

PLACER COUNTY
REDEVELOPMENT AGENCY
MEMORANDUM

TO: Honorable Members of the Placer County Redevelopment Agency Board
FROM: Richard Colwell, Chief Assistant CEO – Redevelopment Director *RC Colwell*
Rae James, Deputy Director
DATE: April 4, 2006
SUBJECT: Conduct a Public Hearing and Adopt a Resolution Approving the Five-Year Implementation Plan for the North Lake Tahoe Redevelopment Project Area.

ACTION REQUESTED: Conduct a public hearing and adopt a resolution approving the Five-Year Implementation Plan for the North Lake Tahoe Redevelopment Project Area.

BACKGROUND: California Health and Safety Code §33300 et. seq., requires that redevelopment agencies adopt implementation plans for redevelopment project areas covering a five-year term. Your Board last approved the Five-Year North Lake Tahoe Redevelopment Project Area Implementation Plan (Plan) on April 3, 2001. This action would approve a Plan addressing the five-year period from April 3, 2006 to April 2, 2011.

The attached Plan includes the updated workplan goals of the North Lake Tahoe Redevelopment Area, the proposed programs, projects and expenditures, and a discussion of how the proposed Plan continues to alleviate blighting conditions in the project area. In addition, the Plan provides information regarding the Redevelopment Agency's (Agency) affordable housing program and specifies how the Agency will meet targeted income, housing production, and replacement housing requirements. Approval of the Plan will give general direction to the Agency but does not approve any specific expenditures, programs or projects.

The Board must conduct a public hearing for the adoption of the Implementation Plan. A public hearing notice was posted on March 7, 2006 in four locations within the project area. The public hearing notice was also published in the Tahoe World beginning March 2, 2006.

ENVIRONMENTAL: Adoption of the Plan is exempt from environmental review because it does not constitute approval of any specific program, project, or expenditure. Environmental review for any project undertaken pursuant to the Plan will be subject to environmental review at the time of approval of that project, to the extent required under pertinent law.

FISCAL IMPACT: This is an administrative action. There is no impact to the Agency budget. The Plan does not approve any specific projects, programs, or expenditures.

RECOMMENDATION: Conduct a public hearing and adopt a resolution approving the Five-Year Implementation Plan for the North Lake Tahoe Redevelopment Project Area.

Attachment

cc: Sabrina Thompson, Agency Counsel

**Before the Placer County
Redevelopment Agency Board of Directors
County of Placer, State of California**

In the matter of:

**Conduct a Public Hearing and Adopt a Resolution Approving
the Five-Year Implementation Plan for the North Lake Tahoe
Redevelopment Project Area**

Resol. No: _____

Ord. No: _____

First Reading: _____

**The following Resolution was duly passed by the Redevelopment Agency Board
of the County of Placer at a regular meeting held April 4, 2006,
by the following vote on roll call:**

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

**Attest:
Clerk of said Board**

Chair, Agency Board

BE IT RESOLVED by the Placer County Redevelopment Agency (Agency) as follows:

WHEREAS, the Redevelopment Plan for the North Lake Tahoe Redevelopment Project Area was adopted by the Placer County Board of Supervisors on July 16, 1996 by Ordinance No. 4753-B and as subsequently amendment from time to time; and

WHEREAS, California Health and Safety Code Section 33000 et seq. as set out in Section 33490 requires redevelopment agencies to adopt an Implementation Plan which includes the goals of the redevelopment plan, the proposed programs, projects, and expenditures for the next five years and demonstrates how implementation of the proposed programs and projects would alleviate blighting

conditions in the Project Area. The Implementation Plan shall also include the Agency's information regarding the affordable housing program and specifies targeted income, housing production, and replacement housing requirements.

WHEREAS, Section 33334.2, requires that not less than twenty percent (20%) of all taxes that are allocated to the Agency from the Project Area be used by the Agency for the purposes of increasing, improving, and preserving the community's supply of very low, low and moderate-income housing available at an affordable housing cost to persons and families that are very low, low, or moderate – income households; and

WHEREAS, the Implementation Plan shall cover the period from 2006 to 2011; and

WHEREAS, the Agency has conducted a duly noticed public hearing regarding the foregoing matters.

NOW, THEREFORE, BE IT RESOLVED by the Agency that the adoption of the Implementation Plan as set out does not constitute approval of any specific program, project or expenditure by the Agency.

BE IT FURTHER RESOLVED, the 2006 to 2011 Implementation Plan incorporated by reference as Attachment A for the Project Area is hereby approved and adopted.

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon adoption.



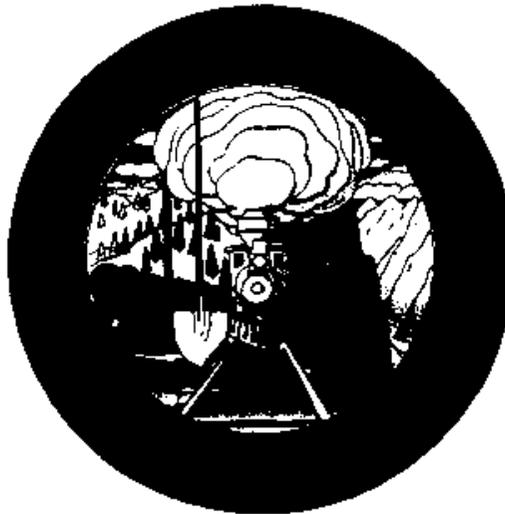
PLACER COUNTY
REDEVELOPMENT AGENCY

NORTH LAKE TAHOE
REDEVELOPMENT PROJECT AREA

Five Year Implementation Plan
2006—2011

***PLACER COUNTY BOARD OF SUPERVISORS
REDEVELOPMENT AGENCY BOARD***

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Thomas Miller, County Executive Officer
Richard E. Colwell, Chief Assistant CEO Redevelopment Director

EXECUTIVE SUMMARY

The Placer County Redevelopment Agency (Agency) was created by the Board of Supervisors in 1991, and began its operations in 1995. Its purpose is to leverage potential development opportunities, and to stem the presence of blight in identified unincorporated areas of the County. Additionally, the Agency is charged with implementing the County's affordable housing program Countywide. In 1996 the Agency Board created the North Lake Tahoe Redevelopment Area (Area).

The Agency's first years in North Lake Tahoe were focused on building the administrative infrastructure and undertaking the plans and studies needed to bring about the early goals and objectives identified by its Board. Based in part on the Agency's leadership and cooperative efforts with the local business community, the Area's assessed valuation has exceeded that of a fast growing Placer County. With that growth has come the Agency's commitment to continually improve its work program delivery. In the past, as it is today, the Agency's work program is delivered through development projects and revitalization programs. These activities are monitored and implemented through partnerships with a large network of community groups, County departments and regulatory agencies.

The Agency's financing profile is strong. Over the past five years the annual growth of tax increment has averaged a very healthy 27%. During the next five years the Agency is assuming a more stable, conservative 6.2% overall average annual growth rate. As with most other California redevelopment agencies, the Agency is contemplating issuing bonds. Bond proceeds will provide the up front monies that will infuse the North Lake Tahoe Redevelopment Area with funds that can be catalytic in encouraging planned and much needed revitalization.

What follows is a document that identifies the Agency's roadmap for implementing its work program for the next five years. While every activity is unique, it is typical that it moves through five general phases: 1) evaluation of potential projects and programs; 2) project/program formation; 3) project/program development; 4) project/program administration; and 5) ongoing project/program monitoring.

While it may appear that the redevelopment process is linear and timely, due to the complex nature of redevelopment intervention, typical redevelopment projects span several years and may involve many different parties. That said, for the majority of redevelopment efforts, the above phases represent the process steps of a redevelopment project as it moves from concept to completion.

The following Five Year Project Area Implementation Plan divides the Agency's work program into two of its primary focus areas: commercial development/public infrastructure and housing. California law also requires that we present a ten year housing plan for the Area.

The Agency looks forward to serving the various North Lake Tahoe Project Area communities and helping to provide a vision of revitalization by building on communities' strengths.

TABLE OF CONTENTS

SECTION	PAGE
INTRODUCTION	5
THE PROJECT AREA	5
FINANCING OVERVIEW	7
REDEVELOPMENT PLAN GOALS	8
COMMERCIAL DEVELOPMENT AND PUBLIC INFRASTRUCTURE	
PAST ACCOMPLISHMENTS 2001 - 2006	10
THE NEXT FIVE YEARS 2006 - 2011	12
SUMMARY	15
HOUSING	
PAST ACCOMPLISHMENTS 2001 - 2006	17
THE NEXT FIVE YEARS 2006 - 2011	19
SUMMARY	21
ATTACHMENT A	
HOUSING PLAN	22

INTRODUCTION

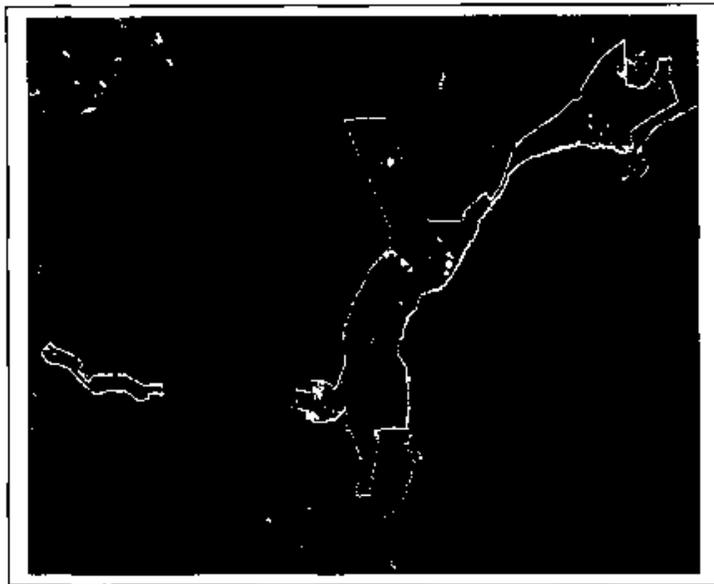
The Placer County Redevelopment Agency (Agency) was formed in April 1991 pursuant to California Health and Safety Code Section 33300 *et seq.* A five-member board, which also serves as the Placer County Board of Supervisors, governs the Agency. The purpose of the Agency is to eliminate blight and support environmental improvements within the project area, by strengthening its economic base through building public infrastructure, supporting facility improvements, commercial/industrial development and rehabilitation, as well as providing affordable housing development and rehabilitation. The Agency adopted the North Lake Tahoe Redevelopment Project Area on July 16, 1996.

California Health and Safety Code Section 33490, requires redevelopment agencies to adopt a project area implementation plan each five year period that it is in existence. The North Lake Tahoe Redevelopment Project Area Five Year Implementation Plan (Plan) sets out projected redevelopment and affordable housing activities in the project area. The following Plan describes the upcoming Agency work program, and includes a discussion of past projects and proposed programs over the next five years. Provided also are financial estimates of Area expenditures and a discussion of how the proposed Plan will meet the respective project area goals and implement the required housing program. This Implementation Plan covers the period from April 4, 2006 to April 3, 2011.

THE PROJECT AREA

The North Lake Tahoe region is largely a mountain tourist community catering to the winter skiing, summer boating attractions and outdoor enthusiasts. The region sustains a year round population of approximately 10,000 permanent residents. During peak tourist months, the regional population increases to 60,000. The vital tourist industry is comprised of numerous restaurants, hotels, motels and recreation service businesses. The tourist industry is the core employment and earnings generator for the area accounting for approximately 71% of the area's jobs and millions of dollars annually in personal, business, local, County, and State tax revenues. However, while the area is subject to significant tourist activity, it also contains deteriorated buildings, high commercial vacancy rates, and underutilized parcels where redevelopment involvement could facilitate development and the overall quality of life for the region. In addition, the area has an inadequate supply of affordable housing for residents who primarily work in local businesses.

The Project Area is 1,731-acres and consists of the Tahoe City/Tahoe Gateway communities and the Kings Beach/Tahoe Vista communities. Several existing residential areas within these communities are not within the Project Area boundaries, however the majority of the commercial corridors fall within the Area boundaries. The following maps provide an aerial overview of the Project Area's communities.

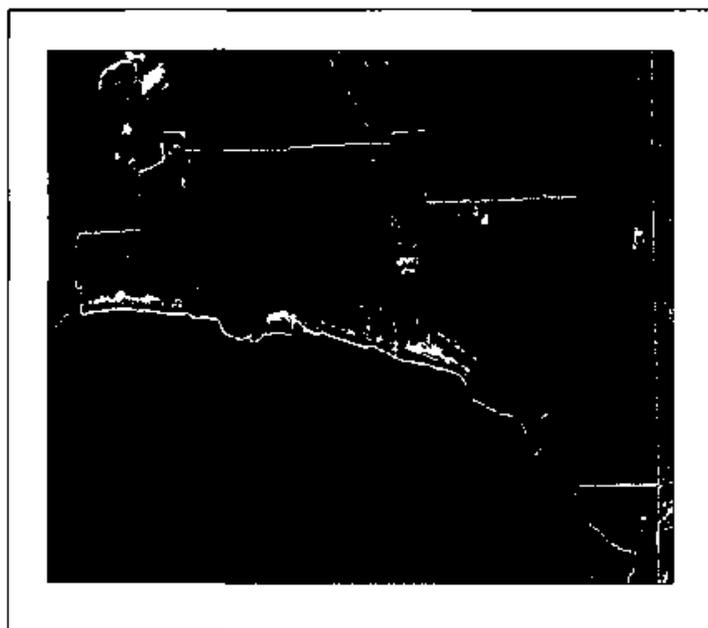


As depicted on the map to the left, the Tahoe City community in the Project Area, is approximately 695-acres and is generally bounded by Fairway Drive on the West, Sierra Terrace Road on the east and includes the majority of the Tahoe City commercial core area.

The Tahoe Gateway area is approximately 41-acres and includes a small industrial strip on Highway 89 between Alpine Meadows Road and Tahoe City. The businesses located within the industrial strip focus on general construction, printing, auto repair, welding, towing, etc.

The Kings Beach/Tahoe Vista communities generally lie within the redevelopment area, as depicted on the aerial map to the right. This portion of the Project Area encompasses 995 acres and is one of the primary commercial and recreational centers of the Tahoe basin.

The Kings Beach community generally extends from the Chipmunk/Stateline to Highway 267. The Tahoe Vista community is contiguous to Kings Beach and is generally bounded by Estates Drive on the West and Highway 267 on the East.



Land use patterns in all of these areas vary widely, although the predominant business focus is tourist related, with a sizeable number of motels, restaurants, and tourist-oriented retail shops located along State Highway 28.

FINANCIAL PROFILE

The Agency has made significant progress since the adoption of the Area toward eliminating blighting influences. From 2001 to 2006, nearly \$4,000,000 in Tax Increment funds have been allocated toward commercial and infrastructure projects within the Project Area. The Agency has partnered with community entities such as the North Lake Tahoe Resort Association, the Tahoe City Public Utility District, and other County departments such as the Public Works, to invest in the Tahoe City sidewalk and beautification project, the Tahoe City Commons Beach redevelopment project, the Lakeside Trail development, and parking lot development in both Kings Beach and Tahoe City. Additionally, Main Street programs were funded in both Kings Beach and Tahoe City and an active commercial loan program has been put into place. Steps have also been initiated to create new housing opportunities, and housing rehabilitation loans have been provided to low and moderate income households within the Project Area. Approximately \$3,000,000 in various housing funds have been allocated in support of the development of both affordable senior and workforce multi-unit housing development in Tahoe Vista, Dollar Hill and Northstar.



Figure 1. Tahoe City - Fanny Bridge
 \$50,000 Redevelopment Agency investment.

**North Lake Tahoe Redevelopment Project Area
 Projection of Tax Increment Revenues
 FY 2006 – 2011
 (\$'000s)**

	Fiscal Year 2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
Gross Tax Increment Revenues	\$4,751	\$5,179	\$5,697	\$5,810	\$5,927
Pass Throughs	\$1,173	\$1,278	\$1,406	\$1,434	\$1,463
Net: Required Housing Set-Aside	\$950	\$1,037	\$1,140	\$1,162	\$1,186
Net: General Tax Increment Revenues	\$2,628	\$2,864	\$3,151	\$3,214	\$3,278

Redevelopment agencies are required by law to deposit not less than twenty percent (20%) of the gross tax increment generated in a project area into a special fund to be used for qualified low and moderate income housing programs. This fund is commonly referred to as the 20% Housing Set Aside Fund. Pursuant to 1994 legislation (AB1290), redevelopment agencies are also required to make payments to affected taxing entities such as school districts, fire districts, park districts, etc. from tax increment generated in the Project Area. The tax sharing payments or "pass through" are based on a three tiered formula and are made after the redevelopment agency's deposit to its housing set aside fund. The total projected net Tax Increment revenues available for commercial development or public infrastructure projects between 2006 and 2011 is estimated at \$15,135,000. The total housing fund revenues are projected to be \$5,475,000.

The Agency seeks opportunities to leverage its limited financial resources by applying for favorable loans and grants from the federal, state, local, or private sector sources. The Agency typically uses its dollars to meet matching requirements of these potential funding sources. In 2006-2007 the Agency is contemplating accelerating project implementation by leveraging its cash flow through bond issuance. The Project Area possesses a bonding capacity of \$26 million of which \$19 million will be allocated toward commercial development and public infrastructure projects and \$7 million for housing projects.

191

REDEVELOPMENT PLAN AREA GOALS

In the adopted Project Area Redevelopment Plan the following goals were identified and have been categorized into five elements: Elimination of Blight; Community Redevelopment; Improvement of Public Infrastructure; Improvement of the Environment; and Increasing Housing Opportunities. Each element is briefly discussed below.

Elimination of Blight:

- Eliminate blighting influences and correct environmental deficiencies in the Project Area, including: small and irregular lots; faulty exterior spacing; deteriorated, obsolete and aged building types; mixed character of buildings; incompatible and uneconomic land uses; and inadequate or deteriorated public improvements, facilities and utilities.

Community Redevelopment:

- Assemble land into economic parcels in support of rehabilitation and modern, integrated development.
- Re-plan, redesign, and redevelop areas, which are stagnant or improperly utilized.
- Provide opportunities for participation by owners and tenants in the revitalization of their properties.
- Strengthen community and tourist serving commercial areas by encouraging rehabilitation, provide for improved parking, and install public improvements.
- Establish a framework for the implementation of community plans and design standards within the Project Area.



Figure 2: A conceptual drawing of the Kings Beach Commercial Core Improvement project.

Improvement of Public Infrastructure:

- Improve streets, add parking and install other public improvements to facilitate pedestrian and vehicular circulation and minimize hazardous conditions.
- Provide added open spaces and improved park and recreational facilities.

Improvement of the Environment:

- Correct environmental deficiencies within the Project Area that are unique to the Lake Tahoe basin including public and private facilities, and inadequate water quality protection systems that do not comply with the environmental threshold carrying capacities of the Tahoe Regional Planning Agency.

Increasing Housing Opportunities:

- Improve and increase the community's supply of low and moderate-income housing through rehabilitation and new construction.

COMMERCIAL DEVELOPMENT AND PUBLIC INFRASTRUCTURE PROGRAM



Conceptual drawing of the Tahoe City Marina expansion.

ACCOMPLISHMENTS 2001 - 2006

COMMERCIAL DEVELOPMENT AND PUBLIC INFRASTRUCTURE IMPROVEMENTS

The Agency allocated approximately \$4 million toward commercial development and public infrastructure projects from 2001 through 2006. The following are highlights of key projects.

Elimination of Blight / Community Redevelopment:

- The Agency initiated a parking program in both Kings Beach and Tahoe City to address the need for additional public parking spaces within commercial core areas. Community accomplishments made under the program include the following:
- Construction was completed on the Brook Avenue Public Parking Lot located at 8445 Brook Avenue in Kings Beach in September 2005. This lot provides 20 no fee public parking spaces for the community.
- The Agency acquired lots located in Kings Beach on Minnow and Salmon Avenues in 2005, which are slated for construction in 2007. The lots will provide 50 no fee public parking spaces for the community.
- The Agency is funding the development of a 40 no fee public parking spaces on Jackpine Street in Tahoe City, with construction slated for Fall 2006.
- The Agency is funding the development of a 130-135-space public parking structure adjoining the Tahoe City Marina with a project construction start date estimated in 2007 or 2008.
- The Redevelopment Agency provided \$195,000 toward support of the Tahoe City Downtown Association and the North Tahoe Business Association.
- The Agency continued its Business Façade and Low Interest Rate Business Rehabilitation Loan program, which resulted in the revitalization of several businesses in Tahoe City and Kings Beach.



Figure 3: Kings Beach – Brook Avenue Public Parking Lot - \$597,000 Redevelopment Agency investment.

Improvement of the Environment:

- In 2005, the Agency entered into a contract with LFR Levine Fricke consultants to assist with site clean up and corrective action plan preparation for contaminated sites located within the Project Area.
- Placer County Environmental Health Department received a commitment up to \$1.5 million from the State of California Water Resources Control Board, Emergency, Abandoned and Recalcitrant Owner Account to clean-up a contaminated site located along

Highway 28 in Kings Beach. The Agency is overseeing this effort on behalf of the Environmental Health Department.

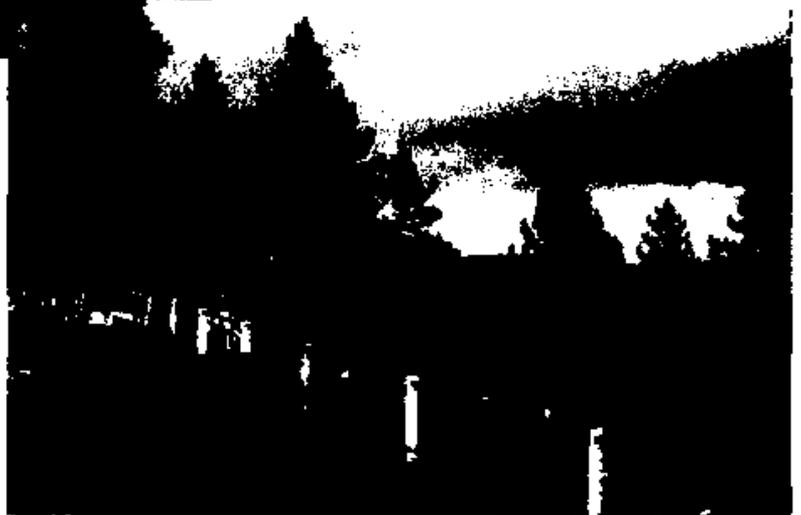
Improvement of Public Infrastructure:

- The Redevelopment Agency provided \$300,000 in funds toward the construction of Phase II and Phase IV of the Lakeside Bike Trail Improvement project in Tahoe City.
- The Redevelopment Agency contributed \$700,000 toward the Tahoe City Beautification and Sidewalk project.
- The Redevelopment Agency provided \$250,000 toward the Commons Beach project in Tahoe City.



Tahoe City Commons Beach – picnic area.

Tahoe City Commons Beach – Lakeside Trail project.



THE NEXT FIVE YEARS

COMMERCIAL DEVELOPMENT AND PUBLIC INFRASTRUCTURE IMPROVEMENTS

The Agency will continue implementation of the commercial development and public infrastructure goals of the North Lake Tahoe Redevelopment Plan with the following focus:

Improving Public Infrastructure

The Agency will continue to focus on the design and construction of streets, public parking lots and streetscape improvements, public gathering places, sewer and storm drain improvements, repair and undergrounding of utilities, enhanced transportation and traffic facilities, and a gateway identity or sign project. The Agency anticipates investing approximately \$10 million for these types of activities. The major project identified for potential funding is the Kings Beach Commercial Core Improvement Project.

Kings Beach Commercial Core Improvement Project

The Placer County Department of Public Works is the lead agency for the Kings Beach Commercial Core Improvement Project. This project is a critical project that will enhance the overall appearance of the commercial core area of Kings Beach adjacent to Lake Tahoe along State Highway 28 from Chipmunk Street to State Highway 267. Pedestrian and bicyclist safety will be enhanced and water quality facilities will be upgraded. Sidewalks, curbs and gutters, bicycle lanes, and crosswalks; landscaping and lighting; reconfigured roadway and intersections and installation of traffic signals or roundabouts; provision on-street parking or off-street parking lots to maintain the existing number of parking spaces; and upgrade drainage system to improve storm water quality, are proposed. This project is currently going through the environmental review process. The Agency is anticipating providing up to \$6 million to the Public Works Department for the core project and up to \$4 million in Agency funding for public parking lots to support the project.

Providing Public Parking Lots

The Agency will continue ongoing acquisition of sites either by purchase or long-term ground lease for the development of public parking lots to mitigate the lack of available parking spaces, which serve the commercial core corridors. The Agency's parking program includes site acquisition/control, site clearing, demolition or abatement, planning, design, and construction. Planned parking projects coming online over the next five years are:

Minnow and Salmon Avenue Public Parking Lots

The Agency will design and construct up to 50 no charge public parking spaces on these two lots. Construction is slated to begin Spring 2007.

Jackpine Public Parking Lot

The Agency is currently underway with design of the approximate 40 no charge public parking spaces and construction is anticipated to begin Fall 2006.

Marina Public Parking Structure

The design and construction of an approximate 130-135 space elevated public parking structure adjoining the Tahoe City marina. Construction is expected to begin in 2007 or 2008.

Planning and Designing Community Development Projects

The Agency will continue to support planning efforts including design guidelines, master planning, environmental testing, environmental compliance, ordinance amendments, and will facilitate development, preparation and other specific studies as needed to enhance the Tahoe community. These efforts will include:

Tahoe Regional Planning Agency (TRPA) Regional Plan Update - (Pathway 2007)

TRPA adopted a regional plan that is due to be updated by 2007. The regional plan requires coordination between various public agencies to share resources and expertise while inviting public participation. The majority of the Tahoe Basin lies within the Project Area boundaries. The regional plan will guide land use decisions in the Tahoe Basin. The Agency allocated \$50,000 in funds toward planning activities associated with the regional plan update as it pertains to the area. Staff will continue to participate in the regional plan update process over the Implementation Plan period.

Land Use and Market Study

In November 2005, the Agency commissioned a consultant to conduct a land use and market study for the Project Area that will help guide Agency investment in development projects over the Implementation Plan period. This study will analyze how to attract additional investment in the Project Area and ensure long term viability of assisted projects. Continued resources will be devoted to the land use and market study over the Implementation Plan period.

Amendment of TRPA Code of Ordinances - Chapter 15

The TRPA Code of Ordinances prescribes a separate process to adopt a redevelopment plan that is recognized under its code. The Agency is working with Planning to develop a plan that will recognize the North Lake Tahoe Redevelopment Project Area under TRPA's code. Continued resources will be devoted to this process over the new Plan period. This process will provide for redevelopment and improved guidelines in the existing "as built" commercial buildings and future developments that will be both fiscally feasible and environmentally sensitive.

Funding Commercial Property Owner Improvements

The Commercial Program assists business (either new or existing) with programs and services such as business improvement loans or grants, supports non-profit organizations in business marketing and outreach through Main Street programs, supports the promotion of new and continuing private sector investment, building improvements, seismic improvements, graffiti abatement, business assistance services, business façade loans, and renovations of existing buildings. The Agency will continue to support and expand these key business community partnership programs.

Partnering for New Development

To enhance the economic viability of the Project Area and eliminate blighting influences, the Agency will participate in land assembly, contaminated site clean up, building demolition and abatement, site clearing, environmental documentation, and project gap financing. The following areas of focus has been identified under this program:

Gateway Projects

The Agency will provide support for the development of gateway intersections in Tahoe City and Kings Beach in conjunction with Placer County Department of Public Works to improve State Highway 28. Agency support includes land acquisition, site clearing, building abatement, contaminated site clean up, planning, surveying and associated street improvements in key areas.

Innovative Infill and Refill Models

As a result of the Market Land Use Demand Study mentioned above, the Agency anticipates entering into Owner Participation Agreements that are structured to meet redevelopment goals for the area and provide for model developments intended to stimulate local redevelopment efforts and to improve the overall economic vitality of the Kings Beach/Tahoe Vista and Tahoe City communities.

Assisting the Development of Public Facilities

The Agency will assist in the planning and potentially provide infrastructure financial support for the proposed construction of a new County Tahoe government center and will consider assisting in the demolition of abandoned government buildings where removal would create enhanced view sheds.



*Before: North Shore
Lodge pending demolition*

*After: Conceptual rendering of
proposed new development*



SUMMARY

COMMERCIAL DEVELOPMENT AND PUBLIC INFRASTRUCTURE IMPROVEMENTS

Over the next five years the Agency will address six major program areas: Infrastructure Improvement, Parking, Community Planning, Commercial, New Development, and Public Facilities. The following table indicates which redevelopment plan goals areas will be addressed with each program.

Program	Eliminate Blight	Improve the Environment	Stimulate Redevelopment	Improve Public Infrastructure
<i>Infrastructure Improvement</i>			√	√
<i>Parking</i>		√	√	
<i>Planning</i>	√	√	√	√
<i>Commercial</i>	√		√	
<i>New Development</i>	√	√	√	
<i>Public Facility</i>			√	√

Redevelopment Law requires that the Implementation Plan contain an explanation of how the Area goals and program objectives will eliminate blight within the Project Area. Health and Safety Code, Sections 33030 and 33031 define areas of blight into two categories: physical and economic. Planned activities for commercial development and public infrastructure improvements will address the following blighting conditions¹:

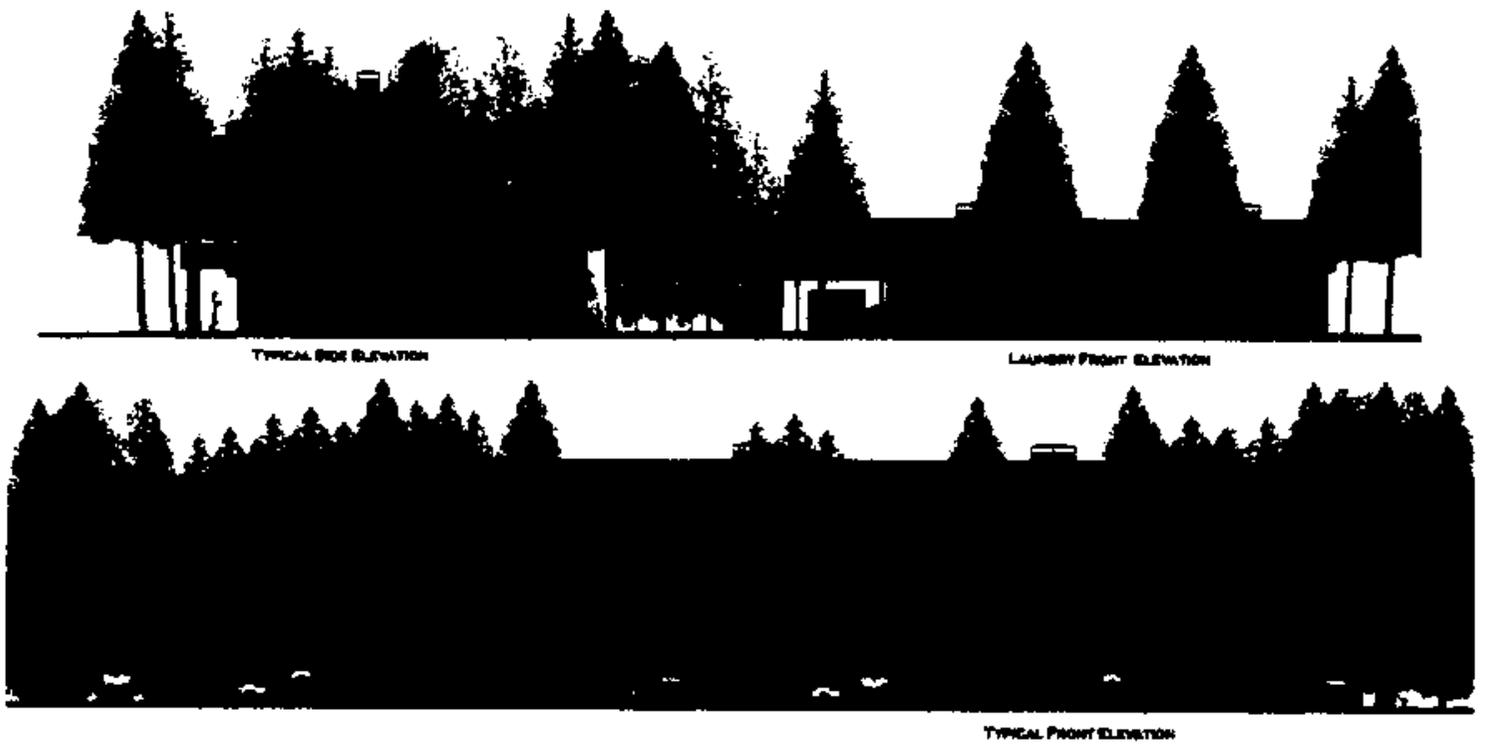
- ▶ Adverse environmental conditions;
- ▶ Deficient, deteriorated, and damaged public improvements;
- ▶ Blighted commercial buildings;
- ▶ Business district deficiencies;
- ▶ Traffic and pedestrian hazards; and
- ▶ Improve housing conditions for low and moderate-income families and individuals.

Financing the proposed workplan assumes that the Agency will leverage its tax increment receipts by issuing a bond in 2006-2007, as well as utilizing cash balances on hand to fund projects. However, the Agency may choose to continue under its current policy of spending tax increment dollars as they become available (pay-as-you-go). Under the Pay-As-You-Go strategy, it is estimated that \$15,135,000 may be available for commercial and infrastructure projects. If the Agency Board approves issuing redevelopment bonds, the Project Area possesses a bonding capacity of approximately \$26 million which would be designated to commercial development and public infrastructure (\$19 million) and housing (\$7 million). The following table illustrates project implementation financial impacts under these two financing strategies:

PROGRAM	BONDING	PAY-AS-YOU-GO
Infrastructure Improvements	\$ 6,000,000	\$ 3,835,000
Parking Program	11,895,000	10,200,000
Planning Program	100,000	150,000
Commercial Program	300,000	100,000
New Development Program	1,000,000	750,000
Public Facility Program	100,000	100,000
Total	\$19,395,000	\$15,135,000

¹ North Lake Tahoe Redevelopment Project Implementation Plan, (1996 – 2001) and the five-year implementation plan update (2001 – 2006).

HOUSING PROGRAM



Conceptual drawing of the Sawmill Heights employee housing development.

ACCOMPLISHMENTS 2001 - 2006

HOUSING

Over the past years redevelopment housing activity in Lake Tahoe was devoted to supporting pre-development activities and housing rehabilitation programs that focused on increasing and improving the supply of low and moderate-income housing. Staff worked in conjunction with County Planning, TRPA, local property owners, homeowners, affordable housing developers, and non-profit corporations to frame as well as to address the critical need for affordable housing.

Lake Tahoe is a unique and complex regulatory environment where development of affordable housing is a challenge on a number of levels. Clearly, the need for affordable housing outpaces the available land and local state and federal dollars necessary for development.

The TRPA Code of Ordinances establishes specific regulations and thresholds for, among other things, land use, density, rate of growth, and land coverage. TRPA's Code of Ordinances also sets maximum annual housing unit allocations, as well as density and coverage limitations on multi-family development. These ordinances are meant to ensure that environmental thresholds are adhered to and that Lake Tahoe is protected. However, this additional layer of requirements adds to the challenge of developing affordable housing within the Lake Tahoe region and greatly increases the cost of development. TRPA has adopted programs to address the need for workforce housing units in which certain housing developments may obtain special consideration from TRPA's allocation requirements.

In addition to a unique land use regulatory environment, Lake Tahoe has additional challenges to the creation and maintenance of affordable housing including a large seasonal tourist population and a substantial second-residence population, that limits access to permanent affordable housing units. Dean Runyan Associates prepared *The Economic Significance of Travel to the North Lake Tahoe Area, 1997-2002 Detailed Visitor Impact Estimates* in December 2003, which noted that nearly 6 in 10 housing units in the Lake Tahoe Basin are vacation homes classified for seasonal, recreational, or occasional use. Other studies such as the Housing Demand Review for the Cedar Grove project have also addressed the lack of affordable housing within the region and concluded that there is a shortage of several hundred affordable housing units in the Lake Tahoe region. Although developing long-term affordable units is difficult in Lake Tahoe, the Agency has made progress in several areas:

- A Redevelopment Inclusionary Housing Ordinance was adopted in 2001, which requires residential developers in the Area to set aside 15% of the units built as affordable to very low and moderate-income households.
- The Placer County Board of Supervisors approved a \$350,000 loan from Housing Trust Funds toward the development of the 96-unit Sawmill Heights employee housing development located in Northstar. Of the units, 84 will be affordable at the moderate-income level and 12 units will be affordable at the low-income level.
- The Agency assisted in the Board of Supervisors approval process and has committed to funding \$1,000,000 to assist in the development of the Highlands Village

development, which will provide 78 affordable senior units in the Tahoe City/Dollar Hill area.

- The Agency has identified up to \$6 million to be invested in a multi-family workforce housing development to be built in Tahoe Vista or another site within or near the Project Area.
- Working with the Planning Department and the Board of Supervisors the Agency has assisted in the conditions of approval for several developments, which will require the construction of approximately 200 affordable housing units within the Martis Valley.
- Over \$500,000 in major housing rehabilitation loans were made for 7 dwelling units in the Kings Beach area. This brings the total number of units rehabilitated in the Tahoe area to more than 40 units. The majority of funds for this program were derived from the Community Development Block Grant Program with Redevelopment Housing Funds used as a match.
- A \$100,000 loan was made for a housing reconstruction demonstration project in Kings Beach, which showcased how manufactured housing may be used to increase and improve the supply of affordable housing.
- The Agency provided \$20,000 for two years of membership fees as a founding member of the Workforce Housing Association of Truckee Tahoe (WHATT) to support development of its business plan directed to the creation of additional affordable housing units. The Agency is also in the process of developing a memorandum of understanding with WHATT to provide future support for the specific development and rehabilitation of workforce housing in the Tahoe area.



The photo to the left showcases the Kings Beach manufactured housing demonstration project.

THE NEXT FIVE YEARS

HOUSING

During the next five years, the Agency will continue its focus on undertaking housing activities that meet the need for, and increase the supply of affordable housing within the Lake Tahoe region as follows:

Creating New Low and Moderate Income Housing

The Agency plans to continue to promote new moderate income housing construction and to work with developers by providing gap financing to construct new affordable rental or ownership units, rehabilitating or reconstructing existing developments, and preserving existing affordable units that are otherwise threatened. Due to the high demand for lower paying service and tourism related jobs in the Lake Tahoe region, the Agency's goal is to use this program to address the substantial need for employee housing. Supporting affordable senior housing is also a priority. The Agency will also participate in land acquisition, land-cost write-down, developer recruitment, and credit enhancements or other financing mechanisms. Projects under this category include the construction of those project mentioned in the previous section and other opportunities that may arise.

Maintaining Affordable Housing

The Agency's housing rehabilitation program provides low interest loans of up to \$100,000 to correct health and safety hazards, increase energy conservation, and extend the useful life of an owner-occupied or affordable rental home. Examples include correcting plumbing, electrical, or roof problems, room additions, insulation, and replacing inefficient appliances. This program extends the useful life of the affordable units occupied by low and moderate-income households and improves the quality of the neighborhoods. The Agency will continue to actively pursue State and federal grant funds to leverage the housing set aside from tax increment.

Partnering for Mixed-Use Development

The Agency will assist in the development of mixed-use complexes to create affordable housing opportunities. The following are planned activities:

Chapter 15 Catalyst Projects

The Agency is investing resources toward the adoption of a redevelopment plan under TRPA's Code of Ordinances, Chapter 15. As part of this process, the Agency anticipates allocating funds toward new mixed-use development, which will support affordable housing opportunities in Kings Beach and Tahoe City.

Providing Developer Incentives for Moderate Income Housing Production

The Agency will continue to offer developer incentives for the provision of moderate-income housing. This program offers a wide variety of services including technical assistance, planning,

studies, environmental review, financing of environmental costs, or development fee replacement loan assistance.

Overseeing County Employee Housing Requirements

The Agency will continue to assist the County's Planning Department with housing expertise and drafting of the employee housing ordinance as well as implementation of employee housing requirements established on new developments by the County's General Plan requirements. The Agency will contribute resources toward administration and monitoring of the employee-housing program as well as to other affordable housing units located within the County.

Supporting Homeownership

The homeownership program currently makes loans available to qualified homebuyers up to \$100,000 in order to purchase a home. These loans act as assistance financing to make mortgage payments more affordable. Single family detached homes, town homes, and condominiums are eligible purchases under this program.



Conceptual drawing of the Highland Village senior and market rate housing project.

SUMMARY HOUSING PROGRAM

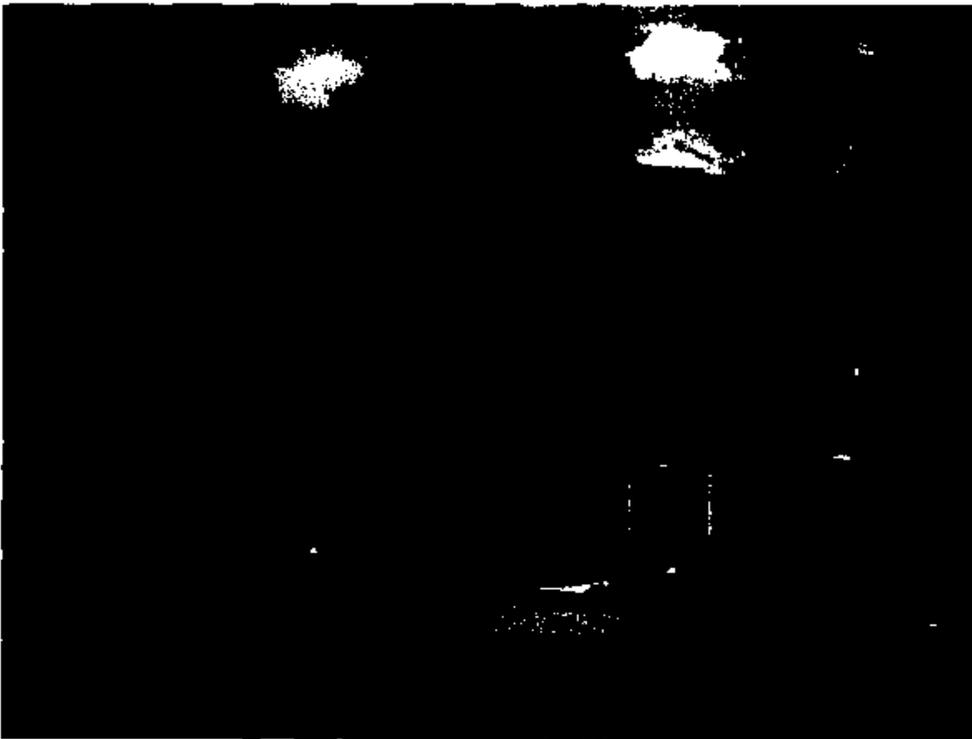
The six key elements of the Housing Program are: Homeownership, New Construction, Housing Rehabilitation, Mixed Use Development, Developer Incentives, and Affordable Housing Administration and Monitoring.

Financing the proposed housing workplan assumes that the Agency will leverage its tax increment receipts by issuing a bond in 2006-2007, as well as utilizing cash balances on hand to fund projects. However, the Agency may choose to continue under its current policy of spending tax increment dollars as they become available (pay-as-you-go). Under the Pay-As-You-Go strategy, it is estimated that an additional \$5,475,000 may be available for housing developments. If the Agency Board approves issuing redevelopment bonds, the Area possesses a bonding capacity of approximately \$26 million which is divided amongst commercial and infrastructure (\$19 million) and housing (\$7 million). The following table illustrates project implementation financial impacts under these two financing strategies:

PROGRAM	BONDING	PAY-AS-YOU-GO
Homeownership Activities	\$ 500,000	\$ 500,000
New Construction	4,000,000	3,300,000
Housing Rehabilitation Program	200,000	200,000
Mixed-Use Program	2,200,000	1,225,000
Developer Incentive Program	300,000	250,000
Total	\$7,200,000	\$5,475,000

ATTACHMENT A

TEN YEAR HOUSING PLAN



Conceptual drawing of infill housing models.

TEN YEAR HOUSING PLAN

Health and Safety Code Section 33490 requires a Redevelopment Area Implementation Plan to include a housing plan that addresses these issues: Targeted Income Housing Expenditures, Production Plan Requirements, and Replacement Housing Requirements. Unlike the Implementation Plan requirements, which cover a five-year period, a housing plan is required cover a period of ten years.

Targeted Income Housing Expenditures

The housing fund cash balance as of July 1, 2005 was \$1,204,304, with \$76,930 of these funds encumbered for specific projects. Over the next five years, approximately \$5,474,000 in additional housing funds is estimated for use in the production of affordable units, for a total of \$6,678,304 available over the Implementation Plan period. Since July 1, 2005, funding commitments toward the Tahoe Vista multi-family and the Highland Village developments have been made. Future housing fund monies will largely go toward increasing the supply of low and moderate income housing units within the Project Area pursuant to the Implementation Plan objectives.

Health and Safety Code Section 33334.4 requires that over the ten year period covered by implementation plans, the Agency spend from the Housing Set-Aside fund for low and very-low income persons and families, in at least the same proportion as the number of units needed, that each of those two groups bear to the total units needed for moderate, low and very-low income persons and families as determined within the community's adopted Housing Element. In addition, the Agency is to expend money for housing available to all persons under age 65, in at least the same proportion as the population under 65 years of age.

The County of Placer's regional housing need defined within the County's Housing Element was determined by the Sacramento Area Regional Council of Governments and does not include the Lake Tahoe Basin. The Sierra Planning Organization Council of Government does not report any portion of the Lake Tahoe Basin within its Housing Element either. In the absence of any figures for the Lake Tahoe Basin, staff has used Placer County's Housing Element figures to measure the breakdown of targeted income expenditures, which are broken down into the following categories:

HOUSEHOLD TYPE	MINIMUM PERCENTAGE OF EXPENDITURES
Very Low	26.2%
Low	20.8%
Moderate	20.8%

From 2001 to 2005 the Redevelopment Agency expended monies on projects in the following categories:

HOUSEHOLD TYPE	AMOUNT	PERCENT
Very Low	\$ 32,733	5.4%
Low	\$294,584	48.6%
Moderate	\$278,228	46%
Total	\$605,545	100%

The requirement to expend funds in proportion to the regional housing need was implemented through State Law effective January 2002. California allows a redevelopment agency to achieve compliance under this category by December 2014. The Agency shall continue to spend housing funds in proportion to the need in order to be in compliance with this law by December 2014.

According to the 2000 Census, Placer County's total unincorporated population was 100,725 and the senior population over 65 was 13,349. Consequently no less than 87% of the housing fund monies should be expended on projects assisting those under the age of 65. All housing fund monies during this period were expended on the population less than 65 years of age.

Production Plan Requirements

Health and Safety Code Section 33413(b) indicates that redevelopment agencies track inclusionary and production housing requirements which require at least 15% of all new and substantially rehabilitated dwelling units developed within the project area by public or private entities or persons other than a redevelopment agency shall be available at affordable housing cost and occupied by persons and families of low or moderate income. In addition, not less than 40 percent of these inclusionary dwelling units are required to be available at affordable housing cost to very low-income households and shall be occupied by these persons and families. Redevelopment inclusionary housing units require a 45 year or 55 year long-term affordability covenant be recorded against the property for either for – sale or rental units respectively.

BREAKDOWN OF AFFORDABILITY LEVELS		
Affordability Category	Percent of Median Income	Maximum earnings for a family of four
Very Low	31% - 50%	\$32,050
Low	51% - 80%	\$51,300
Moderate	81% - 110%	\$64,100

Source: State of California, Housing and Community Development 2005 income limits.

The Agency estimated the total number of units constructed (for sale and rental) within the Project Area over the last five fiscal years utilizing available building permit data. These units were developed by entities other than the Agency. Based upon these figures, the following summarizes historical inclusionary production obligations and how they have been met along with a projection of future production requirements.

FISCAL YEAR 2001 - 2005 PRODUCTION PLAN REQUIREMENTS					
	2001	2002	2003	2004	2005
Residential Units Produced	7	11	8	15	7
Affordable Unit Obligation (15%)	2	2	2	3	2
Very Low Unit Obligation	(1)	(1)	(1)	(1)	(1)

In 2001, an Ordinance was adopted by the Placer County Board of Supervisors which indicated that residential developments of 7 units or less set aside 15% of the units they build as affordable to very low and moderate-income households as a condition of approval of the new housing units. This Ordinance links the Agency's affordable housing obligations with residential unit production within the Project Area and ensures long-term compliance with the Production Plan requirements.

208

No other funding sources were used by the Agency to construct affordable units with long term covenant restricted units (affordable units with covenants of at least 45 years for ownership housing or 55 years for rental housing) within the Project Area. Housing assisted with other funds had shorter affordability terms.

Construction of residential units from fiscal year 2001 to 2005 indicates a total affordable inclusionary housing obligation of 11 units, of which 5 units shall be available at the very low-income level. Actual affordable units produced during this period as well as a projection of future affordable housing production requirements over the ten year housing plan and redevelopment plan life are estimated below.

	TOTAL UNITS PRODUCED	AFFORDABLE HOUSING UNITS REQUIRED		AFFORDABLE HOUSING UNITS ACTUALLY PRODUCED		ADDITIONAL AFFORDABLE HOUSING UNITS REQUIRED		NET AFFORDABLE HOUSING UNITS PRODUCED	
		Total	Very Low	Total	Very Low	Total	Very Low	Total	Very Low
1996 - 2000	22/2 ²	4	(1)	0	0	4	(1)	N/A	N/A
2001 -2005	48	11	(5)	0	0	15	(6)	N/A	N/A
2006 -2011 (Projection)	164 to 264	25 to 40	(10 to 16)	113 to 211	(13 to 19)	N/A	(3)	73 to 156	
Redevelopment Plan 1996-2027 (Projection)	264 to 364	40 to 55	(16 to 22)	128 to 226	(19 to 25)	N/A	(3)	88 to 171	N/A

Over the next ten years, several projects are slated for development, which shall satisfy the Agency's inclusionary production requirements over the five-year Plan and ten-year Housing Plan period. Two examples of new construction projects are the Tahoe Vista developments and Highland Village.

- The Tahoe Vista development proposes the construction of 60 to 160 new affordable units for families of very-low, low and moderate-income levels. The development as proposed will be fully rental or rental and ownership. It is estimated that the development may produce between 4 and 10 very-low units and 56 to 150 moderate-income units.
- The Highland Village development proposes 78 senior units available at the low-income affordability level. Since this project is located outside the Project Area only ½ of the affordable units may be counted toward the Agency's inclusionary housing unit production requirements.
- Several other private projects are in the early stages of development within the Project that may lead to an inclusionary housing requirement. Over the ten year housing plan period, an additional 100 units are projected to be constructed which would trigger an obligation of 15 affordable units of which 6 shall be at the very low – income level.

² From 1996 to 2000, twenty-two non-Agency assisted units were produced in the Project Area and two Agency assisted units were substantially rehabilitated. The units that were substantially rehabilitated carried deed restrictions of 15 years, which is less than the required 45 years under California Redevelopment Law. Therefore, those units could not be counted toward meeting the production requirements.

If the Agency constructs and owns housing units, at least 30% of those units must be available at affordable housing cost to persons of low or moderate income. At least 50% of the 30% obligation is required to be available at affordable cost to persons and families of very – low income. No units were developed by the Agency acting as developer and therefore no obligation requiring 30% of the units to be produced as restricted affordable units was produced by the Redevelopment Agency. It is not the Agency's intent to either construct or own units. The Agency's policy is to assist private sector development of these units.

Replacement Housing Requirements

During the previous Implementation Plan period the Agency did not incur a replacement-housing obligation. During the five-year Plan and ten-year Housing Plan period, the Agency does not anticipate that any Agency constructed projects will result in the displacement or removal of housing units, which would trigger a replacement-housing obligation.