

Bay Area money gobbling up Truckee properties

Publisher's note: This is one in a series of stories about affordable housing in the Lake Tahoe-Truckee region. All articles may be accessed via the home page under Special Projects, 2017 Affordable Housing.

By Linda Fine Conaboy

TRUCKEE – To live in Truckee and surrounding areas requires a great deal of money; money that seems to be in good supply especially if you've recently sold or are contemplating selling property in the Bay Area, where many of the buyers are cashing out and seeking more reasonable housing options in the Sierra.

Speakers representing various segments of Truckee's wild real estate market comprised the panel of presenters at the Aug. 8 Truckee Donner Chamber of Commerce breakfast. They discussed the peculiarities their unique market presents including inventory, long- and short-term rentals, real estate trends and their impacts on the local economy and the community.



“If you make less than \$100,000 a year, housing is an issue around Lake Tahoe and Truckee.” –

Katie Rice, senior loan officer at Guild Mortgage

The cost of housing took up big slices of air time as well it should since the median price of a home in the area is now \$585,000, compared to \$549,000 in 2016.

Affordable housing issues are numerous, said Matt Hansen, owner/broker of Tahoe Truckee Homes and the panel's moderator.

Sam Drury, president of the Tahoe Sierra Board of Realtors and broker/owner of Padden Properties, agreed and noted Truckee has more full-time residents now than Lake Tahoe, although this hasn't always been the case. The way Drury sees it, Truckee has become a far more stable area, garnering the lion's share of buyers who mostly hail from the Bay Area.

"If you're a second-home buyer and flush with cash, you really don't worry about price," he said. "Tahoe is Fantasy Land for Californians. Fifty percent of my deals last year were cash. It's a very different world up here."

He added that as far as he can see, price is not an object to these consumers. "People are flush. That's a really odd thing. They can spend, and want to spend [sometimes] more than \$3 million. These customers are the life blood of our community. It's the way it is, there's nothing else I can say."

But this scenario can leave the local who's looking for a reasonably priced family home out of the running.

A second-home owner purchasing a house priced at about \$527,000 can expect an average monthly payment of \$2,700, said Katie Rice, senior loan officer at Guild Mortgage. "Locals can't afford this, and with so much cash floating around, sellers usually will take the cash offer. It's a struggle, but cash offers are easier."



Houses are not affordable for the average worker in Truckee. Photos/Linda Fine Conaboy

Starter homes in Truckee remain solidly within the \$400,000 to \$500,000 range, causing some to look for housing in Reno and elsewhere. “But there’s a big affordable housing problem in Reno too,” Rice said.

Even if people can find an affordable home in Truckee, other expenses can ruin monthly budgets, especially when you consider that many pay up to \$1,000 in childcare costs, not to mention food, utilities and other monthly essentials.

And the picture becomes even more dismal as Rice paints a grim scenario describing costs that can be incurred on a \$407,000 “starter home,” which includes a 20 percent down payment. She said the base monthly payment pencils at \$1,600, but with the addition of taxes, insurance and other fees the final monthly figure comes in at \$2,124.

“No one’s doubting we have a problem here,” declared Jim Winterberger, partner and president at Tahoe Getaways. “But business is good and housing prices are high here because this is a cool place to be.”

Winterberger added that solutions to the dilemma need to include housing pockets such as Martis Camp, Shafer’s Mill and Northstar.

“As the long-term rental pool shrinks, it’s forcing people out of the market—this is affecting Truckee as a community.” He added, “As an investor, you need to put at least 50 percent down and you need a long-term tenant. If not, it can be a challenge.”

Chiming in, Drury alluded to the number of unknowns yet to be discovered. “The Bay Area is an economic engine running the problem and it’s on full throttle now; but there it costs a ton to buy a house. The excess money might be being sucked up by the high cost of living. Californians need to be reminded about how wonderful we are,” he laughed.

An audience member asked why there are so few multi-family dwellings in the region. The answer from the panel: it’s expensive and hard to get financing and insurance.

“We’re all dealing with really tight margins,” Rice said. “Even if investors have emotional ties to Truckee, they still have to make money.”

In addition, Rice added, “We need to figure out how to keep our work force here. People in our community are not connecting the dots about housing. If someone has to commute from Grass Valley or even Fernley, you can reach a point of diminishing returns.

“I don’t think there’s one solution, it will take everyone working together to solve this. If you make less than \$100,000 a year, housing is an issue around Lake Tahoe and Truckee.”

Ashley Cooper, Tahoe Truckee Community Foundation communications and grant manager was a visitor at this meeting instead of a presenter as she has been in the past. TTCF helped create the Mountain Housing Council.

“Everyone’s talking together,” Cooper said. “We’re trying to build awareness [of this housing situation]. People care about other people.”

She invited guests to participate and send her their thoughts and ideas. “We need you and your solutions,” she said.