

SLT resolving Redevelopment Agency issues



The vacant lot on Ski Run and Highway 50 looks to Ski Run Marina, from left, Lake Tahoe Vacation Resort, and Red Hut. Photo/Kathryn Reed

By Kathryn Reed

South Lake Tahoe is about to own a highly valuable piece of property in the city – assuming the City Council agrees to buy it.

On the July 15 council meeting the 1½ acres on the corner of Ski Run Boulevard and Highway 50 is on the agenda. It had been acquired by the now defunct Redevelopment Agency in deals with the prior owner of the timeshare complex that is kitty-corner to this lot. Originally that land was to be developed as another phase of what is now a Diamond Resorts owned property.

It is one of several parcels the Successor Agency needs to eventually unload.

“This is one of the last pieces of undeveloped prime real estate (in the city),” City Manager Nancy Kerry told *Lake Tahoe News*.

The appraised value is \$800,000, which is what the city would pay. The city has \$1.8 million in undesignated reserves. That pot of money is proposed to be tapped to buy the land.

"This meets the council's objective to advance economic development. This gives them the opportunity to own a piece of land they have never owned," Kerry said.

It comes with coverage, but no commercial floor area or tourist accommodation units. It has 88 parking spaces deeded to it from the parking garage next door that is owned by Diamond Resorts.

With the state dissolving redevelopment agencies, a convoluted process is in place for those entities to get rid of land and other holdings they own. Ultimately the Oversight Board will have to approve the purchase. That group's next meeting is July 25 at 3pm at Lake Tahoe Airport.

This parcel has been on the market, but no potential buyer could make it work in the post-redevelopment era. Ideas had been to turn it into a high-end spa or drugstore like Walgreens.

Now the city would have control over what goes there. It's possible the city would sell the land to a developer contingent upon what is built. There could be a lease to buy option as well.

"The next step is to market the property and see what kind of interest there is today," Kerry said.

South Lake Tahoe is sitting on commercial floor area commodities, so developing the site is possible. (In the Lake Tahoe Basin, the Tahoe Regional Planning Agency has made commercial floor area and tourist accommodation units commodities, and has limited how many of each is allowed.)

Other redevelopment/Successor Agency items are also on Tuesday's council agenda. They involve dealing in part with the \$7 million the city took from the general fund to make the Heavenly Village project a reality and the other is the Housing Agency.

This taking was unbeknownst to the public until long after the money was spent. And allegedly the council – which at the time consisted of Hal Cole, Tom Davis, Judy Brown, Kathay Lovell and John Upton – didn't know either. At least that's what they said at a May 2003 council meeting when the gifting of public funds – aka taxpayer money – was acknowledged by then City Manager Dave Jinkens.

It was in 2004 that then-Mayor Davis signed a retroactive loan agreement between the city and Redevelopment Agency so the general fund would be repaid. There is still \$4 million, which includes interest, that needs to be paid.

Tuesday's agenda item will help speed up that process.

In 2010, the state "borrowed" \$2 million from the city's Redevelopment Agency. The agency didn't have the money so it borrowed \$426,000 from the Housing Agency.

Money to pay back the Housing Agency and city will come from revenues of sales of former Redevelopment Agency holdings, like the Ski Run-Highway 50 property, as well as property taxes.

A complicated state process allows those debts to be added back as an obligation of the non-existent Redevelopment Agency. The Successor Agency has to approve these transactions.

Kerry said the multimillion-dollar note owed the city could take upward of 10 years to pay off, but she was adamant the debt would be paid once the agencies vote on all the transactions.

On the Aug. 5 council agenda will likely be the option to refinance the bonds associated with redevelopment. This will lower the debt payment, which could mean the Housing Agency and general fund bills get paid sooner.