



# LITTLE BOXES ON THE HILLSIDE

## A SNAPSHOT OF AFFORDABLE HOUSING PROGRESS IN TRUCKEE & PLACER COUNTY

BY MAYUMI ELEGADO AND DAVE ZOOK | MOONSHINE INK

Agreements and execution are different beasts, and sizeable differences exist between the two. It could be said that nowhere is that distance greater than in the creation of affordable housing.

As home prices soared in the late 1990s and families found themselves priced out of the market, local agencies were pressured to find solutions. Prompted by government regulations, developers now are commonly required to incorporate affordable or employee housing as part of a project's overall scope, and specifics hinge on the individual requirements of the jurisdiction or county.

Within the last decade or so, the Town of Truckee has established affordable housing regulations for development mitigation, and Placer County has had a workforce housing policy for more than 20 years (see sidebar p. 15), but for projects in Tahoe, it would be fair to say that implementation is still in the pilot phase. While affordable housing has been built into the conditions of approval for more than a handful of development

projects, the completion record for the affordable projects is mixed. Successful projects in the past 15 years have put at least 200 new affordable housing units on the ground, but many developers have fallen short of their finalized plans, and some have built nothing at all. Meanwhile the resulting lack of beds affects the community daily: Waitlists for the few rent-controlled apartment complexes in the area sit hundreds deep.

In this piece, *Moonshine Ink* features a roundup of the major development projects approved in the last 15 years. Comparing them to their associated affordable housing requirements, we ask, *Where are they now?* We lay out what the original agreement was, what the current status is, and — where we could find out — why.

Many believe affordable housing isn't a priority for developers because it is so much less profitable than high-end projects, and because the agencies don't enforce the related policies. At the same time that luxury home developments continue to be built and bought around Martis Valley, an

affordable housing site, Hopkins Ranch, sat dormant — supporting the notion that interest in affordable housing was low.

"Affordable housing is always seen as an impediment rather than an opportunity," said Yumie Dahn, associate planner at the Town of Truckee.

The following recap indicates that the main stumbling blocks encountered in the affordable housing mission have been ripples from the Great Recession, uncertainty on behalf of the regulators on how to enforce regulations, and the high cost of development in Tahoe.

Yet the experiment continues, and some are hopeful we will find a working formula. Jennifer Merchant, who manages Placer County's office in Tahoe City, believes the future holds excellent opportunities to make gains on this difficult issue. "Affordable housing has never been more of a focus for us at Placer County," she said, "and I'm optimistic about the direction the county is taking."

See **LITTLE BOXES** p. 14

# Little Boxes on the Hillside: The Projects

## PLACER COUNTY, MARTIS VALLEY

LITTLE BOXES from p. 13

### 1 Martis Camp

**YEAR APPROVED:** 2004  
(then called Siller Ranch)  
**Affordable housing mitigation:** 50 for-purchase workforce housing units

**How many on the ground?** 10

The establishment of Martis Camp in its current form, a 653-lot luxury home development, came at the hands of litigious action. As a component of the agreements after the lawsuits settled, developer DMB Highlands agreed to build 50 workforce housing units to be sold at affordable rates at Hopkins Village. Ten of these units have been built and sold, but the remaining 40 have not broken ground. "It seems that when the economic downturn hit in 2008, progress on building the units stalled," said Alexis Ollar, the executive director of MAP, one of the conservation groups involved in the lawsuits.

A Martis Camp spokesperson could not be reached for comment.

### 2 Schaffer's Mill

**YEAR APPROVED:** 2004  
(then called Timilick)  
**Affordable housing mitigation:** 56 units comprised of eight moderate income housing units, 48 affordable/employee housing units

**How many on the ground?** 0

Schaffer's Mill touts a private golf course, access to a club yacht, backyard access to skiing, 218 single-family homes, and 188 mountain lodges, but the number of affordable housing units remains at zero in 2016. Land has been set aside adjacent to Sierra Meadows in Truckee, but remains undeveloped, although it was confirmed that developers are still working the project.

"Schaffer's Mill has been working diligently with the county and we are pleased to soon propose an exciting workforce housing plan that everyone will support," said John Marlin, CEO of the development company, MA Partners.

The affordable housing units were meant to be built concurrently with the luxury home construction, which began a decade ago, so that they would be ready when the golf course, lodge, and other amenities that require employees began to open.

Placer continues to hope the developer will follow through. "We have the legal mechanisms available to us



**UP AND RUNNING AFFORDABLE RENTALS:** Sawmill Heights is the only apartment complex located in Northstar and was built for employee housing. Photo by Jeremy Jensen/Moonshine Ink

for code enforcement, as we do for any other kind of violation of county code," said Chris Gray-Garcia, Placer County Deputy Director of Communications and Public Affairs. "Again, though, our approach is to work cooperatively to meet the conditions and to use enforcement tools as a last resort."

### 3 Northstar/Sawmill Heights

**YEAR APPROVED:** 2006  
**Affordable housing mitigation:** 96 employee housing rental units

**How many are on the ground?** 96 employee housing rental

units with 240 dormitory beds available. An additional phase for 174 employee units has been approved by Placer County.

Sawmill Heights is an up-and-running affordable housing community, and the only apartment complex located in Northstar. The apartments were conceived as a workforce housing option for resort employees, but during the 2008 recession the former owners, Northstar Community Housing Corporation of Truckee, were forced into default in October 2009. In 2009 KG Sawmill Investors acquired the property, and occupancy was opened up to anyone, not just Northstar employees.

Prices start at \$950/month for a studio and \$1,500/month for a 1,000 square foot, 4 bed/2 bath.

"The developers have fulfilled their requirements, yet the project has been criticized over the years that it is not addressing the workforce," MAP's Ollar said. Yet the complex fulfills a need and maintains full occupancy. Amie Griffin, the manager at Sawmill, said in an email that while there is regular turnover, there is a current waitlist. "We have a turnover but we keep a waitlist so units are generally always pre-leased. We encourage people to go on the waitlist."

### 4 Tahoe Expeditionary Academy

**YEAR APPROVED:** 2007  
(as Hopkins Ranch, the workforce housing portion of the Martis Camp project)

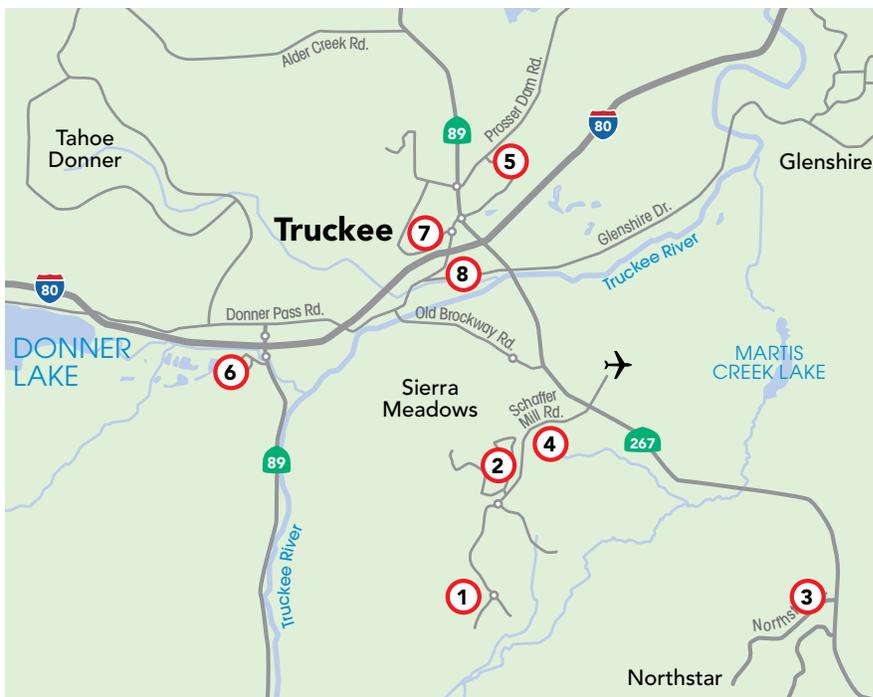
**Affordable housing mitigation:** 50 affordable housing units, 3-bedroom, 2.5 bath

**How many on the ground?** 0

The original plan by developers DMB Highlands was to build a 65-unit single-family golf course community on this 42-acre parcel. But in an exchange to drop the lawsuits levied by conservation groups objecting to Martis Camp, the developers agreed to abandon the project and, among other stipulations, reserve this smaller plot of land for 50 affordable housing units, as reported in a 2008 article in the *Sierra Sun*: "The [affordable housing] project is expected to be under full-scale construction this spring, and may open by next winter."

The land sat for years while no developers expressed interest in building the units.

In June 2016, the Tahoe Expeditionary Academy, a K-12 private school, purchased the land from The Martis Fund for \$4 million. Construction of the school started in late July, and there are requirements that the school is to include housing for 40 faculty and staff at the school, which is estimated to have 270 students. Funds from the sale are going toward affordable housing efforts through a variety of channels.



# TOWN OF TRUCKEE



**COQUETISH COTTAGES:** Gray's Crossing proposed single-family "cottages" that would sell to moderate-income households. The recession drove the developer to bankruptcy and the chance of seeing these built is slim. Courtesy image

## 5 Gray's Crossing

YEAR APPROVED: 2004

**Affordable housing mitigation:**

- 92 rental units
- 59 for-sale cottages: 20 units for moderate-income households; 39 for median-income
- 74 multi-family townhomes divided into 37 units for moderate-income households and 37 units for median-income

**How many on the ground? 92 units in Henness Flats apartment complex**

The Specific Plan for this Planned Community parcel, located on 757 acres north of Interstate 80, outlined a variety of uses with a unique mix of affordable housing. But the original developer — Gray's Crossing LLC, an East West Partners subsidiary — became "part of that horrible recession we had," and filed for bankruptcy in 2010, said Scott Williams, general manager for Gray's Crossing Association.

Gray's Crossing LLC is in potential default of the development agreement and the "likelihood of the project being built as outlined in the Specific Plan is pretty slim," said Yumie Dahn, associate planner at the Town of Truckee. Twelve years later, less than half the original intended affordable housing units are on the ground, and Henness Flats has a 123-person wait list.

Gray's Crossing LLC still owns the cottage sites but has no plans to continue with the project; the Mello-Roos taxes have not been paid since the 2010 bankruptcy which puts a hefty price tag on the parcel.

Meanwhile in 2012, LDK Ventures, a real estate development and investment company out of Sacramento, purchased 81 lots that were in bankruptcy limbo and kept the building ball rolling. To date, all 377 lots have been sold and 74 homes have been completed. The development "seems to be shaping itself to be more full-time family development rather than second homeowners," Williams said.

## 6 The Boulders

YEAR APPROVED: 2003

**Affordable housing mitigation: 30 moderate-income units**

**How many on the ground? 10 units**

When the developers for this 20-acre parcel asked for a "blending of density" (the project had zoning for single-family and multi-family units that the applicants wanted to average out over the site), the Town asked for affordable units in exchange. Of an original 180 total units, 30 were to be available for moderate-income buyers. The developer built 10 units, which sold, but reported having trouble selling them, in part due to the recession and difficulties marketing deed-restricted units. Thus the town agreed to accept in-lieu fees for 22 units at \$36,000 each.

As of Dec. 31, 2015, Phases I to III of the project were completed with 168 total units on the ground. The project is currently building Phase IV, which includes 43 more units. Originally a condition of approval for this last phase included five affordable housing units. However, in October 2015, the Town Planning Commission approved a Project Amendment that determined the applicants had already met the requirements of the current inclusionary housing ordinance, and thus weren't responsible for the additional five units. But the developers did agree to pay \$100,000 in in-lieu fees, making for a total of \$802,000 of in-lieu fees and 10 affordable units.

## 7 Pioneer Center

YEAR APPROVED: 2005

**Affordable housing mitigation: 39 two-bedroom affordable units, or the equivalent. Could be onsite or offsite.**

**How many on the ground? 8 upstairs apartment units (located above businesses) plus 3 units for moderate-income households**

Pioneer Center, a large commercial project located northeast of downtown

Truckee, contracted its own study to determine what affordable housing was needed to mitigate the project. Part of the answer was Spring Creek, a development of duplexes, which opened doors in December 2006. Of the 66 approved units at Spring Creek, 30 were required to be offered to moderate-income households. Of these, 14 were initially built and offered for sale to moderate-income households, but only three units sold. The remaining 11 units were either sold at market rate or retained as rentals by the developer. Dahn said the developer couldn't build the rest of the affordable units because the economy made it difficult to sell them. She said the Town considers the project in compliance.

The Center's upstairs apartments were incentivized through bonuses that allowed more square footage for residential units than zoning permitted. "The residential area of the mixed-use structures (commercial and residential) do not count towards the maximum allowable size of the structure, so it is kind of like 'free' space above and beyond the max commercial space," said John McLaughlin, Truckee's community development director. "And in Pioneer Commerce Center, it was found that there was a high demand for the residential units, and the rent was more stable than the commercial spaces, especially during the economic downturn."

The Town is encouraging other developers to consider similar opportunities. "Based upon those experiences of Pioneer Commerce Center, the individual lot developers on Trails End — which is a part of Pioneer Commerce center, but was developed by different property owners for each parcel — also included residential units as part of their commercial buildings," McLaughlin said. "There was no requirement for those lots to provide workforce housing, but the ability to maximize commercial space, and add a residential unit or two on top of the building, was well received and resulted in several units being built."

## 8 Stoneridge

YEAR APPROVED: 2005

**Affordable housing mitigation: 11 units for lower-income**

**How many on the ground? 11 units, 3 of which have since reverted from deed-restricted to market-rate**

This 73-unit development got all of its required affordable housing on the ground, but also ran into difficulty selling deed-restricted units. Only 34 total units have been completed thus far, and as of right now, there is no apparent movement forward in the development, according to the Town's Dahn. 



## HOW MUCH CAN WE AFFORD?

The price threshold for affordable housing is calculated according to Area Median Income, a number that can change yearly. For 2016, the median family income (based on a family of four) is \$76,100 in Placer County and \$73,500 in Nevada County. The following is the federal affordable housing scales:

Extremely Low-Income = 30% AMI  
Very Low-Income = 50% AMI  
Low-Income = 80% AMI  
Median Income = 100% AMI  
Moderate Income = 120% AMI

## WHAT THE REGULATIONS STATE

In Placer County, the General Plan states that "The County shall require new development in the Sierra Nevada and Lake Tahoe areas to mitigate potential impacts to employee housing by housing 50 percent of the full-time equivalent employees generated by the development."

The Town of Truckee has an Inclusionary Housing Ordinance, adopted in 2007, that "requires new residential development to allocate at least 15 percent of the units to be affordable to very low-, low- and moderate-income households." It also adopted a Workforce Housing Requirement in 2009 that basically says if you build buildings that will create jobs, you have to build housing for a portion of the employees, based on a sliding scale related to the size of the development.

**OF INTEREST: WHEN THE TOWN OF TRUCKEE WAS INCORPORATING IN 1996, PLANNERS WERE WORKING ON AN AFFORDABLE HOUSING REQUIREMENT, BUT THE STATE REQUIRED THAT COMPONENT TO BE REMOVED, FOR FEAR THAT IT WOULD BE A DISINCENTIVE TO ECONOMIC GROWTH.**