

# Report to the State of Nevada TRPA Oversight Committee

## Lake Tahoe Economic Trends and Issues and TRPA's Impact

✓	EXHIBIT E TAHOE	Document consists of 24 pages.
	Entire document provided.	
Meeting Date 03-08-06		

“ The Tahoe Regional Planning Compact calls for the Regional Plan to establish a balance, or equilibrium, between the natural environment and the human-made environment.”

TRPA Website

“... The cumulative impact of the system of regulations is such that there is no longer a reasonable balance between protecting and conserving the environment of the basin and Lake and the critical socioeconomic needs of the community.”

RRC & Associates

February 2006

Report to the City of South Lake Tahoe

# Fast Facts- North Shore

- Median Household Income \$48,000
- Vacation homes as % of total housing- 55%
- Earnings per job-\$28,000
- 70% of employment is in companies under 100 people

Source: NLTRA, Dean Runyan & Associates

Economic Significant of Travel to the North Lake Tahoe Area

# Fast Facts-South Shore

- Median Household Income \$40,000
- Average annual wage \$23,396
- Vacation homes as % of total housing-  
55%-60% (estimated)

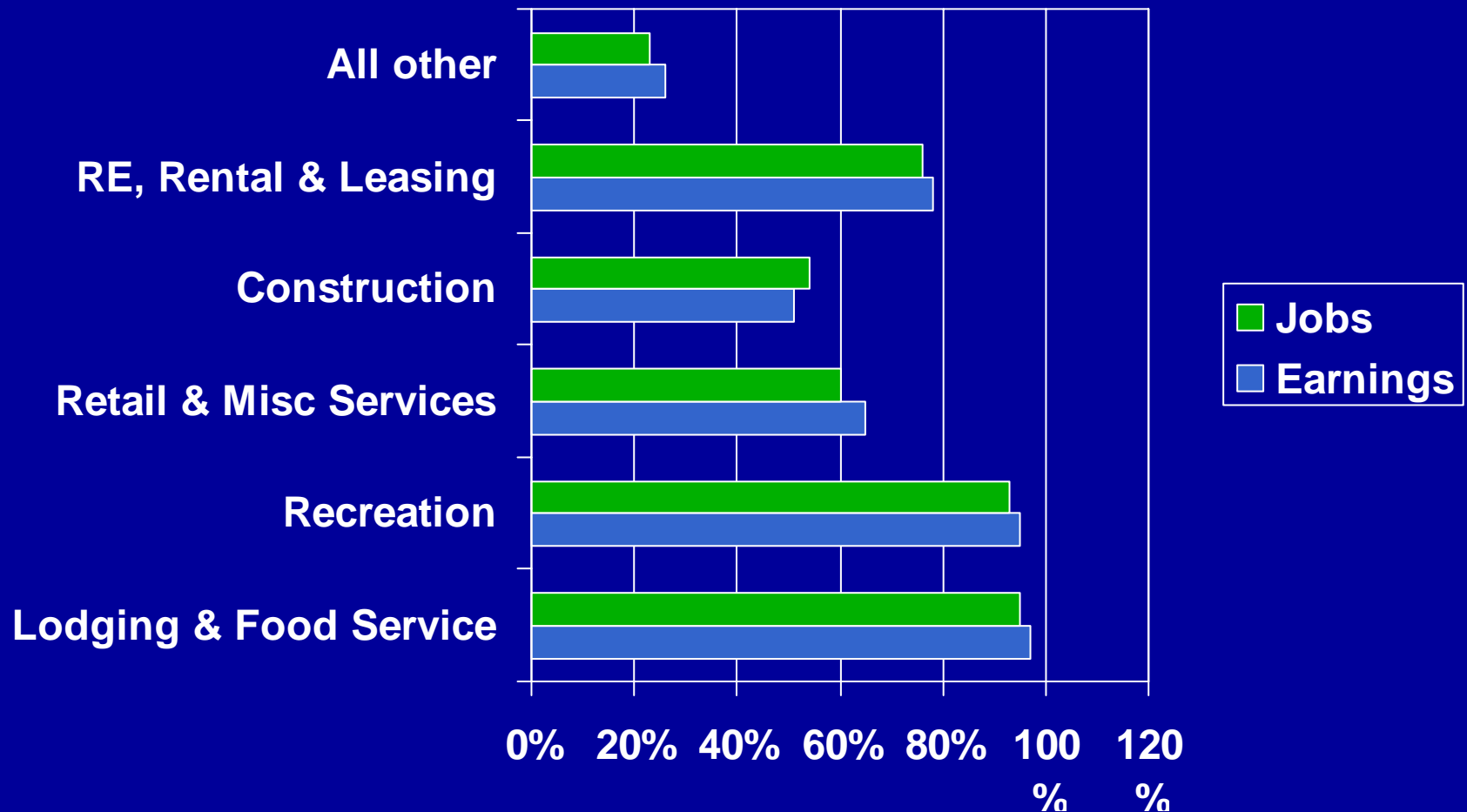
# Lake Tahoe Economic Overview

- Tourism dominated economy
  - Increased competition with tourism Industry
  - An economy of small business
- Economy in transition
  - Increase in second homeowners
  - Many in the community leaving
  - Need for a more diverse economy
- Regulation is having an impact
  - The economy can not adjust as it should

# Tourism Dominated Economy

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Earnings & Employment Generated by Visitor spending in NLT



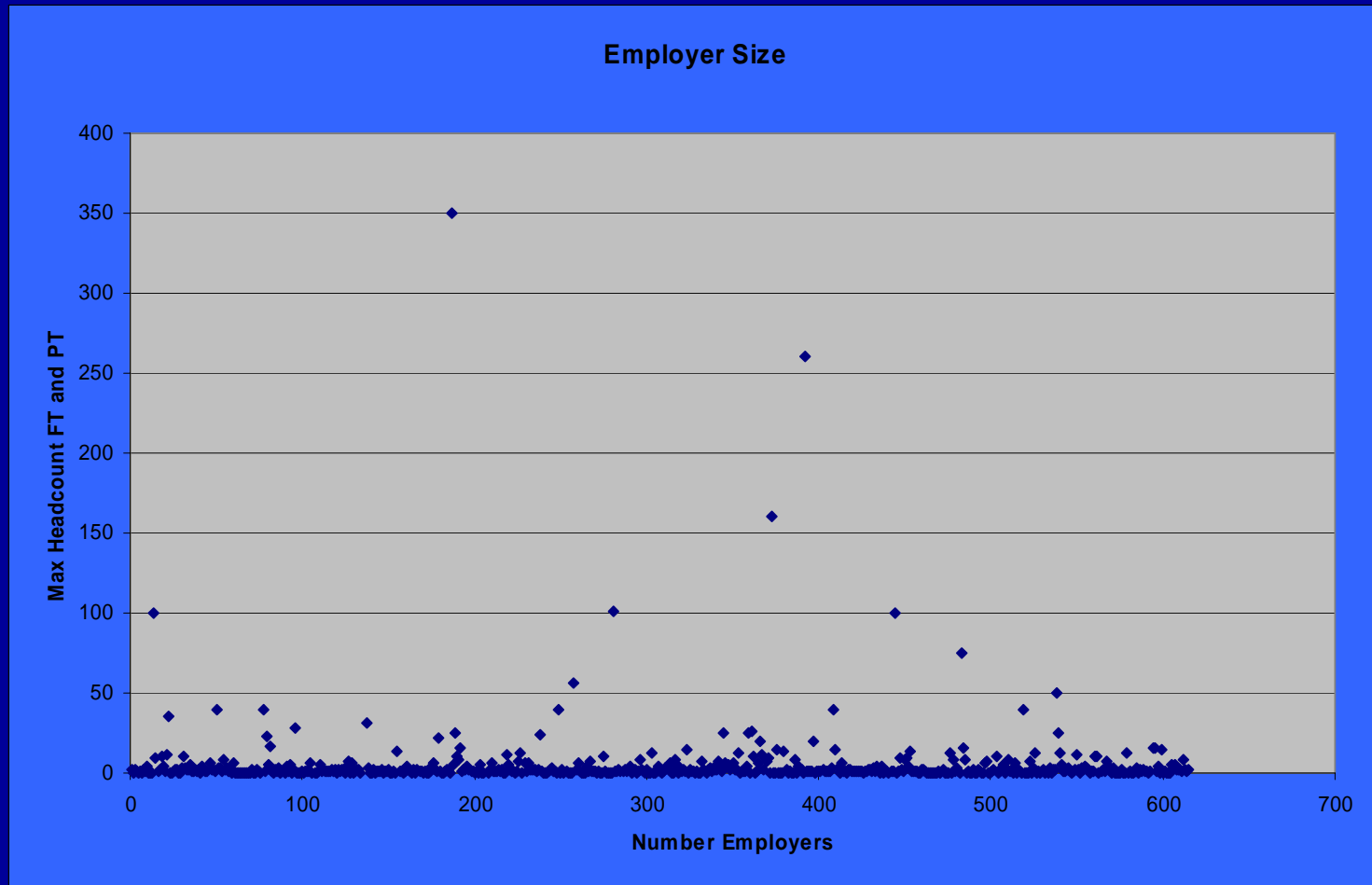
Source: NLTRA, Dean Runyan & Associates  
Economic Significant of Travel to the North Lake Tahoe Area



# Competition is Increasing for the Tourism Dollar

- Bay Area: Napa, Sonoma Mendocino, San Francisco
- Central Coast: Monterey, Carmel, Santa Cruz
- Gaming Competition: Jackson Rancheria, Thunder Valley, cache Creek
- Ski Industry Competition: Utah, Colorado, Mammoth, Canada
- Global Competitors: San Francisco, Las Vegas, Hawaii, Los Angeles
- Emerging Competitors: Sierra Foothills-Sonora to Nevada City

# An Economy of Small Businesses



Source: City of South Lake Tahoe Business License Survey 2005

# Business Birth & Mortality

- Preliminary Finding:
  - NET new business minus departing business generates cumulative, multi-year impact on local economy.
    - Hypothetically: mortality of 7% and birth of 5% yields a net loss of 2%.
      - Mortality rate may be *better* than state average (by 6%) but birth rate could be *worse* (by 5%).

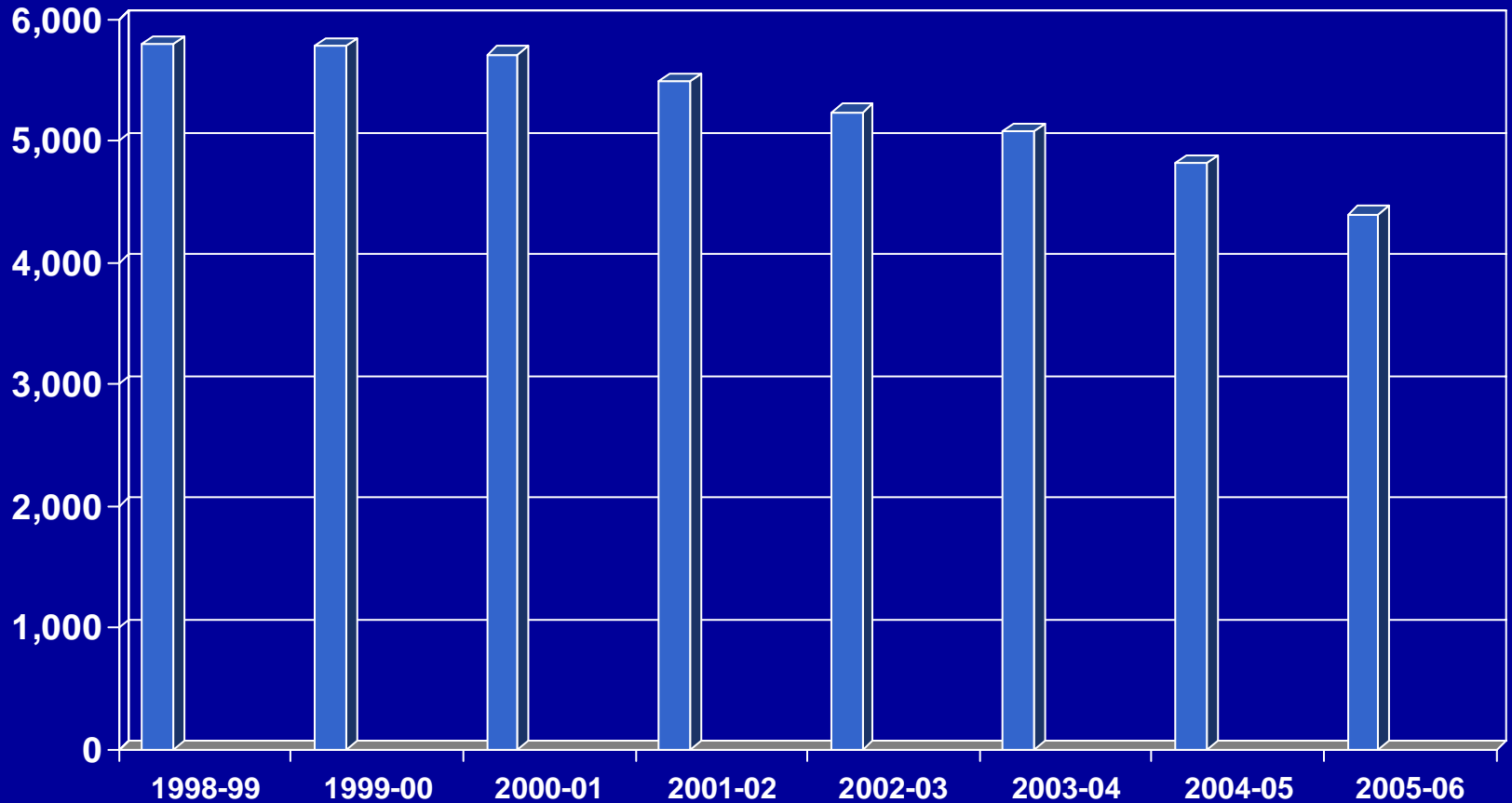
# An Economy in Transition

# An Economy in Transition

- Housing Prices Have Skyrocketed
  - Median Housing value for Incline Village was \$905,000
  - Median housing value for City of South Lake Tahoe is \$475,000 in 2005
- Many leaving the community
  - Need for workforce housing
- Huge retail leakage losses

# An Economy in Transition

## Lake Tahoe Unified School District Enrollment



Source: Lake Tahoe Unified School District

# Retail Leakage

- \$5,200 in foregone revenues annually for every South Shore resident alone
- Total additional retail square footage needed to recapture 25% of existing leakage is 386,000 (South Shore)

Regulations Have Had an Impact



# Regulation is having an impact

- The economy needs to “grow” and regulation and bureaucracy at all levels is creating economic drag
- The economy needs to adjust as the business environment changes
- It is estimated that approximately half of households on the California side of South Shore live below the HUD defined poverty level\*

\* 80% or less of the County-wide median income level.

# Regulation is Having an Impact

- Examples:
  - Not enough capital investment lake wide. Investors are wary of Lake Tahoe.
  - South Lake Tahoe Airport use is still unresolved
  - There has been no conversions of existing hotels to work workforce housing

# Regulation is Having an Impact

- Business start up rate may be lagging (needs more study)
  - Business start up are weak in the middle 50-100 employees. Just 5 such employers would make a difference and could be importing revenue to the economy.
- The scale of potential real estate development is so small that it ensures an “Aspen effect”
  - All coverage will devolve to providing higher profit per square foot residences and tourist accommodations and small scale tourist shops pushing out the middle class.

# Regulation is Having an Impact

- Regulation is restricting us.
  - We are not getting the kind of “crop rotation” in real estate investment that the real estate prices would otherwise cause to turn over in the increasingly slum like conditions
  - All boats should be rising with the tide (Mixed use where commercial real estate can hook a ride on the higher profit residences with some inclusionary mid-low income units)
  - We have stratification of income, housing and other opportunities that area leading to some polarization within the community.

# Agenda for Change

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- Truly embrace what the compact says “establish a balance, or equilibrium, between the natural environment and the human-made environment” by integrating the triple bottom line.
- Modify current coverage rules and recognize that we are moving into a redevelopment phase
- Create an organizational culture that has appreciation and values the economy and the community well being in addition to the environment

# Agenda for Change

- Development of Lakewide Socio-economic Advisory Committee consisting of local business and economic leaders, to be formed and staffed by Economic Development Directors and managers/coordinators within the basin
  - To coordinate collect and analyze of economic data; use economies of scale in data collection
- TRPA must identify and disclose the direct and indirect economic costs of additional regulation

# Agenda for Change

- Outsource all activities that do not add value and focus the organization on what it should be doing
  - Local government (State, Local, PUD's)
- Really adopt adaptive management
  - The environment and the economy can not wait for new and better ideas and approaches to be implemented.
- Eliminate the disincentives, the current system has not worked