South Shore Region
Housing Needs and Opportunities

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Summary of Findings and Recommendations

Many factors have contributed to the current condition of the housing market in the South Shore Region and the decreasing ability to house local residents and employees.

Jobs, Housing and Population Trends

The most prominent trend that is at the base of the local resident housing problems in the South Shore Region is the loss of resident-occupied homes in the Region both in number and percentage. *(See Section 3 – Housing Inventory*)

- Resident-occupancy dropped from 61% in 2000 to 54% in 2010 and 46% in 2017.
- The number homes occupied by year-round residents has declined – residents now occupy over 700 *fewer* homes than they did in 2010. Resident owners increased by 200 households, but resident renters dropped by 930 households.
- Second homeownership has been increasing at a rate of over 1% per year – 4,420 vacant and second homes have been added since 2010.

While this decline in resident households started during the recession, as the economy has rebounded, the South Shore Region has seen a character shift. It now has more vacant and second homes than resident-occupied units.

Many factors contribute to the inability for residents to come back and compete for homes as strongly as second homeowners:

New Development

- An average of about 100 new homes per year have been developed in the South Shore Region since 2010. The majority (75%) is valued over $550,000, which is higher than the vast majority of locals can afford - production is not meeting the needs of local residents.
- One income-restricted affordable rental project was built since 2010: The Aspens. This provided 48 new multi-family rental units for residents earning up to 60% of the AMI. It opened for occupancy in 2014, leased up at a rate of one room every two days and has since had 0% to 1% vacancy. The project has a waitlist of 150 households.
- Current under-construction or planned development is market-rate or luxury development. No local resident homes priced under $500,000 are proposed.
- Development caps are in place in the Tahoe Basin. While this inarguably serves an important environmental purpose in the Basin, it also reduces the ability for

the housing market to produce more units in reaction to strong under-supply. The caps apply equally to market-rate and local resident housing, albeit 1,119 bonus units are set aside for the latter use. *(See Section 3 – Housing Inventory – Recent and Pending Development; Section 8 – Land, Resources, Costs and Constraints*).

Loss of Units

The growth caps, combined with the fact that the market is not producing many units for local residents, makes it even more important to track the loss of, and better yet, prevent the loss of, the existing local resident housing stock.

- About 75% of the long-term rental housing stock in the South Shore Region is from individually owned homes and other attached product; about 25% are managed apartments. While this offers housing choices for residents, it also breeds a comparatively unstable renter housing stock. Renters occupying apartments, unlike those in individually owned units, generally do not need to worry about owners selling their rental or converting their home to a short-term rental. In the South Shore: *(See Section 3 – Housing Inventory*)
    - As the housing market has rebounded and home sale prices are now near pre-recession peaks, owners that were renting their homes during the recession are now selling. Over the past five years, 15% of resident renters (about 970 renter households) were forced to move because the owner sold the rental.
    - Short-term rentals also have an impact. About 10% of renters (625 total) were forced to move over the past five years because their unit was converted to a short-term rental. While property managers noted that this trend has slowed in recent years, in a tight housing market and, in particular, one in which the ability to provide more supply is limited, every unit counts. (*See Section 5 – Housing Problems – Forced to Move)*
- Redevelopment and condemnations have had an impact on local resident housing, although no jurisdiction was found to comprehensively track this information. Some known losses include: *(See Section 5 – Housing Problems – Loss of Units*)
    - The removal of the 155-unit Tahoe Shores mobile home park that was fully vacated in 2015. As required mitigation, the developer purchased existing apartments (54 units). While the units are now income-restricted for households earning under 80% AMI (39 units) or 120% AMI (15 units), this did not produce any new units to replace the 155 homes that were removed.
    - A condemnation in the City in December 2018 displaced 6 families. While this is necessary for health and safety reasons, displaced households have few, if any, options to relocate within the South Shore Region.

Housing Prices and Condition

The combination of being unable to produce enough local resident housing to meet needs and losing existing housing stock causes an already tight housing market to become tighter. This results in rising home prices and rents and does not provide any incentive for rental property owners to keep up with repairs. (*See Section 4 – Housing Costs and Availability*)

- Home sale prices have increased an average of 8% to 12% per year since 2012. Rents remained relatively stable until 2014/15, when they began rising up to 20% per year in some years. Incomes have increased 2.5% per year. Homes, both rental and ownership, are becoming less affordable for local residents.
- Median home sale prices require an annual household income of $134,000 to afford a single-family home (about 200% AMI) and $111,420 to afford a condominium or townhome (about 160% AMI).

  Typically attached product offers more affordable options for residents than seen in the South Shore Region. In the South Shore, most condominiums are either built for second homeowners/vacation use or are predominately owned by second homeowners, making them undesirable to local residents that want neighbors and a sense of community. Realtors noted there would be demand for attached product that is built with the local resident in mind (e.g. garages, storage, low HOA, etc.).
- Rental vacancy rates have not topped 2% over the past several years. In the winter, most properties interviewed are at 0% vacancy. Rentals are considered to be in short supply when vacancy rates drop below 6%.
- When renters are always available, property owners have no incentive to keep up with maintenance – resulting in a cycle of rising prices and decreasing quality of units. The lack of new product being built precipitates this pattern. About one-third of renters are dissatisfied with the condition of their unit and 20% reside in units with deferred maintenance.
- The for-sale market has softened beginning this summer, but prices are still rising. There is a 4.5-month supply of homes priced under $400,000 – the primary local resident price point. When the supply of homes is below 6-months, this is a seller's market – there are more buyers than homes available. More homes priced for local residents are needed.
- Second homeowners compete for homes with residents at all price points. It is difficult for local residents getting into their first home to compete with cash buyers from out of the area.
- Homes priced under $300,000 are typically small and need repairs, if not complete renovation. Homes around $400,000 are of mixed condition. Most local residents search for homes priced under $400,000. Down payment and

home renovation assistance programs can help local residents get into homes and have some financing to do needed repairs.

Families

When local resident households get squeezed by the housing market, this changes the demographic and dynamic of the community. *(See Section 1 – Population and Household Demographics)*

- Couples without children and persons over 65 years of age are the fastest growing demographics. This indicates the area is becoming more of a retirement area through a combination of aging and migration. Realtors indicated that about 25% of buyers are retirees interested in coming to the Region.
- Households with children are not just declining in percentage they are declining in number; this is true of the South Shore Region as well the entirety of El Dorado and Douglas Counties. School enrollments since 2010 are reflective of this trend, showing an over 18% decline in the South Shore Region of Douglas County and relatively flat K through 12 enrollment in the Lake Tahoe Unified School District in El Dorado County.
- A comparatively high percentage of residents that want to move into a different home in the South Shore Region and in-commuters that want to move to the South Shore have children in their household (40%) compared to current resident households with children (29%). This speaks to the difficulty these households have finding suitable homes for their family, but also their desire to stay in the Region.

Employers and Commuting

A declining resident base also impacts employers, their ability to recruit and retain employees, to provide high levels of service and function profitably. *(See Section 2 – Jobs, Seasonality and Commuting*)

- Employers felt that more housing for all employees is needed, but housing for year-round renters and for first-time home purchasers topped the list. Rentals allow new employees to come to the community to fill jobs; ownership promotes stability in the employment base. Both help to reduce employee turnover, improve customer service, and increase the year-round resident base. One-half of employers surveyed had employees leave or refuse a job offer because they could not find or lacked suitable housing.
- About 56% of employers responding to the survey already provide some type of housing assistance for their employees. The highest percentage assist with the housing search (19%), 12% provide temporary/relocation housing and 10% purchased units to rent to their employees. Master leasing units to rent to

employees is also done by about 7% of employers. A low percentage has converted old hotels into housing (2%). Many employers indicated the need more information to understand available assistance options, meaning education of employers may boost their willingness and ability to participate.

- An estimated 25% to 31% of employees commute into the South Shore Region for work. About 40% of in-commuters would prefer to live in the South Shore Region. In-commuters are prone to grow weary of commutes and search for jobs nearer their place of residence if they cannot relocate nearer their job. About 39% of employers have had employees leave for a job outside of the area; 13% of employers have had employees leave because employees grew weary of the commute.
- Between 4,480 and 5,555 in-commuters travel to work in the South Shore Region. This costs in-commuters an average of about $7,500 per year and results in a combined 58.2 million to 72.2 million vehicle miles traveled each year by employees commuting to work. Aside from employer and employee benefits, reducing in-commuting also decreases vehicle miles travelled, reduces green house gas emissions and benefits air quality in the Region.

Housing Problems

When homes prices rise faster than incomes, this increases the difficulty for many households to afford home payments (including utilities) along with other life necessities including food, clothing, transportation and health care.

- Households are considered to be cost burdened if their housing payment, including utilities, exceeds 30% of their income (before taxes). In the South Shore Region, 41% of households are cost burdened, including 48% of renters and 34% of owners. *(See Section 5 – Housing Problems)*
- Homelessness is on the rise in the South Shore Region and even affects persons holding jobs. Since 2017, homelessness increased 1.8% in El Dorado County to 613 persons, with 18% (110 persons) in the South Tahoe Region. The overnight winter emergency shelter in the City of South Lake Tahoe averaged 25 homeless persons per night last winter, for a total of 3,044 shelter bed nights. About 21% of persons using this service had jobs. *(See Section 3 – Housing Inventory – Special Assistance)*

Housing Need and Demand

About 3,290 housing units are needed to address current housing shortages for South Shore Region residents and employees and keep up with future demand through 2026. This averages about 550 units per year, which is 5-times more than the average that has been constructed each year over the past 10-years. While additional homes are needed, the Region will not and should not solely build its way out of its housing problems.

Also, the Region may not feel that all demand segments of the resident and employee housing market are priorities, which will affect how much housing is needed. The relative priority of housing for each of the below resident and workforce segments, and how much, will need to be considered during the Action Plan process.[1]

About 57% of the housing needed should be priced lower than prevailing market prices: 1,880 units (about 300 per year).

- This means a choice of ownership housing priced below about $400,000 that do not need significant repairs. This will address households earning less than 150% AMI (below $100,000 per year) and
- Rentals priced below $1,000 for one-bedrooms and $1,250 for two-bedrooms per month for households earning 80% AMI or less (below $50,000 per year).

Summary of Housing Needs

Summary of Housing Needs	
Catch-Up	**2,085**
Overcrowded Households	165
In-commuters that want to move	1,245
Unfilled jobs	675
Keep-Up	**1,205**
Retiring employees	630
New jobs	575
TOTAL through 2026	**3,290**
Market rate (43%)	1,410
Priced lower than market (57%)	1,880

See Section 9 – Current and Projected Housing Needs for details on each section of this table.

An estimated 38% of new units should be for ownership and 62% for rent. This takes into account that most new employees moving to or filling jobs in the Region will rent (70%). It is also consistent with employer observations that "more year-round rentals are needed." The precise ratio, however, is dependent upon the community's desired direction and housing policy. This will be a consideration during the Action Plan process.

[1] See *Section 9 – Current and Projected Housing Needs* for a full overview of local resident housing needs.

Summary of Housing Needs by Own/Rent Through 2026

Summary of Housing Needs by Own/Rent Through 2026		
Units needed through 2026	**3,290**	**100%**
Ownership	1,265	38%
Rental	2,025	62%

Ownership housing should be provided based on the income distribution of households living and employed in the South Shore Region. In other words:

- About 60% of the homes needed for local resident ownership should be priced lower than prevailing market prices, generally ranging between $200,000 and $400,000. This would provide ownership opportunities for households earning between $50,000 through $100,000 per year (between about 80% to 150% AMI).
- Local residents are willing to make trade-offs on product type to afford homes. Product missing from the market for local residents are townhome-style attached units with garages. Primarily 2- and 3-bedroom homes are needed.
- Subsidies will be needed to construct homes that are priced below $400,000. Providing or expanding programs to help local residents purchase existing, older homes and subsidize repairs should be considered as well.

Homeowner Income Distribution Compared to Availability of Homes

Income Level	Maximum Affordable Sale Price	Owner Income Distribution	All Listings
Under $20,000	Under $100,000	3%	1%
$20 to $39,999	$150,000	18%	1%
$40 to $49,999	$200,000	7%	0%
$50 to $59,999	$250,000	7%	0%
$60 to $74,999	$300,000	13%	4%
$75 to $89,999	$350,000	7%	6%
$90 to $99,999	$400,000	8%	9%
$100 to $124,999	$500,000	13%	16%
$125,000 or more	Over $500,000	23%	62%
TOTAL	-	Units needed: 1,265	100%

NOTE: Shading indicates where there is a shortage of housing supply for residents and employees. The lighter shade indicates that a gap exists, but providing ownership priced under $200,000 will require significant subsidy; rentals are more typical.

There is a shortage of rentals at any price in the area and, of those available, there is a shortage of units in good condition. Programs to improve upkeep and renovation of the existing rental stock are needed along with the production of new units to provide suitable rentals for residents and employees. More and better rentals are needed.

Based on the income distribution of renters and lack of available rentals on the market:

- About 55% of rentals need to be priced for households earning below 80% AMI.

  The bulk of units needed would be priced from $500 per month for a room or studio up to $1,250 for a 2-bedroom. This would be affordable for households earning from $20,000 to $50,000 per year (about 30% to 80% AMI). Filling units priced for households earning below 50% AMI can be difficult – households earning more than one income often cannot qualify.

- There is also a shortage of rentals priced up to about $1,700 per month for 2-bedroom and $1,900 for 3-bedroom units for households earning about 100% AMI. Quality units at this price could attract residents that are currently paying this amount or more for older, lower quality units. This would provide some competition on the market and begin to improve rental conditions for locals.

- Renters need 1-, 2- and 3-bedroom units; they prefer either individual homes or exterior-entry attached units (as opposed to apartments with interior halls); prefer in-unit laundry, extra storage and garages or covered parking. Many have pets, mostly dogs.

Renter Income Distribution

	Maximum Affordable Rent	Renter Income Distribution	Available Rentals*
Under $20,000	$500	8%	0%
$20 to $39,999	$1,000	26%	13%
$40 to $49,999	$1,250	13%	11%
$50 to $59,999	$1,500	8%	7%
$60 to $74,999	$1,875	17%	16%
$75 to $$99,999	$2,500	13%	39%
Over $100,000	Over $2,500	15%	14%
TOTAL	-	Units needed: 2,025	100%

NOTE: Shading indicates where rental housing falls below the market for residents and employees.

Opportunities and Next Steps

Despite the challenges ahead, the South Shore Region has significant momentum around the housing problem, with multiple entities engaged in trying to work toward solutions. Specific paths forward are summarized in Section 8 – Land, Resources, Costs and Constraints, but generally:

Political commitment is strong. Housing is a top priority for the City of South Lake Tahoe Council, El Dorado County Board of Supervisors and Tahoe Regional Planning Agency (TRPA) Governing Board.

Many partners are on board. Examples include:

- The Tahoe Transportation District Board has made a commitment to produce 200+ local resident units in the Region;
- The California Tahoe Conservancy is actively reviewing asset lands for their suitability for local resident housing;
- The St. Joseph Community Land Trust hired a new director and is working to increase activity in the Region;
- Lake Tahoe Community College recently completed a master lease agreement to house students and is reviewing options to add more student housing options;
- The El Dorado County Housing Authority received substantial additional funding for its homeless program and is working with the Tahoe Coalition for the Homeless to identify participants and coordinate entry for homeless assistance. This program also has support from Barton Health; and
- El Dorado Community Foundation is exploring opportunities to bring financing to address housing issues in the South Shore Region.

Advocates are engaged.

- The South Tahoe Chamber and Tahoe Chamber of Commerce have both been active advocates of the efforts of area partners to facilitate housing;
- The Tahoe Prosperity Center has brought together area partners to engage in the housing conversation and educate the public on the issues; and
- The League to Save Lake Tahoe has been a voice in support of community redevelopment, including housing for local residents.

The Task Ahead

All of the above components are central to ensuring success in addressing housing needs in a community. Even with strong commitment, however, providing local resident housing will be hard. A combination of new development, redevelopment, repurposing of existing homes and other structures, renter and homeowner assistance programs, among other creative solutions, are needed, each with their own challenges.

- Estimated subsidies that will be needed to construct a single-family home for $400,000 are upwards of $50,000 per unit *including* also getting the land for free. A multi-family home can be built for under $400,000 if the land is provided at no cost and there is no cost for development rights or coverage, but will likely need a subsidy of about $65,000 to sell at a price of $300,000. *(See Section 8 – Land, Resources, Costs and Constraints – Cost to Develop).*
- Additional development capacity in the Tahoe Basin is limited. The Tahoe Basin is 93% built-out based on total development potential established through 2032. A total of 3,826 residential allocations and bonus units remain to be distributed throughout the entire Tahoe Basin. The ability to convert development rights from commercial or tourism uses to residential uses adds flexibility to "find" more residential development potential in the Basin. Flexible use of banked and pooled development rights that have already been issued, but are currently not utilized, also offers more residential potential. Moving forward, it will be important to monitor the use of remaining development capacity if ensuring sufficient provision of local resident housing is a primary goal of the Region. *(See Section 8 – Land, Resources, Costs and Constraints – Development Capacity)*
- Local resident households are declining in number. Expanded programs that help local residents get into existing homes, keep their homes, and conduct needed renovations and repairs are needed. Redevelopment and renovation to improve the housing stock for residents is also needed to address housing conditions and suitability. And creative options for redevelopment to at least ensure more local resident housing is not lost, and preferably gained, are needed.

With the complexity of regulations, multiple codes, jurisdictions, approving parties and the development rights system in this Region, significant creativity and re-thinking of historic norms will be needed.

None of this will be successful, however, without coordination on a common vision for meeting housing needs and on priorities and strategies to get there. This is the primary goal of the Action Plan process – to develop a common vision for meeting existing and future housing needs, prioritizing strategies to make an impact, and creating the partnership framework necessary to successfully address housing in the South Shore Region. Just as no one strategy can address the needs; no one jurisdiction or entity can either.

Introduction

Purpose

This Housing Needs Assessment quantifies current and future housing needs for residents and employees in the South Shore Region and identifies where the market is not addressing those needs. It answers questions such as how much, what type and at which price points housing is needed to support South Shore Region employees, employers and residents. The report also provides a general overview of land, resources and opportunities to provide housing in the South Shore Region that is affordable for local residents and employees.

The purpose of this information is to help the community establish housing strategies and policies that will provide more opportunities for local employees to live in the South Shore Region and help support the local community character and economy. It is intended to be part one in a two-part process for the South Shore Region in developing a local housing strategy:

- Part 1: *Housing Needs Assessment* - This study provides the data on demographic, economic and housing trends and quantifies local housing needs.

- Part 2: *Housing Action Plan* - We will use this study as a base to develop a South Shore Region Housing Action Plan. The Plan will identify specific housing goals, priorities, strategies, needed coordination, and necessary implementing partners to provide the housing necessary to support a thriving community in the South Shore Region – housing to support businesses, economic development, community vibrancy, residents and visitors alike.

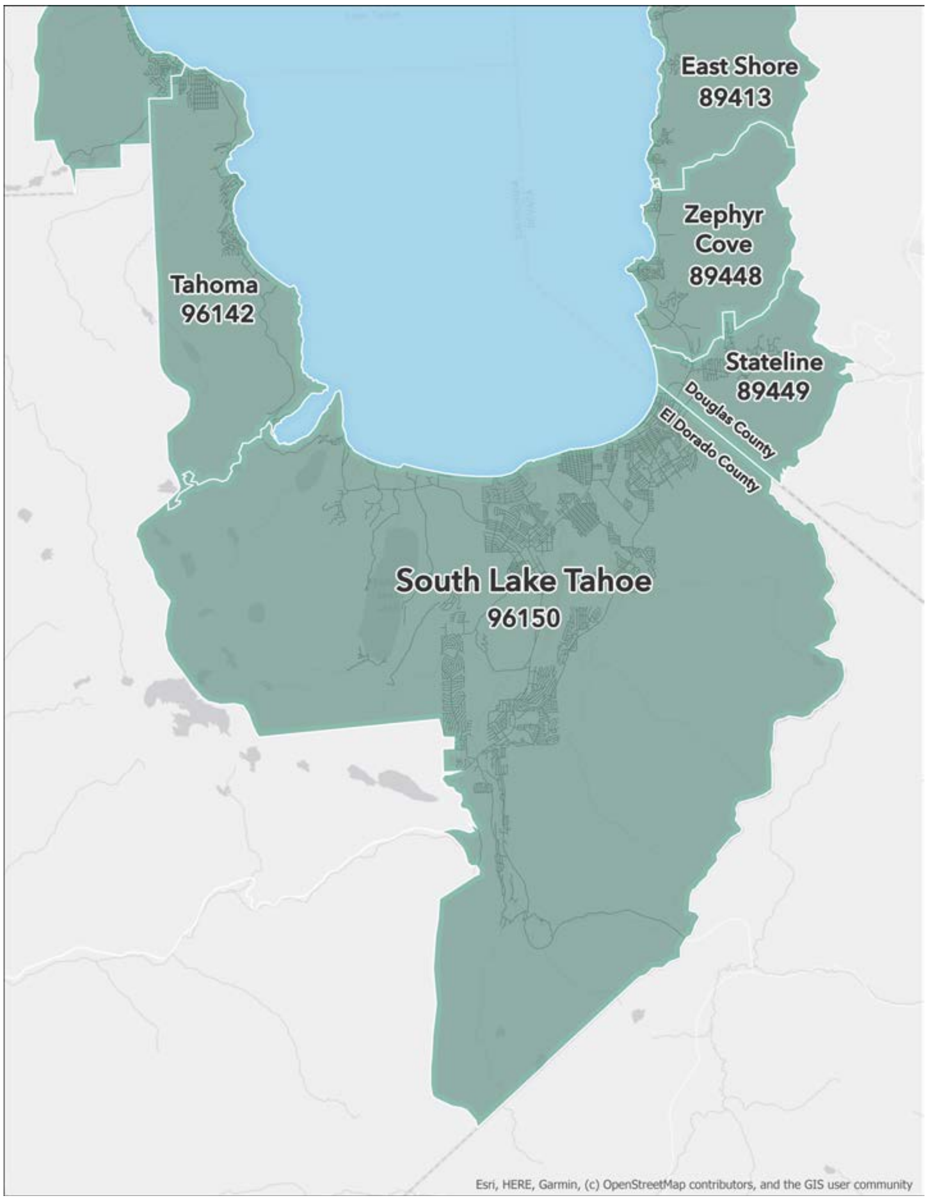
This information can also be an important resource to help obtain financing for housing projects. Most private, federal and state lending institutions require demographic and housing cost information to support loan or grant applications. Information presented in a housing needs assessment may be used to support a proposed development with different funding agencies.

Throughout this report, the term “local resident housing” is used to define housing that is affordable and suitable for employees and year-round residents of the South Shore Region.

Study Area

This study covers the South Shore Region, defined by the zip code areas shown in the map below, including Tahoe regions of Douglas County, the City of South Lake Tahoe and unincorporated areas of El Dorado County, including Tahoma, in the South Tahoe area. Throughout this report, the term "South Shore Region" is used to indicate this area.

South Shore Region



Graphical Source: TRPA GIS Department

Methodology

Primary research was conducted to generate information beyond that available from existing public sources and included:

Kick-Off Meeting. Early in the process the consultant team held a discussion with the South Shore Region Housing Advisory Group at a kick-off session to target primary housing concerns and goals from this process. The Housing Advisory Group was formed to help distribute and gather information for Part 1. This group will also be instrumental in Part 2 working to identify housing goals, priorities, partners and actions to address identified needs.

South Shore Employer Survey. An on-line survey was distributed to employers to reach businesses in the South Shore Region, with a primary focus on larger businesses. The employer survey probed the number of year-round and seasonal workers (summer and winter), where workers live (commute patterns), employee retention and recruitment issues, to what extent employee housing is perceived to be an issue, and employers' level of support for housing assistance, among other information.

We received generous assistance from the South Tahoe Chamber of Commerce and the Tahoe Chamber, El Dorado Community Foundation, Tahoe Prosperity Center and housing Advisory Group members and organizations in distributing the survey link. The survey link was also made available on the Tahoe Prosperity Center's website and advertised through newspaper publications and other media.

Survey responses represent 97 businesses representing 35% of jobs in the South Shore Region.

Select comments offered by employers are quoted in italics and text boxes in several sections of this report.

South Shore Household and Employee Survey. An online survey was made available to South Shore Region households and employees to collect information on housing preferences of residents and employees, future plans, employment, household characteristics, housing perceptions and conditions, and other issues not otherwise available through secondary sources.

The survey was made available during peak summer employment, from June 15 to August 15. The intent was to reach South Shore Residents and in-commuters (people who live outside of the South Shore Region, but work in the Region). A range of distribution methods were used:

- A random mailing to 3,000 households throughout the South Shore Region.

- An online link through workers' places of employment. This was achieved with the generous assistance of the Tahoe Chamber and South Tahoe Chamber of Commerce, South Shore Region employers, El Dorado Community Foundation and Housing Advisory Group members and organizations, along with others noted in the acknowledgements, below.
- The survey link was also made available on Tahoe Prosperity Center's (TPC) website and various Facebook and social media sites. It was advertised through newspaper publications, area events, and in-person visits to area businesses.

A Spanish version of the survey was available online and paper copies through the Family Resource Center (FRC) in South Lake Tahoe. The FRC and TPC both reached out to potential survey takers by distributing postcards through neighborhoods and attending local events. A total of 35 Spanish surveys were received, along with a representative 13% of responses received from Hispanic/Latino households.[2]

Overall, 2,050 responses from persons representing households living and/or employed in the South Shore Region were received, representing 13% of South Shore resident households and 18% of employees. Responses received are shown in the table below.

- The data was weighted utilizing Census and American Community Survey (ACS) data to better represent the mix of households living and employed in the South Shore Region, including by tenure, age of householder, household type (living alone, couples with children, etc.), income, and place of residence (either in the Douglas County or El Dorado County side of the South Shore Region).
- The margin of error for survey tabulations is within about 2.3% at the 95% confidence interval for South Shore Resident respondents and 2.1% for tabulations utilizing all respondents. This means that for any tabulation the percent reported is within plus or minus 2.3% from what is actually the case. For data representing less than all responses (e.g., renters), the margin of error will be higher.

South Shore Region Household and Employee Survey Response Summary

Total responses*	South Shore Resident respondents	% of South Shore households represented	% of South Shore employees represented**
2,050	1,884	13%	18%

Source: 2019 South Shore Household and Employee Survey
*Includes unemployed/retired South Shore households, employed South Shore households and in-commuters that work in, but do not live in the South Shore Region.
**Includes South Shore Region resident employees and in-commuters.

[2] The 2017 5-year ACS reports that 14% of households in the South Shore Region are headed by persons of Hispanic/Latino origin. See Section 1 – Population and Household Demographics.

REALTOR® Focus Group. A focus group with four REALTORS® was held in the City of South Lake Tahoe. Information was obtained on the ownership market including current prices, recent trends, occupancy patterns, availability and what households are seeking when looking to purchase or rent a unit. This discussion helped define housing preferences among locals and second homeowners searching for homes in the South Shore Region, including unit type, price points and amenities.

Property Manager Focus Group. A focus group was held with two market-rate rental property managers with a combined 600-unit inventory consisting of apartments, condominiums and single-family homes in the Region. This group provided information on the rental market including rents, vacancy rates, recent trends, renter profiles and unit types most in demand.

Developer and Builder Focus Group and Interviews. A focus group with three builders and interviews with two developers with experience in the Region were conducted. Information was obtained about the development environment including costs, trends, entitlement process, incentives and barriers to the development of housing, particularly local resident housing, in the Region.

Casino Housing Discussion. A discussion was held with about 10 representatives of the casinos in the South Tahoe Region by attending their quarterly South Tahoe Alliance of Resorts (STAR) meeting. The purpose was to discuss housing challenges facing their employees, existing or potential employee housing assistance programs and gather their ideas on addressing the problem.

Lender Interviews. Information was collected on the availability of financing and the challenges residents face when trying to buy a home. Issues including loan types, down payment assistance, loan qualification and property availability were discussed.

Affordable Rental Manager Interviews. Property managers of 11 of the 13 total affordable rental properties in the Region were interviewed to understand current rents, vacancy rates, occupancy, waitlists and trends in income-restricted properties.

Stakeholder Discussions and Interviews. Additional interviews were conducted with the El Dorado County Housing Authority, Nevada Rural Housing Authority, Douglas County, City of South Lake Tahoe, El Dorado County, El Dorado Community Foundation, Tahoe Regional Planning Agency, Tahoe Transportation District, Lake Tahoe Community College, California Tahoe Conservancy, Vail Resorts, Barton Health, Tahoe Coalition for the Homeless, Saint Joseph Community Land Trust to understand their involvement and concern regarding employee and resident housing issues, potential resources and actions each are taking with respect to the issue.

Secondary and Local Data Sources

A variety of sources of published information were used in the preparation of this report, including but not limited to:

- 2000 and 2010 US Census data and population projections. This information is used to identify changes in the South Tahoe Region residents and households over time and identify the demographics of the Area.
- American Community Survey data (ACS) to understand general trends since the 2010 Census.
- Employment information from the Quarterly Census of Employment and Wages (QCEW), the US Bureau of Economic Analysis (BEA), California Employment Development Department (EDD), Nevada (DETR).
- 2019 Area Median Income from the California Housing Department of Housing and Community Development (HED) and Federal Department of Housing and Urban Development (HUD).
- Current MLS listings, recent home sales and historic sale trends acquired through Tahoe Sierra Board of REALTORS® and South Tahoe Association of REALTORS®.
- El Dorado and Douglas County property ownership and residential records acquired through the respective Assessor offices.
- Land ownership maps from the El Dorado County and Douglas County GIS Departments.
- Various records from the City of South Lake Tahoe, El Dorado County and Douglas County planning and building departments.
- Existing reports, which are summarized in the Appendix.

"Affordable" and "AMI" Defined

This report centers on an understanding of "what is affordable" for local residents and employees in the South Shore Region. The term "affordable" may often be associated with low-income housing. In more and more communities, however, affordability is a problem for a broad range of income levels, not just low-income. This is particularly true in high-cost resort communities.

For purposes of this report, housing is considered affordable when the rent or mortgage payment does not exceed 30% of a household's gross income. The 30% standard is commonly applied by federal and state housing programs, local housing initiatives, mortgage lenders and rental leasing agents.

Affordable rents and purchase prices meeting this 30% standard can be calculated for various income levels and are often expressed as a percentage of the Area Median Income (AMI). AMI is published annually by the U.S. Department of Housing and Urban Development (HUD) for each *county* and represents the Median *Family* Income of an area.[3] The income-restricted housing units in the South Shore Region use AMI to qualify households for occupancy and establish affordable prices.

AMI varies by household size. The median (or middle) family income estimate in an area generally falls on or near the 100% AMI rate for a family of four. For example, in Douglas County, the AMI in 2019 is $73,000; in El Dorado County the AMI is $83,600. Households that earn less than the middle income, or 100% AMI, will be identified as earning a lower percentage AMI (e.g., 80% AMI).

Adding to the challenge of producing this report is that the Region spans two counties: Douglas County, NV, and El Dorado County, CA – both with very different AMI levels, as shown below. It is for this reason that the housing gaps and needs are primarily expressed in terms of a household's range of income rather than AMI level. This conversion can be made as needed during the Action Plan phase.

Douglas County AMI by Household Size: 2019

AMI Level	1-person	2-person	3-person	4-person
30%	$15,350	$17,550	$21,330	$25,750
50%	$25,550	$29,200	$32,850	$36,500
60%	$30,660	$35,040	$39,420	$43,800
80%	$40,900	$46,750	$52,600	$58,400
100%	$51,100	$58,400	$65,700	$73,000
120%	$61,320	$70,080	$78,840	$87,600
150%	$76,650	$87,600	$98,550	$109,500
200%	$102,200	$116,800	$131,400	$146,000

Source: US Dept. of Housing and Urban Development (HUD)

[3] This means that the AMI does not incorporate incomes from non-family single and roommate households, which make up 43% of households in the South Shore Region. As a result, the AMI will generally be higher than the average income of all households.

El Dorado County AMI by Household Size: 2019

AMI Level	1-person	2-person	3-person	4-person
30%	$17,600	$20,100	$22,600	$25,750
50%	$29,300	$33,450	$37,650	$41,800
60%	$35,100	$40,140	$45,150	$50,160
80%	$46,850	$53,550	$60,250	$66,900
100%	$58,500	$66,900	$75,250	$83,600
120%	$70,200	$80,250	$90,250	$100,300
150%	$87,750	$100,350	$112,875	$125,400
200%	$117,000	$133,800	$150,500	$167,200

Source: California HCD (Ca. HCD modifies the AMI published by HUD)

The average household size in the South Shore Region is just under 2.5-persons. The tables below show the affordable rents and home purchase prices at various household incomes and the respective AMI level for an average-sized 2.5-person household in both Douglas County and El Dorado County.

Because the AMI is lower in Douglas County, units limited to households earning no more than 50% AMI will rent for lower prices ($776 per month) and require households to earn lower incomes ($31,025 per year) than the same 50% AMI unit in El Dorado County ($889 rent; $35,550 income). In other words:

> *The County in which income-restricted projects are built will affect the income-eligibility level of occupants and the maximum housing cost that can be charged. This will be an important consideration depending upon whom in the South Shore Region a project is designed to serve.*

Maximum Affordable Housing Costs: Douglas County AMI

AMI Equivalent*	Household Income	Max Rent	Max Purchase Price**
30%	$19,440	$486	$76,205
50%	$31,025	$776	$121,618
60%	$37,230	$931	$145,942
80%	$49,675	$1,242	$194,726
100%	$62,050	$1,551	$243,236
120%	$74,460	$1,862	$291,883
150%	$93,075	$2,327	$364,854
200%	$124,100	$3,103	$486,472

Source: Consultant team

*AMI for the average sized 2.5-person household earning the respective income.

Maximum Affordable Housing Costs: El Dorado County AMI

AMI Equivalent*	Household Income	Max Rent	Max Purchase Price**
30%	$21,350	$534	$83,692
50%	$35,550	$889	$139,356
60%	$42,645	$1,066	$167,168
80%	$56,900	$1,423	$223,048
100%	$71,075	$1,777	$278,614
120%	$85,250	$2,131	$334,180
150%	$106,613	$2,665	$417,921
200%	$142,150	$3,554	$557,228

Source: Consultant team

*AMI for the average sized 2.5-person household earning the respective income.

**Assumes 30-year mortgage at 5.0% with 5% down and 20% of the payment covering taxes, insurance and HOA fees.

Distribution of South Shore Resident and Employee Households: 2019
El Dorado County AMI and Douglas County AMI Comparison

	El Dorado County AMI	Douglas County AMI
30% AMI or less	8%	8%
30.1 to 50% AMI	10%	6%
50.1 to 60% AMI	12%	9%
60.1 to 80% AMI	11%	11%
80.1 to 100% AMI	9%	9%
100.1 to 120% AMI	13%	9%
120.1 to 150% AMI	10%	11%
150.1 to 200% AMI	10%	15%
Over 200% AMI	17%	21%
Total	100%	100%

Source: 2019 Household and Employee Survey; Consultant team

Interest rates significantly affect the purchasing power of buyers.

Interest rates affect the borrowing power of buyers, impacting the price of home they can afford. Affordable purchase prices in the above table assume an average mortgage interest rate of 5.0%, which is about 1% above the current rate. For every 1% rise (or drop) in interest rate, the purchasing power of a household will increase (or decrease) by about 10%. This should be considered when evaluating the affordability of housing and establishing prices for local resident housing.

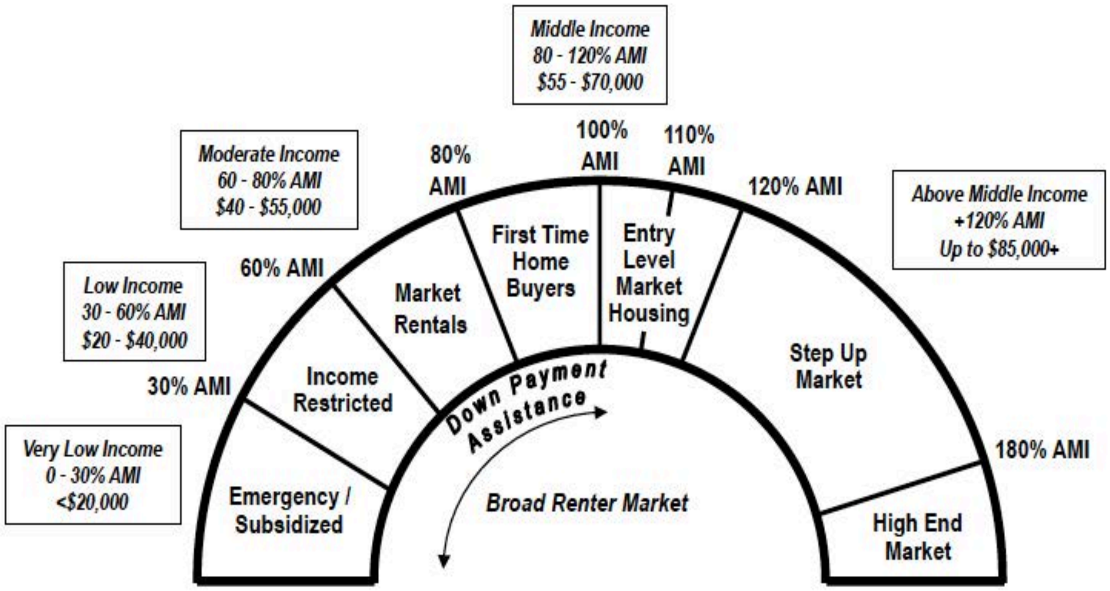
Continuum of Housing

Housing for local residents and employees should accommodate a wide range of incomes. This includes households on fixed incomes, entry-level service employees making $12 to $18 per hour, up to management professionals making $100,000 or more per year. Housing should be sufficiently diverse to provide options for households at various life stages to buy or rent – from recent school graduates, to young families, to empty nesters. Providing a range of ownership and rental housing allows households to grow and change within a community, thus supporting a diverse and vibrant community and economy. More specifically:

- At the lowest income levels (under $35,000 per year; below 50% AMI), homelessness and the threat of homelessness are important issues. Special populations who are unable to work (e.g., seniors and the disabled) may require assistance at the lower income levels. Affordability problems, especially for renters, may also be present among the lowest-wage employees.
- As incomes increase to between $50,000 to $60,000 per year (about 80% to 100% AMI), households are often looking to buy their first home. Policies at this level are typically designed to help bring homeownership within reach, including down payment assistance and first-time homebuyer loans.
- Finally, at the highest levels (over $90,000 per year; 120% to 150% AMI), upper income groups fuel the market for step-up and high-end housing. Housing for this group may be addressed by the free market, although more and more free market housing choices are starting at 150% AMI or more.

The Housing Bridge, illustrated below, portrays a spectrum of housing that is affordable and most likely to be sought out by households in different income groups. It indicates the number and percentage of households earning different area median incomes and type of housing likely to be needed at the different income levels. The Housing Bridge depicts what may be ideal for most communities – the availability of housing that is affordable to households at all income levels and provides options for changing life circumstances.

South Shore Region Housing Bridge



Source: California HCD, US Department of Housing and Urban Development (HUD), Consultant team
*Incomes represent an average 2.5-person household earning at each AMI level in El Dorado County.

Definitions

The following terms are used in this report:

Affordable Housing	As used in this report, housing is affordable if the monthly rent or mortgage payment is equal to or less than 30% of gross household income (before taxes). This definition may vary from federal or state programs, which may include utilities or other housing costs (taxes, homeowners association fees, etc.) or allow the payment to be 35% of gross household income for households earning 110% Area Median Income (AMI).
Area Median Income (AMI)	A term that generally refers to the median incomes published annually for counties by the US Department of Housing and Urban Development (HUD). AMI is used to set income and rent limits for affordable housing programs statutorily linked to HUD income limits (e.g. low-income housing tax credit rentals). Common affordability categories used are as follows: • Extremely Low Income – At or below 30% AMI • Very Low Income –Between 31% and 50% AMI • Low Income – From 51% to 80% AMI • Moderate Income – From 81% to 120% AMI
American Community Survey (ACS)	The ACS is part of the Decennial Census Program of the U.S. Census. The survey was fully implemented in 2005, replacing the

	decennial census long form. Because it is based on a sample of responses, its use in smaller areas (under 65,000 persons) is best suited for monitoring general changes over time rather than for precise estimates due to margins of error.
Average household size	There are about 2.4-persons per household in the South Shore Region. This refers to the number of persons living in a housing unit – includes all adults and children.
Catch-up Needs	The number of housing units needed to catch up to meet the current shortfall in housing available for residents.
Cost Burdened	When housing costs exceed 30% of a household's gross (pretax) income. Housing costs include rent or mortgage and may or may not include utilities, homeowner association fees, transportation or other necessary costs depending upon its application.
Employee (or Workforce) Housing	Housing intended for and affordable to employee households earning local wages.
HOME Funds	Grants from HUD to states and units of general local government to implement local housing strategies designed to increase homeownership and affordable housing opportunities for low and very low-income households.
In-commuter	Refers to an employee that works in the South Shore Region, but that lives outside the community (e.g. in Carson City, Truckee, Placerville, Minden, etc.) and must travel into the Region for work.
Keep-up Needs	Keep-up refers to the number of housing units needed to keep up with job growth and retiring employees to ensure housing is available for employees filling new or vacated jobs through 2026.
Local Resident Housing	For the purpose of this report, housing that is intended to be affordable and suitable for South Shore Region employees and full-time residents. The term encompasses the full range of affordability levels for local residents – from very low income to 120% AMI or more.
Occupied housing unit	Occupied housing unit means housing units that are occupied by persons that consider the South Shore Region as their usual place of residence or that have no usual place of residence elsewhere. (US Census definition). Occupied units are also referred to as resident households in this report.
Workforce (or Employee) Housing	Housing intended for and affordable to employee households earning local wages.

Acknowledgements

We would like to thank all who have given us their time and assistance. Information in this report relied on participation from the Housing Advisory Group, City of South Lake Tahoe staff and elected officials, El Dorado County staff (various departments) and elected officials, Douglas County staff (various departments), Tahoe Sierra Board of REALTORS® and South Tahoe Association of REALTORS®, South Tahoe Chamber of Commerce and Tahoe Chamber of Commerce, property managers, developers, lenders, REALTORS®, Tahoe Regional Planning Agency, Tahoe Transportation District, Barton Health, California Tahoe Conservancy, Lakeside Inn and other area casinos, Vail Resorts, Lake Tahoe Community College, El Dorado County Housing Authority, Tahoe Coalition for the Homeless, community stakeholders, and significant involvement and input from South Shore Region residents and employees through the Household and Employee Survey and Region employers through the Employer Survey.

Particular thanks goes to the:

- Family Resource Center for assistance with survey translation into Spanish and distribution through their office and events;
- The South Tahoe Chamber, Tahoe Chamber of Commerce and area employers for survey distribution, advertising and outreach;
- The El Dorado Community Foundation for survey outreach support and data collection; and, of course,
- The Tahoe Prosperity Center for bringing together the necessary partners to make this project a success.

Information presented in this report combines available data with the experiences and observations of those living in the South Shore Region, which would not have been possible without such extensive local participation. We appreciate the opportunity to work with communities that have a desire to understand and address the housing needs of local residents and employees.

Section 1 – Population and Household Demographics

Population

The population of the South Shore Region is estimated to be about 36,065 in 2019 – almost back up to where it was in 2010 (36,170).

- About 85% of the South Shore population lives in California, with about 61% of the South Shore population living within the City of South Lake Tahoe.
- The South Shore Region accounts for about 16% of the El Dorado County population and about 11% of the Douglas County population.

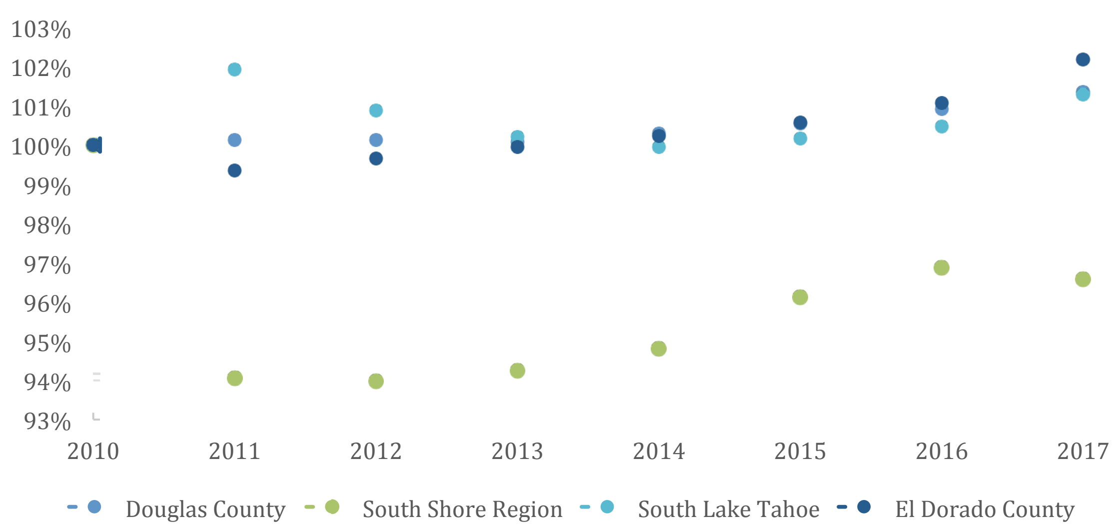
Population: 2010 to 2019

	2010	2015	2019 (est.)	Average % growth per year 2010 - 2019
El Dorado County	181,060	182,090	190,340	0.6%
Douglas County	47,000	47,260	49,460	0.6%
South Shore Region	36,170	34,770	36,065	0.0%
City of South Lake Tahoe	21,400	21,440	22,180	0.4%

Source: 2010 Census, CA DOF, NV TAX, Consultant team

Between 2010 and 2011, the South Shore Region experienced a population decline. Growth since that time has been occurring at about the same rate as El Dorado County (about 0.6% per year). Growth within the City of South Lake Tahoe has been slower.

Population Growth by Area: 2010 to 2017 (Indexed to 2010)



Source: 2010 Census, 5-Year ACS

Compared to El Dorado County and Douglas County, the South Shore Region has a lower percentage of school-aged children (5-17 years old) and more young adults (18-34 years old), which is common for resort areas.

- The number of persons under 18 dropped by about 13% since 2010 in the South Shore Region, compared to a 10% decline in all of El Dorado County and 7% in Douglas County.
- The only actual growth in population has been in persons age 65 and over in the South Shore. Each of El Dorado County, Douglas County, and the South Shore Region are increasing in 65-and-older population at a much faster rate than the United States as a whole.

When the state regions of the South Shore are evaluated, differences emerge:

- School age children and young adults comprise a higher percentage of the population in the California side than Nevada.
- The Nevada portion of the South Shore has a higher percentage of 35 to 64-year-olds and a far greater percentage of the population is 65 years or older (25%).

Population Distribution by Age: 2010 to 2017

					South Shore Region					
	El Dorado, CA		Douglas, NV		Whole Region		California		Nevada	
	2010	2017	2010	2017	2010	2017	2010	2017	2010	2017
Under 5	5%	5%	5%	4%	5%	5%	6%	5%	4%	5%
5 to 17	18%	16%	15%	14%	14%	12%	14%	13%	10%	7%
18 to 34	17%	18%	15%	16%	25%	24%	26%	25%	18%	15%
35 to 64	46%	43%	44%	41%	45%	43%	44%	42%	50%	48%
Over 64	14%	19%	20%	25%	11%	17%	10%	15%	19%	25%

Source: 2010 Census, 2017 5-Year American Community Survey (ACS)

About 21% of the population in the South Shore Region is of Hispanic/Latino origin and 14% of households are headed by a person of Hispanic/Latino origin.

A greater proportion of the South Shore population is Hispanic or Latino than in El Dorado County or Douglas County overall. However, while the counties are becoming more Hispanic or Latino, South Shore is less Hispanic or Latino than it was in 2010.

Hispanic or Latino Population: 2010 to 2017

	2010	2017
El Dorado County	12%	13%
Douglas County	11%	12%
South Shore Region	22%	21%
South Lake Tahoe	31%	27%

Source: 2010 Census, 2017 5-Year ACS

Households

Household Size

On average, the South Shore Region has about 2.41 persons per household, which is smaller than El Dorado County households (2.72 persons) and larger than Douglas County households (2.34 persons). Since 2010:

- Households have been getting larger in El Dorado County and the South Shore Region and smaller in Douglas County.
- Households in the South Shore Region are now larger than in Douglas County overall, which was not the case in 2010.

Average Household Size: 2010 to 2017

	2010	2017
El Dorado County	2.58	2.72
Douglas County	2.39	2.34
South Shore Region	2.33	2.41
South Lake Tahoe	2.40	2.44

Source: 2010 Census, 2017 5-Year ACS

Number of Households

Another result of the changing household size is the difference in household growth compared to population growth.

- The South Shore Region had negative household growth as a result of increasing household size and relatively flat population growth.

Households: 2010 to 2019 (est)

	2010	2019	Average % growth per year
El Dorado County	70,220	70,050	0.0%
Douglas County	19,640	21,160	0.8%
South Shore Region	15,520	14,790	-0.5%
South Lake Tahoe	8,920	8,880	0.0%

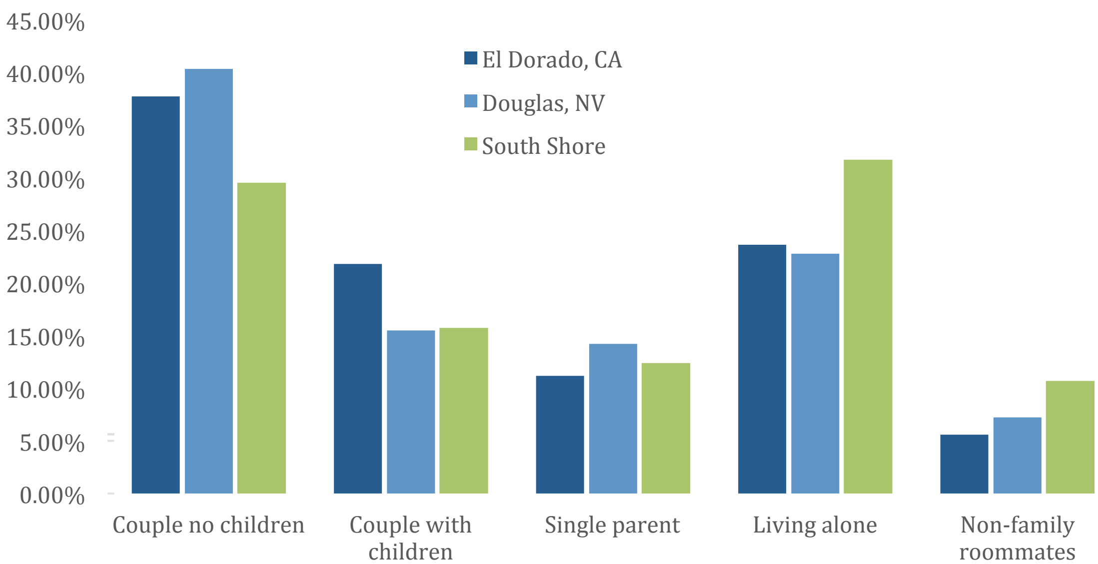
Source: 2010 Census, 2017 5-Year ACS, CA DOF, NV TAX, Consultant team

Household Type

In the counties and the South Shore Region, the largest percentage of households in El Dorado County and Douglas County as a whole are couples without children and persons living alone. This is true of the South Shore Region as well. The next highest percentage of households is comprised of couples with children, single parent households, then roommate households. In the South Shore Region in particular:

- Persons living alone comprise 32% of households;
- Couples without children follow at 29% of households;
- Households with children (couples and single parents) comprise 28% of households; and
- Although roommate households comprise a higher percentage of households in the South Shore Region than the counties as a whole, they still comprise a relatively modest 11% of households.

Household Distribution by Type: 2017



Source: 2017 5-Year ACS

The household type growing most rapidly in each of the counties in their entirety and the South Shore Region is a couple with no children. Viewed in light of population changes by age, this would indicate the area is becoming more of a retirement area through a combination of aging and migration. Realtors indicated that about 25% of buyers are retirees interested in coming to the Region.

Households with children (including couples with children and single parent households combined) are not just declining in percentage they are declining in number; this is true of the South Shore Region and both counties overall.

School enrollments are reflective of this trend. In the South Shore Region of Douglas County, a middle school several years ago and K through 12 enrollment declined over 18% since 2010. In the Lake Tahoe Unified School District in El Dorado County, K through

12 enrollment is relatively flat when compared to 2010 based on data reported by the California Department of Education.[4]

Change in Household Type: 2010 to 2017

	El Dorado, CA		Douglas, NV		South Shore	
	2010	2017	2010	2017	2010	2017
Couple, no children	34%	38%	37%	40%	26%	30%
Couple with children	23%	22%	18%	16%	16%	16%
Single parent	14%	11%	13%	14%	15%	12%
Living alone	22%	24%	24%	23%	31%	32%
Non-family roommates	7%	6%	7%	7%	14%	11%

Source: 2010 US Census, 2017 5-Year ACS

Disabilities

Respondents to the 2019 Survey of Households and Employees were asked if anyone in their household had a disability. Based on responses:

- About 14% of households overall have a person with a disability, for an average of 0.16 persons per household in the South Shore Region.
- About 23% live in housing that does not accommodate that disability. This includes 27% of renters and 19% of owners. Assistance programs to help make homes more accessible would benefit these households.

Tenure (own or rent)

About 56% of South Shore Region resident households are owner-occupied. This is lower than in both El Dorado County and Douglas County overall.

Home ownership rates in the South Shore area have risen slightly since 2010, approaching the ownership rate that existed in 2000. As shown below, this is primarily due to both a loss of renter households and a rise in new residents owning. Some current residents have been buying homes, but this is not leading the increase in ownership.

[4] See (Douglas County) https://www.tahoedailytribune.com/news/potential-consolidation-of-douglas-county-schools-concerns-parents-at-lake-tahoe/ and (El Dorado County) https://dq.cde.ca.gov/dataquest/DQ/EnrTimeRpt.aspx?Level=District&cYear=2013-14&cname=Lake%20Tahoe%20Unified&cCode=0961903

Percent of Resident-Occupied Households by Tenure: 2017

	Ownership		Rental	
	2010	2017	2010	2017
El Dorado County	73%	76%	27%	24%
Douglas County	72%	69%	28%	31%
South Shore Region	52%	56%	48%	44%
South Lake Tahoe	39%	46%	61%	54%

Source: 2010 Census, 2017 5-Year ACS

Income

Because the purpose of this study is to determine the availability and need for housing that is affordable to South Shore Region residents and employees, it is important to understand the income distribution of households in the South Shore Region. Workers hired by employers reside in households – some may live alone, with multiple roommates who have multiple incomes, or have families with one or more income-earners. While available jobs and wages in an area will affect how much households may earn, workers hired by local employers will make their housing decisions based on their household or family needs and total resources, rather than solely on their wage earned at a particular job. Housing programs typically address household rather than individual needs. Affordability is based on household incomes rather than individual wages.

Household incomes have increased an average of 2.5% per year since 2012, as reported by the ACS. This is significantly lower than the double-digit yearly rise in housing prices (over 12%) and rents (up to 20% in recent years) as shown in Section 4 – Housing Costs and Availability.

Average Income of South Shore Region Households: 2012 to 2019 (est.)

	Average Income	Average yearly % change
2012	$68,482	-
2017	$77,701	2.5%
2019	$81,730	2.5%

Source: ACS, Consultant team

To determine the sales price or rent for housing to be attainable by local residents, housing costs are compared to the incomes of households. Therefore, it is necessary to understand the income distribution of South Shore resident and employee households to know the mix of housing prices needed. As shown below:

- A much higher percentage of renter households earn less than $50,000 (44%), compared to owners (22%), which is typical in resort areas. This is roughly equivalent to 80% of the area median income (AMI)[5] and is defined as "low income."

- A similar percentage of owner and renter households earning between $50,000 and $60,000, which is also common. This is about the 80% to 100% AMI range.
- A similar percentage of owner and renter households, however, also earn between $60,000 up to $100,000 – or up to about 150% AMI. This indicates that higher income renter households are having trouble moving into homeownership. As shown in Section 4 – Housing Costs and Availability, the lack of supply of quality housing at lower prices and competition with second homeowners contributes to this issue. High rents also make it harder to save for down payments.
- Owner households are much more likely to earn incomes over $100,000 (47%) than renter households (18%), which would be expected.

South Shore Region Households by Income: 2019

Income Range	Own	Rent	Total
Under $20,000	4%	9%	6%
$20,000-$39,999	13%	26%	19%
$40,000-$49,999	5%	11%	8%
$50,000-$59,999	8%	9%	8%
$60,000-$74,999	11%	14%	12%
$75,000-$99,999	13%	12%	13%
$100,000-$124,999	14%	8%	11%
$125,000-$149,999	8%	3%	6%
$150,000 or more	25%	7%	17%
Total %	100%	100%	100%
Total #	8,282	6,508	14,790

Source: 2019 Household and Employee Survey

[5] See the "Introduction – Affordable and AMI Defined" for a definition of the area median income (AMI) for El Dorado and Douglas Counties.

Section 2 – Jobs, Seasonality and Commuting

Jobs Estimates and Projections

There are about 26,880 jobs in the South Shore Region in 2019. About 68% of those jobs are on the California side of the Region.

- South Shore Region jobs have comprised about 25% of jobs in Douglas County and El Dorado County combined since 2011, meaning the local job growth rate generally mirrors that of the counties.
- The California Employment Development Department (CA EDD) and Nevada Department of Employment, Training, and Rehabilitation (NV DETR) each provide employment projections for the regions, including the South Shore.[6] From 2016 to 2026, California is projecting 1.2% annual growth for the region and Nevada is projecting 1.1% annual growth for the region.
- Assuming the South Shore Region continues to comprise 25% of jobs in the combined counties, the South Shore is projected to have about 29,110 jobs in 2026.

Job Estimates and Projections: 2011 to 2026

				Annual Growth Rate	
	2011	2019 (est.)	2026	2011-2019	2019-2026
El Dorado County	70,450	79,820	86,610	1.6%	1.2%
Douglas County	24,780	28,680	30,880	1.8%	1.1%
South Shore Region[7]	23,340	26,880	29,110	1.8%	1.1%

Source: Quarterly Census of Employment and Wages (QCEW) by zip code, Bureau of Economic Analysis (BEA), CA EDD, NV DETR, Consultant team

[6] The CA EDD region including the South Shore is the Sacramento-Roseville-Arden-Arcade Metropolitan Statistical Area (El Dorado, Placer, Sacramento, and Yolo Counties). The NV DETR region including the South Shore is the Balance of the State (Churchill, Douglas, Elko, Esmeralda, Eureka, Lander, Pershing, Lincoln, Lyon, Humboldt, Mineral, Nye and White Pine counties) – everything except Carson City, Reno, and Las Vegas.

[7] About 34.5% of jobs in the Region are estimated to be proprietors based on BEA county jobs information. QCEW includes wage and salary jobs only (jobs covered by unemployment insurance) and, therefore, do not represent total jobs. The "Jobs Estimates and Projections" table shows total jobs by adding proprietors to wage and salary jobs. Wage and salary jobs in the South Shore Region totaled 15,272 in 2011, proprietors totaled 8,069 jobs. Estimated 2019 jobs include 17,588 wage and salary jobs and 9,292 proprietors.

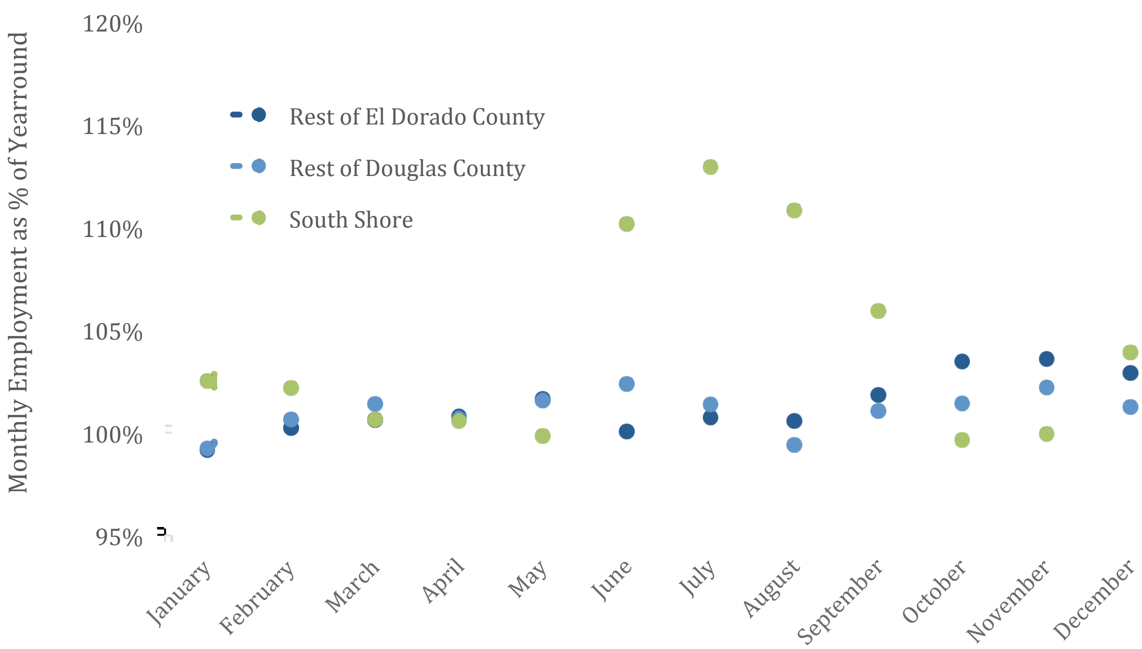
Seasonality of Jobs

Jobs in the South Shore Region peak in June, July and August, although employees are hired in both summer and winter seasons to fill seasonal jobs.

- About 3,300 jobs are added in the summer season – a 13% increase from the base shoulder season jobs.[8] This is up from 2011, when the peak only accounted for about an 8% increase in jobs.
- About 1,000 net jobs are added in the winter season – a 4% rise from the base shoulder season. The impact of the winter peak is more variable because it is more dependent on the weather. In seasons with high snowfall, this peak is typically higher.

2019 Year Round and Seasonal Employment		% increase in jobs for each season
Base year/Shoulder season jobs	25,360	-
Winter peak	26,375	4%
Summer peak	28,655	13%

Employment by Month: 2018



Source: Local Area Unemployment Statistics (LAUS), QCEW, Consultant team

[8] The shoulder season includes low-tourist periods of May and October.

Jobs and Wages by Sector

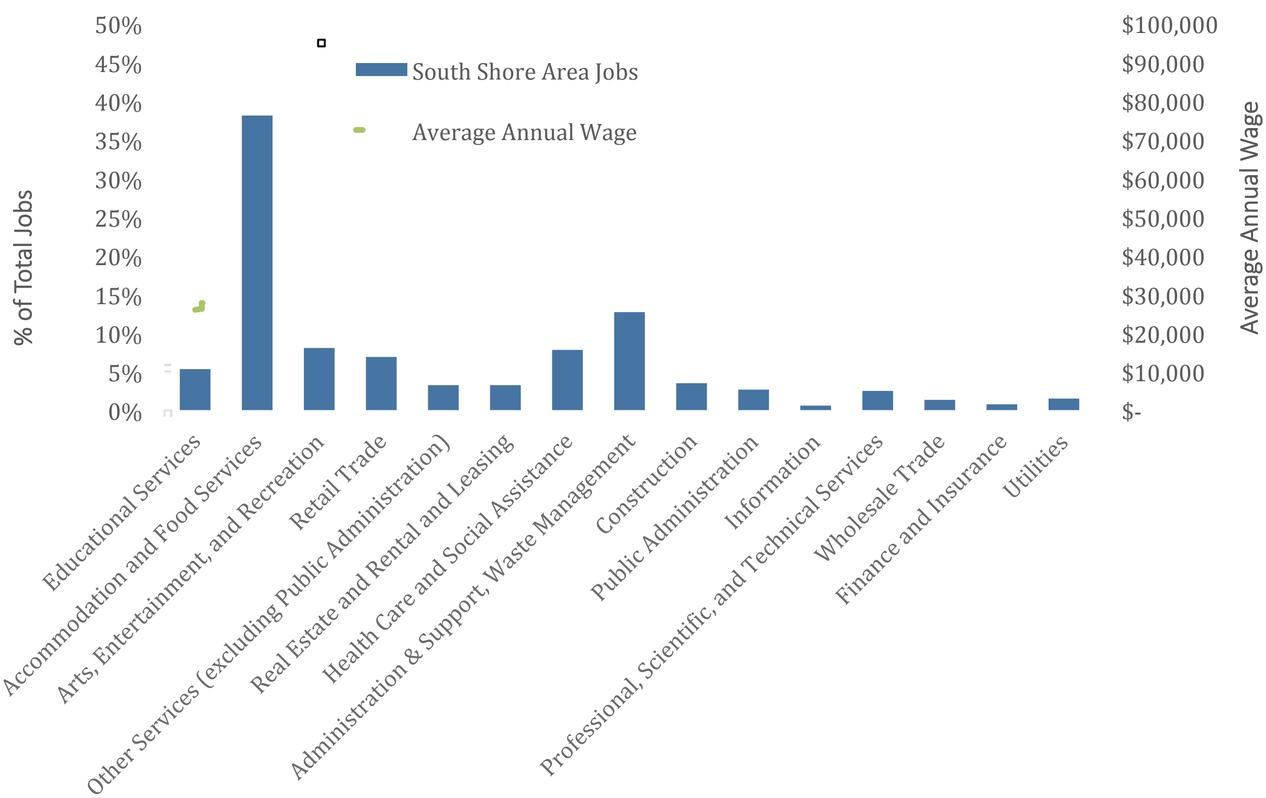
The average annual wage in South Shore is $39,210.[9] The five lowest paying sectors account for 61% of jobs in the South Shore area. This includes:

- Accommodation and food services, which comprise 38% of jobs in the South Shore Region. This ratio has been consistent since 2010, but is down from 50% of jobs prior to the recession.
- Arts, Entertain and Recreation at 8% of jobs; and
- Retail jobs (7%), Education and Other Services make up a combined 8% of jobs.

The only other industry with over 10% of the South Shore job share is Administration and Support, Waste Management and Remediation, which has grown as a share of jobs since 2010.

Next to Administration and Support, Waste Management and Remediation, Health care is the second strongest higher-paying sector, comprising 8% of jobs.

Jobs and Wages by Industry Sector: 2017



Source: QCEW, LEHD, Consultant team

[9] Average annual wage for each sector was calculated by taking a weighted average of the average wage for each County (QCEW) weighted by the proportion of South Shore jobs in that sector in each County.

Unfilled Jobs

Employers have reported increased difficulty recruiting and retaining workers to fill positions. With unfilled positions, this decreases the ability for a business to provide quality services and reduces their ability to operate profitably. The combination of low local unemployment with the lack of housing to attract needed workers from other areas compounds the problems employers have attracting and retaining workers.

About 50% of employers reported that they had at least one unfilled job in June 2019, totaling 1,805 vacant jobs. This equates to 7% of jobs.

Unfilled Jobs	
# jobs unfilled	1,805
% jobs unfilled	7%

Source: 2019 South Shore Employer Survey

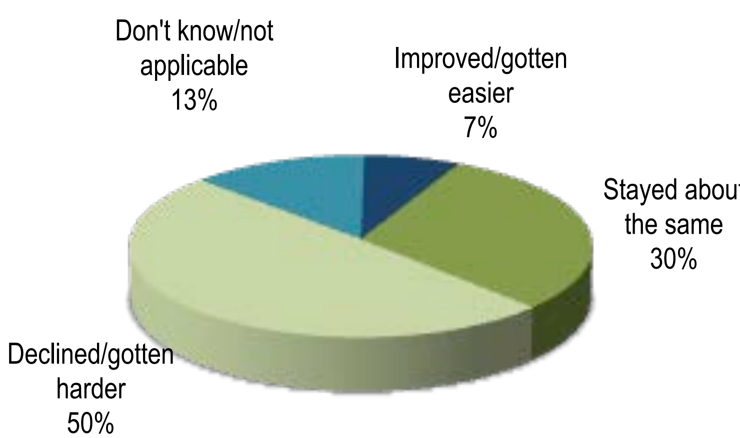
The ability for employers to fill these jobs has been getting more difficult. Fifty-percent (50%) of employers stated that finding and retaining employees has gotten harder over the past three years.

"…the biggest challenge with recruiting for SLT is cost of living, available housing, and pool of qualified candidates."

"I have had candidates scheduled for interviews, then after they look for housing in the Basin, they cancel. We have lost several potential employees to this issue."

2019 Employer Survey comments

"To what extent has your ability to find and retain qualified employees changed over the past three years?"



Source: 2019 South Shore Employer Survey

Commuting

Between 25% and 31% of employees who work in the South Shore region commute into the area for work from homes outside of the South Shore.[10] This reflect average year-round commuting, meaning it includes employees filling year-round and seasonal jobs. This equates to between 4,480 and 5,555 workers traveling into the South Shore Region for work.

In-Commuter Estimates		
Total jobs (2019)	26,880	
Jobs per employee[11]	1.5	
Employees filling jobs	17,920	
% Commuting in for work	(LEHD/Census) 31%	(Employer survey) 25%
# in-commuters	5,555	4,480

The 2019 Household and Employee survey asked employees how far they travel to work one way.

- South Shore Region resident employees travel an average of 6.5-miles and drive alone an average of 4.3-days per week.
- In-commuters travel 29.3 miles one-way on average, corresponding with the most common residence of in-commuters – Carson City. In-commuters drive alone an average of 4.4-days per week.

This differential in commuting results in significant costs and vehicle miles traveled for in-commuters.

- Over the course of a year, in-commuters will travel 10,000 more miles to commute to work than resident South Shore employees.
- At the federal mileage rate of $0.58 per mile, in-commuters pay $7,240 per year to commute.

[10] Commute percentage range is estimated from two sources. Employers on the 2019 employer survey reported that 25% of employees in-commute from homes outside of the South Shore Region. Adjusting the US Census Longitudinal Employer-Household Dynamics (LEHD) for proprietors, who are not included in LEHD numbers (and as defined by the Bureau of Economic Analysis (BEA) definition do not commute), indicates that 31% of total South Shore Region jobs are filled by in-commuting employees.
[11] Calculated from the 2019 Household and Employee survey. The multiple job-holding rate in most resort communities is typically between 1.3 and 1.4 jobs per employee or more. The South Shore Region is on the high end of the range.

- Less than 5% of commuters that responded to the survey reported receiving commute cost assistance from their employer.

Average Commute Miles Traveled and Costs Per Year: 2019

	South Shore Resident Employee	In-Commuter
Mean miles commuted ONE WAY (2019 survey)	6.5	29.3
Days per week commuter drives alone (2019 survey)	4.3	4.4
Round-Trip miles per week	60	260
Miles per year (assuming 50 weeks of commuting)	***3,000***	***13,000***
Cost per mile (federal IRS rate)	$0.58	$0.58
Cost per year	***$1,740***	***$7,540***

In-commuters contribute between 58 million to 72 million annual vehicle miles traveled to the Region. The cost, traffic, and emissions of commuting can be mitigated through transportation options or avoided through housing options.

Average Yearly Vehicle Miles Traveled: in-Commuters, 2019		
% in-commuters	31%	25%
# in-commuters	5,555	4,480
Yearly vehicle miles traveled per in-commuter	13,000	13,000
Yearly vehicle miles traveled - all in-commuters	72,215,000	58,240,000

About 40% of in-commuters would prefer to move to South Shore if suitable housing were available that they could afford to rent or buy.

- Typically, commuters that rent are more likely to want to move (62%) than owners (25%).
- Providing housing options for employees that prefer to relocate to the South Shore Region will reduce vehicle miles traveled, greenhouse gas emissions and commute costs.

In-Commuter Future Residence Preference

"Within the next five years, would you prefer to:	Currently Own	Currently Rent	Overall
Stay in Your Current Residence	60%	14%	41%
Move to a home in the South Shore if housing were available that you could afford to buy or rent	25%	62%	40%
Move to a new/different home outside South Shore	15%	24%	19%

Source: 2019 Household and Employee Survey

"Housing in the South Shore is not affordable. I commute from Placerville every day. This racks up an average of 20,000 miles a year on my personal vehicle, and leaves me missing 3 hours a day that I could be spending with my family."

2019 Household and Employee Survey comment

Employer Commute Assistance

About 46% of employers indicated they provide their workers with some work commute options or assistance. Of these:

- Telecommuting was the primary option (24%).
- About 8% offer a travel stipend.
- Other options provided include a personal vehicle paid allowance, bike incentives, e-scooter access and incentives to use alternative transit to get to work. These options can help reduce daily car-travel days.

Does your business provide your employees with any of the following work commute options?	% of Employers
Telecommuting	24%
On-site company vehicle for employee errands	8%
Travel stipend (i.e., employer covers employee commuting costs; travel time compensation, etc.)	8%
Bus passes/coupons	5%
Bus/shuttle service (operated by your business)	4%
Car pooling/van pooling	4%
Other	9%
NONE OF THE ABOVE	64%

Source: 2019 South Shore Employer Survey
*Totals exceed 100% because employers could select multiple options.

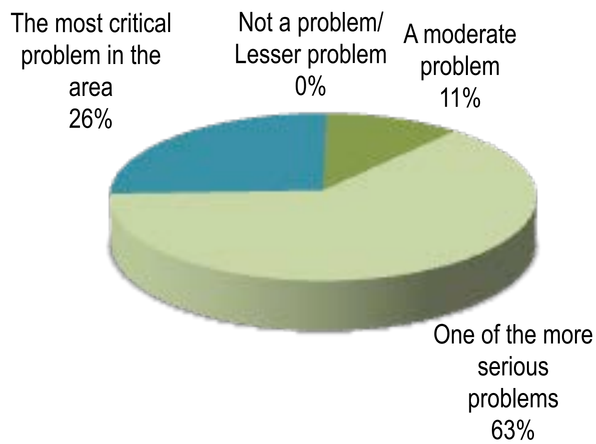
Employers, Employees and Housing

All of the employers responding to the 2019 South Shore Employer survey indicated that the availability of housing that is affordable for the workforce is a problem in the South Shore Region. This includes 63% that felt that the availability of housing that is affordable for the workforce in the South Shore Region is one of the more serious problems and 26% that felt it is the most critical problem in the area.

"Seasonal workers have a great need and are most likely taken advantage of by innkeepers. Those wanting to live here full time at almost all positions struggle with finding affordable housing and will look to the valley areas for housing. Valley housing is quickly becoming a challenge as well."

2019 South Shore Employer survey comment

How do you feel about the issue of people who work in the South Shore area being able to find housing they can afford?



Source: 2019 South Shore Employer Survey

Difficulty Hiring or Retaining Employees

To understand more about some of the problems experienced by employers, employers were asked if they had anyone refuse a job offer or leave their employment within the past year for various housing and cost-of-living related reasons.

A total of 67% of employers experienced at least one of the listed issues. Based on responses:

- About 49% of employers had someone decline a job offer or leave employment because they could not find or lacked suitable housing;
- About 41% had someone leave their employment or decline a job offer because the overall cost of living is too high.
- Thirty-nine percent (39%) had an employee leave because they found a different jobs outside of the South Shore. This is common particularly among in-commuters who find jobs nearer to their home when they grow weary of the commute.
- A similar 36% had an employee leave for another job within the South Shore. In the tight job market, competition for the same employees among employers is common. Trading employees, however, does not fill jobs, it simply replaces one vacant job with another.
- Employees that lacked transportation affected 19% of employers; employees weary of commuting affected 13% of employers; and employees lacking day care affected 10% of employers.

Did anyone refuse a job offer or did anyone leave your employment in the past 12 months because they:

	% of Employers experiencing the problem
Could not find/lacked suitable housing	49%
Found the cost of living in the area to be too high	41%
Found a different job outside of the South Tahoe area.	39%
Found a different job in the South Tahoe area.	36%
Lacked transportation	19%
Long commute/tired of commuting	13%
Lacked day care	10%
Other	4%
NONE OF THE ABOVE / UNCERTAIN	33%
TOTAL*	**211%**

Source: 2019 South Shore Employer Survey

*The sum of the results is over 100% because some employers experienced more than one of the problems.

Employers were asked to indicate the level of difficulty that their employees or potential employees have locating housing in the area given a scale from 1 ("no problem") to 5 ("major difficulty"). As shown below:

- All types of employees were perceived to have above-average difficulty finding housing. None received a rating below 3.1.
- General maintenance and other service workers were perceived to have the most difficulty locating housing among service and labor staff. Most of these jobs pay below $18/hour requiring rentals in the $500 to $800 per month range for one salary. Many of these employees work multiple jobs.
- Housing is hard to come by for more than service and labor positions. Entry-level professionals were perceived by employers to have among the most difficulty, second only to general maintenance employees.

"Seasonal employees are living in subpar conditions and people take advantage of them. Upper management can't live in the area especially if they have families. It's too expensive."

"Too many rental units are in poor condition and poorly managed."

"We are fortunate to house our seasonal employees on-site but we are dealing with our own housing crisis where more and more staff/management are opting and wanting to live on-site due to the un-affordable housing in town and lack of suitable housing options."

2019 South Shore Employer Survey comments

To what extent do your employees have difficulty locating housing in the area?

	Average Difficulty (scale from 1- none to 5- major)
General maintenance/labor (janitorial, landscaping, etc.)	4.3
Entry level professionals	4.0
Other service (wait staff, dishwashers, laundry, housekeeping, etc.)	3.9
Construction/repair/skilled trades	3.8
Casino floor workers	3.8
Seasonal workers	3.6
Retail/lodge service clerks	3.5
Office support staff	3.4
Mid-management	3.2
Upper management	3.1

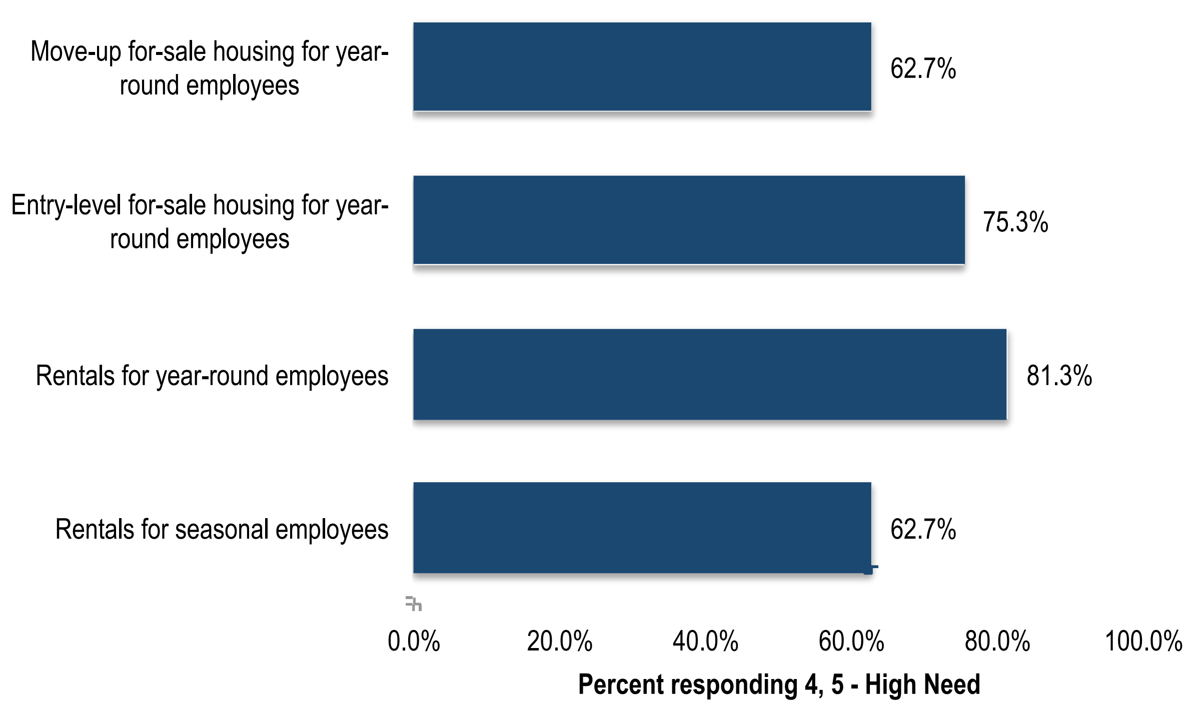
Source: 2019 South Shore Employer Survey

Employers were asked to indicate which types of housing for area employees are most lacking, including rental, ownership and year-round or seasonal. Employers were given a scale from "1 - no need" to "5 – high need." Employers saw a need for all types of housing, with year-round rentals (81% responding "4 or 5 – high need") and entry-level ownership for year-round employees (75% responding "4 or 5 – high need") being most needed.

"…long term residents of Lake Tahoe committed to the community needs affordable options to rent and purchase single-family homes that are not dilapidated and safety risks. The high number of vacant second homes and vacation rentals decrease options for locals to rent and what is available is not affordable. People in their thirties should not have to live with roommates to afford a two or three bedroom home in Lake Tahoe."

2019 South Shore Employer Survey comments

In your experience, to what extent are the following types of housing for area employees lacking (in short supply) in the South Tahoe area?



Source: 2019 South Shore Employer Survey

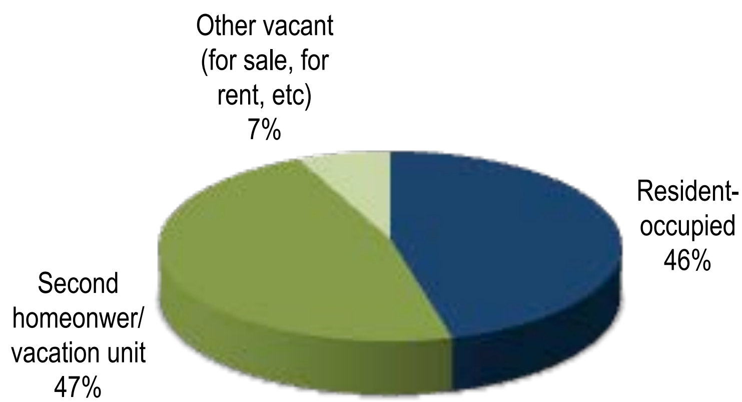
Section 3 – Housing Inventory

Housing Units – Number and Occupancy

The South Shore Region has about 32,150 housing units, with 81% of units located in California.

- About 46% of South Shore Region housing units are occupied full-time by a resident ("resident occupied").
- A similar 47% are used as second homes or vacation homes.
- The remaining 7% of units (per the ACS) are vacant for other reasons (e.g. for sale, for rent, etc.).

Occupancy of Housing Units: South Shore Region, 2017



Source: 2017 5-year ACS

More of the housing stock is becoming second homes.

- Resident-occupancy dropped from 61% in 2000 to 54% in 2010 and 46% in 2017.
- The actual number of resident-occupied homes has declined.
- Second homeownership has been increasing over 1% per year.

Housing Unit and Occupancy Estimates: 2000 to 2019

Year	Total Housing Units*	Occupied Units	Ownership	Rental	Vacant
2000	27,138	16,660	9,340	7,320	10,468
2010	28,545	15,520	8,080	7,440	12,937
2019 (est.)	32,150	14,790	8,280	6,510	17,360
% change (2000 - 2010)	0.5%	-0.7%	-1.4%	0.2%	2.1%
% change (2010 - 2019)	1.3%	-0.6%	0.3%	-1.5%	3.3%

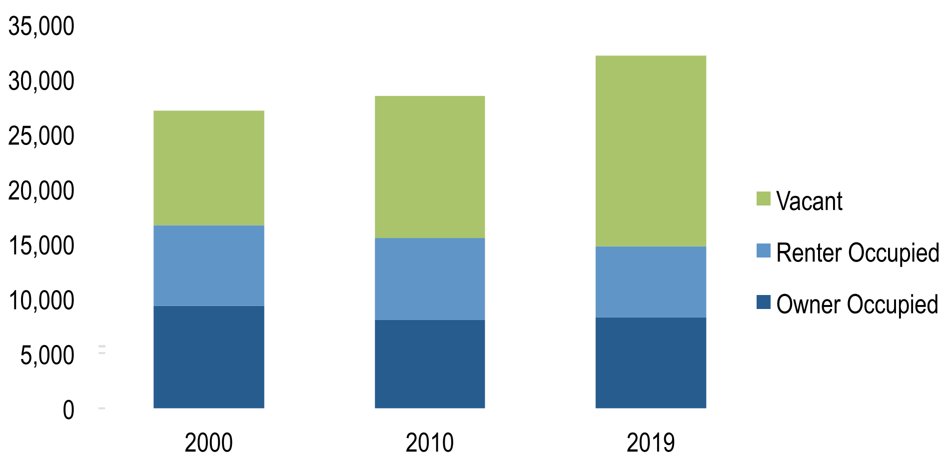
Source: El Dorado County Assessor records, Douglas County Assessor records, CA DOF, NV TAX, 2000 Census, 2010 Census, 2017 5-Year ACS, Consultant team

*Census/ACS total housing unit figures shown above are typically 10%+ higher than counts provided by TRPA. A difference in how the TRPA and Census/ACS define a "housing unit" is part of the difference.

Occupancy fell dramatically during the Recession, from 54% in 2010 to 48% in 2012. But instead of rebounding coming out of the Recession, the South Shore Region saw a character shift. From 2010 to 2019, the South Shore Region:

- Lost about 930 renter-occupied households,
- Gained 200 owner-occupied households, and
- Gained 4,420 vacant units (most of which are second homes).

Housing Units by Type: 2019



Source: El Dorado County Assessor records, Douglas County Assessor records, CA DOF, NV TAX, 2000 Census, 2010 Census, 2017 5-Year ACS, Consultant team

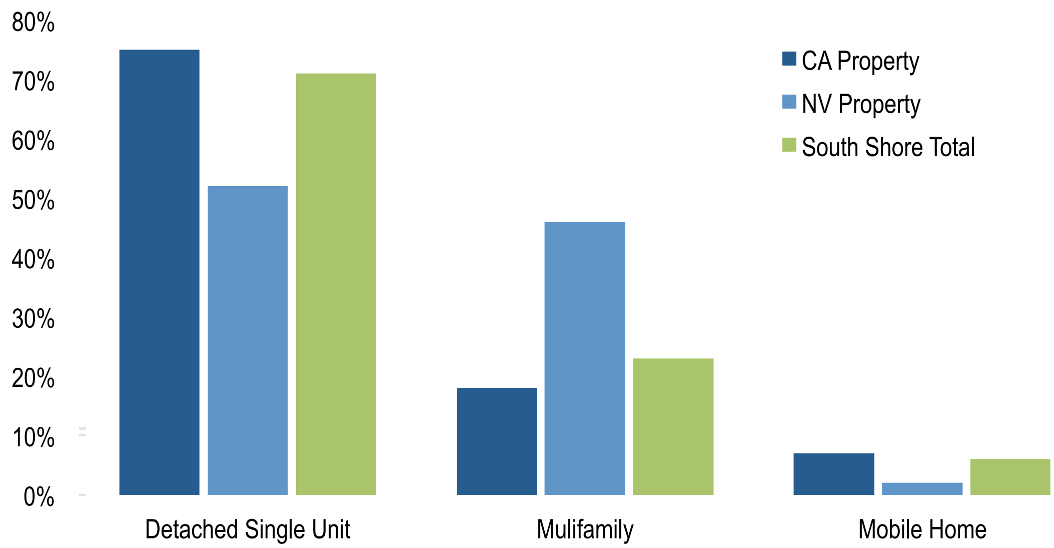
Types of Units

Single-family detached units are the predominant housing unit type in South Shore, accounting for 71% of units.

However, unit type varies greatly by state.

- California, which is where the majority of units are located, is 75% single family and only 18% multifamily.
- Nevada units, on the other hand, are only 52% single family and 46% multifamily.
- Mobile homes make up about 6% of units in the South Shore Region.

Housing Units by Type: 2019



Source: El Dorado County Assessor records, Douglas County Assessor records, 2017 5-Year ACS, Consultant team

Local and Out-of-Area Ownership

While 46% of units in the South Shore Region are occupied by year-round residents, only about 38% are owned by South Shore residents.[12] The difference is made up of units owned by out-of-area owners, but occupied by long-term renters.

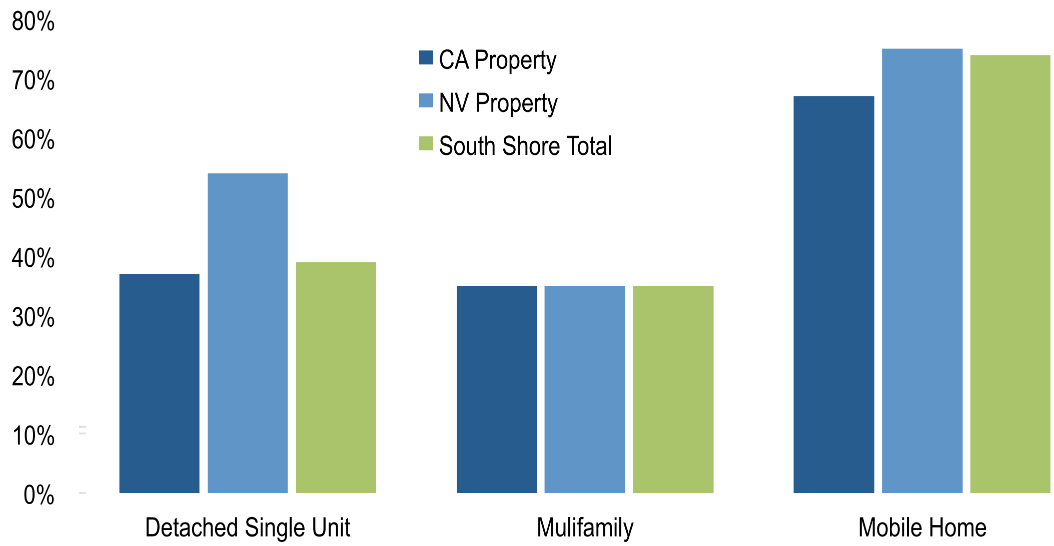
The majority of out-of-area owners are from elsewhere in California or Nevada. Only about 6% of owners are from another state.

Local ownership varies by unit type and state.

- Mobile homes are most likely to be locally owned.
- Across all unit types 46% of Nevada units are locally owned, while only 36% of California units are locally owned.
- Local ownership of single-family units is much higher in Nevada.

[12] Estimated from owner mailing addresses in County Assessor records.

Local Ownership of Housing Units by Type: 2019



Source: El Dorado County Assessor records, Douglas County Assessor records, Consultant team

Age of Units

A very high 75% of units in the South Shore Region are over 40 years old. One-third (33%) of units were built between 1970 and 1979. This development surge helped prompt the adoption of TRPA's growth control system in the 1987 TRPA Regional Plan. The 1987 Regional Plan incorporated a development rights system for the Tahoe Basin to cap the total amount of development potential and ensure the pace of development aligns with environmental capacity.[13]

Comparatively very little development has occurred since 1990. The growth limitations that were brought in in 1987 are apparent.

The limitations on growth, combined with challenges to rehabilitate units and, in particular, convert them to a different use (e.g., a commercial office or hotel to full-time residences for example), is reflected in the high proportion of units – ownership and rental – in fair or poor condition in the area.[14] This significantly impacts the supply and suitability of local resident homes for ownership and rental.[15]

[13] See Section 6 – Land, Resources, Costs and Constraints for more information.
[14] See Section 7 – Housing Problems and Section 6 – Land, Resources, Costs, and Constraints for more information on condition of units and renovation and development challenges, respectively.
[15] See Section 4 – Housing Costs and Availability for more information.

Age of Units: 2019

	South Shore
Since 2010	3%
2000-2009	7%
1990-1999	7%
1980-1989	10%
1970-1979	33%
Prior to 1970	40%
Estimated Units	32,150

Source: El Dorado County Assessor records, Douglas County Assessor records, Consultant team

Income- and Deed-Restricted Local Resident Housing

Rentals

There are 557 income-restricted rentals available in the South Shore Region.

- Aspen Grove, Faris Apartments, Lake Vista I and II, Meadowbrook, and Nevada Royale are all in Stateline, NV (148 units), comprising 27% of units. The rest are in the City of South Lake Tahoe.
- Projects cover a range of affordability levels. Only The Aspens has units available under 30% AMI (6 total). Aspen Grove, Evergreen Apartments, Kelly Ridge and Lake Vista I provide units up to 80% AMI. Most are between 50% and 60% AMI.
- Regarding a few unique aspects of some properties:
    - Sierra Gardens Apartments was rehabilitated in 2007 through the City's Housing Rehabilitation Loan Program, which was available between 2003 and 2008. The property was at-risk of conversion to market rate rentals by 2015. Saint Joseph Community Land Trust in partnership with PAM Companies purchased the complex, completed the renovation and now ensures its continued affordability.
    - Aspen Grove Apartments (39 units), Faris Apartments (10 units) and Nevada Royale (5 units) in Stateline were built many years ago, but were purchased and income-restricted as part of the mitigation for the development of the Tahoe Beach Club residences. The first phase of Tahoe Beach Club residences are anticipated to be priced over $1 million dollars each.[16]

[16] See Section 5 – Housing Problems – Loss of Units, for more information.

- Evergreen Apartments were constructed utilizing a HOME grant from the City and a South Tahoe Redevelopment Agency Low and Moderate-Income Housing Fund loan. They also utilized TRPA Bonus Units.[17]

Inventory of Income-Restricted Rentals: South Shore Region, 2019

	Year Built	Total Units	Affordable units	1-bdrm	2-b	3-b	4-b	Funding Source	Income Level
The Aspens	2013	48	48	18	14	16		LIHTC/ MHSA/ HOME	30%; 40%; 50%; 6 for mental health
Aspen Grove	2015 (year restricted)	39	39	11	28	-	-	Tahoe Beach Club purchase	<80%
Bijou Woods	2001	92	69	13	21	30	5	LIHTC, PBS8	50%; 60%
Evergreen Apartments	2006	26	26	24	2	-	-	Bonus units, HOME	50%; 80%
Faris Apartments	2019 (year restricted)	10	10	2	7	1	-	Tahoe Beach Club purchase	120%
Kelly Ridge (Tahoe Sr Plaza II)	2009	33	33	24	9	-	-	HUD 202; HOME	Senior; 50% and 80%
Lake Vista I	2001	24	24	12	12	-	-	LIHTC; HOME	50%, 60%, 80%
Lake Vista II	2001	40	40	8	32	-	-	LIHTC; HOME	60%
Meadowbrook	2001	30	30	-	16	14		LIHTC	60%
Nevada Royale	2019 (year restricted)	5	5	?	?	-	-	Tahoe Beach Club purchase	120%
Sierra Gardens	1974/ 2007 rehab	76	76	30	46	-	-	HOME; CDBG	50%; 60%
Sky Forest Acres	2008	17	17	?	?	-	-	PRAC/811	50%; 60%
Tahoe Pines Apts	1994	28	27	12	16	-	-	LIHTC; HOME	50%; 60%
Tahoe Sr Plaza	1999	44	43	43	-	-	-	HUD 202; HOME	Senior; 50%; tenants pay 30% income
Tahoe Valley Townhomes	1999	70	70	12	44	14		LIHTC; HOME; CDBG; CHFA	50%, 60%
TOTAL	-	582	557	209	247	75	5	-	-

Source: City of South Lake Tahoe 2014 – 2022 Housing Element Update (May 2014); Douglas County; property manager interviews

[17] A bonus unit is a "residential unit of use" (which is a development right that is required to build a home) that is awarded to produce a unit, provided that the unit is income-restricted. See Section 6 – Land, Resources, Cost and Constraints for more information.

Ownership

There is one known ownership unit that is deed restricted to ensure permanent affordability to local resident households.

- The City of South Lake Tahoe transferred ownership of a site at 961 Tallac to the Saint Joseph Community Land Trust (SJCLT) for development of a home affordable to households earning less than 120% of AMI. SJCLT constructed a 3-bedroom, 2-bath home on the site and sold the home subject to the SJCLT 99-year ground lease.

Other deed restrictions exist from homes utilizing rehabilitation and down payment assistance from the City and El Dorado County. These deed restrictions expire upon resale or repayment of the loan.

- The City of South Lake Tahoe has 47 homes, mostly single family, that carry a deed restriction pursuant to their first-time homebuyer program and 21 unpaid loans from their rehabilitation program that still carry deed restrictions. The first-time homebuyer program was available to income-qualifying residents in the 1990's through 2013; rehabilitation loans (69 total) were made between 1995 and 2011. The programs were funded primarily through CDBG, Redevelopment Low and Moderate Income Housing (LMIH) fund and CalHOME. The programs were stalled in 2013 due to a loss of LMIH funds, which supported staff, not due to demand for the program.

  Upon receiving a first-time homebuyer loan, a restriction was placed on the property to ensure repayment of the loan, plus interest, upon resale of the property. The restriction also prohibits rental of the property and the ability to refinance and take out cash equity.

- A handful of homes in South Tahoe, outside of City limits, carry first-time homebuyer loan deed restrictions pursuant to El Dorado County's program to ensure repayment of the loan upon resale. This program is still active, but is pending additional funding. CDBG and HOME are the primary sources of funds.

Special Assistance

A few agencies provide housing options for households needing special assistance. This section includes housing or shelter assistance for:

- Homeless or near-homeless,
- Low-income persons receiving mental health treatment, and
- Utilization of the Housing Choice Voucher program and Veterans Affairs Supportive Housing (VASH) Vouchers.

<u>Homeless:</u> The Tahoe Coalition for the Homeless in the City provides an overnight winter emergency shelter. It is open 4-months (122 nights) during the winter. This is its

fourth year in operation. Last winter the shelter housed 25 per night on average, for a total of 3,044 shelter bed nights. About 21% of persons using this service had jobs.

Per the 2019 Point in Time homeless survey, an estimated 613 homeless persons are in El Dorado County - up 1.8% from two years ago. About 18% (110 persons) are in the South Lake Tahoe Basin.

Mental health clients: The Aspens in the City of South Lake Tahoe has six units set aside for serving very-low-income clients of the El Dorado County Behavioral Health department that are receiving mental health services treatment.

Housing Vouchers: The Housing Choice Voucher Program (formerly Section 8) provides assistance to help low-income residents afford safe, decent, and sanitary housing. Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program.

Voucher holders must occupy a property that falls below "fair market rents" established by the Department of Housing and Urban Development (HUD). Finding such units in high-rent markets such as the South Lake Region is challenging. Units must also satisfy specified health and safety standards, which many properties in the South Shore Region do not meet. In tight rental markets, there is no incentive for landlords to open their units to voucher holders, especially if repairs to their units are required to be eligible.

- El Dorado County Housing Authority administers 379 vouchers in the county. This includes five VASH vouchers, which serve homeless veterans and their families. The County received the VASH vouchers last year. About 20% (75 vouchers) are in the South Lake Tahoe Basin. Of voucher holders, 90% have units, which is a high rate in California. The county carries a waitlist, which is currently closed. With the exception of VASH vouchers, no new vouchers have been issued for years.
- In Douglas County, the Nevada Rural Housing Authority administers 1,500 vouchers in their multi-county service area, including Douglas County. They estimate that only about one-third can find places to rent given the fair market rent limits and condition requirements. Very few are likely in the South Shore Region.
- Douglas County also has an emergency voucher program that is funded by HUD. Households must be at or below 100% poverty. The county has three hotels in which they can place voucher holders that are in transition so that they can have time to find a rental.

Employer Assisted Housing

Employers were asked whether they currently assist with housing for any of their employees and if they would consider various types of housing assistance. Based on responses:

- About 56% of employers already provide some type of assistance. The highest percentage assist with the housing search (19%), 12% provide temporary/relocation housing and 10% purchased units to rent to their employees. Master leasing units to rent to employees is also done by about 7% of employers. A low percentage has converted old hotels into housing (2%).
- Over 50% of employers would consider helping with the housing search. Other items topping the list include: rent assistance (34%), converting hotels into housing (29%), and down payment assistance (26%). About 20% expressed interest in partnering with private or non-profit developers to build housing.
- For the majority of selections, over 60% of employers stated they were "unsure/need more information," when asked if they would consider various programs to help with housing. This indicates that education on how employers may assist their employees with housing is needed. By learning more, many employers may understand how they can help and be willing to participate.

"Do you now provide, or would you consider providing, the following types of housing assistance for your employees?"

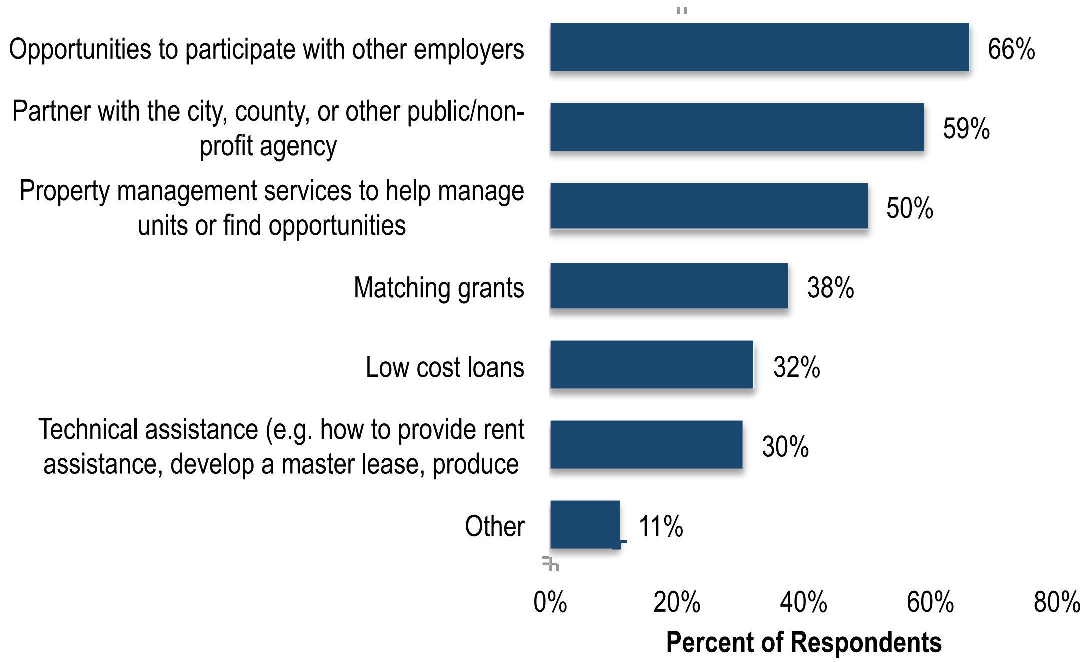
	Provide	Would Consider Providing	Unsure/Need more information
Assistance with housing search	19%	53%	27%
Temporary/relocation housing	12%	23%	65%
Employer-purchased units rented to employees	10%	16%	74%
Employer-leased units rented to employees	7%	16%	77%
Convert existing hotels into housing	2%	29%	69%
Down payment/mortgage assistance	2%	26%	72%
Monthly housing stipend/hiring bonus	2%	23%	75%
Rent assistance (help with first/last/deposit)	2%	34%	64%
Provide land on which units can be constructed	0%	13%	88%
Partner with private or non-profit developers to build housing	0%	20%	80%

Source: 2019 South Shore Employer Survey

Employers were asked if certain programs or assistance would increase their interest in providing housing assistance.

- Opportunities to participate with other employers topped the list, with 66% stating it would help them provide assistance. This, combined with the above need for education, indicates that convening employer sessions to discuss housing, program options and opportunities would be beneficial.
- Other partnerships (59%) and property management services (50%) would also increase the interest of at least one-half of employers.

"Would any of the following increase your willingness or ability to provide housing assistance?"



Some specific examples of assistance that employers are providing include:

- A casino renovated a hotel many years ago and uses it for their land maintenance crew. The housing has reduced turnover and kept some staff on board despite other offers of employment.
- Barton Health has master leased units in the past and currently has some housing for temporary/on call employees. The hospital also leases hotel rooms for participants in their summer elite athletes program.

  Barton is a strong supporter of the Tahoe Coalition for the Homeless, which is the continuum of care service provider for the county, for which Barton contributes financing. A physician is the voluntary director of the organization.
- Vail Resorts provides 96 seasonal beds in South Lake Tahoe for Heavenly employees and 174 beds in Kirkwood. The employer also master leases units in the City and Kings Beach for employees. With master leased units, Vail has an

estimated 350 to 400 beds in Tahoe. Vail has a housing department that manages the leases.

Vail's focus is on shared rooms for full-time seasonal hires. Units are not available for single occupancy. Rents are loosely based on market rents – Vail tries to set them a little below market.

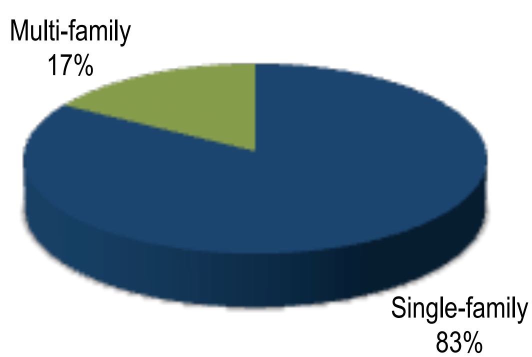
- Edgewood has a motel that they renovated for seasonal units.
- El Dorado County will master lease units for some employees. The last two years homes were rented for some snowplow employees during the winter only. Juvenile Hall facilities have temporarily relocated to South Lake Tahoe and the county is seeking a rental for staff. The county pays a little more to employees who live and work in Tahoe compared to working on the west slope.

Recent and Pending Development

About 825 homes have been built since 2010.

- This equates to an average of about 100 units per year in the South Shore Region.
- Over 80% of homes built were single-family homes.
- About 75% of homes constructed had assessed values over $550,000; 10% were valued under $400,000. In other words, most homes being constructed are not priced to be affordable for the majority of local residents.
- The only income-restricted units built during this time were The Aspens, providing 48 rental units. Aspen Grove apartments was purchased and became income-restricted, but the apartments were built well before 2010.

Type of Home Built: 2010 to 2018



Source: El Dorado County Assessor, Douglas County Assessor, City of South Lake Tahoe building permits, El Dorado County building permits, Douglas County building permits, consultant team.

Understanding what is in the pipeline for development can provide a picture of how the market is or is not responding to local resident housing needs.[18]

- Overall, no developments targeted for local resident households are in the pipeline.
- Many South Shore Region community partners are working to provide more local resident housing, although no development applications are currently in process. These activities are summarized in Section 8 – Land, Resources, Costs and Constraints.

Pending and Under Construction Development: South Shore Region, 2019

Location	Project	Units	Status	Price
City of South Lake Tahoe	Gondola Vista Estates	20 units	Just completed	Luxury Vacation Property
	Wildwood Condominiums	23 units, 2,100 sq. ft.+	Under construction	Market rate; low- to mid-$500k expected
	2069 12 Street	8 units	Under construction	Market rate
	3838 Lake Tahoe Blvd	Tourist accommodation tear down and rebuild	Application to be processed	-
	776 Modesto	Duplex	Approved	Market rate
	810 Tallac	Duplex	Approved	Market rate
	Chateau	16 units, condo-hotel	-	Second homes, visitor focus
El Dorado County*	Single-family homes	60 (Est.)	Reported that all 2019/2020 allocations have been issued	
Douglas County*	Tahoe Beach Club	24 units	Permits issued	Luxury condominiums (over $1 million)

Source: City of South Lake Tahoe, El Dorado County, Douglas County
*More information pending.

[18] Information on pending development from the jurisdictions was limited. The most complete information was provided by the City of South Lake Tahoe.

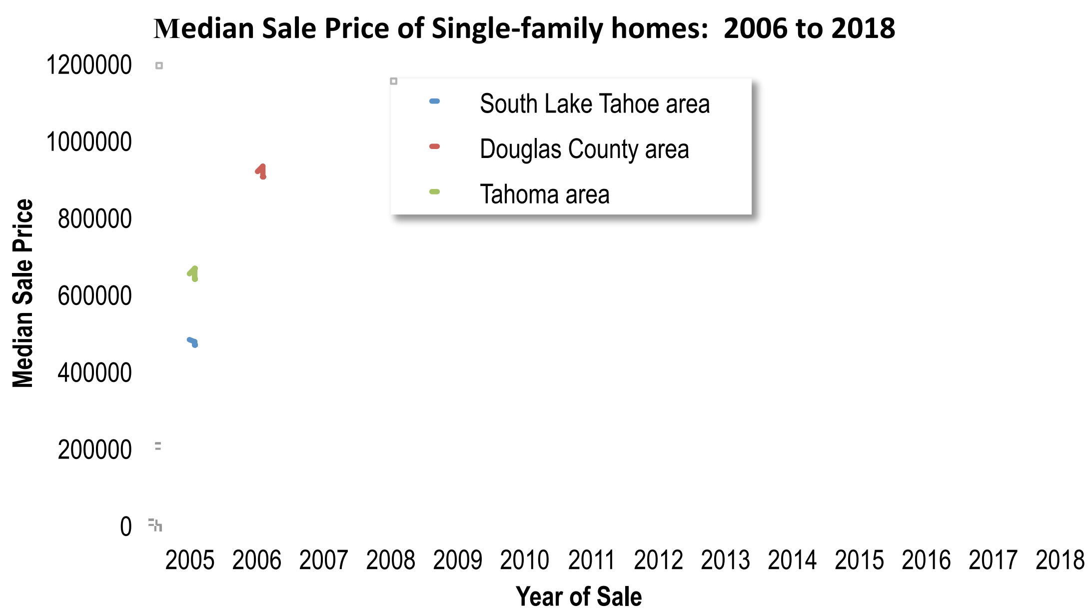
SECTION 4 – HOUSING COSTS AND AVAILABILITY

This section evaluates recent trends in home sale prices and activity. It compares recent sales activity to the current availability of homes. It evaluates the affordability of homes to residents and local employees and provides information on mortgage availability.

Trends in Home Sales

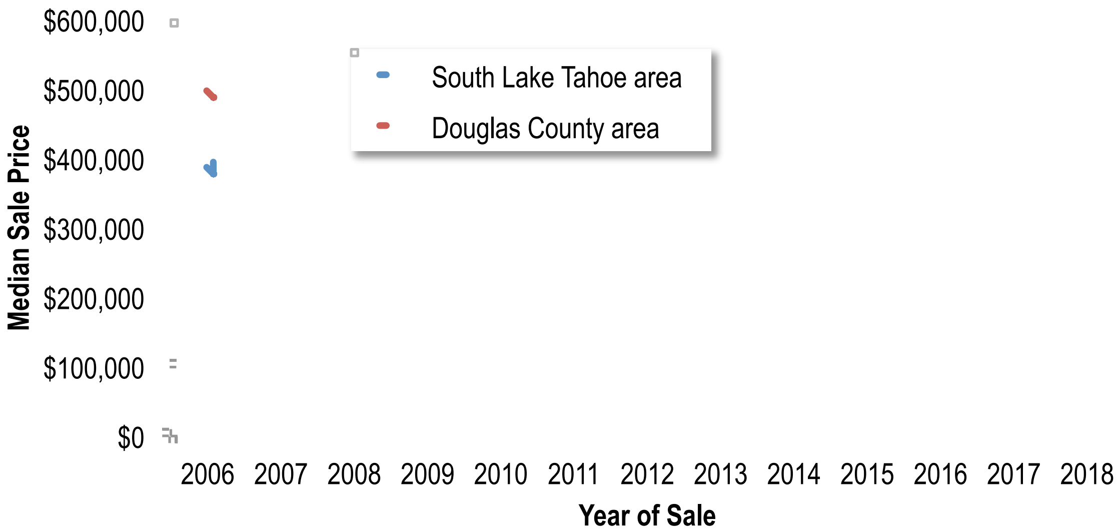
Over 70% of homes sold in the South Shore Region are located in the South Lake Tahoe area (generally zip code region 96150). While trends in sales vary by area, the overall trend in the region tends to be dominated by the South Lake Tahoe area.

- In the South Lake Tahoe area, the median sale price of single-family homes declined by about 49% from the peak prior to the recession (year 2005) until the low-point in 2012. Condominiums dropped 57% during this same period.
- Single-family home sale prices have been increasing an average of 8 to 12% per year since 2012 in the South Shore Region.
- Median single family sale prices have almost fully recovered to the pre-recession peak in 2005 in the South Lake Tahoe area, whereas single-family homes prices are still well below peak prices that were reached in 2007 in the Douglas County and Tahoma areas.
- The median sale price of condominiums and townhomes has been growing at a faster rate (14% to 15% per year) since 2012 in both the South Lake Tahoe area and Douglas County. Attached units in the South Lake Tahoe area have surpassed pre-recession prices, gaining 135% since 2012.



Source: MLS (Douglas, Tahoma and South Lake Tahoe), consultant

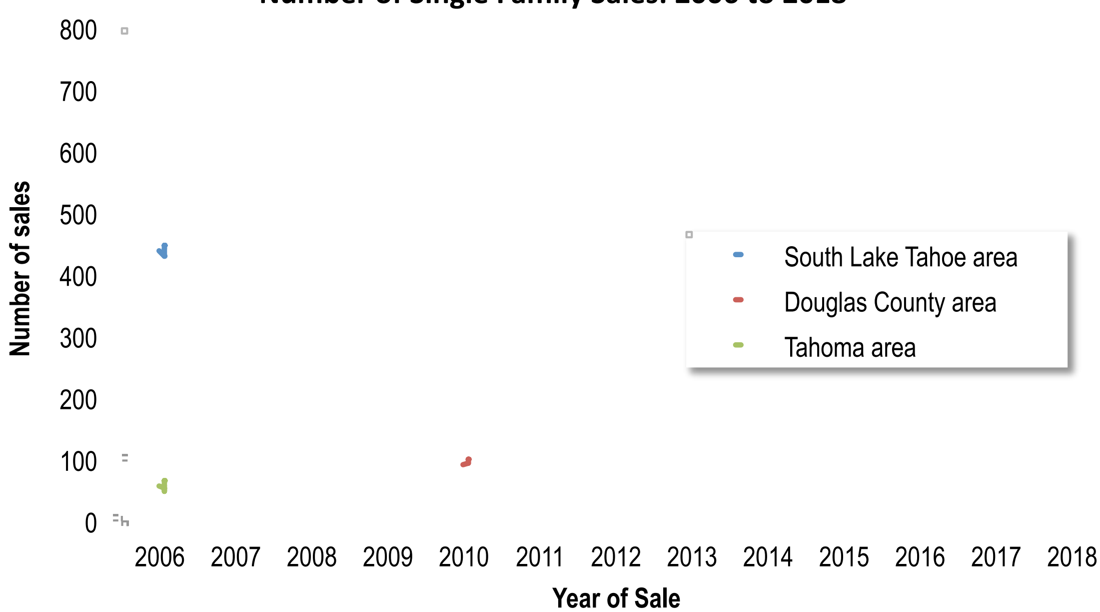
Median Sale Price of Condominiums/Townhomes: 2006 to 2018



Source: MLS (Douglas, Tahoma and South Lake Tahoe), consultant

- The number of single-family home sales generally rose between 2008 and 2012 in all areas. Sales flattened or fluctuated until last year, when sales began dropping in all but Douglas County. Sales still remain high compared to five years ago, but are modest compared to the previous two years.

Number of Single Family Sales: 2006 to 2018



Source: MLS (Douglas, Tahoma and South Lake Tahoe), consultant

Recent Sales

Sales in the South Shore Region between July 2018 and June 2019 indicate that prices are continuing to rise, albeit at a slower pace than prior years. The number of sales has also dropped slightly, beginning in 2018. The housing market has generally been softening since June of this year.

Trends since June show a slower rise in the median price of single-family homes (2.6%), but continued strong price increases for condominiums and townhomes (19.8%). Realtors note they have not seen double-digit single-family home price increases since 2017.

Of the lower priced product:

- About 31% of sales were priced below $400,000 – the price point sought by most local residents. About 64% of sales in this range were single-family homes.
- Homes that sold for under $150,000 were mostly mobile homes.
- All homes sold that were priced under $250,000 were small 1- and 2-bedroom homes.

Residential Units Sold: July 1, 2018 – June 30, 2019
South Shore Region

	TYPE OF HOME			
	Mobile home	Condominium/ Townhome	Single Family	TOTAL %
<=$150,000	12	1	1	1%
$150 - $199,999	0	7	0	1%
$200 - $249,999	3	27	7	4%
$250 - $299,999	0	24	29	5%
$300 - $349,999	0	22	70	9%
$349 - $399,999	0	12	86	10%
$400 - $499,999	0	48	159	21%
$500 - $599,999	0	28	100	13%
$600 - $749,999	0	13	110	13%
$750,000 or more	0	44	177	23%
TOTAL	15	226	739	980
Median Sold Price	$109,000	$437,000	$524,775	$495,000
Median Sold Price per Square Foot	$109	$444	$358	$379

Source: Douglas County assessor sales records, MLS (Tahoma and South Lake Tahoe), consultant

Affordability for Residents and Employees

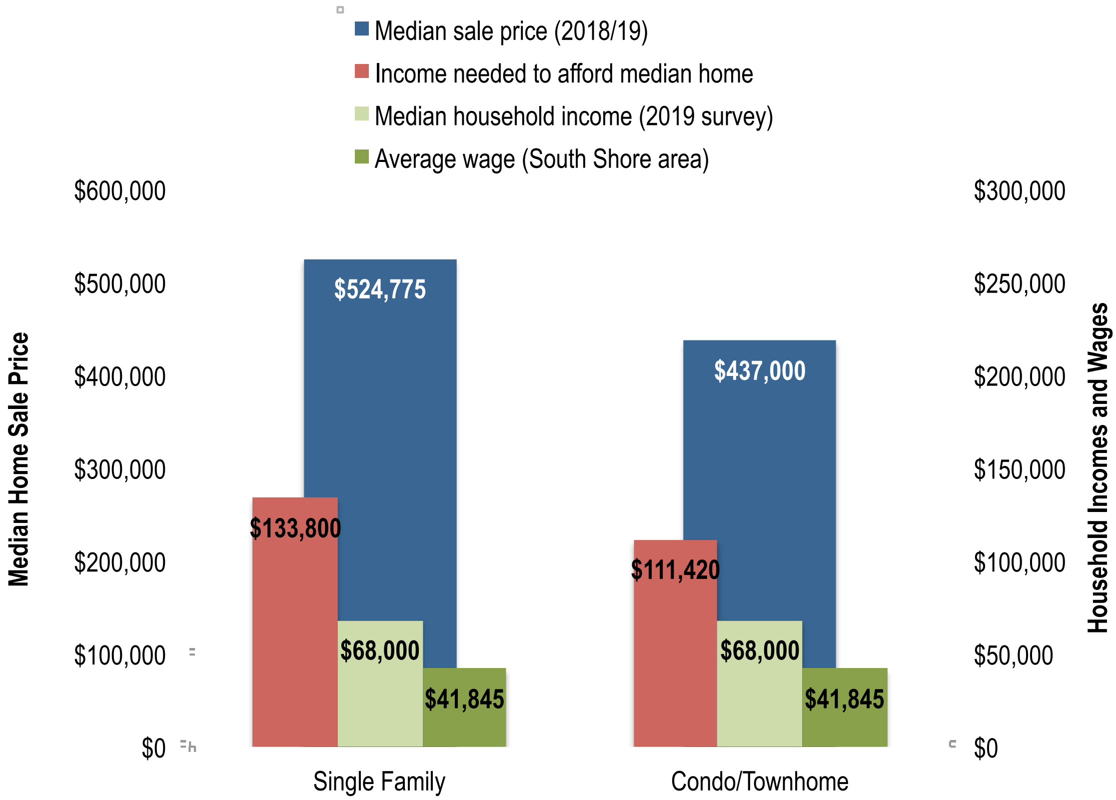
Home sale prices are too high for most resident and workforce households. While single-family home prices have been increasing 8% to 12% per year and condominiums by 14% to 15% since 2012, median household incomes have been increasing only 2.5% per year. Household incomes are not keeping up with rising home prices.

"The cost of living in South Lake Tahoe has rapidly increased and no matter how much more my family earns in a year we still always feel that we are scrapping by and live check to check."

2019 Household and Employee survey comment

- The median income for a household in the South Shore is $68,000.
- An income of $133,800 is needed to afford the median priced single-family homes sold between July 2018 and June 2019. This is equivalent to an average 2.5-person household earning 188% AMI in El Dorado County or 215% AMI in Douglas County.
- The median priced condominium sold between July 2018 and June 2019 requires an income of $111,420 to afford (157% AMI in El Dorado County or 180% AMI in Douglas County). This product is less affordable for residents than seen in many communities. Realtors noted that condominium and townhome product suitable and built for local residents is limited in the area.
- While condominium prices are lower, most have significant homeowner association (HOA) fees. HOA fees are included in the buyer's loan qualification for a property. HOA fees in the South Shore Region average about $370 per month, which is equivalent to adding about $55,000 to the price of the condominium.

Income Needed to Afford Median Home Price: 2019



Source: MLS, QCEW, 2019 Household and Employee survey, consultant team

Availability – Homes Listed for Sale

In general, when the number of homes available for sale is below a 6-month supply, it is considered a seller's market – meaning that there are more buyers than homes available to purchase, resulting in rising prices.

Based on home sales last year, there is a 6.6-month supply of listings in the South Shore Region in August 2019. A 6.6-month supply would generally indicate a good choice of product for buyers. This varies by price, however.

- Homes below $400,000 are in short supply (4.5-month inventory) and the supply gets smaller as the price lowers.
- At the opposite scale, there is almost one-year of inventory for homes prices over $750,000.
- It should also be noted that for-sale listings are seasonal in the South Shore Region and tend to be highest in the summer months.

"The number of homes is limited and the market is too expensive for what is available."

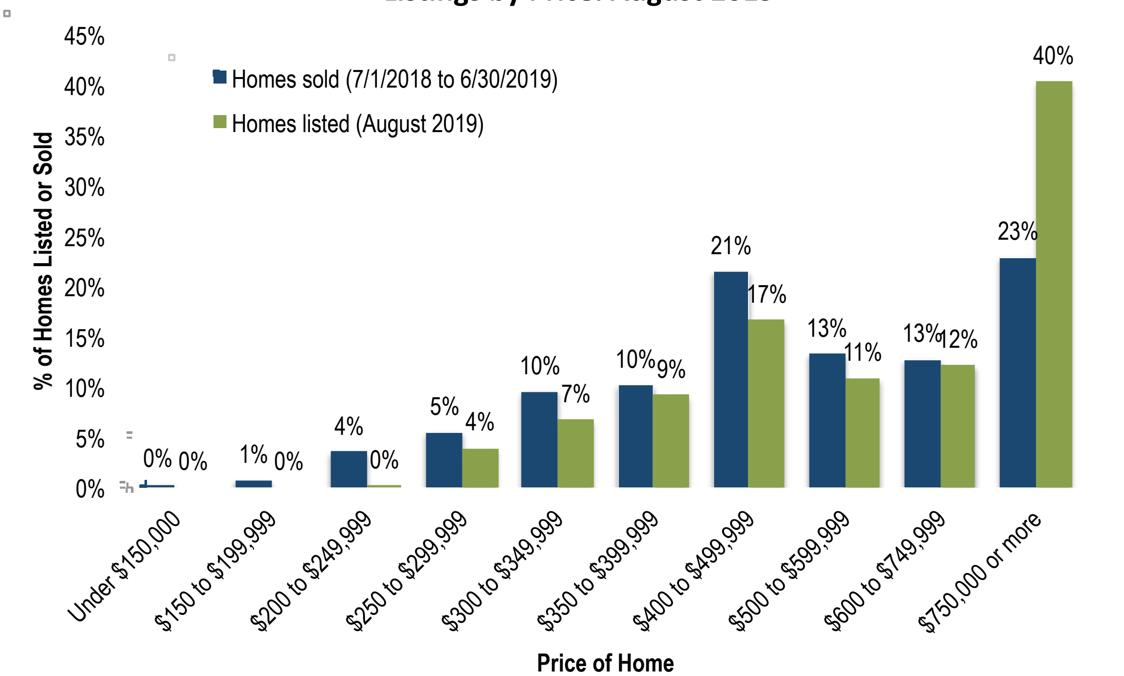
2019 Household and Employee survey comment

	Months of Inventory
Total Listings	**6.6**
Under $250,000	0.3
Under $300,000	2.7
Under $350,000	3.7
Under $400,000	4.5
Under $500,000	4.8
Over $750,000	11.7

Source: MLS (Douglas, Tahoma and South Lake Tahoe), consultant

This differential in availability is also shown in the below graph. The percentage of sales priced below $600,000 last year exceeds the percentage of units currently available. In contrast, 40% of homes listed for sale are priced over $750,000, whereas only 23% of sales last year were at this price range.

Sales (June 2018 to July 2019) Compared to Listings by Price: August 2019



Source: Douglas County Assessor records, MLS (Douglas, Tahoma and South Lake Tahoe), consultant

Realtors noted that homes in the $300,000 price range typically need work, or they are very small. Homes in the $400,000's are typically in decent shape, whereas homes over $500,000 are in good condition.

Listed homes under $350,000 are generally 1- and 2-bedroom units, with the exception of mobile homes. Homes get larger as prices increase; 4-bedroom homes are priced over $400,000.

"I live with roommates in a great house. I would prefer to live alone but financially it does not make sense. I would like to buy but I cannot afford a house that doesn't need immediate remodels on one income."

"The number of homes is limited and the market is too expensive for what is available. Who wants to spend $325,000 on a small cabin that needs to be renovated when you can spend $250,000 on newer and larger home in Garnerville and commute?"

2019 Household and Employee survey comment

Residential Units Listed for Sale: August 2019
South Shore Region

	TYPE OF HOME			
	Mobile home	Condominium/ Townhome	Single Family	TOTAL %
<=$150,000	6	0	0	1%
$150 - $199,999	1	0	0	0%
$200 - $249,999	0	1	0	0%
$250 - $299,999	0	13	8	4%
$300 - $349,999	0	15	21	7%
$349 - $399,999	0	16	33	9%
$400 - $499,999	0	14	75	16%
$500 - $599,999	0	8	50	11%
$600 - $749,999	0	8	57	12%
$750,000 or more	0	20	196	40%
TOTAL	7	95	440	542
Median List Price	$79,900	$419,000	$696,500	$639,000
Average List Price per Square Foot	$106	$431	$470	$456

Source: MLS (Douglas, Tahoma and South Lake Tahoe), consultant

Buyer Profile and Preferences

Realtors noted that the profile of home purchasers shifted in recent years:

- Buyers are split fairly evenly among four groups: retirees moving in, local resident employees, second homeowners, or investment buyers (buying to rent the home).
- As rents have increased, investment buyers have increased. Some buy older units, fix them up, then rent them for substantially more; others rent as-is or "with paint," and charge more.
- Realtors also noted an increase in people that are self-employed or employed elsewhere moving to the area. Few purchasers are relocating to the area for a job; but more purchasers are relocating to the area and bringing their job or business with them.

Regarding product preferences:

- Realtors indicated that second homeowners purchase across the full price scale – from fixer-uppers below $300,000, value-homes in the middle where most local residents desire to purchase (e.g. up to the low $400,000's) and higher-priced properties over $500,000.
- Second home buyers wanting homes for their own use favor homes in good condition.
- Local residents typically seek homes below $400,000.
- Local residents will purchase units that need to be fixed-up, but for units that need to be completely remodeled or scraped, typically these are second homeowners or speculative/investment buyers.
- Local residents also prefer to be in or near the city and amenities more so than second homeowners or new resident retirees.
- New resident retirees often prefer to purchase homes near open space. Properties abutting open space may demand a $20,000 to $50,000 premium.
- Townhome-style units with garages are a choice that is currently lacking for local residents. Realtors indicated a well-designed product would be in demand.
- Most condominiums are owned by second homeowners; local residents prefer neighborhoods, which means having local resident neighbors.

""We lived in South Lake for 5 years and feel we have been pushed out by the focus on tourism, not on community. We have no actual neighbors nearby, just bachelor parties and second home owners. We want other kids for our kid to play with, neighbors to borrow sugar from, and people who share our concerns and interests.""

2019 Household and Employee survey comment

Mortgage Availability

The majority of residents use conventional (Fannie/Freddie) loans, followed by FHA, VA and USDA to purchase homes.

Local residents on average qualify for loans in the upper 300,000's to lower $400,000's. Over 50% of applicants will not be able to qualify due to credit limitations, insufficient income or other factors. Employees in higher-paying jobs (e.g. Barton, School District, South Tahoe PUD, etc.) are more likely to qualify.

USDA loans are limited in use more by their onerous income limits and debt ratios rather than the loan limit. Buyers that qualify could use USDA on a property priced up to $552,000 in El Dorado County and $423,200 in Douglas County.

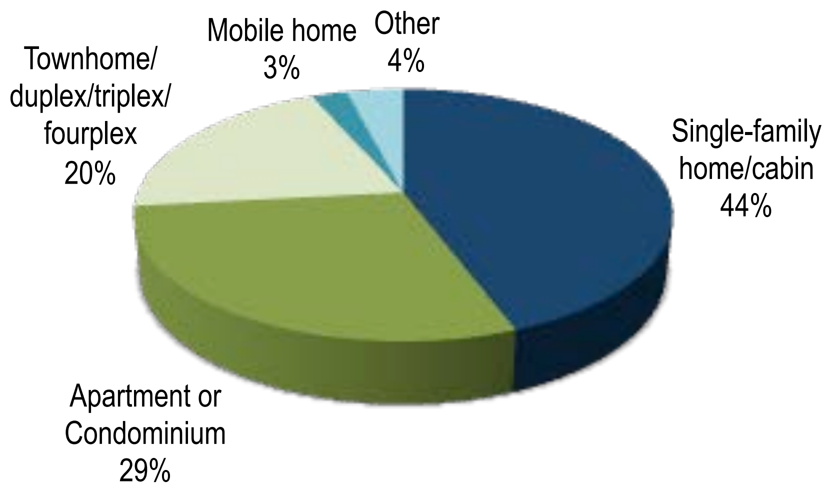
Down payments are among the largest hurdles for locals wanting to buy.

- High rents and car payments prevent the ability to save.
- Education is also needed. Many do not realize they do not have to have 20% down payment and that zero, 3% or 3.5% down payment programs exist.
- Down payment programs would be useful:
    - The City of South Lake Tahoe had a low- to moderate-income homeowner assistance program that filled the gap between the purchase price and the buyer's maximum mortgage qualifying amount with a silent second mortgage. The program was very helpful and would be useful if brought back.
    - Expanding access to El Dorado County's first time homebuyer assistance would also be helpful. This program has limitations in funding, access based on income (80% AMI), home price qualifications ($399,000), and a waitlist.
    - Nevada Rural Housing Authority has a Home at Last Program for down payment assistance that can operate in Douglas County. Incomes cannot exceed $135,000 if used with a Freddie Mac mortgage. They also offer Mortgage Credit Certificates (direct tax credit on the interest they pay on their home) for households earning under 80% AMI ($52,600 for a three-person household).

Rental Housing Market

The largest percentage of rentals is individually owned single-family homes, followed by condominiums, townhomes, and other attached product. Less than one-fourth are apartments. Employees in "other" types of housing include hotels/motels, cars/campers/tents, couch surfing and a few in dorm rooms.

Type of Units Occupied by Renters: South Shore Area 2019



Source: 2019 Household/Employee survey

Vacancy Rates

As a general rule, double-digit vacancy rates are considered to be very high, rates at or below 3% are very low, and a vacancy rate of around 6% that is trending downward is typically an indication to developers that construction of additional units should begin. These indicators can vary by market area; rental rates and cost of construction also influence developer decision-making.

In the South Shore area:

- There is less than 2% vacancy – 111 units were found advertised in September; twice as many as in July (55 total).[19] Over 80% of listings are in South Lake Tahoe.
- An under 2% vacancy rate on average has been in place since 2014/15. Vacancy rates range from a high of about 2% in the September and October shoulder season, to basically 0% in December.
- Units typically fill before they are advertised. If vacated, units take less than one week to fill.

[19] Source: Craigslist, Zillow, Zumper and local property manager sites.

- Unit turnover averages less than 5% per year. Turnover periods are during the shoulder seasons.

Despite the low vacancy rates for a number of years, no new larger rental projects (e.g. over 20 units) have been developed since The Aspens in 2014.[20] The market is not responding to the low vacancy rates.

Rents

The rental market had been soft during the recession until about 2014/15. Since then, vacancy rates dropped significantly and rents have been rising fast.

- Property managers report their rents have been increasing up to 20% per year the past two years.
- One bedrooms that rented for $700 to $800 two years ago are now priced from $950 to $1,100.

"My rent is $900/month for a run down place, and that's a great deal."

2019 Household and Employee survey comment

Advertised rentals are priced higher than average rents reported on the survey or through interviews with property managers, but reflect what is available on the market when renters are searching for homes.

- Smaller studio and 1-bedroom units are priced for households earning under 80% AMI – the typical point at which many renters begin to search for homes to purchase.
- Larger units are more expensive. It takes a household income of $73,000 to afford the advertised 2-bedroom units; almost $100,000 to afford the average 3+-bedroom unit. This equates to 100% AMI or more.

Average Rents: South Shore Area, 2019

	Professionally-Managed Market Rents (interviews)	Average Rent Paid (survey)
0-bedroom	$850-$900	$850
1 bedroom	$950 - $1,100	
2 Bedroom	$1,200 - $1,500	$1,260
3 Bedroom	$1,600 - $2,400	$1,605
4 Bedroom	NA	$1,800
Overall Average	-	$1,270

Source: Interviews, 2019 Survey, consultant team

[20] See Section 3 – Housing Inventory – Recent and Pending Development, for more information.

Available Listings: September 2019

Income Level	Max Affordable Rent	Number of Bedrooms				Total listings	% listings
		Studio	One	Two	Three+		
Under $20,000	$500	0	0	0	0	0	0%
$20 to $39,999	$1,000	10	3	1	0	14	13%
$40 to $49,999	$1,250	3	8	0	1	12	11%
$50 to $59,999	$1,500	1	1	6	0	8	7%
$60 to $74,999	$1,875	0	1	15	2	18	16%
$75,000 or more	Over $1,875	0	0	18	41	59	53%
Total	-	14	13	40	44	111	100%
Average Rent	-	$920	$1,150	$1,825	$2,490	$1,895	-
Average AMI affordability							
Income needed to afford rent*		$36,800	$46,000	$73,000	$99,600	$75,800	-
El Dorado County AMI		59%	73%	97%	112%	107%	-
Douglas County AMI		67%	84%	111%	128%	122%	-

Source: Craigslist, Zumper, Zillow, local property manager sites

*Based on paying 30% of household income for rent. AMI estimates are based on assuming 1.5-persons on average per bedroom.

Income-Restricted Rentals

Income-restricted rentals are subject to rent limitations and fixed rent increases, typically averaging 2% or less per year.[21]

As shown below, rents for income-restricted rentals are significantly lower than market rate rents shown above.

- Interviews with property managers of these properties show that they too are consistently at near-zero percent vacancy rates.
- Turnover averages less than 10% of units per year (about 50 units).
- Most have substantial waitlists (ranging from 40 up to 150 people) and units are typically filled before they are vacated.

[21] Rents for units utilizing state and federal financing to subsidize their production are typically set by the Department of Housing and Urban Development. This includes units using various programs, such as low-income housing tax credits (LIHTC), community development block grant (CDBG), HOME, and other options. In the Tahoe area, this also includes units constructed with bonus units from the TRPA (i.e., free residential allocations). The complete inventory of income-restricted rentals in the South Tahoe Region is summarized Section 3 – Housing Inventory.

- One property offers units for extremely low-income households earning 30% AMI or less. It was noted that working households often earn too much to qualify at this level – there is more demand and need at 50% or 60% AMI.

Income Restricted Property Rents: South Shore Region 2019

	AMI Limit				
	30%	50%	60%	80%	TOTAL Units
Studio/1-b	$398	$672 - $784	$741 - $941	$925 - $1,168	207
2-bedroom	$480	$730 - $941	$951 - $1,129	$1,025 - $1,315	240
3-bedroom	$550	$984 - $1,086	$1,134 - $1,304	-	74
4-bedroom	-	-	$1,336	-	5
Total Properties with units at each AMI	1	9	8	4	526

Source: Property manager interviews

The Section 8 Housing Choice Voucher program allows low-income tenants with vouchers to seek market rate properties for occupancy with federal subsidies filling the gap between market rent and what the household can afford. Of 379 vouchers in El Dorado County, about one-fifth (77 total) are in the South Lake Tahoe area. Of 230 in Douglas County, it is estimated that none are in the Tahoe area because rents are too high. This program is limited in the South Shore Region in a few respects:

- There is a substantial waitlist for new vouchers if they become available – they have not for many years and no increase is anticipated. The waitlist in El Dorado County is currently closed for additional applicants, and may open in two years.
- Properties must rent for HUD-defined fair market rents or less. In a rising rental market, many are too expensive. Residents lucky enough to receive a voucher may not be able to use it.
- Properties that lease to voucher-holders must meet federal inspection standards. Property managers have few owners that accept vouchers due to these standards and not wanting to make the necessary improvements, meaning finding a suitable property can be hard in a tight rental market.

Utilities

Utilities cost an average of $223 per month for renters in the South Shore. Most rents do not include utilities. Water and trash have historically been included, but more owners are charging for these utilities as well. Utility costs run higher for units with baseboard (electric) heat rather than gas.

The El Dorado County Housing Authority has grants available for income-qualified households to get assistance with utilities. Usage is highest in the winter months.

Renter Preferences

Most income-restricted managers noted that there is no real preference for units – all units at all sizes are needed. Many have very long term tenants – renters tend to stay, in part because they do not have other options.

Market unit property managers noted similar sentiment. Some amenities and preferences are apparent, however:

- A majority of renters searching have pets – pet friendly is desirable and can demand higher deposits. Additional pet rent is less common.
- Nicer, renovated units tend to lease faster even though they are priced higher. Finding rentals in good condition that most can afford is hard.
- Garages and extra storage are desired.
- In-unit laundry is desired.

In terms of property type, either individual units or units with exterior access are preferred (as opposed to apartments with hallways). It is also preferable to have access to shared open space.

- Recent demand has been favoring two- and three-bedroom units, especially as prices for one-bedrooms have been increasing.
- Demand for one-bedroom units in income-restricted rentals is still strong. Units priced from 50% to 60% AMI are easier to fill than lower-priced rentals that have income-qualification limits since more households can income-qualify, especially for households with two incomes.

Section 5 – Housing Problems

The vast majority of respondents (78%) to the 2019 Household and Employee survey feel that the issue of finding housing that South Shore Region employees can afford is the most critical (38%) or one of the more serious problems (40%) in the area. Renters (58%) were more likely than owners (20%) to feel housing is "the most critical problem."

"How do you feel about the issue of people who work in the South Shore area being able to find housing they can afford?"

Source: 2019 Household and Employee survey

This section describes current housing problems facing South Shore Region residents and employees, including overall dissatisfaction, deferred maintenance, cost burden, overcrowding, loss of units, and being forced to move.

Level of Satisfaction

About 18% of South Shore Region residents are dissatisfied with their current residence. This includes 5% of owners and a very high 33% of renters.

"Which best describes your satisfaction with your current residence?"

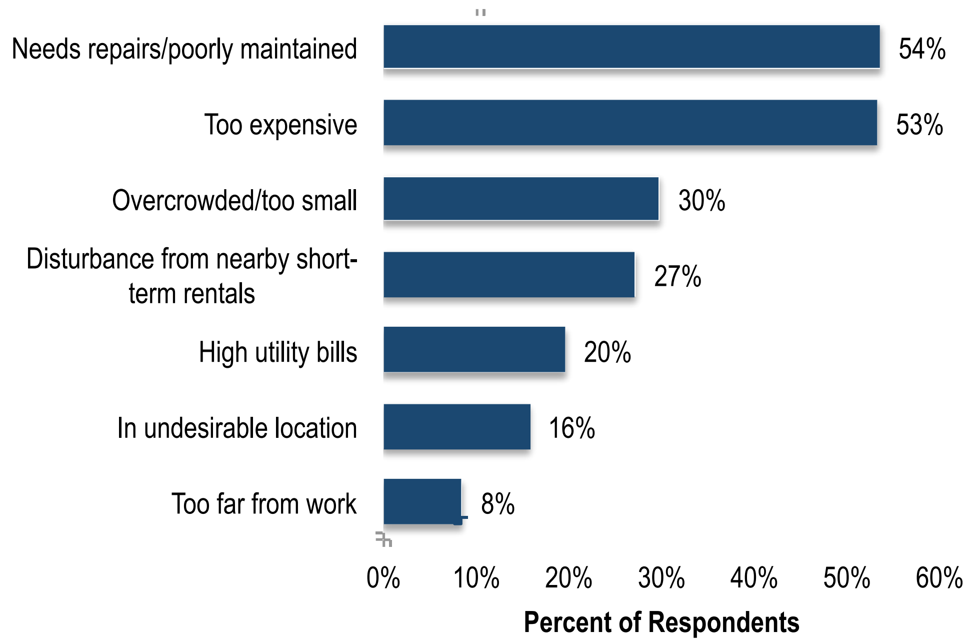
	South Shore Owner	South Shore Renter	Overall
Very satisfied	70%	25%	49%
Somewhat satisfied	25%	42%	33%
Somewhat dissatisfied	4%	23%	13%
Very dissatisfied	1%	10%	5%

Source: 2019 Household and Employee survey

When South Shore Region residents and employees were asked why they are somewhat or very dissatisfied with their current residence, over one-half stated it was because the unit is "poorly maintained" or "too expensive." This is not surprising given the old housing stock and recent fast rise in rents and home prices.

Another 30% stated "overcrowded/too small" as an issue and 27% due to short-term rental disturbance. Many comments were received on the latter, relating to noise, parking, trash and loss of neighborhood.

"Why are you somewhat or very dissatisfied with your current residence?"



Source: 2019 Household and Employee survey

Condition of Homes

About 54% of South Shore residents who are dissatisfied with their housing state that their home needs repairs or is poorly maintained. Maintenance is an issue for 20% of all renters, compared to only 1% of all owners.

Of repairs that are needed, over 50% of respondents selected flooring, followed by exterior upgrades and energy efficiency. Old or broken appliances followed at 45%. "Structural repairs" was only selected by 24% of dissatisfied respondents in homes that need repairs – or 2% of all South Shore Region households.

"If repairs or improvements are needed, what type?"

	Percent of Respondents
Flooring (carpet, tile, etc.)	60%
Exterior upgrades (paint, siding, landscaping)	54%
Energy efficiency upgrades, insulation, windows	54%
Old, inefficient, or broken appliances	45%
Infrastructure (sidewalk, driveway, water/sewer lines)	35%
Heating, plumbing or electrical	33%
Roof (leaking, cracked)	28%
Structural repairs/damage (sinking foundation, cracked walls, etc.)	24%
Mold or asbestos abatement	24%
Other	15%

Source: 2019 Household and Employee survey

Owners are not upgrading their homes due to cost – either overall cost or cost of improvement relative to home value. The most common reason repairs have not occurred in rental units, according to the tenants, is unwillingness on the part of the landlord.

"If your home needs repairs, why have repairs not been made?"

	South Shore Owners	South Shore Renters
Cost of repair - too expensive	71%	31%
Do not want to spend more money on the home	15%	19%
Landlord not taking responsibility	0%	58%
Other	24%	24%

Source: 2019 Household and Employee survey

The above follows from discussions with local property managers as well. While some investment buyers have been fixing up rentals before charging higher rents, most rents have been increasing without corresponding improvements.

- Property managers report that absentee landlords, insufficient budgets for adequate maintenance and the age of units are the primary contributors to units falling into fair or poor condition.
- Property managers additionally cited challenges related to regulatory requirements. Many properties do not meet modern code standards and when improvements are made, bringing properties up to code (e.g., parking standards, coverage, etc.) can add significant cost and act as a disincentive for renovation.

"Houses are too expensive for the poor condition they are in."

2019 Household and Employee survey comment

The City has stepped up its safety code inspections. All multi-family dwellings with six or more units are subject to annual inspections to “identify blighted and deteriorated housing stock and provide for the rehabilitation of housing that does not meet minimum building, housing and property maintenance code standards.” Such properties are required to hold a current business license, with annual fees used to finance the cost of inspection and enforcement. This program has resulted in a few recent condemnations and displacement of tenants (see Section 5 – Housing Problems, Loss of Housing), though efforts are made to facilitate improvements in lieu of taking this step.

Cost Burdened

Households are considered to be cost burdened if their housing payment[22] exceeds 30% of their income (before taxes), and extremely cost burdened if it exceeds 50%. Cost burdened households often have insufficient income left over for other life necessities including food, clothing, transportation and health care.

In the South Shore 41% of households are cost burdened, including 13% of households that are extremely cost burdened.

- 48% of renters and 34% of owners are cost burdened.
- 85% of South Shore households making under $40,000 per year are cost burdened
- In addition, 53% of South Shore Region survey respondents who are dissatisfied with their current housing cite “too expensive” as the reason for their dissatisfaction, and 23% cite “high utility bills.”

Percent of Income Spent on Housing by Household Income: 2019

	Under $40,000	$40,000-$59,999	$60,000-$89,999	$90,000-$109,999	$110,000 or more	Overall
0-30% (Unburdened)	15%	27%	63%	86%	96%	59%
31% or more (Cost Burdened)	85%	73%	37%	14%	4%	41%

Source: 2019 Survey of Households and Employees

[22] The US Census defines “housing payment” to include rent and mortgage plus utilities.

Overcrowded

Overcrowding does not have a strict definition. Most property managers allow no more than 2-persons per *bedroom* in their units. The Census Bureau defines overcrowded housing units as those with more than 1-person per *room*. Alleviating overcrowding can only be done by adding more units (or opening up vacant homes) to the housing inventory.

- About 4% of households have more than 2 people per bedroom. This includes 1% of owner households and 7% of renter households.
- About 30% of South Shore Region households who are dissatisfied with their current residence cite "overcrowded/too small" as a reason for the dissatisfaction.

Loss of Housing

Rehabilitation and Condemnation

All jurisdictions were asked to provide information on the loss of units due to redevelopment or other measures over time. The availability of information was variable. No jurisdiction tracks this data on a consistent basis. Based on research, some recent unit losses include:

<u>City of South Lake Tahoe.</u> Recent property condemnations by the City. The lack of supply of rentals in the South Shore and the poor condition of many units is not without its conundrums. Due to the City of South Lake Tahoe Multi Family Dwelling annual inspection program, the City is able to discover and resolve poor conditions that occur due to property owner negligence. Property owners are provided inspection reports listing any substandard items that need to be corrected and timeframes for expected completion. When property owners elect not to take action, the City is forced into a position to order the units to be vacated to ensure occupants are no longer at risk. This has occurred once in the past five years. Unfortunately, these events can result in reduction of available housing and the need for residents to find new housing.

- One condemnation displaced six families last December;
- On another property the City is pursuing a court-ordered receivership to require repairs to be made.

State law requires landlords to provide relocation benefits to tenants (Health and Safety Code Section 17975), which may or may not ensure relocation within the South Shore Region.

<u>Douglas County.</u> In Douglas County, the 50-year-old Tahoe Shores Mobile Home community (155 units) was lost to redevelopment as part of Tahoe Beach Club. Plans were in place since 2002 to redevelop the area and the remaining 12 tenants vacated in

2016. The project has resulted in significant environmental improvements to the area; new condominiums built are projected to sell for between $1.3 million to $4 million.

The development was required to provide 54 units of income-restricted units as mitigation. Thirty-nine units were satisfied by purchasing a nearby apartment property (Aspen Grove) and restricting the units for households earning 80% AMI or below. The remaining 15 units were purchased this year and are comprised of rentals that are restricted for 120% AMI or below.

While the mitigation helps, buying down existing units does not add to the inventory of housing units in total and results in a net loss of resident housing opportunities. This is an important consideration when the number of resident-occupied rentals is dropping – reducing the supply only precipitates this problem.

Forced to Move

Renter households and employees were asked if they had been forced to move within the past five (5) years for reasons beyond their control on the 2019 Household and Employee Survey. About 32% (about 2,100 renter households) have been forced to move and some more than once. Renters forced to move who left the area are not accounted for in the survey data, meaning that these results are conservative.

Of the 32% of renters that were forced to move:

- 46% (970 total) had to move because the owner sold the home.
- 30% (625 total) had to move because the unit was converted to a short-term rental;
- 14% (300 total) had to move due to an inability to pay rent; and
- 14% each had to move because the owner moved in or the unit was in poor condition/irreparable.

In the past five years, about 970 renter households lost their homes due to owners selling homes; 625 due to their rental being converted to a short-term rental.

Owners selling homes that they have been renting long-term is a common occurrence in most mountain resort areas where housing prices have reached, or in some places surpassed, pre-recession prices. Homeowners that chose to rent during the recession when sale prices fell can now recoup the value in their home, albeit many are sold with deferred maintenance issues. Purchasers may be locals, second homeowners or investors. The new use of long-term rented homes upon sale by the owner varies – the unit may become owner-occupied, used as a second home, or rented either long- or short-term. With the loss in renter-occupied homes in the South Shore Region in recent years, it appears that many are not being re-rented long term.

While 26% of ownership households and employees surveyed also moved in the past five years, those moves were generally more voluntary. Less than 1% of surveyed ownership households and employees moved due to "lost home to forced sale or foreclosure."

"Affordability and availability are critical housing concerns in South Shore. Our last two houses that we rented were sold. We didn't want to move; we were forced."

"When we bought our home 20 years ago it was a predominantly owner occupied area. Now there are Vacation Home Rentals all around us."

2019 Household and Employee survey

Section 6 – Short-Term Rental Impacts

The short-term rental market affects the demand for community housing both from the supply side, by removing long-term rentals and homes previously owned by local residents from the market, and the demand side, through increased job growth to provide services to the short-term visitors and the rental properties. With the explosive growth in short-term vacation home rentals available through websites such as VRBO, Airbnb and other online hosting sites, these concerns have come to the forefront, not only in the South Shore Region, but also among most high-cost resort communities throughout the mountain west.

In areas such as the South Shore Region with limited development capacity, high cost of development, and established growth limitations, the potential loss of resident-occupied homes to short-term vacation use becomes even more acute. The constrained housing market is unable to respond to a decline in resident housing stock by simply building more units to make up for the loss – i.e., every unit counts.

Permitted Short Term Rentals in the South Shore

In 2019, TRPA found that there are approximately 6,947 permitted short-term rentals (STRs) in the entire Tahoe Region, which is approximately 14% of all residential units.

In the South Shore Region, permitted STRs comprise 11.2% of units. This includes permitted units only; some STRs are likely operating without permits.

Permitted Short Term Rentals (STR) in the Tahoe Basin: 2019

Jurisdiction	Total Residential Units	Total Permitted STRs	% of STRs of Overall Residential Units
City of South Lake Tahoe	17,714	1,941**	10.5%
Douglas County	4,320	655	15.16%
El Dorado County	8,715	859	9.9%
Placer County *	11,267	2,768	24.57%
Washoe County *	7,372	963	13.1%
Carson City	1	0	0%
TOTAL	**49,389**	**6,947**	**14.4%**

Source: Local Government Activities Related to Short Term Rentals in the Lake Tahoe Basin, TRPA Local Government & Housing Committee Report, July 2019 (p. 4); City of South Lake Tahoe number updated by consultant team.
*In Washoe County and Placer County, STRs were considered “permitted” if TOT is being collected
**Includes 640 in the Tourist Core.

Each City and County jurisdiction is regulating STRs in some manner:

Douglas County

On September 6, 2018, Douglas County adopted a new Lake Tahoe Vacation Home Rental Ordinance (Ord. 2018-1520), requiring that no owner of a vacation rental may rent the unit for 28 consecutive days or less without a valid vacation home rental permit. The County hired Host Compliance to identify unpermitted STRs and established a 24/7 hotline for citizens to file complaints. Transient Occupancy Tax (TOT) is collected by the County tax collector for STRs. In 2019, the County also began collecting a $5 room surcharge in the Tahoe Township to support construction of a Stateline events center.

El Dorado County

On September 11, 2018, El Dorado County adopted a new Vacation Home Rental Ordinance (Ord. 2018-5092), requiring that no owner of a vacation home rental shall rent a unit for 30 consecutive calendar days or less without a valid vacation home rental permit.

The County maintains a website (https://www.edcgov.us/Government/planning/vhr) with information on STR permitting and how to report a violation. TOT is collected by the County tax collector for STRs covered by the ordinance.

City of South Lake Tahoe

The City requires a STR permit for all short-term rentals. The number of STR increased 53% between 2011 and 2016. Some of this growth is related to increased enforcement to identify unpermitted STRs and bring them into compliance with requirements. Growth in STR has significantly slowed since 2016, averaging 1.4% per year.[23]

Change in Permitted STR: 2011 to 2019
City of South Lake Tahoe

Year	Total STR Units	% yearly change
2011	1,213	-
2012	1,262	4.0%
2013	1,455	15.3%
2014	1,505	3.4%
2015	1,730	15.0%
2016	1,861	7.6%
2017	-	-
2018	-	-
2019	1,941	1.4%

Source: Socioeconomic Impacts of Vacation Home Rentals in South Lake Tahoe, June 2017, Michael Baker International, p. 2-32 (2011 to 2016 data); City of South Lake Tahoe (2019 data)

[23] A temporary moratorium was put into place in the City in 2017, affecting this growth: http://www.southtahoenow.com/story/10/24/2017/temporary-moratorium-vhr-permits-south-lake-tahoe

Of the 1,941 units, 640 are in the Tourist Core area, 1,253 are in areas zoned as single-family residential, 46 are in areas zoned commercial and 2 are in areas zoned recreation.

In November 2018, the City of South Lake Tahoe voters approved Measure T, which limits STRs to the tourist core and commercially zoned areas and will phase out permits for STRs outside of these areas over the next three years (until 2021). The measure makes a limited exception that grants permanent residents the ability to obtain a permit to rent out their home up to 30 days a year. A lawsuit challenging the constitutionality of Measure T is pending; the City has agreed not to enforce new occupancy limits while the legal process unfolds.

The City maintains a website with information on permitting and how to report a violation. The City collects TOT.

Effect on Housing Availability

Complete data on the change in use of units over time is not available. Without a full census of the use of units over time – including units that are owner-occupied, short-term rented, long-term rented, seasonally used, etc. – and the ability to track changes over time, the full trends and precise impacts cannot be measured.[24]

Several observations from the local Realtors, property managers, and input from renters (based on the 2019 South Shore Household and Employee survey), however, provide some insight into the effect that short-term rentals have on home availability for residents.

Realtors observed that:

- Investment buyers comprise about 25% of the homebuyer market. This is a mix of buyers purchasing to short-term rent or long-term rent. Investment buying has increased with the rise in long-term rents and STRs.
- Second home buyers that want to rent their home typically look for lower-priced homes (below $500,000).
- As of this study, no notable decrease in home prices due to the passage of Measure T in the City (noted above) had been observed by interviewed Realtors.

Property managers have observed that:

- The managed stock of long-term rentals has remained fairly stable in recent years (e.g., since 2014/15). As rents have increased, property managers have

[24] The Town of Crested Butte, CO, has completed such a census, determining how many units were occupied by long-term renters, occupied by owners, and used as vacation rentals in 2012 and 2015 (most recent census year). The Town discovered that during this three-year period that 3.5% of all homes in the community were converted from long-term local occupancy to short-term rental use.

observed a rise in investment buyers that fix up units, then re-rent for significantly more.

- Interviewed managers felt there had been a recent decrease in interest to short-term rent given that this market has been up and down and varies by season.
- The typical life cycle for second homes in the managed rental inventory has been for the owner to first vacation in it themselves, then rent short-term, rent seasonally, rent long-term, and then sell. Many owners that long-term rent defer maintenance and would rather sell the units than fix them. This means high fix-up costs for the new buyer.

Survey Responses. As stated in Section 5 – Housing Problems, renters were asked whether they were forced to move within the past five (5) years for various reasons. Owners selling their rental and owners converting the long-term rental to short-term were the most common reasons renters gave for being forced to move.

In the past five years, about 970 renter households lost their homes due to owners selling homes; 625 due to their rental being converted to a short-term rental.

Based on responses:

- About 970 renter households had to move within the past five years because their unit was sold; and
- About 625 had to move because the unit was converted to a short-term rental.

Short-term rental conversion is not the most significant impact on renters in the South Shore Region, but it has forced at least 10% of renters to find other housing. Owners selling homes is also a consideration because when homes are re-purchased, many will not be re-rented long-term and some, unknowingly to the renter, may convert to short-term. In other words, these figures are likely conservative.

In an area in which resident-occupied homes are being lost, particularly rentals, every impact on the supply deserves attention, albeit in balance with the positive and negative impacts on the community.

"VHRs are a huge component of our local economy and should be preserved, albeit with clear guidelines and restrictions for both the owners and renters."

"… Numerous outside investors purchase the home as an "investment" … and use the rental income to support their "investment model". However, excessive short term rentals have led to a loss of community in many neighborhoods, lack of affordable housing stock, …and significant overcrowding and traffic. Tourism is very necessary for this town but the current VHR system in both the City and County is deeply flawed."

2019 Household and Employee survey

Section 7 – Housing Preferences

This section describes what housing is needed and preferred home and location attributes by persons living and/or working in the South Shore Region. The preferences represent survey respondents that either in-commute to the South Shore Region for work or currently live in the area and desire to move into a new or different home within the next 5 years.

Households that Want to Move

Current residents and employees in the South Shore Region were asked if they want to move within the next five (5) years and, if so, whether they desire to move within (or into) the area.

- Of South Shore residents who want to move, 39% want to stay within the area and 13% desire to leave. The other 48% prefer to stay in their current home.
- Of persons who commute into the Region for work, a similar 40% stated that they want to move into a home in the South Shore if they can find suitable housing they can afford.

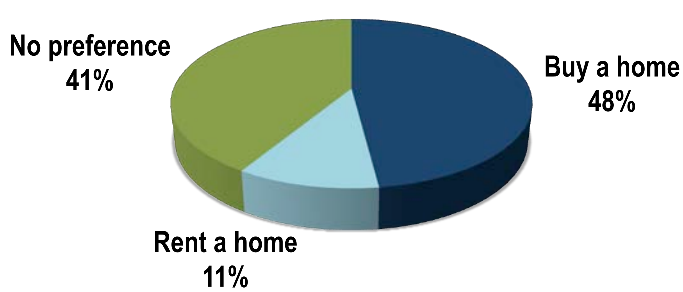
South Shore Region Residents and Employees
Within the next 5 years do you want to:

	% of respondents
Stay in your current residence	48%
Move within or into the South Shore Area	39%
Move into a home outside of the South Shore	13%

Source: 2019 Household and Employee survey

Of residents and employees who want to move within the area, 48% prefer to own a home, 11% prefer to rent, and 41% would own or rent.

Preference to Own or Rent a Home in the South Lake Tahoe area: 2019



Source: 2019 Household and Employee survey

Who Wants to Move – Demographics, Employment and Income

The demographics of households that want to move into a new or different home within the South Shore Region affects the type and design of housing that is needed. As shown below:

- The average size of households looking to move is slightly larger than current households living in the South Shore Region (2.6 persons).
- Households preferring to own a home are more likely to be couples with and without children than those that would rent.
- Households preferring to rent or having no preference are more likely to be single adults living alone, single parents, roommates, and households that include extended family.
- Households desiring to move cover a range of ages:
    - Predominate household members are between the ages of 30 and 64 (86%).
    - Households that would rent are most likely to have persons between the ages of 18 and 29.
    - About 40% of households seeking to move have children under 18 – much higher than the current mix of households living in the South Shore.[25] About 15% have a household member over age 65.
    - Since the region has been losing younger households and the proportion of families with children has been declining, providing opportunities for local resident and employee households that want to live in the South Shore can help reverse, or at least slow, this trend.

[25] See Section 1 – Population and Household Demographics

Demographics of Households that Want to Move into a New or Different Home in South Shore Region: 2019

	Prefer to Own	Prefer to rent/ No preference	Total
Household Size			
1-person	22%	26%	24%
2-person	28%	35%	31%
3-person	20%	16%	18%
4-person	17%	13%	15%
5+-person	12%	11%	12%
Average household size	2.7	2.5	2.6
Household Type			
Adult living alone	22%	28%	25%
Single parent with child(ren)	7%	16%	12%
Couple, no child(ren)	18%	10%	14%
Couple with child(ren)	39%	19%	28%
Unrelated roommates	5%	12%	8%
Extended family members	6%	10%	8%
Family members and roommates	3%	3%	3%
Other	1%	3%	2%
Age of Household Members			
Under 5 years	21%	10%	15%
5 to 17 years	35%	33%	34%
18 to 29 years	21%	31%	26%
30 to 64 years	90%	82%	86%
65 or over	14%	17%	15%

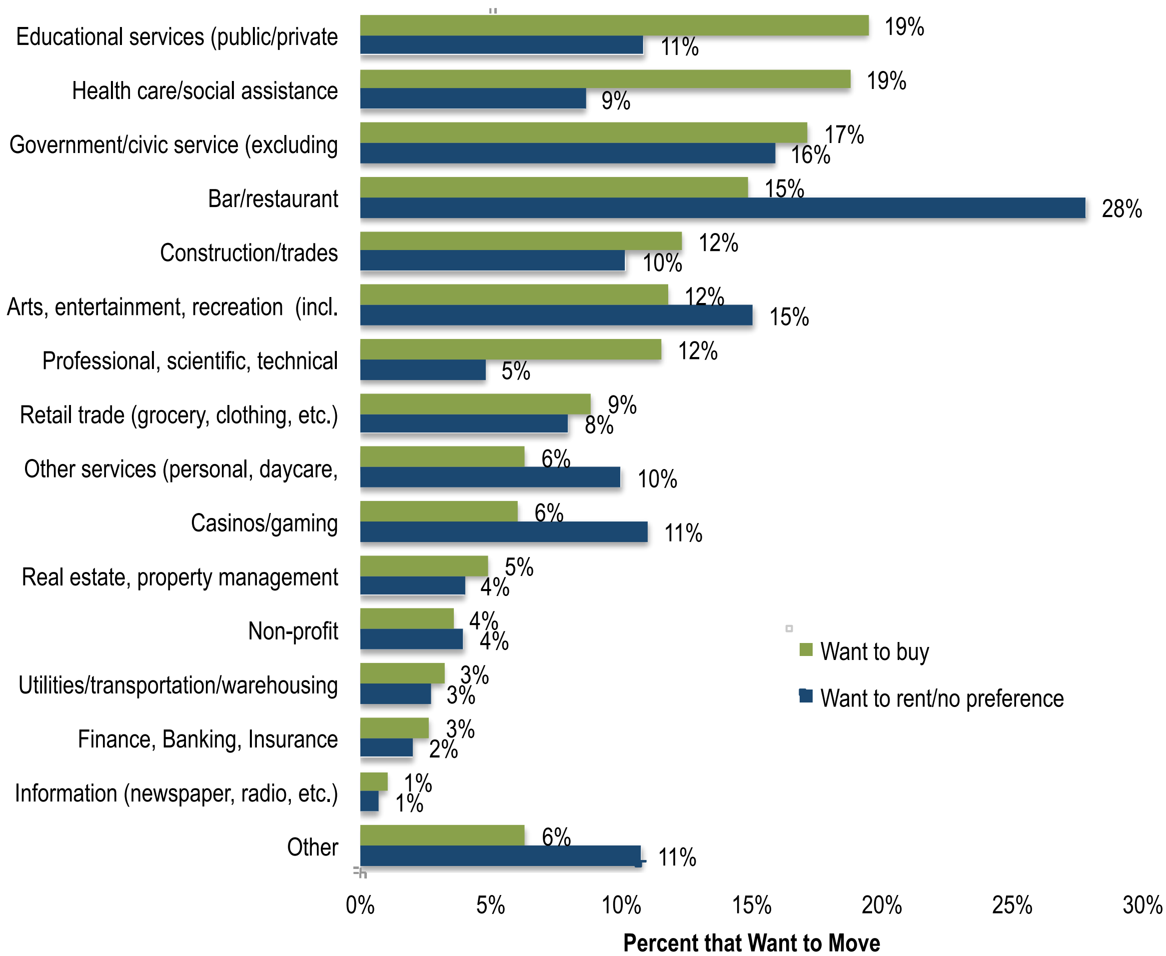
Source: 2019 Household and Employee survey

Employees working in seasonal and year-round positions are reflected in the following data. Not surprisingly, the largest group of households that would move are employed in the bar/restaurant industry – a dominant industry in the Region. Differences by those who want to buy and those who would rent are apparent:

- Households that would rent are more likely to be employed in bar/restaurant, entertainment/recreation, casinos/gaming, and other services than employees that prefer to buy.

- Households that prefer to buy are more likely to be employed in health care, education, scientific or technical trades, or construction.

Type of Job Held (Seasonal and Year Round) Held*



Source: 2019 Household and Employee survey
*Totals add to over 100% because respondents hold multiple jobs

The below table shows the incomes of residents and employees that want to move to a different home within the South Shore Region.

- About half (48%) of those that prefer to buy earn under $75,000/year. To be affordable, homes need to be priced below $300,000.
- Households that prefer to rent or have no preference have lower incomes: 50% have incomes below $50,000. For this group, rentals need to be priced below about $1,250 per month for a 2-person unit (e.g., 1- or 2-bedroom).

Households That Want to Move into a Home in the South Shore Region by Income

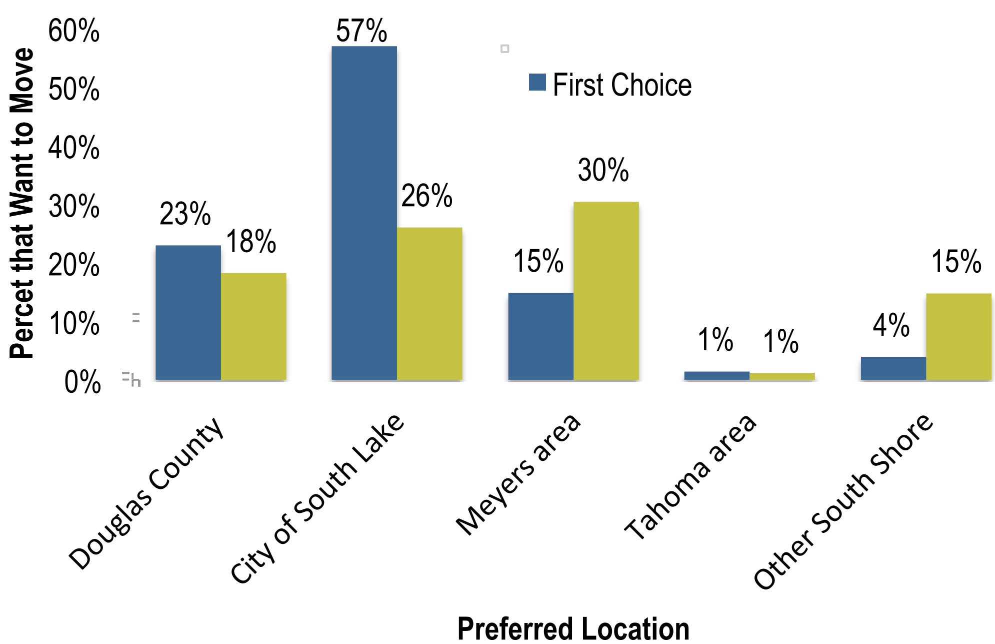
	Prefer to Buy	Prefer to Rent/no preference
Under $40,000	21%	38%
$40,000 to $49,999	7%	12%
$50,000 to $74,999	20%	24%
$75,000 to $99,999	16%	12%
$100,000 to $124,999	13%	6%
$125,000 or more	23%	8%
Median Income	$75,000	$50,000

Source: 2019 Household/Employee survey

Preferred Home Location

For the majority of households wanting to move, the City of South Lake Tahoe would be their first choice (provided that housing costs were constant across the area). Second choices tended to be more evenly distributed among Douglas County, City of South Lake Tahoe, Meyers, and other South Shore areas.

Households' first and second choice location,
(assuming that housing costs were the same in each area)



Source: 2019 Household/Employee survey

Preferred Home Type

As is typical in most communities, the first housing choice of both renters and buyers is a single-family home. Both renters and buyers are open to attached product: a two-story townhouse-style home was the highest ranked second choice, and a stacked condo was the highest ranked third choice. This was also consistent with comments received from Realtors as part of this study.

Regarding other selections:

- While only 4% of those looking to move would choose a tiny house as their first priority, they ranked relatively well as a second choice, after more conventional attached housing.
- Among renters, apartments and mobile homes were more likely to be considered a first second, or third choice. Both can provide a more stable housing option for renters because the individual unit is less likely to be sold or rented short-term (i.e., less than 30-days).
- Dorms and shared rooms were not a priority choice for any respondents.

Preferred Type of Housing: 2019

FIRST Choice Home:	Prefer to Buy	Prefer to Rent/ No preference	Total
Single-family home	91%	74%	83%
Townhome-style (2-story)	3%	10%	6%
Tiny house (less than 600 Sq. Ft.)	3%	4%	4%
Stacked flat condo-style (1 story)	0%	4%	2%
Apartment	1%	4%	2%
Mobile home	0%	1%	1%
Dorm/Shared room	0%	0%	0%
Other	1%	3%	2%
SECOND Choice Home:			
Townhome-style (2-story)	39%	40%	39%
Stacked flat condo-style (1 story)	13%	11%	12%
Tiny house (less than 600 Sq. Ft.)	11%	12%	11%
Single-family home	14%	7%	10%
Apartment	1%	11%	6%
Mobile home	3%	7%	5%
Dorm/Shared room	0%	0%	0%
Other	1%	0%	0%
THIRD Choice Home:			
Stacked flat condo-style (1 story)	21%	25%	24%
Townhome-style (2-story)	15%	12%	13%
Apartment	5%	16%	10%
Tiny house (less than 600 Sq. Ft.)	11%	7%	9%
Single-family home	10%	4%	8%
Mobile home	4%	11%	7%
Dorm/Shared room	0%	0%	0%
Other	0%	1%	1%

Source: 2019 Household/Employee survey
*Sorted in descending order of importance

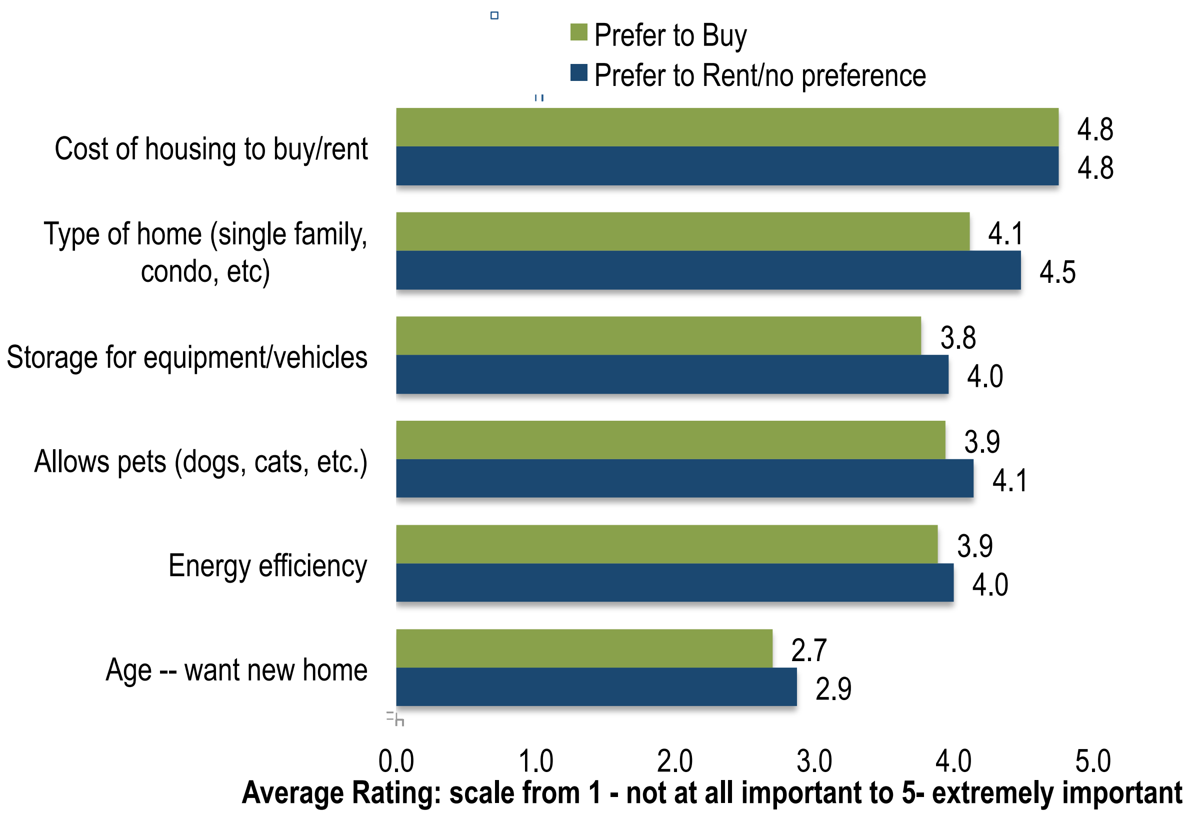
Preferred Home and Community Characteristics

Residents and employees that want to move were asked to *"Please indicate how important the following factors are to you when looking for a place to live,"* given a scale from 1 = Not At All Important to 5 = Extremely Important.

Home characteristics were ranked similarly regardless of tenure preference.

- When looking for a place to live, the "cost of housing to buy or rent" is the most important consideration for all types of households looking to move.
- Type of house is ranked more highly than is common in other mountain communities. This strong preference indicates that special consideration for home type should be given in developing housing for local employees and residents, particularly homes for sale.
- "Storage," "Pets," and "Energy efficiency" and were also rated as important.

Priorities for Home Characteristics: 2019

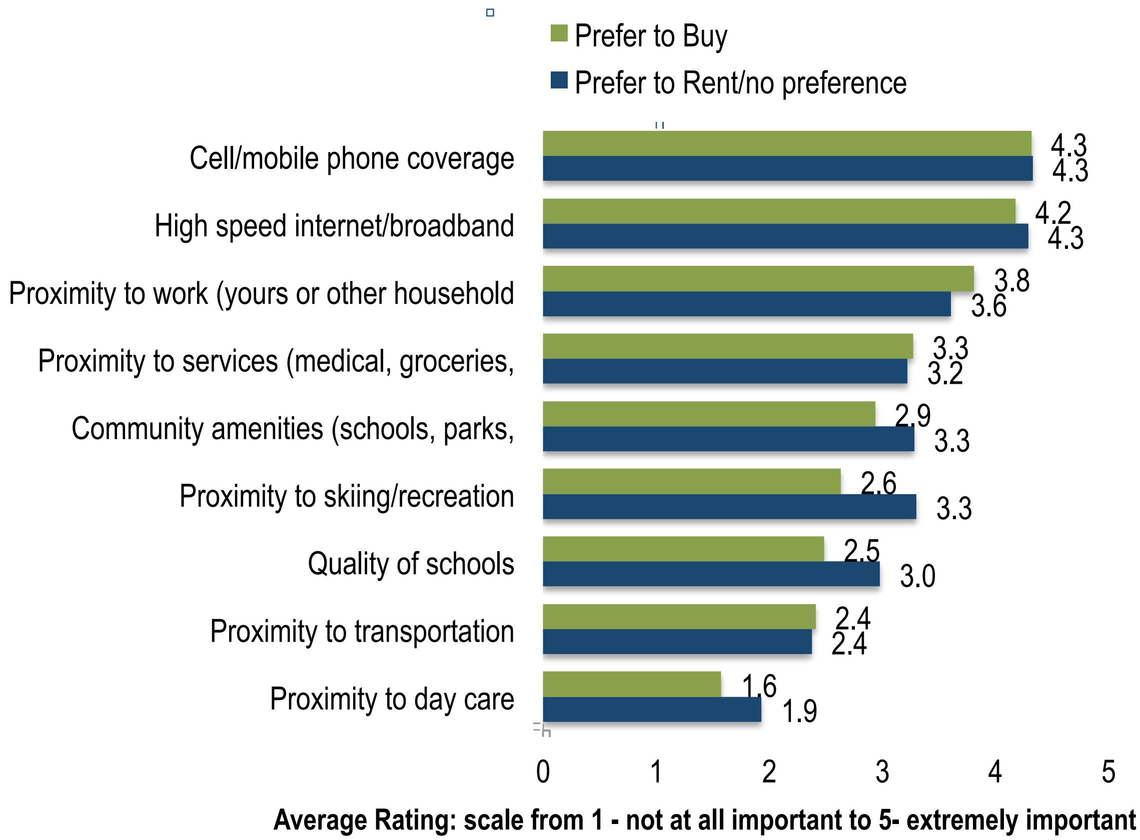


Source: 2019 Household/Employee survey

Survey respondents generally put more priority on home characteristics than location characteristics. When considering location characteristics of their home, these trends emerged:

- Reliable communication infrastructure "cell phone coverage" and "broadband" ranked the most important across all types of households wanting to move.
- "Proximity to work" was the next most important location attribute.
- For couples with children and single parents, "quality of schools" ranked highly, at 3.8 and 3.5 respectively. Proximity to daycare was not a top priority for either group.
- Survey respondents did not place much emphasis on proximity to community amenities or transportation.
- Safety, neighborhood feel, and distance from short-term rentals were also commonly written in as important "other" factors when survey respondents were considering their housing location priorities.

Priorities for Location Characteristics: 2019



Source: 2019 Household/Employee survey
*Sorted in descending order of importance overall.

Bedrooms Needed

A range of housing sizes are needed, from small studio and 1-bedroom rental units to get workers out of roommate situations through entry-level ownership to keep young families in the community. More specifically:

- Two- and three-bedroom units are strongly preferred by those who want to own or rent in the South Shore.
- Households that would rent report needing 2.0 bedrooms on average. Owners needed 2.3-bedrooms on average.
- Renters had higher interest in studios, 1- and 2-bedrooms, compared to owners.
- Households that prefer to own are pretty evenly distributed between a preferences for 2- or 3-bedrooms.
- No owner households and only 1% of renter households reported needing a 5-bedroom home.

What number of bedrooms would you need?

	Prefer to BUY	Prefer to RENT/no preference
Studio	3%	10%
1-bedroom	16%	17%
2	35%	44%
3	38%	25%
4	7%	4%
5+-bedrooms	0%	1%
Average	2.3	2.0

Source: 2019 Household/Employee survey

Affordable Purchase Price

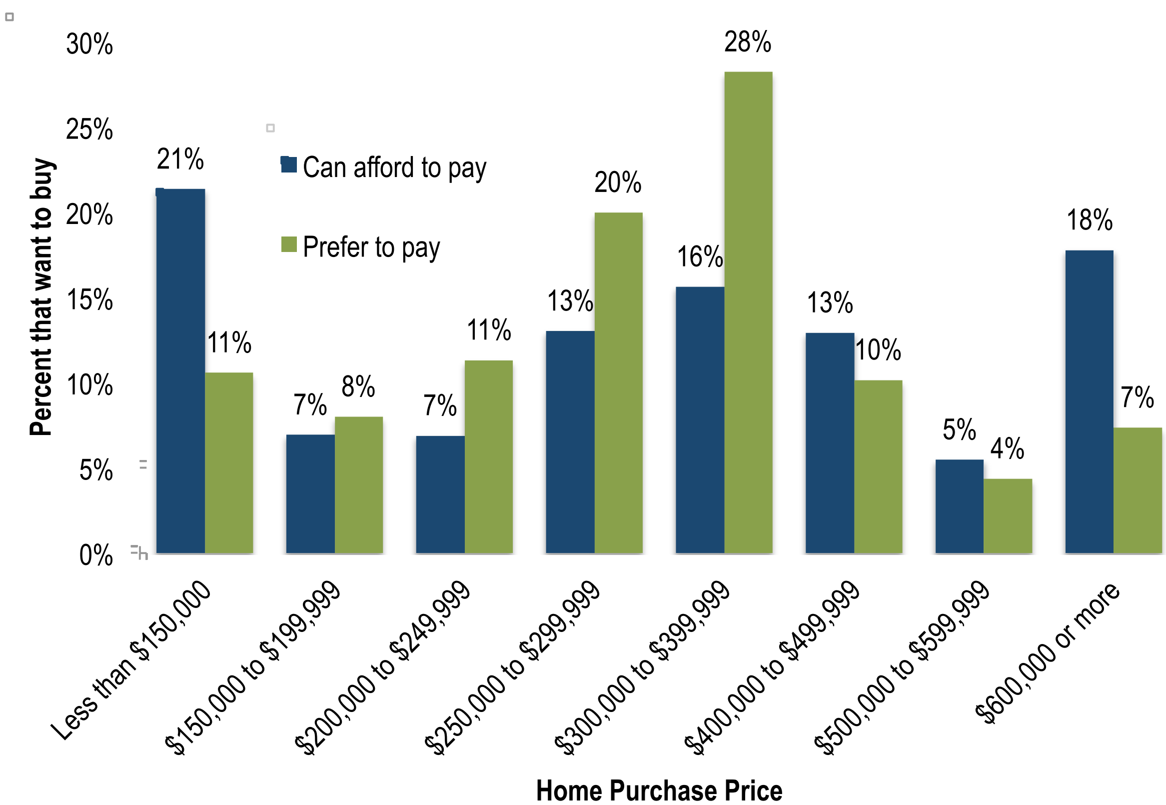
Households that want to purchase homes in the South Shore Region were asked how much they would pay for their most preferred housing type. Based on responses:

- The largest percentage of households prefers to pay between $250,000 to $400,000 for a home in the South Shore Region. This is about the middle range of where households that want to move can also afford to buy homes based on their incomes.
- A high percentage of respondents indicated they would be willing to pay more than they could afford given their household income. About 28% of households can afford a home priced below $200,000, but only 19% of respondents stated this as their preferred price point.

Some of this discrepancy is due to retiree or other households that may have assets other than income to afford more home. It is also an indicator that homebuyer education and financial readiness may be important. Realtors and lenders indicated that education is needed for potential buyers to understand what they can afford and options available to help them get into homes (e.g., low down payment loans, etc.).

- At the other end of the spectrum, households that can afford a home over $600,000 prefer to pay less, and will likely compete more successfully with lower income households seeking the same inventory. If product is designed appropriately, some of these households would likely be willing to pay more than they indicated.

Amount Households Prefer Pay for Their First Choice Home Compared to What They Could Afford Based on Income



Source: 2019 Household and Employee survey

Affordable Rent

The median income of households that would rent is $50,000 (70% AMI for El Dorado County for a 2.5-person household). This household could afford about $1,250 in rent.

- Assuming an average of 1.5-persons per bedroom, studio and 1-bedroom units could be priced up to $1,000; 2-bedrooms up to $1,250; and 3-bedrooms up to $1,500.

Maximum Affordable Rent By Bedroom Size

	1-bedroom	2-bedroom	3-bedroom
Affordable Price	$1,000	$1,250	$1,500

Source: 2019 Household and Employee survey

Down Payment Available

Households that want to purchase a home in the South Lake Tahoe area were asked how much they have available for a down payment.

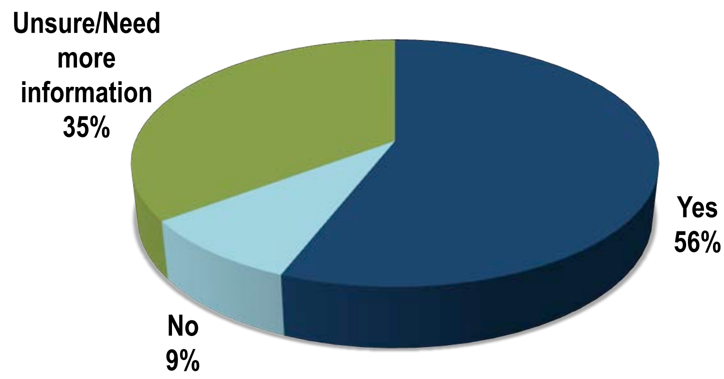
- The median down payment available was $10,000. About 18% of households have no or low down payment available, which lenders noted is a barrier to many would-be purchasers. Down payment assistance could help these households.

Deed Restrictions and Assistance with Housing

Survey respondents who want to move within the South Shore Region were asked if they would consider purchasing a home with a deed restriction, understanding that the home would be priced below market rate and affordable to them, but that appreciation would be limited to 3% to 5% per year.

- Over 50% indicted that they would consider buying a home with such a deed restriction.
- There is an opportunity for education and outreach, as 35% indicated they were unsure or needed more information. Education of potential buyers as well as those in the real estate industry will be needed, given that deed restrictions of this type do not exist in the area for ownership product.

Percentage of Household that would Consider Purchasing a Deed Restricted Home



Source: 2019 Household/Employee survey

When residents and employees that want to move to or within the South Shore Region were asked to "indicate which of the following types of help with housing you would consider for you and your household," residents and employees responded favorably to all options presented.

- Households seeking to own or that would rent were all highly interested in down payment assistance. Not surprisingly, households that would rent were most interested in rental assistance.
- All respondents were interested in low interest loans to make improvements to their homes.
- Households that would rent were more favorable towards purchasing a deed restricted home, although those seeking to purchase also viewed them more favorably than not.

***"Which of the following types of help with housing you would consider for you and your household?"* Use a scale of 1 =Would not consider to 5=Would definitely consider**

	Prefer to BUY	Prefer to RENT/no preference
Down payment assistance	4.20	4.30
Low interest loan to improve current home	3.98	3.73
A home you could own, built with sweat equity	3.69	3.71
Rent Assistance	3.21	4.33
Deed Restricted Purchase	3.47	3.93

Source: 2019 Household/Employee survey
*Sorted in descending order of interest

Section 8 – Land, Resources, Costs and Constraints

This section discusses:

- The remaining development capacity in the Lake Tahoe Basin and general overview of the development rights system as related to local resident housing needs;
- Current land and local housing resources available in the South Shore Region; and
- Estimated development costs in the South Shore Region and subsidy gaps needed to produce local resident housing.

This information will set the stage for exploring opportunities in more detail through the Action Plan process.

Development Capacity

TRPA Development Rights System

Regulations established by the Tahoe Regional Planning Agency (TRPA) influence how and at what pace residential growth can occur in the Lake Tahoe Basin. In 1987, a development rights system was adopted for the Tahoe Basin to cap the total amount of development potential and ensure the pace of development aligns with environmental capacity.

An important part of this system also regulates the amount of land coverage in the Tahoe Basin. Land coverage is an essential element of the TRPA's environmental plan to protect Lake Tahoe. Land coverage, also called impervious surface, includes all man-made structures such as homes, driveways, and parking lots. Maintaining open space and limiting the square footage of impervious surfaces in a watershed is a proven method for improving water quality. The amount of land coverage permitted in various lake areas is determined by the soil type, either through a TRPA Site Assessment or an Individual Parcel Evaluation System score (IPES).[26]

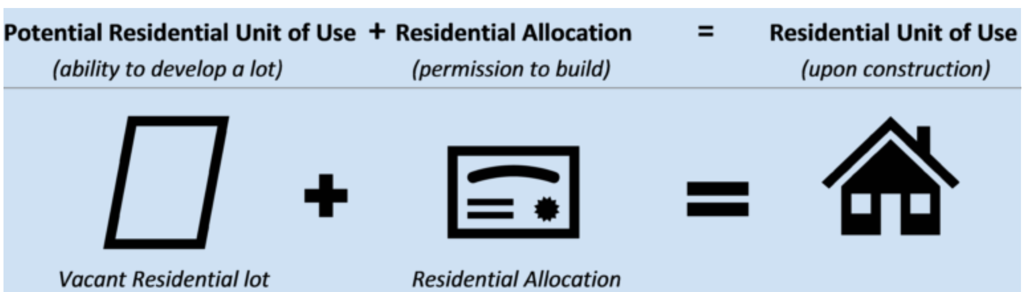
This system manages growth through (1) the allocation of development and (2) transferring development to less environmentally sensitive lands to balance environmental impacts with the growth of area communities and direct growth and

[26] The IPES systems assigns a numerical score to vacant parcels and ranks the parcels within each local jurisdiction according to their relative suitability for development. It evaluates measures such as distance from the lake, runoff potential, erosion hazard and others to establish a score. Parcels with a "top rank" score may obtain an allocation from their jurisdiction. More information is available at http://www.trpa.org/permitting/land-coverage/

redevelopment to appropriate areas. In Tahoe, transferable development rights (TDRs) are those that can be banked and/or verified as legally existing by TRPA. These rights include:

- land coverage (existing and potential)
- commercial floor area (CFA)
- existing residential units of use (ERU)
- tourist accommodation units (TAU)
- potential residential units of use (PRU)
- residential allocations (RA)

Residential Units of Use. Development rights are land use units someone must acquire before a property is developed. Single and multi-family development requires acquisition of a Residential Unit of Use (RUU), which are formed by combining a potential residential unit of use (PRU) and a residential allocation. RUUs are formed by combining a potential residential unit of use (PRU) and a residential allocation (RA).



Source: http://www.trpa.org/permitting/development-rights/?highlight=development%20rights%20conversion%2C%20trnasfer

Coverage. Single and multi-family development also requires that a parcel or planned development have sufficient coverage to permit the construction of homes and other impervious surfaces (paved driveways, bike paths, etc.).[27] It may be possible to transfer additional coverage from more sensitive lands in the Lake Tahoe Region for this purpose. This may be required, for example, to realize density bonus provisions in the TRPA Regional Plan and local Area Plans for affordable or achievable[28] housing development.

[27] See, e.g., Tahoe Basin Impervious Surface Coverage Study by Environmental Incentives, LLC, August 2012, for more information on different types of coverage. "Hard" coverage is required to build residences as part of a mixed use development; any type of coverage can be used to develop solely residential developments.

[28] TRPA defines "affordable" as homes that are affordable for ownership or rental by families who make up to 80% of Area Median Income (AMI); "moderate" as homes that are affordable for ownership or rental by families who make between 80% to 120% of AMI; and "achievable" as homes that are affordable to an income level that varies by county, but represents the percentage of AMI necessary to afford the median-priced home. The achievable income levels for 2019 are available here: http://www.trpa.org/wp-content/uploads/ACHIEVABLE-AMI_Per-County_013019.pdf

Procuring Allocations. Participants in the transfer of development right (TDR) market include individual landowners and their representatives, land banks (California Tahoe Conservancy; Nevada Division of State Lands) and lead agencies (counties, City of South Lake Tahoe, TRPA). While TRPA provides development rights at no cost either directly to project applicants or to the local jurisdictions as outlined in the TRPA Code of Ordinances Chapter 50, Allocation of Development, projects must meet certain conditions to receive these development rights. Because development rights are not always readily available from the TRPA or local jurisdictions due to these regulations, there exists a private market for development rights. Private parties may transfer and sell development rights on the open market.

Effective December 24, 2018, the TRPA adopted simplifications to the development rights system, including:

1. Expanded eligibility for bonus units;
2. Allowing conversion of one type of development for another through conversion exchange rates; and
3. Eliminating local transfer approval.

1. Bonus Units

TRPA has also approved changes to the residential bonus unit program to allow affordable (under 80% AMI) through achievable housing (varies by jurisdiction, but may exceed 195% AMI in some areas) to be awarded bonus units directly from TRPA, rather than through the local jurisdiction. The project receiving a bonus unit is exempt from having to obtain a residential allocation (RA). Bonus units are available for affordable through achievable housing if:

- Development is within ½-mile of an operational transit stop. Some city multi-family zoned land falls outside of these areas.
- Units are deed restricted at the respective affordability level and prohibit the use of the unit as a vacation rental or second home. Property owners can acquire a full RUU and remove this restriction.

Bonus units may also be awarded to existing homeowners that will deed restrict their home in exchange for receiving a bonus unit. This then allows the homeowner to sell their existing RUU on the market, providing a “paid” incentive to deed restrict their property.

Some bonus units are also reserved for development in Town Centers, Regional Centers, or the High-Density Tourist District (“Centers”).

A total of 1,119 bonus units are available for affordable/moderate/achievable homes and 333 bonus units are available for market rate development in specified Centers.

2. Conversion Exchange Rates

TRPA has approved the conversion of development rights among different uses (TAU, CFA, SF RUU, MF RUU). The goal is to better manage growth, support environmentally beneficial and economically feasible redevelopment, respond to market demands and improve the effectiveness and predictability of the current development rights system within the Lake Tahoe Basin.

TRPA Conversion Exchange Rates

Existing Development Rights	Equivalent Development Rights			
	CFA	TAU	SF	MR
300 sq. ft. CFA	300 sq. ft.	1	1	3/2
1 TAU	300 sq. ft.	1	1	3/2
1 Single Family RUU	300 sq. ft.	1	1	3/2
1 Multi-Family RUU	200 sq. ft.	2/3	2/3	1

Source: http://www.trpa.org/about-trpa/how-we-operate/strategic-plan/development-rights/
*A residential unit of use (RUU) is a combined development right and allocation

Since adopting the above conversion rates, more than 60 residential units have been added throughout the region, while the number of TAUs has been reduced by more than 50 and CFA reduced by over 4,000 square feet.

3. Transfer Between Jurisdictions

Under the previous system, developers had to receive approval from local jurisdictions (both sending and receiving) and TRPA when development rights transferred across jurisdiction boundaries. The new system allows development rights to move freely between jurisdictions and only requires TRPA approval. Local jurisdictions reserve the right to request local approval of transfers from the TRPA Governing Board if a trigger is met. The trigger would be a 5 percent net loss of the existing development rights within their jurisdiction. Elimination of the local approval applies to all development rights, including residential development rights, residential allocations, and coverage.

Residential Allocations and Build-Out

TRPA distributes residential allocations to jurisdictions every two-years; currently averaging about 120 allocations per year in the entire Lake Tahoe Basin. Local jurisdictions may impose their own conditions for distribution of development rights, and there are often wait lists for these rights. The last allocation occurred this year, awarding 73 allocations to the South Shore jurisdictions for 2019 and 73 for 2020.

Residential Allocations: 2019 and 2020

	2019	2020
Douglas County	10	10
El Dorado County	30	30
South Lake Tahoe	33	33

Source: TRPA

As of March 2019, TRPA has 2,374 residential allocations left to distribute throughout the Tahoe Basin through the year 2032. TRPA periodically reviews total allocations for the region and added 2,600 allocations to the development pool upon its last review in 2012.

"Build-Out" Summary: TRPA Tahoe Region Through 2032
March 2019

	Residential Units	% of Units
Total Development Potential	**51,097**	**100%**
Built or allocated	47,271	93%
Bonus units (unused)	1,452	3%
Affordable/Moderate/Achievable	859	-
Affordable/Moderate/Achievable (Centers)	260	-
Market rate (Centers)	333	-
Remaining allocations (through 2032)	2,374	5%

Source: TRPA

Based on the above table, the Tahoe Region is 93% built-out. This is significant for several reasons:

- An estimated 3,290 units are needed in the South Shore to address the current deficit in local resident housing and help fill new jobs within *the next six years*. This is the vast majority (86%) of the remaining allocations plus bonus units *for the entire Tahoe Region* through 2032.
- Even if all of the remaining allocations and bonus units were constructed and occupied by local residents in the South Shore Region, this would only boost the resident-occupancy rate by 4-percentage points, up to 50%. This is still below the local occupancy rate in 2010 (55%).

In addition, of the allocations made to South Shore jurisdictions for 2019 and 2020:

- El Dorado County reported having already awarded all 60 allocations with most, if not all, for single-family homes;
- The City of South Lake Tahoe has 55 allocations available in the Town Center, 25 multi-family allocations, and 4 IPES allocations for single-family or multi-family. Three single-family allocations have been offered and are pending acceptance.

- Douglas County is still issuing allocations from 2015.

The South Shore Region cannot build its way out of its housing problem. It will be important to be conscious of the use of remaining allocations if ensuring sufficient provision of local resident housing is a paramount goal of the region. It will also require creative options for redevelopment to at least ensure more local resident housing is not lost, and preferably gained, as well as repurpose existing homes back into local resident-occupied homes. Finally, evaluating the needed balance between TAU, CFA and residential uses and utilizing TRPA's flexible conversion system to produce more local resident homes will be important. Establishing local resident housing targets as the South Tahoe Region builds out will help ensure actions and policies align toward achieving this goal.

Banked Coverage and Development Rights

Public entities, institutions, organizations and the private sector have banked coverage and development rights. Rights held by jurisdictions and the private sector are shown in the below table. Utilizing banked rights to further local resident housing goals is another avenue to increase the provision of units.

The City is evaluating the ability to make banked rights available for local resident housing projects for free and/or sell rights and place the proceeds into an affordable housing fund. Additional creativity will be needed to tap into banked rights owned by the private sector.

With the adopted TRPA conversion exchange rates, banked and pooled rights may be converted to other development uses. As an example, the table below shows the multi-family residential development potential if all CFA, TAU and RUU are converted to multi-family RUU (MF RUU).

The development rights exchange rates present an opportunity for the jurisdictions to master plan for local resident housing and assess whether, for example, excess TAU or CFA may be better utilized to instead construct homes. Obviously 100% of the banked TAU or CFA would not be converted, but the table illustrates that another potential 1,466 multi-family units in the City and 854 in the counties can be "found" through conversions.

Banked and Pooled Development Rights Held by Jurisdictions and Private Owners

Banked Rights (may include private) October 2019				MF RUU Equivalent			
	City	El Dorado County	Douglas County	Conversion To MF RUU	City	El Dorado County	Douglas County
300 sq.ft CFA	70,263	7,229	9,453	3/2	351.3	36.1	47.3
TAU	605	210	0	3/2	907.5	315.0	0.0
Single-Family RUU*	3	13	33	3/2	4.5	19.5	49.5
Potential RUU	69	85	16	-	-	-	
Coverage (hard)	542,618	33,720	296,632				
Coverage (potential)	440,023	395,848	269,927				
Coverage (soft)	12,338	16,987	57,571	-	-	-	
Pooled Rights (public owned): November 2018				**MF RUU Equivalent**			
	City	**El Dorado County****	**Douglas County**	**Conversion To MF RUU**	**City**	**El Dorado County**	**Douglas County**
300 sq.ft CFA	33,097	33,395	33,520	3/2	165.5	167.0	167.6
TAU	25	10	25	3/2	37.5	15	37.5
RA	86	34	46	-	-	-	
TOTAL	-	-		-	**1,466.3**	**552.6**	**301.9**

Source: TRPA, Consultant team

*Banked rights verified by the City as city-owned; not verified by the counties (some may be in private ownership and may not be available).

**El Dorado County pooled rights are designated for the Meyers Area Plan.

Additional Development Needs – Sewer Connections

The South Tahoe Public Utility District (STPUD) services all of the City of South Lake Tahoe and portions of El Dorado County within the Tahoe Basin. STPUD lowered sewer connection fees by 50% two years ago: from $5,500 to $2,700 for all development. One connection is required for each kitchen and each bathroom in a residence.

The STPUD recently approved a sewer transfer ordinance allowing banked connections to be transferred to housing projects providing local resident housing up to 120% AMI, or as otherwise defined by governing jurisdictions. Banked connections from STPUD for transfer to local resident housing projects are free. A $100 administrative fee for tracking the transfer is charged. While helpful, this policy does not extend to privately owned banked units, which comprises over 90% of the total stock.

Banked Sewer Units by Ownership	
Public	**216**
CALIF CONSERVATION CORPS	2
CALIFORNIA TAHOE CONSERVANCY	79
CAMP RICHARDSON RESORT INC	4
CITY OF South Lake Tahoe	56
EL DORADO COUNTY OFC OF EDUC	2
LTBMU RECREATIONAL SPECIAL USE	82
MEYERS POST OFFICE	1
Private	**2,360**

Source: STPUD

STPUD Service Area Boundary

Source: https://stpud.us/about/jurisdiction/

Public, Institutional and Vacant Land

Publicly owned land can be an important resource to advance housing that is affordable for local residents and employees. Utilizing public land for housing development is an effective strategy in many resort communities. The Action Plan process will explore the opportunity for public-private partnerships to facilitate the development of more local resident housing. This is generally defined as:

> *Public or institutional organizations partnering with the private sector for development expertise to build community housing on publicly- or institutionally-owned sites. Potential sites may be vacant or under-utilized land. This also includes potentially working with employers, or*

others, that are already active or that want to be more active, in providing housing for employees.

In the South Shore Region, many public and institutional organizations own land, although not all is available for housing development. An important first step to evaluate the potential for partnerships to help produce local resident housing is to take an inventory of such lands and understand which may be appropriate for housing (e.g., usage, location, environmental sensitivity, etc.).

Several maps are provided in the Appendix showing various publicly owned and, for some areas, vacant private land, available in the various jurisdictions. This includes the City, unincorporated El Dorado County, Douglas County and, separately, the California Tahoe Conservancy asset lands. Federal lands are not summarized, although land trades can and have occurred with federal agencies.

The table below summarizes lands in the unincorporated areas of El Dorado and Douglas Counties, which can be referenced on the maps in the Appendix. This is followed by information on activities by the City of South Lake Tahoe, California Tahoe Conservancy, and Lake Tahoe Community College on this front.

Public, Institutional and Vacant Private Lands: South Shore Region Counties

El Dorado County*		Douglas County	Acreage by location		
El Dorado County	31	Douglas County	112	0.13	54
Department of Transportation	35	Douglas County Schools	31	0	56
Lake Tahoe Cmty College	4	Fire Stations	1	1	2
Lake Tahoe Unified School Dist.	22	Town/General Impvmt. Dist.	134	2.4	26
Lake Valley Fire Protection Dist.	2	State of Nevada	34	715	624
South Tahoe Public Utility Dist.	64	Vacant Private	58	536	322
California Tahoe Conservancy	1,100				
Other State of California	4,963				
Vacant Private	1,247				

Source: El Dorado County GIS Dept.; Douglas County GIS Dept.
*includes parcels ½-acre or larger only
**Not all land is potentially buildable. For example, much of El Dorado County's land is Stream Environment Zone (SEZ)/wetland under TRPA's land system.

City of South Lake Tahoe

The City of South Lake Tahoe has many public and institutional landowners, including:

- City of South Lake Tahoe
- Lake Tahoe Unified School District
- Lake Tahoe Community College
- South Tahoe Joint Powers Authority
- South Tahoe Public Utility District
- Successor Agency (post-redevelopment authority)

The City is evaluating their owned lands for potential housing development or sale, with proceeds to be allocated to an affordable housing fund. As of September of this year, several parcels are under review or pending action:[29]

- Potential sale of 3483 Ralph Dr. (0.23 acres) was evaluated – a forest service deed restriction exists prohibiting development;
- 2180 Washington Ave. (0.22 acres) appraisal is pending for sale – suitable for one single-family home;
- Three parcels at 3141 Riverside (0.34 acres total) are being evaluated. Saint Joseph Community Land Trust has been issued a right of first refusal to acquire the lots, which might accommodate 3 to 5 permanently affordable homes. These parcels are currently in Successor Agency ownership.

Some parcels have been identified for beginning evaluation for potential multi-family development.

- 948 Link Rd. (3.54 acres). These parcels are adjacent to CTC, STPUD and forest service land. The City is fielding interest from these agencies first.
- 2098 and 2102 James Ave. (0.25 acres)
- Al Tahoe Blvd. (6 parcels totaling 16.8 acres). This is under longer-term discussion (5-year timeframe).

California Tahoe Conservancy

The California Tahoe Conservancy owns and manages nearly 4,700 parcels comprising about 6,500 acres around Lake Tahoe. Of the nearly 4,700 parcels, the Conservancy Board identified 17 asset lands in three urbanized areas (City of South Lake Tahoe [City], Kings Beach, and Meyers) that could support sustainable compact development consistent with local area or town center plans. Asset lands are parcels that were acquired by the Conservancy to obtain land coverage, facilitate Environmental

[29] The City Council meeting agenda and staff materials from August 6, 2019, can be consulted for more information on these parcels, available at: https://d3n9y02raazwpg.cloudfront.net/slt/c77abe24-129b-11e9-b021-0050569183fa-805e687c-9266-48f6-8c9d-aa26b5b78d20-1564781540.pdf

Improvement Program (EIP) projects that are no longer planned, or as part of a "bulk acquisition" of both sensitive and non-sensitive developable parcels from a single seller. Over the next year, Conservancy staff may seek Board authorization to identify additional Conservancy parcels eligible to include in the asset lands program.

Conservancy staff has initiated and coordinated the following items on Conservancy asset lands:

- The Conservancy entered into an Exclusive Negotiating Agreement (ENA) with the adjacent landowner on APN's 023-381-001 and 023-231-003. The adjacent landowner has now entered into a joint venture with an affordable housing developer. The joint venture submitted a revised site plan to the Conservancy. The site plan includes housing, a commercial building, and a portion of the City's planned Greenbelt trail and storm water project.
- An RFP was issued in 2018 for an ENA to purchase and develop a ½-acre parcel (APN 023-171-09) near the Y district on Emerald Bay Road in the City. The successful bidder is working with the Conservancy to potentially advance "affordable by design" tiny homes.
- In September 2019, the State of California Department of General Services (DGS) selected two Conservancy asset land parcels (APN's 032-291-028 and 031) for housing projects under the direction of Governor Gavin Newsom's Executive Order N-06-19. This executive order requires DGS and the Department of Housing and Community Development to identify and prioritize excess state-owned property and aggressively pursue sustainable, innovative, cost-effective housing projects. The Conservancy partnership with DGS and HCD will provide access to contracted economic and architectural services, and expertise regarding alternative land transfer approaches such as a long-term ground lease on the parcels.
- Work is continuing on the other identified assets lands to conduct due diligence and get more parcels ready for release. The objective is to evaluate each parcel to help implement regional and area plan goals. Local resident housing is a primary consideration.
- In addition, The Conservancy continues to reserve land bank development rights to promote housing and sustainable communities projects in town centers.
- To facilitate this work, CTC is adding a new position to supervise the asset land program and is in coordination with the Strategic Growth Council.

Asset Lands	Acreage	Map Reference (see Appendix)
8644 Speckled Avenue	1.51	APN 090-094-022
8602 North Lake Tahoe Boulevard	0.25	APN 090-134-056
Meyers Community Center Parcels (2)	2.12	APNs 034-331-15, 23
Meyers SE Corner 50, 89 Parcels (2)	1.02	APNs 035-261-04, 05, 06
Meyers SW Corner 50, 89 Parcels (4)	2.47	APNs 034-300-25, 26, 27, 28
1029 Tata Lane	1.6	APN 032-291-31
1860 Lake Tahoe Boulevard	9.75	APN 032-291-28
833 Emerald Bay Road	0.51	APN 023-171-09
2017 Lake Tahoe Boulevard	3.67	APN 023-231-01 , 03

Source: California Tahoe Conservancy

Lake Tahoe Community College (LTCC)

LTCC is one of the largest institutional landowners in the South Shore Region. The College has been studying the possibility of providing student housing on its campus. The 2014-2020 Facilities Master Plan identifies a potential Residential Student Living project intended to provide affordable student housing on campus as an option to the limited off-campus market. Adding Residential Student Living was also a key recommendation of the LTCC 2020 Vision. In pursuit of this vision:

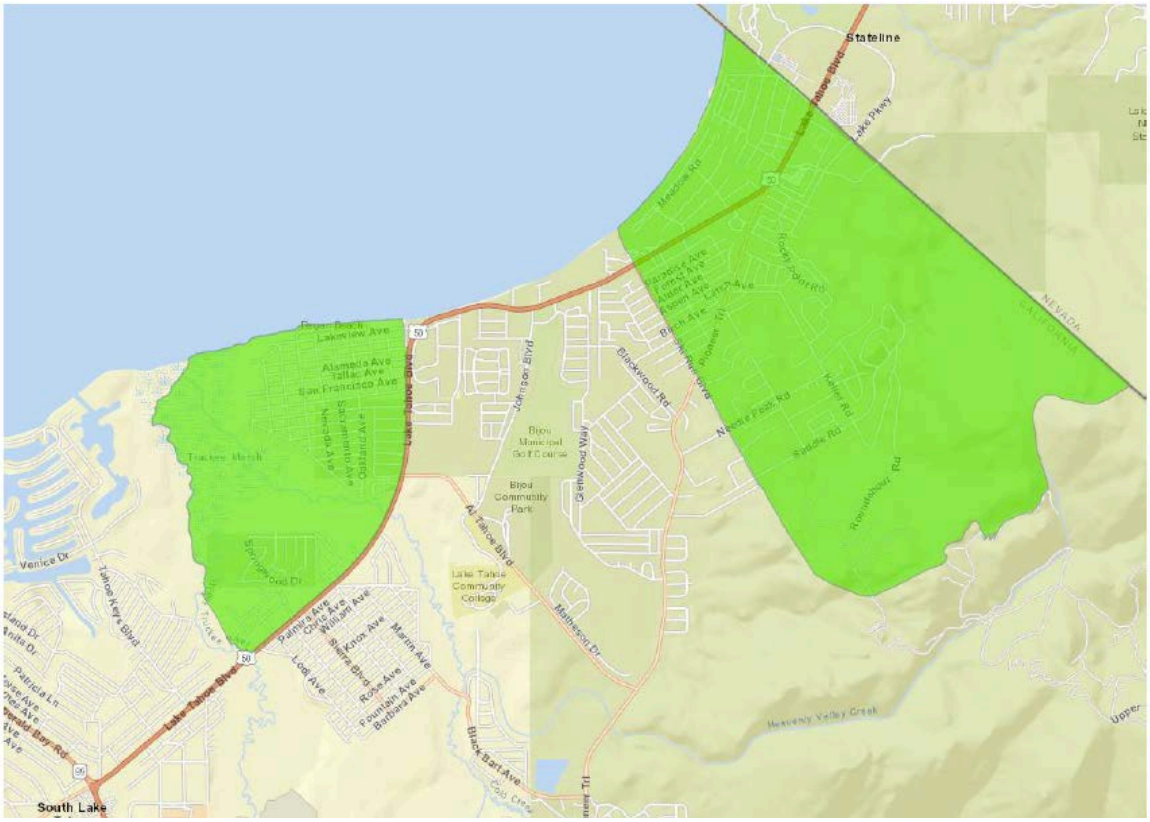
- This year, LTCC executed a 5-year master lease for 30 beds of student housing plus a unit for a Resident Assistant in a property that is about one-mile from campus. The all-inclusive housing fee to students is $675 per bed. The project was marketed beginning in June and, as of mid-August 2019, leases had been executed for about one-third of the beds. Some units are still undergoing renovation, but leases will be complete this year.
- The College also recently completed a study on Due Diligence and Concept Development of P3 Opportunities for Residential Student Living. The study, prepared by The Concourse Group and completed August 2019, was conducted to evaluate the feasibility of developing student housing at the College. The project concept will help the College move forward with student housing needs. (See Appendix for a map of potential development sites).

Opportunity Zones

The Opportunity Zones investment incentive was established in the 2017 Tax Cuts and Jobs Act to encourage long-term private investments in low-income communities. The program is designed to spur economic development and job creation in economically distressed areas by providing preferential tax treatment to capital investors. The program was not set up for, nor does it explicitly address the provision of local resident housing; however, local jurisdictions may have the flexibility to do so.

Two Opportunity Zones are eligible to receive private investments through opportunity funds in the South Shore Region.

Opportunity Zones: South Shore Region, 2019



Source: https://opzones.ca.gov

To receive the preferential tax treatment that opportunity zone investing offers, investments must flow through a qualified opportunity fund. Opportunity funds can be structured as corporations or partnerships. Opportunity funds invest substantially in opportunity zone businesses, opportunity zone business property, or a combination of the two. In general, an opportunity fund must hold at least 90 percent of its assets in qualified opportunity zone businesses or business property.

- Earlier this year, the El Dorado Community Foundation and other South Shore partners were exploring establishing such a fund to spur investments. A fund is not yet established.

Local Resources and Momentum

The South Shore Region has several local and regional resources available. Many are already engaged in assisting with or trying to enhance the provision of local resident housing.[30] Future collaboration could help expand these efforts.

- St. Joseph Community Land Trust (SJCLT)
- Tahoe Coalition for the Homeless
- El Dorado Community Foundation (EDCF)
- Tahoe Home Connection
- Tahoe Prosperity Center (TPC)
- South Tahoe Chamber of Commerce
- Tahoe Chamber
- Barton Hospital
- Lake Tahoe Community College (LTCC)
- Vail Resorts
- California Tahoe Conservancy (CTC)
- City of South Lake Tahoe
- Douglas County
- El Dorado County
- El Dorado County Housing Authority (EDCHA)
- South Tahoe Public Utility District (STPUD)
- Tahoe Regional Planning Agency (TRPA)
- Tahoe Transportation District (TTD)

[30] This information is based on "Lake Tahoe South Shore Housing Outlook," Housing Tahoe, Tahoe Prosperity Center and Tahoe Chamber, April 2019, and interviews conducted for this study.

Cost to Develop

The cost to develop housing varies by multiple factors, including location, target demographic, density, product type and construction method. The primary residential development costs include land acquisition, construction costs, soft costs (including fees), site work, and financing. In the South Shore Region, which falls within the Lake Tahoe Regional Plan, coverage and Residential Units of Use and/or Bonus units must also be considered.

The information below is intended to provide a general cost of residential development in South Lake Tahoe Region including construction costs and soft costs. Due to the relatively small market and limited amount of residential developers, accurate and current information regarding construction costs is difficult to obtain for the South Lake Tahoe market.

Much of the information from existing studies generally relies on Sacramento as a proxy despite the unique nature of the Lake Tahoe market.[31] Interviews and focus groups with private sector developers, brokers, contractors, and institutional representatives for this study verified this difficulty. As a result, a combination of existing studies, recent trends in development costs in Sacramento, and interviews with developers and contractors active in the South Tahoe area was used to establish the below estimates.

It is recognized that the cost to develop any particular parcel or project may vary from these estimates. The purpose of this section is to illustrate an estimated cost to develop in this area and illustrate the subsidy that may be needed to produce local resident housing – ownership housing primarily priced below $400,000 and rentals priced below $1,250 for a two- to three-person household.

Land Acquisition, Coverage

The price of vacant land is a component of residential development costs. Land costs can vary considerably, depending on the location of the parcel. In the South Shore Region, the development rights that exist on a parcel affect the cost, as well as the parcel's proximity to the shoreline and other amenities.

While many parcels have sufficient coverage for a project, some require that additional coverage be purchased. For example, The Aspens in the City of South Lake Tahoe, a 48-unit Low Income Housing Tax Credit (LIHTC) project, was required to obtain 70,000 square feet of coverage to be built. The developer negotiated sales agreements with the

[31] See, e.g., TRPA's 2018 Housing Costs and Affordability study. See also, "Due Diligence and Concept Development of P3 Opportunities for Residential Student Living" prepared for Lake Tahoe Community College by The Concourse Group, August 2019.

CTC and a private party to purchase adequate coverage. The total cost was about $325,000, or $6,770 per unit.

Because of its variability, the development cost estimates below assume a zero-value for land. This exercise also illustrates that to produce local resident housing at a range of prices, subsidy in addition to free land will be needed.

Construction Costs

The cost to construct a building typically comprises between 60% and 70% of total development costs. The cost is often cited as a cost per square foot, which can vary based on calculation method. Calculation methods vary based on how square footage is measured (gross, net, conditioned space, decks, garages, etc.,) and which costs are included (general contractor overhead, site work, utilities, contingency, etc.).

An example of unexpected costs was provided through interviews. The general contractor needed approximately 50 painters for a project, but was only able to hire 20. This caused substantial time delays, which added costs of financing.

Soft Costs

Soft costs are expenses that are not considered direct construction costs and include architectural, engineering, permitting, taxes, insurance, and legal fees. Soft costs were reported to average between 20% and 30% of the construction costs.

One developer whose primary focus is multi-family, low income housing tax credit developments, suggested soft costs could easily exceed 30% of construction costs, especially when there are multiple public funders at the local, state and federal level. This mix of financing often drives up design requirements and legal fees and may require consultants with specific expertise.

Financing Costs

Financing costs generally make-up less than 5% of the total development costs. Financing costs are often included in soft costs.

Financing mechanisms used to develop affordable housing, such as LIHTC, can cost more than traditional financing. Utilizing multiple funding sources also increases costs.

Financing costs are substantially less in homeownership developments because the interest paid on the long term mortgage is the responsibility of the household that purchases the unit, as opposed to a rental development for which the development incurs the cost of the permanent financing.

Site Work

Site Work involves grading the site, installing utilities, paving roads and parking, etc. These costs vary significantly based on the location of the site and the soil types. Site work can be a barrier if off-site infrastructure is required or if substantial upgrades are needed.

The TRPA Code of Ordinance has a codified grading season from May 1 through October 15, limiting the period for site disturbance (non-site disturbance is not time-limited). Outside of the grading season construction sites must be "winterized" and soil disturbance is prohibited, unless an exception has been approved for the project. The process to obtain an exception increases costs and uncertainty. Data must be collected to apply for an exception and it may not be granted.

Local developers expressed concern that if site work could not be finished by October 15th, the project could lose upwards of six months in their construction schedule because they cannot continue until May. Unforeseen delays of "a day" may, in effect, delay the project instead for six months.

Developers expressed that the uncertainty of receiving an exception is higher on the California side of the region. In California, approval from TRPA and the Lahontan Regional Water Quality Control Board is required. In Nevada, only TRPA needs to approve the exception.

Local Development Fees

Table 6.1 below estimates the development fees for a new 1,000 square foot, single-family home with 2-beds/1-bath and a single car garage. It shows fees required based on whether the home is constructed in the City or within unincorporated El Dorado County or Douglas County, based on fees provided by each jurisdiction. In each case:

- TRPA fees are the same in the City or County – about $9,300.
- City and County planning fees are similar - $3,100 and $3,700.
- The largest fee is the South Tahoe Public Utility District (STPUD), affecting the City and El Dorado County.[32] Water/sewer fees for Douglas County vary based on which service provider or General Improvement District (GID) serves the development.

[32] STPUD lowered sewer connection fees by 50% two years ago: from $5,500 to $2,700 for all development. One connection is required for each kitchen and each bathroom in a residence. STPUD recently approved a sewer transfer ordinance allowing banked connections to be transferred to affordable/workforce housing projects up to 120% AMI, or as otherwise defined by governing jurisdictions. Banked connections from STPUD are free. A $100 administrative fee for tracking the transfer is charged.

Table 6.1. Development Impact Fees in the South Shore Region

Fees	Project Location		
	City of SLT	El Dorado County	Douglas County
TOTAL Development Fees (rounded)	**35,010**	**35,580**	**12,370***
School District	*2,240*	*2,240*	*1,600*
*TRPA Mitigation and Application Fee***	*9,270*	*9,270*	*9,270*
City of South Lake Tahoe Fees	*3,130*	-	-
South Tahoe Public Utility District	*20,370*	*20,370*	-
El Dorado County Planning & Building	-	*2,700*	-
El Dorado County Other Agency	-	*1,000*	-
Douglas County Fees	-	-	1,500
Douglas Water/Sewer	-	-	Variable

Source: City of South Lake Tahoe, El Dorado County, TRPA, Douglas County, Consultant team
*Excludes water/sewer fees - varies based on General Improvement District (GID) or provider.
**TRPA fees based on TRPA staff input, plus a $114 IT Fee.

Total Development Costs

The table below provides an estimate of development costs for both a single family and multi-family (attached) home in the South Shore Region, as determined from information gathered through interviews and focus groups for this study, as well as existing studies.[33] Estimates are for 1,000 square foot units with two bedrooms, one bathroom, and a one-car garage (as part of the single-family home). The estimates assume no acquisition of development rights or coverage is needed.

The permit fees are based on current fee worksheets provided from the City of South Lake Tahoe. Other costs assume that:

- The construction contingency is 5% for both single and multi-family residential development.
- The soft costs are estimated to be 20% of the construction costs.
- A profit or fee of approximately 5% is applicable to a for sale product, but would be adjusted for a rental product.
- Site work is about 10% of development costs for a single-family unit and decreases by about 2/3 to contemplate for site work efficiencies for a multi-family development.

[33] See, e.g., TRPA's 2018 Housing Costs and Affordability study. See also, "Due Diligence and Concept Development of P3 Opportunities for Residential Student Living" prepared for Lake Tahoe Community College by The Concourse Group, August 2019.

As shown:

- It costs about $456 per square foot to produce a single-family home and $368 per square foot for a multi-family unit.
- The primary cost differential per square foot is the construction cost, followed by site work.

Table 6.2. Development Costs Estimate

Cost Category	Single Family (1,000 sq. ft.; 2-bed/1-bath)		Multi- Family (1,000 sq. ft.; 2-bed/1-bath)	
	per sq. ft.	per unit	per sq. ft.	per unit
Land, Coverage, Development rights (no cost)	0	0	0	0
Construction	$300	$300,000	250	$250,000
Construction Contingency -5%	$15	$15,000	13	$12,500
Soft Costs (Financing, A&E,) 20%	$60	$60,000	50	$50,000
Local permit Fees	36	$35,570	30	$30,000
Profit (5% of Construction)	15	$15,000	15	$15,000
Site Work	30	$30,000	10	$10,000
TOTAL	$456	$455,570	$368	$367,500

The table below shows the difference in gap between a single family and multi family unit if both product types were to be sold at various prices affordable for local residents. This shows that:

- A gap of $155,570 is needed if the single-family home is sold for $300,000. This drops to $55,570 if it is sold for $400,000. These gaps assume the land has also been granted.
- The multi-family units require no additional financing if sold at $400,000; it breaks-even at $367,500.

Table 6.3. Single and Multi-Family Homeownership Subsidy required

	Single Family		Multi- Family	
Sales Price / Debt Supported	$300,000	$400,000	$300,000	$367,500
	Free Land	Free Land	Free Land	Free Land
Cost to Develop	$455,570	$455,570	$367,500	$367,500
Additional Funds Required (GAP)	**$155,570**	**$55,570**	**$67,500**	**0**

Table 6.4 below shows a rental scenario for a multi-family development, with the continued assumption of zero land cost. This assumes a 30-unit project with rents set both at $1,250 per month (about 80% AMI) and $1,750 per month (about 100% AMI). In this scenario assumptions regarding operating costs were made to estimate the amount of debt this project could support per unit.

Table 6.4. Rental Gap Requirement for Multi-Family

Sources of Funds	Multi- Family*	
	$1,250 Rent	$1,750 Rent
Sales Price / Debt Supported per unit**	$162,000	$240,000
	Free Land	Free Land
TOTAL SOURCES	$162,000	$240,000
Additional Funds Required (GAP per unit)	**$205,500**	**$127,500**

*30 unit development, not subsidized or income restricted, $2,500/ unit in operating costs annually
**Assumed, 5% interest, 30-year amortization, 1.2 DSCR.

Section 9 – Current and Projected Housing Needs

This section addresses the question:

How many housing units are needed to address housing deficiencies for South Shore Region residents and employees and support the employment needs of local businesses and the economy?

Needs are projected through 2026 and quantified in two categories:

- Catch-Up Needs – the number of housing units needed to address current deficiencies in housing based on employees needed to fill unfilled jobs, residents and employees living in over-crowded conditions and in-commuters that want to move near their job in the South Shore Region.

- Keep-Up Needs – the number of units needed to keep-up with future demand for housing based on projected job growth and jobs that will be vacated by retiring employees. Housing shortages worsen when local job growth and the need for more workers exceeds the growth of available housing units.

The above needs focus on year-round housing only. Housing for the seasonal workforce is discussed separately within this section.

This section estimates housing units needed to support employers, keep up with future job growth and improve housing options for area residents and is, therefore, a subset of the total demand for housing in the Region. In other words, these figures should not be mistaken as representing the entire housing market for projects – retirees moving in from elsewhere, second homeowner purchases, investor buyers and other market segments are outside the scope of this analysis.

Catch-up Needs (Current Conditions)

Unfilled jobs

Employer survey respondents reported that about 7% of year-round jobs are vacant and need to be filled. This equates to about 1,805 unfilled jobs. About 675 housing units are required to house employees needed to fill the 1,805 vacancies.

Units needed to help fill vacant jobs	
# Year-Round unfilled jobs (June 2019)	1,805
Jobs per worker	1.5
Employees per household	1.78
Housing units needed	675

Overcrowded Units

As local workers become intolerant of living in overcrowded conditions, they are likely to leave their jobs and the area, causing problems for employers in retaining qualified employees and filling jobs.

"A 22 year old with a good full time job shouldn't have to have 5 roommates or live with his parents to be able to survive in this town and that is why people are leaving."

2019 Household and Employee survey

Overcrowding can only be addressed by providing additional units. As reported in Section 5 – Housing Problems of this report, 490 households (about 3%) are overcrowded in the South Shore Region. An increase in the supply of local resident housing equal to about one-third of the number of overcrowded units will help address overcrowding and provide some options for and more movement among these households. Therefore, about 165 units are needed to help address overcrowding.

Units Needed to Address Overcrowding	
Overcrowded households (3%)	490
Additional Units Needed (1/3)	165

In-commuters

Providing stable housing options for in-commuters that would prefer to live near their jobs has many benefits for both employers and the community, including helping to decrease employee turnover, improve customer service, and increase community vibrancy and year-round occupancy. Additionally, decreasing vehicle miles travelled reduces greenhouse gas emissions and benefits air quality in the region.

About 1,245 units are needed in the South Shore Region to meet the needs of in-commuters who would prefer to live near their jobs, based on the estimate that 31% of jobs are filled by in-commuters, as discussed in Section 2 – Jobs, Seasonality and Commuting. About 40% of in-commuters reported on the 2019 Household and

Employee Survey that they would prefer to live in the South Shore Region if they could find suitable housing they can afford.

Units Needed to House In-Commuters	
Total in-commuters (31% of employees)	5,555
% want to move to South Shore	40%
# that want to move	2,220
Employees per household	1.78
New housing needed	1,245

Keep Up Needs (2019 to 2026)

Retiring employees

Employers will need to fill the jobs vacated by retirees in addition to any newly created jobs. Some retirees will leave the area upon retirement; however, when they sell their homes, many will be purchased by second-home owners or investor buyers rather than local employees. Based on 2019 Household and Employee Survey responses, about 17% of retiring employees will leave the area, making their homes available – this has been factored into the below calculation.

Employer survey respondents reported that about 7.5% of their year-round average employees (1,350 total) will be retiring over the next five years. About 17% of new retirees want to leave the Region. This means that about 630 housing units will be needed to house the employees filling jobs vacated by retirees.

Retiring employees	
% to retire by 2026	7.5%
# to retire	1,350
# to leave the Region (17%)	- 230
Employees per household	1.78
Housing units needed	630

Job Growth

To keep up with estimated job growth through 2026 (2,230 new jobs), approximately 575 additional units will be needed by 2026 to house 69% of local employees in the South Shore Region. The 69% target is based on current patterns – 31% of the current workforce commutes in from other areas. Job growth and commuting estimates are presented in more detail in Section 2 – Jobs, Seasonality and Commuting.

Estimated Housing Needed by the Workforce Filling New Jobs, 2019 - 2026	
Increase in Jobs between 2019 to 2026	2,230
Jobs per Employee	1.5
New Employees Needed	1,485
% to live in South Shore*	69%
# to live in South Shore	1,025
Employees per Housing Unit	1.78
New housing needed	575

*assumes the 31% in-commuting rate will continue

Summary of Catch-Up and Keep-Up Needs

Based on estimated catch-up and keep-up needs, approximately 3,290 community housing units are needed by 2026, or an average of about 550 units per year. This includes:

- Housing in-commuters that want to move to the South Shore Region,
- Workers needed for unfilled jobs,
- Housing units needed to address overcrowding and
- Workers filling jobs vacated by retiring employees and filling new jobs created through 2026.

Summary of Housing Needs	
Catch-Up	**2,085**
Overcrowded Households	165
In-commuters	1,245
Unfilled jobs	675
Keep-Up	**1,205**
Retiring employees	630
New jobs	575
TOTAL through 2026	**3,290**

The extent to which some of these needs may be addressed by the market will be influenced by changes in housing prices over time, the availability of land, developers' construction of local resident housing, and the presence or absence of regulatory measures. In addition, the extent to which any or all of these elements of need are addressed by local resident housing programs will be an extension of housing policy, resources and desired direction with respect to local resident housing. Setting this policy direction will be a goal of Part 2, the South Shore Region Housing Action Plan.

Needs by Own/Rent

There is need for both ownership and rental housing in the South Shore Region that is available for local residents and employees. In the near term, it is estimated that about 62% of units needed should be for rent and 38% should be for ownership. This is based on the following:

- About 52% of in-commuters that want to move to the Region prefer to or would rent;
- About 70% of new employees to the area rent. This would include employees filling vacant or new jobs. This is based on 2019 Household and Employee Survey responses and is consistent with that seen in other communities;
- All households moving out of overcrowded conditions will rent.

A higher renter ratio also makes sense from the local housing market perspective. Rentals are consistently less than 2% vacant and, unlike the ownership market, show no recent signs of softening.

The precise ratio, however, is also dependent upon the desired direction and housing policy of the Region, as well as opportunities presented. Rentals are needed to help recruit new workers and residents; ownership is needed to retain year-round residents and support community stability.

Summary of Housing Needs by Own/Rent Through 2026		
Units needed through 2026	**3,290**	**100%**
Ownership	1,265	38%
Rental	2,025	62%

Needs by Income

Ownership housing should be created based on the income distribution of in-commuters looking to move to the Region and current residents searching for homes, as determined from the 2019 Household and Employee Survey.

- Prices for residents and employees in the Region should primarily range as low as about $200,000 up to about $400,000. This would provide ownership opportunities for households earning between $50,000 through $100,000 per year (between about 70% and 150% AMI). The current for-sale market is not providing a sufficient supply of suitable homes in this price range.

- Local residents are willing to make trade-offs on product type to afford homes. Product missing from the market for local residents are townhome-style attached units with garages. Primarily 2- and 3-bedroom homes are needed.

- Subsidies are needed to produce new homes priced below $400,000, with the potential exception of some multi-family product (see Section 8 – Land, Resources, Costs and Constraints). Subsidies may include land, fee waivers, employer assistance, direct local subsidy or other inputs that assist in lower or covering costs.

  Providing or expanding programs that can help local residents purchase existing, older homes and subsidize or assist with repairs offers another alternative.

"Would love to see a neighborhood improvement loan available only to FT south shore residents to buy run down homes and compete with vacation home buyers from the Bay Area."

2019 Household and Employee survey comment

- Local residents compete with second homeowners at all price points. Any local resident housing that receives public subsidies should protect that investment by making sure the unit is restricted for resident occupancy.

Homeowner Income Distribution Compared to Homes Availability

Income Level	Maximum Affordable Sale Price	Owner Income Distribution	All Listings
Under $20,000	Under $100,000	3%	1%
$20 to $39,999	$150,000	18%	1%
$40 to $49,999	$200,000	7%	0%
$50 to $59,999	$250,000	7%	0%
$60 to $74,999	$300,000	13%	4%
$75 to $89,999	$350,000	7%	6%
$90 to $99,999	$400,000	8%	9%
$100 to $124,999	$500,000	13%	16%
$125,000 or more	Over $500,000	23%	62%
TOTAL	-	Units needed: 1,265	100%

NOTE: Shading indicates where there is a shortage of housing supply for residents and employees. The lighter shade indicates that a gap exists, but providing ownership priced under $200,000 will require significant subsidy; rentals are more typical.

There are very few units available to rent for below $2,000 per month in the South Shore Region. In other words, more rentals are needed – low income, just under market and market-rate. There is, however, comparatively more need by local residents and employees for rentals priced below $1,250 per month. More specifically:

- New rentals for local residents and employees should be mostly priced beginning at $500 per month up to $1,250 per month for households earning from $20,000 to $50,000 per year (about 30% to 80% AMI). Filling units priced for households earning below 50% AMI can be difficult – dual-income households typically cannot qualify.
- There is also a shortage of rentals priced up to about $1,700 per month for 2-bedroom and $1,900 for 3-bedroom units. These would be affordable for households earning about 100% AMI. Quality units at this price could attract residents that are currently paying this amount or more for older, lower quality units. This would provide some competition on the market and begin to improve rental conditions for locals.
- Renters need 1-, 2- and 3-bedroom units; they prefer either individual homes or exterior-entry attached units (as opposed to apartments with interior halls); desire in-unit laundry, extra storage and garages or covered parking. Many have pets, mostly dogs.

Renter Income Distribution Compared to Available Rentals

	Maximum Affordable Rent	Renter Income Distribution	Available Rentals*
Under $20,000	$500	8%	0%
$20 to $39,999	$1,000	26%	13%
$40 to $49,999	$1,250	13%	11%
$50 to $59,999	$1,500	8%	7%
$60 to $74,999	$1,875	17%	16%
$75 to $$99,999	$2,500	13%	39%
Over $100,000	Over $2,500	15%	14%
TOTAL	-	Units needed: 2,025	100%

*Available rentals include rentals available in September 2019

NOTE: Shading indicates where there is a shortage of housing supply for local residents and employees. Units in the lighter shade are also needed, but are priced above core employee needs.

Seasonal Workers

Not all workers filling seasonal jobs need seasonal housing. Some jobs are held by year-round residents in the area.

- About one-third of South Shore employees living in the Region hold a dual-seasonal job (both summer and winter seasons).
- About 80% of resident dual-seasonal employees work for the same employer in each season.

In the South Shore region, a net increase of 1,000 jobs is added in the winter and about 3,300 in the summer. The actual number of summer and winter seasonal jobs exceeds these figures, but on a net basis, summer jobs exceed winter by about 2,300 jobs.

The number of housing units needed by seasonal workers is difficult to define – needs change year-to-year based on several factors – tourism, hiring needs, weather, etc. In many seasonal resort communities, housing for seasonal workers is provided by the employers who hire them. Neither private developers nor public housing authorities can afford to develop housing that is occupied only part of the year. The fact that employers in the South Tahoe Region hire for both summer and winter seasonal jobs provides opportunities to explore partnerships and keep units full most of the year.

The type of housing needed can also vary significantly. Employers have specific knowledge of the number of workers they plan to hire, their demographic characteristics and their housing needs. For example:

- J-1 employees, which are nonimmigrant foreign workers that are issued visas to temporarily work in the U.S. to further educational and cultural exchange goals, are hired in the Region to fill hard-to-fill service jobs (e.g., housekeeping, dishwashers, hosts, etc.). Typically providing housing, or at least showing that housing "is available," is required to hire through this program.

  J-1 employees usually do not have cars. Residing in dorm-style housing or shared rooms can be appropriate, as long as units are within walking distance to work or have reliable transit.

  Property managers reported that about 80% of their seasonal renters are J-1's. A local casino hires J-1s through a company that houses some workers in a hotel at Stateline with four to a room. This is down from six per room in prior years. Better options for these hires are needed.
- Employers that hire seasonal workers for a few months in the winter or summer that are primarily younger, 20-something employees typically find that dorm-style and shared-living quarters suffice. Problems can arise, as experienced in Mammoth Lakes recently, when the ski season extends (e.g., until July) and older seasonal workers from other resorts were needed to fill some positions. Mixing

40- and 50-year-old workers with younger workers in shared units was an awkward fit.

Seasonal employees in many comparable resort communities have shifted to an older demographic, particularly in areas where summer seasonal employment is more even with winter seasonal jobs. Older, more permanent workers require different housing options; an adjustment many communities have had to make. Aspen is a prime example – the mountain provides a range of housing options including dorms, tiny homes, apartments, and others that are available to their employees.

- Other positions may be filled by employees who only come to the area for a few months. Dorms or hostels may suffice for these employees. For summer seasonal employees, RV spaces, camping facilities, non-winterized cabins and similar low-cost options are feasible, unlike for winter employees.