

Regional Land Development Commodities Action Plan

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TAHOE PROSPERITY CENTER

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Executive Summary

The Board of the Tahoe Prosperity Center (TPC) decided to convene a group of public and private stakeholders in the Lake Tahoe Region to address real and perceived issues associated with land development commodities and transfers as defined in the Tahoe Regional Plan and Code of Ordinances. The Tahoe Regional Planning Agency (TRPA) and AECOM consultants, who have been preparing an economic development incentive strategy for the Region as part of a grant funded project, provided assistance to the stakeholder committee.

The stakeholder committee created this action plan over a four month period through the following process:

- January, 2014 – The committee received presentations on the regional land development commodities system and on redevelopment barriers created by the current system, and approved the four month process.
- February, 2014 – The committee identified problems and received a report with summarized commodities data.
- April, 2014 – To address the problem statements from the previous meeting, the committee selected and discussed potential solutions and identified initial actions.
- May, 2014 – The committee reviewed then approved this action plan and agreed to reconvene on an ad hoc basis to review progress towards implementing the action plan.

Another meeting to examine progress on the action items will be scheduled by TPC in January, 2015.

The five topics covered by the approved action plan follow.

1. Commodity Tracking and Exchange System Enhancements – Adding functionality and various improvements to the system and website that was recently introduced by TRPA.
2. Commodities Bank – A single entity where any party can buy and sell any of the commodities. It is anticipated that the California Tahoe Conservancy and Nevada Division of State Lands will play a major role in this entity if it is created.
3. TRPA Code Amendments – A series of amendments to the TRPA Code of Ordinances to make the commodity transfer and conversion processes more efficient and attractive to parties interested in buying and selling commodities in order to achieve environmental improvement.
4. Education and Information Program – Materials and public outreach to make the sources of commodities and associated processes for transfer and conversion better understood by potential users.
5. Local Government Working Group – A working group including local governments, land banks, and TRPA. This group would identify jurisdictional targets for commodities.

The overview, key discussion points, desired outcomes, action items including the responsible party (or parties) and estimated timeframe, and longer term action items for each of these five comprise the remainder of this report.

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1. Commodity Tracking and Exchange System Enhancements

Overview: The newly launched commodity tracking and exchange system, referred to in this document as the TDR Marketplace, provides commodity information, price and tools for a variety of users including buyers and sellers. The system is integrated with the TRPA permit tracking software and has a website that offers map tools and allows users to advertise the commodities that are for sale or those that are desired for purchase. The website is:

[http://www.trpa.org/permitting/transfer-development-rights/tdr-marketplace/.](http://www.trpa.org/permitting/transfer-development-rights/tdr-marketplace/)

This action item is focused on enhancing the system for users.

Key Discussion Points:

- The TDR Marketplace should be able to distinguish between certified/verified commodities and those that have not been so certified/verified (example is adding information on whether the land capability has been verified or whether the commodities have been acknowledged by TRPA). Adding the verification information for sellers would increase confidence for buyers. The TDR Marketplace already offers users the ability to input information regarding the date of verification, the amount of existing verified coverage, and regarding associated permits.
- Add information on the amount of reserved commodities to the TDR Marketplace (reserved commodities can expire if the development is not built within a certain time frame). More transparency on baseline and existing conditions would support the marketplace. Adding distinctions between commodities that are available, tagged for redevelopment (reserved), etc. would help distinguish between what is on paper versus what is truly available.
- Improve governance since this is important for ensuring credibility and for encouraging participation.
- Provide information on commodity pools at the sub-jurisdictional/neighborhood level to make it easier to understand constraints.
- Consider adding information on the current stage of the transfer of commodities which is important since transfers are contingent on other actions (e.g., completion of a project) and sometimes revert back to the original owner.
- TRPA has applied for a California Strategic Growth Council (SGC) Round 3 grant that could partially fund enhancements to this system.
- It might be useful to explore the option of adding qualifications on who can be a buyer or seller. Although the website is more of an information sharing resource rather than a regulated bank.

Desired Outcomes: Enhance the TDR Marketplace to improve transparency and accuracy regarding commodity availability, increase the TDR Marketplace credibility, increase knowledge

about the supply of commodities, increase usage of this resource, and improve accessibility to needed information.

Action Items:

1.1 Reconvene the group of users involved in designing the commodity tracking system (a.k.a., working group) and other interested persons to identify specific areas of improvement to make this resource more user-friendly and informative. Discuss ways that TRPA or another entity could release aggregated, anonymous information on the average price of commodity sales. Identify stakeholders and targeted respondents (such as realtors) for a survey (see task 1.2).

Responsible Parties: TRPA in partnership with working group.

Timeframe: Complete within 90 days (3 months) after funding from the SGC Round 3 grant or other additional funding source is obtained and associated contracts are finalized.

1.2 Assess how to get higher website usage through promotional and educational efforts and website enhancements. Survey website users and identified respondents to find out key website improvements and inform the assessment.

Responsible Parties: TRPA in partnership with website consultant.

Timeframe: Begin after completion of Task 1.1. Complete assessment within 90 days (3 months) after funding and the associated contracts are secured.

1.3 Add enhancements that would increase confidence with listing through the TDR Marketplace. Provide the option for users to indicate whether commodities have been certified or verified. Implement website enhancements.

Responsible Parties: TRPA in partnership with consultants.

Timeframe: 180 days (6 months) after an assessment described in 1.2 is completed.

1.4 Better quantify the market inventory by adding TDR Marketplace reporting enhancement for local jurisdictions to indicate which commodities are reserved. Explore the possibility of providing an enhancement that reminds local jurisdictions when reserved commodities will be expiring.

Responsible Parties: TRPA, local jurisdictions, consultants.

Timeframe: 270 days (9 months) after an assessment (task 1.2) is completed.

1.5 Provide information through TDR Marketplace on commodity pools at the sub-jurisdictional/neighborhood level to make it easier to understand the constraints.

Responsible Parties: TRPA and local jurisdictions.

Timeframe: 270 days (9 months) after an assessment (task 1.2) is completed.

Longer Term Action Items:

- Create verification process and cost structure for sellers and buyers and add this to the TDR Marketplace.
- Based on working group direction, develop TDR Marketplace tools to generate reports, provide education on commodities and the TDR Marketplace, and survey users.

2. Commodities Bank

Overview: Utilize existing land banks (California Tahoe Conservancy and Nevada Division of State Lands) to expand commodities banking (purchase, transfer, and/or retire commodities in targeted locations) and facilitate market transactions.

Key Discussion Points:

- Stakeholders are positive about this, and suggest that land banks are candidates to take this on given that they are already involved in the market.
- Land banks are already doing this for some commodities (e.g., Coverage), but not others (such as TAUs), and other stakeholders request that they take on a more strategic role across all commodities as a “market maker” that provides liquidity because the current rate of transactions is low.
- Stakeholders suggest that land banks may be able to generate a revenue stream for these new activities by charging for listings, as is common in exchanges for other markets (and also supports the listing of credible commodities), or by partnering with local governments.
- Land banks state that they should establish goals to buy a certain number of commodities, but note that by publicizing that they have a demand for certain commodities, they may be increasing the price of the commodities they would like to purchase.
- Land banks question whether this task is necessary. The land banks plan on meeting with different jurisdictions to find out their targets and they intend to explore ways to help them meet these targets. They will need to review the MOU with TRPA to analyze restrictions on the use of revenue and address legal issues on the pricing of commodities for sale (See Task 5.1). Establishing a governance structure might conflict with the mission of the land banks. However, improving transparency and comprehension of the incentive program could promote economic opportunity. Directing assets strategically to help meet regional plan goals might be a better avenue than releasing assets on a first-come, first-serve basis.
- TRPA has applied for a California Strategic Growth Council Round 3 grant to fund the implementation of this action plan; it could partially fund the analyses necessary for establishment of this commodities bank.

Desired Outcome: Enhance existing land bank functions or establish a new commodities bank to take a more strategic role in the economic condition of the commodities market, in education of the market, and in market transactions for all commodities.

Longer Term Action Items:

- Identify the advantages/disadvantages of a creating a commodities bank to achieve the goals for commodity banking activity by region/jurisdiction, funding source options and availability of funds, governance structure, and the role of this bank vis-à-vis the existing land banks. Decide whether to further pursue establishment of a commodities bank including funding sources, governance structure, etc. The responsible parties would be the TPC in partnership with a working group and land banks.

- If the commodities bank is established, obtain funding source (e.g., government or non-government organization funds, private philanthropic investor, or other source) to purchase commodities and provide a more predictable process and prices for redevelopers.

3. TRPA Code Amendments

Overview: Evaluate commodity conversion options and other policy avenues for meeting the TRPA Regional Plan goals. If deemed necessary, provide code amendment recommendations.

Key Discussion Points:

- One stakeholder stated that the current code does not require the holding of commodities for permitting. Stakeholders would like to have this point documented and clarified that the current code does not require commodities to be held for early permitting processes.
- Stakeholders like the concept that there could be convertibility and transfer of all commodities based on a formula that would result in neutral environmental impacts from conversion.
- Stakeholders would like TRPA to continue to simplify, as well as streamline, the code.
- TRPA has applied for a California Strategic Growth Council Round 3 grant to fund the implementation of this action plan that could partially fund a consultant to assist with these Code amendments.
- It would be more effective to holistically analyze a suite of policy options that could help meet Tahoe Regional Plan goals prior to completing environmental documentation on a single amendment. Perhaps more time should pass before amending the newly adopted Regional Plan code. Though it will be important to assess how well the transfers and commodity exchanges are working to meet the Regional Plan goals such as with achieving environmental gains and environmental redevelopment.
- The CFA conversion to TAU is one of the few conversion options missing in the TRPA Code (Note: These conversions are only allowed under certain circumstances and the other conversion that is missing is from CFA to residential). Analysis should be conducted on the environmental impact (both positive and negative) for allowing additional conversions. Because there are only 82 tourist bonus units available for the incentive program (See March 27, 2014 Commodities Data Summary), when these are used there will not be bonus units in the pool to continue offering this incentive. This may be the most important reason that the amendments should allow conversions between commodities in the TRPA pool for SEZ and other sensitive land restoration.

Desired Outcomes: Amend the TRPA Code to add flexibility regarding the conversion of commodities that will increase environmental gain and meet Regional Plan goals. Where practical and without reducing development standards, defer initial high-cost permitting requirements to the later or final stages of permitting (e.g., conditions of approval).

Action Items:

- 3.1 Provide information on policy options and bonus unit availability, assess how well the commodity incentives are or can meet Regional Plan goals, and identify the Code amendments most likely to improve the attainment of the Regional Plan goals and Thresholds. Propose TRPA Code amendment options such as allowing commodity

conversions to include CFA to TAU and CFA to residential, and a system for allowing multi-functional commodity usage (e.g., seasonal residential rentals and tourist rentals at different times of the year in the same unit). This process would include an evaluation of commodity conversion feasibility, environmental review, and the review of options and ratios prior to proposing the actual code amendment.

Responsible Parties: TRPA in partnership with development code consultant.

Timeframe: Complete within 360 days (one year) of funding.

- 3.2 Through changes in administrative policies and procedures where practical, adjust when high-cost items are required to a later point in the permitting process for development and redevelopment projects, and/or document when costly items are required. Evaluate this on an on-going basis.

Responsible Party: TRPA.

Timeframe: Ongoing. Task 4.2 might inform these changes. Complete change to policy and procedures manual within 360 days (one year).

Longer Term Action Items:

- Examine the barriers (such as costs) related to using bonus units and examine the rate of use of these incentives.
- Complete a comprehensive review and simplification of the TRPA Code.
- Continue to clarify the rules for commodity transfers as the Code, policies and procedures, and other factors change.

4. Education and Information Program

Overview: Perform targeted outreach, such as the release of key educational information to support regional plan goals, and workshops. For example, create a flow chart related to permitting requirements, other requirements, and the development approval processes. Consider expanding this to include fees and jurisdiction-specific details.

Key Discussion Points:

- Stakeholders would like a resource that documents the costs of fees connected to the process flow chart. Additional sub-flow charts were also suggested for:
 - individual jurisdictions and
 - coverage costs (such as the costs associated with the verification of coverage and coverage mitigation fees).
- Rather than one ombudsperson for complex projects, TRPA is striving to have all staff trained to be responsive to projects.
- To improve the understanding on the limited amount of development-related commodities, some participants felt that communication needs to occur on the growth management system in the Tahoe Region.
- General public, the environmental community, and business owners should also be targeted for education. Education of the general public may result in more pressure on jurisdictions to allow transfers that are financially beneficial to their residents. More public processes would also serve to educate these groups.
- There is concern that not enough commodities exist at the regional level to make transfers between jurisdictions attractive to all jurisdictions. It was suggested that there be outreach to jurisdictions to develop an overall strategy that gets all jurisdictions on board.
- Provide education on the coverage mitigation fees and land coverage.
- Improve the accuracy of numbers provided in TRPA reports (particularly the existing commodities accounting) and add information on reserved commodities (for a specific development). Please note that hotel rooms associated with casinos are not always considered TAUs (i.e., not available for transfers per the TRPA Compact).
- There was a discussion of ecosystem pricing for commodities to quantify the benefits of retiring TAUs and other commodities and provide an incentive to redevelopment. Such an analysis would examine the energy efficiency, VMT, GHG, and other co-benefits. There is interest in examining this at a regional level because that is the level at which the results become significant.

Desired Outcomes: Develop Frequently Asked Questions and other key outreach materials and/or events to better inform stakeholders and Tahoe citizens.

Action Items:

4.1 Assess what information is needed by current or potential users and then target message appropriately by producing and distributing factsheets or policy briefs for the City, Counties, Chambers of Commerce, stakeholders, and construction groups. Provide these materials on the TRPA website.

Responsible Party: TRPA in partnership with commodities working group.

Timeframe: Complete within 180 days (6 months) after funding and the associated contracts are secured.

4.2 Assess and prioritize what permitting process information is needed and develop process flow chart for TRPA permitting. Add local government charts as they become available.

Responsible Party: TRPA in partnership with commodities working group and local jurisdictions.

Timeframe: Complete within 360 days (one year).

Longer Term Action Items:

- Perform ongoing outreach on key topics recognized as needing clarity. Work with Chambers of Commerce, and City and County staff to hold educational forums on specific topics related to development.
- Develop jurisdiction-specific flow charts including the permitting and development approval process and permitting fee structure.
- Improve the accuracy of existing commodity estimates with the integration of more accurate datasets. Process, standardize, add value, and verify these data to provide a more accurate estimate of existing CFA, TAUs, and existing Residential Units. To address information barriers, educate buyers and sellers on the state of the market. Consider summarizing commodity transfers and conversion transactions over the past decade in the Tahoe Region to better inform users.
- Participate in the newly initiated TRPA technical working group referred to as the "Coverage Transfers across HRAs" working group that is addressing key coverage issues such as excess mitigation fees. Possibly carry forward key recommendations offered by this working group. Provide material that offers a clear overview of coverage policies and development requirements.
- Educate the market on activities and capabilities of the commodities bank.

5. Local Government Working Group

Overview: Establish a local government working group comprised of technical staff to develop commodity targets for each local jurisdiction.

Key Discussion Points:

- Working group needs a specific charge. Suggest that this group take on the jurisdiction-level target-setting process to ensure that early outcomes are substantive.
- Working group also needs a deadline to present targets and an implementation plan, which will be taken to an organization like TPC for implementation. TRPA and land banks also should be involved in this process at some stage.
- The land banks plan on meeting with different jurisdictions to find out their targets and will help them meet these targets. In the past, the Community Enhancement Program in the old TRPA Regional Plan consumed all the commodities for larger projects. The new TRPA Plan adopted in 2012 does not use this same system for distributing commodities.
- Placer County is completing a report that analyzes commodity targets. Integrating this information into Task 5.1 (below) would be more appropriate than independent, uncoordinated efforts.

Desired Outcomes: Establish a local government working group to identify commodity targets and ways to achieve those targets.

Action Items:

- 5.1 Convene government staff to identify non-regulatory targets on CFA, TAU, and other commodities (i.e., targets for sending and receiving different commodities). Identify the type and location of commodities and development resources (i.e., inventory these commodities), and set goals for commodity banking activity by region/jurisdiction.
Responsible Parties: TRPA, CTC, NDSL, local jurisdictions and consultant.
Timeframe: Coordinate with the Placer County project schedule and complete for remaining jurisdictions no later than 180 days (6 months) after funding and the associated contracts are secured and the Placer County report is completed.
- 5.2 Provide education to local government working group on the TDR Marketplace.
Responsible Parties: See Action Item 4.1 (Assess what information is needed by current or potential users and then target message appropriately by producing and distributing factsheets or policy briefs for the City, Counties, Chambers of Commerce, stakeholders, and construction groups. Provide these materials on the TRPA website.)
Timeframe: See Action Item 4.1
- 5.3 Develop strategy to achieve targets and monitor the progress over time.
Responsible Parties: Local Government Working Group plus stakeholders.
Timeframe: Complete within 180 days (6 months) of completion of Action Plan Item 5.1.

Longer Term Action Items:

- Generate more accurate estimates on inventory levels of CFA, TAUs, and other commodities. This could be in coordination with activities in Action Plan Items 1 (Commodity Tracking and Exchange System Enhancements) and 4 (Education).