

TRPA-created commodities impact development

By Kathryn Reed

As the economy continues to improve in South Lake Tahoe, it means people want to build – it's happening at both ends of town as well as in mid-town at Harrison Avenue.

But what most of these developers need is commercial floor area, or CFA. This is a commodity created by the Tahoe Regional Planning Agency as a way to control growth. It worked – to a point.

The problem today is that instead of a free market and zoning dictating development, it is money – as in who has a bank account big enough to pay for CFA. The other problem is the city has a loose policy as to how CFA is divvied out, and no firm price.

City staff said the going rate for CFA is \$30 per square foot.

Plus, it's not like there is an unlimited supply of CFA.



Additional commercial floor area was acquired at Harrison Avenue to create a rooftop dining area. Photo/LTN

Jurisdictions have received CFA allocations from TRPA for various reasons that are then earmarked for specific area/community plans. TRPA has since stopped awarding CFA. The city has some banked CFA from trades, sales and development projects.

And while the TRPA recognizes the CFA and tourist accommodation unit commodities are impacting progress, that bi-state regulatory board doesn't anticipate changing the current structure for at least a couple years.

The city's criteria for CFA allocations in part include:

- The project being in an adopted area or community plan;
- The project must be mixed use;
- Distressed properties being remodeled or removed;
- There must be an economic benefit to the community.

Before the August council meeting the city had 57,596 square

feet of CFA. With what was approved last month and what is being requested this month, the council will be down to 36,671 square feet if all get green-lighted.

Two applicants came before the City Council last month asking for CFA, and more are expected to do so next week when the electeds meet.

In August, the council voted 3-2 to sell 600 square feet of CFA to Tom Haen at \$20 a square foot. Councilmembers Tom Davis and JoAnn Conner were in the minority. Davis argued that it should be free. Councilmember Hal Cole reminded him that he twice voted to charge for CFA, and said reversing policy now would set a bad precedent.

Haen needs the CFA for a project on Industrial Avenue, which he is trying to bring into compliance.

“There is nothing in the policy in any form to provide CFA or any commodity for free,” City Attorney Tom Watson said. “The practice of this council for the last two years is to charge for CFA.”

The other request in August was from Mike McKeen and John Cefalu, who are partners in a project at Harrison Avenue.

“Now you are changing the rules on us. That is unfair and unreasonable,” Cefalu told the council before the vote.

After some heated discussion, the council unanimously agreed to give the men the 970 square feet of CFA.

Ultimately the council made its decision based on Cole agreeing with Cefalu’s recollection that the CFA ended up in the Bijou-Al Tahoe Area Plan from TRPA as an incentive for redevelopment.

Redevelopment is exactly what this project is. Cefalu and McKeen are demolishing the better part of a building that used to house a bagel shop and standup paddle rental.

“We want to use the upstairs deck. That needs CFA,” Cefalu told *Lake Tahoe News*.

The goal is to be done by Christmas, with a handful of tenants occupying the structure.

“The upstairs will probably be office or light commercial; something that doesn’t require a lot of parking,” Cefalu said.

He wouldn’t say what the bottom area will be, but sources have told *Lake Tahoe News* a brewery is likely.

As for the other uses for CFA, on Sept. 20 three mixed-use projects spearheaded by Steve Leman and Clint Purvance are expected to be on the council agenda. A project on 4th Street needs 5,366 square feet of CFA, South Avenue needs 6,161 square feet, and Emerald Bay 7,828 square feet.