City of South Lake Tahoe
Report to TRPA Regional Plan Implementation Committee

Meeting Date: July 27, 2022

Title: Tourist Core Area Plan/Specific Plan Amendments

Location: Tourist Core Area Plan Mixed-Use District, APN 029-441-024

Responsible Staff Members: John Hitchcock, Planning Manager (530) 542-7472

Background:

The TCAP was originally adopted by the City of South Lake Tahoe on October 14, 2013 and by the TRPA Governing Board on November 11, 2013 and has since been amended to modify land use and plan boundaries. The plan provides land use guidance for future development and redevelopment and addresses land use regulations, development and design standards, transportation, recreation, public service, and environmental improvements for the area. It encourages general improvement and enhancement for the built environment and provides a framework to change the existing conditions into opportunities for redevelopment with a focus on achieving environmental improvements, encouraging a mixed-use land use pattern that includes tourist accommodation, residential, commercial, public facilities, public spaces and opportunities for housing in close proximity to job centers. The TCAP is the center of tourist services in the City and recreation access and has traditionally been the area with the highest concentration of services and density.

HVR Acquisitions LLC (HVR) submitted a development application in 2019 to the City of South Lake Tahoe, proposing an amendment to the Tourist Core Area Plan/Specific Plan with the intent to develop multi-family residential on Assessor's Parcel Number (APN) 029-441-024 (formerly APNs 029-240-011 and 029-441-004) located along Montreal Blvd behind the Raley's shopping center near Heavenly Village. (See Figure 1.) It should be noted that the City has already approved a four-unit multi-family project on the former APN 029-441-004. (See Figure 3.)

<u>Initial Proposal:</u>

HVR initially proposed to amend the existing zoning for two parcels: APNs 029-240-011 & 029-441-003 (see Figure 1) from Recreation (Rec) to Tourist Center Mixed-Use (TSC-MU). The amendment would have expanded the boundary of the TSC-MU zoning district, allowing additional land uses (multi-family, tourist accommodation, commercial and public services uses) that are not currently allowed in the Recreation zoning district and would have allowed additional heights up to 56 feet from 36 feet and increase density to 25 units an acre. HVR's intent at the time in pursuing this initial proposal was to develop multi-residential units on APN 029-441-004, which is already zoned TSC-MUC, and on the two adjacent parcels (APNs 029-240-011 & 029-441-003).

Revised Proposal as a Result of Public Comment:

After facilitating a public workshop on the initial proposal as discussed above and receiving comments from the public, the League to Save Lake Tahoe, the California Tahoe Conservancy, and the Nevada Division of State Parks, the applicant amended the initial proposal in response to concerns. These concerns were primarily centered on potential private development near the entrance of the Van Sickle Bi-State Park should APN 029-441-003 be developed. Further information regarding the comments received is included in the subsequent "Issue and Discussion" section of this report.

The revised proposed "amendment area" is defined as a 1.29 acre portion (formerly APN 029-240-011) of Assessor's Parcel Number (APN) 029-441-024. (See Figure 1.) In June 2021, two parcels (APNs formerly 029-240-011 and 029-441-004) were legally consolidated into a single parcel and are now designated as APN 029-441-024. The revised proposed amendments would amend existing zoning on the 1.29 acre portion of the site from Recreation (Rec) to Tourist Center Mixed-Use (TSC-MU) zoning district. This change would allow land uses within the amendment area that are not currently allowed within the Recreation district, including multi-family residential. The proposed revised amendments would also include policies that would limit future land uses and density on the combined parcels (APN 029-441-024) to ensure compatibility with surrounding land uses and serve as a transition between tourist-related commercial uses to the north of the site and recreation uses to the south of the site. If adopted, these policies would ultimately decrease the maximum development potential on the two combined parcels than what would otherwise be allowed today under the Recreation district. (See Exhibit 1, "Proposed Amendments" for a comparison of allowed land uses and specific redline changes.)

APN 029-441-003 at the entrance to Van Sickle Bi-State Park, which was included in the initial proposal, would not be rezoned as part of the revised amendment package.

The applicant (HVR Acquisitions) wishes to develop up to six (6) additional multi-family residential units on the 1.29 acre portion of the parcel located within the Recreation district. A four (4) unit Multi-Family Project has been approved by the City for the portion included in the TSC-MU district. Once built out, the eventual project would include a total of 10 multi-family residential structures (detached units) on the combined 3.79 acre site (APN 029-441-024). It is anticipated that the multi-family residential units would be subdivided into individual airspace condominiums and rented as short-term vacation home rentals (VHRs).

The amendment would result in changes to the local area plan land use designations within the amendment area; however, this change aligns with the City's General Plan and TRPA's Regional Plan land use maps. The City's General Plan designates the amendment area as a "Tourist Center". This designation is intended for the most intensive land uses, including major commercial/visitor centers and mixed-use residential. Likewise, the amendment area is included in Regional Plan conceptual land use designation for "tourist" uses and is within an existing town center and transfer of development rights receiving area. (See Figure 2.)

Further discussion and analysis of the initial proposal and revised proposal and its potential impacts are provided below in the "Issue and Discussion" section.

Figure 1 –Location Map & Amendment Area (Tourist Core Area Plan)

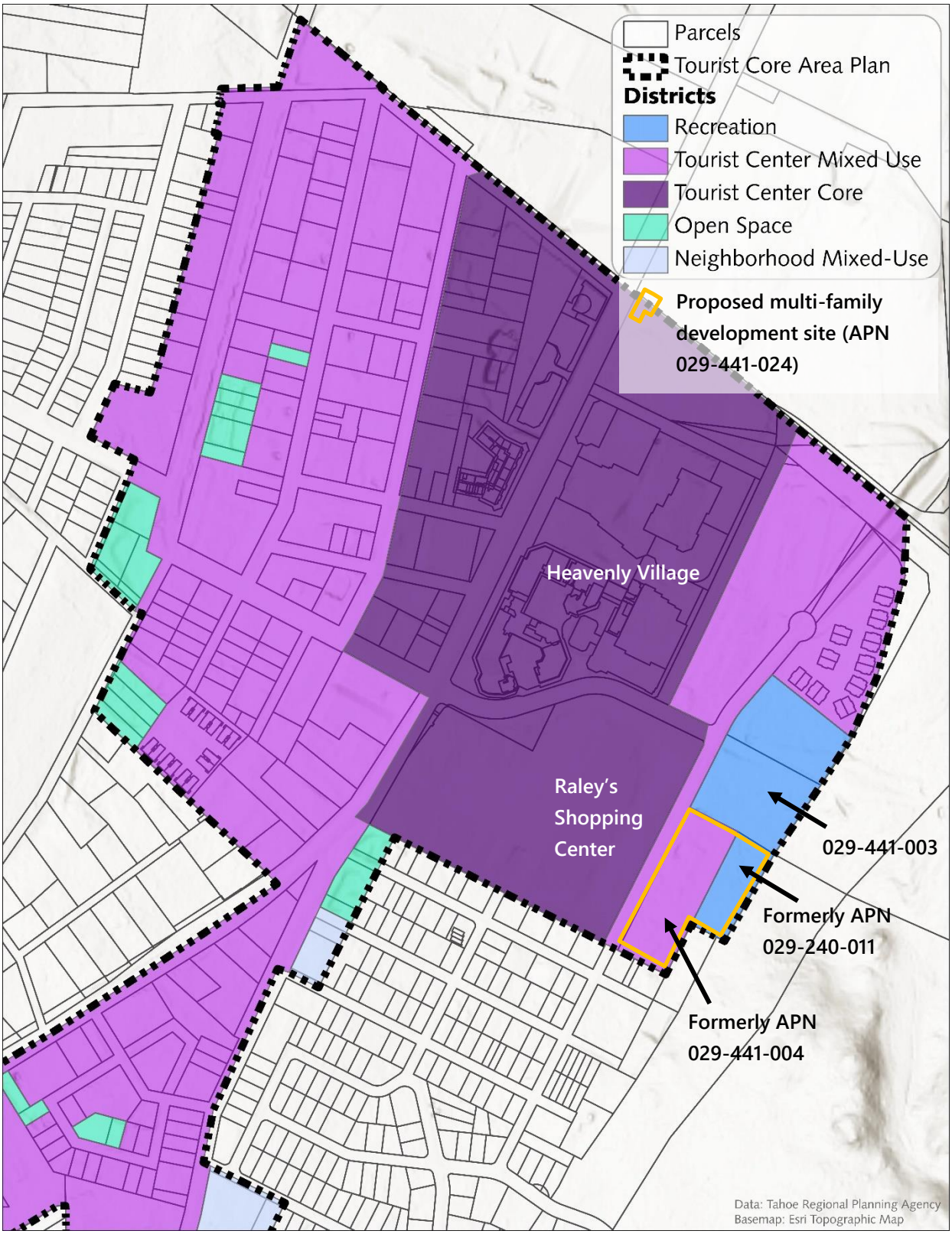


Figure 2 – Regional Land Use Designations & Town Center Boundaries

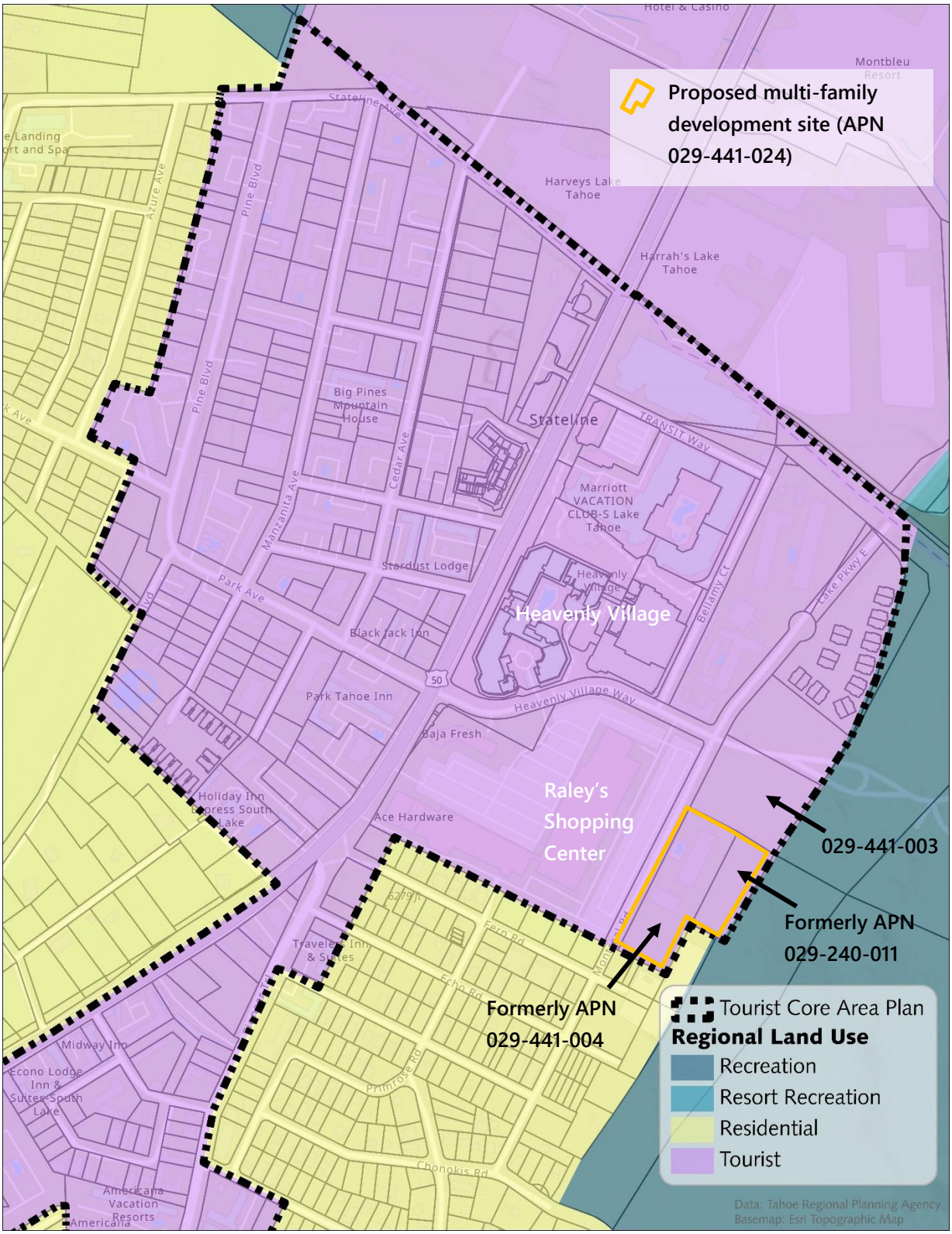
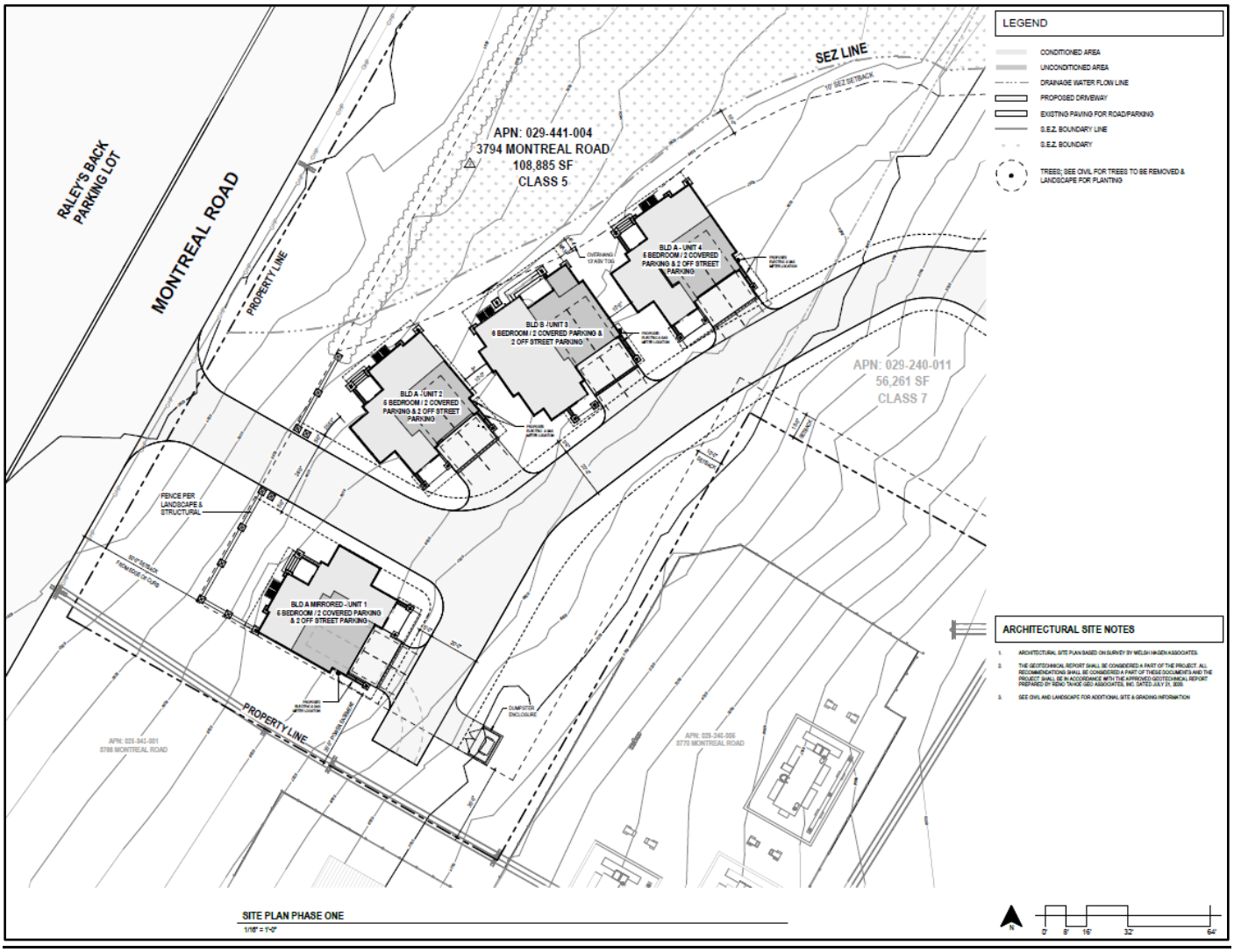


Figure 3 – Approved Multi-Family Project on Former APN 029-441-004



Issue and Discussion:

In June 2021, two parcels (APNs formerly 029-240-011 and 029-441-004) were legally consolidated into a single parcel and are now designated as APN 029-441-024. The former APN 029-441-004 is located within the Tourist Center Mixed-Use (TSC-MU) zoning district of the Tourist Core Area Plan and the former APN 029-240-011 is located within the Recreation zoning district. These two districts have different allowable uses, density, and height standards. Multi-family residential is not currently allowed within the Recreation district. The applicant HVR Acquisitions proposes to amend 1.29 acre portion of APN 029-441-024 (formerly APN 029-240-011) from Recreation (Rec) to Tourist Center Mixed-Use (TSC-MU) zoning district specifically to allow for multi-family residential.

The Tourist Core Area Plan currently has three parcels within the Recreation zoning district totaling 5.5 acres, two of which are privately owned by HVR Acquisitions (former APN 029-441-

011 and 029-441-003) the third parcel is publicly owned by the State of California (California Tahoe Conservancy). The Recreation district allows for a variety of recreation uses such as dispersed recreation and parks. Permissible uses in this district primarily related to recreation uses and include cross-country ski courses, day-use areas, group facilities, riding and hiking trails, rural sports, snowmobile courses, employee housing at 15 units per acre, and single-family dwellings (a caretaker residence). Height within the Recreation district is capped at 36 feet. Like all other districts in the Tourist Core Area Plan, a maximum of 70 percent coverage is allowed on high capability lands.

The subject parcel (or "amendment area", APN 029-441-024) was previously zoned tourist accommodation (See Exhibit 2, PAS 089B – California South Stateline Resort Area.) prior to the adoption of the Tourist Core Area Plan but was rezoned to Recreation when the Stateline/Ski Run Community Plan was adopted in 1994. Under PAS 089B, prior to 1994, multi-family and single-family residentials were permitted with a special use permit. When the Tourist Core Area Plan was adopted to replace the Stateline/Ski Run Community Plan, the Recreation district designation and permissible uses were carried over into the area plan.

Since adoption of the community plan, the amendment area parcel has been held in private ownership and there has not been any proposals or discussion to develop the properties with recreation type uses. It is likely that the properties were not developed because of existing site constraints and parcel size. TRPA completed a land capability verification for the subject parcels and has verified a stream environment zone (SEZ) on the parcel. In total, approximately 46% of the parcel is designated SEZ and is not developable. (See Figure 4 and Figure 5.) Any development would be limited to the high capability portion located to the southwestern portion of the former APN 029-240-011 and the northeastern portion of 029-441-003, which is adjacent to Van Sickle Bi-State Park.

Figure 4 – Former APN 029-240-011 (now APN 029-441-024) Land Capability Verification

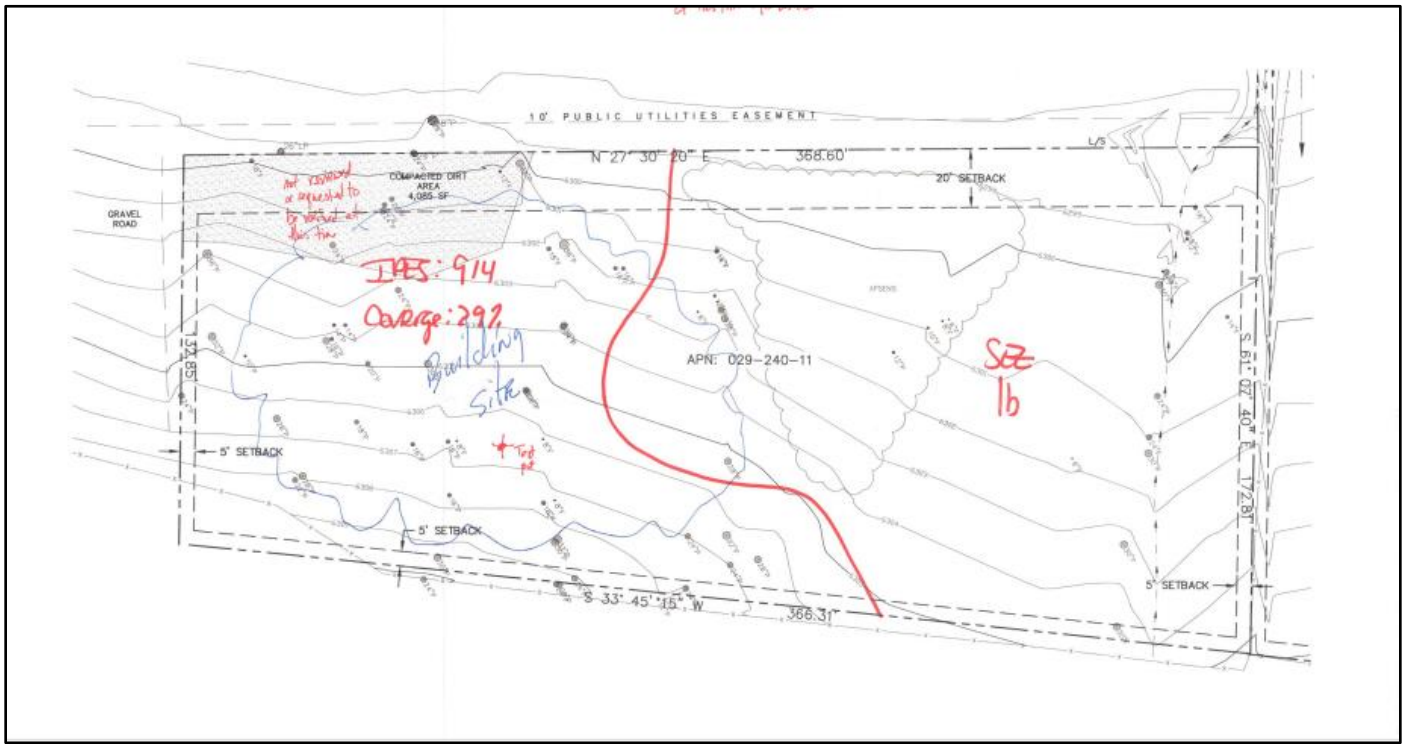
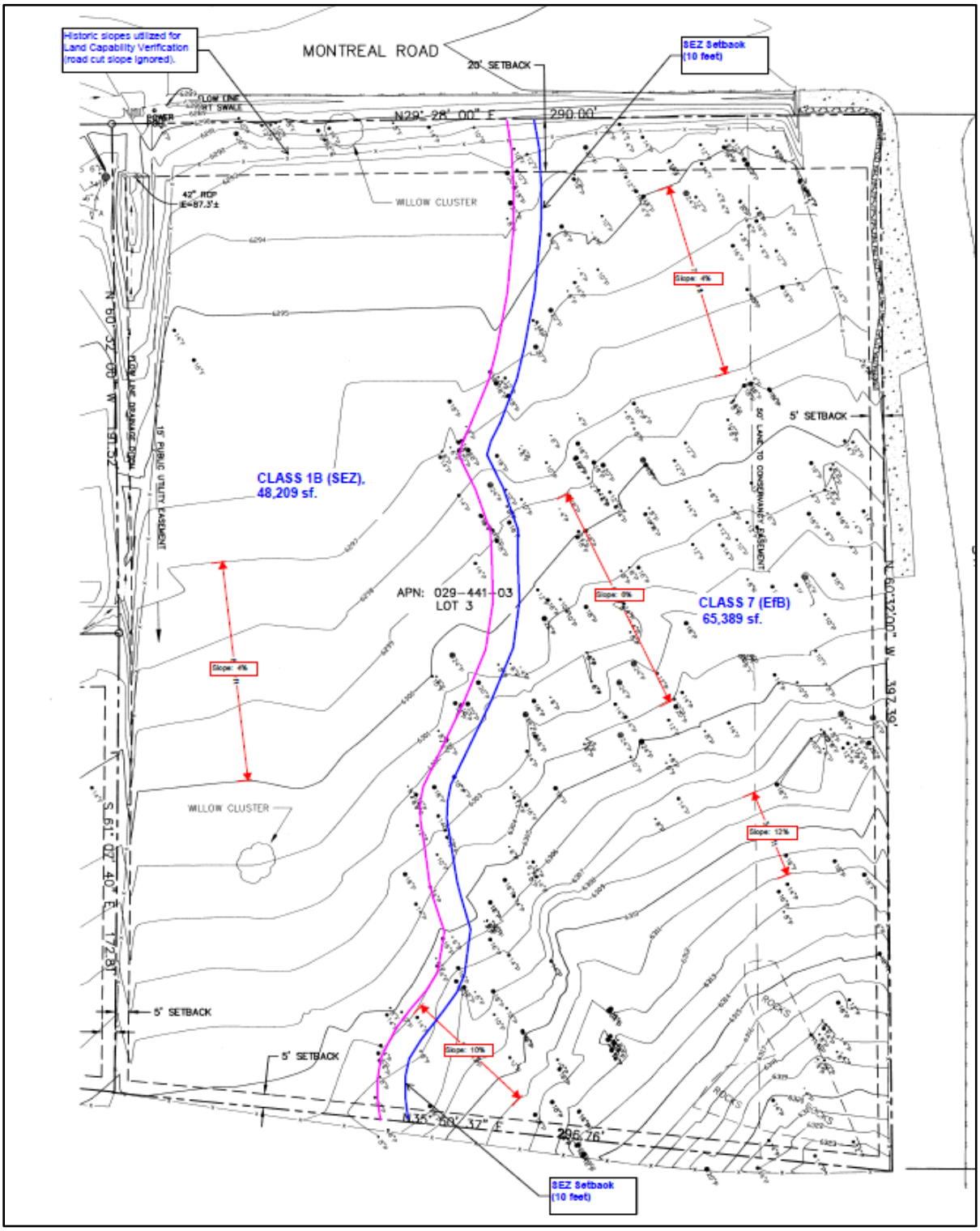


Figure 5 – APN 029-441-003 Land Capability Verification



Prior to preparing an Initial Study to evaluate the impacts of the proposed amendment, the City, in coordination with the applicant, conducted an online public scoping meeting on November 12, 2020 to take public comment on the proposed amendment and the scope of the environmental analysis. The meeting was attended by members of the public and staff members from the League to Save Lake Tahoe, the California Tahoe Conservancy, and the Nevada Division of State Parks. Commenters expressed concerns that the proposed amendment would impact the adjacent SEZ and its potential for quality habitat, result in management issues extending beyond the private development, encroachment, storage of equipment on public lands, change to the recreation character of the area resulting in scenic impacts, wildfire impacts, and creating parking issues at Van Sickle State Park.

After the scoping meeting, City staff continued to have discussions with California Tahoe Conservancy to address their concerns with the proposed amendment, and in response to their concerns and those of the public, the applicant revised the proposed amendment to remove the parcel adjacent to Van Sickle Bi-State Park from the proposal. This parcel would remain zoned as recreation and could not be developed with a higher density of residential uses. (See Figure 1.) However, the current designation as recreation would allow future development on the high capability portion of the parcel to include a myriad of recreation uses, employee housing, or a residential caretaker facility. A separate environment analysis would be required for any future proposed project.

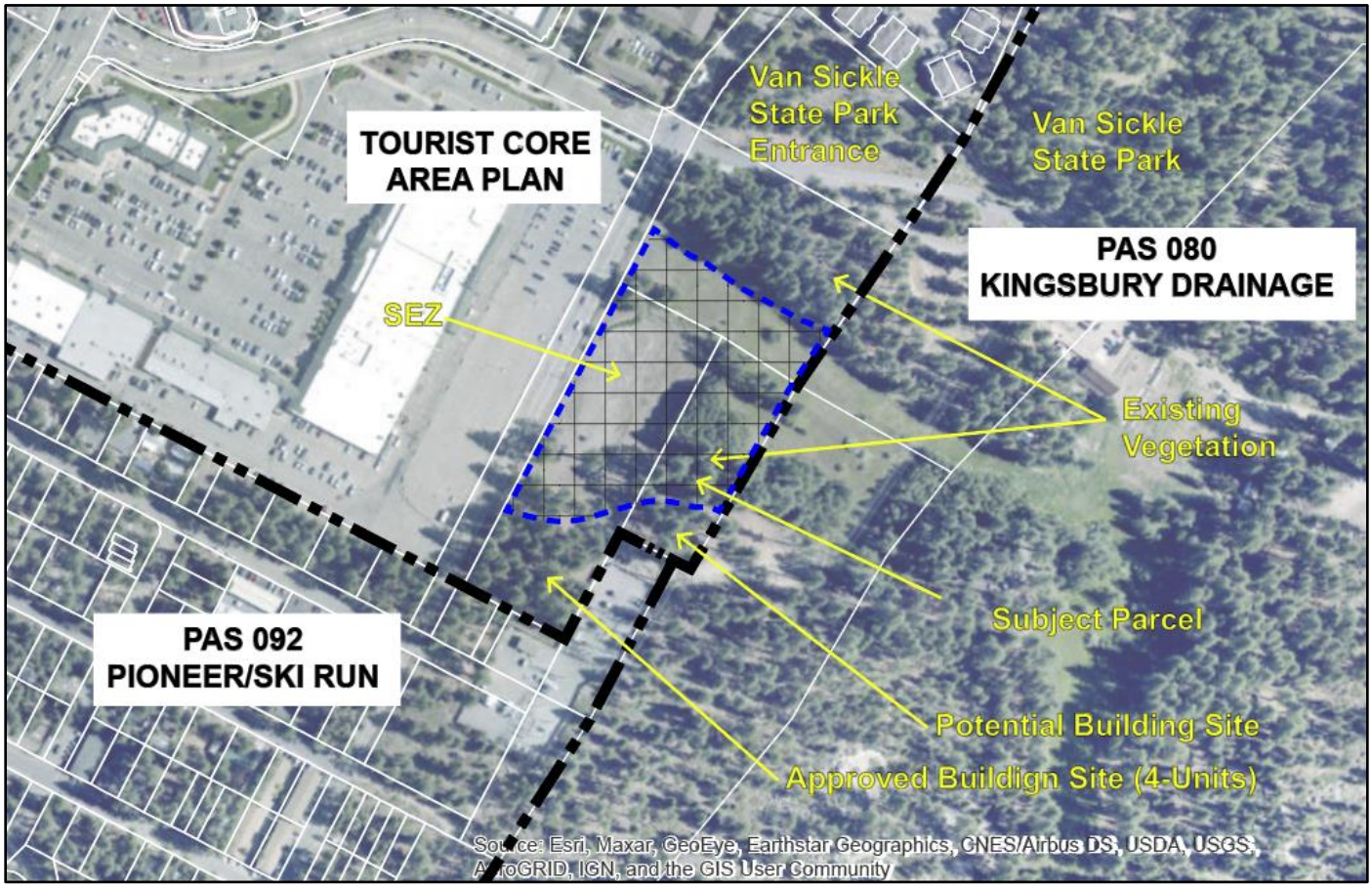
In response to concerns related to a change in recreation character and potential scenic impacts, the proposed amendment was also revised to add policies to the TSC-MU district that are specifically applicable to the subject parcel. These policies would limit the use of this parcel to residential, linear public facilities, recreation, resource management, and open space uses (tourist, commercial, and most general public service land uses would be prohibited) and cap the maximum density of residential units on the parcel to 4 units per acre. (See Exhibit 1, “Proposed Amendments”, for a comparison of land uses and specific redline changes.) It should be noted that higher density development is desirable and encouraged in the Tourist Core Area Plan. However, as discussed earlier in the staff report, the subject parcel is constrained and only a portion of the property is developable resulting in the concentration of the total allowable density on the high capability portion.

The developable portion of the subject parcel (APN 029-441-024) is approximately 540 feet from Van Sickle Bi-State Park and is well screened with mature vegetation located along the southern boundary of the Van Sickle Bi-State Park property line and the adjacent parcel (see Figure 6). Any future potential project would also be required to implement the design standards of the Tourist Core Area Plan, which requires a mountain architectural aesthetic that incorporates building articulation, fenestration, pitched roofs, use of earthtone colors, natural and natural appearing materials, and onsite landscape to ensure development complements its natural setting. Incorporating the adopted design standards would reduce any potential scenic impacts or impacts to existing scenic views located onsite or offsite.

To reduce any potential encroachment on public lands, the SEZ, or degrade habitat, and restrict the storage of personal property on adjacent public lands, the Initial Study has incorporated a mitigation measure that requires any potential future project to install a visually permeable fence

(wrought iron) fence along the subject parcel boundary and along the SEZ setback line. The fence will reduce any potential encroachment on the SEZ or on adjacent public lands and would reduce the impact to a less-than-significant level.

Figure 6 – Subject Parcel in Relation to Van Sickle State Park



Concerns were expressed that limited parking at Van Sickle Bi-State Park would be used by private individuals of any future residential project, thereby excluding the public from parking at the park. The City parking standards require all project types, including residential, to provide adequate onsite parking to serve the residents and guests. Any potential future projects would be required to meet the City parking standards. Moreover, due to the proximity of the entrance of Van Sickle Bi-State Park to the subject parcel, it is unlikely any future residents or guests would utilize parking at the Park. As noted by CTC staff, Van Sickle Bi-State Park was purposely designed to encourage pedestrian access by limiting parking and providing recreation access to a highly urbanized south shore area via existing sidewalks and paths.

Concerns were also raised about the proposed amendment increasing fire risk by pushing development into the Wildland-Urban Interface Zone. It should be noted that the Recreation District already allows development, and all development, regardless of its zoning district, is required to use materials, systems and/or assemblies in the exterior design and construction that meet California Building Code 7A requirements for construction in the Wildland-Urban Interface

Zone. All potential projects are also required to meet appropriate setback requirements for defensible space and must be approved by the City Fire Inspector.

The revisions to the proposed amendment are intended to be responsive to the comments received, and was Initial Study was revised to evaluate the impacts of the revised amendment and is discussed below.

Public comment received on the proposed amendments are attached as Exhibits 3-5 to this report.

Initial Study

To evaluate the potential environmental impacts of the proposed amendment, Hauge Brueck Associates prepared a joint Initial Study/Mitigated Negative Declaration (IS/MND) pursuant to the California Environmental Quality Act (CEQA) and Initial Environmental Checklist pursuant to TRPA regulations. The IS/MND/IEC provides an analysis of the potential for the Project to result in significant environmental impacts. Areas of analysis include aesthetics, agriculture and forestry, air quality, biological resources, cultural resources, geology and soils, greenhouse gas emissions, hazards and hazardous materials, hydrology and water quality, land use planning, mineral resources, noise, population and housing, public services, recreation, transportation and traffic, utility and services systems, and additional mandatory findings of significance related to potential cumulative impacts. The analysis concluded that the proposed Project could potentially have impacts in the following resource areas: public services and recreation.

The IS/MND/IEC concluded that the proposed amendment could result in the potential development of a residential project that could potentially result in informal trails in the adjacent Stream Environment Zone (SEZ) and adjacent public parcels owned and maintained by the California Tahoe Conservancy. To mitigate the potential impacts to Van Sickle Bi-State Park, other public lands, and the SEZ, Mitigation Measure PS-1 would be incorporated as a permit condition in the City/TRPA permit requiring the project proponent to construct a six-foot-high wrought iron fence along the perimeter of the subject parcel and along the SEZ boundary.

Incorporation of the mitigation measure would prohibit encroachment on the SEZ and restrict storage of equipment on public lands and reduce the impact to a less than significant.

Tribal Consultation

Pursuant to state law, the City has completed requirements for consultation with Native American tribes under Assembly Bill 52 and the California Environmental Quality Act (CEQA) Guidelines (see Attachment 04, pages 109-110). Consultation letters were sent to the Ione Band of Miwok Indians, the Shingle Springs Band of Miwok Indians, the United Auburn Indian Community, and the Washoe Tribe of California and Nevada. At this time, no comments have been received.

Public Comment Period and Public Noticing

The IS/MND/IEC has been sent, along with a Notice of Completion, to the California State Clearinghouse for distribution to state and regional agencies for review. The IS/MND/IEC has also been available at City offices (1052 Tata Lane) and online at https://www.cityofslt.us/DocumentCenter/View/14967/Tourist-Core-Area-Plan-Amendment-PDF. The 30-day comment period began on Friday, April 1, 2022 and ended on May 19, 2022. A Notice of Availability and Notice of Intent, advertising the review period was mailed to all affected property owners within 300 feet of subject parcel on April 6, 2022 and published in the Tahoe Daily Tribune on April 8, 2022.

The City received two responses during the public circulation period from the League to Save Lake Tahoe and the California Tahoe Conservancy. (See Exhibits 3 and 4.) Planning staff will evaluate the comments and will prepare responses for the Final Initial Study and Mitigated Negative Declaration for the Planning Commission to consider.

Environmental Considerations:

California Environmental Quality Act

See "Issue and Discussion" section above.

Financial Implications:

None

Policy Implications:

City of South Lake Tahoe General Plan

The following goals and policies are applicable to the proposed amendment.

The subject parcel is currently designated as Tourist Center in the City General Plan. The Tourist Center, land use designation, is defined as follows:

> *This designation provides for a mixture of uses, including tourist accommodation, commercial, intensive recreation, high-density residential, and mixed-use residential. This designation is applied to areas that are currently developed as commercial/visitor centers, have excess land coverage, where vertical mixed-use projects are appropriate and are near commercial, employment, transit, and public services.*

The Land Use and Community Design Element of the General Plan includes the following goals and policies to encourage development, redevelopment, and upgrades to existing development.

> *Goal LU-2 : To focus future commercial, multi-family residential, tourist, civic, and social gathering space development in community plan area in order to maximize*

incentives and create transit,- bicycle-, and pedestrian-oriented places that serve the needs of both residents and visitors.

Policy LU-2.2: Community Plan Preparation, Adoption, and Implementation
The City shall periodically update and implement the four Community Plans as a way to focus development commodities and revitalization efforts.

Housing Policy 1-7: The City shall direct high-density residential development to sites located within walking distance of public transit and services. The City shall consider minimum density requirements in these areas.

The proposed amendment is generally consistent with the goals and policies listed above in that the amendment would potentially direct residential uses within a designated Town Center and is within proximity of commercial, recreation, employment, transit and public service uses. However, the amendment also proposes to reduce the density from 25 units an acre to 4 units an acre, which is inconsistent with General Plan policies that designated the Tourist Center as a location for high-density residential uses. However, it should be noted that the reduction was proposed in response to comments received from the public and the CTC. Concerns include the affect a high-density residential development would have on the recreation character, restored SEZ and potential conflicts resource and management conflicts with adjacent public lands. Reduced density would result a less dense land use pattern and thus would not affect the recreation character of the area. It should also be noted that much of the subject parcel is designated SEZ and is not developable and thus achieving a dense land use pattern on the developable portion is likely not feasible.

Tourist Core Area Plan

The Tourist Core Area Plan was adopted by the City "to establish a framework that will achieve redevelopment and reinvestment in properties, on the ground environmental improvement, enhancement of the built environment…and increased access to recreation opportunities."

The proposed amendments would rezone the subject parcel to TSC-MUC and would potentially allow for residential development beyond the one caretaker unit or employee housing that is currently allowed. The proposed amendment is consistent with the Tourist Core Area Plan Town Center and TSC-MU designation, which encourages the diversification of land uses within close proximity to employment centers, services, recreation and transit.

While the TCAP currently shows the amendment area in the Recreation District it is also included in the TCAP Town Center Overlay and included in the Transfer of Development Rights Receiving Area. The amendment is therefore also internally consistent with the TCAP.

TRPA Regional Plan

The TRPA Conceptual Regional Land Use Map (https://www.trpa.gov/wp-content/uploads/documents/archive/2/FinalAdoptedRegionalPlanMaps_amended1-2-2018.pdf) identifies the amendment area as “Tourist” land use and within a “Town Center” district. Town Centers are targeted for redevelopment in a manner that improves environmental conditions, creates a more sustainable and less auto-dependent development pattern and provides economic opportunities in the Region. The amendment is therefore consistent with the TRPA Regional Plan and regional land use maps. Specifically, the amendment is compatible with TRPA Land Use Policies LU-1.1 and LU-1.2 as well as Community Design Policy LU-2.. Further analysis and conformance review with the Regional Plan is included in this packet.

Precedent exists for rezoning recreation properties to allow for residential and tourist accommodation uses. These include an amendment in the 1990s to Plan Area Statement 070 to permit tourist accommodation uses within the existing Edgewood Tahoe Golf Course and the 2012 TRPA Regional Plan creation of a Resort Recreation District for Edgewood Company’s “mountain parcel” and the Heavenly Ski Resort California base lodge area. These amendments allow for multi-family development and tourist accommodation uses on properties formerly zoned Recreation that are in close proximity to employment centers, services, recreation, and transit.

Exhibits:

1. Proposed Amendments
2. Plan Area Statement 089B – California South Stateline Resort Area
3. Public Comment Letter (League to Save Lake Tahoe)
4. Public Comment Letter (California Tahoe Conservancy)
5. Public Comment Letter (Joe Irwin)