charged as affordable at 120 percent of AMI, adjusted for household size. According to Steve Frisch of the Sierra Business Council, there are two projects that have submitted completed applications, with a third in progress, and three other developers expressing interest.²

¹ Town of Truckee. (March 11, 2025). Deed Restriction for New Housing Development Program Guidelines. Available at: <https://www.townoftruckee.gov/DocumentCenter/View/2190/Deed-Restriction-for-New-Housing-Development-Program-Guidelines-PDF?bidId=>

² Molina, P. (September 12, 2025). Town Council Reviews Homegrown Housing Program and Organization Wide Operational Assessment Implementation Plan Update. Sierra Sun: Truckee, CA. Available at: <https://www.sierrasun.com/news/town-council-reviews-homegrown-housing-program-and-organization-wide-operational-assessment-implementation-plan-update/>

The Town of Truckee is currently evaluating options for refinement of the Homegrown Housing Program, including incorporation of construction and design milestones and expansion of eligibility to development projects located beyond the Downtown and Gateway neighborhoods to other areas that are also close to transit and core resident services. Concurrent with the updates to the Homegrown Housing monetary incentive program, the Town is also considering nonmonetary incentives through updates to development standards for applicable projects. The goal for the Homegrown Housing program is to incentivize the creation of housing units that are not otherwise required or supported by existing Town housing policies or State law.

This program targets the creation of units with deed restrictions for households earning up to 180 percent of AMI, which are not currently incentivized through other local or State policies. Additionally, this program seeks to balance the need for housing, by allowing additional density, with the Town's desire to maintain a consistent community character through high quality project design. To meet this goal, the Town's revised minimum design and development standards are proposed to be more flexible than existing Town regulations.

To support evaluation of potential program updates, the Town of Truckee retained BAE to prepare a financial feasibility analysis of three prototype development projects to identify the amount of public subsidy required to facilitate feasibility for participating builders. The following report summarized key findings from that analysis.

Development Feasibility Analysis

To facilitate refinement of the Homegrown Housing Program, BAE prepared pro forma financial models for three different types of new housing development, including multifamily rental apartments, a mixed-use multifamily rental project, and rental townhomes. The purpose of the analysis is to identify the likely order of magnitude subsidy that would be required to achieve project feasibility under current market conditions. The prototypes are as specified by Town staff, as shown in Table 1, and reflect the standards currently under consideration.

The proposed development standards that would apply to participating projects under the Homegrown Housing Program offer a streamlined review, reduced parking requirements, more flexible development standards, and a density bonus of 10 percent over the existing base zoning. Use of these standards, however, would preclude developers from leveraging other incentives, such as the those offered under State density bonus law and the Town's "dwelling unit equivalent" standard. As such, the anticipated yield of new units that may be generated as part of projects that elect to participate in the Homegrown Housing Program is likely less than could be achievable under other existing incentive programs. While increased unit yields typically have a positive impact on project feasibility, even higher intensity multifamily rental housing projects are likely to be infeasible under current market conditions due to high construction costs and relatively modest market rate rent levels. For this reason, no projects have been completed in the Town of Truckee that have utilized the State density bonus, with the exception of one tax credit affordable development.

Table 1: Town of Truckee, Homegrown Housing Program, Development Prototypes for Analysis (Page 1 of 2)

	Prototype #1 - Medium Density MFR					Prototype #2 - Higher Density Mixed-Use					Prototype #3 - Smaller Residential Proj.					
Site Example																
Site Size (Sq. ft. - Acres)	3.50 / 152,460					1.50 / 65,340					1.00 / 43,560					
Existing Structures (Sq. Ft.)	None					None					None					
Year Built / Renovated	2025 / n.a.					2025 / n.a.					2025 / n.a.					
Assumed Zoning	RM					CMU					RH					
Construction Type	Type 5 - Wood					Type 5 - Wood					Type 5 - Wood					
HOMEGROWN HOUSING USE RESTRICTIONS																
Occupant Tenure																
Market Rate	0		Rental			18		Rental			0		Rental			
Deed Restricted	46		100%			18		50%			19		100%			
<i>Workforce Restricted</i>	0		0%			0		0%			0		0%			
<i>120% AMI Rent Cap</i>	37		80%			14		40%			19		100%			
<i>80% AMI Rent Cap</i>	9		20%			4		10%			0		0%			
BUILDING AREA (UNITS & SQ. FT.)	6-12 dua					6-18 or up to 24 dua					12-18 dua					
<i>Allowed Density</i>	+ 10% density bonus					No density bonus					+ 10% density bonus					
	= 46					= 36					= 19					
Residential Component	<u>80%</u>	<u>120%</u>	<u>Market</u>	<u>Total</u>	<u>Sq. Ft.</u>	<u>80%</u>	<u>120%</u>	<u>Market</u>	<u>Total</u>	<u>Sq. Ft.</u>	<u>80%</u>	<u>120%</u>	<u>Market</u>	<u>Total</u>	<u>Sq. Ft.</u>	
Studio BR (Units - Sq. Ft.)	2	10	0	12	420	2	5	4	11	420	0	0	0	0	420	
1 BR (Units - Sq. Ft.)	4	16	0	20	535	2	7	8	17	535	0	0	0	0	650	
2 BR (Units - Sq. Ft.)	3	11	0	14	845	0	2	6	8	845	0	19	0	19	1,000	
3 BR (Units - Sq. Ft.)	0	0	0	0	1,120	0	0	0	0	1,120	0	0	0	0	1,500	
All Residential Units	9	37	0	46	27,570	4	14	18	36	20,475	0	19	0	19	19,000	
Plus Circulation (% - Sq. Ft.)					10%					10%					0%	0
Plus Storage (% - Sq. Ft.)					10%					10%					0%	0
Total, Residential	13 dua			46	34,463	24 dua			36	25,594	19 dua			19	19,000	
Nonresidential Component																
	<u>Sq. Ft.</u>					<u>Sq. Ft.</u>					<u>Sq. Ft.</u>					
Retail Sq. Ft.	0					6,300					0					
Office Sq. Ft.	0					0					0					
Industrial Sq. Ft.	0					0					0					
All Non-Residential Uses	0					6,300					0					
Plus Storage (% - Sq. Ft.)					0%					20%					0%	0
Total, Non-Residential	0					7,875					0					
Gross Building Square Footage	34,463					33,469					19,000					
<i>Total Building Coverage</i>	11.3%					17.1%					21.8%					

- Continued on Next Page -

Table 1: Town of Truckee, Homegrown Housing Program, Development Prototypes for Analysis (Page 2 of 2)

PARKING AREA (STRUCTURED & SURFACE)						1 per studio/1 bdrm 2 per 2-3 bdrm					1 per studio/1 bdrm 2 per 2-3 bdrm 1 per 250 sq. ft. comm. 1 per 600 sq. ft. storage					1 per studio/1 bdrm 2 per 2-3 bdrm					
Parking Requirements																					
	80%	120%	Market	Total	Sq. Ft.	80%	120%	Market	Total	Sq. Ft.	80%	120%	Market	Total	Sq. Ft.	80%	120%	Market	Total	Sq. Ft.	
Parking - Residential																					
Surface (# - Sq. Ft.)	12	48	0	60	180	4	16	6	26	180	0	38	0	38	180	0	38	0	38	180	
Tuck Under/Garage (# - Sq. Ft.)	0	0	0	0	200	0	0	18	18	200	0	0	0	0	200	0	0	0	0	200	
Podium (# - Sq. Ft.)	0	0	0	0	200	0	0	0	0	200	0	0	0	0	200	0	0	0	0	200	
Subtotal, Res. Spaces	12	48	0	60	10,800	4	16	24	44	8,280	0	38	0	38	6,840						
Guest Parking				6	180				4	180				3	180						
Total, Res. Spaces				66	11,880				48	9,000				41	7,380						
Parking - Non-Residential																					
Surface (# - Sq. Ft.)				0	180				28	180				0	180				0	180	
Subtotal, Spaces				0	0				28	5,009				0	0				0	0	
Total Parking (Sq. Ft.)				66	11,880				76	14,009				41	7,380						
Other Paving Adjustment (% - Sq. Ft.)				60%	17,820				60%	21,013				0%	0				0%	0	
Total, Paved Area					29,700					35,021					7,380					7,380	
Garage Parking					0					3,600					0					0	
Surface Parking					11,880					10,409					7,380					7,380	
Circulation					17,820					21,013					0					0	
SITE UTILIZATION SUMMARY																					
Max Site Coverage					60%					80.5%					60%						
FAR Requirement					None					Up to 1.25					None						
Residential (Sq. Ft.)					34,463					25,594					19,000						
Non-Residential (sq. Ft.)					0					7,875					0						
Garage Parking (Sq. Ft.)					0					3,600					0						
Total Built Sq. Ft.					34,463					37,069					19,000					19,000	
Building Height (Floors)					2					3					2						
Building Site Coverage					17,231					12,356					9,500						
Site Coverage %					11%					19%					22%						
Combined FAR					0.23					0.57					0.44						
Effective Density					13.1					24.0					19.0						
Other Paved Coverage					29,700					31,421					7,380						
Other Coverage %					19%					48%					17%						
Total Site Coverage					46,931					43,778					16,880						
Total Coverage					31%					67%					39%						

Sources: Town of Truckee; BAE, 2026.

Development Cost and Revenue Assumptions

For the purposes of this research, BAE identified development cost and revenue assumptions based on a review of available information associated with recent and ongoing development projects in the Truckee-North Tahoe region, as well as through one-on-one interviews with representatives from the area real estate development community. An emphasis was placed on obtaining cost and revenue information associated with market rate multifamily developments, a number of which are currently proposed in the region, but none are actively building. BAE avoided using cost comparison associated with tax credit affordable developments, which have a much different cost structure. Revenue assumptions are loosely based on current asking rents at Coburn Crossing in Truckee, which represents the only example of newly constructed market rate multifamily rental housing in the region.

Financial Feasibility and Subsidy Requirements

The financial feasibility of each development prototype was assessed under two alternative disposition scenarios. The first scenario includes the sale of the property by the developer upon achieving stabilized occupancy. Under this scenario, the project value is established using a capitalization (cap) rate of 5.5 percent applied to net operating income (NOI). Project costs include direct and indirect construction costs and financing, as well as a 10 percent developer fee, which reflects the builders profit upon sale. The second scenario assumes that the property is developed by an investment group and is held for an extended period. Under this scenario, the builder is assumed to receive a three percent developer fee, along with an eight percent ongoing return that flows to equity investors out of NOI after debt service.

Table 2 summarize the subsidy that would be required per occupancy restricted housing unit to facilitate financial feasibility for each of the three housing prototypes, under current market conditions, using each of the two disposition scenarios summarized above. The data generally reflect that subsidy requirements are likely to be somewhat higher under the second long-term hold scenario. This is mainly driven by the need to provide profit to the general contractor and development team up-front, as well as provide an ongoing return on investment to equity investors. The eight percent return on equity used for the analysis is a relatively common benchmark within the development community; however, the significant financial contribution being made by the local government to support the project, a lower equity return threshold may be achievable, but depends on investors willingness to accept lower returns.

The data reported in Table 2 also illustrates the relative performance of each of the three modelled development prototypes. The prototype that generally requires the least subsidy is prototype number three, which is the higher density of the two residential only project prototypes and includes the lowest amount of non-leasable coverage. In other words, the prototype has limited on-site circulation and parking compared to prototype number one, due to the assumption that the on-site parking is access directly from the adjacent street. Prototype one, by comparison, is somewhat less efficient due to the larger site and the need to include additional on-site vehicle and pedestrian circulation, which increases project costs

without a commensurate increase in gross leasable area. Prototype three also requires less subsidy, since all of the units would be restricted at 120 percent of AMI, while prototype one includes a mix of units restricted at 120 percent of AMI, which are effectively market rate, and 80 percent of AMI, which are effectively below market rate. Prototype number two would likely require the greatest subsidy due to the inclusion of unsubsidized market rate housing units and leasable commercial space, neither of which generates sufficient revenue to offset the associated build cost, therefore increasing the projects overall subsidy needs.

The other key finding illustrated in Table 2 is the relative financial efficiency demonstrated by rental units of different sizes. Generally, development costs are assumed to scale faster than market rate rents as the unit size increases. As a result, studio and one-bedroom units are typically more financially efficient and require less subsidy than larger two- and three-bedroom units. This relationship is clearly demonstrated in the table below. Research recently commissioned by the Tahoe Truckee Community Foundation (TTCF) found significant need for additional dedicated long-term rental housing across the income spectrum and for a diverse array of unit sizes. Nonetheless, the Truckee-North Tahoe regional housing market has historically skewed towards larger two- and three-bedroom detached single-family homes. As a result, the market is likely significantly undersupplied among smaller one-bedroom and studio units, particularly within the rental market. While larger two- and three-bedroom rental units remain in demand as well, there is a larger supply of housing units within that size range within the existing private single-family rental market that can help to meet demand.

Table 2: Homegrown Housing Program, Development Subsidy Requirements (a)

Stabilized Sale Scenario			
	Prototype #1 - Medium Density MFR	Prototype #2 - Higher Density Mixed-Use	Prototype #3 - Smaller Residential Proj.
Unit Mix Average (b)	\$248,326	\$342,011	\$200,384
<i>Studio Units (c)</i>	\$194,695	\$275,216	<i>n.a.</i>
<i>One-Bedroom Units (c)</i>	\$211,532	\$302,203	\$37,165
<i>Two-Bedroom Units (c)</i>	\$333,985	\$533,210	\$200,384
Long-Term Hold Scenario			
	Prototype #1 - Medium Density MFR	Prototype #2 - Higher Density Mixed-Use	Prototype #3 - Smaller Residential Proj.
Unit Mix Average (b)	\$301,823	\$486,573	\$282,442
<i>Studio Units (c)</i>	\$239,930	\$401,888	\$55,505
<i>One-Bedroom Units (c)</i>	\$266,299	\$449,267	\$120,457
<i>Two-Bedroom Units (c)</i>	\$393,874	\$692,990	\$282,442

Notes:

- (a) Reports the average subsidy requirement per occupancy restricted housing unit.
- (b) Assuming the average mix of units by type, as summarized in Table 1.
- (c) Estimates for each unit type assume that the full project is comprised of that one unit type.

Source: BAE, 2025.

For more information, please refer to the detailed pro forma worksheets in Attachment A.

Attachment A1: Medium Density Multifamily Residential, Homegrown Housing Analysis (Page 1 of 2)

A medium density multifamily rental product at 13 dwelling units per acre (dua), with 80 percent of units priced at 120 percent of the area median income (AMI) and 20 percent priced at 80 percent of AMI. The model illustrates two disposition scenarios, including sale upon with a 10 percent developer profit margin, as well as a long-term hold scenario with a three percent developer fee and an eight percent annual return on equity (ROC).

Development Program Assumptions

Site Characteristics

Site Size (Sq. ft. - Acres)	3.50 /	152,460
Existing Structures (Sq. Ft.)		None
Year Built / Renovated	2025 /	n.a.
Assumed Zoning		RM
Construction Type	Type 5 -	Wood
Residential Density		13 dua
Building Height (Floors)		2

Residential Unit Mix

	80%	120%	Market	Total	Sq. Ft.
Studio BR (Units - Sq. Ft.)	2	10	0	12	420
1 BR (Units - Sq. Ft.)	4	16	0	20	535
2 BR (Units - Sq. Ft.)	3	11	0	14	845
3 BR (Units - Sq. Ft.)	0	0	0	0	1,120
All Residential Units	9	37	0	46	27,570
Plus Circulation/Storage (% - Sq. Ft.)			20%		6,893
Total, Residential				46	34,463

Non-Residential Uses

	Sq. Ft.
Retail Sq. Ft.	0
Office Sq. Ft.	0
Industrial Sq. Ft.	0
All Non-Residential Uses	0
Plus Storage (% - Sq. Ft.)	0%
Total, Non-Residential	0

Gross Building Square Footage

Total Building Coverage	34,463	11.3%
-------------------------	--------	-------

Parking

	Total	Sq. Ft.
Surface (# - Sq. Ft.)	66	180
Tuck Under/Garage (# - Sq. Ft.)	0	200
Podium (# - Sq. Ft.)	0	200
Subtotal, Res. Spaces	66	11,880
Other Paving Adjustment (% - Sq. Ft.)	60%	17,820
Total, Paved Area		29,700

Cost and Income Assumptions

Development Costs

Land Acquisition (Per Acre)	\$1,000,000
Site Work Per Site (Per Sq. Ft.)	\$45
Residential Hard Cost (Per Sq. Ft.)	\$436
Non-Residential Hard Cost (Per Sq. Ft.)	\$150
Residential Fees (Per Unit) (a)	\$10,316
Non-Residential Fees (Per Sq. Ft.)(b)	\$0
Other Soft Costs (% of Hard Costs)	13%

Developer Profit (On Sale)	10%
Developer Fee (Build & Hold)	3%

Residential Revenue

	80% (c)	120% (c)	Market (d)
Rental Rates			
Studio (Per Unit)	\$1,467	\$2,490	\$1,950
1 BR (Per Unit)	\$1,670	\$2,840	\$2,325
2 BR (Per Unit)	\$1,843	\$3,159	\$2,800
3 BR (Per Unit)	\$2,016	\$3,479	\$3,071
Opex. + Vacancy (% of revenue)			30%
Capitalization Rate			5.5%

Non-Residential Revenue

Rental Rate (Per Sq. Ft., NNN)	\$2.00
Opex. + Vacancy (% of revenue)	15%
Capitalization (CAP) Rate	5.5%

Construction Financing

Loan-to-Cost Ratio	75%
Loan Fee (Points)	1%
Interest Rate	6.25%
Loan Term (Months)	18
Drawdown Factor	65%
Construction Loan Principal	\$17,543,242

Permanent Financing

Debt Service Coverage Ratio (DSCR)	1.25
Interest Rate	6.25%
Amortization (Years)	30
Permanent Loan Principal	\$11,669,050

Development Cost Analysis

Development Costs

Land Acquisition	\$3,500,000
Site Work	\$2,111,917
Residential Hard Cost	\$15,016,193
Non-Residential Hard Cost	\$0
Residential Fees	\$474,534
Non-Residential Fees	\$0
Other Soft Costs	\$2,288,344
Subtotal Construction	\$23,390,989
Cost Per Unit	\$508,500
Cost Per Sq. Ft.	\$679

Financing

Interest on Construction Loan	\$1,069,041
Points on Construction Loan	\$175,432
Subtotal Financing Costs	\$1,244,474
Total Build Cost, Exc. Profit	\$24,635,462
Cost Per Unit	\$535,554
Cost Per Sq. Ft.	\$715

Project Income Analysis

Residential Rents	\$1,231,686
Less Vacancy+Expense	\$369,506
Residential NOI	\$862,180
Non-Residential Rents	\$0
Less Vacancy+Expense	\$0
Non-Residential NOI	\$0
Total Net Operating Income	\$862,180

Feasibility Analysis - Stabilized Sale Alternative

Project Value

Residential NOI	\$862,180
Non-Residential NOI	\$0
Combined NOI	\$862,180
Capitalization Rate	5.5%
Capitalized Value	\$15,676,004
Project Cost	
Direct Build Costs	\$24,635,462
Developer Profit (@ 10% ROC)	\$2,463,546
Total Project Cost	\$27,099,009

Subsidy Requirement

Estimated Gap Funding Needed	\$11,423,005
Subsidy Per Unit	\$248,326
Subsidy Per Restricted Unit	\$248,326

Feasibility Analysis - Long-Term Hold Alternative

Supportable Permanent Debt

Supportable Debt Service	\$689,744
Perm. Loan Amount	\$9,335,240

Equity Contribution

Post-Debt Service Cash Flow	\$172,436
Equity Return Requirement (e)	8%
Builder Equity Amount	\$2,155,451

Market-Based Funding

Max Debt Amount	\$9,335,240
Max Equity Amount	\$2,155,451
Total Market-Based Funding	\$11,490,691

Subsidy Requirement

Estimated Gap Funding Needed (f)	\$13,883,836
Subsidy Per Unit	\$301,823
Subsidy Per Restricted Unit	\$301,823

Attachment A1: Medium Density Multifamily Residential, Homegrown Housing Analysis *(Page 2 of 2)*

Notes:

- (a) Includes Town of Truckee planning and permit fees, as well as fire protection, school, and park and recreation fees.
- (b) Includes fire protection and school fees levied on non-residential uses only. Town planning and permit fees are calculated based on the residential unit count.
- (c) Based on income limits for Nevada County published by the California Department of Housing and Community Development (HCD) and utility allowances published by the Regional Housing Authority. In cases where the calculated affordable rent exceeds the market rent, the market rate rent is assumed for the purposes of calculating revenue.
- (d) Based on what are effectively market rate rents for employment restricted apartments at Coburn Crossing in Truckee.
- (e) Equal to net operating income (NOI) divided by outstanding equity.
- (f) Includes an additional up-front developer fee equal to three percent of combined construction and construction financing costs.

Sources: Town of Truckee; California Department of Housing and Community Development; Regional Housing Authority of Sutter, Yuba, Nevada, and Colusa Counties; California Department of Insurance; Freddie Mac; Mortgage Broker Interviews; Developer Interviews; BAE, 2026.

Attachment A2: Higher Density Multifamily Residential Mixed-Use, Homegrown Housing Analysis (Page 1 of 2)

A higher density multifamily rental product at 27 dwelling units per acre (dua), with 50 percent of units are unrestricted, 40 percent are restricted at 120 percent of the area median income (AMI) and 10 percent priced at 80 percent of AMI. The model illustrates two disposition scenarios, including sale upon with a 10 percent developer profit margin, as well as a long-term hold scenario with a three percent developer fee and an eight percent annual return on equity (ROC).

Development Program Assumptions						Cost and Income Assumptions				Development Cost Analysis			Feasibility Analysis - Stabilized Sale Alternative				
Site Characteristics						Development Costs				Development Costs			Project Value				
Site Size (Sq. ft. - Acres)					1.50 / 65,340	Land Acquisition (Per Acre)				\$1,000,000	Land Acquisition				Residential NOI		\$681,223
Existing Structures (Sq. Ft.)					None	Site Work Per Site (Per Sq. Ft.)				\$45	Site Work				Non-Residential NOI		\$128,520
Year Built / Renovated					2025 / n.a.	Residential Hard Cost (Per Sq. Ft.)				\$436	Residential Hard Cost				Combined NOI		\$809,743
Assumed Zoning					RM	Non-Residential Hard Cost (Per Sq. Ft.)				\$150	Non-Residential Hard Cost				Capitalization Rate		5.5%
Construction Type					Type 5 - Wood	Residential Fees (Per Unit) (a)				\$9,799	Residential Fees				Capitalized Value		\$14,722,604
Residential Density					24 dua	Non-Residential Fees (Per Sq. Ft.)(b)				\$2.00	Non-Residential Fees				Project Cost		
Building Height (Floors)					3	Other Soft Costs (% of Hard Costs)				13%	Other Soft Costs				Direct Build Costs		\$18,980,727
Residential Unit Mix																	
	80%	120%	Market	Total	Sq. Ft.	Developer Profit (On Sale)				10%	Subtotal Construction				Developer Profit (@ 10% ROC)		\$1,898,073
Studio BR (Units - Sq. Ft.)	2	5	4	11	420	Developer Fee (Build & Hold)				3%	Cost Per Unit				Total Project Cost		\$20,878,800
1 BR (Units - Sq. Ft.)	2	7	8	17	535	Residential Revenue						Financing			Subsidy Requirement		
2 BR (Units - Sq. Ft.)	0	2	6	8	845	Rental Rates	80% (c)	120% (c)	Market (d)		Interest on Construction Loan				Estimated Gap Funding Needed		\$6,156,196
3 BR (Units - Sq. Ft.)	0	0	0	0	1,120	Studio (Per Unit)	\$1,467	\$2,490	\$1,950		Points on Construction Loan				Subsidy Per Unit		\$171,005
All Residential Units	4	14	18	36	20,475	1 BR (Per Unit)	\$1,670	\$2,840	\$2,325		Subtotal Financing Costs				Subsidy Per Restricted Unit		\$342,011
Plus Circulation/Storage (% - Sq. Ft.)					20%	2 BR (Per Unit)	\$1,843	\$3,159	\$2,800		Total Build Cost, Exc. Profit				Feasibility Analysis - Long-Term Hold Alternative		
Total, Residential					36	3 BR (Per Unit)	\$2,016	\$3,479	\$3,071		Cost Per Unit				Supportable Permanent Debt		
Non-Residential Uses																	
					Sq. Ft.	Opex. + Vacancy (% of revenue)				30%	Cost Per Sq. Ft.				Supportable Debt Service		\$647,795
Retail Sq. Ft.					6,300	Capitalization Rate				5.5%	Project Income Analysis						
Office Sq. Ft.					0	Non-Residential Revenue											
Industrial Sq. Ft.					0	Rental Rate (Per Sq. Ft., NNN)				\$2.00	Residential Rents				Perm. Loan Amount		\$8,767,480
All Non-Residential Uses					6,300	Opex. + Vacancy (% of revenue)				15%	Less Vacancy+Expense				Equity Contribution		
Plus Storage (% - Sq. Ft.)					20%	Capitalization (CAP) Rate				5.5%	Residential NOI				Post-Debt Service Cash Flow		\$161,949
Total, Non-Residential					7,875	Construction Financing											
Gross Building Square Footage																	
					Sq. Ft.	Loan-to-Cost Ratio				75%	Non-Residential Rents				Equity Return Requirement (e)		8%
Total Building Coverage					17.1%	Loan Fee (Points)				1%	Less Vacancy+Expense				Builder Equity Amount		\$2,024,358
Parking																	
					Total	Interest Rate				6.25%	Non-Residential NOI				Market-Based Funding		
Surface (# - Sq. Ft.)					58	Loan Term (Months)				18	Total Net Operating Income				Max Debt Amount		\$8,767,480
Tuck Under/Garage (# - Sq. Ft.)					18	Drawdown Factor				65%					Max Equity Amount		\$2,024,358
Podium (# - Sq. Ft.)					0	Construction Loan Principal				\$13,516,429	Subsidy Requirement						
Subtotal, Res. Spaces					76	Permanent Financing											
Other Paving Adjustment (% - Sq. Ft.)					60%	Debt Service Coverage Ratio (DSCR)				1.25	Estimated Gap Funding Needed (f)				Subsidy Per Unit		\$243,286
Total, Paved Area					31,421	Interest Rate				6.25%	Subsidy Per Restricted Unit				Subsidy Per Restricted Unit		\$486,573
						Amortization (Years)				30							
						Permanent Loan Principal				\$10,959,350							

- Continued on Next Page -

Attachment A2: Higher Density Multifamily Residential Mixed-Use, Homegrown Housing Analysis *(Page 2 of 2)*

Notes:

- (a) Includes Town of Truckee planning and permit fees, as well as fire protection, school, and park and recreation fees.
- (b) Includes fire protection and school fees levied on non-residential uses only. Town planning and permit fees are calculated based on the residential unit count.
- (c) Based on income limits for Nevada County published by the California Department of Housing and Community Development (HCD) and utility allowances published by the Regional Housing Authority. In cases where the calculated affordable rent exceeds the market rent, the market rate rent is assumed for the purposes of calculating revenue.
- (d) Based on what are effectively market rate rents for employment restricted apartments at Coburn Crossing in Truckee.
- (e) Equal to net operating income (NOI) divided by outstanding equity.
- (f) Includes an additional up-front developer fee equal to three percent of combined construction and construction financing costs.

Sources: Town of Truckee; California Department of Housing and Community Development; Regional Housing Authority of Sutter, Yuba, Nevada, and Colusa Counties; California Department of Insurance; Freddie Mac; Mortgage Broker Interviews; Developer Interviews; BAE, 2026.

Attachment A3: Smaller Residential Townhome Project, Homegrown Housing Analysis (Page 1 of 2)

A medium density rental townhome product at 19 dwelling units per acre (dua), with all units restricted to be affordable at a maximum of 120 percent of the area median income (AMI). The model illustrates two disposition scenarios, including sale upon with a 11 percent developer profit margin, as well as a long-term hold scenario with a three percent developer fee and an eight percent annual return on equity (ROC).

Development Program Assumptions

Site Characteristics

Site Size (Sq. ft. - Acres)	1.00 /	43,560
Existing Structures (Sq. Ft.)		None
Year Built / Renovated	2025 /	n.a.
Assumed Zoning		RM
Construction Type	Type 5 -	Wood
Residential Density		19 dua
Building Height (Floors)		2

Residential Unit Mix

	80%	120%	Market	Total	Sq. Ft.
Studio BR (Units - Sq. Ft.)	0	0	0	0	420
1 BR (Units - Sq. Ft.)	0	0	0	0	650
2 BR (Units - Sq. Ft.)	0	19	0	19	1,000
3 BR (Units - Sq. Ft.)	0	0	0	0	1,500
All Residential Units	0	19	0	19	19,000
Plus Circulation/Storage (% - Sq. Ft.)				0%	0
Total, Residential				19	19,000

Non-Residential Uses

	Sq. Ft.
Retail Sq. Ft.	0
Office Sq. Ft.	0
Industrial Sq. Ft.	0
All Non-Residential Uses	0
Plus Storage (% - Sq. Ft.)	20%
Total, Non-Residential	0

Gross Building Square Footage

Total Building Coverage	19,000	21.8%
-------------------------	--------	-------

Parking

	Total	Sq. Ft.
Surface (# - Sq. Ft.)	41	180
Tuck Under/Garage (# - Sq. Ft.)	0	200
Podium (# - Sq. Ft.)	0	200
Subtotal, Res. Spaces	41	7,380
Other Paving Adjustment (% - Sq. Ft.)	60%	0
Total, Paved Area		7,380

Cost and Income Assumptions

Development Costs

Land Acquisition (Per Acre)	\$1,000,000
Site Work Per Site (Per Sq. Ft.)	\$45
Residential Hard Cost (Per Sq. Ft.)	\$420
Non-Residential Hard Cost (Per Sq. Ft.)	\$150
Residential Fees (Per Unit) (a)	\$15,271
Non-Residential Fees (Per Sq. Ft.)(b)	\$0.00
Other Soft Costs (% of Hard Costs)	10%

Developer Profit (On Sale)	10%
Developer Fee (Build & Hold)	3%

Residential Revenue

	80% (c)	120% (c)	Market (d)
Rental Rates			
Studio (Per Unit)	\$1,321	\$2,344	\$1,950
1 BR (Per Unit)	\$1,588	\$2,758	\$2,825
2 BR (Per Unit)	\$1,737	\$3,053	\$3,314
3 BR (Per Unit)	\$1,883	\$3,346	\$4,113

Opex. + Vacancy (% of revenue)	30%
Capitalization Rate	5.5%

Non-Residential Revenue

Rental Rate (Per Sq. Ft., NNN)	\$2.00
Opex. + Vacancy (% of revenue)	15%
Capitalization (CAP) Rate	5.5%

Construction Financing

Loan-to-Cost Ratio	75%
Loan Fee (Points)	1%
Interest Rate	6.25%
Loan Term (Months)	18
Drawdown Factor	65%
Construction Loan Principal	\$8,199,541

Permanent Financing

Debt Service Coverage Ratio (DSCR)	1.25
Interest Rate	6.25%
Amortization (Years)	30
Permanent Loan Principal	\$6,594,192

Development Cost Analysis

Development Costs

Land Acquisition	\$1,000,000
Site Work	\$759,600
Residential Hard Cost	\$7,980,000
Non-Residential Hard Cost	\$0
Residential Fees	\$290,147
Non-Residential Fees	\$0
Other Soft Costs	\$902,975
Subtotal Construction	\$10,932,722
Cost Per Unit	\$575,406
Cost Per Sq. Ft.	\$575

Financing

Interest on Construction Loan	\$499,660
Points on Construction Loan	\$81,995
Subtotal Financing Costs	\$581,655

Total Build Cost, Exc. Profit

Cost Per Unit	\$606,020
Cost Per Sq. Ft.	\$606

Project Income Analysis

Residential Rents	\$696,027
Less Vacancy+Expense	\$208,808
Residential NOI	\$487,219

Non-Residential Rents	\$0
Less Vacancy+Expense	\$0
Non-Residential NOI	\$0

Total Net Operating Income

	\$487,219
--	------------------

Feasibility Analysis - Stabilized Sale Alternative

Project Value

Residential NOI	\$487,219
Non-Residential NOI	\$0
Combined NOI	\$487,219
Capitalization Rate	5.5%
Capitalized Value	\$8,858,525

Project Cost

Direct Build Costs	\$11,514,377
Developer Profit (@ 10% ROC)	\$1,151,438
Total Project Cost	\$12,665,815

Subsidy Requirement

Estimated Gap Funding Needed	\$3,807,289
Subsidy Per Unit	\$200,384
Subsidy Per Restricted Unit	\$200,384

Feasibility Analysis - Long-Term Hold Alternative

Supportable Permanent Debt

Supportable Debt Service	\$389,775
Perm. Loan Amount	\$5,275,354

Equity Contribution

Post-Debt Service Cash Flow	\$97,444
Equity Return Requirement (e)	8%
Builder Equity Amount	\$1,218,047

Market-Based Funding

Max Debt Amount	\$5,275,354
Max Equity Amount	\$1,218,047
Total Market-Based Funding	\$6,493,401

Subsidy Requirement

Estimated Gap Funding Needed (f)	\$5,366,407
Subsidy Per Unit	\$282,442
Subsidy Per Restricted Unit	\$282,442

- Continued on Next Page -

Attachment A3: Smaller Residential Townhome Project, Homegrown Housing Analysis *(Page 2 of 2)*

Notes:

- (a) Includes Town of Truckee planning and permit fees, as well as fire protection, school, and park and recreation fees.
- (b) Includes fire protection and school fees levied on non-residential uses only. Town planning and permit fees are calculated based on the residential unit count.
- (c) Based on income limits for Nevada County published by the California Department of Housing and Community Development (HCD) and utility allowances published by the Regional Housing Authority. In cases where the calculated affordable rent exceeds the market rent, the market rate rent is assumed for the purposes of calculating revenue.
- (d) Based on what are effectively market rate rents for employment restricted apartments at Coburn Crossing in Truckee.
- (e) Equal to net operating income (NOI) divided by outstanding equity.
- (f) Includes an additional up-front developer fee equal to three percent of combined construction and construction financing costs.

Sources: Town of Truckee; California Department of Housing and Community Development; Regional Housing Authority of Sutter, Yuba, Nevada, and Colusa Counties; California Department of Insurance; Freddie Mac; Mortgage Broker Interviews; Developer Interviews; BAE, 2026.