TAHOE REGIONAL PLANNING AGENCY
ADVISORY PLANNING COMMISSION
NOTICE OF MEETING

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 December 10, 2003, at the North Tahoe Conference Center, 8318 North Lake Blvd., Kings Beach, California. The agenda for the meeting is attached hereto and made a part of this notice.

December 1, 2003

Jerry Wells
Acting Executive Director

This agenda has been posted at the TRPA office and at the following post offices: Zephyr Cove and Stateline, Nevada, and Tahoe Valley and Al Tahoe, California. The agenda has also been posted at the North Tahoe Conference Center in Kings Beach, the Incline Village GID office, and the North Lake Tahoe Chamber of Commerce.

TAHOE REGIONAL PLANNING AGENCY
ADVISORY PLANNING COMMISSION

North Tahoe Conference Center
8318 North Lake Blvd.
Kings Beach, California

December 10, 2003
9:30 a.m.

All items on this agenda are action items unless otherwise noted. Items on the agenda, unless designated for a specific time, may not necessarily be considered in the order in which they appear. All public comments should be as brief and concise as possible so that all who wish to speak may do so; testimony should not be repeated.

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 Page 5

V. PUBLIC HEARINGS

A. Chapter 20.5 Excess Land Coverage Mitigation Fee Update and Possible Amendment Page 11

B. Chapter 18, Amendments Relating to Secondary Residences on Parcels Less Than One Acre and Other Related Chapters Page 41

VI. PLANNING MATTERS

A. Recommendation to the Tahoe Metropolitan Planning Organization Regarding the Lake Tahoe Regional Bicycle and Pedestrian Master Plan Page 51

VII. REPORTS

A. Executive Director

1. Report on Governing Board Actions Relative to APC Recommendations

B. Legal Counsel

C. APC Members

VIII. ADJOURNMENT

TAHOE REGIONAL PLANNING AGENCY
ADVISORY PLANNING COMMISSION

Tahoe Regional Planning Agency
128 Market Street
Stateline, NV 89448

November 12, 2003
9:30 a.m.

MINUTES

I. CALL TO ORDER AND DETERMINATION OF QUORUM

Called to Order: 9:30 a.m.

Present: Chair Alice Baldrica, Kevin Cole, Bill Combs, Richard Harris, Robert Jepsen, Eva Krause, Gary Marchio, Ron McIntyre, Mimi Moss, Joe Oden, Lee Plemel, Leo Poppoff, Tom Porta, Mike Riley, Doug Smith - alternate for Laurie Kemper, Alan Tolhurst.

Absent: Larry Lohman

Vacant: Natural Resources Conservation Service, ARB Office of the Ombudsman

II. APPROVAL OF AGENDA

It was suggested that Planning Matter VI.A. come before Public Hearing V.B.

Bob Jepsen made a motion to approve.
Kevin Cole seconded
Motion carried.

III. PUBLIC INTEREST COMMENTS (No Action)

No public comments were offered.

IV. DISPOSITION OF MINUTES

It was noted that Public Hearing item V.A. in the October 8, 2003 APC minutes should have indicated that Mimi Moss made the motion to approve and Alan Tolhurst seconded.

Gary Marchio made a motion to approve the October 8, 2003 minutes with the above changes.
Tom Porta seconded.
Bob Jepsen, Bill Combs, Lee Plemel and Leo Poppoff abstained.
Motion carried.

V. PUBLIC HEARINGS

A. Notice of Preparation and Scoping, Environmental Impact Statement/Environmental Impact Report (EIS/EIR), Cedar Grove Affordable Housing Project and Related Regional Plan Amendments

Kathy Canfield, Senior Planner, Project Review Division, presented this staff summary. A package of comment letters was provided by Ms. Canfield. She informed those present that the comment period would end December 8, 2003. She welcomes concerns from APC members and the public.

Bill Spann, Affordable Housing Development Corporation, presented an overview of the Cedar Grove project. This is a 12.5 acre, 152 unit affordable housing complex consisting of rental units in Tahoe Vista, California. Families with incomes at or below 80% of the median would be eligible. The project would be professionally managed. Joanne Auerback of Placer County Redevelopment Agency was present to answer questions.

APC members discussed Placer County requirements for affordable housing; particular sites available for affordable housing projects; whether alternative sites will be researched; deed restrictions for affordable housing; transportation needs and occupancy levels.

Chairwoman, Alice Baldrica reminded APC members and members of the public that today's purpose was to identify concerns and issues for the EIS/EIR, not to approve this specific Cedar Grove housing project. The TRPA Governing Board will be holding public hearings and there will be multiple opportunities to send letters of concern and present public testimony before this specific project is approved.

Public comments were given by three residents of the Tahoe Vista area. Cecil Holman, a nearby resident, was concerned that a project this large was not appropriate for the area. 152 homes at 1200 sq. ft. each would mean 65% coverage on 12.5 acres. Isn't this more than is allowable by the TRPA? Tenants from this project would be forced to use Idylwood for access. This street is small and steep. Lights and street upgrades would be needed. The project is not consistent with the neighborhood. Homes here are high-end; in the $400,000 to $1 million range. This project could encourage gangs in this area. This project must have its own access to Highway 28. There is a right to develop but not to overdevelop.

Karen Van Epps was concerned about the largeness of the project and the impact, particularly upon transportation and services, to a small community like Tahoe Vista. Density, carrying capacity and traffic problems will all impact this small community adversely. She is not against low income housing. She believes smaller cluster projects would make more sense than one large project. 80% of median income of Placer County is not the same as 80% of median income of Tahoe residents. Many low income families will not be able to afford the Cedar Grove rents. She believes the original community plan should stand.

Randy Hill, resident of Idylwood Road in Tahoe Vista, was concerned about the large size of the project to be situated in a small ½ mile by ½ mile square. Tahoe Vista infrastructure cannot handle this density. Views will be destroyed. An increase in noise, pollution, traffic and crime will result.

APC members commented that while legitimate environmental concerns were brought up in the public comments, it is unwise to stigmatize low income housing residents as prone to crime. Members hoped that the EIS will consider alternative designs, unit ownership, water quality and erosion issues and the cumulative effect of projects planned for this area.

No action required. Staff noted member and public concerns for the scoping of the EIS/EIR document.

VI. PLANNING MATTERS **(taken out of order)**

A. Presentation by Lahontan Staff on TMDL (Total Maximum Daily Load)

Dave Roberts, Lahontan Tahoe Unit Manager, showed a Power Point presentation addressing Total Maximum Daily Load of nutrients and sediment that drain into Lake Tahoe.

Issues discussed included quantifying the effectiveness of BMP's, National Resource water standards, agencies involved, funding and thresholds impacted by TMDL other than water quality.

V. PUBLIC HEARINGS **(taken after Planning Matters)**

B. Amendment of Chapter 4, Appendix A of the Code of Ordinances to modify the list of projects to be heard by the Governing Board and Hearings Officer

Rick Angelocci, Chief of the Operations Division, presented this staff summary. In order to streamline approvals and allow the Governing Board to hear more policy matters, staff recommended that certain land capability challenges, additional coverage in excess of 1,000 square feet and certain modifications to SEZs be heard at the Hearings Officer level.

APC members discussed shorezone modifications, buoys and whether TRPA could notify Lahontan of land challenges so they have an opportunity to comment. Members stated the streamlining was a good idea as long the ability to appeal to the Governing Board is kept.

Public comments were given by Jon-Paul Harries of the League to Save Lake Tahoe. The League supports this streamlining measure. Until Shorezone EIS is adopted, buoys should be publicly heard.

Acting Executive Director Jerry Wells reminded the League that Hearings Officer hearings are public hearings.

Leo Poppoff made a motion to approve this amendment.
Bill Combs seconded.
Motion carried.

C. Amendment of Chapter 4, Section 4.2.A(1) and 4.3.A(1) of the Code of Ordinances to increase the structural cost limitations for exempt and qualified exempt activities

Rick Angelocci presented a second streamlining measure to increase the structural costs limitations for certain activities from $20,000 to $40,000 to compensate for inflationary construction cost increases.

APC members discussed clarifying "structural" remodel and clarifying that residences are exempt. Can a provision be placed in the 2007 plan that automatically increases the amounts based on a cost of living index? Yes.

No public comments were given.

Mimi Moss made a motion to approve the amendment, with clarifications.
Kevin Cole seconded.
Motion carried.

VII. REPORTS

A. Executive Director

1. Report on Governing Board Actions Relative to APC Recommendations

Jerry Wells, Acting Executive Director, reported on Governing Board actions. David Howe of Strategica will be leading Phase II of the Agency's review and may contact some APC members for comments. Vacation rental issues will be heard before the Governing Board in December. If Code amendments are needed after discussions with stakeholder group, then these will be brought before the APC in the future.

New Executive Director John Singlaub will begin his employment with TRPA on January 5, 2004. New Communications Director Julie Regan will begin her employment on December 29, 2003.

B. Legal Counsel

Jordan Kahn, Assistant Agency Counsel, reported that a motion to dismiss was filed by TRPA to dismiss the lawsuit brought by the Committee for the Reasonable Regulation of Lake Tahoe. Oral argument has been scheduled for December 12, 2003. Agency Counsel John Marshall will be out of the country on that date, so will ask for continuance. If not granted, outside counsel will handle the three hour oral argument.

Mr. Sponza asked TRPA to lift a low cost deed restriction on a duplex he purchased in Incline Village. The title company did not report the restriction to him, therefore he paid more than he should have. TRPA refused to lift the restriction. Sponza sued. TRPA moved to dismiss. Sponza settled with the title company and will dismiss his lawsuit.

C. APC Members

No further reports by APC members.

VIII. ADJOURNMENT

Meeting adjourned, 12:25 p.m.

TAHOE REGIONAL PLANNING AGENCY

128 Market Street
Stateline, Nevada
www.trpa.org

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Stateline, Nevada 89449

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MEMORANDUM

December 1, 2003

To: TRPA Advisory Planning Commission

From: TRPA Staff

Subject: Chapter 20.5 Excess Land Coverage Mitigation Fee Update and Possible Amendment

Proposed Action: Chapter 20.5A(3) of the TRPA Code of Ordinances requires TRPA to adjust the Excess Coverage Mitigation Fee cost factor by January 1st of each year based on a certified real estate appraiser's estimate. Staff requests that the Advisory Planning Commission review this summary and the Executive Summary of the Appraisal prepared by Johnson-Perkins and Associates, Inc. (see Attachment A) and give a recommendation on any adjustment necessary.

Staff Recommendation: Staff recommends that TRPA keep the Excess Coverage Mitigation Fee cost factor in California at the present rate of $6.50 per square foot. Staff recommends that TRPA keep the Excess Coverage Mitigation Fee cost factor in Nevada at the present rate of $12.00 per square foot.

Background: The Excess Land Coverage Mitigation Program is described in Section 20.5 of the TRPA Code of Ordinances. This program applies to projects where the amount of land coverage for the project area exceeds the base land coverage for that area. Land coverage in excess of the base must be mitigated by the transfer of land coverage or through the Excess Land Coverage Mitigation Program (ELCMP). The options offered by the ELCMP are summarized as follows:

1) reduce coverage onsite;
2) reduce coverage offsite;
3) pay a land coverage mitigation fee to retire coverage through a land bank;
4) increase the coverage through a parcel consolidation or parcel line adjustment; or
5) transfer in land coverage for projects within Community Plans.

Chapter 20.5A(2) of the TRPA Code of Ordinances describes the options of the program in more detail.

In April 2001, the Governing Board approved a revision of Chapter 20.5 of the TRPA Code of Ordinances that raised the Excess Land Coverage Mitigation Fee from $5.00/sq. ft. for the entire Tahoe Basin to $6.50/sq. ft. in California and $12.00/sq. ft. in Nevada.

TRPA commissioned an updated analysis of the market value of land coverage in the Lake Tahoe Basin in the fall of 2002. The Johnson-Perkins & Associates report dated December 23, 2002 concluded that, in California, the cost of land coverage ranged from a low of $5.00 per square foot to a high of $11.00 per square foot. It was the opinion of the appraisers' that the market value of land coverage in the California portion of the Lake Tahoe Basin is best reflected by the prices established by the California Tahoe Conservancy, ranging from $5.00 to $11.00 per square foot. Based on information provided from the California Tahoe Conservancy the average cost to acquire land coverage at that time was $6.50 per square foot.

The December 23, 2002 Johnson-Perkins & Associates report found that, in Nevada, land coverage ranged from a low of $10.00 per square foot to a high of $50.00 per square foot with most data falling in the range of $15.00 to $20.00 per square foot. It was the opinion of the appraisers' that the market value of land coverage in the Nevada portion of the Lake Tahoe Basin was at that time above the $12.00 per square foot price established by the TRPA.

In TRPA's Code of Ordinances, Chapter 20.5(3)(b), (amendment adopted by the Governing Board in April 2001) limited TRPA from raising the Excess Land Coverage Mitigation Fee in Nevada above $12.00 per square foot prior to May 1, 2003. Because of this limitation staff recommend leaving the Excess Land Coverage Mitigation fees at the rates of $6.50 per square foot in California and $12.00 per square foot in Nevada during 2003.

Discussion: TRPA commissioned an updated analysis of the market value of land coverage in the Lake Tahoe Basin in the fall of 2003. Johnson-Perkins & Associates, Inc. submitted a draft report for staff review entitled "An Updated Analysis of the Market Value of Land Coverage in the Lake Tahoe Basin" dated November 18, 2003 (Attachment A). There are several factors that affect the market value of land coverage as reported in the Johnson-Perkins & Associates appraisal.

- The valuation analysis assumes that approximately 5,000 square feet would be transferred.
- The values of Potential Land Coverage and Existing (Hard) Land Coverage are slightly different with Potential Coverage costing slightly less per square foot than Existing (Hard) Coverage
- The valuation of Potential Land Coverage and Existing (Hard) Land Coverage is different in different Hydrologic Areas
- The market value of land coverage differs somewhat depending on the Land Capability Class of the land coverage purchased

Market Value of Land Coverage in California. The Johnson-Perkins appraisal concluded that the Market Value of land coverage in the California portion of the Lake Tahoe Basin, as of October 1, 2003, is best reflected by the prices established by the California Tahoe Conservancy for the sale of land coverage. CTC's current rates for the purchase of land coverage range from $5.00 to $11.00 per square foot as shown on the accompanying table. CTC does not have certain types of land coverage available in certain of the hydrologic areas.

Hydrologic Area	Type of Land Coverage	Price per S.F.
South Stateline Area 4 (California Portion)	Potential	$5.00
	Hard	$6.50
Upper Truckee Area 5	Potential	$5.00
	Potential (Tahoe Keys)	$6.00
	Soft	$5.75 @
	Hard	$6.50
Emerald Bay Area 6	Potential	$8.00
McKinney Bay Area 7	Potential	$7.25
Tahoe City Area 8	Potential	$8.00
Agate Bay Area 9 (California Portion)	Potential	$7.50
	Hard	$11.00

@ Pending CTC Board Approval

CTC Staff (Gerry Willmett, 11/25/03) has indicated that the average cost (i.e., average cost throughout the six hydrologic areas) of acquiring and retiring land coverage in California is approximately $5.00 per square foot for potential coverage and $6.50 per square foot for existing (hard) coverage. This figure includes the cost of removing the cover and restoring the site as well as associated administrative expenses. CTC Staff agrees that the Conservancy can accomplish coverage reduction and retirement within the TRPA staff recommendation of $6.50 per square foot.

Market Value of Land Coverage in Nevada. The Johnson-Perkins & Associates report found that the sale of land coverage in Nevada ranged from a low of $12.00 per square foot to a high of $50.00 per square foot depending on the type of land coverage and the hydrologic area. The appraised Market Value of land coverage in the Nevada portion of the Lake Tahoe Basin, as of November 1, 2003, ranged from $12.00 per square foot for potential coverage to $25.00 per square foot for existing (hard) coverage as shown on the accompanying table.

Hydrologic Area	Type of Land Coverage	Price per S.F.
South Stateline Area 4 (Nevada Portion)	Potential	$12.00
	Existing (Hard)	$15.00
Cave Rock Area 3	Potential	$20.00
	Existing (Hard)	$25.00
Marlette Area 2	Land Coverage	$12.00
Incline Area 1	Potential	$20.00
	Existing (Hard)	$25.00
Agate Bay Area 9 (Nevada Portion)	Potential	$18.00
	Existing (Hard)	$22.00

The price for Potential and Existing (Hard) Land Coverage is less when a large quantity of land coverage is purchased. Although the valuation analysis assumed that approximately 5,000 square feet would be transferred, the Nevada Division of State

Lands has been able to purchase land coverage in larger quantities at a square foot price that less than the appraiser's estimate of market value. NDSL purchased 100,000 s.f. of potential land coverage in the Incline Hydrologic Area in September of 2001 for $10.00 per square foot. NDSL purchased 17,000 s.f. of potential coverage in the South Stateline Hydrologic Area in May of 2002 for $12.00 per square foot. NDSL purchased 39,200 s.f. of potential coverage in the Incline Hydrologic Area in September of 2003 for $12.05 per square foot. Considering this history of larger quantity purchases of land coverage at a lesser price per square foot, and taking into account anticipated future inventories of land coverage (e.g., IVGID), it seems reasonable to expect that NDSL will continue to be able to purchase land coverage within the South Stateline, Cave Rock, and Incline Hydrologic Areas for approximately $12.00 per square foot. State Lands staff (Jim Lawrence) has indicated that they feel that they can accomplish their mission within the TRPA staff recommendation of $12.00 per square foot.

Effect on TRPA Staff Work Program: No additional TRPA staff involvement is anticipated beyond the present responsibilities for record keeping and accounting.

Staff will begin this item with a brief presentation. Please contact John Stanley at (775) 588-4547, or via e-mail at jstanley@trpa.org, if you have any questions regarding this agenda item.

Attachments: Executive Summary of Appraisal, Johnson-Perkins and Associates, Inc.

December 1, 2003

Mr. John Stanley
Tahoe Regional Planning Agency
P.O. Box 5310
128 Market Street
Stateline, Nevada 89449

RE: An Executive Summary of our Updated Analysis of the Market Value of Land Coverage in the Lake Tahoe Basin

Dear Mr. Stanley:

This is an Executive Summary of our Updated Appraisal estimating the Market Value of land coverage in the Lake Tahoe Basin transmitted to you on December 1, 2003. It is our understanding that the value conclusions derived in this report will be utilized to determine the excess land coverage mitigation cost factor for use during the calendar year 2004, as outlined in the Tahoe Regional Planning Agency's *Code of Ordinances*.

A Complete Summary appraisal was prepared by this appraisal firm and transmitted to Mr. Gordon Barrett of your Agency on November 19, 2001. The date of valuation was November 1, 2001. In addition, an updated appraisal report was completed on December 1, 2002 and transmitted to Mr. Michael Vollmer of your Agency on December 23, 2002. A second updated appraisal was transmitted to Mr. John Stanley on December 1, 2003. This is an Executive Summary of the second Updated Appraisal.

The intended users of this Executive Summary include representatives of the Tahoe Regional Planning Agency (TRPA). The date of valuation of the updated report is October 1, 2003.

In order to complete the updated appraisal, these appraisers reviewed the TRPA ordinances pertaining to land coverage in the Lake Tahoe Basin. Also, historical data regarding the Excess Land Coverage Mitigation Program as set out in the TRPA Code of Ordinances was reviewed. Furthermore, these appraisers reviewed historical data regarding the California Tahoe Conservancy's land bank. The supply and demand for land coverage in the Lake Tahoe Basin was researched and analyzed. Also, numerous interviews were conducted with knowledgeable parties regarding land coverage sales in the Lake Tahoe Basin. These appraisers also reviewed the California Tahoe Conservancy pricing for 2003 and 2004 for land coverage in the California portion of the Lake Tahoe Basin. Finally, we prepared an analysis to estimate the Market Value of land coverage in the Lake Tahoe Basin.

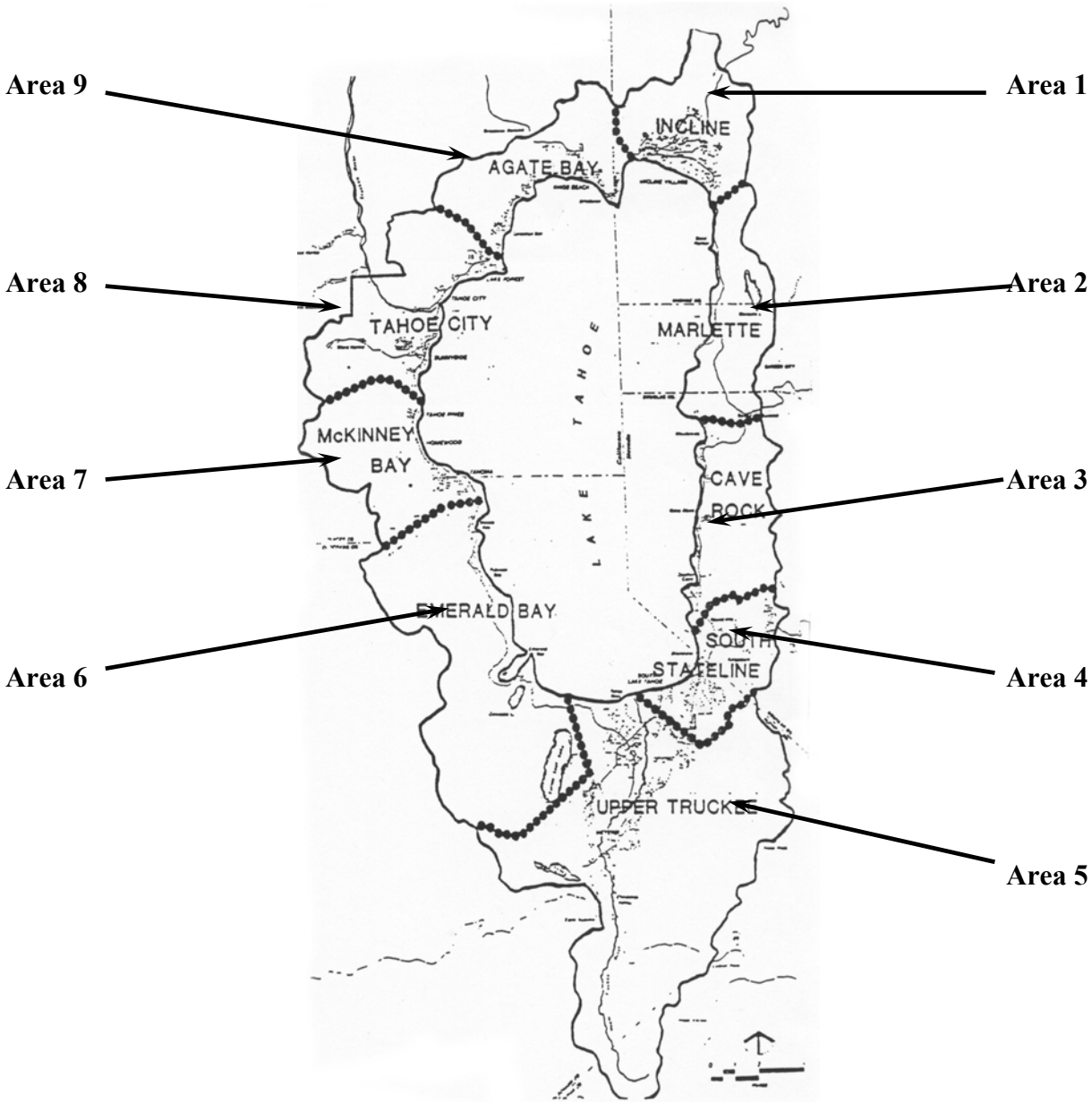
The Excess Land Coverage Mitigation Program is outlined in the Code of Ordinances in Chapter 20, beginning at Section 20.5. The Excess Land Coverage Mitigation Program facilitates the retirement of land coverage.

The mitigation fee coverage cost factor was established by TRPA in 1987, at $5.00 per square foot. In 2001, the TRPA staff recommended that the excess land coverage fees be adjusted to reflect current Market Values. In response to the TRPA staff's request for an adjustment of the fees, TRPA's Code of Ordinances, Chapter 20.5 was amended on May 23, 2001. The amended ordinance indicates that the mitigation coverage cost factor is $6.50 per square foot in California and $12.00 per square foot in Nevada. These fees remained unchanged for 2002. The TRPA ordinance further indicates that prior to May 1, 2003, the coverage mitigation cost fee could not exceed $12.00 per square foot in Nevada. Accordingly, in our previous complete summary appraisal and in our previous updated appraisal report, our analysis in the Nevada portion of the Lake Tahoe Basin focused on

determining whether the current Market Value of land coverage in Nevada exceeded the $12.00 per square foot threshold established by TRPA. As the May 1, 2003 date has passed, our updated appraisal estimated the Market Value of land coverage in both the Nevada and California portions of the Lake Tahoe Basin to allow TRPA to reconsider the mitigation fee coverage cost factors.

The Tahoe Regional Planning Agency has divided the Lake Tahoe Basin into nine hydrologic areas. Hydrologic areas 1, 2, and 3 (identified as Incline, Marlette, and Cave Rock, respectively) are located entirely in the Nevada portion of the Lake Tahoe Basin. Hydrologic areas 5, 6, 7, and 8 (Upper Truckee, Emerald Bay, McKinney Bay, and Tahoe City, respectively) are located entirely within the California portion of the Lake Tahoe Basin. Hydrologic areas 4 and 9, identified as South Stateline and Agate Bay, are located in both the California and Nevada portions of the Lake Tahoe Basin. A map depicting the location of the various hydrologic areas is set forth on the following page.

TAHOE REGIONAL PLANNING AGENCY HYDROLOGIC AREAS



In the state of California, the California Tahoe Conservancy established a land bank in 1990. The California Tahoe Conservancy receives funds generated by the TRPA's Excess Land Coverage Mitigation Program, and uses the fees to acquire and retire land coverage in the hydrologic areas located in the California portion of the Lake Tahoe Basin. The State of Nevada is in the process of establishing a land bank similar to the one operated by the California Tahoe Conservancy in order to acquire and retire land coverage in accordance with the TRPA's Excess Land Coverage Mitigation Program in the hydrologic areas located in the Nevada portion of the Lake Tahoe Basin. Based upon a conversation with Jim Lawrence, the land bank for some of the hydrologic areas in Nevada may be in operation by the summer of 2004.

There are three classifications of land coverage. "Hard" or existing land coverage involves land coverage which is physically on the ground. "Potential" land coverage is land coverage which is available to be installed, based upon the IPES system or the Bailey system, but which has not been placed on the ground. "Soft" land coverage involves coverage which is installed, but which is not a completely impervious surface. An example of soft land coverage is a dirt walkway or driveway which is compacted, but not covered with pavement.

In order to complete this updated appraisal, numerous knowledgeable parties in the Lake Tahoe Basin were interviewed. Those interviewed included Gary Midkiff of Midkiff & Associates, Randy Lane, a local developer, Paul Kaleta of Basin Strategies, Lew Feldman of Feldman & Shaw, Jim Lawrence with the State of Nevada, Greg Skinner, a developer in Incline Village, Phil Gilanfarr, an architect in Incline Village, Vince Scott, a developer in Incline Village, Chris Plastiras, a Realtor in Incline Village, and Dan St. John of the Incline Village General Improvement District. Also, we interviewed Dianne Severance of Sierra Nevada College; Lynn Fetterly, a developer; Jim Clark, a developer, Peggy Eichhorn, a Realtor on the south shore, Gerry Willmett of the California Tahoe Conservancy, Gary Taylor, a land planner on the north shore, Julie Basile of K.B. Foster Engineering, Sue Simon,

a land planner on the south shore, Bob Hedley, a Realtor on the south shore, and Kevin Agan, a land planner.

Nevada Portion of the Lake Tahoe Basin

In this section of the report, the Market Value of the land coverage in the Nevada portion of the Lake Tahoe Basin will be analyzed. Previously, TRPA established a $12.00 per square foot threshold for land coverage in the Nevada portion of the Lake Tahoe Basin. The threshold extended through May 1, 2003. As this date has passed, these appraisers have been requested to estimate the Market Value of land coverage in the Nevada portion of the Lake Tahoe Basin. Accordingly, in the following sections of this report, Market Value estimates will be established for each Hydrologic Area in the Nevada portion of the Lake Tahoe Basin. The Nevada portion of Hydrologic Area 4, South Stateline, will be analyzed first, followed by Hydrologic Area 3, Cave Rock, Hydrologic Area 2, Marlette, Hydrologic Area 1, Incline, and the Nevada portion of Hydrologic Area 9, Agate Bay. The valuation analysis has been based upon the assumption that approximately 5,000 square feet of land coverage would be transferred. In Hydrologic Areas where there is sufficient data, the value of Potential land coverage and Existing land coverage will be analyzed separately. The reader should note that, all else being equal, smaller amounts of land coverage tend to sell for a higher price per square foot. Alternatively, larger amounts of land coverage tend to sell for a lower price per square foot.

For the Nevada portion of the Lake Tahoe Basin, the demand for land coverage has been strong. Recently, the demand appears to have leveled off somewhat. The demand for land coverage emanates primarily from residential projects. As the IPES line continues to move down, properties with lower capability soils are becoming eligible for development. However, typically, these lower capability parcels have a very limited amount of available land coverage. As a result, land coverage must be purchased and transferred to these low capability parcels in order for development to occur. Due to favorable interest rates and strong demand, residential properties continue to be developed. Another source of demand

for land coverage is from public service projects. Finally, land coverage is required for commercial projects. Although there are fewer commercial and public service projects than residential projects, these types of projects typically require a greater amount of land coverage than a residential project.

On the other hand, the supply of land coverage in the Nevada portion of the Lake Tahoe Basin is limited by the amount of total land area in general, by the large percentage of the land area under the ownership of government agencies and by the high percentage of low capability land in the Nevada portion of the Lake Tahoe Basin.

South Stateline, Nevada, Hydrologic Area 4

In order to estimate the Market Value of land coverage in the Nevada portion of Hydrologic Area 4, South Stateline, these appraisers conducted numerous interviews with knowledgeable individuals, including land planners, Realtors, developers, and others. The parties interviewed were summarized previously in this report. This analysis assumes approximately 5,000 square feet of land coverage would be transferred. All else being equal, smaller amounts of land coverage would tend to sell for a higher price per square foot and larger amounts of land coverage would tend to sell for a lower price per square foot. The sales set forth on the following chart are considered to represent the best data available in order to estimate the Market Value of land coverage in the Nevada portion of the South Stateline Hydrologic Area.

COMPARABLE LAND COVERAGE SALES CHART
South Stateline, Nevada, Hydrologic Area 4

Sale Number	Sale Date	Type of Land Coverage	Quantity Sold	Sale Price Per S.F.
SSS-1	04-05-01	Class 4 Potential	33,743± s.f.	$10.55
SSS-2	05-24-02	Class 4 Potential	17,000± s.f.	$12.00
SSS-3	10-24-03	Class 4 Potential	100± s.f. to 500± s.f.	$15.40
SSS-4	09-01	Class 3 Existing	2,400 s.f.	$18.00
SSS-5	Spring 01	Class 3 Existing	1,250 s.f.	$16.00
SSS-6	2001	Class 1a Existing	3,000± s.f.	$15.00
SSO-7	Offer 2001	Class 1a Existing	Unspecified	$12.00

The sales set out on the previous chart occurred between April, 2001 and October 2003. The amounts of land coverage included in the sales range from 100± square feet to 33,743± square feet. The sale prices per square foot of land coverage range from $10.55 to $18.00. Sales SSS-1 through SSS-3 involve sales of Potential land coverage. Sales SSS-4, through SSO-7 involve Existing land coverage. The land coverage addressed in this report is assumed to include 5,000 square feet of Potential land coverage or Existing land coverage in the South Stateline Hydrologic Area.

In analyzing an appropriate Market Value for land coverage in the Nevada portion of the Lake Tahoe Basin, consideration has been given to possible increases in the supply of land coverage. As land coverage has become more valuable, private property owners have been reassessing whether they have excess land coverage that could be sold. There are numerous other potential sources of land coverage which could emerge. This would increase the supply, which would most likely result in lower values for land coverage. Also, the State of Nevada may establish a land coverage bank that would be similar to the California Tahoe Conservancy's land coverage bank by the summer of 2004. Mr. Jim Lawrence anticipates

that the land bank would serve the South Stateline Hydrologic Area, along with the Incline and the Nevada portion of the Agate Bay Hydrologic Areas.

Based upon an analysis of the data that was able to be found, it is these appraisers' opinion that the Market Value for approximately 5,000 square feet of Potential land coverage in the South Stateline Hydrologic Area, as of October 1, 2003, is $12.00 per square foot. Further, it is these appraisers' opinion that the Market Value of approximately 5,000 square feet of Existing land coverage in the South Stateline Hydrologic Area, as of October 1, 2003, is $15.00 per square foot.

MARKET VALUE CONCLUSION - POTENTIAL COVERAGE **$12.00 Per S.F.**
(South Stateline, Nevada, Hydrologic Area 4 – 5,000± s.f.)

MARKET VALUE CONCLUSION – EXISTING COVERAGE **$15.00 Per S.F.**
(South Stateline, Nevada, Hydrologic Area 4 – 5,000± s.f.)

Cave Rock, Nevada, Hydrologic Area 3

In order to estimate the Market Value of land coverage in Hydrologic Area 3, Cave Rock, these appraisers conducted numerous interviews with knowledgeable individuals, including land planners, Realtors, developers, and others. The parties interviewed were summarized previously in this report. The sales set forth on the following chart are considered to represent the best data available in order to estimate the Market Value of land coverage in the Cave Rock, Nevada Hydrologic Area.

COMPARABLE LAND COVERAGE SALES CHART
Cave Rock, Nevada, Hydrologic Area 3

Sale Number	Sale Date	Type of Land Coverage	Quantity Sold	Sale Price Per S.F.
CRS-1	10-01	Class 1a Potential	1,000± s.f.	$38.00
CRS-2	06-26-02	Class 1b Existing	899± s.f.	$40.00
CRS-3	2002	Class 1a Existing	600± s.f.	$40.00
CRS-4	10-03	Class 1b Existing	600± s.f.	$30.00

The sales set out on the previous chart occurred between October, 2001 and October 2003. The amounts of land coverage included in the sales range from 600± square feet to 1,000± square feet. This analysis is based upon the assumption that approximately 5,000 square feet of land coverage would be sold. The sale prices per square foot of land coverage range from $30.00 to $40.00. Sales CRS-1 involves a sale of Potential land coverage. Sales CRS-2, through CRS-4 involve Existing land coverage. Because the sales identified in the Cave Rock Hydrologic Area are very limited, the sales data analyzed for the South Stateline, Nevada Hydrologic Area will also be considered. These sales were set out on a chart on Page 8 of this report. The sales occurred between 2001 and October 2003. The sale prices range from $10.55 to $18.00 per square foot. These sales are considered to be low indicators for land coverage in the Cave Rock Hydrologic Area. This is due to the limited supply of land coverage in the Cave Rock Hydrologic Area. The majority of the land in this Hydrologic Area is steep and has low capability soils. This results in less available land coverage. In addition, a large percentage of the land in the Cave Rock Hydrologic Area is under government ownership. On the other hand, consideration has again been given to possible increases in the supply of land coverage. As land coverage has become more valuable, private property owners have been reassessing whether they have excess land coverage that could be sold. This would increase the supply, which would most likely result in lower values

for land coverage. As an example, there is approximately 400,000 square feet of Potential Class 1b, 5 and 6 land coverage associated with the Glenbrook Country Club that could potentially be marketed in the Cave Rock Hydrologic Area. According to Mr. Jim Lawrence of the State of Nevada, initially, the land bank for Nevada will not include the Cave Rock Hydrologic Area. This Hydrologic Area will be added at a later date when land coverage is acquired by the State in the Cave Rock Area.

Based upon an analysis of the data that was able to be found, and with consideration given to the limited data available in the Cave Rock Hydrologic Area, the very small amounts of land coverage transferred, and the limited supply of land coverage in this Hydrologic Area, and with further consideration given to the sales data identified in the South Stateline, Nevada Hydrologic Area, it is these appraisers' opinion that the Market Value of approximately 5,000 square feet of land coverage in the Cave Rock Hydrologic Area, as of October 1, 2003, is above the $12.00 per square foot threshold established by the Tahoe Regional Planning Agency, but somewhat below $30.00 per square foot. The reader is reminded that, all else being equal, larger amounts of land coverage would tend to sell for a lower price per square foot. For the purposes of this analysis, the Market Value of approximately 5,000 square feet of Potential land coverage in the Cave Rock Hydrologic Area, as of October 1, 2003 has been estimated at $20.00 per square foot. Further, the Market Value of approximately 5,000 square feet of Existing land coverage in the Cave Rock Hydrologic Area, as of October 1, 2003, is estimated at $25.00 per square foot.

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERGE $20.00 Per S.F.
(Cave Rock, Nevada, Hydrologic Area 3 – 5,000± s.f.)

MARKET VALUE CONCLUSION – EXISTING LAND COVERGE $25.00 Per S.F.
(Cave Rock, Nevada, Hydrologic Area 3 – 5,000± s.f.)

Marlette, Nevada, Hydrologic Area 2

In order to estimate the Market Value of approximately 5,000 square feet of land coverage in Hydrologic Area 2, Marlette, these appraisers conducted numerous interviews

with knowledgeable individuals, including land planners, Realtors, developers, and others. As reported in our original report and the subsequent updated appraisal, these appraisers have found no sales of land coverage in the Marlette Hydrologic Area. Although there appears to be some supply of land coverage in this Hydrologic Area, there are very limited properties under private ownership that would be eligible for development. Accordingly, there is very limited demand for land coverage in this Hydrologic Area. Accordingly, our opinion of the Market Value of approximately 5,000 square feet of land coverage in the Marlette, Nevada Hydrologic Area, as of October 1, 2003, remains unchanged from our previous reports, at $12.00 per square foot.

MARKET VALUE CONCLUSION – LAND COVERGE **$12.00 Per S.F.**
(Marlette, Nevada, Hydrologic Area 2 – 5,000± s.f.)

Incline, Nevada, Hydrologic Area 1

In order to estimate the Market Value of land coverage in Hydrologic Area 1, Incline, these appraisers conducted numerous interviews with knowledgeable individuals, including land planners, Realtors, developers, and others. Because 11 sales of Potential land coverage and 5 sales of Existing land coverage were found in the Incline Hydrologic Area, Market Value estimates for approximately 5,000 square feet of Potential and Existing land coverage will be established. The sales set forth on the following chart are considered to represent the best data available in order to estimate the Market Value of Potential and Existing land coverage in the Incline Hydrologic Area.

COMPARABLE LAND COVERAGE SALES CHART
Incline, Nevada, Hydrologic Area 1

Sale Number	Sale Date	Type of Land Coverage	Quantity Sold	Sale Price Per S.F.
IS-1	01-01	Class 3 Potential	1,390± s.f.	$30.00
IS-2	06-22-01	Class 1a Potential	2,242± s.f.	$50.00
IS-3	09-01-01	Class 2 & 3 Potential	1,700± s.f.	$32.00
IS-4	09-01	Class 6 Potential	100,000 s.f.	$10.00
IS-5	12-01	Class 4 or 6 Potential	3,200± s.f.	$25.00
IS-6	2002	Class 6 Potential	1,434± s.f.	$25.00
IS-7	2002	Class 4 & 6 Potential	2,000± s.f.	$22.00
IS-8	2002	Class 4 & 6 Potential	2,000± s.f.	$21.00
IS-9	09-09-03	Class 4 Potential	18 s.f.	$27.00
IS-10	09-11-03	Class 6 Potential	39,200 s.f.	$12.05
IS-11	2003 Waiting List for IVGID	Class 1a Potential	1,439± s.f.	$37.50
IS-12	06-01	Class 6 Existing	700± s.f.	$25.00
IS-13	09-01	Class 6 Existing	100± s.f.	$22.00
IS-14	09-02	Class 4 Existing	4,300± s.f.	$25.00
IS-15	2003	Class 1a Existing	2,000± s.f.	$25.00
IS-16	10-24-03 Escrow	Class 1b, 4 & 6 Existing	53,000± s.f.	$15.00

The 16 sales set out on the previous chart occurred between January 2001 and October 2003. Sales IS-1 through IS-11 involve Potential land coverage. These sales occurred between January 2001 and September 2003. These sales included from 18 square feet to 100,000 square feet. The sale prices for Potential land coverage range from $10.00 to $50.00 per square foot.

Sales IS-12 through IS-16 involve Existing land coverage. These sales occurred between June 2001 and October 2003. These sales included between 100 square feet and 53,000± square feet of Existing land coverage. The sale prices range from $15.00 to $25.00 per square foot.

In summary, the sales data for Potential land coverage in the Incline Hydrologic Area ranged from $10.00 to $50.00 per square foot. The lowest sale price was for 100,000 square feet of Potential Class 6 land coverage. The highest sale price was for 2,242± square feet of Potential Class 1a land coverage. Potential Class 1a land coverage is one of the most desirable types of land coverage in the Incline Hydrologic Area. Based upon an analysis of the available data, it is these appraisers' opinion that the Market Value of approximately 5,000 square feet of Potential land coverage in the Incline Hydrologic Area, as of October 1, 2003, is $20.00 per square foot.

The sales data for Existing land coverage in the Incline Hydrologic Area ranged from $15.00 to $25.00 per square. The lowest sale price was for 53,000± square feet of Existing Class 1b, 4 and 6 land coverage. Based upon an analysis of the available data, it is these appraisers' opinion that the Market Value of approximately 5,000 square feet of Existing land coverage in the Incline Hydrologic Area, as of October 1, 2003, is $25.00 per square foot.

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERGE **$20.00 Per S.F.**
(Incline, Nevada, Hydrologic Area 1 – 5,000± s.f.)

MARKET VALUE CONCLUSION – EXISTING LAND COVERGE **$25.00 Per S.F.**
(Incline, Nevada, Hydrologic Area 1 – 5,000± s.f.)

Agate Bay, Nevada, Hydrologic Area 9

In order to estimate the Market Value of land coverage in the Nevada portion of Hydrologic Area 9, Agate Bay, these appraisers conducted numerous interviews with knowledgeable individuals, including land planners, Realtors, developers, and others. The sales set forth on the following chart are considered to represent the best data available in order to estimate the Market Value of approximately 5,000 square feet of Potential and Existing land coverage in the Nevada portion of the Agate Bay Hydrologic Area.

COMPARABLE LAND COVERAGE SALES CHART
Agate Bay, Nevada, Hydrologic Area 9

Sale Number	Sale Date	Type of Land Coverage	Quantity Sold	Sale Price Per S.F.
ABS-1	09-11-01	Class 1a Restoration Credit	22,071 s.f.	$17.00
ABS-2	2002	Class 1a Restoration Credit	2,389± s.f.	$25.00
ABS-3	2002	Class 1a Restoration Credit	800± s.f.	$12.00
ABS-4	2002	Class 1a Restoration Credit	600± s.f.	$15.00
ABS-5	10-13-02	Class 1a Restoration Credit	2,245± s.f.	$23.05
ABS-6	05-07-03	Class 1a Restoration Credit	2,900 s.f.	$25.00
ABS-7	08-06-03	Class 1a Restoration Credit	1,400 s.f.	$30.00

The sales set out on the previous chart occurred between September 2001 and August 2003. All of the sales found involve Class 1a Restoration Credit land coverage. There were no sales involving Potential or Existing land coverage. The sales involved from 600± square feet to 22,071 square feet. The sale prices per square foot range from $12.00 to $30.00. All of the sales involved Restoration Credit land coverage. This type of land coverage can be used for any commercial, residential or public service project in the Agate Bay Hydrologic Area, except projects located in soil capability level 1b. In addition, Restoration Credit land coverage can be transferred for use for any public service or public health and safety project, except projects located in soil capability 1b, anywhere in the Lake Tahoe Basin. This results in a broader market for this type of land coverage. Because sales of Potential or Existing land

coverage were not able to be found in the Agate Bay, Nevada Hydrologic Area, these appraisers also reviewed the sales analyzed for the Incline Hydrologic Area.

Overall, it is these appraisers' opinion that the Market Value of approximately 5,000 square feet of land coverage in the Nevada portion of the Agate Bay Hydrologic Area, is less than $25.00 per square foot. Due to the absence of sales involving Potential or Existing land coverage in the Agate Bay Hydrologic Area, these appraisers reviewed the land coverage sales in the Incline Hydrologic Area. These sales were set out in chart form on Page 13 of this report. The sale prices range from $10.00 to $50.00 per square foot. The lowest sale price reflects the sale of 100,000 square feet of Potential Class 6 land coverage. The highest sale price reflects the sale of 2,242± square feet of Potential Class 1a land coverage. The majority of the sales data ranges from $21.00 to $27.00 per square foot. This appraisal addresses the sale of approximately 5,000 square feet of land coverage. All else being equal, larger amounts of land coverage tend to sell for a lower price per square foot. Alternatively, smaller amounts of land coverage tend to sell for a higher price per square foot.

Based upon careful analysis of the limited data that was able to be found, it is our opinion that the Market Value of approximately 5,000 square feet of Potential land coverage in the Nevada portion of the Agate Bay Hydrologic Area, as of October 1, 2003, is $18.00 per square foot. Further, it is these appraisers' opinion that the Market Value of approximately 5,000 square feet of Existing land coverage in the Nevada portion of the Agate Bay Hydrologic Area, as of October 1, 2003, is $22.00 per square foot.

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERGE $18.00 Per S.F.
(Agate Bay, Nevada, Hydrologic Area 9 – 5,000± s.f.)

MARKET VALUE CONCLUSION – EXISTING LAND COVERGE $22.00 Per S.F.
(Agate Bay, Nevada, Hydrologic Area 9 – 5,000± s.f.)

California Portion of the Lake Tahoe Basin

In the California portion of the Lake Tahoe Basin, the Market Value of land coverage has remained relatively constant since 1987. The mitigation fee coverage cost factor was established by the TRPA in 1987 at $5.00 per square foot. The California Tahoe Conservancy (CTC) established a land bank in 1990. The purpose of the land bank is to utilize the Excess Land Coverage Mitigation Program fees to acquire and retire land coverage. Additionally, the California Tahoe Conservancy sells land coverage for use on approved projects in the state of California. The advantages of the land bank include a reduced amount of time required to transfer land coverage to a project and the convenience of purchasing land coverage from the land bank rather than having to locate land coverage on the open market.

The California Tahoe Conservancy produces an annual staff recommendation report that summarizes the activity of the land bank for the previous year. The report for 2003 indicates that a total of 41,750 square feet of Potential land coverage was sold during 2003 from the CTC land coverage bank. Based upon the data provided to these appraisers from the California Tahoe Conservancy, the overall average sale price for all private party sales by CTC which have occurred between 1990 and 2003 is $6.38 per square foot.

The CTC annual staff recommendation identifies anticipated demand for 2004. The supply and anticipated demand in the various hydrologic areas, as outlined by the California Tahoe Conservancy, for 2004 is summarized on the chart on the following page.

CALIFORNIA TAHOE CONSERVANCY LAND COVERAGE
Supply and Demand Forecast
For 2004

Hydrologic Area	Type of Land Coverage	CTC Inventory	CTC Anticipated Demand for 2004
South Stateline Area 4 (California Portion)	Potential	9,122 s.f.	9,103 s.f.
	Existing "Hard"	7,325 s.f.	None
	Soft	None	None
Upper Truckee Area 5	Potential	865,242 s.f.	20,922 s.f.
	Existing "Hard"	14,743 s.f.	2,000 s.f.
	Soft	131,385 s.f.	44,000 s.f.
Emerald Bay Area 6	Potential	14,655 s.f.	4,567 s.f.
	Existing "Hard"	None	None
McKinney Bay Area 7	Potential	33,576 s.f.	7,724 s.f.
	Existing "Hard"	None	None
Tahoe City Area 8	Potential	12,205 s.f.	9,423 s.f.
	Existing "Hard"	None	None
Agate Bay Area 9 (California Portion)	Potential	41,495 s.f.	9,467 s.f.
	Existing "Hard"	558 s.f.	558 s.f.
	Soft	None	None

On January 4, 2003, the California Tahoe Conservancy published the prices for potential land coverage in each hydrologic area in California for sale by CTC. The prices established by CTC are summarized on the chart set out on the following page. The published prices remain unchanged from 2002.

CALIFORNIA TAHOE CONSERVANCY
Land Coverage Prices
As of January 4, 2003

Hydrologic Area	Type of Land Coverage	Price Per S.F.
South Stateline Area 4 (California Portion)	Potential	$5.00
	Existing, "Hard"	NA
Upper Truckee Area 5	Potential	$5.00
	Potential (Tahoe Keys)	$6.00
	Soft	$5.50 to $6.00
Emerald Bay Area 6	Potential	$8.00
McKinney Bay Area 7	Potential	$7.25
Tahoe City Area 8	Potential	$8.00
Agate Bay Area 9 (California Portion)	Potential	$7.50
	Existing, "Hard"	$11.00

The Land Coverage prices as established by the California Tahoe Conservancy for January, 2003 are unchanged since January 2002.

In order to derive an estimate of the Market Value of land coverage in the California portion of the Lake Tahoe Basin, historical sales by the CTC were reviewed, along with the prices for land coverage established by CTC. In addition, private party transfers of land coverage in the California portion of the Lake Tahoe Basin were researched. This research involved interviews with numerous knowledgeable individuals who handle transfers of land coverage in the California portion of the Lake Tahoe Basin. Those interviewed are itemized on Page 5 of this report.

Very few private party sales of land coverage in the California portion of the Lake Tahoe Basin over the past year were identified through the interviews conducted with knowledgeable parties. The sales identified included one sale of approximately 30,000 square feet of Class 5 potential land coverage in the Upper Truckee Hydrologic Area. The sale price

was $3.00 per square foot. There was one sale involving 6,000± square feet of Class 1b Restoration Credit land coverage in the California portion of the Agate Bay Hydrologic Area. The sale price was $15.00 per square foot. Finally, there is one buyer looking for Class 5 land coverage for a residential project in the California portion of the Agate Bay Hydrologic Area. This buyer is willing to pay between $8.00 and $10.00 per square foot for 5,000 to 6,000 square feet.

This compares with seven private party sales and two listings identified in our previous appraisals. The sale and asking prices for these older sales ranged from $2.50 to $10.00 per square foot. The lowest sale prices were in Hydrologic areas 4 and 5, South Stateline and Upper Truckee, with the highest prices in Hydrologic areas 6 and 9, Emerald Bay and Agate Bay. No private party sales were found in the McKinney Bay or Tahoe City Hydrologic areas.

The sale prices for private party transfers, ranging from $2.50 per square foot to $15.00 per square foot, compare with the prices established by the California Tahoe Conservancy, ranging from $5.00 to $11.00 per square foot. The prices established by CTC have remained flat for the past two years. The overall historical average sale price for all types of land coverage sold by the California Tahoe Conservancy since 1990 is $6.38 per square foot. In addition, the one private party sale at $15.00 per square foot involved Restoration Credit land coverage.

Based upon information provided by representatives of the California Tahoe Conservancy, the Conservancy's average cost to acquire land coverage has not increased since the date of valuation of our previous report. The cost is currently $6.50 per square foot, including administrative costs. However, it should be noted that the Conservancy has not formally studied the cost to acquire land coverage during the past year.

Overall, it is these appraisers' opinion that the Market Value for land coverage in the California portion of the Lake Tahoe Basin is best reflected by the actions of the California Tahoe Conservancy. This is the same Market Value conclusion established in our previous complete summary appraisal and previous updated appraisal. The supply of land coverage under the ownership of the California Tahoe Conservancy appears to be in balance with the demand. In hydrologic areas where there is an adequate supply, the CTC established prices are lower. Alternatively, in hydrologic areas where the Conservancy's supply is somewhat limited, the established prices are increased to balance the supply-demand equation.

Overall, the CTC established prices for land coverage in the various hydrologic zones as outlined previously in this report are considered to best represent Market Value in the California portion of the Lake Tahoe Basin, as of October 1, 2003. The prices established by CTC for the various classes of land coverage are summarized on the chart on the following page:

California Tahoe Conservancy
Established Land Coverage Prices

Hydrologic Area	Type of Land Coverage	Price Per S.F.
South Stateline Area 4 (California Portion)	Potential	$5.00
	Existing, "Hard"	NA
Upper Truckee Area 5	Potential	$5.00
	Potential (Tahoe Keys)	$6.00
	Soft	$5.50 to $6.00*
Emerald Bay Area 6	Potential	$8.00
McKinney Bay Area 7	Potential	$7.25
Tahoe City Area 8	Potential	$8.00
Agate Bay Area 9 (California Portion)	Potential	$7.50
	Existing, "Hard"	$11.00

*The price for soft land coverage in the Upper Truckee Hydrologic Area has not been finalized.

Updated Valuation Summary – Nevada and California

Overall, it is these appraisers' opinion that the Market Value of approximately 5,000 square feet of land coverage in the Nevada portion of the Lake Tahoe Basin, as of October 1, 2003 is as summarized below.

Nevada Portion of the Lake Tahoe Basin
Market Value Conclusions
For Approximately 5,000 Square Feet
Of Land Coverage
As of October 1, 2003

Hydrologic Area	Type of Land Coverage	Price Per S.F.
South Stateline Area 4 (Nevada Portion)	Potential	$12.00
	Existing	$15.00
Cave Rock Area 3	Potential	$20.00
	Existing	$25.00
Marlette Area 2	Potential/Existing	$12.00
Incline Area 1	Potential Existing	$20.00 $25.00
Agate Bay Area 9 (Nevada Portion)	Potential	$18.00
	Existing	$22.00

Furthermore, it is our opinion that the Market Value of land coverage in the California portion of the Lake Tahoe Basin, as of October 1, 2003 is best reflected by the prices established by the California Tahoe Conservancy, ranging from $5.00 to $11.00 per square foot as set out on the following chart:

California Tahoe Conservancy
Established Land Coverage Prices

Hydrologic Area	Type of Land Coverage	Price Per S.F.
South Stateline Area 4 (California Portion)	Potential	$5.00
	Existing, "Hard"	NA
Upper Truckee Area 5	Potential	$5.00
	Potential (Tahoe Keys)	$6.00
	Soft	$5.50 to $6.00
Emerald Bay Area 6	Potential	$8.00
McKinney Bay Area 7	Potential	$7.25
Tahoe City Area 8	Potential	$8.00
Agate Bay Area 9 (California Portion)	Potential	$7.50
	Existing, "Hard"	$11.00

In analyzing the Market Value of approximately 5,000 square feet of land coverage in the Nevada portion of the Lake Tahoe Basin, as of October 1, 2003, consideration has been given to the volatility of the land coverage market in the Nevada portion of the Lake Tahoe Basin since the adoption of TRPA's Excess Land Coverage Mitigation Program in 1987. This volatility in the market is due to fluctuations in the demand for land coverage along with changes in the supply. In the State of California, the supply of land coverage has been regulated by the California Tahoe Conservancy's land bank. This land bank was established in 1990. In Nevada, the demand for land coverage has increased with the lowering of the IPES line over the years. The IPES line in the California portion of the Lake Tahoe Basin has remained basically unchanged until very recently. The increased demand for land coverage in the Nevada portion of the Lake Tahoe Basin has resulted in increased sale prices. On the other hand, as the sale prices for land coverage in the State of Nevada have increased, the potential for a larger supply of land coverage has also increased as property owners have reassessed whether or not they have excess land coverage that could be offered for sale. Examples of the potential increase in supply include the land coverage associated with golf

courses in Incline Village. The Incline Village General Improvement recently offered land coverage for sale from the local golf courses. Ponderosa Ranch may have land coverage that could be sold. The Glenbrook Golf Course may have land coverage that could be sold on the open market. As these potential increases in available land coverage emerge, the value of land coverage could decline.

In addition, larger quantities of land coverage tend to sell for a lower price per square foot. For example, since 2001, the State of Nevada has purchased 33,743± square feet of land coverage for $10.55 per square foot, 17,000± square feet for $12.00 per square foot, 100,000± square feet for $10.00 per square foot, 39,200± square feet for $12.05 per square foot, and 22,071± square feet for $17.00 per square foot. The overall average cost per square foot for these State of Nevada purchases equates to $11.36.

Respectfully Submitted,

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MEMORANDUM

December 2, 2003

To: TRPA Advisory Planning Commission

From: TRPA Staff

Subject: Chapter 18, Amendments Relating to Secondary Residences on Parcels Less Than One Acre and Other Related Chapters

Proposed Action: The Local Government Committee of the Governing Board is recommending amending the Code of Ordinances to allow for secondary residences on parcels less than one acre – the current parcel size limitation – given certain site development conditions, including specific deed restriction language and program implementation.

Staff Recommendation: Staff recommends the APC conduct the Public Hearing as noticed and recommend approval of the proposed amendment to Chapter 18 to the Governing Board.

Background: At the May 2, 2003 Local Government Committee meeting, staff was asked by the committee to draft ordinance language to allow secondary units for deed-restricted affordable housing. The direction from the Committee included considerations such as allowing secondary units where parking, density, and land coverage standards could be met. After the June 6, 2003 meeting staff was requested to make further refinements. At the October 3, 2003 Local Government Committee Meeting, the members recommended that amendments relating to secondary units be forwarded to APC and the Governing Board for approval (see Exhibit 1). However, the Chairman asked staff to bring back language regarding deed restrictions before the amendment was submitted for further review. The deed restriction issue was in regards to a situation wherein the affordable rental unit ceases to exist. For example, the home is sold and the new owners do not wish to continue the secondary unit use. In addition to using deed restrictions, other means of enforcement were discussed, such as security deposits/ bonds, annual licensing, periodic inspections, or reporting of rent receipts.

TRPA staff selected the deed restriction approach in combination with the implementation of a Local Government Housing Program with the possibility of additional approaches in the future because affordable housing is required by definition to be deed restricted, so additional language included in a deed restriction would not be a significant departure from current regulatory requirements. The key to utilizing this newly proposed code amendment will be determined by each local government's ability to ensure that a TRPA certified local government housing program will function properly.

Discussion: The amendments under consideration are an effort to facilitate the development of affordable housing within the basin by removing perceived impediments. In order to enact this amendment, TRPA must ensure that the actions resulting from the

amendment will not lead to deleterious effects on any of the nine environmental threshold carrying capacities (thresholds) and be consistent with applicable Goals and Policies of the Regional Plan. This surety, staff believes, is the development and implementation of a Local Government Housing Program. Without the proper development and implementation of a program that minimally includes a State-certified Housing Element, special site development standards, and a deed restriction monitoring program, TRPA and the community cannot be certain that the development of secondary units on parcels less than one acre in size will not manifest harmful environmental conditions.

Current regulations allow for secondary units on parcels greater than one acre in size, and available development capacity, i.e., available land coverage, good land capability and appropriate development allocation or transfer requirements. The proposed amendments may facilitate the development of additional affordable housing, unit by unit for new construction and also allow the legitimization of second units that were developed without the proper development allocations and/or building permits. The City of South Lake Tahoe has had an illegal second unit amortization program in place for a number of years; this amendment may facilitate such a program in the other jurisdictions in the basin.

Currently, only TRPA issues permits for secondary units. This is because secondary residential units require noticing to affected property owners within 300' of the project location due their status as Special Uses and a need for a Hearing Officer review. The Memorandum of Understanding (MOU) that TRPA has with the local jurisdictions does not authorize them to permit secondary units, nor is the requirement for noticing in place. To remedy this situation TRPA staff will require an amendment to the MOUs with each of the local jurisdictions that choose to implement this program. The amendment would authorize the local jurisdictions, in addition to their currently authorized actions, to permit secondary units in accordance with the approved local government housing program. Because Douglas County does not have an MOU with TRPA, an MOU will need to be established in order for Douglas County to take advantage of this amendment.

If approved, TRPA Staff will work to amend or execute MOUs with jurisdictions choosing to implement this program. TRPA Staff anticipates amending (or executing) these MOUs in conjunction with developing each of the local housing programs. This will ensure that the MOUs and housing program documents contain appropriate cross-referencing in addition to clearly defining what elements of the housing program are implemented via the MOU and which are not. If unsuccessful in amending the MOUs or certifying a housing program, secondary units on parcels less than one acre in size will not be permissible.

Effect on TRPA Work Program

TPRA staff work loads will be increased for Long Range Planning, Legal Division, and Project Review. The certification of a Local Government Housing Program may take a significant amount of staff time, given that approval of the Program will require Board action by resolution. Should any program elements become controversial, or staff not find the program to be satisfactory, significant time will need to be spent negotiating the program components prior to Board action. This will primarily affect staff of the Long Range Planning Division.

Project Review may see an increase in the number of permit applications to construct secondary units, it plausible that six to ten secondary units may be approved per year; however, many of these projects may be handled in the future through the MOUs (subsequent to MOU amendment) with TRPA and the local jurisdictions, depending upon the resolution of the MOU amendments discussed above. If not amended, then Project Review may see an increase in permit applications.

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: Given the requirements placed on the local jurisdictions to implement a housing program in order to legally develop secondary units within their jurisdiction on lots greater than one acre, staff is confident that these amendments will not hinder the implementation of the Regional Plan elements.

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

   Rationale: Successful implementation of the required local government housing program will ensure that the development of secondary units on lots less than one acre will not cause the thresholds to be exceeded.

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: Any project resulting from these amendments will be required to meet all applicable federal and state air and water quality standards.

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: The proposed amendments do not have a direct relationship to maintaining or achieving the thresholds. The amendment will not preclude the achievement of the thresholds.

5. Finding: The Regional Plan, as amended, achieves and maintains the thresholds.

   Rationale: See 1, 2, and 4 above.

Environmental Documentation: Staff has completed and reviewed the Initial Environmental Checklist for the proposed action. Staff recommends that a Finding of No Significant Effect (FONSE) be made based on information contained in the staff summary, the IEC and Chapter 6 Findings.

Questions regarding this agenda item should be directed to Peter Eichar at (775) 588-4547 or recreation@trpa.org

Attachments: A. Proposed Adopting Ordinance with Exhibit 1, Proposed Language Changes

TAHOE REGIONAL PLANNING AGENCY
ORDINANCE 2003 –

AN ORDINANCE AMENDING ORDINANCE NO. 87-9, AS AMENDED, BY AMENDING THE REGIONAL PLAN OF THE TAHOE REGIONAL PLANNING AGENCY; AMENDING CODE OF ORDINANCES, CHAPTER 18, PERMISSIBLE USES, TO ALLOW FOR SECONDARY UNITS ON PARCELS LESS THAN ONE ACRE IN SIZE, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

The Governing Board of the Tahoe Regional Planning Agency does ordain as follows:

Section 1.00 Findings

1.10 It is necessary and desirable to amend TRPA Ordinance 87-9, as amended, which ordinance relates to the Regional Plan of the Tahoe Regional Planning Agency (TRPA) by amending the Code of Ordinances Chapter 18 in order to further implement the Regional Plan pursuant to Article VI(a) and other applicable provisions of the Tahoe Regional Planning Compact.

1.20 These amendments have been determined not to have a significant effect on the environment, and are therefore exempt from the requirements of an environmental impact statement pursuant to Article VII of the Compact.

1.30 The Advisory Planning Commission (APC) has conducted a public hearing on the amendments and recommended adoption. The Governing Board has also conducted a noticed public hearing on the amendments. At those hearings, oral testimony and documentary evidence were received and considered.

1.40 Prior to the adoption of this ordinance, the Governing Board made the findings required by Chapter 6 of the Code and Article V(g) of the Compact,

1.50 The Governing Board finds that the amendments adopted here will continue to implement the Regional Plan, as amended, in a manner that achieves and maintains the adopted environmental threshold carrying capacities as required by Article V(c) of the Compact.

1.60 Each of the foregoing findings is supported by substantial evidence in the record.

Section 2.00 Amendment of the Code of Ordinances, Chapter 18

Subsection 6.60, of Ordinance No. 87-9, as amended, is hereby further amended as set forth on Exhibit 1, dated December 2, 2003, which attachment is appended hereto and incorporated herein.

Section 3.00 Interpretation and Severability

The provisions of this ordinance and the amendments to the Code of Ordinances adopted hereby shall be liberally construed to effect their purposes. If any section, clause, provision or portion thereof is declared unconstitutional or invalid by a court of competent jurisdiction, the remainder of this ordinance and the amendments to the Code of Ordinances shall not be affected thereby. For this purpose, the provisions of this ordinance and the amendments to the Code of Ordinances are hereby declared respectively severable.

Section 4.00 Effective Date

The provisions of this ordinance amending Chapter 18 of the Code of Ordinances shall be effective 60 days after its adoption.

PASSED AND ADOPTED by the Governing Board of the Tahoe Regional Planning Agency at a regular meeting held December 17, 2003, by the following vote:

Ayes:

Nays:

Abstentions:

Absent

David Solaro, Chairman
Tahoe Regional Planning Agency

New Language underlined in Blue; deleted language ~~stricken~~ in red

Chapter 18
PERMISSIBLE USES

18.2 Accessory Uses: Accessory uses shall be regulated pursuant to the regulations applicable for the primary use upon which the accessory use is dependent. No project or activity pursuant to an accessory use may be permitted without a related primary use, existing or approved, on the same parcel.

18.2.A Accessory Use Defined: An accessory use is defined as a use, building, or other facility customarily a part of any primary use; that is clearly incidental and secondary to the primary use; that does not change the character or the intensity of the primary use; and that does not operate independent of the primary use. Additional criteria for determining commercial accessory uses for noncommercial primary uses are found in subparagraph 33.3.A(1)(b). Examples of accessory uses and related major categories of primary uses are as follows:

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18.2.B Secondary Residence: One secondary residence is considered an accessory use to the primary use it serves and may be permitted where the primary use is a permissible use. ~~This~~ Secondary units may include~~s~~ a guest house; an affordable or market rate rental unit; a caretaker residence for a residential use, commercial use, public service or recreational use; and a manager's quarters for a tourist accommodation or multi-residential use. ~~A secondary residence may be permitted as accessory to a single family house if the parcel on which the house is located is greater in size than one acre.~~ A secondary residence shall be considered a residential unit subject to the residential allocation limitations and transfer provisions. If the primary use is residential, a secondary unit may be permitted only if either subsection (1)(a) or (1)(b) below are met.

(1) Residential Secondary Unit Parcel Size: A secondary residence may be permitted as accessory to a single family house if:

(a) the parcel on which the residence is located is greater in size than one acre, or

(b) The parcel on which the secondary residence would be located is within a jurisdiction certified by TRPA to possess an adequate local government housing program and the secondary unit is restricted to affordable housing.

(2) TRPA Certified Local Government Housing Program: TRPA may certify by resolution a local government housing program upon a finding that it adequately addresses, at a minimum, (a) through (c) below.

(a) A local government adopted housing element that addresses the housing needs and issues of the jurisdiction pursuant to state standards.

(b) Special ordinance standards for development of secondary residences, including but not limited to:

(i) minimum parcel size,

(ii) maximum unit floor area for the secondary unit,

(iii) parking standards, and;

(iv) building setback standards.

(c) An adequately funded and staffed compliance, permitting and monitoring program. This program shall, through deed restriction or other method, limit the project area to the approved use and restrict both rental rates and occupants' household income to affordable housing limits. Secondary 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. Failure to comply for more than six months with use, rental rates/household income levels, or occupancy requirements shall require removal of the unit or modification of the use to bring the project area into compliance with otherwise applicable development standards.

(d) Local government shall document and enforce the special standards through an MOU with TRPA. The MOU shall include objective compliance standards to ensure adequate funding, staff resources, permitting, compliance and monitoring consistent with the Local Government Housing Program.

18.2.F Living Area Associated With Residential Accessory Structures: Living area associated with a permissible residential accessory structure under Subparagraph 18.2.A(1) may be permitted for parcels ineligible for a secondary residence provided that such living area does not constitute a secondary residence. Residential accessory structures, other than an authorized secondary residence, shall not contain any of the following:

(1) Any item listed under cooking facilities as defined in Chapter 2 or areas for the insertion of these items.

(2) Both bathing facilities and a wet bar; either bathing facilities or a wet bar may be permitted.

(3) More than one toilet or bathing facility.

(4) Living area greater than 50 percent of the living area of the primary residence, or greater than 640 square feet, whichever square footage is less.

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18.3 Table Of Primary Uses: The following table of primary uses is a list of all primary uses that may be permitted within the land area of the Region. Each use is defined in section 18.4. Any use not listed on this table, presently or as amended, is prohibited. Plan area statements, community plans, redevelopment plans, and specific or master plans shall determine if a use is an allowable use, a special use, a prohibited use, or a nonconforming use for a specific parcel. This table, including the definitions of the uses set forth herein, shall apply to and govern all other chapters of this Code, plan area statements, community plans, redevelopment plans, and specific or master plans. Uses listed on this table may be considered accessory uses if they are listed in section 18.2.

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Secondary Residence: A permanent residential dwelling that is secondary to the primary use of the property. This includes a caretaker residence that is used for housing a caretaker employed on the site to take care of the primary use, structures, and land of the owner. ~~A secondary residence for a single-family house shall be limited to parcels greater than one acre.~~ A secondary residence is considered a residential unit.

Tahoe Metropolitan Planning Organization

P.O. Box 53
128 Market Stre
Stateline, Nevada 894
(775) 588-4547 ◆ Fax (775) 588-45

November 25, 2003

To: Advisory Planning Commission

From: Transportation Staff

Subject: Recommendation to the Tahoe Metropolitan Planning Organization (TMPO) Regarding the Lake Tahoe Regional Bicycle and Pedestrian Master Plan

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Action Required: For the Advisory Planning Commission to make a recommendation to the Tahoe Metropolitan Planning Organization regarding the adoption of the Lake Tahoe Regional Bicycle and Pedestrian Master Plan.

Staff Recommendation: Staff recommends that the Tahoe Regional Planning Agency (TRPA) Advisory Planning Commission recommend adoption of the TMPO Lake Tahoe Regional Bicycle and Pedestrian Master Plan by the TMPO Governing Board. The TMPO Governing Board was established consisting of the fourteen voting members of the TRPA Governing Board, and a representative from the Lake Tahoe Basin Management Unit of the Forest Service as the fifteenth TMPO voting member.

Background: The Tahoe Metropolitan Planning Organization has developed the Lake Tahoe Regional Bicycle and Pedestrian Master Plan for the Lake Tahoe Region as part of the federal requirements under the Transportation Equity Act for the Twenty First Century (TEA-21). This federally required document addresses Goals, Objectives, and Policies related to pedestrian and bicycle facilities within the Tahoe Region as mandated by the Federal Highway Administration, the California Department of Transportation and the Nevada Department of Transportation. Other areas of the Plan include existing conditions, analysis of demand, proposed system, cost and funding analysis, and implementation strategies. Adoption of this plan will allow entities within the TMPO jurisdiction to apply for the California Bicycle Transportation Account as well as other federal and state funding opportunities under TEA-21.

Improving conditions and safety for bicycling and walking embodies the spirit and intent of TEA-21, which is to “create an integrated, intermodal transportation system which provides travelers with a real choice of transportation modes. State and local agencies are challenged to work together cooperatively with transportation providers, user groups, and the public to develop plans, programs, and projects which reflect this vision.” TEA-

21 confirms and continues the principle "that the safe accommodation of non-motorized users shall be considered during the planning, development, and construction of all Federal-aid transportation projects and programs. " TEA-21 goes on further to state that "to varying extents, bicyclists and pedestrians will be present on all highways and transportation facilities where they are permitted and it is clearly the intent of TEA-21 that all new and improved transportation facilities be planned, designed, and constructed with this fact in mind."

Discussion:
As part of the development of the plan, staff conducted extensive public outreach. Staff began the public comment period for the plan on June 6, 2003, which ran until August 8, 2003. Additionally, TRPA staff held two public workshops in July, one at the North Tahoe Conference Center on July 9, 2003 (4:00 P.M. to 7:00 P.M.) and the second at the TRPA offices on July 10, 2003 (4:00 P.M. to7:00 P.M.). Staff also consulted with Tahoe Regional Advocates for Cycling, a local bicycle advocacy group, as well as TRPA staff. Copies of the final draft were distributed to a number of agencies and stakeholders including, but not limited to, NDOT, Caltrans, the Tahoe Transportation District/Commission, local jurisdictions and state agencies. Several comments were received and incorporated as appropriate.

Below are bullets of how the plan has been modified since the initial draft plan was developed:

- Inclusion of a pedestrian element
- Increased accuracy of the existing Lake Tahoe Basin Bicycle system by using a Global Positioning System to ground truth and map all existing trails
- Inclusion of all Environmental Improvement Program and Regional Transportation Plan/Federal Transportation Plan projects and corresponding project numbers
- Route prioritization
- Expansion and enhancement of major population center maps
- Refined, expanded, and edited text
- Response to first and second public comment period

At this time, the TMPO Governing Board will be the adopting agency to fulfill federal requirements of TEA-21. Staff will be bringing the document forth for TRPA adoption in coming months as part of the Regional Transportation Plan, which may require additional revisions to the plan.

Staff will be making a more detailed presentation at the meeting. If you have any questions regarding this matter, please feel free to contact Alfred Knotts at (775) 588-4547.