

INFORMATION



May 15, 2017

Purpose: Update Board of Directors (5-20-2017) on Tahoe Donner research on seasonal employee housing options along with regional community efforts.

Background: While Tahoe Donner held short term leases to (5) separate single-family residences within Tahoe Donner for the winter 2016/2017, as well as the TDA owned Chalet House, Staff is interested in additional opportunities to further secure seasonal and some limited year-round workforce housing for Tahoe Donner Employees, helping to guarantee necessary staffing service levels members have come to expect. This subject has been discussed at length in past board meetings and with the General Plan Committee. Board provided direction to staff at the 4-22-2017 board meeting to work further with the Finance Committee, General Plan Committee, and membership to develop employee housing options and solicit additional feedback.

Discussion:

1. Regional Housing Reports can be found at the following Tahoe Truckee Community Foundation website. <http://www.ttcf.net/impact/regional-housing-study/>
2. Attached is a summary of the regional community feedback from 4-29-17 Mountain Housing Council of Tahoe Truckee Public Summit.
3. Tahoe Donner Staff presented a recommended solution at the 4-22-2017 board meeting: <http://www.tahoedonner.com/member-area/governance/board-meetings/meeting-documents/>
 - a. Attached are the documents associated with that recommendation, including a Net Present Value (NPV) view of short term renting of homes vs. buying land and building adequate seasonal employee housing.
 - b. The following commercial lots are being reviewed for adequacy in supporting the staff recommendation:
 - i. 12685 Zurich Place
 - ii. 12815 Zurich Place
 - iii. 12885 Zurich Place
 - iv. 11464 Snowpeak Way
 - v. 11465 Snowpeak Way
 - vi. 16567 Skislope Way
4. Membership feedback on this topic is welcome. The next working group meeting on this topic will be published via association regular membership eblast notification, along with future articles in the Tahoe Donner News.

Prepared By: Robb Etnyre, General Manager **RP Etnyre**

Tahoe Donner Association
Employee Housing NPV Scenarios
 4/19/2017 DRAFT

2.0% NPV Rate, all years
 3.0% Inflation Factor, all years (applies to all revenues and all costs)

Scenarios	Initial Capital Outlay	Base per year Operating NET		NPV OUTPUT					
				Years	Years	Years	Years	Years	Years
				5	10	15	20	25	30
ST Leases	-	(37,560)	A	(187,763)	(384,913)	(591,918)	(809,272)	(1,037,491)	(1,277,119)
<i>per bed for the # of years</i>				(5,522)	(11,321)	(17,409)	(23,802)	(30,514)	(37,562)
Buy/Build 1	(1,700,000)	72,880	B	(1,302,338)	(919,796)	(518,131)	(96,386)	346,441	811,406
<i>per bed for the # of years</i>	higher density			(38,304)	(27,053)	(15,239)	(2,835)	10,189	23,865
Buy/Build 2	(1,700,000)	63,280	C	(1,350,328)	(1,018,176)	(669,420)	(303,229)	81,268	484,986
<i>per bed for the # of years</i>	lower density			(61,379)	(46,281)	(30,428)	(13,783)	3,694	22,045
Buy/Build 3	(2,700,000)	145,760	D	(1,918,401)	(1,153,317)	(349,987)	493,502	1,379,157	2,309,087
<i>per bed for the # of years</i>	two tri-plexes, high den			(28,212)	(16,961)	(5,147)	7,257	20,282	33,957
				<u>Output1 Yr (j)</u>	<u>Output2 Yr(k)</u>				
	A vs B Delta	14	22	(1,114,574)	(534,883)	73,788	712,886	1,383,932	2,088,525
	A vs C Delta	15	24	(1,162,565)	(633,263)	(77,501)	506,043	1,118,759	1,762,105
	A vs D Delta	13	18	(1,730,638)	(768,404)	241,931	1,302,774	2,416,648	3,586,205

(j) The Year in which both scenarios equate to similar NPV amount is year; before this year, ST Leases has better NPV, after this year, Buy/Build has better NPV

(k) The Year in which the Buy/Build starts to have positive NPV

This analysis compares the two scenarios. High probability 'both' is an ideal solution, with core units in the Buy/Build and ability to flex with the ST Leases year to year based on economic conditions. The association cannot enter into long-term (>12 month) leases.

Both of the above exclude Chalet House, which provides 4 beds and ~ \$4000 per year in net positive cash flow.

Key Assumptions in Scenarios

See pages 2 and 6 for full details of all assumptions

	ST Leases	Buy/Build 1	Buy/Build 2	Buy/Build 3
	A	B	C	D
# Beds built	na	36	24	72
# Beds net, excluding Chalet	34	34	22	68
base annual op costs	(184,440)	(74,000)	(74,000)	(148,000)
base annual op income	146,880	146,880	137,280	293,760
base annual op net	(37,560)	72,880	63,280	145,760
base annual op net, per bed	(1,105)	2,144	2,876	2,144

The net present value (NPV) is the difference between the present value of the expected cash inflows and the present value of the expected cash outflows. Not used ---- The cost of capital represents the minimum desired rate of return (i.e., a weighted average cost of debt and equity capital).

Tahoe Donner Association
Employee Housing - 2017 Forecast - Utilizing Rental Homes & Chalet

4/19/2017 DRAFT

Location	House 1	House 2	House 3	House 4	House 5	Rentals Subtotal	Chalet TDA house	TOTALS
Monthly Expense								
Rent Expense	3,300	2,650		2,400	2,500	10,850	-	10,850
250 Electricity/Water	250	250		250	250	1,000	250	1,250
250 NaturalGas/Propane	250	250		250	250	1,000	250	1,250
80 Suddenlink	80	80		80	80	320	80	400
150 Cleaning (mth/deep)	150	150		150	150	600	150	750
100 transports, runs	100	100		100	100	400	100	500
100 misc R&M/supplies	100	100		100	100	400	100	500
200 RA Mgmt charge (2)	200	200		200	200	800	200	1,000
Total Mthly Expense	4,430	3,780		3,530	3,630	15,370	1,130	16,500
Monthly Income								
# beds	10	8		8	8	34	4	38
Rent Income/Bed/Mth	450	450		450	450		450	
Base Mthly	4,500	3,600		3,600	3,600	15,300	1,800	17,100
80% Occupancy Factor(1)	80%	80%		80%	80%		80%	
Avg Mthly Income	3,600	2,880		2,880	2,880	12,240	1,440	13,680
Annual Forecast								
	<u>#mths</u>	<u>#mths</u>	<u>#mths</u>	<u>#mths</u>	<u>#mths</u>		<u>#mths</u>	
(Expenses)	53,160 12	45,360 12	- 12	42,360 12	43,560 12	184,440	13,560 12	198,000
Income	43,200 12	34,560 12	- 12	34,560 12	34,560 12	146,880	17,280 12	164,160
Net Pos (Neg)	(9,960)	(10,800)	-	(7,800)	(9,000)	(37,560)	3,720	(33,840)
						5,425	Annual Cost per Bed	5,211
						4,320	Annual Rev per Bed	4,320
						(1,105)	Annual Rev per Bed	(891)

(1) occupancy factor, any give month, there are vacancy issues, particularly in move in and move out months
 No overhead or direct management costs factored into above.

(2) RA charge at a minimum \$800 a month in total (\$9600 annual), in order to make comparable to buy/build option which has an RA factor (which has RA/OOO factor)
 \$ 9,600 RA Charge (annual), per above assumption input

Employee Housing - Buy/Build Option Scenario 1

4/19/2017 DRAFT

		4,000	SqFT
			per sf
Land	500,000	125	
Softcosts	100,000	25	
Buildcosts	1,060,000	265	
Other	40,000	10	
Total	1,700,000	425	
	land	500,000	125
	all other	1,200,000	300
(1,700,000)	835,488	(864,512)	
0	(1,700,000)		
1	72,880	(1,627,120)	
2	75,066	75,066	
3	77,318	77,318	
4	79,638	79,638	
5	82,027	82,027	
6	84,488	84,488	
7	87,023	87,023	
8	89,633	89,633	
9	92,322	92,322	
10	95,092	95,092	
11	97,945	97,945	
12	100,883	100,883	
13	103,909	103,909	
14	107,027	107,027	
15	110,238	110,238	
16	113,545	113,545	
17	116,951	116,951	
18	120,460	120,460	
19	124,073	124,073	
20	127,796	127,796	
21	131,629	131,629	
22	135,578	135,578	
23	139,646	139,646	
24	143,835	143,835	
25	148,150	148,150	
26	152,595	152,595	
27	157,172	157,172	
28	161,888	161,888	
29	166,744	166,744	
30	171,746	171,746	

1 acre, includes survey and closing costs [zoned CN, does not pay AA]

including FF&E exterior impv, if any
ex. Parking pad

all line amounts include contingency 10%

1st 10 years, totals

\$ (47,222) Buy/Build Initial Cost per Bed
\$ 2,085 Buy/Build Base Net Income per Bed / Year
\$ 21,184 Buy/Build Base Net Income per Bed / 10Years
\$ 35,628 Buy/Build Base Net Income per Bed / 15Years
\$ 52,373 Buy/Build Base Net Income per Bed / 20Years
\$ 71,785 Buy/Build Base Net Income per Bed / 25Years
\$ 94,289 Buy/Build Base Net Income per Bed / 30Years

36	#beds	
34	#beds, net	minus RA out of order/other use of > 2
85%	Occupancy %, peak 8 months (4 months winter, 4 months summer)	
70%	Occupancy %, shoulder 4 months (2 months winter, 2 months summer)	
80%	Occupancy &, weighted Annual	
\$ 450	Rental Income, per bed, per month WINTER	
\$ 450	Rental Income, per bed, per month SUMMER	
\$ 450	Rental Income, per bed, per month, weighted avg Annual	
\$ 5,000	per month operating costs (R&M, Utilities, other) W	
\$ 4,000	per month operating costs (R&M, Utilities, other) S	
\$ 4,500	per month operating costs (R&M, Utilities, other) ANNUAL avg/mth	
\$ 30,000	op cost, winter	
\$ 24,000	op cost, summer	
C1	\$ 54,000 op cost, annual	
\$ 1,667	capital charge, (if any) per month W	
\$ 1,667	capital charge, (if any) per month S	
\$ 1,667	capital charge, (if any) per month A	
\$ 10,000	capital cost, winter	
\$ 10,000	capital cost, summer	
C2	\$ 20,000 capital cost, annual	input next page Reserves, see subschedule
\$ -	AA/RecFee Lost, (if any) per month W	this is in 'costs', while
\$ -	AA/RecFee Lost, (if any) per month S	techincally will reduce
\$ -	AA/RecFee Lost, (if any) per month A	aa revenues. Net effect same.
\$ -	AA/RecFee Lost, (if any) W	
\$ -	AA/RecFee Lost, (if any) S	
C3	\$ - AA/RecFee Lost, (if any) Annual	< this assumes qty 4 lost

\$ 73,440	Rental Income, est WINTER
\$ 73,440	Rental Income, est SUMMER
\$ 146,880	Rental Income, est Annual
\$ 340	Rental Income, est WINTER - per bed avg (yield)
\$ 340	Rental Income, est SUMMER - per bed avg (yield)
\$ 340	Rental Income, per bed, per month, weighted avg Annual
76%	annual, yield to rack ratio
\$ 6,667	total cost per month, W
\$ 5,667	total cost per month, S
\$ 6,167	total cost per month, Annual
\$ 40,000	total cost, winter
\$ 34,000	total cost, summer
\$ 74,000	total cost, annual (C1 + C2 + C3)
\$ 5,573	nor per month, W
\$ 6,573	nor per month, S
\$ 5,907	nor per month, Annual
\$ 33,440	nor, winter
\$ 39,440	nor, summer
\$ 72,880	nor, annual

Employee Housing - Buy/Build Option Scenario 2

4/19/2017 DRAFT

		4,000	SqFT
			per sf
Land	500,000	125	
Softcosts	100,000	25	
Buildcosts	1,060,000	265	
Other	40,000	10	
Total	1,700,000	425	
	land	500,000	125
	all other	1,200,000	300
(1,700,000)	725,434	(974,566)	

0	(1,700,000)	
1	63,280	(1,636,720)
2	65,178	65,178
3	67,134	67,134
4	69,148	69,148
5	71,222	71,222
6	73,359	73,359
7	75,560	75,560
8	77,826	77,826
9	80,161	80,161
10	82,566	82,566
11	85,043	85,043
12	87,594	87,594
13	90,222	90,222
14	92,929	92,929
15	95,717	95,717
16	98,588	98,588
17	101,546	101,546
18	104,592	104,592
19	107,730	107,730
20	110,962	110,962
21	114,291	114,291
22	117,719	117,719
23	121,251	121,251
24	124,889	124,889
25	128,635	128,635
26	132,494	132,494
27	136,469	136,469
28	140,563	140,563
29	144,780	144,780
30	149,123	149,123

1 acre, includes survey and closing costs [zoned CN, does not pay AA]

including FF&E exterior impv, if any
ex. Parking pad

all line amounts include contingency 10%

1st 10 years, totals

\$ (70,833) Buy/Build Initial Cost per Bed
\$ 2,716 Buy/Build Base Net Income per Bed / Year
\$ 27,590 Buy/Build Base Net Income per Bed / 10Years
\$ 46,402 Buy/Build Base Net Income per Bed / 15Years
\$ 68,212 Buy/Build Base Net Income per Bed / 20Years
\$ 93,494 Buy/Build Base Net Income per Bed / 25Years
\$ 122,804 Buy/Build Base Net Income per Bed / 30Years

24 #beds
22 #beds, net minus RA out of order/other use of > 2

85% Occupancy %, peak 8 months (4 months winter, 4 months summer)
70% Occupancy %, shoulder 4 months (2 months winter, 2 months summer)
80% Occupancy &, weighted Annual

\$ 650 Rental Income, per bed, per month WINTER
\$ 650 Rental Income, per bed, per month SUMMER
\$ 650 Rental Income, per bed, per month, weighted avg Annual

\$ 68,640 Rental Income, est WINTER
\$ 68,640 Rental Income, est SUMMER
\$ 137,280 Rental Income, est Annual

\$ 5,000 per month operating costs (R&M, Utilities, other) W
\$ 4,000 per month operating costs (R&M, Utilities, other) S
\$ 4,500 per month operating costs (R&M, Utilities, other) ANNUAL avg/mth

\$ 477 Rental Income, est WINTER - per bed avg (yield)
\$ 477 Rental Income, est SUMMER - per bed avg (yield)
\$ 477 Rental Income, per bed, per month, weighted avg Annual
73% annual, yield to rack ratio

\$ 30,000 op cost, winter
\$ 24,000 op cost, summer

C1 \$ 54,000 op cost, annual

\$ 6,667 total cost per month, W
\$ 5,667 total cost per month, S
\$ 6,167 total cost per month, Annual

\$ 1,667 capital charge, (if any) per month W
\$ 1,667 capital charge, (if any) per month S
\$ 1,667 capital charge, (if any) per month A

\$ 10,000 capital cost, winter
\$ 10,000 capital cost, summer
C2 \$ 20,000 capital cost, annual Reserves, see subschedule

\$ 40,000 total cost, winter
\$ 34,000 total cost, summer
\$ 74,000 total cost, annual (C1 + C2 + C3)

\$ - AA/RecFee Lost, (if any) per month W this is in 'costs', while
\$ - AA/RecFee Lost, (if any) per month S technically will reduce
\$ - AA/RecFee Lost, (if any) per month A aa revenues. Net effect same.

\$ 4,773 nor per month, W
\$ 5,773 nor per month, S
\$ 5,107 nor per month, Annual

\$ - AA/RecFee Lost, (if any) W
\$ - AA/RecFee Lost, (if any) S

\$ 28,640 nor, winter
\$ 34,640 nor, summer

C3 \$ - AA/RecFee Lost, (if any) Annual < this assumes qty 4 lost

\$ 63,280 nor, annual

Employee Housing - Buy/Build Option Scenario 3

4/19/2017 DRAFT

		8,000	SqFT
			per sf
Land	500,000	63	
Softcosts	100,000	13	
Buildcosts	2,060,000	258	
Other	40,000	5	
Total	2,700,000	338	
land	500,000	63	
all other	2,200,000	275	
(2,700,000)	1,670,975	(1,029,025)	

1 acre, includes survey and closing costs [zoned CN, does not pay AA]

including FF&E exterior impv, if any
ex. Parking pad

all line amounts include contingency 10%

1st 10 years, totals

\$ (37,500) Buy/Build Initial Cost per Bed
\$ 2,085 Buy/Build Base Net Income per Bed / Year
\$ 21,184 Buy/Build Base Net Income per Bed / 10Years
\$ 35,628 Buy/Build Base Net Income per Bed / 15Years
\$ 52,373 Buy/Build Base Net Income per Bed / 20Years
\$ 71,785 Buy/Build Base Net Income per Bed / 25Years
\$ 94,289 Buy/Build Base Net Income per Bed / 30Years

0	(2,700,000)	
1	145,760	(2,554,240)
2	150,133	150,133
3	154,637	154,637
4	159,276	159,276
5	164,054	164,054
6	168,976	168,976
7	174,045	174,045
8	179,266	179,266
9	184,644	184,644
10	190,184	190,184
11	195,889	195,889
12	201,766	201,766
13	207,819	207,819
14	214,053	214,053
15	220,475	220,475
16	227,089	227,089
17	233,902	233,902
18	240,919	240,919
19	248,147	248,147
20	255,591	255,591
21	263,259	263,259
22	271,157	271,157
23	279,291	279,291
24	287,670	287,670
25	296,300	296,300
26	305,189	305,189
27	314,345	314,345
28	323,775	323,775
29	333,488	333,488
30	343,493	343,493

72 #beds
68 #beds, net minus RA out of order/other use of > 4

85% Occupancy %, peak 8 months (4 months winter, 4 months summer)
70% Occupancy %, shoulder 4 months (2 months winter, 2 months summer)
80% Occupancy &, weighted Annual

\$ 450 Rental Income, per bed, per month WINTER
\$ 450 Rental Income, per bed, per month SUMMER
\$ 450 Rental Income, per bed, per month, weighted avg Annual

\$ 146,880 Rental Income, est WINTER
\$ 146,880 Rental Income, est SUMMER
\$ 293,760 Rental Income, est Annual

\$ 10,000 per month operating costs (R&M, Utilities, other) W
\$ 8,000 per month operating costs (R&M, Utilities, other) S
\$ 9,000 per month operating costs (R&M, Utilities, other) ANNUAL avg/mth

\$ 340 Rental Income, est WINTER - per bed avg (yield)
\$ 340 Rental Income, est SUMMER - per bed avg (yield)
\$ 340 Rental Income, per bed, per month, weighted avg Annual
76% annual, yield to rack ratio

\$ 60,000 op cost, winter
\$ 48,000 op cost, summer

C1 \$ 108,000 op cost, annual

\$ 3,333 capital charge, (if any) per month W x 2 for two buildngs
\$ 3,333 capital charge, (if any) per month S x 2 for two buildngs
\$ 3,333 capital charge, (if any) per month A

\$ 13,333 total cost per month, W
\$ 11,333 total cost per month, S
\$ 12,333 total cost per month, Annual

\$ 20,000 capital cost, winter
\$ 20,000 capital cost, summer
C2 \$ 40,000 capital cost, annual input next page Reserves, see subschedule

\$ 80,000 total cost, winter
\$ 68,000 total cost, summer
\$ 148,000 total cost, annual (C1 + C2 + C3)

\$ - AA/RecFee Lost, (if any) per month W this is in 'costs', while
\$ - AA/RecFee Lost, (if any) per month S technically will reduce
\$ - AA/RecFee Lost, (if any) per month A aa revenues. Net effect same.

\$ 11,147 nor per month, W
\$ 13,147 nor per month, S
\$ 11,813 nor per month, Annual

\$ - AA/RecFee Lost, (if any) W
\$ - AA/RecFee Lost, (if any) S
C3 \$ - AA/RecFee Lost, (if any) Annual < this assumes qty 4 lost

\$ 66,880 nor, winter
\$ 78,880 nor, summer
\$ 145,760 nor, annual

Reserve charge, per year (rounded) **20,000**

	life	amount	reserve
Paint Stain	5	20,000	4,000
Ashpalt slurry	1	1,000	1,000
Ashpalt overlay	10	20,000	2,000
FF&E	5	5,000	1,000
Roof	30	50,000	1,667
Paint Stain	5	20,000	4,000
Building Other	5	15,000	3,000
Contingency	1	3,000	3,000
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-



Ideas/Solutions:

From Partners:

- Expanded programs (for most vulnerable)
- Connect information + resources about housing programs to families in need
- Tiny + small houses
- Zoning solutions (mass + height) to get to more density
- Agency fees: lower
- Use TOT/AirBnb \$ for housing solutions
- Involve commercial developers in solutions
- Workforce housing critical (housing for local workers)
- Housing for low income families critical
- Balanced developer fee structure
- Create regional housing targets by types
- ID public lands to incentivize developers
- Connect our workforce to expanding programs
- Second units
- Shared equity model for employees (lands, etc.)
- Diversity in size of projects
- Create rules about short-term rentals
- Funding sources (on-going pots of \$) to build housing
- Fee structures: lower
- Partnership with developers
- Attracting and retaining employees (benefit)
- Emergency response (benefit): quicker if our staff live here
- Greys Crossing project—opportunity + solutions
- Collaboration, regional approach to building housing
- Additional \$ to build houses...soon

- Expand employee housing
- Long-term lease guarantees
- Including short-term rental market in solutions
- Build units as part of office
- Employer assistance with down payments
- Providing affordable housing developers with land + funding
- Employer program: Help employers find housing for their employees
- Include private sector solutions (co-ops, down payment assistance, silent second mortgages)

Solution Slam Ideas from the Community

- Finance mechanism: 1) transfer tax (50% share--\$5,000 split), 2) deed restrict housing, 3) Lower permit fees. Could get 3,000 units out of this model
- Create incentives for second unit development on current properties (lower fee's, incentives, streamline permitting between agencies, make simple! One stop shop—free or affordable services to permit)
- Special tax on seasonal houses to support housing solutions. Examples: (Madison), 20% tax on out-of-country home sales (Whistler), 20% of market value of rental (Paris), State Bank that supports local needs (N. Dakota)
- Build cargo box units (fast + cheap)
- TOT taxes for housing. Charge \$ to visitors to offset impacts. i.e. short-term rentals, roads, etc.
- In lieu fees: provide housing, not \$
- Regional non-profit building corporation (creates a non-profit builder to be able to do projects at lower cost)

- Duplex solution: allow 2 units (2nd = rental) by changing Town policy
- Incentive for investors who are willing to do deed restriction for workforce housing
- Funding: be cautious about high transfer tax, increases barriers to first time home- buyers. Property tax increase better than transfer tax; spreads out burden more equally and at a lower hit.
- Create way to help first time homebuyers with down payment assistance to be able to compete. How do we incentivize sellers to sell to locals?
- Do it and do it ourselves. Build our own housing. Solution is to do something.
- Create small units as part of existing businesses. Tax incentive or subsidy for building units (lower permit fees)
- Change zoning in KB to allow for more units, especially around coverage issues—more units per lot, increase density to serve more people.
- Don't forget about median housing needs. Fees on median home development are high. Streamline process. (Truckee)
- Education: people don't understand the true cost of living here. Costs higher often, than anticipated.
- Include Sierra County in conversation. Transportation could be part of solutions. Offer transportation to connect affordable housing in Sierra County with TT region.

- Educate public + tourists: about housing issues, median house price, etc. (i.e. Dollar for dining idea---both collects \$ and educates visitors about housing issue)
- Second homeowner's needs to be included and outreached too.
- Include wide range of people in Council: renters, wide range of ages, etc., not just agencies and non-profits—those impacted the most