



**COUNTY OF NEVADA  
COMMUNITY DEVELOPMENT AGENCY  
PLANNING DEPARTMENT**

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**NEVADA COUNTY BOARD OF SUPERVISORS  
Board Agenda Memo**

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**MEETING DATE:** December 12, 2017

**TO:** Board of Supervisors

**FROM:** **Brian Foss, Planning Director**

**SUBJECT:** Discussion of Housing in Nevada County

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**RECOMMENDATION:** Provide discussion and direction regarding potential programs and activities to facilitate housing opportunities in the County. Close Board Order BO17-02.

**FUNDING:** No funding or budget amendments are required for this report. Funding may be required to implement programs and activities.

**BACKGROUND:**

Housing costs play a critical role in the economic stability of a region. For those individuals and families with lower incomes, high housing costs consume a large and growing portion of their earnings, leaving little to spend on other essential needs like transportation, food, and healthcare, driving more households into poverty. Lack of an affordable home can create challenges for a family's health and welfare. For other vulnerable groups such as disabled adults and seniors on fixed-incomes, lack of affordable housing can lead to loss of independence and higher costs to the public due to increased need for emergency healthcare or placement in nursing homes.

A household is considered to be "overpaying" if its monthly housing cost or gross rent exceeds 30 percent of its annual gross income. The County's Housing Element identified that 49.3 percent of all households in Nevada County spent more than 30 percent of their gross income for housing and approximately 62.1 percent of all renters and 45.0 percent of all owner households in the County "overpay" for housing. In the unincorporated area 48.3% of all households are overpaying for housing, 60.7 percent of all renter households

are overpaying and 42.9 percent of all owner occupied housing are overpaying. Overpayment is a significant problem for owner and renter-occupied households especially for households earning less than 50 percent of the median household income for Nevada County. An even greater housing issue is for households that fall within the extremely low-income category or those that earn 30% or less than the median income. Approximately 87 percent of all extremely low-income households are overpaying for housing on already limited budgets.

A review of the housing characteristics for 2013 shows both attached and detached single-family units constitute over 84.0 percent of the housing stock in the County. In the unincorporated area over 90 percent of the housing stock is considered single family homes. The statistics for the incorporated areas show a greater number of multifamily units however the incorporated areas percentage of single family homes remain relatively high at 73.5 percent. Multiple housing units (apartments with five or more units) account for only 5.5 percent of the total housing stock in the County, whereas duplexes, triplexes, and quadplexes constitute 4.2 percent of the County's housing units. More multi-family units would provide additional affordable options for the County's population.

Nevada County is no exception to the housing problems. There is a continuing and growing concern over the lack of available housing and housing types to support all of the County's population. The Board of Supervisors has adopted two objectives in 2017 to address housing and homelessness issues as follows:

*Priority A: Explore strategies and funding options to improve and expand emergency shelters, particularly to move toward 24/7 program operations, while researching opportunities to facilitate development of the Housing Element rezoned sites throughout the County by partnering with other jurisdictions, potential developers and the Housing Authority.*

*Priority C: Work with our legislative advocates to introduce flexibility with rural counties in the housing element policy. Create opportunities for additional workforce and senior housing units.*

The County has taken steps to facilitate housing development in appropriate locations. There are a number of policies, programs and ordinances in place that assist with the development and retention of housing stock within the County. Below is a discussion of the policies and programs that are in place, policies and programs that have been adopted but not yet implemented and other options that could be explored to facilitate housing development and provide for many types of housing to all segments of the County's population. All of the italicized language below are policies and/or programs from the County's Housing Element that support creating affordable housing options.

### **Accessory Dwelling Units**

Sometimes referred to as second units, additional smaller residential units that are secondary to the primary residence on a property can provide a more affordable housing option. The smaller size of the unit demands a lower rent amount than a full size

residential unit. In 2009 the Board adopted a Zoning Ordinance amendment that allowed second units to be permitted with a building permit rather than an Administrative Development Permit. This reduced the cost of the permit and allowed second units to be located beyond dead-end road limits. This increased the opportunities for second unit throughout the County and made the permitting more affordable.

Earlier this year the Board approved amendments to the accessory dwelling unit ordinance which were mandated by SB 1069. The mandatory changes of the bill included: 1) reduced parking requirements for ADUs and prohibiting additional parking for ADUs when certain criteria is met (e.g., located within a half mile of public transportation); 2) prohibition of local governments from requiring an ADU applicant to install a new or separate utility connection, or impose a related capacity charge for ADUs contained within an existing residence or accessory structure, and proportionate water and sewer fees for attached and detached ADUs; 3) clarification that fire sprinklers shall not be required in an ADU if they are not required in the primary residence. In addition, changes were made to come into compliance with AB2299 which included reduced setbacks for existing garage conversions into an Accessory unit. Both of these actions increased the opportunity for more ADU's to be constructed.

At that hearing the Board requested additional information regarding other amendments to the ordinance that would increase the potential for accessory dwelling units to become more of an affordable housing option. The Board directed through BO17-02 that staff return to the Board to discuss the feasibility of removing the owner-occupied requirement for accessory dwellings, consider fee reductions, lowering the maximum size limitation of an accessory dwelling and limiting VRBO/Airbnb for accessory units.

- **Remove Owner Occupancy Requirement:** Currently the County zoning ordinance requires that one of the residential structures on a site (can be either dwelling unit) be owner occupied. The potential to allow both units to be rented without owner occupancy would allow individuals with multiple properties to build more units on their land and provide more rental units to the market and receive more return on their rental property. The counter argument is that the removal of the owner occupied requirement would create more of a potential of absenteeism and result in rundown properties that would be detrimental to the neighborhood. Deed restrictions would be a way to ensure the second unit was available to only low income groups. Housing Element Program HD-8.1.12 (below) encourages incentives for second unit owners to maintain the unit for low and very low income groups. The removal of the owner occupancy requirement would be considered an incentive for making the unit available to the lower income groups. Requiring a deed restriction as an alternative to requiring one of the units to be owner-occupied would also be an option for the County to consider. This would allow property owners to rent out both units on the site as long as one was restricted to low income families only.

*Program HD-8.1.12 The County shall review the feasibility of providing incentives to second unit owners and builders who volunteer to maintain their second unit for an unspecified duration as affordable to the low and very low-income groups.*

- **Fee Reductions:** ADUs are not considered new residential uses for the purpose of calculating utility connection fees or capacity charges, including water and sewer service. The fees collected are service fees to review and process the building permit for the structure and the mitigation fees are collected by districts other than the County. The County mitigation fees (traffic and sewer connection fees, if necessary) are prorated for an accessory unit. If there were to be a fee reduction for Accessory Dwelling Units the service to review and issue permits for the structures would have to be subsidized from some other funding sources at the Board's discretion.
- **Decrease Size Maximum:** Currently the Zoning Ordinance allows an accessory dwelling unit to be a maximum size of 1,200 square feet. On parcels less than one acre in size the County zoning ordinance requires that second units be attached to the primary dwelling and that the size of the second unit be limited to no more than 50% of size of the main house or 1,200 square feet, whichever is less. The 50% allowance is a new State law mandate, previously the County's ordinance restricted attached units to 25% of the size of the main dwelling but State law required the County to increase the percentage. It was suggested at the Board of Supervisors meeting in September, 2017 that the maximum size of the units should be decreased in order to help control the rental prices that such a rental unit could demand. State Housing law allows accessory dwelling units to be up to 1,200 square feet in size. The City of Nevada City has a maximum size of 800 square feet for their accessory dwelling units. Smaller size restrictions on small lots within the City seem reasonable and proportional to not overload a small piece of property. Larger rural lots could support the larger size second units more easily and would be in character with the size and scale of residential development typically seen in the County. Limiting the size of an accessory dwelling unit could discourage property owners from spending the time and expenses to develop only a small unit, the larger size gives more flexibility. For the smaller lots the County currently has size limitations in place which are in accordance with State law. Finally, the 1,200 square foot size limit is a maximum, there is no requirement that an accessory unit has to be that size, a property owner could build a smaller unit if they so desired.
- **Prohibiting VRBO/Airbnb:** There is no provision in County codes at this time that limits or prohibits homeowners from renting out their accessory dwelling units as short term rentals. Websites such as Airbnb and VRBO have popularized and facilitated the advertisement and rental opportunities for homeowners. By restricting short term rentals housing would only be available as long term (more than 30 days) and would provide a more permanent housing for residents and the workforce and less in vacation rentals. The enforcement of the prohibiting short term rentals could prove difficult and the loss of Transient Occupancy Tax normally collected would result in less money available to the County to use for programs that support affordable housing. However, the prohibition to rent on a short term basis could be done through a deed restriction when an accessory

dwelling unit is permitted or through a signed recorded document by the property owner.

### **Housing Type Options**

As identified in the County's Housing Element a majority of residential units in the unincorporated areas of the county are single family dwellings (90%). These types of dwellings are typically more costly to build and to rent or buy than multifamily units. The County's zoning ordinance allows construction of duplex and four-plexes in all zoning districts that allow single family dwelling within Community regions as long as the underlying density is met. This allowance is included in the zoning ordinance in order to allow some flexibility for other types of housing models to be constructed. It is limited to Community regions because that is typically where the infrastructure is located to support higher density. This is also an option for a property owner to construct multiple units for rent without the owner-occupancy requirement of the accessory dwelling units.

*Policy HD-8.1.4 Within Community Regions, allow duplexes, duets and four-plexes mixed-in with single-family residential developments in all zoning districts that permit single-family dwellings as a listed permitted use when consistent with the underlying density.*

### **Higher Density**

Subdivision and developments of high density are typically multifamily housing projects and/or small lot single family subdivisions. These types of development are inherently lower in cost for rents and sale prices. The State Department of Housing and Community Development (HCD) requires counties to identify available land (undeveloped or underdeveloped) that can accommodate high density development (minimum of 16 units per acre). This is the approach that HCD mandates in order to ensure counties are meeting their Regional Housing Needs Allocation and are planning for housing for lower income residents. The County has been short of the required available land requirement mandated by HCD for the past 2 Housing Elements.

In October 2015 the Board approved rezoning of 6 properties totaling approximately 33 acres to R3 High Density to accommodate 532 dwelling units by right with no discretionary permits required. This type of density that is allowed without discretionary permitting on these lots significantly increases the potential for a workforce housing project to be constructed. The County spent over \$400,000.00 to complete the environmental review for the development of these properties saving the developer of each lot significant amounts of time and money. The County has still not met the RHNA requirement and could rezone more land to accommodate high density housing including the two sites on Brunswick Road that were identified as sites #3 and #5 in the rezoning program. In early 2018 it is anticipated that these sites will be brought back to the Board for rezoning to R3 in order to provide more density and multifamily options. Adopted Housing Element policies that support the rezoning of land are as follows:

*Program HD-8.1.1 To accommodate the unmet housing need of 699 low and very-low income units identified in Program HD-8.1.4 of the 2009-2014 Nevada County Housing Element, the County will rezone at approximately 43.7-acres suitable and available for development in the planning period through either: 1) rezones within the cities' sphere of influence to a density of 20 units per acre (R3-20); or 2) rezone a sufficient amount of land outside of the cities' sphere of influence to a minimum density of 16; or 3) a combination of rezoned land within and outside of the cities' sphere of influences at the identified densities may also be used to satisfy the unmet need of 699 units.*

*Program HD-8.1.4 The County shall evaluate an increase in density for the UMD land use designation and a minimum density for the UMD and UHD land use designations within Community Regions consistent with Policy 1.8.3, unless environmental health standards cannot be met or other physical and/or environmental constraints exist.*

### **Transitional and Supportive Housing**

Transitional and supportive housing plays an important role in the continuum of providing housing and reducing homelessness. This type of housing is necessary to provide a middle step between homelessness and permanent housing. In September 2017, in order to encourage transitional and supportive housing, the County amended its zoning ordinance in accordance with Government Code Section 65583(a)(5) to permit transitional housing and supportive housing as a residential use, subject only to those regulations that apply to other residential dwellings (e.g., single family, duplex, condominiums, apartments) of the same type in the same zone.

*Program EO-8.5.4 To encourage transitional and supportive housing, the County will amend its zoning ordinance in accordance with Government Code Section 65583(a)(5) to permit transitional housing and supportive housing as a residential use, subject only to those regulations that apply to other residential dwellings (e.g., single family, duplex, condominiums, apartments) of the same type in the same zone.*

### **Fee Waivers for Low Income**

Developers of low income housing projects can request fee waivers from the Board on a case-by-case basis at any time. And, projects can enter into a Development Agreement (approved by BOS) and fees can be reduced or modified as an offset to providing affordable housing.

The Zoning Ordinance currently contains language that allows for a 50% reduction of all County permit fees for projects that develop housing for very low income households, lower income households or housing for persons with disabilities. Currently there are no development proposals in process that meet this criteria nor have there been any recent developments that were approved that met this criteria. These incentives may need to be

advertised and made available in order for projects to take advantage of the benefits. The language from Section L-II 3.16.C of the zoning ordinance is below:

**C.Type of Bonus and Incentives Allowed.** A housing development that satisfies all applicable provisions of this Section shall be entitled to the following density bonus and other incentives:

1. **Density Bonus.** The density bonus allowed by this Section shall consist of at least a 25% increase in the number of dwelling units for qualifying very low or lower income and senior citizens and up to a 15% increase in the number of dwelling units for qualifying moderate income units normally allowed by the zone district. No single project shall be granted more than 1 density bonus pursuant to this Section.

2. **Other Incentives.** A qualifying housing development for very low income households, lower income households, senior citizen housing, or housing for persons with disabilities as defined by the California Fair Employment and Housing Act, shall be entitled to at least 1 of the following concessions or incentives:

a. Waiver of parking lot standards for guest parking by a ratio equal to the number of affordable units to total units within a given project.

b. Reduction by 25% in the proportional site and parking lot landscaping standards by a ratio equal to the number of affordable housing units to total housing units within a given project.

c. Establishment of site and building setbacks that do not exceed the Fire Safe Standards required by the State Department of Forestry.

d. Reduction by 25% in all limitations on parcel coverage for multi-family housing projects.

e. Reduction by 50% all County permit fees for projects that develop housing for very low income households, lower income households or housing for persons with disabilities as defined by the California Fair Employment and Housing Act and the federal Fair Housing Amendments Act of 1988.

Further, the County's Housing Element contains two policies that encourage fee reductions:

*Policy RC-8.4.2 The County shall continue to provide a partial fee waiver for lower income affordable projects and incentives to for-profit and non-profit builders of affordable housing for development of five or more very low or low-income units per application. Fee reductions may be backfilled with CDBG funds or other revenue sources.*

This policy is in place through the zoning ordinance that allows a 50% reduction of fees for affordable housing projects and projects for persons with disabilities.

*Program RC-8.4.4 The County shall request that schools, fire districts, park districts, NID and other special districts adopt a policy to allow for deferred payment and/or partial or full waiver of planning, mitigation, building permit and connection fees as incentives to for-profit and non-profit builders of housing affordable to qualified extremely-low, low and very-low income residents and the County should consider adopting a similar policy for the collection of County fees.*

This policy has been in place since 2014. Every year the Planning Department sends out a letter to the other agencies and districts and requests that those agencies and districts consider defer or waive fees for affordable housing projects. There has not been a response from an agency or district indicating that their fees would be waived or reduced.

Additional fee reductions are supported by the Housing Element policies listed below. Even with these incentives no project has been proposed that was eligible for these encouraged fee reductions. Potentially these incentives and fee reductions could be increased or be modified to allow fee deferrals to reduce the upfront cost of the permitting process. In any event the fees are designed to support the review and processing services through staff time so the offset would need to be funded from another source.

*Policy RC-8.4.3 Provide affordable housing pre-application meetings, accurate and consistent processing information and priority processing. Pre-application fees may be credited toward application fees, subject to “backfill” by alternative revenue sources.*

*Policy RC-8.4.9 To the extent feasible, the County shall encourage the reduction of development permit fees for multi-family and single-family housing projects that are affordable to qualified extremely-low, low and very-low income residents.*

### **Existing Permitting Tools**

The Housing Element currently contains a program that encourages the use of a “stock” housing plan that could be used by a property owner to reduce the costs of preparing plans and reduce the time and costs of completing the permitting review process. The County did receive a stock house plan for a design of an approximately 500 square foot unit that could be used as primary or secondary residence. The plan was available to the public for approximately 1 year, however, the plan was never utilized. Unfortunately, the architect withdrew his stamp from the plan after approximately one year due to liability issues. Potentially, the availability of this plan was not well known and therefore was not utilized to its potential. Even though the initial trial of a stock plan was not successful there still could be benefits to the program. The stock plans, if more varied and more well known, could be helpful as a conversation starter with an architect. For example, a homeowner picks a prototype they like and then the architect uses it as a starting point for a customized design which could help reduce design costs. The City of Santa Cruz has a prototype plan available for second units but that jurisdiction reports that it has not been used very often. The jurisdiction cites the fact that the units are not one-size fits all and

many applicants need a more custom design out of desire or just necessity to fit within their property's constraints.

*Program HD-8.1.16 To reduce the cost of housing, the County Building Department should consider the potential of adopting "stock" housing plans for a variety of housing sizes, including smaller housing that could later be converted to an accessory structure, where said plans could be utilized by residents of Nevada County for little or no cost.*

An additional two policies contained in the Housing Element encourage expedited process for senior and lower income housing projects. The processing of a development permit at the Zoning Administrator level is less expensive but still requires all of the standards to be met and CEQA to be completed. These incentives are available to qualifying developments but recent projects have not met the criteria to receive these incentives and the development standards and environmental requirements still need to be met.

*Policy RC-8.4.4 All zoning-consistent multiple-family projects, up to 30 units in size, that provide a minimum 30-year guarantee that all units of housing will be affordable to very low and low-income residents shall be processed as a Zoning Administrator Development Permit.*

*Program RC-8.4.2 The County will expedite the development review process for senior housing, very low, low- and moderate-income housing projects.*

### **Reduction in Development Standards**

Current County codes and Housing Element policies do allow for some standards to be reduced in order to maximize multi-family, affordable development projects. Zoning Code Section L-II 3.16.C listed above and supported by Housing Element policy below identifies standards that can be reduced for qualifying projects. Identifying and providing other flexible standards for qualifying projects could help incentivize more multifamily affordable housing.

*Policy RC-8.4.7 Continue to allow the flexibility and relaxation of certain development standards as incentives for multi-family affordable housing developments that provide housing for very-low and low-income households. The specific standards can include but are not limited to:*

- a. Reduction in the area of paved surfaces through the use of angled parking and one-way circulation;*
- b. Reduction in street widths;*
- c. Reduction in turning radius on cul-de-sacs;*
- d. Reduction in pavement thickness when it can be demonstrated that soils and geotechnical conditions can permit a lesser thickness;*
- e. Limiting the requirement for sidewalks to one side of the street and reducing the width requirement;*

*f. Reduction in the open space/recreational area requirements by 25 percent, notwithstanding Recreation Mitigation Fee (AB1600) requirements; and*  
*g. Increased flexibility in evaluating a project's architectural conformity to the Western Nevada County Design Guidelines or other applicable design guidelines. The County shall keep on file examples of projects built at below market rate to assist in development of attractive developments within the County. Projects proposed within a Sphere of Influence shall be consistent with the respective jurisdiction's Design Guidelines.*

## **Density Bonuses**

Density bonuses can help a project pencil out financially. There are still infrastructure limitations (sewer, water, adequate roadways) that need to be addressed in order to accommodate the higher density. However, higher density options open up more flexibility for different housing types that can be accommodated on a particular parcel. More units that can be built on a parcel increases the likelihood of marketing the project at more affordable levels due to smaller parcel and unit sizes. It could also incentivize a property to be developed rather than left undeveloped if a project can be profitable. Currently the County has policies that encourage density bonuses. Options could include increasing the density bonus percentages.

*Policy EO-8.5.3 Provide a density bonus for affordable multi-family housing (i.e., low or very-low income housing) and independent living centers for seniors, assisted living housing for low-income housing and disabled persons within the Urban Medium and Urban High Density land use designations.*

*Policy EO-8.5.4 All senior assisted care residential developments shall include at least 10% of the total units affordable to low-income seniors. Such projects shall qualify for a density bonus.*

## **Funding Opportunities**

A very large obstacle to providing affordable housing from a County standpoint is funding availability. County programs that are in operation to assist low income families include the CalHome program, HOME First Time Homebuyers, Home Preservation Grants (HPG), CDBG monies and in-lieu fees collected from the Cascade Crossing subdivision. There are a number of policies contained in the Housing Element that encourage use of grant money to provide affordable housing and infrastructure to support multi-family housing. Continued pursuit of grant funding through State and federal programs will be ongoing. Increased partnership with Housing Authority and other for profit and non-profit housing organizations would also help expand the funding opportunities for the County. One of the biggest incentives for developers to provide low cost housing is through tax credits. Working with a developer to identify land and a project that would qualify for tax credits would greatly increase the chances of a successful low cost housing development project.

*Policy HD-8.1.15 To the degree feasible, encourage the construction of multi-family, single-family and second dwelling unit housing affordable to professionals within the regions they live by utilizing state homeownership programs that are targeted to teachers, deputy sheriffs, firefighters and other public service employees.*

*Policy HD-8.1.7 Seek funding to expand existing sanitary sewer systems within the unincorporated Community Region areas to increase the potential for additional affordable housing. Each public agency or private entity providing water services at retail or sewer services, shall grant a priority for the provision of these available and future resources or services to proposed housing developments which help meet the County's share of the regional housing need for lower income households, pursuant to Section 65589.7 of the State Housing Law.*

*Program HD-8.1.7 Review the feasibility of developing an Affordable Housing Trust Fund Program to be used for affordable housing development. The Board of Supervisors should initiate discussions about appropriate sources for affordable housing trust funds (such as impact fees, in lieu fees, etc.) and affordable housing incentives.*

*Program HD-8.1.3 In order to expand the availability of sites for multi-family development within Community Regions, and to lower the construction costs by providing funding for infrastructure development, the County shall annually apply for grant funding from the Community Development Block Grant and the Water and Waste Disposal Programs, until grant funding is received. If the County receives funding from one or more of these programs, this funding shall be used in the development of infrastructure for housing affordable to lower income households.*

*Program AH-8.3.1 The County will continue to participate and administer the Housing Choice Voucher Program (Section 8 assistance).*

*Policy MI-8.2.2 The County shall strive to extend the CDBG program to very low, low and moderate-income families to rehabilitate housing through low interest loan programs and/or first time home ownership program.*

## **Partnerships**

Leveraging funds with other agencies and corporations can help expand funding opportunities. The County is part of the Regional Housing Authority that operates out of Sutter County. The County is currently exploring options for partnering with that organization identify projects that could be developed to meet lower income group needs. Working with other organizations can help take advantage of their resources and knowledge and should be maximized.

*Program HD – 8.1.8 Where possible, the County will partner with existing non-profit and for-profit corporations that are interested and able to construct and*

*manage very low and low-income households throughout the County. The County may provide technical and/or financial assistance, such as, site identification, site acquisition, and identification of subsidy sources such as Low-income Housing Tax Credits, Proposition 46 bond funds, State Housing Finance Agency, Federal Rural Development Service, HOME funds, CDBG monies, fee waivers, and permit processing assistance.*

*Program AH-8.3.2 Create a housing sharing/matching program to better utilize the existing housing stock for affordable housing, specifically for matching seniors, disabled adults and working individuals with families.*

## **Rehabilitation of Existing Housing Stock**

An alternative to constructing new housing is to rehabilitate existing housing stock that has become dilapidated, rundown and/or unsafe. Project Go is the organizations that provides rehabilitation and weatherization services for Nevada County residents. That organization receives Community Service Block Grant (CSBG) money from the State to support the programs. Working with that organization to expand or supplement services could provide more rehabilitation of the existing housing stock to serve low income population of the County. The Housing Element contains a policy that identifies CDBG rehabilitation funds as a method to provide housing rehabilitation services.

*Program MI-8.2.1 The County will apply annually for CDBG rehabilitation funds to provide housing rehabilitation services to very-low and low-income owner occupied and rental households.*

## **Inclusionary Housing**

Requiring development of certain sizes to provide income restricted units has been a tool utilized to accomplish housing for workforce and/or lower income levels. The County had an inclusionary requirement but it had not been successful and had not achieved the desired results. The County repealed the inclusionary housing requirement in December 2015. The Town of Truckee requires most development to include some level of workforce housing/affordable housing and has been successful. Generally, the size and type of development in the County has not been conducive to successful inclusionary housing. At least three projects have been approved over the last 10-15 years that included onsite affordable housing requirements, Darkhorse, Cascade Crossing, and Wildwood Ridge Estates. The Darkhorse project and Cascade Crossing project have paid an in-lieu fee rather than providing the affordable units and Wildwood Ridge Estates has not been developed.

**In-Lieu Fees:** In-lieu fees can be collected as part of a condition on new development in order to help fund other programs that provide housing assistance. As mentioned above, two project that were previously approved negotiated in lieu fees rather than provide onsite restricted units. Both of those developers negotiated the in lieu fee separately as it was not based on an adopted formula. In order to provide a consistent known amount per unit a nexus study and in-lieu fee could be adopted by the County. The fee adds costs to

development but it also provides funding for other programs. The Housing Element program repeated below identifies in-lieu fees as an option to be used to support affordable housing programs.

*Program HD-8.1.7 Review the feasibility of developing an Affordable Housing Trust Fund Program to be used for affordable housing development. The Board of Supervisors should initiate discussions about appropriate sources for affordable housing trust funds (such as impact fees, in lieu fees, etc.) and affordable housing incentives.*

### **Publically Owned Land**

Land costs can prohibit affordable development and add to the eventual rental and sales prices for housing units. Donation of land can help reduce these costs significantly and can offset the cost of providing lower rents and sales prices. Publically owned land that is appropriate for residential development could be donated to a Housing Authority or other developer with requirements that the land be developed to serve a certain income group and/or have rent/sales restrictions. Additionally, publically owned land that is donated can have increase the chances that a project would qualify for grants, tax credits or other financial subsidy programs. Projects compete for grant money and tax credits and donated land is one of the scoring criteria for determining which project is awarded funds. The Mountain Housing Council that comprises eastern Nevada County, Town of Truckee and north Tahoe region of Placer County is exploring the feasibility of utilizing County or Town owned land for the development of a housing project. An existing Housing Element program identifies publicly owned surplus land as an option for consideration. Currently, the County does not own any land available for surplus.

*Program HD-8.1.5 The County shall coordinate with the three cities to identify publicly owned surplus land to determine its suitability for low-and very low-income households and to develop procedures for land swaps if sites more suitable for affordable workforce housing are identified. Surplus public lands within Community Regions that are found to be feasible for lower-income housing shall be considered for re-designation to an appropriate residential zoning designation.*

### **Summary**

In order to make progress in expanding housing options and providing affordable housing to County residents, numerous strategies, programs and efforts will be needed. One option will not likely solve all of the issues. Existing County policies and programs touch on many methods to provide support for achievable housing costs and available housing options. These programs may need to be expanded to help encourage and facilitate more housing opportunities within the County. Continuing to work with the community, other organizations and learn from other jurisdictions will be needed for successful solutions. Funding is always a necessary component for whatever strategy is

implemented and developing long term funding sources and taking advantage of one time grants will be needed for successful implementation. The Board can direct staff to further research and develop any of the programs/opportunities described above or discussed at the hearing for further discussion at the upcoming January 2018 Board of Supervisors workshop.

**Approved by:** Brian Foss, Planning Director