NOTICE IS HEREBY GIVEN that the Advisory Planning Commission of the Tahoe Regional Planning Agency will conduct its regular meeting at 9:30 a.m. on June 8, 2005, at the Tahoe Regional Planning Agency located at 128 Market Street, Stateline, NV. The agenda for the meeting is attached hereto and made a part of this notice.

June 1, 2005

John Singlaub
Executive Director
AGENDA

I. CALL TO ORDER AND DETERMINATION OF QUORUM

II. APPROVAL OF AGENDA

III. PUBLIC INTEREST COMMENTS (No Action)

   Any member of the public wishing to address the Advisory Planning Commission on any agenda item not listed as a Public Hearing or a Planning Matter item, or on any other issue, may do so at this time. However, public comment on Public Hearing and Planning Matter items will be taken at the time those agenda items are heard.

   NOTE: THE ADVISORY PLANNING COMMISSION IS PROHIBITED BY LAW FROM TAKING IMMEDIATE ACTION ON, OR DISCUSSING ISSUES RAISED BY THE PUBLIC THAT ARE NOT LISTED ON THIS AGENDA.

IV. DISPOSITION OF MINUTES

V. PUBLIC HEARINGS

   A. Approval of the South Y Tahoe Valley Preliminary Community Plan (30 minutes) Page 1

   B. Amendments to the TRPA Code, Specifically Section 4.3 (List of Qualified Exempt Activities), Chapter 4, Appendix A. (Projects and Matters to be Approved by Governing Board and Hearings Officer), Section 7.2 (General Standards), and Section 52.2 (Definitions) Page 19

   C. Amendment of Rules of Procedure, Article VI, to Amend Section 6.10 (b), Acceptance of an Environmental Document Submitted by the Applicant Page 29

VI. PLANNING MATTERS

   A. Discussion Regarding Expansion of Memoranda of Understanding (MOU) With Local Jurisdictions for Permitting of Residential Projects, Five Units or Greater. Page 33

   B. Discussion and Direction to Staff Regarding Amending the Sale Price Limitation of Moderate-Income Housing, When Multi-Residential Units are Proposed for Subdivision. Page 41
VII. REPORTS

A. Executive Director

B. Legal Counsel

C. APC Members

VIII. ADJOURNMENT
REGULAR MEETING MINUTES

I. CALL TO ORDER AND DETERMINATION OF QUORUM

Called to order at 9:40 am

Members Present: Mr. Cole, Mr. Combs, Mr. Harris, Ms. Jamin, Mr. Jepsen, Ms. Krause, Mr. Lohman, Ms. Bovat for (Ms. Moss), Mr. Tolhurst

Members Absent: Ms. Davidson, Ms. Kemper, Mr. Lawrence, Mr. McIntyre, Mr. Plemel, Mr. Porta, Mr. Poppoff, Mr. Riley, Ms. Schmidt,

A Quorum was not reached, however, the APC members present elected to hold the meeting, hear the agenized items, and make an informal recommendation on each item to the Governing Board.

II. PUBLIC INTEREST COMMENTS

None

III. APPROVAL OF AGENDA

No action taken.

IV. APPROVAL OF MINUTES

No action taken.
Minutes will be brought back in May, 2005.

V. PUBLIC HEARINGS

A. Amendment to Plan Area Statement (PAS 056), Marlette Lake, to Modify Special Policy #7 Regarding Local Public Health and Safety Facilities, and other matters properly relating thereto; (15 minutes)

Staff member Sloan Gordon presented the plan area statement.

No Public Comment

Of the members present, the vote was unanimous to informally recommend approval.
B. Amendment of Code of Ordinances, Chapters 13 (Plan Area Statements and Plan Area Maps), 33 (Allocation of Development), and 35 (Bonus Unit Incentive Program) to simplify the allocation of multi-residential bonus units to eligible parcels, and other matters properly relating thereto; (30 minutes)

Staff member Jason Ramos presented the amendment to the Code of Ordinances.

No Public Comment.

Of the members present, the vote was unanimous to informally recommend approval.

VI. PLANNING MATTERS

A. Update on Current Planning for the Restoration of the Upper Truckee River

Staff member Jerry Dion presented an update on planning for restoration of the Upper Truckee River.

No Action Item.

VII. REPORTS

A. Executive Director

John Singlaub, Executive Director, gave the Executive Director’s Report.

B. Legal Counsel

There was no legal counsel report.

C. APC Members

APC member Richard Harris thanked John Marshall for speaking to his Environmental Law students.

APC member Teri Jamin asked if any of the City Councils allow transfers of residential allocations outside of their jurisdiction.

APC member Kevin Cole asked for a clarification of the ramifications of lowering the EIPS line in El Dorado County.

APC member Alan Tolhurst asked for an update on the Ruvo legal case.

APC member Bill Combs stated that the Tahoe City Marina went to their planning committee and was unanimously approved.
VIII.  ADJOURNMENT

Chairman Lohman adjourned the meeting at 10:45 a.m.

Respectfully submitted,

Judy Nikkel
Clerk to the Board

The above meeting was taped in its entirety. Anyone wishing to listen to the tapes of the above mentioned meeting may call for an appointment at (775) 588-4547. In addition, written documents submitted at the meeting are available for review at the TRPA Office, 128 Market Street, Stateline, Nevada.
I. CALL TO ORDER AND DETERMINATION OF QUORUM

Called to order at 9:40 am

Members Present: Mr. Cole, Mr. Combs, Ms. Davidson, Mr. Harris, Ms. Jamin, Mr. Jepsen, Ms. Kemper, Ms. Krause, Mr. Lawrence, Mr. Lohman, Mr. McIntyre, Ms. Moss, Mr. Poppoff, Mr. Riley, Ms. Schmidt, Mr. Tolhurst

Members Absent: Mr. Plemel, Mr. Porta

II. PUBLIC INTEREST COMMENTS

None

III. APPROVAL OF AGENDA

Ms. Kemper moved to approve.

Approved

IV. APPROVAL OF MINUTES

Mr. Poppoff moved to approve.

Mr. Combs abstained.

Approved

V. RESOLUTIONS

A. Resolution Recognizing Advisory Planning Commission Member Alice Baldrica
B. Resolution Recognizing Advisory Planning Commission Member Gary Marchio
C. Resolution Recognizing Advisory Planning Commission Member Joe Oden

Chairman Lohman presented the Resolutions thanking Ms. Baldrica, Mr. Marchio and Mr. Oden for their service to the APC.

VI. PUBLIC HEARINGS

A. Amendment of the Boundary of Plan Area Statement 002, Fairway Tract, to incorporate Placer County APNs 094-010-007, 015, and 013 into Plan Area Statement 002, and Providing for Other Matters Properly Relating Thereto;
Staff member John Hitchcock presented the plan area statement.

No Public Comment.

Mr. Combs moved to approve.
Motion Carried Unanimously.

B. Tahoe City Marina Master Plan Adoption and EIS Certification

Staff member Coleen Shade explained the process to introduce the master plan.

Jim Phelan, General Manager of the Tahoe City Marina facility, presented the Tahoe City Master Plan extension.

Sydney Coatsworth, EDAW Environmental Consultant to TRPA, presented the summary of the environmental document for the master plan extension.

No Public Comment.

Mr. Combs moved to approve.
Motion Carried Unanimously.

VII. PLANNING MATTERS

A. Presentation of Alternative Site Plans for Cedar Grove Affordable Housing Project

Staff member Theresa Avance introduced EDAW.

Sydney Coatsworth, EDAW Environmental Consultant to TRPA, presented the alternative site plans for the Cedar Grove project.

Public Comment:

Alex Merilotos, property owner and member of the Board of the Workforce Housing Association of Truckee/Tahoe and a member of the North Lake Tahoe Resort Association, stated that WATT is very supportive of this project and highly supports any alternative that maximizes the number of affordable units in this project.

Gary Midkiff, representing HTC, stated that the Local Government Committee has been pursuing for several years plan modifications that could potentially encourage workforce housing.

Julie Motamedi, a TRPA Governing Member, stated that she applauds the project applicant in creating as much housing as he possibly can and supports their efforts.

No action item.
VIII. REPORTS

A. Executive Director

John Singlaub, Executive Director, gave the Executive Director’s Report.

B. Legal Counsel

There was no legal counsel report.

C. APC Members

APC member Mr. Poppoff commended Mr. Singlaub’s approach to issues like the Shorezone ordinance.

APC member Ms. Kemper also stated that she thanks Mr. Singlaub for moving this Shorezone issue forward.

APC member Mr. Lawrence stated that this week starts the beginning of this legislative session in Nevada. The specific interest to Lake Tahoe is the Division of State Lands comes forward with their EIP request and we have a bill drafted in place and request for $16.8M for the EIP and if it's approved that will bring our total appropriation to just under $10M of the total EIP commitment.

APC member Mr. McIntyre stated that if anyone is interested in affordable housing that you should hold the date of April 7 as the NLTRA and WATT are sponsoring a symposium here at the North Tahoe Conference Center and we anticipate participation from local government entities, as well as people from outside the Basin. By the end of a program, there should be a different direction on the part of some of the problem solving.

Chairman Lohman stated that there is a contractor that built a house 2 feet over height and comments were made on the plan and recommended to keep the height at a lower level but the contractor went ahead and disregarded the recommendation. He would like to encourage that this type of violation be corrected and not just levy a fine.

Staff member Mr. Cole stated that he also encourages that this be considered, so people who do this not get the idea that they just have to pay a fee and not correct the problem, which would encourage more people to do the same.
IX. ADJOURNMENT

Chairman Lohman adjourned the meeting at 2:10 p.m.

Respectfully submitted,

Judy Nikkel
Clerk to the Board

The above meeting was taped in its entirety. Anyone wishing to listen to the tapes of the above mentioned meeting may call for an appointment at (775) 588-4547. In addition, written documents submitted at the meeting are available for review at the TRPA Office, 128 Market Street, Stateline, Nevada.
MEMORANDUM

June 1, 2005

To: TRPA Advisory Planning Commission

From: TRPA Staff

Subject: Approval of the South ‘Y’ Preliminary Community Plan and Work Program

Proposed Action: Pursuant to Subsection 14.6.B of the Code, the Advisory Planning Commission (APC) is to review the Preliminary South ‘Y’ Community Plan and Work Program and make a recommendation to approve, deny, or modify the Plan and Program. The Draft Preliminary Plan is included in this packet as Attachment A.

Staff Recommendation: Staff is recommending that the APC review the Preliminary Plan and Work Program and recommend approval of the Preliminary Plan to the TRPA Governing Board. Although the Preliminary Plan includes very broad general goals envisioned for the South ‘Y’ plan area, it encompasses the work of the community plan team efforts for the last two years. The Draft Community Plan will be developed by staff based on the goals established in this document.

Background: In cooperation with the City of South Lake Tahoe, TRPA staff is seeking approval of the Preliminary Community Plan and Work Program for: Plan Area Statement 110, South ‘Y’.

The South ‘Y’ Community Plan Team, which was appointed by the City and TRPA in March 2003, began meeting twice monthly in developing the vision and goal statements for the South ‘Y’ plan area. The planning team consists of a broad spectrum of interest representing the following interests and communities: 1) medical community, 2) environmental interests, 3) business community (small retail), 4) business community (large retail), 5) recreation community, 6) commercial-property owner, 7) housing interests, 8) education community, 9) realty community, 10) industrial community, 11) transportation and 12) members-at-large (two positions). In addition, representatives from the City of South Lake Tahoe, the California Tahoe Conservancy and TRPA serve on the team. The team is comprised of a variety of stakeholders with a critical point of view; South Y-area property owners and those who shop and work there; people whose names we recognize and those that we don’t know; planning and design professionals and people with other skills; long-time residents and people who are new to the area; young people and people with more years of experience, as well as those more familiar with Tahoe planning.
The purpose of the Preliminary plan and its approval is to serve as a checkpoint for all agencies and other parties who may be affected by it. No project approval is considered as part of the Preliminary Plan, however elements and goals may be further refined as part of the Draft Community Plan. Environmental documentation is scheduled to be prepared and circulated upon completion of the Final Community Plan, therefore no environmental determination is needed at this time. Also, no adoption is requested at this time.

The draft plan will serve as the Preferred Alternative in the joint CEQA Environmental Impact Report/TRPA Environmental Impact Statement. This environmental document may also address the creation of a redevelopment area in the Community Plan area.

**Analysis:** Subsection 14.6.B of the TRPA Code of Ordinances (Chapter 14, Community Plans) requires the preparation of a Preliminary Plan and Work Program, which shall be approved by the responsible local government (CSLT) and the TRPA. The following components are being considered for the community plan:

1. **Plan Area Statement:** The Community Plan Team (Team) is proposing to amend the name of the PAS 110, South ‘Y’ to Tahoe Valley, which is more geographically and historically appropriate. The Team thought the name South ‘Y’ was not an appropriate name for the southern gateway to Lake Tahoe.

2. **Boundaries:** The Team is proposing that the boundary line of PAS 110 be amended to incorporate residential parcels. At this time no specific parcel has been targeted but it is a goal of the Team to provide additional community plan incentives such as land coverage for residential development within the community plan boundary. Consistent with the Code of Ordinances, any expansion of community plan boundary is permitted for the development of deed restricted affordable housing.

3. **Estimate of Additional Commercial Floor Area (CFA) and Tourist Accommodation Units (TAUs):** The following recommendations are consistent with the findings of the “Economic Analysis and Opportunities Study for the Community Plan Areas within the City of South Lake Tahoe and El Dorado County.” The study was approved by the City Council in September 1989, to be used as a basis for preparation of the community plans within the South Lake Tahoe.
   
   a. Plan Area Statement 110, South ‘Y’ – 15,000 square feet of Commercial Floor Area.
   
   b. No additional TAUs are required.

4. **Public Recreation Objectives:** See the Preliminary Plan Recreation and Public Service goals and objectives.

5. **Vehicle Trip Reduction Targets:** See the Preliminary Plan’s Circulation/Parking Transit and Recreation goals and objectives.
6. **Land Coverage Reduction Targets**: See the Preliminary Plan Conservation goals and objectives.

7. **Level of Environmental Review**: An EIR/EIS will be prepared for the Final Community Plan.

8. **Plan Area Themes by District**: See Preliminary Plan

9. **Work Program**: See Preliminary Plan

10. **Community Plan Goals and Objectives**: See Preliminary Plan

11. **Applicable Standards**: The Team has been working on establishing applicable standards for the community plan area and they are generally outlined in the Preliminary Plan’s goals and objectives. Final standards will be incorporated into the Final Community Plan.

**Effect on TRPA Work Load**: The South ‘Y’ Commercial Community Plan process has been programmed for this years’ work program and therefore will not have a negative effect on TRPA’s workload.

**Requested Action**: Staff request the APC recommend approval of the South ‘Y’ Preliminary Community Plan and Work Program to the Governing Board.

Contact John Hitchcock at 775.588.4547, or via email at jhitchcock@trpa.org, if you have any comments regarding this item.

**Attachments:**
- A. South ‘Y’ Community Plan Team
- B. Location Map
- C. Tahoe Valley Preliminary Community Plan (in packet, not attached to Staff Summary)
South ‘Y’ Community Plan Team

☐ MEDICAL COMMUNITY: Steve Leman

☐ ENVIRONMENTAL INTERESTS: Nicole Zaborsky

☐ BUSINESS COMMUNITY - SMALL RETAIL: Anthony Colombo

☐ BUSINESS COMMUNITY - LARGE RETAIL: Frank Jones

☐ RECREATION COMMUNITY: Jerome Evans

☐ COMMERCIAL PROPERTY OWNER: Darrell Schue

☐ HOUSING INTERESTS: Violet Gay

☐ REALTY COMMUNITY: Mark Lucksinger

☐ INDUSTRIAL COMMUNITY: Steve Kosmides

☐ MEMBERS-AT-LARGE: Stacey Ballard, Jennifer Cooper, Deb Howard, Edward Orbock, III
TAHOE VALLEY COMMUNITY PLAN

Prepared For:
City of South Lake Tahoe City Council
Tahoe Regional Planning Agency Governing Board

Prepared By:
John Hitchcock, Principal Planner, TRPA
Lisa O’Daly, Planner, CSLT

The Tahoe Valley Community Plan Team
Jerome Evans
Mark Lucksinger
Frank Jones
Vee Gay
Tony Colombo
Steve Leman
Deb Howard
Darrell Schue
Nicole Zaborsky
Bruce Eisner
Edward Orbock
Jennifer Cooper
Pat Frega
Stacey Ballard
Steve Kosmides
Tahoe Valley
Preliminary Community Plan

Introduction
In accordance with the TRPA Code of Ordinances, Chapter 14, Section 14.6.B, the following discussion presents a Preliminary Plan and Work Program for the Tahoe Valley Community (a.k.a. South ‘Y’ Community Plan) (PAS 110). Following approval of the Preliminary Plan by the TRPA Governing Board and the South Lake Tahoe City Council, a draft plan, meeting the requirements of Section 14.6.C, and an Environmental Impact Statement (EIS), will be prepared. This plan will be the last community plan in the City. Applicable standards are attached as Appendix B. It should be noted that special standards will be prepared regarding parking, signage, design and historic preservation.

Preliminary Goals

Land Use Strategy
- Concentrate development to create unique districts within the community plan boundaries (e.g., Health Care District).
- Encourage high quality retail activities within the Tahoe Valley area including street amenities for the pedestrian.
- Anchor the Tahoe Valley area with a retail specialty center (mixed with residential uses) in the vicinity of the South Y intersection.
- Create pedestrian linkages through the use of multi-purpose trails that connect the four corners, commercial properties, and public areas.
- Encourage the consolidation and gravitation of health care office buildings towards the hospital.
- Encourage the development of office space for alternative health care providers.
- Encourage the development of multi-unit housing.
- Encourage the development of an environmentally-friendly system of transportation of health care personnel and patients among the health care facilities as an alternative to automobiles.
- Encourage the development of additional affordable housing for seniors.
- Convert one or more vacant parcels to neighborhood parks.
• Encourage beautification of the Community Plan area.

Economic Feasibility
• Recognize that economic feasibility is critical in order to implement the Community Plan objectives.
• Provide incentives for development at the community scale in order to provide diverse retail services for full and part-time residents and visitors.

Urban Design Criteria
• Recognize Tahoe Valley as the “Gateway” to the City, as well as to the south shore recreation areas. Develop a Plan that fosters a balance of residential, commerce, employment, and entertainment areas as well as respect for our unique environment.
• Encourage visual interest and diversity, through the use of setbacks (maximums and minimums), façade treatment, signage, landscaping and art in public places.
• Enhance traffic and pedestrian circulation on a year round basis, as well as the visual environment, through control of site access, parking and other means.
• Encourage attractive and native landscaping along scenic corridor.
• Encourage a compatible mix of shops and services that create lively ground floor retail with large display windows and weather protection for pedestrians.
• Encourage the development of public plazas and gathering spaces.
• Encourage building design that incorporates wood and rock and harmonious colors that incorporate mountain themes.

Circulation/Parking/Transit
• Provide access for pedestrians, transit-riders and cyclists.
• Minimize curb cuts through shared parking facilities.
• Evaluate options for realignment of the intersection at the ‘Y’.
• Provide customer parking behind structures in the pedestrian districts, using curb cuts and signage to direct vehicles.
• Extend and provide additional bike and pedestrian trails and linkages in the area.
• Extend and provide sidewalks that provide access and linkages to pedestrian trails and bike trails.
• Line Highways 89 and 50 with large (eventually) trees; encourage planting to screen parking and other unattractive areas; evaluate use of special paving for pedestrian crossings and walkways; require uniform down-lighting.
• Provide attractive, uniform signage along highways before and after intersection, including way-finding signage.

• Provide bus shelters and bus turnouts along US 50 and SR 89.

• Encourage the concentration of land uses into patterns that reduce vehicle usage.

**Drainage**

• Construct facilities to treat runoff generated by development within the Community Plan area and incorporate them into the network of open spaces for public use or visual interest.

• Require proposed projects to retain runoff onsite wherever physically possible and if not possible to participate in offsite measures.

• Provide curb and gutter, within appropriate commercial area, throughout the Community Plan to meet Best Management Practices (BMPs).

**Housing**

• Encourage and create incentives for development of residential ownership opportunities both for locals and part time residents.

• Encourage the development of multi-family ownership/rental housing projects (market, moderate and affordable) in appropriate areas within the Tahoe Valley Community Plan. Wherever and when feasible, that multi-family development, have a mix of market and deed-restricted units of use, so that a blend of economic strata housing needs are met.

• Include parcels that are adjacent to the original Community Plan boundaries and can accommodate multiple family units into the Community Plan in order to enable the transfer in of 50% land coverage, without significantly increasing density in the area.

• Encourage mixed-use development of residential and commercial in appropriate areas within the Community Plan area.

• Consider amending the density and height standards to encourage higher mixed-use residential/commercial development where appropriate.

• Consider amending the Codes to enable Tourist Accommodation Units to be converted to single-family condominiums when the residential use is part of a mixed-use commercial development.
Recreation

- Consider or evaluate constructing a Class I bike trail along the north side of Highway 89 from the 50/89/LTB ("Y") intersection to the existing Class I trail at 15th Street.

- Consider constructing a Class I bike trail from the 50/89/LTB intersection, past the airport and former Sunset Stables, to Meyers on the east side of the highway.

- Improve bike route crossings of major streets (e.g. Tahoe Keys Boulevard) with pavement marking and warning signs or other means.

- Consider designation of Class I trails as cross-country ski trails in the winter.

- Improve safety features for pedestrian crossings of highways and major streets.

- Consider creation of neighborhood “pocket” parks and gathering areas on publicly owned vacant parcels within the plan area.

- Improve design standards for temporary events and activities (craft fairs, farmers’ markets, etc.) to ensure adequate parking, screening, etc.

- Create a recreation “hub” close to the 50/89/LTB intersection. This hub can serve as the origin of bike trails and routes, a starting or finishing point for running and bike races, a visitors’ center, performing arts space, community gathering area, etc. It should incorporate an identifying structure (e.g. clock tower) visible from a distance.

Conservation

- Reflect our mountain and lake environment in our urban environment. Respect the environs; mimic the feel and function of the Basin’s natural environment on a smaller scale. Feel sense of place through building and community design, free of contrived ideas.

- Integrate water quality treatment basins and BMPs into open space, wildlife area, and parks.

- Support use of best available technology in projects (e.g., pervious concrete and other new technology surfaces).

- Incorporate existing drainage basins/water quality treatment facilities into quality open space and habitat. Review appropriateness of existing chain link fences at basin and provide appropriate barriers and landscaping.

- Position detention basins for both aesthetics and function.
Public Service

- Selectively use community scale public service uses to add vibrancy to commercial districts.

- Link/integrate certain Public Service uses to the community to activate/compliment retail or provide shared parking opportunities.

Plan Area Recommendations

Plan Area Boundaries

On January 7, 1997, the City Council of the City of South Lake Tahoe made a decision to request that TRPA add 1190 Emerald Bay Road to the Community Plan boundary. They noted that it was immediately adjacent to the commercial Community Plan area rather than the residential plan area where it is currently located (PAS 114). They sought to provide incentives to remove the “small substandard structure that currently exists on the site as well as the replacement of the unattractive signage,” as stated in the Mayor’s January 15, 1997 letter to Jim Baetge at TRPA. The Community Plan Team recommends complying with the City’s 1997 request.

The Community Plan Team seeks to provide additional housing opportunities within the Community Plan area, so that private housing developers may be eligible for the land coverage incentives found in the TRPA Code that are specific to Community Plan areas. They seek to support and encourage housing opportunities in close proximity to employment generators, both to activate the commercial space and to provide housing opportunities for employees.

Subsection 14.3 of the TRPA Code provides for modification of the Preliminary Community Plan boundary to provide housing for employees working in the area. The community plan land-coverage incentives for housing are only available to deed restricted affordable housing or employee housing with the employment base nexus identified in close proximity to the proposed employee housing.

The Team seeks to amend specific adjacent parcels into the Community Plan boundary for affordable and moderate-income housing uses only. They would not be available for development of other uses listed in the Community Plan Use Matrix. Two-step subdivisions to create additional housing ownership opportunities would be acceptable. All projects must meet current density, design and parking standards.

The team proposes to identify the specific parcels for this type of amendment. They must be directly adjacent to the Preliminary Community Plan boundary. Current property owners would be contacted to determine whether they desire to be included in the Community Plan boundary for this purpose. If they decline, their property will stay within the boundary of the currently applicable Plan Area Statement.
Plan Area Theme by Districts

Gateway District (PAS 110)
The broader Gateway would create a sense of “arrival” with visually evident public improvements – lighting, greening, and sidewalks. These improvements would spur property owners to do their own improvements to meet design standards. A focal point or “hub” would be created at a smaller portion of the four corners. It would end at the Barton House, Tucker Avenue (for LTB and EBR), and somewhere prior to Third Street as it goes toward Stateline. This area would have the “WOW factor”, with meeting and congregating areas and nodes of activities. The following elements are critical to the success of the gateway district:

- Creating a community heart
- Greening of the entryway – more trees.
- Mixed use development.
- Bike path and pedestrian friendly; a bike/ped “web.”
- Gathering place.
- Cultural/arts center.
- Unique (not uniform) and harmonious architecture with a theme.
- Lighting – common theme with details like hanging baskets.
- Parking – shared or behind buildings.
- Traffic flow.
- Natural building colors/materials.
- Use of natural rock.
- Vibrancy of gathering areas and shopping and livability.
- Staging areas to alternative transportation and recreation access.
- Slower speed limit.
- A key architectural feature (e.g., clock tower or water feature).
- Contiguosity – connected buildings.
- Live/work units.
- Parks where you could take kids and dogs.
- Restaurants with the Arts.
- Shared (day/night) parking and shred ingress/egress.
- Pedestrian connection across the four corners.
- Rename the “Y” intersection.
- Signage, including directional signage. No internally-illuminated signs.
- Height – nodes of additional height.
- Heightened presence of the Transit Center – have Greyhound, orientation maps.
- “Local’s Center”
- Mix of local businesses with franchises.
- Build-to lines
- Landscaped berming.
- Adequate snow removal.
- Street furniture.
- Bus shelters and bus turnouts.
Health Care District (Special Area #2)
This area should continue to be the center for health care providers and related services on the South Shore. In addition, there is ample space for other compatible land uses, including, but not limited to, social service facilities, affordable senior housing, employee housing, other multi-family and multi-person residences, and one or more community parks.

Industrial District (Special Area #1)
Provide a secondary, lighter industrial area, complementing our designated Preferred Industrial Area, which is needed to support our full service community. Site such uses in an appropriately sized area that is consistent with other land uses in order to provide for community needs.

Auto Row District
Designate the parcels currently functioning as auto dealerships along Tahoe Boulevard as auto district. Target the area primarily for the sale of Automobiles, Trucks and Fleet Vehicles and their support services. We will allow for complementary commercial uses that are not suitable to other areas of the community plan. We believe the community benefits from these services through the creation of jobs, and increased sales tax revenue for the city, which both contribute to the economic stability of the community. We believe these uses to be complementary and ancillary: Car Wash, Auto Repair, Auto Body Repair, Auto Detail, Auto Parts Sales, and Auto Oil Services.

Additional Commercial Floor Area
15,000 square feet of Commercial Floor Area (CFA), remaining from the original pool of 75,000 square feet of South Shore CFA, has been assigned to the Tahoe Valley Community Plan Area.

The original recommendation stated: “While many alternatives are possible, we would suggest limiting the allocation to the vicinity of the existing major intersection with the four “corner” properties being given the highest priority. This will result in the square footage being utilized to upgrade and/or redevelop existing major commercial properties and will correspondingly reduce the propensity for commercial sprawl. We would recommend that steps be taken to use this allocation to prevent the spread of the commercial zone further from the immediate South “Y,” thereby making the existing core “center” more comprehensive and thereby more desirable to serve by alternative transportation modes”.

The original recommendation further clarified that 10,000 square feet of CFA was for retail commercial projects and 5,000 square feet was specifically for restaurants.

The TVCP Team has modified the original CFA allocation recommendations in order to provide the opportunity for development of key “catalytic” projects that would serve as an investment stimulant. These projects would focus on in-fill, community-serving retail
opportunities, and reuse of existing assets (such as land coverage and CFA), as well as for smaller-scale improvements that add ambiance, diversity and commercial district vitality and that benefit quality of life. They provide CFA as an incentive, not an entitlement, in order to encourage property owners to move forward more quickly with their changes or risk someone else utilizing the allocation and thus gaining the competitive advantage.

Recommendation #1: Provide 8,000 square feet of CFA for up to two projects for which the “four corners properties” alone could compete to encourage projects in that area to do more than external face lifts of the existing centers and help to achieve the TVCP vision.

Goal of Recommendation #1: Rehabilitation and reuse of, and building upon, existing assets at the “four corners” to encourage the modernization of existing structures that still have useful life. This recommendation responds to the Team’s interest in getting a “wow” response at the gateway. A limited core area/focal point at the “South ‘Y’ Pie” would be targeted for investment and project applicants ready to move forward quickly would reap the benefit.

Recommendation #2: Provide 2,000 square feet of CFA for the “Auto Row” area to encourage owners to work together to make a more modern, competitive automobile shopping environment with more of an “auto mall” feel that incorporates frontage landscape and sidewalk improvements that link the three dealership properties.

Goal of Recommendation #2: New automobile sales are an important component to the local tax base. The trends in automobile shopping environments (auto malls or luxury sales centers) are not being reflected at Lake Tahoe, which could influence consumer purchasing decisions. The Team would like to provide incentives for the dealers to succeed so that they will stay in the community while responding to changes in economic, market and social conditions. However, the Team proposes a limited timeframe for the CFA allocation to be available for this purpose, such as two years, in order to spur the investment to occur more quickly. After that, the CFA would be made available for an alternative use.

Recommendation #3: Provide 5,000 square feet of CFA, in increments of no more than 1,200 square feet per project, anywhere within the Community Plan area except the industrial district. The use categories for the receiving projects are not specified or limited as long as the project is a commercial use mixed with a residential use (two or more units). If the project is for an existing developed property, all elements of both the existing and new development must be conforming to use, density, parking standards, setback requirements and Community Plan design standards.

Goal of Recommendation #3: The Tahoe Valley encompasses a large area and Community Plan incentives should also benefit smaller-scale projects in order to encourage smaller scale, neighborhood rehabilitation efforts (“keeping up with the Jones’s”). Further, they seek to encourage mixed-use development and the Team seeks to provide a limited incentive in order to influence property owners. The Team proposes a limited timeframe for the CFA allocation to be available for this purpose, such as five years, in order to spur the investment to occur more quickly. After that time, the remaining CFA would be made available for an alternative use.
Recommendation #4: Improve the circumstances for a catalytic project being proposed in the near term by creating one “floating zone” for a Commercial Activity Center. This district would create a new a retail commercial center that is consistent with the design requirements of the Community Plan. It should provide a mix of business types: local, regional and/or national-based businesses, as well as small, medium and/or large-sized businesses.

This floating zone would not be delineated on a map and could be overlaid on any one project area of at least six acres in size that directly abuts Lake Tahoe Boulevard or Emerald Bay Road for at least 500 feet. Reuse of existing assets (CFA, land coverage and those businesses affected by the project that meet the diverse needs of community residents of all income levels) is essential for this project and the expectation is that the demolition of existing improvements would provide at least 40% of the CFA needed. The balance of the CFA would be provided from the TRPA Special Projects allocation. Installation of a public gathering area on-site is a required project component.

The project developer would be required to gain City Council approval of their proposed project/project area before the one selected Commercial Activity Center would be delineated on the map. This request to the Council would be accompanied by:

- A specific economic impact analysis that assesses community benefit of the proposal, including a review and analysis of the economic impacts of the proposed project on existing retail businesses.
- Identification of the proposed “anchor” – the goods or services that are the initial lure that attracts customers.
- Identification of the type of public gathering area being proposed.
- A discussion of how the proposal contributes to the appropriate balance of local, regional and/or national-based businesses, as well as small, medium and/or large-sized businesses and how this mix fits in the context of the South Shore community.
- Whether any entertainment- or public service-related space is proposed for the development.
- Proposed timeline and funding sources

Goal of Recommendation #4: This recommendation responds to the Team’s desire to encourage a catalytic project to meet local shopping needs and spur synergistic development or improvement. This recommendation is based in the belief that retail development can help jump-start a broader process of economic development and urban revival in the Tahoe Valley area. However, past planning efforts have lead to the escalation of property values if an area was targeted too soon in the planning process, and that has served as a disincentive for private investment for upgrade, both by property owners waiting to be “bought out” and by investors looking to buy into the area. A floating district would reward the developer most expedient in identifying a project area and proposing a project that meets community needs. This floating zone adds flexibility to the process and could be supported by creation of a redevelopment area.
**Additional Tourist Accommodation Units**
No additional TAUs are required for the Tahoe Valley Community Plan Area.

**Additional Plan Features**
Establish a higher height district in the South ‘Y’ intersection area to encourage vertical mixed-use development. The higher height bonus would be subject to findings similar to those contained within the TRPA Code of Ordinances for the Redevelopment Plan Area in which higher heights are subject to environmental and scenic quality improvements.

Prepare an urban design plan through a City-funded charette process to establish a visual picture of the gateway to improve the scenic quality and enhance the business environment by providing:

- Sidewalks
- Street lights
- Landscaping
- Shared Parking
- Improved traffic circulation
- Improved pedestrian, bike trail linkages
- Improved built form and mass
Note: This parcel was incorporated into PAS 110 as part of a regional plan amendment but was not incorporated into the preliminary community plan.
MEMORANDUM

May 27, 2005

To: Advisory Planning Commission

From: TRPA Staff

Subject: Amendments to the TRPA Code, Specifically Section 4.3 (List of Qualified Exempt Activities), Chapter 4, Appendix “A” (Projects and Matters to be Approved by Governing Board and Hearings Officer), Section 7.2 (General Standards), and Section 52.2.B (Definitions)

Proposed Actions: TRPA staff requests the APC consider recommending to the TRPA Governing Board the following amendments to the TRPA Code of Ordinances:

1. Section 4.3.A (1), as shown in Exhibit “A.”

2. Chapter 4, Appendix “A,” as shown in Exhibit “B.”

3. Section 7.2 of the TRPA Code, as shown in Exhibit “C.”

4. Section 52.2.B, as shown in Exhibit “D.”

All proposed modifications are shown in red with deleted language shown as **struck-through** and proposed language **underlined**. Code sections that are referenced in the modified language (Exhibits “A” through “D”) are enclosed as Exhibit “E.” The TRPA Code is also available on-line at [www.trpa.org](http://www.trpa.org).

Staff Recommendations: Staff recommends the Advisory Planning Commission (APC) hold a public hearing on this item. Staff also requests the APC recommend to the Governing Board that they adopt the proposed amendments to the Code of Ordinances listed above in Exhibits “A” through “D.”

Background: These new staff-initiated amendments are sought for four reasons:

1. To update the TRPA Code for changes in inflation where certain costs are involved, and to clarify the method for calculation of these costs (see proposed amendments to Sections 4.3.A (1) and 52.2.B in Exhibits “A” and “D,” respectively);

2. To reduce the number of applications that require a TRPA public hearing by modifying the list of activities that require Governing Board or Hearings Officer review (see amendments to Chapter 4, Appendix A, in Exhibit “B.”) These modifications reduce the number of non-controversial or routine projects that currently require a public hearing and allow a redirection of staff resources to workload reduction. At present, approximately five-percent of all applications to TRPA require Governing Board or Hearings Officer review, but
the time needed to prepare staff reports for these applications can require approximately ten to twenty-percent of staff time.

3. To simplify Chapter 4, Appendix A, by eliminating redundant language.

4. To exempt temporary activities described in Chapter 7 of the Code from Scenic shoreland mitigation requirements (see Exhibit "C"). This modification will exempt temporary relocation of Shorezone structures, such as buoy fields, from the scenic shoreland mitigation requirements of the Code, similar to other mitigation exemptions specified in the Code.

Required Findings: The following findings must be made prior to adopting the proposed amendments:

A. Chapter 6 Findings:

1. Finding: The project is consistent with, and will not adversely affect implementation of the Regional Plan, including all applicable Goals and Policies, Plan Area Statements and maps, the Code, and other TRPA plans and programs.

   Rationale: The proposed amendments are needed to update the Code of Ordinances for adjustments in inflation, improve review time for applications to the Agency, or to correct clerical errors in the Ordinances.

2. Finding: That the project will not cause the environmental thresholds to be exceeded.

   Rationale: The proposed Code of Ordinances amendment maintains consistency among Regional Plan Documents and does not affect any environmental thresholds.

3. Finding: Wherever federal, state and local air and water quality standards applicable for the Region, whichever are strictest, must be attained and maintained pursuant to Article V(d) of the Compact, the project meets or exceeds such standards.

   Rationale: See Findings 1 and 2 above.

4. Finding: The Regional Plan and all of its elements, as implemented through the Code, Rules and other TRPA plans and programs, as amended, achieves and maintains the thresholds.

   Rationale: See Findings 1 and 2 above.

Environmental Documentation: Based on the above analysis and completion of an IEC, no significant environmental impacts were identified that cannot be mitigated to a less than significant level.
If there are any questions regarding this agenda item, please contact Lyn Barnett, Chief of Environmental Review Services, at (702) 588-4547, extension 239.
4.3.A  **General Activities:** The following activities are qualified exempt:

(1) Structural repair of existing structures, less than $20,000 $21,000 per year provided there is no excavation, filling or backfilling in excess of that exempted by paragraph (5) below, no increase in the dimensions of a structure, no intensification or change in use, no increase in commercial floor area, and no increase in density. *This amount shall be calculated based on an objective market valuation of the goods and services involved, not the actual out-of-pocket expenses incurred.*
Chapter 4
APPENDIX A

PROJECTS AND MATTERS TO BE APPROVED BY GOVERNING BOARD OR HEARINGS OFFICER

I. GENERAL

Governing Board Review§

1. Projects for which an EIS was prepared and EIS certification (Chapter 5)§§

2. Projects for which an EIS has, or will be prepared, when requested by the Governing Board during scoping of the Draft EIS, or during subsequent public hearings for the EIS

3. Plan amendments, ordinances and resolutions

4-5. Community Plans, including preliminary plan or work program, redevelopment, master or special plans

5-6. Problem assessments and remedial action plans, excluding voluntary problem assessments and remedial action plans (Chapter 9)

6-7. Increases in supply of land coverage (Chapter 20)§§

7-8. Delegation Memoranda of Understanding (except for those executed pursuant to Subsection 71.1.A)§§

7-8. Substantial harvest or tree removal plans (71.2.B and 71.3. 71.4.I) except for fuels management projects (71.5.C)

8-9. Spill contingency plans (Chapter 81)

9-10. Mitigation fund expenditures and projects (Chapter 82 and 93)

10-11. Permit revocations (Chapter 8)§§

11-12. Designated historic resource determinations (Chapter 29)

12-13. Projects resulting in significant increase in traffic when the project decreases Level of Service (LOS) at any affected intersection (Chapter 93)

13. Allocation systems (Chapter 33)

14. Establishing the level defining the top ranked parcels pursuant to Subsection 37.8.B, lowering the line defining the top ranked parcels pursuant to Subsection 37.8.C and determining allowable base land coverage pursuant to Subsection 37.11.A

15. Findings of the demonstration of commitment for affordable housing pursuant to Subsection 43.4.F. §§

16. Special project allocations (Subsection 33.3.D(3))

§ Amended 11/19/03
§§ Amended 7/28/04
Hearings Officer

1. Special uses, including changes, expansions or intensifications of existing uses (Chapter 18)
2. Additional height for eligible structures in special height districts for adopted community and redevelopment plan areas (Subsection 22.4.D), in excess of that provided for in Table A (Chapter 22)
3. Additions, reconstruction, or demolition of eligible or designated historic resources (Chapter 29)
4. Modification to SEZs, excluding modifications for residential projects in accordance with Subsection 20.4.B(1) and involving erosion control and other environmentally oriented projects and facilities in accordance with Subsection 20.4.B(4)
5. Land capability challenges and man-modified challenges, except land capability challenges pursuant to Subsection 20.2.D submitted under the special provisions for designated land banks (Chapter 20 and 53)
6. Additional coverage in excess of 1,000 square feet in land capability districts 1-3
7. Projects resulting in significant increase in traffic but which do not decrease Level of Service (LOS) at any affected intersection (Chapter 93)

II. RESIDENTIAL PROJECTS INVOLVING

Governing Board Review

1. Allocation of ten or more residential bonus units to affordable or moderate-income housing or employee housing greater than four units
2. Mobile home developments involving the creation or elimination of ten or more mobile homes, including conversions to other uses

Hearings Officer

1. Multi-residential and employee housing greater than four units
2. Special use projects (except those identified for Governing Board review) involving changes, expansions or intensification of existing uses
3. Allocation of more than two, but less than ten, residential bonus units to affordable or moderate-income housing

III. TOURIST ACCOMMODATION PROJECTS INVOLVING

Governing Board

1. Projects generating more than 200 daily vehicle trips
2. Special use projects generating more than 100 daily vehicle trips
3. Special project allocations

Hearings Officer
Memorandum to the Advisory Planning Commission
Amendments to TRPA Code
Page 7

1. Special use projects (except those identified for Governing Board review) involving changes, expansions or intensifications of existing uses

IV. COMMERCIAL PROJECTS INVOLVING

Governing Board
1. Allocations or transfer of floor area greater than 2,500 \(3,000\) or more square feet
2. Projects generating more than 200 daily vehicle trips
3. Special use projects generating more than 100 daily vehicle trips
4. Special projects allocations

Hearings Officer
1. Allocations or transfer of floor area less than 2,500 \(3,000\) square feet
2. Special use projects (except those identified for Governing Board review) involving changes, expansions or intensifications of existing uses

V. PUBLIC SERVICE PROJECTS INVOLVING

Governing Board
1. New facilities or additions involving over 2,000 \(3,000\) square feet of floor area or \(3,000 \(3,500\) square feet of new land coverage
2. Airport Expansion

Hearings Officer
1. Special use projects (except those identified for Governing Board review) involving changes, expansions or intensifications of existing uses

VI. RECREATION PROJECTS INVOLVING:

Governing Board
1. New facilities or additions involving over 2,000 more than 3,000 square feet of floor area or \(3,000 \(3,500\) square feet of new land coverage
2. Projects requiring an allocation of PAOTs from the overnight pool of \(1,000\) PAOTs

Hearings Officer
1. Special use projects (except those identified for Governing Board review) involving changes, expansions or intensifications of existing uses

VII. SHOREZONE PROJECTS INVOLVING

Governing Board
1. Tour boat operations (new or expansion)
2. Waterborne transit (new or expansion)
3. Seaplane operation (new or expansion)
4. Marinas (new or expansion)
5. Boat launching facilities (new or expansion)
6. Recognition of multiple-use facilities (Chapter 54)
7. Expansion requiring a deviation of development standards, except low level boatlift additions and reconfigurations of existing structures to increase conformance

Hearings Officer
1. Special use projects (except those identified for Governing Board review) involving changes, expansions or intensifications of existing uses
2. New structures (except those identified for Governing Board review)
7.2 General Standards: Temporary projects shall not result in impacts that continue beyond or occur after the period of approval. Approval of temporary projects shall be conditioned upon the posting of an appropriate security to insure removal of temporary structures and implementation of mitigation measures and other conditions of approval. Temporary projects shall be exempt from the provisions of Chapter 33, scenic shoreland mitigation requirements of Chapter 30 for temporary buoy placement needed to temporarily replace boat slips in an existing marina during construction or dredging, and the mitigation fee requirements of Chapters 20, 56, 82 and 93. Prior to approval of a temporary project, site inspection shall be conducted to determine if the project area is capable of withstanding the impacts of the project and can be feasibly restored to its original condition or better. Temporary projects shall comply with applicable provisions of the Code unless specifically exempted.
52.2.B Major Structural Repair: Replacement or reconstruction of, or modification to, the members of a structure that affect the weight bearing or strength capacity of the structure, and the total cost of such repair, including materials and labor, exceeds $5,000.00 $8,500.00. Structural members of a pier are members such as piling, crib timbers and rocks, stringer and decking. Rocks placed to create jetties or breakwaters are structural members. This amount shall be calculated based on an objective market valuation of the goods and services involved, not the actual out-of-pocket expenses incurred.
June 8, 2005

To: TRPA Advisory Planning Commission

From: TRPA Staff

Subject: Modification of TRPA Rules of Procedure, Article 6.10(b)

Proposed Action: Recommend to the TRPA Governing Board, modification of Article 6.10(b) of the TRPA Rules of Procedure, thereby limiting acceptable Environmental Impact Statement ("EIS") documents to those prepared only by TRPA staff, consultants hired by TRPA staff or consultants hired by applicants subject to an Memorandum of Understanding ("MOU") governing scope, method and oversight and agreed to by the applicant and TRPA. At the Executive Director’s discretion Environmental Assessments ("EA") may still be prepared by applicants, provided that TRPA independently determines that: (1) an EA is appropriate, and (2) the scope of the EA is adequate.

Staff Recommendation: Staff is recommending that the APC recommend to the Governing Board Modification of Article 6.10(b) of the TRPA Rules of Procedure as shown on the attached Exhibit 1.

Background: Article 6 of the TRPA Rules of Procedure governs the use of EISs and EAs (collectively “environmental documents”) in the TRPA planning process. Currently, Article 6.10(b) obliges TRPA to accept an EIS submitted by an applicant. An operational review completed by Strategica in 2004 identified that – although the EIS is subject to review by TRPA and TRPA may require modifications so that the document reflects “independent judgment” – removing TRPA from the initial scope definition and ongoing oversight of the consultant during the EIS preparation creates a potential conflict of interest. The EIS consultant, who is supposed to prepare an objective evaluation of an applicant’s project, is entirely under the control of the applicant until the point where the document is submitted to TRPA. The other elements of Article 6.10 provide for TRPA oversight before, during and after the consultant conducts the analysis. Pursuant to the Strategica report, staff has drafted the proposed modification of Article 6.10(b) eliminating the ability for applicants to prepare EISs independent of TRPA review.

Besides the potential for a conflict of interest, TRPA staff has found the process through which applicants submit completed EISs to be inefficient. Often times TRPA staff must spend substantial resources reviewing, restructuring, and even rewriting the document to ensure compliance with TRPA requirements when TRPA instead could have provided minimal direction at the outset of document preparation. Staff believes that its involvement in the life-cycle of the EIS will provide a more efficient approach for not only staff but the applicants as well.

Staff has also found that in certain circumstances it is appropriate for TRPA to accept EAs submitted by the applicants. These documents are significantly lesser undertakings that EISs and in some instances only a few pages long. Staff feels that 6.10(b) should be modified to allow, at the discretion of the TRPA Executive Director, the submission of EAs by the applicant but only...
Modification of TRPA Rule of Procedure 6.10(b)
Page 2 of 3

on the condition that TRPA independently determines that: (1) an EA is appropriate (as opposed to an EIS), and (2) the scope of the EA is adequate.

In response to the Strategica report, staff recommends modifying Article 6.10 of the TRPA Rules of Procedure as follows:

6.10 Preparation of EAs and EISs: EAs and EISs shall be prepared using one of the following methods, or a combination thereof, as agreed upon by the Executive Director and the applicant. See also section 5.8 of the Code.

(a) Preparation of an environmental document by TRPA staff or an independent consultant retained by TRPA.
(b) Acceptance of an environmental document submitted by the applicant.
(b) At the discretion of the Executive Director, TRPA may accept an EA submitted by the applicant, provided that TRPA independently determines that: (1) an EA is required and; (2) the scope of the EA is adequate. TRPA shall not accept an EIS submitted by the applicant.
(c) Execution of a contract or memorandum of understanding (MOU) with the applicant or an independent consultant for the preparation of an environmental document by such independent consultant.

Before using an environmental document prepared by another person, TRPA shall subject the draft to TRPA’s own review and analysis and may require additions or modifications to the document. The document must reflect the independent judgment of TRPA. TRPA is responsible for the scope, adequacy, and objectivity of the environmental document.

Required Findings: The following findings must be made to adopt the proposed amendment:

Chapter Six Findings:

1. Finding: The project is consistent with, and will not adversely affect implementation of the Regional Plan, including all applicable Goals and Policies, Plan Area Statements and Maps, the Code, and other TRPA plans and programs.

Rationale: The proposed modification of Article 6.10 of the Rules of Procedure will not adversely affect the Regional Plan because it merely provides for better oversight by TRPA of the preparation of EA’s and EIS’s. The Goals and Policies are served because this amendment allows for greater objectivity in the preparation of EIS’s, and eliminates inefficiencies created by the current Article VI language. The proposed amendment does not change the Plan Area Statements, Map, the Code, or any other TRPA plans and programs.

2. Finding: The project will not cause the environmental thresholds to be exceeded.

Rationale: The modification will not cause the environmental thresholds to be exceeded. The modification is intended to assist with the attainment of the thresholds by providing for the TRPA to have improved supervision over the preparation of EA and EIS documents. By improving the objectivity and supervision over these processes, TRPA is also increasing the efficiency with which the Agency can process these
3. **Finding:** The regional plan, as amended, achieves and maintains the thresholds.
   **Rationale:** See findings 1 and 2 above.

4. **Finding:** The Regional Plan, and all of its elements, as implemented through the Code, Rules, and other TRPA plans and programs, as amended, achieves and maintains the thresholds.
   **Rationale:** See findings 1 and 2 above.

**Environmental Documentation:** Staff has completed an Initial Environmental Checklist (IEC) and proposes a Finding of No Significant Effect (FONSE).

If you have questions concerning this agenda item, please contact Jordan C. Kahn, Assistant Agency Counsel, at (775) 588-4547 extension 286, or [jkahn@trpa.org](mailto:jkahn@trpa.org).

**ATTACHMENTS:**

Exhibit 1: Modified Article VI.
6.10 Preparation of EAs and EISs: EAs and EISs shall be prepared using one of the following methods, or a combination thereof, as agreed upon by the Executive Director and the applicant. See also section 5.8 of the Code.

(a) Preparation of an environmental document by TRPA staff or an independent consultant retained by TRPA.

(b) Acceptance of an environmental document submitted by the applicant. At the discretion of the Executive Director, TRPA may accept an EA submitted by the applicant, provided that TRPA independently determines that: (1) an EA is appropriate; and (2) the scope of the EA is adequate. TRPA shall not accept an EIS submitted by the applicant.

(c) Execution of a contract or memorandum of understanding (MOU) with the applicant or an independent consultant for the preparation of an environmental document by such independent consultant.

Before using an environmental document prepared by another person, TRPA shall subject the draft to TRPA’s own review and analysis and may require additions or modifications to the document. The document must reflect the independent judgment of TRPA. TRPA is responsible for the scope, adequacy, and objectivity of the environmental document.
June 1, 2005

MEMORANDUM

To: TRPA Advisory Planning Commission
From: TRPA Staff
Subject: Discussion regarding expansion of Memoranda of Understanding (MOU) with local jurisdictions for residential projects, five units or greater.

Proposed Action: No action is required for this agenda item.

Staff Recommendation: Staff recommends the APC discuss the pros and cons of expanding the MOUs with the local jurisdictions regarding the processing of residential projects (greater than five units), and recommend the Governing Board direct Staff seek expansion of the MOUs or maintain the existing MOU conditions.

Background: TRPA has entered into MOUs with four of the five local jurisdictions, which have urban development potential (Carson City does not contain urban development potential within the Tahoe basin). While each MOU is unique, the limitations on the type and intensity of development are controlled by the Code of Ordinances, Chapter 4, Project Review and Exempt Activities, see Attachment A. Within this Code chapter, project types are directed to the Governing Board or Hearings Officer for review and action. Still, other project types of a routine and non-controversial nature are acted upon by staff.

The issue of processing residential projects has been discussed at the Local Government Committee meetings as a potential means of increasing the amount of available housing units within the Basin. The suggestion was made without public debate or specific information relating to the current limitations of the MOUs, to expand the MOUs thereby enabling the local jurisdictional processing of residential projects that are greater than four units. Like the Local Government Committee members, TRPA Staff perceived this suggestion as an opportunity for permit streamlining and more effective customer service. Local Government staff has not been directly consulted on this issue.

Prior to noticing a public hearing and preparing the necessary documentation for amending the code and inviting expansion of the MOUs, Staff felt it was prudent to consult with the APC and entire Governing Board to gauge the interest and concern in expanding MOUs regarding residential projects greater than four units, and the potential pros and cons involved with such an action.
Discussion: Under the current Code Chapter 4, Appendix A, (see attachment A), multi-residential projects greater than four units which propose to use multi-residential bonus units, require Governing Board approval. These projects are identified as “affordable or employee housing greater than four units”. Additionally, mobile home developments require GB approval.

The TRPA Hearings Officer (HO) has the authority to approve multi-residential projects greater than four units, which do not propose to use multi-residential bonus units. Further, the Hearings Officer reviews Special use projects involving changes, expansions or intensification of existing uses. While each MOU is unique to that jurisdiction, the City’s MOU, for example, provides for duel TRPA and City Hearings Officer meetings for those projects in Chapter 4 of TRPA Code that requires a TRPA HO review.

The local jurisdictions, via the MOU, can approve multi-residential projects that are less than four units, regardless of the use or not of multi-residential bonus units. Additionally, Qualified Exempt residential activities are typically handled by the local jurisdiction. The last qualifier to projects, which would necessitate Governing Board approval, would be those projects that require a “scenic analysis”, regardless of the number of units. Residential projects that require a scenic analysis include those properties that are visible from Lake Tahoe, a scenic highway (SR 89, SR 28, SR 267, SR 431, SR 207, US 50 and Pioneer Trail in South Lake Tahoe), or designated Scenic Recreation and/or bike path (38 designated sites, refer to the Scenic Resource Evaluation, 1992). Additionally, there are reasons for the California jurisdictions currently being limited to permitting residential projects that are four units or less. Under the California Environmental Quality Act (CEQA), residential projects that are four units or less are Categorically Exempt from CEQA review. Once above fur units, California jurisdictions must conduct an Initial Study to determine the level of impact that the project may induce.

While not addressed by Appendix A of Chapter 4, the last type of project requiring GB approval is one connected to an Environmental Impact Statement. Projects with an EIS require the EIS be Certified by the Governing Board and subsequently the project approved. While not legally required to be approved by the Governing Board (that authority could be delegated via an MOU) staff would strongly discourage placing the responsibility of preparing, developing, administering and certifying an EIS with the local jurisdiction. The same recommendation would hold true for a project requiring an Environmental Assessment (EA). Among many reasons for this recommendation is the technical expertise of the various program managers at TRPA in implementing the numerous nuances of the Regional Plan, which pertain to their specific resource areas.

Room for Expansion?
There is some room for expansion of the existing MOUs. Local jurisdictions could process multi-residential projects, with or without the use of multi-residential bonus units, greater or less than four units, in so far as an EIS or EA is not required. While the determination of the need for an EIS is not tied to a distinct number of units, there is a relationship to the number of units (size of project) and the need for an EIS. Therefore, there is a practical limit to the number of units that could be permitted by the local jurisdiction. Staff would suggest that instead of using an arbitrary number of multi-residential units to determine when TRPA would process the application, that the determination would be made when an EIS (or EA) is required. That determination would be made by the local jurisdiction after consultation with and concurrence from TRPA staff and the Executive Director.
Ultimately, it is up to the local jurisdiction to determine if they desire to take greater responsibility in processing permits for multi-residential projects consistent with the TRPA Regional Plan Package.

**Effect on TRPA Staff Work Program**
To expand the MOUs will necessitate amendment to the Code of Ordinances. Both actions (amending the Code and expanding the MOU) require Public Hearings at the APC and GB. Once these processes are completed, there may be need for some local jurisdiction staff training by TRPA staff. Additionally, the projects covered under the expanded MOU would be a part of the annual MOU auditing which may necessitate a greater level of review than previously required.

Please contact Peter Eichar, AICP at (775) 588-4547, or peichar@trpa.org, if you have any questions regarding this agenda item.

Attachments: A. Code of Ordinances, Chapter 4 Appendix A
Chapter 4
APPENDIX A

PROJECTS AND MATTERS TO BE APPROVED BY
GOVERNING BOARD OR HEARINGS OFFICER

I. GENERAL

Governing Board Review§
1. Projects for which an EIS was prepared and EIS certification (Chapter 5)§§
2. Plan amendments, ordinances and resolutions
3. Community Plans, including preliminary plan or work program, redevelopment, master or special plans
4. Problem assessments and remedial action plans, excluding voluntary problem assessments and remedial action plans (Chapter 9)
5. Increases in supply of land coverage (Chapter 20)§§
6. Memoranda of Understanding (except for those executed pursuant to Subsection 71.1.A)§§
7. Substantial harvest or tree removal plans (71.2.B and 71.3.l)
8. Spill contingency plans (Chapter 81)
9. Mitigation fund expenditures and projects (Chapter 82 and 93)
10. Permit revocations (Chapter 8)§§
11. Designated historic resource determinations (Chapter 29)
12. Projects resulting in significant increase in traffic (Chapter 93)
13. Allocation systems (Chapter 33)
14. Establishing the level defining the top ranked parcels pursuant to Subsection 37.8.B, lowering the line defining the top ranked parcels pursuant to Subsection 37.8.C and determining allowable base land coverage pursuant to Subsection 37.11.A.
15. Findings of the demonstration of commitment for affordable housing pursuant to Subsection 43.4.F. §§

Hearings officer§
1. Special uses, including changes, expansions or intensifications of existing uses (Chapter 18)
2. Additional height for structures, in excess of that provided for in Table A (Chapter 22)

§ Amended 11/19/03
§§ Amended 7/28/04
3. Additions, reconstruction, or demolition of historic resources (Chapter 29)

4. Modification to SEZs, excluding modifications for residential projects in accordance with Subsection 20.4.B(1) and involving erosion control and other environmentally oriented projects and facilities in accordance with Subsection 20.4.B(4)

5. Land capability challenges and man-modified challenges, except land capability challenges pursuant to Subsection 20.2.D submitted under the special provisions for designated land banks (Chapter 20 and 53)

6. Additional coverage in excess of 1,000 square feet in land capability districts 1-3

II. RESIDENTIAL PROJECTS INVOLVING

Governing Board Review
1. Affordable or employee housing greater than four units
2. Mobile home developments

Hearings Officer
1. Multi-residential greater than four units
2. Special use projects (except those identified for Governing Board review) involving changes, expansions or intensification of existing uses

III. TOURIST ACCOMMODATION PROJECTS INVOLVING

Governing Board
1. Projects generating more than 200 daily vehicle trips
2. Special use projects generating more than 100 daily vehicle trips
3. Special project allocations

Hearings Officer
1. Special use projects (except those identified for Governing Board review) involving changes, expansions or intensifications of existing uses

IV. COMMERCIAL PROJECTS INVOLVING

Governing Board
1. Allocations or transfer of floor area greater than 2,500 square feet
2. Projects generating more than 200 daily vehicle trips
3. Special use projects generating more than 100 daily vehicle trips
4. Special projects allocations

Hearings Officer
1. Allocations or transfer of floor area less than 2,500 square feet
2. Special use projects (except those identified for Governing Board review) involving changes, expansions or intensifications of existing uses
V. PUBLIC SERVE PROJECTS INVOLVING

**Governing Board**
1. New facilities or additions involving over 2,000 square feet of floor area or 3,000 square feet of new land coverage
2. Airport Expansion

**Hearings Officer**
1. Special use projects (except those identified for Governing Board review) involving changes, expansions or intensifications of existing uses

VI. RECREATION PROJECTS INVOLVING:

**Governing Board**
1. New facilities or additions involving over 2,000 square feet of floor area or 3,000 square feet of new land coverage
2. Projects requiring an allocation of PAOTs from the overnight pool of 1,000 PAOTs

**Hearings Officer**
1. Special use projects (except those identified for Governing Board review) involving changes, expansions or intensifications of existing uses

VII. SHOREZONE PROJECTS INVOLVING

**Governing Board**
1. Tour boat operations (new or expansion)
2. Waterborne transit (new or expansion)
3. Seaplane operation (new or expansion)
4. Marinas (new or expansion)
5. Boat launching facilities (new or expansion)
6. Recognition of multiple-use facilities (Chapter 54)
7. Expansion requiring a deviation of development standards, except low level boatlift additions and reconfigurations of existing structures to increase conformance

**Hearings Officer**
1. Special use projects (except those identified for Governing Board review) involving changes, expansions or intensifications of existing uses
2. New structures (except those identified for Governing Board review)
June 1, 2005

To: TRPA Advisory Planning Commission

From: TRPA Staff

Subject: Discussion and Direction to Staff Regarding Amending the Sale Price Limitation of Moderate-Income Housing, When Multi-Residential Units are Proposed for Subdivision.

Proposed Action: Staff requests that the Advisory Planning Commission review and discuss the proposed method for increasing the maximum sales price for moderate-income housing pursuant to Subsection 41.2.F, and make a recommendation to the TRPA Governing Board.

Staff Recommendation: Staff recommends the Advisory Planning Commission consider this item as a planning matter, to discuss the proposed method for determining a multiplier for increasing the maximum sales price for moderate-income residential units.

Background:

TRPA has been requested by the Local Government Committee of the Governing Board, in association with the South Shore Affordable Housing Working Group, to amend the Regional Plan to increase the maximum sales price of moderate-income housing. The proposed amendment would serve to increase the eligibility of market-rate housing to qualify as moderate-income housing, and increase cost incentives for moderate-income housing projects beyond the current maximum sales price limitation. Prior to amending the Code, it is first necessary to identify a range of legal and industry-standard criteria for an appropriate regulatory approach, through the facilitation of a collaborative planning process that considers the interests of all stakeholders.

Recent Local Government Committee public meetings have provided a forum for local jurisdiction officials, TRPA, private industry professionals, and the general public to debate the constraints and potential solutions associated with moderate-income housing issues and creating opportunities for owner-occupied housing. However, the meetings have primarily been attended by realtor and developer interests, with limited general public input. The collective input of interest groups that attended the meetings identified a need to increase the maximum sales price of moderate-income housing through amendment of the Regional Plan. This requires the collaboration of regional and local regulation, to ensure the reasonable affordability of housing to all moderate-income households, and to provide workable financial incentives to enhance the advancement of moderate-income housing projects.
Due to the current market-rate values of housing in the Basin, the maximum sales price for moderate income housing in accordance with Subsection 41.2.F, has become too low to provide for reasonable opportunities for available housing to qualify as moderate-income housing. Further, in relation to post-1987 multi-residential structures, project proponents lack the financial incentive to subdivide these structures to moderate-income units.

Potential Amendment of Subsection 41.2.F

To determine a maximum sales price for moderate-income housing, staff is recommending that Subsection 41.2.F be amended to provide regional direction through use of a multiplier in the absence of an established Local Government Moderate Income Housing Program (LGMIHP); otherwise, project proponents would be required to work with an established LGMIHP. Based on consultation with various housing industry professionals and review of California and Nevada fixed interest rate trends, staff recommends use of the 4.219 multiplier for consideration to amend Subsection 41.2.F. Further, staff recommends that the newly subdivided units be subject to deed restriction for long-term occupancy at least 10 months in each calendar year.

Based on the potential negative impacts discussion of this staff summary, staff recognizes that some projects may have potential to create affordable housing related impacts. It is therefore expected that further environmental analysis will be required in conjunction with amending Subsection 41.2.F as proposed, and to ensure the proposed amendment could be recommended for approval.

Current Demand for Increasing the Maximum Sales Price of Moderate-Income Housing

Subsection 41.2.F of the Code pertains specifically to moderate-income multi-residential units, when such units are proposed for subdivision. Chapter 41 of the Code defines moderate-income housing as follows:

41.2.F Moderate Income Housing*: For purposes of the subdivision ordinances only (Chapters 40-49, inclusive), moderate income housing are residential units which are sold or rented at prices and rates affordable to households or tenants that earn not more than 120 percent of the applicable county median income. Moderate-income housing shall not include units with a rental rate that exceeds 30% of the tenant’s monthly gross income, or sell at rates that exceed 2.5 times the gross annual household income.†

For example, at the current maximum sales price of 2.5 times the gross annual household income for a family of four in El Dorado County, the maximum sales price is capped at $192,300.

In 2004, the median price of a home in South Lake Tahoe was $379,000, an increase of 17% over the previous year, while the median household income was only $37,000, an increase of 5% over 2003 (Strategic Marketing Group, 2004).

*§ Amended 4/28/04
†§ Amended 7/24/02
In 2004, of the 208 homes active on the Multiple Listing Service (MLS), 14 homes, or 7%, were listed at or below $250,000. The MLS listed 18% of the properties between $251,000 and $300,000. The largest block of properties available were in the $501,000 and up category, with an 83% increase in the number of $1 million plus properties sold over 2003 (Strategic Marketing Group, 2004).

Since 2001, the average home price has increased 57%, forcing many in the local community to move out of the area. It is estimated that between 60% to 70% of residences are now owned by second home owners (Strategic Marketing Group, 2004).

In relation to moderate-income households, the lack of available and affordable workforce housing has forced many people who work in the Basin to seek housing opportunities outside the Basin. The trend of employees living outside the Basin creates a multitude of adverse impacts to the local economy, with Basin employees spending their incomes outside the Basin. Second home owners and Basin employees living outside the Basin also contribute to traffic, air pollution, and other types of environmental impacts associated with long distance commuting into the Basin. Among other reasons, the need for owner-occupied housing has become a key objective in providing affordable housing opportunities for Basin residents.

The Land Use Element of the TRPA Goals and Policies provides the following provision for owner-occupied requirements for moderate-income housing:

Chapter II, Housing Sub-element of Land Use Element, Goal #2, Policy 2:
Residential units developed using moderate-income housing incentives shall be used to provide housing for full-time residents of the Tahoe Basin. Such units shall not be used for vacation rental purposes.

Chapter 35 of the Code also provides the following direction for further achieving owner-occupied objectives for moderate-income housing:

Subsection 35.2.G, TRPA Certified Local Government Moderate Income Housing Program, Provision 3: The housing program shall, through deed restriction or other covenant running with the land, limit the project area to the approved use and restrict both rental rates and occupants’ household income to moderate income housing limits. Moderate-income units approved under this program shall be made available for long-term occupancy and shall be occupied for at least 10 months in each calendar year. Units found not to be in compliance with use, rental and/or sales rates, household income levels, or occupancy requirements as more specifically described in the deed restriction or other covenant running with the land, shall not be occupied until the non-complying element of the program is rectified.

Placer County and the City of South Lake Tahoe are currently in the process of adopting regulations for owner-occupied requirements pertaining to affordable housing, including moderate-income housing.
Staff Research for Establishment of an Initial Sales Price for Moderate-Income Housing

To provide a comprehensive analysis for the establishment of an initial sales price for moderate-income housing (MIH), existing legal and industry-standard parameters must be considered as described in Attachment A.

Staff has researched the moderate-income housing programs of several local jurisdictions throughout the State of California and the Tahoe region jurisdictions of Nevada, to identify a commonly used method for calculating an initial maximum sales price for moderate-income housing, consistent with State and Federal standards.

Staff has identified the County of Monterey's Administrative Manual for Inclusionary Housing (2003), as having a maximum sales price calculation for moderate-income housing consistent with State and Federal legal standard criteria, and as most representative of the industry standard criteria used by the California local jurisdictions described in Attachment A.

The initial steps of the Administrative Manual calculation determines a maximum monthly loan payment adjusted for household size, based on median family income for the applicable jurisdiction. The remaining steps of the calculation requires use of an amortization calculator to determine a loan amount (in relation to a home sales price) that can support a monthly mortgage payment that does not exceed the identified maximum monthly loan payment. Use of the amortization calculator requires a realistic assumption for a down payment percentage and fixed interest rate for a home loan.

The amortization calculator used for this analysis was provided by Placer County Redevelopment Agency staff, and is recognized as an industry standard formula used by banking and home loan lending groups when working with mortgage loans to determine a monthly mortgage payment. The components of the calculator consist of basic industry standard criteria for amortizing a home loan used by industry professionals (Jolda, HUD personal communications).

Attachment B describes the steps of the Administrative Manual calculation, and use of the amortization calculator. The Administrative Manual calculation can be applied to all local jurisdictions within the Basin, using median family income data designated for the specific jurisdictions as determined annually by HUD.

Discussion:

Application of a Regional Multiplier for Determining a Maximum Sales Price for Moderate-Income Housing

It is important to recognize that Subsection 41.2.F of the Code pertains specifically to moderate-income multi-residential units, when such units are proposed for subdivision. As such, the Administrative Manual calculation serves as a mechanism to identify a maximum sales price for moderate-income housing.

To simplify this calculation for potential implementation into Subsection 41.2.F, staff has devised a single multiplier figure for determining a maximum home sales price based on the Administrative Manual calculation. The multiplier of 4.219 identified in Table 1., is
based on a household size of four, and assumes a 5% down payment and 6% fixed interest rate for a home loan that can support the maximum home sales price. Attachment C describes the process by which, staff has calculated the multiplier based on the Administrative Manual calculation. The multiplier figure is multiplied by 120% of median family income (MFI) to determine a maximum home sales price. Table 1., identifies the maximum home sales prices using the representative multiplier for the five jurisdictions in the Basin.

<table>
<thead>
<tr>
<th>Tahoe Basin jurisdictions</th>
<th>120% of MFI</th>
<th>Multiplier</th>
<th>Maximum Home Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of SLT</td>
<td>$76,920.00</td>
<td>4.219</td>
<td>$324,525.48</td>
</tr>
<tr>
<td>El Dorado Co.</td>
<td>$76,920.00</td>
<td>4.219</td>
<td>$324,525.48</td>
</tr>
<tr>
<td>Placer Co.</td>
<td>$76,920.00</td>
<td>4.219</td>
<td>$324,525.48</td>
</tr>
<tr>
<td>Washoe Co.</td>
<td>$76,440.00</td>
<td>4.219</td>
<td>$322,500.36</td>
</tr>
<tr>
<td>Douglas Co.</td>
<td>$80,340.00</td>
<td>4.219</td>
<td>$338,954.46</td>
</tr>
</tbody>
</table>

In 2004, the MLS listed 18% of the properties in the South Shore area between $251,000 and $300,000, with 7% listed at or below $250,000 (Strategic Marketing Group, 2004). Thus, increasing the multiplier would have the effect of increasing the eligibility of market rate housing to qualify as moderate-income housing, in comparison with the current maximum sales price limitation pursuant to Subsection 41.2.F of the Code.

For consistency with Subsection 43.2.B, the Administrative Manual calculation would have the effect of raising the maximum sales price and eligibility of more housing to qualify as moderate-income housing. Therefore, new projects proposing the subdivision of post-1987 multi-residential structures, and specifically the sale of the individual units having a market value within the new maximum sales prices, would be subject to the definition and requirements of Subsection 43.2.B. Attachment D identifies this provision of Code.

The intent of the above method for calculating a regional multiplier is based upon current MFI data for the jurisdictions in the Basin. Since adjustments to MFI can occur annually as designated by HUD, the multiplier would also be subject to potential adjustment on an annual basis. Therefore, if the multiplier were adopted into TRPA Code, Subsection 41.2.F would be subject to potential annual amendment to achieve consistency with adjustments to median family income. Adjustments to MFI are typically made available for public review by February of each calendar year by HUD (Jolda, HUD pers. Comm.).

In addition to potential annual adjustment of the multiplier, other fixed variables of the Administrative Manual calculation as identified in Attachment B could also be subject to adjustment. For example, annual adjustments could also be made to the annual interest rate and amount of down payment for a home loan. However, the variables of the Administrative Manual calculation must assume fixed values to determine a maximum sales price for a given year. Ultimately, any adjustments to the fixed variables of the Administrative Manual calculation would require adjustment of the multiplier, and would therefore be done in conjunction with adjusting the multiplier.
Local Government Moderate-Income Housing Program

Staff is recommending a single multiplier for all jurisdictions in the Basin, in the interest of simplifying all of the required calculations demonstrated in the attachments of this staff summary, and to simply amend Subsection 41.2.F with a new multiplier and some language revisions for easy application for all potential stakeholders. This approach is intended to provide broad regional application to all jurisdictions in the Basin. Further, it is the intent of the Regional Plan to provide regional regulatory direction for housing issues, with more specific regulatory direction provided at the local jurisdiction level. The Housing Sub-element of the Goals and Policies stipulates the following:

Chapter II, Housing Sub-element of Land Use Element: The purpose of this Sub-element is to assess the housing needs of the Region and to make provisions for adequate housing. The Compact does not specifically mandate this Sub-element, nor do the environmental thresholds address this topic. However, the states of Nevada and California both require housing to be addressed as part of a general plan. It is the intent of this Sub-element to address housing issues on a regional basis with local plans handling the specifics of implementation.

As such, staff is recommending that in conjunction with potentially amending the multiplier for Subsection 41.2.F, that additional consideration should be given to encourage the establishment of Local Government Moderate-Income Housing Programs (LGMIHP) to determine an appropriate sales price for moderate-income housing for project proponents. In relation to Subsection 41.2.F, project proponents would be required to work with the LGMIHP in conjunction with the TRPA permitting process, to subdivide a post-1987 multi-residential structure into moderate-income multi-residential units. Local governments have the ability to dedicate housing and redevelopment agency staff, which are specialized in dealing exclusively with housing issues specific to their jurisdiction. The LGMIHP would function as an advisory entity to the TRPA Governing Board in recommending an appropriate sales price for moderate-income housing. Additionally, TRPA would encourage the LGMIHP to include a peer review by the U.S. Department of Housing and Urban Development in recommending an appropriate sales price for housing. In the absence of an established LGMIHP, project proponents would be required to use the proposed multiplier for determining a maximum sales price for moderate-income housing.

Potential Negative Impacts Associated with Increasing the Maximum Sales Price for Moderate-Income Housing

Subsection 41.2.F pertains specifically to moderate-income multi-residential units, when such units are proposed for subdivision. Potentially, if a multi-residential structure were proposed for subdivision, with the sales rate of the individual units set at the maximum sales price as considered in this staff summary, this could potentially displace renters who cannot afford the maximum moderate-income sales price of the newly subdivided units, including low-income renters. Increasing the maximum sales price of moderate-income housing creates a heightened incentive to subdivide qualifying multi-residential structures, and thus an increased potential for displacement of low-income renters and reduction of affordable housing rental opportunities.

An amendment of Subsection 41.2.F would require environmental review pursuant to TRPA environmental documentation requirements. Staff has performed a preliminary
review of an Initial Environmental Checklist, and based on the above identified potential impacts, staff has identified areas of potential impact pertaining to Population, Housing, and Findings of Significance. Attachment E identifies the sections of the Initial Environmental Checklist that are expected to require either a “no impact with mitigation” response to reduce the impacts to a less than significant level, or require a “yes” response as a project impact.

The response of “no impact with mitigation” requires additional staff time and research to determine an appropriate level of mitigation, to prevent the potential loss of affordable housing rental opportunities and potential displacement of low-income renters. The response of “yes”, as a project related environmental impact, would require at least the preparation of an Environmental Assessment for a more comprehensive environmental analysis.

Please contact Jason Ramos at (775) 588-4547, if you have any questions regarding this agenda item.

Attachments:  Attachment A – Research and Analysis for the Establishment of an Initial Sales Price for Moderate-Income Housing

Attachment B - The Administrative Manual Calculation

Attachment C – Calculation Method for Single Multiplier

Attachment D – Subsection 43.2.B of the TRPA Code of Ordinances

Attachment E – TRPA Initial Environmental Checklist Potential Impact Considerations
Research and Analysis for the Establishment of an Initial Sales Price for Moderate-Income Housing

To provide a comprehensive analysis for the establishment of an initial sales price for moderate-income housing (MIH), staff has made the following considerations:

- Consistency with current State and Federal definitions and awareness of housing loan program eligibility requirements for moderate-income households;
- Awareness of other California and Nevada local jurisdiction housing programs (i.e., inclusionary housing programs, home loan program eligibility requirements, etc.);
- Affordability of total monthly housing payments and total sales price of housing to moderate-income households at the lower and upper end of the moderate-income bracket. For example:
  - When drafting regulation for determining a maximum monthly housing cost, caution should be used when calculating a maximum monthly housing cost based on the maximum annual estimate of 120% of median family income. Setting the calculation at 110% or 100% of median family income provides a measure of affordability to all households of the moderate-income bracket;
- Median price of housing and median household income levels for local jurisdictions in the Basin;
- Cost incentives to enhance the advancement of moderate-income housing projects. For example:
  - The sales price for MIH must be affordable to all moderate-income households, and provide a profit margin to project proponents as a financial incentive to encourage the advancement of MIH projects.

Chapter 2 of the TRPA Code of Ordinances defines moderate-income housing as follows:

*Moderate Income Housing:* Residential housing, deed restricted to be used exclusively as a residential dwelling by permanent residents with an income not in excess of 120 percent of the respective county’s median income. Such housing units shall be made available for rental or sale at a cost that does not exceed the recommended state and federal standards. Each county’s median income will be determined according to the income limits published annually by the Department of Housing and Urban Development.\(^\text{88}\)

California Code provides foundational criteria for establishing a formula for calculating a maximum sales price for moderate-income housing as follows:

*CA Code Sec. 50052.5, B4:* For moderate-income households, affordable housing cost shall not be less than 28 percent of the gross income of the household, nor exceed the product of 35 percent times 110 percent of area median income adjusted for family size appropriate for the unit. In addition, for any moderate-income household that has a gross income that exceeds 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 35 percent of the gross income of the household.

\(^\text{88}\) Amended 4/28/04
The Department of Housing and Urban Development has identified the 2005 median family income (MFI) for Placer and El Dorado Counties as $64,100, which also includes the City of South Lake Tahoe. The 2005 MFI for Washoe County is set at $63,700, and for Douglas County the MFI is set at $66,950. The portion of the Carson City jurisdiction within the Basin is primarily public land and does not include zoning for multi-residential land uses. Table 1 identifies the moderate-income limits of 120% of MFI for a household size of four, for Lake Tahoe Basin local jurisdictions.

| Table 1. Income Limits for Lake Tahoe Basin Local Jurisdictions |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| MFI             | $64,100         | $64,100         | $63,700         | $66,950         |
| 120% of MFI     | $76,920         | $76,920         | $76,440         | $80,340         |

Staff has researched the moderate-income housing programs of several local jurisdictions throughout the State of California and Nevada, to identify a commonly used formula for calculating an initial maximum sales price for moderate-income housing, consistent with State and Federal standards. Through consultation with Placer County Redevelopment Agency staff, the jurisdictions of Placer County, Monterey County, City of Palo Alto, and City of Davis were recommended as key jurisdictions having very detailed and similar inclusionary housing program regulations for moderate-income housing.

Staff has also researched the affordable housing programs of the City of Reno, Carson City, Washoe County, Douglas County, and City of Las Vegas. The Washoe County Consortium serves as the leading affordable housing organization for the Cities of Reno and Sparks, and Washoe County. The Washoe County Consortium provides home loan programs for low and very low-income households only. Region 3 of the Rural Nevada Development Corporation provides home loan programs for low and very low-income households for the jurisdictions of Carson City and Douglas County. Neither the Washoe County Consortium or the Rural Nevada Development Corporation provide housing assistance to moderate-income households.

The inclusionary housing programs of the above referenced California local jurisdictions, which are typically regulated by housing and redevelopment agencies, have similar requirements for calculating an initial maximum sales price for moderate-income housing. Criteria for establishing a maximum sale price typically includes:

- Households earning not more than 120% of MFI adjusted for family size;
- Targeting annual household income at 100% to 110% of MFI adjusted for family size;
- Targeting annual housing costs not in excess of 30% to 35% of 100% to 110% of MFI adjusted for family size;
- Realistic assumptions regarding down payment of housing sale price, mortgage interest rate, and mortgage term.
- Estimates of property taxes, assessments, loan insurance and financing fees, allowance for property maintenance and repairs, homeowners insurance, homeowner association dues, allowance for utilities and land rent (if home is on rented land).
The Administrative Manual Calculation

The Administrative Manual calculation provides the following steps for establishing an initial sales price for residential units to be occupied by a moderate-income household:

1. Determine appropriate household size (number of bedrooms in unit + one person = appropriate household size);
2. Identify 110% of median income for the appropriate household size (use current income limits as designated by the U.S. Department of Housing and Urban Development);
3. Determine monthly household allowance for housing payment:
   i. Multiply 35% of 110% of median income for appropriate household size;
   ii. Divide amount by 12 for monthly allowance;
4. Determine the maximum sales price that the monthly household allowance for housing payment can support using the following parameters:
   i. 7.5% fixed interest rate mortgage;
   ii. 30 year mortgage term;
   iii. 10% down payment
   iv. Estimates of property taxes, assessments, loan insurance and financing fees, allowance for property maintenance and repairs, homeowners insurance, homeowner association dues, allowance for utilities and land rent (if home is on rented land).

Steps 1 through 3 of the calculation establishes a maximum total monthly housing cost based on appropriate household size. To simplify Step 4., a realistic assumption for an appropriate amount of monthly debt must be determined for the criteria in Item 4(iv.) of Step 4. For example, 10% of the total monthly housing cost for monthly debt is assumed for this analysis. Subtracting monthly debt from the total monthly housing cost derives an estimate for a maximum monthly loan payment. The maximum monthly loan payment provides the basis for determining a mortgage loan amount in relation to the sales price for a home, that can support a monthly mortgage payment that does not exceed the maximum monthly loan payment. The following is an example of how to calculate Steps 1 through 3, including Item iv. of Step 4., as described above using Placer and El Dorado County median family income data for a household of four.

Step 1

Assume household size of four.

Step 2

Median Family Income for household of four is $64,100.
110% ($64,100) = $70,510

Step 3

i. 35% ($70,510) = $24,678.50

ii. $24,678.50 / 12 = $2,056.54 (total monthly housing cost)
Step 4

iv. Assume 10% for item iv. of Step 4. (monthly debt).

\[ \$2056.54 \times 0.10 = \$205.65 \]

Deduct monthly debt from total monthly housing cost.

\[ \$2056.54 - \$205.65 = \$1,850.89 \text{ (maximum monthly loan payment)} \]

Calculation of Items i, ii, and iii of Step 4., requires use of a standard amortization calculator to derive a monthly mortgage payment. The calculator used for this analysis was provided by Placer County Redevelopment Agency staff, and is recognized as an industry standard formula used by banking and home loan lending groups when working with mortgage loans to determine a monthly mortgage payment. The components of the calculator consist of basic industry standard criteria for amortizing a home loan used by industry professionals (Jolda, HUD pers comm.).

Further, the components of the calculator are consistent with online banking website services for amortizing a home loan. The calculator used for this analysis is consistent with the online amortization calculators provided on the Golden1 Credit Union and American Mortgage websites. For example, using a loan amount of $264,709.80, a fixed interest rate of 7.5%, and a 30-year term, the amortization calculators used by Golden1 Credit Union and American Mortgage both provide a monthly mortgage payment of $1,850.89 as consistent with the monthly mortgage payment shown in Table 1.

The calculator formula can be used with standard spreadsheet programs. The following steps are used to calculate a monthly mortgage payment using the calculator formula:

1. You must know the annual interest rate;
2. You must always divide the annual interest rate by 12 (12 months in a year);
3. You must know the term of the loan and then multiply it by 12 (12 months in a year);
4. Then you put in the principal and the formula automatically calculates the monthly payment (i.e., interest rate divided by 12, term of loan multiplied by 12, principal = monthly mortgage payment).

Using the median family income data for Placer and El Dorado County, Table 1. identifies a maximum home sales price with a monthly mortgage payment (calculated using the amortization calculator) consistent with the maximum monthly loan payment by household size (using the Administrative Manual calculation shown above).

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Max. Monthly Loan Payment</th>
<th>Max. Home Sales Prices</th>
<th>10% Down Payment</th>
<th>Principal Loan Amount</th>
<th>Interest</th>
<th>Term of Loan</th>
<th>30 Year Monthly Mortgage Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household of 3</td>
<td>$1,666.09</td>
<td>$264,756.00</td>
<td>$26,475.60</td>
<td>$238,280.40</td>
<td>7.50%</td>
<td>30 years</td>
<td>$1,666.09</td>
</tr>
<tr>
<td>Household of 4</td>
<td>$1,850.89</td>
<td>$294,122.00</td>
<td>$29,412.20</td>
<td>$264,709.80</td>
<td>7.50%</td>
<td>30 years</td>
<td>$1,850.89</td>
</tr>
<tr>
<td>Household of 5</td>
<td>$1,999.59</td>
<td>$317,752.00</td>
<td>$31,775.20</td>
<td>$285,976.80</td>
<td>7.50%</td>
<td>30 years</td>
<td>$1,999.59</td>
</tr>
</tbody>
</table>
Based on the information in Table 1., the amortization calculator provides a monthly mortgage payment of $1,999.59 for a household of five as illustrated in the following equation:

\[(7.50\% \text{ divided by 12, 30 years times 12, } 285,976.80) = 1,999.59\]

The Administrative Manual calculation can be applied to all local jurisdictions within the Basin, using median family income data designated for the specific jurisdictions as determined annually by HUD.

The amortization calculator can be used to strategize different housing prices to determine a loan amount that can support a monthly mortgage payment that does not exceed the maximum monthly loan payment adjusted for family size. Further, the required variables of the calculator can be adjusted. For example, adjustments to the above example calculation can be made to the interest rate, term of loan (although 30 years is typical), and the percentage of down payment. Using the information in Table 1., for a household of 4, Table 2, shows adjustments to the monthly mortgage payment using different annual interest rates. Table 2, further identifies that an annual interest rate of 8.5% generates a monthly mortgage payment that exceeds the maximum monthly loan payment.

<p>| Table 2. Adjustment to Monthly Mortgage Payment Using Different Annual Interest Rates |
|-------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|</p>
<table>
<thead>
<tr>
<th>Household Size</th>
<th>Max. Monthly Loan Payment</th>
<th>Home Sales Prices</th>
<th>10% Down Payment</th>
<th>Principal Loan Amount</th>
<th>Interest</th>
<th>Term of Loan</th>
<th>30 Year Monthly Mortgage Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household of 4</td>
<td>$1,850.89</td>
<td>$294,122.00</td>
<td>$29,412.20</td>
<td>$264,709.80</td>
<td>6.50%</td>
<td>30 years</td>
<td>$1,673.15</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.50%</td>
<td>30 years</td>
<td>$1,850.89</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8.50%</td>
<td>30 years</td>
<td>$2,035.39</td>
</tr>
</tbody>
</table>
Calculation Method for Single Multiplier

Through consultation with Placer County Redevelopment Agency staff and private industry home loan specialists, staff was advised to consider a lower down payment and annual interest rate for a home mortgage loan. As shown in Table 1, American Mortgage online provides statewide data for 30-year fixed interest rate trends to show fluctuations over a 30-day period for the states of California and Nevada, based on a loan amount of $150,000.

<table>
<thead>
<tr>
<th>State</th>
<th>Today’s Rate</th>
<th>High Average</th>
<th>Low Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>5.54%</td>
<td>5.73%</td>
<td>5.44%</td>
</tr>
<tr>
<td>Nevada</td>
<td>5.53%</td>
<td>5.73%</td>
<td>5.40%</td>
</tr>
</tbody>
</table>

Source: American Mortgage Online, May, 20, 2005

Using the Administrative Manual calculation, staff has determined a maximum home sales price based on a 5% down payment and a 6% annual interest rate for a home mortgage loan, for the five jurisdictions in the Basin based on a household size of four. The portion of the Carson City jurisdiction in the Basin is primarily public land and does not include zoning for multi-residential land uses. Table 2 identifies the maximum home sales prices for the five jurisdictions in the Basin.

<table>
<thead>
<tr>
<th>Household Size of 4</th>
<th>Max. Monthly Loan Payment</th>
<th>Max. Home Sales Prices</th>
<th>5% Down Payment</th>
<th>Principal Loan Amount</th>
<th>Interest</th>
<th>Term of Loan</th>
<th>30 Year Monthly Mortgage Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of SLT</td>
<td>$1,850.89</td>
<td>$324,961.00</td>
<td>$16,248.05</td>
<td>$308,712.95</td>
<td>6.00%</td>
<td>30 yrs</td>
<td>$1,850.89</td>
</tr>
<tr>
<td>El Dorado Co.</td>
<td>$1,850.89</td>
<td>$324,961.00</td>
<td>$16,248.05</td>
<td>$308,712.95</td>
<td>6.00%</td>
<td>30 yrs</td>
<td>$1,850.89</td>
</tr>
<tr>
<td>Placer Co.</td>
<td>$1,850.89</td>
<td>$324,961.00</td>
<td>$16,248.05</td>
<td>$308,712.95</td>
<td>6.00%</td>
<td>30 yrs</td>
<td>$1,850.89</td>
</tr>
<tr>
<td>Washoe Co.</td>
<td>$1,839.34</td>
<td>$322,934.00</td>
<td>$16,146.70</td>
<td>$306,787.30</td>
<td>6.00%</td>
<td>30 yrs</td>
<td>$1,839.34</td>
</tr>
<tr>
<td>Douglas Co.</td>
<td>$1,933.18</td>
<td>$339,409.00</td>
<td>$16,970.45</td>
<td>$322,438.55</td>
<td>6.00%</td>
<td>30 yrs</td>
<td>$1,933.18</td>
</tr>
<tr>
<td>Average</td>
<td>$1,865.04</td>
<td>$327,455.20</td>
<td>$16,372.26</td>
<td>$311,072.94</td>
<td></td>
<td></td>
<td>$1,865.04</td>
</tr>
</tbody>
</table>

The maximum home sales prices for the five jurisdictions were averaged to determine a single average maximum home sales price. By dividing the average maximum home sales price by 120% of MFI for each jurisdiction, staff has determined a multiplier for each jurisdiction. The multipliers for the jurisdictions were then averaged to determine a single multiplier for all jurisdictions. Since, MFI data for the City of South Lake Tahoe is based on El Dorado County MFI, only the multipliers of the four county jurisdictions were averaged to determine a single multiplier. Table 3., identifies the maximum home sales prices using the representative multiplier for the five jurisdictions in the Basin.
<table>
<thead>
<tr>
<th>Household Size of 4</th>
<th>120% of MFI</th>
<th>Multiplier</th>
<th>Maximum Home Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of SLT</td>
<td>$76,920.00</td>
<td>4.219</td>
<td>$324,525.48</td>
</tr>
<tr>
<td>El Dorado Co.</td>
<td>$76,920.00</td>
<td>4.219</td>
<td>$324,525.48</td>
</tr>
<tr>
<td>Placer Co.</td>
<td>$76,920.00</td>
<td>4.219</td>
<td>$324,525.48</td>
</tr>
<tr>
<td>Washoe Co.</td>
<td>$76,440.00</td>
<td>4.219</td>
<td>$322,500.36</td>
</tr>
<tr>
<td>Douglas Co.</td>
<td>$80,340.00</td>
<td>4.219</td>
<td>$338,954.46</td>
</tr>
</tbody>
</table>
Subsection 43.2.B of the TRPA Code of Ordinances

43.2.B Moderate Income Housing: Existing residential units which are moderate income housing, as defined by 41.2.F, shall not be subdivided unless mitigation is provided on a unit for unit basis for the loss of moderate income housing. Mitigation shall be in the form of construction of an equal number of moderate-income units, conversion of other structures to moderate-income housing, restriction of subdivided units to moderate income housing units, or a combination of the above.

(1) To determine whether a unit is moderate-income housing, the applicant shall submit a rental/sale history for each unit for the previous five years. TRPA shall review the history and determine whether the unit has, on the whole, been available as moderate-income housing. TRPA shall utilize the appropriate state and federal data on median income and rental rates and mortgages for moderate to very low-income households in making the determination. If a rental/sale history is unavailable or incomplete, an appraisal of the structure prepared by a qualified appraiser shall be submitted by the applicant.

(2) Restriction of subdivided units to moderate income housing shall include recordation of deed restrictions or other covenants running with the land, limiting the rental rates and sale price to those which are affordable to households or tenants that earn not more than 120 percent of the applicable county median.
TRPA Initial Environmental Checklist Potential Impact Considerations

The following sections of the Initial Environmental Checklist are expected to require either a no impact with mitigation response to reduce the impacts to a less than significant level, or require a “yes” response as a project impact:

11 Population

Will the proposal:

b. Include or result in the temporary or permanent displacement of residents?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>No, with Mitigation</th>
<th>Data Insufficient</th>
</tr>
</thead>
</table>

12 Housing

Will the proposal:

a. Affect existing housing, or create a demand for additional housing?

To determine if the proposal will affect existing housing or create a demand for additional housing, please answer the following questions:

(1) Will the proposal decrease the amount of housing in the Tahoe Region?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>No, with Mitigation</th>
<th>Data Insufficient</th>
</tr>
</thead>
</table>
(2) Will the proposal decrease the amount of housing in the Tahoe Region historically or currently being rented at rates affordable by lower and very-low-income households?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>No, with Mitigation</th>
<th>Data Insufficient</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Number of Existing Dwelling Units

__________

Number of Proposed Dwelling Units

__________

b. Will the proposal result in the loss of housing for lower-income and very-low-income households?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>No, with Mitigation</th>
<th>Data Insufficient</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

21 Findings of Significance.

b. Does the project have the potential to achieve short-term, to the disadvantage of long-term, environmental goals? (A short-term impact on the environment is one which occurs in a relatively brief, definitive period of time, while long-term impacts will endure well into the future.)
c. Does the project have impacts which are individually limited, but cumulatively considerable? (A project may impact on two or more separate resources where the impact on each resource is relatively small, but where the effect of the total of those impacts on the environmental is significant?)

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>No, with Mitigation</th>
<th>Data Insufficient</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>No, with Mitigation</th>
<th>Data Insufficient</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>