



Date: **March 10, 2026**

Honorable Mayor and Council Members:

Author and title: Lynn Baumgartner, Program Analyst II

Title: **Contract Amendment for the Homegrown Housing Economic Feasibility Analysis with BAE Urban Economics, Inc.**

Jen Callaway, Town Manager

Recommended Action: Authorize the Town Manager to execute a contract amendment with BAE Urban Economics Inc in the amount of \$20,000 for a total amended contract amount of \$51,470.

Discussion:

Background

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. No one program or policy will resolve our region's housing challenges. However, by implementing a range of strategies that support various housing types and a wide spectrum of income levels, we will see progress toward increasing the inventory of homes that our local workforce can access. The Town has a number of programs and policies in place to help address the workforce housing shortage, including rental conversion and preservation programs, home purchase assistance programs, ADU production programs, and deed restriction programs for existing homes and new unit production. The Fiscal Year 2025-26 CIP budget for workforce housing programs was approximately \$4.45 million.

In 2022, Town Council adopted an ambitious goal to deed restrict 10% of Truckee's housing stock by 2032, an estimated 1,500 units of deed restricted housing. Developing sufficient stock of deed restricted units will effectively result in a secondary housing market of deed restricted housing units that tend to be more affordable than unrestricted units. In order to meet this goal, staff estimate a funding need of at least \$55 million for deed restriction purchases, in addition to the budget for the existing workforce housing programs.

On September 9, 2025, Council discussed potential changes to Homegrown Housing program, a program that incentivizes the development of new, deed restricted workforce housing (Attachment 1) that would help to scale up the program. Council directed staff to:

- Engage with BAE to complete a development feasibility analysis to inform potential changes to the monetary incentives (Attachment 2) and a funding options analysis for potential expanded program funding (Attachment 3) which were presented to Council on January 27 and February 10, 2026, respectively;
- Update the Homegrown Housing Program Guidelines with changes to program qualifications and payment structure for the monetary incentives offered (Attachment 4); and;
- Create a new Chapter of the Development Code specific to Workforce Housing that will be the non-monetary incentive portion which includes input from Planning Commission, which will be presented to Council in Spring 2026.

Homegrown Housing Funding Options Analysis

On February 10, 2026, Council received the Homegrown Housing Funding Options Analysis report developed by BAE Urban Economics, Inc., which outlined estimated revenue generation and potential impacts of funding options including a real estate transfer tax, an increase to the Transient Occupancy Tax, a business license program for short-term rentals (STR), and an increase in sales tax. As these options would require approval by voters and would not result in immediately available funding, Council also discussed shorter term sources of funding, including optimization of the existing STR permits, which will be added to the 2025-27 Workplan. Council directed staff to further investigate funding options and directed that Council has a strong interest in further exploring a supplemental real estate transfer tax, but would also like to continue to consider other funding options that may become available. To support this investigation, staff plan to convene a stakeholder working group.

Housing Revenue Working Group

Staff has begun the process of convening a Housing Revenue Working Group. Staff anticipate organizing three meetings in March, April, and May 2026. The goal is to return to Council with a recommendation for a recommended revenue strategy and next steps in summer 2026.

Staff has selected the following representative categories to invite to participate in the working group:

- Truckee Town Council representatives - Vice Mayor Henderson and Council Member Polivy
- Realtor representative -Tahoe Sierra Board of Realtors
- Housing program expert representative - Sierra Business Council
- Housing/ land use advocate representative - Mountain Area Preservation
- Business representative -Truckee Chamber of Commerce
- Contractor representative - Contractors Association of Truckee-Tahoe

Staff is currently reaching out to representatives from the above-referenced groups, so the final working group makeup may change pending confirmation of availability to participate.

BAE Urban Economics, Inc. Contract Amendment

Staff recommend that Council authorize the Town Manager to execute a contract amendment to the Homegrown Housing Economic Feasibility Analysis in the amount of \$20,000 for a contract total of \$51,470 and to amend the scope of work to provide capacity for BAE consultant attendance at Housing Revenue Working Group meetings as needed, and additional analysis that may be needed to support the Housing Revenue Working Group's consideration of revenue options. Additional analysis needs would be informed by input from the Working Group and directed by staff. BAE will charge on a time and materials basis based on their 2026 Rate Sheet (Attachment 5), not to exceed \$20,000.

Next Steps

If approved by Council, staff will engage with BAE to participate in the Housing Revenue Measure Working Group throughout Spring 2026. Staff plan to return to Council for further direction on a revenue measure in summer 2026.

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 total contract amendment cost is not to exceed \$20,000. Existing funding in the previously-approved FY25/26 Housing operating budget is sufficient to fund this contract amendment. No budget amendment is required.

Public Communication: This Staff Report.

Attachments:

Attachment 1: Staff Report – Proposed Changes to the Deed Restriction for New Housing Development Program including Rebranding to Homegrown Housing – Tuesday, September 9, 2025:

<https://portal.laserfiche.com/Portal/ElectronicFile.aspx?docid=59877163&repo=r-6a91ddbc>

Attachment 2: Homegrown Housing Valuation Analysis

Attachment 3: Homegrown Housing Funding Options Analysis

Attachment 4: Staff Report – Homegrown Housing Valuation Analysis and Proposed Program Modifications – Tuesday, January 27, 2026:

<https://portal.laserfiche.com/Portal/ElectronicFile.aspx?docid=59916226&repo=r-6a91ddbc>

Attachment 5: BAE Urban Economics Hourly Fees 2026