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Priced out of paradise

FRANK X. MULLEN

RENO GAZETTE-JOURNAL

Posted: 4/30/2007

STORY CHAT(read or post comments)

Each week day, Joe Savage awakes in Reno at 4:45 a.m. so he can drive to Lake Tahoe in time to teach his 6:55 a.m. music class at Incline High School.

He is the school's sixth music teacher in the last eight years.

"Most of the (previous music teachers) have quit or not carried on because of the extremely long commute from Reno, especially in the snow, and the extremely early start to the morning," Savage said. "It's just really difficult to retain teachers because of that. The music program here has also been in shambles because of that."

Savage is among the professionals at Lake Tahoe who live "off the mountain" because they can't afford to live where they work. Those people -- teachers, government workers, public safety employees, managers and office and retail workers -- often quit their jobs at the lake

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DAVID B. PARKER / RENO GAZETTE-JOURNAL

Carpenter Noe Cruz Torres of Reno works in the doorway of one of the affordable housing units at Gray's Crossing in Truckee on Thursday, April 26, 2007.

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when they tire of commuting or buy a home elsewhere.

Some lower-income workers also commute, but many live at the lake in crowded mobile home parks or aging apartment complexes.

The last several years has seen another trend: The middle class is leaving Lake Tahoe, where housing prices have soared so high that locals joke the billionaires are driving out the millionaires.

In 1996, the median sales price of a single-family home in the Lake Tahoe Basin was about \$160,000, according to real estate reports at the time. By 2004 the median price was \$617,475.

For the first quarter of this year, the median was \$873,842, according to the real estate agency Chase International. The agency reported this month that Tahoe home prices rose 20 percent to an average of \$1.4 million for the first quarter of 2007. About 60 percent of the 40,000 housing units at Lake Tahoe are second homes, occupied by part-time residents, according to a 2004 report by the North Tahoe-Truckee Workforce Housing Symposium.

Middle class residents, many of whom have reached retirement age, are selling their Tahoe homes to buyers from the Bay Area, who use them as weekend or seasonal retreats. School districts around the lake report a 20 percent decrease in students over the last four years. The Placer County, Calif., jury pool also decreased by 20 percent over the last three years.

The middle class is fleeing paradise.

Rachelle Pellissier, executive director of the Workforce Housing Association of Truckee Tahoe, said the exodus of the middle-income workers creates a tear in the fabric of the community. As older workers retire and sell their Tahoe homes, their replacements aren't able to find housing anywhere near their jobs.

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By The Numbers

- For the first quarter of this year, the median price for a single family home in the Lake Tahoe Basin was \$873,842 and Tahoe home prices rose 20 percent to an average of \$1.4 million.
- The median home price on Tahoe's north and west shore exceeds \$600,000. Such a home can be purchased by a household earning \$150,000 per year with a \$70,000 down payment.
- Median salaries in Lake Tahoe area: firefighter, \$38,248; high school teacher, \$49,675; sheriff's sergeant, \$59,000.

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That results in high turnover rates for businesses and governments, she said, and a domino effect of other problems.

"The people in the middle income ranges are starting to move off the mountain to try to find affordable housing," Pellissier said. "If there is any kind of emergency, say like last January (2006) when we had the landslide that closed I-80, there's no way for that emergency personnel to get up here.

"It affects everything. We don't have workers to work in our businesses. In the shoulder season when we don't have the tourists here using our services, we don't have locals to use our services and consequently businesses are going out of business.

"It just has a long-term effect on the economic viability and the social viability of any community. It trickles down to every aspect of our community."

The choice for the future, Pellissier and other workforce housing advocates said, is between a resort area that is a ghost town and a weekend playground for the rich or a viable, diverse community of many income levels.

Pellissier said skyrocketing housing costs, stringent environmental regulation and opposition from residents who don't want affordable housing projects near their properties are the barriers to workforce housing in the Tahoe Basin.

Nobody has to tell that to Alex Mourelatos, whose family owns the Mourelatos Lakeshore Resort in Tahoe Vista. For six years, Mourelatos has been trying to create affordable housing in Tahoe Vista. His family owns 12 acres now slated for 72 units of affordable housing, but he lost the original developer who couldn't afford the expense of meeting the basin's complex environmental regulations.

He and the new developer, Pacific West Communities, are continuing to fight for approval of the project, called Vista Village.

Mourelatos said it's appropriate for the lake to have stringent environmental standards, but said the bureaucracy and regulatory approvals add a lot of costs to affordable housing's already slim business margin.

He said the most significant deterrent to the development of affordable housing in the basin is the

- More than 60 percent of the 40,000 housing units at Lake Tahoe are second homes, occupied by part-time or seasonal residents.
- The Tahoe Regional Planning Agency has had 1,145 affordable housing allocations available since 1987, but only 383 have been used.

Sources: U.S. Census, real estate agency Chase International, Tahoe Regional Planning Agency, North Tahoe-Truckee Workforce Housing Symposium, Tahoe Unified School District, the Workforce Housing Association of Truckee-Tahoe and Reno Gazette-Journal research.

On the Web

JOIN THE CONVERSATION: To see videos, slideshows, stories and to join discussions about the workforce housing issue at Lake Tahoe, sign on to www.OurTahoe.org, an experimental journalism site created by the graduate program at the Reynolds School of Journalism, University of Nevada, Reno.

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regulatory hurdles of dealing with two government agencies, Placer County and the Tahoe Regional Planning Agency. That means, he said, "the level of analysis and the complexity of that analysis is far greater than I think you would find elsewhere.

"There's a need truly to work with the developers to bring in the housing. And you do that through incentives, you do that through speed, through the review and approval process and removing complexity. And you could go further in providing financial incentives through reduced fees, mitigation fees, et cetera."

The Tahoe Regional Planning Agency has affordable housing incentives in place, but more needs to be done to encourage the construction of workforce housing in the basin, said Julie Regan, TRPA spokesperson.

She said the agency has had 1,145 affordable housing allocations available since 1987, but only 383 have been used. TRPA also made 10 building code changes to make it easier to create affordable housing, has "streamlined" the permitting process and supports more workforce housing in the basin.

"We've removed some obstacles, but there are some challenges left," Regan said. "Market forces are a bigger obstacle than regulation, but there are potential changes in the zoning codes, such as building height and density regulations that are being looked at in the review of the regional plan."

She said the environmental community is wary of changes in density rules, fearing that would open the door to more development around the lake. But commuters also add to the lake's pollution.

"We don't have exact data, but commuters have an impact on air quality," she said. "There are spikes in air degradation during drive time."

She said pollution from automobiles has a major impact on the clarity of the lake, the major environmental issue at Tahoe.

Mourelatos said getting residents on board with affordable housing plans is essential for building Vista Village or any other affordable project. He said Pacific West is holding outreach sessions and made changes to development plans based on community concerns.

"We've learned a lot trying to get the project through," he said. "There has to be open communication and we have to treat neighborhood concerns seriously."

Residents often object to workforce housing developments because they fear affordable housing will burden roads and bring increased crime to their neighborhoods. But research by the Housing Symposium shows that keeping a demographic balance in a community keeps schools open, increases mass transit usage, improves quality of life and increases property values.

And it keeps experienced people at their jobs, allowing businesses and governments to avoid the re-hiring and re-training costs that come with high employee turnover.

Savage, the Incline music teacher, said he and his wife are looking for a house in the Reno area.

"If I make a housing purchase in Reno, it's difficult for me to predict that I'd stay here for a long time after that," he said. "I'll commute in the beginning, but unless a better housing situation can be worked out, there's just no way I can commit to staying here.

"I'd love to stay with this program. It's a great program. The kids here are awesome and the

parents have been wonderful to work with. It's really a great community up here, but it's really difficult to be a part of that community when I have to go home at night."

Story Chat

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