

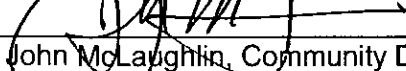


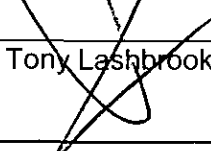
MEETING DATE: October 21, 2010

TO: Honorable Mayor & Councilmembers

FROM: Denyelle Nishimori, Associate Planner

SUBJECT: Application No. 07-063/DC AMD; 2010 Development Code Update (Phase 1 Development Code Amendments—Affordable Housing Density Bonuses, Concessions and Incentives)

Reviewed by:   
John McLaughlin, Community Development Director

Approved by:   
Tony Lashbrook, Town Manager

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**RECOMMENDATION:** That the Council waive the first reading and introduce Ordinance No. 2010-07, amending the Truckee Municipal Code, Title 18-Development Code, for affordable housing density bonuses concessions and incentives. Specifically, maintaining the language requiring a minimum period of 30 years for affordability, and directing staff to include procedures within the Administrative Guidelines for renewal of the 30-year period upon resale of any deed restricted unit.

**DISCUSSION:**

***Background***

At the September 16, 2010 Council meeting, all Phase I Development Code amendments were approved with the exception of Chapter 18.212 for affordable housing density bonuses, concessions and incentives. Consideration of this section was continued to the October 13, 2010 meeting to allow staff the opportunity to present additional information on affordability timeframes. Specifically, how long proponents of very low- and lower-income residential projects, where a density bonus and concession or incentive is being requested, should be required to keep the units affordable. Staff's original recommendation to the Planning Commission was based on State density bonus law (Government Code Section 65915) which states that a project that receives a density bonus and concession or incentive must retain affordability of the units for at least 30 years. This was also the recommendation of the Housing Advisory Work Group. At their August 11, 2010 meeting, the Planning Commission recommended that the language be changed to "in perpetuity" for consistency with previously approved development projects and to ensure the maximum affordability timeframe.

***Affordability Duration***

General Plan Program H-5.1.7 requires long-term commitments of affordability for affordable housing which receives financial assistance, a density bonus, or other regulatory incentive or concession from the Town. The on-going commitment with the Inclusionary and Workforce Housing Ordinances is for housing to remain affordable for a minimum of 30 years. In implementing the General Plan, the Council adopted the Inclusionary and Workforce Housing Ordinances (Development Code Chapters 18.214 and 18.216) with the requirement that administrative guidelines and procedures would be adopted and used in conjunction with these ordinances. These guidelines and procedures are intended to be used as the implementation tool for all affordable housing controls included in Article VII including Chapter 18.212 for density bonuses, concessions and incentives, Chapter 18.214 for inclusionary housing, and Chapter 18.216 for workforce housing.

Following the September 16, 2010 Council meeting, staff conducted additional research on affordability timeframes including restrictions adopted by other jurisdictions. Regulations vary from 30 years to "in perpetuity" with no apparent standard practice being used. A few examples are provided below:

- San Benito County – 30 years
- City of Clayton, CA – 45 years
- City of Hayward, CA – 45 years
- El Dorado County – 20 years
- City of Pleasanton – perpetuity
- Brentwood, CA – 45 years
- Nevada County – 30 years
- City of Grass Valley – 30 years

In addition, in communicating with Rick Jacobus, a community development consultant specializing in affordable housing, who used to be an advisor to WHATT, there appears to be a movement away from perpetual restrictions due to the difficulty with enforcement over time and changes in desired housing projects/products. What is built now may or may not be desirable in 30, 40, or 50 years. A minimum 30-year affordability restriction is commonly used, but on a somewhat arbitrary basis. When restrictions on valuable property suddenly expire, it creates a huge windfall for whoever happens to own the property on that date. There is risk created by giving up future affordability and for no real benefit today. A more balanced approach is to "reset the clock" each time a home sells by recording a new restriction. Under this type of program there is an effect of perpetual affordability but with built-in flexibility to change the terms in the future if the current land use no longer makes sense or the home needs to be torn down. Most of the programs that describe themselves as "perpetual" appear to operate this way. As long as a new deed restriction is recorded each time a home resells, the home will stay perpetually affordable. For example, a 30-year deed restricted unit is bought in 2010. This first owner sells after five years, and the next owner sells after three years:

Owner	Year Property Bought	Year Property Sold	Affordability Expiration Date
Owner #1	2010	2015	2040
Owner #2	2015	2018	2045
Owner #3	2018	2030	2048
Owner #4	2030	2036	2060

## **AGENDA ITEM\_\_\_\_\_**

In this example, there is a 30-year deed-restriction that starts over when the property is sold. By the time Owner #4 sells the property, the affordability timeframe has been extended by 20 years. This pattern would continue for the life of the property.

In reviewing the Development Code affordable housing controls, staff noted that Development Code Section 18.210.060 for inclusionary housing duration states that the affordability controls for the inclusionary housing chapter shall be in effect *in perpetuity*. Staff believes that this language should remain. Staff also believes that Chapter 18.212 for density bonuses, concessions, and incentives should specify a 30-year affordability restriction as previously recommended by staff, with the caveat that the revolving 30-year restriction program discussed above be included in the Administrative Guidelines. This will satisfy both the Planning Commission's concerns for continued affordability, and the Housing Advisory Work Group's recommendation for flexibility. Rental units should be restricted to 55 years to be consistent with redevelopment law and including the fact that most of the Town's rental units are located or are proposed within the Redevelopment Area.

Based on staff's findings, staff recommends that Chapter 18.212 for density bonuses, concessions and incentives be included in Development Code Article VII with language requiring a minimum period of 30 years for affordability, and that Council direct staff to include procedures within the Administrative Guidelines for renewal of the 30-year period upon resale of any deed restricted unit.

### **ALTERNATIVES:**

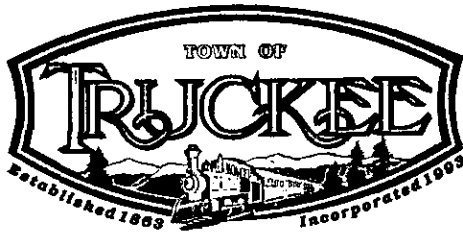
1. The Council may continue this hearing to another Council meeting for further discussion and action;
2. The Council may add, modify, or delete provisions of Ordinance No. 2010-07.

**FISCAL IMPACT:** There will be minimal fiscal impact to the Town in administering the 2010 Phase I Development Code Updates. Specifically, *nominal* staff hours to issue backyard chicken permits for one year and monitor the permit program. The cost to apply the Ordinance to individual projects would be paid for by each project proponent as part of the land use application.

**PUBLIC COMMUNICATION:** in addition to the standard noticing requirement for Council agendas, a 1/8<sup>th</sup> page ad was published in the Sierra Sun on Friday, September 3, 2010, and the hearing date was announced at the September 16, 2010 Council meeting. The hearing date with a link to the staff report was also provided on the Town website and to all persons on the Housing Advisory Work Group e-mail list approximately one week before the Council hearing.

### **ATTACHMENTS:**

1. Ordinance No. 2010-07 (Draft)
2. September 16, 2010 Town Council Meeting Minutes
3. Public Comment from Bob Johnston dated October 13, 2010



**TOWN OF TRUCKEE  
TOWN COUNCIL**

**REGULAR MEETING MINUTES**

**September 16, 2010, 6:00 p.m.**

**Town Hall - Administrative Center  
10183 Truckee Airport Road, Truckee, CA**

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5:59:19 PM

1. **CALL TO ORDER** – Mayor Wallace Dee called the meeting to order at 6:00 p.m.
2. **ROLL CALL:** Council Members; Green, deRyk Jones, Vice Mayor Anderson, and Mayor Wallace Dee.

**Absent:** Council Member Brown.

**Staff Present:** Town Attorney Crabb, Records Technician Kuhlemier, Town Manager Lashbrook, Community Development Director McLaughlin, Town Clerk Price, Public Works Director/Town Engineer Wilkins.

3. **PLEDGE OF ALLEGIANCE** – was led by Judy Holland.
4. **PUBLIC COMMENT** –none.
5. **PRESENTATIONS**
- 5.1 Town Manager Lashbrook presented the Mid-Year Priorities progress report (presentation on file with the Town Clerk).

6. **CONSENT CALENDAR**

It was moved by Council Member Green and seconded by Vice Mayor Anderson to approve the Consent Calendar as follows:

- 6.1 Approve the minutes of July 26, 2010, September 2, 2010 Closed Session, and Regular Meeting.
- 6.2 Authorize the Mayor to execute three Mills Act Historic Preservation contracts, subject to the property owners executing the contracts no later than Tuesday, November 30, 2010.
- 6.3 Authorize the Town Manager to execute a contract with Environmental Science Associations for preparation of a Clean Water Act Permit for Phase 3B of the Truckee River Legacy Trail in the amount of \$10,400 with a 10% contingency; authorize the Town Manager to execute a Memorandum of Understanding with the Truckee Trails Foundation to provide funding for the proposed scope of work; and amend the Fiscal Year 2010-2011 budget to fund the project, Capital Improvement Program (CIP) 60-07-03.
- 6.4 Adopt Resolution 2010-39 approving the abandonment of an existing 15 foot wide sewer line easement and 10 foot wide sewer service line easement on Lot 36 of Wolfe Estates Phase 4.

- 6.5 **Authorize the Town Manager to execute an agreement with R-1 Snow Removal for snow removal services in the Prosser area for the 2010 – 2013 winter snow removal seasons.**
- 6.6 **Authorize the Public Works Director/Town Engineer to file a Notice of Completion with AM-X Construction & Excavation for the Pioneer Trail Roundabout Trails Project for a total construction contract cost of \$246,472.**
- 6.7 **Authorize the Town Manager to enter into a contract with Lumos & Associates, Inc. for the preparation of final design and permits for the Brockway Road Trail Project in the amount of \$107,909 and authorize a ten percent contingency.**
- 6.8 **Appoint Council Member Brown and deRyk Jones to participate in stakeholders group for potential joint bond for recreational facilities.**

6:18:55 PM

**Ayes:** Vice Mayor Anderson, Mayor Wallace Dee, Council Member Green and Council Member deRyk Jones.

**Noes:** None.

**Absent:** Council Member Brown.

**Abstain:** None.

**The motion passed 4-0.**

## **7. DISCUSSION ITEMS**

### **7.1 STAFF REPORT –Support for the Sierra Nevada Conservancy’s Forest and Communities initiative.**

Recommended Action: Adopt Resolution 2010-37 supporting the Forest and Communities initiative.

It was Council consensus to continue this item to the October 7, 2010 Regular Town Council Meeting.

### **7.2 COUNCIL PRIORITY – Development Code Update (Phase 1 Development Code Amendments – Backyard Chickens, Housing Element Consistency and Clean-up Amendments).**

Recommended Action: Waive the first reading and introduce Ordinance 2010-05, amending the Truckee Municipal Code, Title 18-Development Code for backyard chickens, Housing Element consistency, and clean-up amendments.

Associate Planner Nishimori presented information from the staff report (presentation on file with the Town Clerk).

#### **Council Discussion:**

- Currently chickens on rural property do not need a permit.
  - Processing a minor use permit would cost money; Staff would have a standard fee.
- Emergency FEMA ordinance should be in front of the Planning Commission in October.
- Goal to finish the Development Code updates within a year.

- The impacts or conflicts associated with wild or domestic chickens include:
  - Fencing.
  - Free range versus not free range.
  - Disease.
  - Odor.
    - If conflicts arise or become a nuisance, code compliance can become involved.
- No standards for predator proof coops are included.
- Group HAWG consensus was 30 year deed restrictions for affordable housing.
- Discussion on deed restriction and the difference from 30 years to in perpetuity.

**Mayor Wallace Dee opened the item for public comment.**

Jamie Brimer, Truckee resident clarified:

- A chicken structure over 120 square feet will need a building permit.
- "Back Yard" chickens are not restricted to backyards.

Pat Davison, Executive Director of Contractors Association (CATT) and Member of Affordable Housing Working Group.

- CATT opposes deed restrictions.
- Affordable Housing Working Group had multiple views; however she thinks the conclusion was a compromise to recommend a 30 year deed restriction.
  - Requested Staff to double check her recollection.
- Affordable Housing Working Group supported the staff position when it went to the Planning Commission in 29009 approving the 30 years. Now the Planning Commission is supporting in perpetuity.
- Council in 2009 approved the 30 year deed restriction.
- CATT as a compromise accepts the 30 year deed restriction.

Mayor Wallace Dee closed public comment.

**Council Direction:**

- **Leave the Public Hearing open to discuss the Housing Element Consistency portion to October 21, 2010.**
  - Language states "applicant agree to provide affordability for 30 years or a longer time if required by the mortgage or assistance program" minimum of 30 years unless the funding source has a longer requirement.
  - Differentiate between sale or rental for affordable housing.
- **All other Staff recommendations are approved.**
  - Directed Staff to modify the Minor Use Permit chart to clearly show a minor use permit is not required for urban chickens.

The Staff recommendation with Council Direction above was moved by Council Member deRyk Jones, seconded by Council Member Green, with the following vote: 7:13:25 PM

**Ayes:** Vice Mayor Anderson, Mayor Wallace Dee, Council Member Green and Council Member deRyk Jones.

**Noes:** None.

**Absent:** Council Member Brown.

**Abstain:** None.

The motion passed 4-0.

**8. COUNCIL REPORTS**

**Council Member Green**

- Attended Redevelopment Workshop on the West River Street Site.

**Council Member Jones**

- Attended Redevelopment Workshop on the West River Street Site.

**Vice Mayor Anderson**

- Attended Nevada County LAFCo in Truckee September 16, 2010.
  - LAFCo adopted the changes to the sphere of influence report requested by Council.
  - Discussion on Placer County and annexations driven by community members and not the Town.

**9. ADJOURNMENT - 7:17:04 PM**

To the October 7, 2010 regular meeting of the Truckee Town Council 6:00 p.m. at Town Hall, 10183 Truckee Airport Road, Truckee, CA.

Approved:

Respectfully submitted by:

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Carolyn Wallace Dee, Mayor

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Shanna D. Kuhlemier, Records Technician  
for Judy Price, CMC, Town Clerk

**TOWN OF TRUCKEE  
California**

**ORDINANCE NO. 2010-07**

**AN ORDINANCE OF THE TOWN OF TRUCKEE  
AMENDING THE TRUCKEE MUNICIPAL CODE, TITLE 18, DEVELOPMENT CODE**

*The Town Council of the Town of Truckee Does Ordain as Follows:*

**Section 1. Enactment.** Title 18, Development Code, of the Truckee Municipal Code is hereby amended as designated in Exhibit "A" and Exhibit "B," attached hereto and incorporated herein by reference.

**Section 2. Findings.** The Council hereby adopts the following findings in support of adoption of this ordinance and the amendments to Title 18, Development Code, and the Town Zoning Map. The September 16, 2010 Town Council staff report and meeting minutes, the October 21, 2010 Town Council Staff Report and meeting minutes, and the May 12, 2010, June 9, 2010 and August 11, 2010 Planning Commission staff reports and meeting minutes are hereby incorporated herein by reference and provide a factual basis for the findings.

a. The proposed amendments ensure and maintain internal consistency with all of the goals, policies, and actions of all elements of the General Plan and the Downtown Specific Plan.

b. The proposed amendments would not be detrimental to the public interest, health, safety, convenience, or welfare of the Town.

c. The proposed amendments ensure and maintain internal consistency with other applicable provisions of the Development Code.

**Section 3. CEQA Findings.** The Town Planner has determined the proposed amendments to the Development Code are exempt from the provisions of the California Environmental Quality Act per the general rule exemption (Section 15061.b.3 CEQA Guidelines).

**Section 4. Summary Publication.** This ordinance or a summary thereof shall be published once in a newspaper of general circulation within 15 days after its adoption.

\* \* \* \* \*

The foregoing Ordinance was introduced at a regular meeting of the Truckee Town Council held on the 21st day of October, 2010, and adopted at a regular meeting of the Truckee Town Council, on the \_\_\_\_ day of \_\_\_\_\_, 2010, by Councilmember \_\_\_\_\_, who moved its introduction, which motion was seconded by Councilmember \_\_\_\_\_ was upon roll call carried by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

\_\_\_\_\_  
Carolyn Wallace Dee, Mayor

Ordinance 2010-07



**ATTEST:**

**APPROVED AS TO FORM:**

Judy Price, CMC, Town Clerk

J. Dennis Crabb, Town Attorney

**Exhibit A** – Title 18, Development Code Amendments (Summary)

**Exhibit B** – Title 18, Development Code Amendments

## **Ordinance No. 2010-07**

### **EXHIBIT A**

#### **Title 18, Development Code Amendments (Summary)**

Title 18, Development Code, of the Truckee Municipal Code is hereby amended to as follows:

1. Chapter 18.212 (Density Bonuses, Concessions and Incentives) is hereby added to the Table of Contents of Article VII of Title 18 as designated in Exhibit "B" attached hereto and incorporated herein.
2. Chapter 18.212 (Density Bonuses, Concessions and Incentives) is hereby added to Article VII of Title 18 as designated in Exhibit "B" attached hereto and incorporated herein.

## **Ordinance No. 2010-07**

### **EXHIBIT B**

#### **Title 18, Development Code Amendments**

Title 18, Development Code, of the Truckee Municipal Code is hereby amended to read as follows (additions are shown by *underline italic* type; deletions are shown in ~~strikethrough~~ type):

# ARTICLE VII

## Affordable Housing

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### Chapter 18.210 - Affordable Housing Controls..... VII-3

18.210.010 - Purpose and Intent .....	VII-3
18.210.020 - Definitions .....	VII-3
18.210.030 - Administrative Guidelines and Procedures .....	VII-5
18.210.040 - Administrative Fees .....	VII-5
18.210.050 - Affordability Controls.....	VII-5
18.210.060 - Duration .....	VII-6
18.210.070 - Occupancy Restrictions.....	VII-6
18.210.080 - Locals Preference.....	VII-6
18.210.090 - Affordable Housing Agreement.....	VII-6
18.210.100 - In-Lieu Affordable Housing Fee .....	VII-7

### Chapter 18.212 - Density Bonuses, Concessions and Incentives Reserve

<u>18.212.010 - Purpose of Chapter.....</u>	<u>VII-10</u>
<u>18.212.020 - Density Bonus.....</u>	<u>VII-10</u>
<u>18.212.030 - Concessions and Incentives .....</u>	<u>VII-11</u>
<u>18.212.040 - Other Concessions .....</u>	<u>VII-12</u>
<u>18.212.050 - Eligibility for Bonus, Concessions and/or Incentives .....</u>	<u>VII-14</u>
<u>18.212.060 - Bonus, Concessions and/or Incentives for Very Low Income Residential</u> <u>Project.....</u>	<u>VII-15</u>
<u>18.212.070 - Bonus, Concessions and/or Incentives for Lower Income Residential</u> <u>Project.....</u>	<u>VII-16</u>
<u>18.212.080 - Bonus, Concessions and/or Incentives for Moderate Income Residential</u> <u>Project.....</u>	<u>VII-17</u>
<u>18.212.090 - Bonus, Concessions and/or Incentives for Condominium Conversion Residential</u> <u>Project .....</u>	<u>VII-19</u>
<u>18.212.100 - Bonus, Concessions and/or Incentives for Senior Citizen Residential</u> <u>Project.....</u>	<u>VII-20</u>

### Chapter 18.214 - Inclusionary Housing..... VII-9

18.214.010 - Purpose and Intent .....	VII-9
18.214.020 - Administrative Guidelines and Procedures .....	VII-9
18.214.030 - Administrative Fees .....	VII-9
18.214.040 - Inclusionary Housing Requirements .....	VII-9
18.214.050 - Development Requirements.....	VII-12
18.214.060 - Density Bonuses, Incentives, and Concessions.....	VII-13
18.214.070 - Affordability Controls.....	VII-13

Affordable Housing Controls

18.210

## **CHAPTER 18.212 – DENSITY BONUSES, CONCESSIONS AND INCENTIVES**

### **Sections:**

18.212.010 - Purpose of Chapter

18.212.020 – Density Bonus

18.212.030 – Concessions and Incentives

18.212.040 – Other Concessions

18.212.050 - Eligibility for Bonus, Concessions and/or Incentives

18.212.060 – Bonus, Concessions and/or Incentives for Very Low Income Residential Project

18.212.070 – Bonus, Concessions and/or Incentives for Lower Income Residential Project

18.212.080 – Bonus, Concessions and/or Incentives for Moderate Income Residential Project

18.212.090 – Bonus, Concessions and/or Incentives for Condominium Conversion Residential Project

18.212.100 – Bonus, Concessions and/or Incentives for Senior Citizen Residential Project

18.212.110 – Bonus, Concessions and/or Incentives for Land Donation Residential Project

18.212.120 – Bonus, Concessions and/or Incentives for Child Care Residential Project

### **18.212.010 - Purpose of Chapter**

As required by State law (Government Code Section 65915), this Chapter offers density bonus, concessions and incentives to developers for providing housing that is affordable to the types of households and qualifying residents identified in Section 18.32.020 (Eligibility for Bonus, Concessions and Incentives), below. The Town shall provide the applicant density bonuses, concessions, and/or incentives as prescribed in this Chapter. In offering these bonuses, concessions and incentives, this Chapter is intended to implement the requirements of State law (Government Code Sections 65302, 65913, and 65915, et seq.)

### **18.212.020 – Density Bonus**

A density bonus shall mean a density increase over the otherwise maximum allowable residential density as of the date of application by the applicant to the Town. Maximum allowable residential density shall mean the density allowed under the zoning ordinance, or if a range of density is permitted, means the maximum allowable density for the specific zoning range applicable to the project.

**A. Request.** In order to be eligible for a density bonus, the applicant shall file an application with payment of fees to the Department in accordance with Chapter 18.70 (Applications, Processing, and Fees).

**B. Calculations and location.**

1. Any density bonus granted for a residential project shall not be included when determining the total number of housing units for the purpose of calculating the percentage of affordable housing units.

2. All density calculations resulting in fractional units shall be rounded up to the next whole number.
  3. For the purpose of calculating a density bonus, the residential units shall be on contiguous sites that are the subject of one development application, but do not have to be based upon individual subdivision maps or parcels.
  4. The density bonus shall be permitted in geographic areas of the proposed residential development other than the areas where the units for the target households are located.
- C. Inclusionary housing.** The units approved by a density bonus granted for a residential project shall not be subject to the inclusionary requirements of Chapter 18.214 (Inclusionary Housing).
- D. General Plan and Development Code Consistency.** The granting of a density bonus shall not be interpreted, in and of itself, to require a general plan amendment, zoning change, or other discretionary approval.
- E. Maximum Cumulative for Density Bonus.** The cumulative total of all density bonuses granted under this Chapter shall not exceed 35% over the otherwise maximum allowable residential density.
- F. Findings and Decision.** The review authority shall grant a density bonus over the otherwise maximum allowable residential density as of the date of application by the applicant to the Town, unless the review authority makes the following finding based upon substantial evidence.
1. The density bonus is not consistent with the applicable provisions of Section 65915 of the Government Code and this Development Code.

### **18.212.030 – Concessions and Incentives**

- A. Request.** In order to be eligible for a concession or incentive in accordance with this section, the applicant shall file an application with payment of fees to the Department in accordance with Chapter 18.70 (Applications, Processing, and Fees). The applicant shall also provide written documentation showing that the concession or incentive is necessary to provide for affordable housing costs or rents.
- B. Allowed concessions and incentives.** The following may be allowed as a concession or incentive in accordance with this section:
1. A reduction in site development standards or a modification of zoning code requirements or architectural design requirements that exceeds the minimum building standards approved by the California Building Standards Commission as provided in Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code, including, but not limited to, a reduction in setback and square footage requirements and in the ratio of vehicular parking spaces that would otherwise be required and results in identifiable, financially sufficient, and actual cost reductions;

2. Approval of mixed use zoning in conjunction with the housing project if commercial, office, industrial, or other land uses will reduce the cost of the housing development and if the commercial, office, industrial, or other land uses are compatible with the housing project and the existing or planned development in the area where the proposed housing project will be located; and
3. Other regulatory incentives or concessions proposed by the developer or the Town that result in identifiable, financially sufficient, and actual cost reductions.

The Town may, but is not required to, provide direct financial incentives for the housing development, including the provision of publicly owned land, by the Town, or the waiver of fees or dedication requirements.

**C. General Plan and Development Code consistency.** The granting of a density bonus shall not be interpreted, in and of itself, to require a general plan amendment, zoning change, or other discretionary approval.

**D. Findings and decision.** The review authority shall grant a concession(s) and/or incentive(s), unless the review authority makes one or more of the following findings based upon substantial evidence:

1. The concession or incentive is not consistent with the applicable provisions of Section 65915 of the Government Code and this Development Code;
2. The concession or incentive does not result in identifiable, financially sufficient, and/or actual cost reductions;
3. The concession or incentive is not required in order to provide for affordable housing costs, as defined in Section 50052.5 of the Health and Safety Code, or for rents for the targeted units;
4. The concession or incentive would have a specific adverse impact, as defined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety or the physical environment for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to low- and moderate-income households;
5. The concession or incentive would have an adverse impact on any real property that is listed in the California Register of Historical Resources;
6. The concession or incentive would be contrary to state or federal law.

#### **18.212.040 – Other Concessions**

**A. Request.** In order to be eligible for a parking reduction concession or a development standard waiver or modification concession in accordance with this section, the applicant shall file an application with payment of fees to the Department in accordance with Chapter 18.70 (Applications, Processing, and Fees). For a development standard waiver or modification



concession, the applicant shall also provide written documentation showing that the application of the development standard will have the effect of physically precluding the construction of the proposed residential project at the densities or with the concessions or incentives permitted by this Chapter and showing the waiver or modification of the development standard is necessary to make the housing units economically feasible.

**B. Parking reduction.** The review authority shall reduce the off-street parking requirements for the residential project as follows:

1. One off-street space for each studio or one-bedroom unit;
2. Two off-street spaces for each two- or three-bedroom unit;
3. Two and one-half off-street spaces for each unit with four or more bedrooms;
4. These off-street parking requirements are inclusive of handicapped and guest parking;
5. If the total number of parking spaces required for the residential project is other than a whole number, the number shall be rounded up to the next whole number;
6. The residential project may provide the off-street parking through tandem parking or uncovered parking;
7. These off-street parking requirements apply to the entire project including market rate units.

These parking reductions are exclusive of concessions and incentives approved pursuant to Section 18.212.030 (Concessions and Incentives). The applicant may request additional parking concessions or incentives beyond those provided by this section.

**C. Development standard waiver or modification.**

1. Development standard. A development standard includes a site or construction condition, including, but not limited to, a height limitation, a setback requirement, a floor area ratio, an on-site open space requirement, or a parking ratio that applies to a residential development pursuant to any ordinance, general plan element, specific plan, charter, or other local condition, law, policy, resolution, or regulation.
2. A proposal for the waiver or reduction of development standards pursuant to this section shall neither reduce nor increase the number of concessions or incentives to which the applicant is entitled pursuant to Section 18.212.030 (Concessions and Incentives).

**D. Findings and decision.** The review authority shall grant a waiver or modification to a development standard, unless the review authority makes one or more of the following findings based upon substantial evidence:

1. The waiver or modification of the development standard is not consistent with the applicable provisions of Section 65915 of the Government Code and this Development Code;
2. The application of the development standard will not have the effect of physically precluding the construction of the proposed residential project at the densities or with the concessions or incentives permitted by this Chapter;
3. The waiver or modification of the development standard would have a specific adverse impact, as defined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety or the physical environment for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to low- and moderate-income households;
4. The waiver or modification of the development standard would have an adverse impact on any real property that is listed in the California Register of Historical Resources;
5. The waiver or modification of the development standard would be contrary to State or Federal law.

#### **18.212.050 - Eligibility for Bonus, Concessions and/or Incentives**

In order to be eligible for a density bonus, concessions and/or incentives as provided for by this Chapter, a proposed residential project shall comply with the following.

- A. Consist of five or more dwelling units;
- B. Be designed and constructed to comply with one or more of the following:
  1. Excluding those dwelling units for very low income households to comply with the requirements of Chapters 18.214 (Inclusionary Housing) and/or 18.216 (Workforce Housing), a minimum of five percent (5%) of the total number of proposed dwelling units are for very low income households, as defined in Health and Safety Code Section 50105. Projects that comply with this requirement shall hereafter be referred to in this Chapter as "Very Low Income Residential Project".
  2. Excluding those dwelling units for lower income households to comply with the requirements of Chapters 18.214 (Inclusionary Housing) and/or 18.216 (Workforce Housing), a minimum of ten percent (10%) of the total number of proposed dwelling units are for lower income households, as defined in Health and Safety Code Section 50079.5. Projects that comply with this requirement shall hereafter be referred to in this Chapter as "Lower Income Residential Project".
  3. Excluding those dwelling units for persons and families of moderate income to comply with the requirements of Chapters 18.214 (Inclusionary Housing) and/or 18.216 (Workforce Housing), a minimum of ten percent (10%) of the total number of proposed dwelling units in a condominium project as defined in Government Code Section 65915(g) or a planned development as defined in Civil Code Section 1351(k) are for persons and families of moderate income as defined in Health and Safety Code Section 50093 and all units in the development are offered to the public for purchase. Projects that comply with this requirement shall hereafter be referred to in this Chapter as "Moderate Income Residential Project".

4. For a proposed residential project to convert apartments to a condominium project, a minimum of 33% of the total number of proposed condominium units are for persons and families of low or moderate income as defined in Health and Safety Code Section 50093 or a minimum of 15% of the total number of proposed condominium units are for lower income households as defined in Health and Safety Code Section 50079.5. Projects that comply with this requirement shall hereafter be referred to in this Chapter as "Condominium Conversion Residential Project".
5. Excluding those dwelling units for very low, low, and/or moderate income households to comply with the requirements of Chapters 18.214 (Inclusionary Housing) and/or 18.216 (Workforce Housing), the proposed residential project is a senior citizen housing development as defined in Section 51.3 of the Civil Code or a mobile home park that limits residence based on age requirements for housing for older persons pursuant to Section 798.76 or 799.5 of the Civil Code. Projects that comply with this requirement shall hereafter be referred to in this Chapter as "Senior Citizen Housing Residential Project".
6. Excluding the donation of land to comply with the requirements of Chapters 18.214 (Inclusionary Housing) and/or 18.216 (Workforce Housing), the applicant donates land to the Town of Truckee or its designee in accordance with Section 18.212.110.A (Additional Eligibility). Projects that comply with this requirement shall hereafter be referred to in this Chapter as "Land Donation Residential Project".
7. The applicant constructs a child care facility as part of a proposed very low, lower, or moderate income residential project in accordance with Section 18.212.120.A (Additional Eligibility). Projects that comply with this requirement shall hereafter be referred to in this Chapter as "Child Care Residential Project".

C. Comply with all applicable provisions of this Development Code.

#### **18.212.060 – Bonus, Concessions and/or Incentives for Very Low Income Residential Project**

The granting of a density bonus, concession and/or incentive for a proposed Very Low Income Residential Project shall comply with the following.

- A. **Additional Eligibility.** In addition to the requirements of Section 18.212.050.B.1, a Very Low Income Residential Project shall comply with all of the following in order to be eligible for a density bonus, concessions and/or incentives:
  1. The applicant shall agree to the continued affordability of all very low income density bonus units for 30 years or a longer period of time if required by the construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program.
  2. The units targeted for very low income households shall be affordable at a rent calculated in accordance with Section 18.210.050.A (Affordable Rent) and the Administrative

Guidelines and Procedures or at a sales price calculated in accordance with Section 18.210.050.B (Affordable Sales Price) and the Administrative Procedures and Guidelines.

3. The applicant shall enter into and record an affordable housing agreement as set forth in Section 18.210.090 (Affordable Housing Agreement).

**B. Density Bonus.** The review authority shall grant a density bonus for a Very Low Income Residential Project in accordance with Section 18.212.020 (Density Bonus) and the following:

1. The amount of the density increase shall be 20% plus an increase of 2.5% for each 1% increase above 5% in the percentage of units affordable to lower income households, up to a maximum of 35%, unless the applicant requests a lesser density increase; and
2. If the applicant requests a density bonus for a Very Low Income Residential Project in accordance with this section, the applicant shall not be eligible for a density bonus per Sections 18.212.070 (Bonus, Concessions and/or Incentives for Lower Income Residential Project), 18.212.080 (Bonus, Concessions and/or Incentives for Moderate Income Residential Project), or 18.212.100 (Bonus, Concessions and/or Incentives for Senior Citizen Residential Project).

**C. Concession or Incentive.** The review authority shall grant concessions and/or incentives for a Very Low Income Residential Project in accordance with Section 18.212.030 (Concessions and Incentives) and the following:

1. The review authority shall grant the following number of incentives or concessions:
  - a. One incentive or concession for projects that include at least five percent (5%) of the dwelling units for very low income households;
  - b. Two incentives or concessions for projects that include at least ten percent (10%) of the dwelling units for very low income households;
  - c. Three incentives or concessions for projects that include at least 15 percent (15%) of the dwelling units for very low income households.

**D. Other Concessions.** The review authority shall grant other concessions for a Very Low Income Residential Project in accordance with Section 18.212.040 (Other Concessions).

### **18.212.070 – Bonus, Concessions and/or Incentives for Lower Income Residential Project**

The granting of a density bonus, concession and/or incentive for a proposed Lower Income Residential Project shall comply with the following.

- A. Additional Eligibility.** In addition to the requirements of Section 18.212.050.B.2, a Lower Income Residential Project shall comply with all of the following in order to be eligible for a density bonus, concessions and/or incentives:

1. The applicant shall agree to the continued affordability of all lower income density bonus units for 30 years or a longer period of time if required by the construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program.
2. The units targeted for lower income households shall be affordable at a rent that does not exceed 30% of 60% of the area median income as calculated in accordance with Section 18.210.050.A (Affordable Rent) and the Administrative Guidelines and Procedures or shall be affordable at a sales price that does not exceed 30% of 70% of the area median income as calculated in accordance with Section 18.210.050.B (Affordable Sales Price) and the Administrative Procedures and Guidelines.
3. The applicant shall enter into and record an affordable housing agreement as set forth in Section 18.210.090 (Affordable Housing Agreement).

**B. Density Bonus.** The review authority shall grant a density bonus for a Lower Income Residential Project in accordance with Section 18.212.020 (Density Bonus) and the following:

1. The amount of the density increase shall be 20% plus an increase of 1.5% for each 1% increase above 10% in the percentage of units affordable to lower income households, up to a maximum of 35%, unless the applicant requests a lesser density increase.
2. If the applicant requests a density bonus for a Lower Income Residential Project in accordance with this section, the applicant shall not be eligible for a density bonus per Sections 18.212.060 (Bonus, Concessions and/or Incentives for Very Low Income Residential Project), 18.212.080 (Bonus, Concessions and/or Incentives for Moderate Income Residential Project), or 18.212.100 (Bonus, Concessions and/or Incentives for Senior Citizen Residential Project).

**C. Concession or Incentive.** The review authority shall grant concessions and/or incentives for a Lower Income Residential Project in accordance with Section 18.212.030 (Concessions and Incentives) and the following:

1. The applicant shall receive the following number of incentives or concessions:
  - a. One incentive or concession for projects that include at least ten percent (10%) of the dwelling units for lower income households;
  - b. Two incentives or concessions for projects that include at least 20 percent (20%) of the dwelling units for lower income households;
  - c. Three incentives or concessions for projects that include at least 30 percent (30%) of the dwelling units for lower income households.

**D. Other Concessions.** The review authority shall grant other concessions for a Lower Income Residential Project in accordance with Section 18.212.040 (Other Concessions).

**18.212.080 – Bonus, Concessions and/or Incentives for Moderate Income Residential Project**

The granting of a density bonus, concession and/or incentive for a proposed Moderate Income Residential Project shall comply with the following.

**A. Additional Eligibility.** In addition to the requirements of Section 18.212.050.B.3, a Moderate Income Residential Project shall comply with all of the following in order to be eligible for a density bonus, concessions and/or incentives:

1. The applicant shall agree to the following:

- a. The initial occupant of the moderate income units are persons and families of moderate income as defined in Section 50093 of the Health and Safety Code.
- b. Upon resale of the unit, the seller of the unit shall retain the value of any improvements, the downpayment, and the seller's proportionate share of appreciation.
- c. Upon resale of the unit, the Town shall recapture any initial subsidy and its proportionate share of appreciation. The initial subsidy shall be equal to the fair market value of the home at the time of initial sale minus the initial sale price plus the amount of any downpayment assistance or mortgage assistance. If upon resale the market value is lower than the initial market value, then the value at the time of the resale shall be used as the initial market value. The proportionate share of appreciation from the initial sale price shall be equal to the ratio of the Town's initial subsidy to the fair market value of the home at the time of initial sale.

2. The units targeted for moderate income households shall be affordable at a sales price that does not exceed 35% of 110% of the area median income as calculated in accordance with Section 18.210.050.B (Affordable Sales Price) and the Administrative Procedures and Guidelines.

3. The applicant shall enter into and record an affordable housing agreement as set forth in Section 18.210.090 (Affordable Housing Agreement).

**B. Density Bonus.** The review authority shall grant a density bonus for a Moderate Income Residential Project in accordance with Section 18.212.020 (Density Bonus) and the following:

1. The amount of the density increase shall be 5% plus an increase of 1% for each 1% increase above 10% in the percentage of units affordable to moderate income households, up to a maximum of 35%, unless the applicant requests a lesser density increase.
2. If the applicant requests a density bonus for a Moderate Income Residential project in accordance with this section, the applicant shall not be eligible for a density bonus per Sections 18.212.060 (Bonus, Concessions and/or Incentives for Very Low Income Residential Project), 18.212.070 (Bonus, Concessions and/or Incentives for Lower Income Residential Project), or 18.212.100 (Bonus, Concessions and/or Incentives for Senior Citizen Residential Project).

**C. Concession or Incentive.** *The review authority shall grant concessions and/or incentives for a Moderate Income Residential Project in accordance with Section 18.212.030 (Concessions and Incentives) and the following:*

- 1. The applicant shall receive the following number of incentives or concessions:*
  - a. One incentive or concession for projects that include at least ten percent (10%) of the dwelling units for moderate income households;*
  - b. Two incentives or concessions for projects that include at least 20 percent (10%) of the dwelling units for moderate income households;*
  - c. Three incentives or concessions for projects that include at least 30 percent (30%) of the dwelling units for moderate income households.*

**D. Other Concessions.** *The review authority shall grant other concessions for a Moderate Income Residential Project in accordance with Section 18.212.040 (Other Concessions).*

### **18.212.090 – Bonus, Concessions and/or Incentives for Condominium Conversion Residential Project**

*The granting of a density bonus, concession and/or incentive for a proposed Condominium Conversion Residential Project shall comply with the following.*

**A. Additional Eligibility.** *In addition to the requirements of Section 18.212.050.B.4, a Condominium Conversion Residential Project shall comply with all of the following in order to be eligible for a density bonus, concessions and/or incentives:*

- 1. The applicant shall be ineligible for a density bonus or other incentives if the apartments proposed for conversion constituted a residential development for which a density bonus or other concessions or incentives were provided under this Chapter.*
- 2. The units targeted for moderate income or lower income households shall be affordable at a sales price calculated in accordance with Section 18.210.050.B (Affordable Sales Price) and the Administrative Procedures and Guidelines and shall continue to be affordable to subsequent purchasers who are persons and families of moderate or lower income households.*
- 3. The applicant shall agree to other reasonable conditions imposed by the review authority on the granting of the density bonus or other incentives.*
- 4. The applicant shall enter into and record an affordable housing agreement as set forth in Section 18.210.090 (Affordable Housing Agreement).*

**B. Preliminary Proposal.** *Prior to the submittal of any formal requests for subdivision map approvals, an applicant may submit to the Town a preliminary proposal requesting a response from the Town on how the Town will comply with the provisions of this section. The Town Council shall approve a written response on the means of compliance with this section and notify the applicant within 90 days of receipt of the preliminary proposal.*

**C. Density Bonus or other Incentives.** *The review authority shall grant a density bonus or equivalent incentives for a Condominium Conversion Residential Project in accordance with Section 18.212.020 (Density Bonus) and the following:*

- 1. The amount of the density increase shall be 25% over the number of units to be converted, up to a maximum of 35% unless the applicant requests a lesser density increase. The increase in units shall be provided within the existing structure or structures proposed for conversion; or*
- 2. In lieu of granting a density increase, the review authority shall grant the applicant other incentives, such as reduction or waiver of development standards, of equivalent financial value to a density increase.*

**18.212.100 – Bonus, Concessions and/or Incentives for Senior Citizen Residential Project**

*The granting of a density bonus, concession and/or incentive for a proposed Senior Citizen Residential Project shall comply with the following.*

**A. Additional Eligibility.** *In addition to the requirements of Section 18.212.050.B.5, a Senior Citizen Residential Project shall comply with all of the following in order to be eligible for a density bonus, concessions and/or incentives:*

- 1. The applicant shall agree to the continued operation of the proposed residential project as a senior citizen housing development as defined in Section 51.3 of the Civil Code or mobile home park for housing for older persons pursuant to Section 798.76 or 799.5 of the Civil Code.*
- 2. The applicant shall enter into and record an affordable housing agreement as set forth in Section 18.210.090 (Affordable Housing Agreement).*

**B. Density Bonus.** *The review authority shall grant a density bonus for a Senior Citizen Residential Project in accordance with Section 18.212.020 (Density Bonus) and the following:*

- 1. The amount of the density increase shall be 20% of the number of senior housing units, unless the applicant requests a lesser density increase.*
- 2. If the applicant requests a density bonus for a Senior Citizen Residential Project in accordance with this section, the applicant shall not be eligible for a density bonus per Sections 18.212.060 (Bonus, Concessions and/or Incentives for Very Low Income Residential Project), 18.212.070 (Bonus, Concessions and/or Incentives for Lower Income Residential Project), or 18.212.080 (Bonus, Concessions and/or Incentives for Moderate Income Residential Project).*

**C. Concession or Incentive.** *A Senior Citizen Residential Project is not eligible for a concession or incentive as set forth in Section 18.212.030 (Concessions and Incentives).*



**D. Other Concessions.** *The review authority shall grant other concessions for a Senior Citizen Residential Project in accordance with Section 18.212.040 (Other Concessions).*

### **18.212.110 – Bonus for Land Donation Residential Project**

*The granting of a density bonus, concession and/or incentive for a proposed Land Donation Residential Project shall comply with the following.*

**A. Additional Eligibility.** *In addition to the requirements of Section 18.212.050.B.6, a Land Donation Residential Project shall comply with all of the following in order to be eligible for a density bonus:*

- 1. The applicant donates and transfers the land no later than the date of approval of the final subdivision map, parcel map, or residential development application.*
- 2. The land being donated and transferred shall comply with all of the following:*
  - a. The developable acreage and zoning classification of the land are sufficient to permit construction of units affordable to very low income households in an amount not less than 10% of the number of residential units of the proposed residential development;*
  - b. The land is at least one acre in size or of sufficient size to permit development of at least 40 units, has the appropriate general plan designation, is appropriately zoned with appropriate development standards for development at the density described in Section 65583.2.c.3 of the Government Code, and is or will be served by adequate public facilities and infrastructure;*
  - c. No later than the date of approval of the final subdivision map, parcel map, or the residential development application, the land shall have all of the permits and approvals, other than building permits, necessary for the development of the very low income housing units on the land, except that the Town may subject the proposed development to subsequent design review to the extent authorized by Section 65583.2(i) of the Government Code if the design is not reviewed by the Town prior to the time of transfer;*
  - d. The land is transferred to the Town or to a housing developer approved by the Town. The Town may require the applicant to identify and transfer the land to the housing developer;*
  - e. The land shall be within the boundary of the proposed residential development, or if approved by the Town, within one-quarter mile of the boundary of the proposed residential development; and*
  - f. A proposed source of funding for the very low income units shall be identified not later than the date of approval of the final subdivision map, parcel map, or residential development application.*
- 3. The land and affordable units shall be subject to a deed restriction which shall be recorded on the property at the time of dedication. The deed restriction shall ensure the continued affordability of the units as follows:*

- a. The deed restriction shall be for a period of 30 years or a longer period of time if required by the construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program; and
  - b. The units shall be affordable for very low income households at a rent calculated in accordance with Section 18.210.050.A (Affordable Rent) and the Administrative Guidelines and Procedures or at a sales price calculated in accordance with Section 18.210.050.B (Affordable Sales Price) and the Administrative Procedures and Guidelines.
4. The applicant shall enter into and record an affordable housing agreement as set forth in Section 18.210.090 (Affordable Housing Agreement).

**B. Density Bonus.** The review authority shall grant a density bonus for a Land Donation Residential Project in accordance with Section 18.212.020 (Density Bonus) and the following:

- 1. The amount of the density bonus shall be 15% plus an increase of 1% for each 1% increase above 10% in the land donation described in Subsection A.2.a, up to a maximum of 35%, unless the applicant requests a lesser density increase.

**C. Concession or Incentive and Other Concessions.** A Land Donation Residential Project is not eligible for a concession or incentive as set forth in Section 18.212.030 (Concessions and Incentives) and is not eligible for other concessions as set forth in Section 18.212.040 (Other Concessions).

### **18.212.120 – Bonus, Concessions and/or Incentives for Child Care Residential Project**

The granting of a density bonus, concession and/or incentive for a proposed Child Care Residential Project shall comply with the following:

**A. Additional Eligibility.** In addition to the requirements of Section 18.212.050.B.7, a Child Care Residential Project shall comply with all of the following in order to be eligible for a density bonus, concessions and/or incentives:

- 1. The child care facility shall comply with all of the following:
  - a. The child care facility shall not be a family day care home, but may include, but not be limited to, an infant center, preschool, extended day care facility, and school-age child care center;
  - b. The child care facility shall be located on the premises of, as part of, or adjacent to, the residential project;
  - c. The child care facility shall remain in operation for a period of time that is as long as or longer than the period of time during which the density bonus units are required to remain affordable pursuant to Section 65915(c) of the Government Code; and
  - d. Of the children who attend the child care facility, the children of very low income households, lower income households, or families of moderate income shall equal a percentage that is equal to or greater than the percentage of dwelling units that are

required for very low income households, lower income households, or families of moderate income pursuant to Section 65915(b) of the Government Code:

3. The land and affordable units shall be subject to a deed restriction which shall be recorded on the property at the time of dedication. The deed restriction shall ensure the continued affordability of the units as follows:

- a. The deed restriction shall be for a period of 30 years or a longer period of time if required by the construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program; and
- b. The units shall be affordable for very low income households at a rent calculated in accordance with Section 18.210.050.A (Affordable Rent) and the Administrative Guidelines and Procedures or at a sales price calculated in accordance with Section 18.210.050.B (Affordable Sales Price) and the Administrative Procedures and Guidelines.

4. The applicant shall enter into and record an affordable housing agreement as set forth in Section 18.210.090 (Affordable Housing Agreement) which includes the above requirements.

**B. Density Bonus, Concession or Incentive.** Unless the Town Council finds, based upon substantial evidence that the community has adequate child care facilities, the review authority shall grant a density bonus or concession or incentive for a Child Care Residential Project in accordance with Section 18.212.020 (Density Bonus) and the following:

- 1. The amount of the density increase shall be an amount of square feet of residential floor space that is equal to or greater than the amount of square feet of floor space in the child care facility, up to a maximum of 35% inclusive of all density bonuses provided under this Chapter; or
- 2. In lieu of granting a density increase, the review authority shall grant a concession or incentive, in addition to any other concession and/or incentive allowable under this Chapter that contributes significantly to the economic feasibility of the construction of the child care facility.

**John McLaughlin**

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**From:** Johnston, Bob [rajohnston@ucdavis.edu]  
**Sent:** Wednesday, October 13, 2010 8:01 PM  
**To:** Tony Lashbrook  
**Cc:** Johnston, Bob; John McLaughlin  
**Subject:** Council Hearing on Affordable Housing Rent and Price Controls

Tony,

I would like to be able to send this email to the Council for their consideration on this important policy. Pls share with Staff, too.

Thanks,

Bob

Dear Council Members:

Re: Affordable Housing Rent and Price Controls, Period of Application

I advocate resale price controls and rent controls in perpetuity, running with the land, for the reasons listed below. In the Affordable Housing committee, we determined that such restrictions were legal. Courts can invalidate in perpetuity contracts of all kinds, if the relevant economic conditions change substantially. In this case, that would occur if below-market housing were no longer needed. Under Reaganomics, income distribution in the U.S. and in California have both become much worse (unequal) for about 25 years now and it appears that this trend will continue. So, affordable housing will be even more necessary in the future. In California, ave. male hourly wages (in real \$) have fallen for the bottom half of the income distribution for over 20 years now.

I have studied affordable housing since the late-1970s, when the California Coastal Commission first started their program. I am familiar with the mistakes made in some early programs, such as in Davis, where many units went to contractors and their workers and most owner units were lost, due to inadequately written price controls. It was an ineffective and inequitable program.

1. Truckee is a special case, where affordable housing is needed more than in most cities and towns. We have a high-priced housing stock, due to our amenities and location. We will run out of raw land in 15-20 years and so land prices will rise in expectation, even earlier than that, and stay high. So, the market will not be able to build affordable housing here. Fuel prices will very likely rise (in real \$) and so commuting into Truckee for blue-collar workers will become a larger burden.

2. Because we are land locked, by USFS lands, our rate of new housing development will fall to near zero in about 20 years and our total rate of housing construction will go to a low level,

where new subdivisions are not built anymore and only older single-family and multi-family units are being replaced and a few small infill intensification projects occur. In other words, in Truckee, When the Music Stops, the only affordable units we will have in 2030 and 2040 will be those units we get with our current laws, from 2008 to about 2030. If we don't keep those units under price and rent controls forever, they will steadily disappear until there are none left, because we will not have any large new projects from which to get new affordable units.

3. That is the supply side argument. There is also a demand side argument that hinges on equity issues. If Truckee lets rental units come out of rent controls, at some future time, the then-current owner of the multi-family buildings will gain a large windfall, which will be inequitable (unearned). The windfall will be very large, in an all-affordable project. This windfall will also be a gift of public funds, to the extent that some public subsidies were used, up front. Ditto for the owner units, where the owner at the end of 30 years will gain a windfall.

4. Perpetual price and rent controls do not impose added costs on developers. All of the loss of property value on a rental unit or an owner unit occurs up front, due to any price or rent restriction for 20 years or more. The lower income stream is capitalized into the lower sales value at the beginning. So, a longer period of price or rent restrictions does not reduce the builder/developer's value any further. Due to time discounting in financial analysis, you don't care about values beyond about 20 years. I suppose some realtors oppose perpetual price and rent restrictions as they lower the value of the housing stock somewhat, and their fees. But, of course, this is the purpose of the program. I don't know why some developers and contractors oppose perpetual controls, as they only help to provide homes for lower-income and medium-income households, including people who work for contractors.

For these reasons, I suggest that the owner units have a perpetual deed restriction, keeping sales price escalating only with County median income. I also hope that the rental units can similarly be restricted in perpetuity with rents rising with Co. median income. Basically, the rationale for these policies is to keep the units in the same level in the housing market, with respect to incomes, for as long as possible. Without a strong affordable housing program, Truckee will slowly lose its teachers, police, and other public workers. This has happened in other ski towns.

Thank you for considering these arguments.

Bob

Robert A. Johnston, Emeritus Professor

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Urban Land Use and Transportation Center (ULTRANS)

Information Center for the Environment (ICE)

Institute of Transportation Studies (ITS-Davis)

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