



## **Chapter 3**

### **Demographic and Economic Conditions**

## **3.1 INTRODUCTION**

This chapter describes the demographic and economic characteristics of South Lake Tahoe, in many cases comparing South Lake Tahoe with the Tahoe Region, El Dorado County, SACOG Region, and California. These comparisons provide perspective to highlight important characteristics of South Lake Tahoe. Demographic information is used to identify changes and trends in the makeup, composition, and, ultimately, the demands of South Lake Tahoe’s population. This chapter summarizes market conditions in South Lake Tahoe and the surrounding region, showing the economic strengths and potential areas of growth. Chapter 4–Housing provides a more in-depth discussion of housing conditions, population and demographic trends, and employment characteristics and trends.

- Introduction (Section 3.1)
- Historical Population Growth (Section 3.2)
- Population Characteristics (Section 3.3)
- Population Trends (Section 3.4)
- Employment Conditions (Section 3.5)

## **3.2 HISTORICAL POPULATION GROWTH**

### **Introduction**

This section summarizes historical estimates of the year-round population in the city of South Lake Tahoe. Population estimates are derived from the 2000 U.S. Census, using models from the California Department of Finance (DOF) and Applied Geographic Solutions.

### **Major Findings**

- According to the DOF, the city experienced its most dramatic population growth between 1970 and 1980, but the population peaked in 2002 and has remained relatively constant at approximately 24,000 since then.
- Data from Applied Geographic Solutions shows that the city’s population grew at a faster rate than DOF estimates between 2005 and 2007, reaching a population of 26,526 in 2007.



## Existing Conditions

Analyzing past and current (2008) population trends can provide important insight into a city's future. Table 3-1 shows how the city's population has grown since 1970. Population for 1970 through 2000 is taken from the U.S. Census; the population estimates for 2001 through 2008 come from the California Department of Finance (DOF).<sup>1</sup> The U.S. Census collects demographic data about individuals based on their place of primary residence, and therefore these population estimates do not account for second homeowners and the hundreds of thousands of visitors that vacation in South Lake Tahoe each year.

<b>Year</b>	<b>Population</b>	<b>AAGR<sup>1</sup></b>
1970	12,921	-
1980	20,681	4.82%
1990	21,586	0.43%
2000	23,609	0.90%
2001	23,970	1.53%
2002	23,986	0.07%
2003	23,977	-0.04%
2004	23,847	-0.54%
2005	23,700	-0.62%
2006	23,530	-0.72%
2007	23,582	0.22%
2008	23,725	0.61%

Note: AAGR (average annual growth rate)  
 Sources: Historical U.S. Census, 1970-2000;  
 California Department of Finance, Table E-5:  
 City/County Population and Housing Estimates,  
 2001-2008.

Incorporated in 1965, the city of South Lake Tahoe experienced its most dramatic population growth between 1970 and 1980 when the population grew from 12,921 to 20,681 (an average annual growth rate of 4.82 percent). Since 1980 the city's population has grown slowly to an estimated 23,725 in 2008. According to DOF estimates, the city's population reached a peak in 2002 and declined slightly between 2002 and 2006. The city's year-round population has stabilized at around 24,000,<sup>2</sup> due largely to TRPA regulations that limit the amount of new residential units in South Lake Tahoe. DOF uses residential unit assumptions as one of the major inputs for their population models.

<sup>1</sup> The California Department of Finance (DOF) claims that their method for estimating city population has a general error of 5.6 percent for 521 reporting cities. City staff believes that South Lake Tahoe's size may render this average error understated.

<sup>2</sup> City staff believes that the slower growth in the city's population may be due, in part, to the fact that the DOF estimates population using the Housing Unit Method (HUM), which bases the population estimate primarily on changes in the housing stock. DOF models and methods do not account for overcrowding, undocumented populations or those without driver's licenses, or second home ownership.



To supplement DOF data, the City hired Applied Geographic Solutions (AGS) to produce population and demographic estimates in 2005 and 2007. AGS accesses a wide range of sources, including the U.S. Census, the U.S. Postal Service, and Experian’s INSOURCE™ database.<sup>3</sup> As shown in Table 3-2, AGS estimated the city’s population at 25,819 in 2005 and 26,526 in 2007 (an average annual growth of 1.36 percent). Since AGS relies on a variety of sources, this alternative population estimate may more accurately reflect the city’s total population at the time of the estimates.

TABLE 3-2 2007 POPULATION ESTIAMTES South Lake Tahoe 2005 and 2007		
2005 Population	2007 Population	AAGR
25,819	26,526	1.36%

Source: Applied Geographic Solutions, 2005 and 2007

### Population Growth Comparison with El Dorado County

While U.S. Census and DOF data suggest that South Lake Tahoe has experienced marginal population growth since the 1980s, El Dorado County’s population has grown rapidly. Table 3-3 shows that from 1970 to 1980, the city’s fastest period of population growth, the county grew at an even faster average rate of 6.95 percent per year. The city grew at a somewhat lower rate of 4.82 percent during this same time period. This faster population growth in the county is due to the lack of TRPA regulations in the large portion of the county that is outside the Tahoe Basin.

TABLE 3-3 COMPARISON OF HISTORICAL POPULATION GROWTH South Lake Tahoe and El Dorado County 1970-2007				
Year	South Lake Tahoe		El Dorado County	
	Population	AAGR	Population	AAGR
1970	12,921	-	43,833	-
1980	20,681	4.82%	85,812	6.95%
1990	21,586	0.43%	125,995	3.91%
2000	23,609	0.90%	156,299	2.18%
2008	23,725	0.06%	179,722	1.76%

Note: The date of the 2000 U.S. Census is April 1, 2000, and the date of the 2007 DOF estimate is January 1, 2007; therefore, the AAGR for 2000 to 2007 is based on 6.75 years.  
Source: Historical U.S. Census, 1970-2000; California Department of Finance, Table e-5: City/County Population and Housing Estimates, 2007.

### Regulatory Setting

There are no regulatory requirements for this section.

<sup>3</sup> AGS does not document the margin of error associated with their 2005 and 2007 demographic estimates of the city’s population, and their methodology is not fully documented.



## Key Terms

The following key terms are used in this section:

**Average Annual Growth Rate.** The rate at which the population is increasing or decreasing in a given year expressed as a percentage of the size of the base population. It takes into consideration all the components of population growth, including births, deaths, and migration.

## Bibliography

### *Reports/Publications*

California Department of Finance. Table E-5, City/County Population and Housing Estimates, July 2007.

### *Websites*

California Department of Finance. [www.dof.ca.gov](http://www.dof.ca.gov). Accessed May 2008.

United States Census. [www.census.gov](http://www.census.gov). Accessed March 2008.

## 3.3 POPULATION CHARACTERISTICS

### Introduction

This section analyzes U.S. Census demographic data from 2000 and AGS data from 2005 and 2007 to identify existing conditions and trends that are significant to South Lake Tahoe's future. Analyzing demographic data can reveal important information about possible shifts in demand for city services.

### Major Findings

- South Lake Tahoe has a relatively young population, with a large proportion of college-age residents and a smaller proportion of seniors.
- South Lake Tahoe's Hispanic/Latino population grew significantly between 1990 and 2000, increasing by 57.2 percent, to 26.7 percent, slightly more than one quarter of total population. By 2007, the Hispanic/Latino population reached 30.9 percent of the total population.
- Non-family households, including singles living alone, made up the largest share of the city's households, increasing from 40.2 percent of all households in 1990 to 42.7 percent in 2000.
- South Lake Tahoe's population in 2000 was largely "working class" (25.5 percent aged 35 to 49) with over 19 percent of the population lacking a high school diploma, compared to approximately 11 percent in the county and 12 percent in the Region.



- The city's median household income in the 2000 Census was \$34,707, significantly lower than median household income in the county (\$51,484), the Tahoe Region (\$48,288), the state (\$47,493), and the nation (\$41,994).
- The poverty rate for individuals in South Lake Tahoe was 12.5 percent in 2000, meaning one out of eight people in the city were living in poverty, compared to 14.2 percent statewide, and 12.3 percent nationally.

## Existing Conditions

### *Age Distribution*

Table 3-4 shows the age breakdown and change over time of the population of South Lake Tahoe, El Dorado County, and the Tahoe Region based on the 1990 and 2000 U.S. Census. Between 1990 and 2000 there was a slight decrease in the number of children under five years of age, coupled with a significant increase in children age 5 to 17 in South Lake Tahoe. This increase in the number of school-age children between 1990 and 2000 suggests increasing school enrollment during this period. However, the Lake Tahoe Unified School District (LTUSD) has experienced decreasing enrollment since 1997, leading to school closings in the District (see Chapter 6, Section 6.8). While the number of college-age residents (age 18 to 24) in the city increased by 16.3 percent from 1990 to 2000, the population in the 25 to 34 age group decreased by nearly 25 percent. Population in the 35 to 49 age group increased by 20.9 percent and in the 50 to 64 age group increased by 33.7 percent between 1990 and 2000; however, the city's senior population grew by only 11 percent.

South Lake Tahoe's 2000 population was relatively young compared to El Dorado County's, with a larger proportion of 18 to 24 year olds (11.4 percent in the city compared to 6.8 percent in the county in 2000). The city also had a larger proportion of 25 to 34 year olds. While this age group made up 10 percent of the county's population in 2000, 25 to 34 year olds made up 15.8 percent of the city's population. The age groups 35 to 49 and 50 to 64 were proportionally larger in the county than in the city. Seniors over 65 made up only 8.6 percent of the city's population in 2000, compared to 12.4 percent of the county's population.

The difference between the Region's age structure and that of South Lake Tahoe is not as great as the difference between the city's and the county's; however, compared to the Region at large, the city's population is relatively young.



**TABLE 3-4  
1990 AND 2000 AGE DISTRIBUTION  
South Lake Tahoe, El Dorado County, and Tahoe Region  
1990 and 2000**

<b>Age Distribution</b>	<b>1990 Population</b>	<b>% of Total</b>	<b>2000 Population</b>	<b>% of Total</b>	<b>% Change 1990-2000</b>
<b>South Lake Tahoe</b>					
Under 5	1,779	8.2%	1,564	6.6%	-12.1%
Age 5-17	3,331	15.4%	4,376	18.5%	31.4%
Age 18-24	2,316	10.7%	2,694	11.4%	16.3%
Age 25-34	4,953	22.9%	3,719	15.8%	-24.9%
Age 35-49	4,972	23.0%	6,009	25.5%	20.9%
Age 50-64	2,412	11.2%	3,224	13.7%	33.7%
Age 65 and over	1,823	8.4%	2,023	8.6%	11.0%
<b>TOTAL</b>	<b>21,586</b>	<b>100.0%</b>	<b>23,609</b>	<b>100.0%</b>	<b>9.4%</b>
<b>El Dorado County</b>					
Under 5	9,326	7.4%	8,946	5.7%	-4.1%
Age 5-17	23,919	19.0%	31,846	20.4%	33.1%
Age 18-24	8,557	6.8%	10,659	6.8%	24.6%
Age 25-34	20,445	16.2%	15,640	10.0%	-23.5%
Age 35-49	31,777	25.2%	42,258	27.0%	33.0%
Age 50-64	17,026	13.5%	27,616	17.7%	62.2%
Age 65 and over	14,945	11.9%	19,334	12.4%	29.4%
<b>TOTAL</b>	<b>125,995</b>	<b>100.0%</b>	<b>156,299</b>	<b>100.0%</b>	<b>24.1%</b>
<b>Tahoe Region</b>					
Under 5	3,974	7.6%	3,480	5.5%	-12.4%
Age 5-17	8,216	15.6%	10,755	17.1%	30.9%
Age 18-24	4,646	8.8%	5,671	9.0%	22.1%
Age 25-34	10,972	20.9%	9,288	14.8%	-15.3%
Age 35-49	13,925	26.5%	17,021	27.1%	22.2%
Age 50-64	6,580	12.5%	10,867	17.3%	65.2%
Age 65 and over	4,278	8.1%	5,809	9.2%	35.8%
<b>TOTAL</b>	<b>52,591</b>	<b>100.0%</b>	<b>62,891</b>	<b>100.0%</b>	<b>19.6%</b>

Source: U.S. Census, 1990 and 2000

School enrollment in the Lake Tahoe Unified School District (LTUSD) has declined over the last decade. While during the 2000-2001 school year, when 5,712 students were enrolled in LTUSD, only 4,291 students were enrolled during the 2006-2007 school year. This represents a 16 percent decrease in enrollment over a six year period (for more information see Chapter 6, Section 6.8 Schools). Nationally, the number of children between the ages of 5 and 9 has declined in recent years, the number of children ages 9 to 15 has remained stable, and the number of children between 15 and 19 has increased.

The recent decline in the population of school age children is likely a result of the aging of the baby boom generation. That population cohort is now concentrated in the 40 to 64 age range and most families in that age range no longer have school age children living at home. The age cohort following the baby boomers is much smaller, and therefore there are a smaller number of school age children. This phenomenon can



be observed in the tables above by noting the percentage declines in the under 5 age group for the city (-12 percent), Region (-12 percent) and county (-4 percent), and recognizing that the 0 to 5 year old group in 1990 is now 18 to 23, and the 0 to 5 year old group in 2000 is now 8 to 13.

Table 3-5 summarizes 2007 data from AGS on the age distribution of residents of South Lake Tahoe. The data suggests that the city’s youngest population group (under 5) may have continued to decline from the time of the 2000 U.S. Census while the oldest groups (above 50) may have increased. Comparing the 2000 U.S. Census data in Table 3-4 to the 2007 AGS data in Table 3-5 shows that the proportion of the population under five may have decreased from 6.6 percent to 5.5 percent, and the population above 50 may have increased from 22.3 percent of the population in 2000 to 25.5 percent in 2007.

TABLE 3-5 2007 AGE DISTRIBUTION South Lake Tahoe 2007		
Age	Number	Percent
Under 5	1,456	5.5%
Age 5-9	1,406	5.3%
Age 10-19	3,242	12.2%
Age 20-29	6,289	23.7%
Age 30-39	3,668	13.8%
Age 40-49	3,707	14.0%
Age 50-59	3,261	12.3%
Age 60-64	1,209	4.6%
Age 65 and over	2,291	8.6%
<b>Total</b>	<b>26,529</b>	<b>100.0%</b>

Source: Applied Geographic Solutions, 2007

### Racial and Ethnic Composition

Table 3-6 shows the racial composition of the populations of South Lake Tahoe, El Dorado County, and the Tahoe Region in 1990 and 2000. As shown in the table, South Lake Tahoe’s population is predominately white, accounting for 85.7 percent of the population in 1990 and 75.7 percent in 2000. However, the city has a proportionately smaller white population compared to El Dorado County and the Tahoe Region as a whole. El Dorado County’s white population accounted for 94.5 percent of the total population in 1990 and 89.7 percent in 2000. In the Region 90.6 percent of the population was white in 1990, and 84.6 percent identified as white in 2000. While the white population increased in El Dorado County and the Tahoe Region from 1990 to 2000, South Lake Tahoe’s white population decreased by 3.3 percent.

Persons of Hispanic or Latino origin are included in the racial categories identified in Table 3-6 because the Census Bureau considers Hispanic and Latino as an ethnicity, not a race. Consequently, a person of Hispanic or Latino descent could identify racially as White, Black or African American, Native American, Asian/Pacific Islander, or other. South Lake Tahoe’s Hispanic/Latino population grew



significantly between 1990 and 2000, increasing by 57.2 percent, accounting for over a quarter of the city's total population in 2000. El Dorado County and the Tahoe Region also experienced significant growth in the number of Hispanic/Latino residents between 1990 and 2000, increasing by 66.0 and 67.6 percent, respectively.

South Lake Tahoe's Asian population increased slightly from 1990 to 2000, accounting for 6 percent of the population, or 1,419 residents, in 2000. The city had a larger proportion of Asian residents compared to El Dorado County and the Tahoe Region, where the Asian population was 2.1 percent and 3.3 percent, respectively, of the total population in 2000.

<b>TABLE 3-6 1990 AND 2000 POPULATION BREAKDOWN BY RACE AND ETHNICITY South Lake Tahoe, El Dorado County, and Tahoe Region 1990 and 2000</b>					
<b>Race/Ethnicity</b>	<b>1990</b>		<b>2000</b>		<b>% Change (1990-2000)</b>
	<b>Population</b>	<b>% of Total</b>	<b>Population</b>	<b>% of Total</b>	
<b>South Lake Tahoe</b>					
White	18,496	85.7%	17,878	75.7%	-3.3%
Black or African American	223	1.0%	178	0.8%	-20.2%
American Indian and Alaska Native	226	1.0%	228	1.0%	0.9%
Asian	1,367	6.3%	1,419	6.0%	3.8%
Hispanic or Latino (of any race)	4,003	18.5%	6,294	26.7%	57.2%
<b>TOTAL POPULATION</b>	<b>21,586</b>	<b>100.0%</b>	<b>23,609</b>	<b>100.0%</b>	<b>9.4%</b>
<b>El Dorado County</b>					
White	119,118	94.5%	140,209	89.7%	17.7%
Black or African American	606	0.5%	813	0.5%	34.2%
American Indian and Alaska Native	1,351	1.1%	1,566	1.0%	15.9%
Asian	2,456	1.9%	3,328	2.1%	35.5%
Hispanic or Latino (of any race)	8,777	7.0%	14,566	9.3%	66.0%
<b>TOTAL POPULATION</b>	<b>125,995</b>	<b>100.0%</b>	<b>156,299</b>	<b>100.0%</b>	<b>24.1%</b>
<b>Tahoe Region</b>					
White	47,651	90.6%	53,232	84.6%	11.7%
Black or African American	339	0.6%	368	0.6%	8.6%
American Indian and Alaska Native	451	0.9%	500	0.8%	10.9%
Asian	1,825	3.5%	2,052	3.3%	12.4%
Hispanic or Latino (of any race)	6,588	12.5%	11,043	17.6%	67.6%
<b>TOTAL POPULATION</b>	<b>52,591</b>	<b>100.0%</b>	<b>62,891</b>	<b>100.0%</b>	<b>19.6%</b>

Note: The "other" and "two or more races" categories are not included in the table due to changes in descriptive measures from the 1990 and 2000 U.S. Census. These differences in racial categories between the 1990 and 2000 U.S. Census compromise the accuracy of comparisons between 1990 and 2000.

Source: U.S. Census, 1990 and 2000



Table 3-7 shows 2007 data from AGS on the racial and ethnic composition of South Lake Tahoe’s population. The data in the table suggests that Asians as a proportion of the total population may have increased from 6 percent at the time of the U.S. Census in 2000 to 11 percent in 2007. South Lake Tahoe’s Hispanic/Latino population may have increased from 26.7 percent of the population in 2000 to 30.9 percent in 2007.

<b>TABLE 3-7 2007 POPULATION BREAKDOWN BY RACE AND ETHNICITY</b>		
<b>South Lake Tahoe 2007</b>		
<b>Racial/Ethnic Category</b>	<b>Number</b>	<b>Percent</b>
White	20,136	75.9%
Black	319	1.2%
American Indian	317	1.2%
Asian	2,927	11.0%
Pacific Islander	39	0.1%
Other	2,117	8.0%
Two or more races	671	2.5%
Hispanic	8,208	30.9%

Source: Applied Geographic Solutions, 2007

### **Household and Family Composition**

Table 3-8 shows a breakdown of family composition for South Lake Tahoe, El Dorado County, and the Tahoe Region in 1990 and 2000. The table shows that South Lake Tahoe and the Tahoe Region have smaller proportions of married couples with children and larger proportions of non-family households compared to El Dorado County as a whole. Non-family households, which include singles living alone, make up the largest portion of the city’s households, and increased slightly from 40.2 percent of all households in 1990 to 42.7 percent in 2000. Single males and females without children accounted for over 34.4 percent of all households in South Lake Tahoe in 2000, compared to 24.0 percent in El Dorado County. The proportion of married couples without children decreased from 22.9 percent of households in 1990 to only 18.9 percent of all households in the city in 2000. Statewide the proportion of married couples without children remained around 25 percent of the population in 1990 and 2000.



**TABLE 3-8  
HOUSEHOLD COMPOSITION**

South Lake Tahoe, El Dorado County, and Tahoe Region  
1990 and 2000

Household Type	South Lake Tahoe		El Dorado County		Tahoe Region	
	1990	2000	1990	2000	1990	2000
Married Couple with Children	20.6%	20.4%	29.3%	27.3%	20.6%	20.9%
Married Couple without Children	22.9%	18.9%	34.2%	32.8%	22.9%	26.4%
Single Male with Children	3.1%	3.7%	2.1%	2.7%	3.1%	3.1%
Single Male without Children	15.8%	17.4%	9.6%	10.7%	15.1%	16.6%
Single Female with Children	8.2%	8.9%	5.7%	6.4%	8.2%	6.1%
Single Female without Children	15.9%	17.0%	12.1%	13.3%	12.9%	13.6%
Non-Family Households	40.2%	42.7%	25.3%	27.0%	40.2%	39.6%

Source: U.S. Census, 1990 and 2000

Table 3-9 shows AGS data for household types in South Lake Tahoe in 2005 and 2007. The data shows that in 2007 roughly 45 percent of households in South Lake Tahoe are non-family households and 55 percent are family households.

**TABLE 3-9  
FAMILY AND NON-FAMILY HOUSEHOLDS**

South Lake Tahoe  
2005 and 2007

Household Type	2005		2007	
	Number	Percent	Number	Percent
Families	5,809	57.0%	5,535	54.1%
Non-Family Households	4,374	43.0%	4,695	45.9%
<b>Total</b>	<b>10,183</b>	<b>100.0%</b>	<b>10,230</b>	<b>100.0%</b>

Source: Applied Geographic Solutions, 2005 and 2007

Table 3-10 shows information from AGS on the size of South Lake Tahoe's households in 2005 and 2007. Single person households made up 30.6 percent of all households in 2007, and two-person households made up 36.7 percent. Larger households made up a much smaller proportion of all households in the city. Nationally, the proportion of single-person households is increasing. The U.S. Census American Community Survey shows that 27.3 percent of households in the U.S. were single-person households in 2006. This number increased from 25.8 percent in 2000. In South Lake Tahoe, single-person households make up a larger proportion of households than the national average by approximately 3 percent, and have increased slightly from 29.1 percent of all households in 2000.



**TABLE 3-10  
SIZE OF HOUSEHOLD  
South Lake Tahoe  
2005 and 2007**

Persons per Household	2005		2007	
	Number	Percent	Number	Percent
1 Person	2,987	29.8%	3,131	30.6%
2 Persons	3,403	34.0%	3,753	36.7%
3 Persons	1,525	15.2%	1,233	12.1%
4 Persons	1,257	12.6%	1,325	13.0%
5 Persons	588	5.9%	525	5.1%
6 Persons or more	249	2.5%	193	1.9%
<b>Total</b>	<b>10,009</b>	<b>100.0%</b>	<b>10,160</b>	<b>100.0%</b>

*Source: Applied Geographic Solutions, 2005 and 2007*

## ***Second Home Ownership***

Second home ownership has important implications for land use planning in that it brings varied economic expectations for property ownership, community development, and reinvestment. Like any tourist destination, a large portion of the homes in the Tahoe Region are seasonal, second homes. Since the U.S. Census is collected in April, during the Region's low tourist season, most of these second homes are measured as vacant at the time of the Census. Table 3-11 compares the vacancy status of homes in South Lake Tahoe to that of El Dorado County, the Tahoe Region, and California.

Of the 14,005 housing units in South Lake Tahoe in 2000, 4,595 units (32.8 percent) were vacant at the time of the Census. The majority of the vacant units (26.3 percent of the total housing stock) were for seasonal, recreational, or occasional use. Compared to the Tahoe Region at large, the proportion of housing units used seasonally in South Lake Tahoe is much smaller. In 2000 44.6 percent of the Region's housing units were vacant and 39.6 percent were for seasonal, recreational, or occasional use.

According to 2008 records from the South Tahoe Public Utility District, approximately 60 percent of sewer bills for single family homes are sent to zip codes outside the Tahoe Region. This data suggests that second home ownership may exceed the U.S. Census estimate in 2000.



**TABLE 3-11  
VACANCY STATUS OF HOUSING UNITS**

South Lake Tahoe, El Dorado County, Tahoe Region, and California  
2000

Vacancy Status	South Lake Tahoe		El Dorado County		Tahoe Region		California	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
<b>Total Units</b>	<b>14,005</b>	<b>-</b>	<b>71,278</b>	<b>-</b>	<b>46,122</b>	<b>-</b>	<b>12,214,550</b>	<b>-</b>
<b>Vacant Units</b>	<b>4,595</b>	<b>32.8%</b>	<b>12,339</b>	<b>17.3%</b>	<b>20,574</b>	<b>44.6%</b>	<b>711,679</b>	<b>5.8%</b>
For rent	482	3.4%	919	1.3%	1,069	2.3%	190,321	1.6%
For sale only	84	0.6%	535	0.8%	328	0.7%	92,197	0.8%
Rented or sold; not occupied	97	0.7%	364	0.5%	352	0.8%	50,846	0.4%
For seasonal; recreational; or occasional use	3,677	26.3%	9,614	13.5%	18,257	39.6%	236,857	1.9%
For migrant workers	1	0.0%	11	0.0%	16	0.0%	2,205	0.0%
Other vacant	254	1.8%	896	1.3%	552	1.2%	139,253	1.1%

Source: U.S. Census, 2000

### **Educational Attainment**

Table 3-12 shows the educational attainment of South Lake Tahoe, El Dorado County, and Tahoe Region residents, ages 25 and older in 2000. The information in the table suggests that South Lake Tahoe's population is largely "working class," with over 19 percent of the population lacking a high school diploma, compared to approximately 11 percent in the county and 12 percent in the Region. In South Lake Tahoe 18.7 percent of the population had at least a bachelor's degree in 2000, compared to 26.5 percent in El Dorado County and 30.2 percent in the Tahoe Region.

**TABLE 3-12  
EDUCATIONAL ATTAINMENT OF PERSONS 25 YEARS AND OLDER IN 2000**

South Lake Tahoe, El Dorado County, and Tahoe Region  
2000

Educational Attainment	South Lake Tahoe		El Dorado County		Tahoe Region	
	Number	% of Total	Number	% of Total	Number	% of Total
Less than 9th Grade	1,175	7.8%	2,941	2.8%	2,113	4.9%
9th to 12th Grade, No Diploma	1,708	11.4%	8,539	8.1%	3,097	7.2%
High School Graduate	3,400	22.7%	23,316	22.2%	8,446	19.6%
Some College, No Degree	4,859	32.4%	33,117	31.5%	12,948	30.1%
Associate Degree	1,071	7.1%	9,254	8.8%	3,423	8.0%
Bachelor's Degree	2,080	13.9%	19,015	18.1%	9,170	21.3%
Graduate or Professional Degree	656	4.4%	8,001	7.6%	3,492	8.1%
Doctorate Degree	62	0.4%	851	0.8%	362	0.8%
<b>TOTAL</b>	<b>15,011</b>	<b>100.0%</b>	<b>105,034</b>	<b>100.0%</b>	<b>43,051</b>	<b>100.0%</b>

Source: U.S. Census, 2000



Table 3-13 shows data from AGS on the educational attainment of persons 25 years and older in South Lake Tahoe in 2007. The data suggests a potential increase in the educational attainment of South Lake Tahoe’s population between 2000 and 2007. Compared to data from 2000, the percentage of the population without a high school diploma decreased from 19.2 percent to 11.2 percent. The percentage of the population with at least a bachelor’s degree increased from 18.7 percent in 2000 to 26.1 percent in 2007.

<b>TABLE 3-13 EDUCATIONAL ATTAINMENT OF PERSONS 25 YEARS AND OLDER IN 2007</b>		
<b>South Lake Tahoe 2007</b>		
<b>Educational Attainment</b>	<b>Number</b>	<b>Percent</b>
Less than 9th Grade	752	4.4%
9th to 12th Grade, No Diploma	1,154	6.8%
High School Graduate	3,900	22.9%
Some College, No Degree	5,028	29.5%
Associate Degree	1,750	10.3%
Bachelor's Degree	3,251	19.1%
Graduate Degree	1,191	7.0%
<b>TOTAL</b>	<b>17,026</b>	<b>100.0%</b>

Source: Applied Geographic Solutions, 2007

### ***Household Income***

Table 3-14 shows median incomes for households in South Lake Tahoe, El Dorado County, the Tahoe Region, and California based on Census income data for 1999. While the median household income in South Lake Tahoe increased by 35.6 percent from 1989 to 1999, the city’s median household income was still significantly lower than median incomes in the county, the Region, and the state. In 1999 South Lake Tahoe’s median household income was \$34,707, compared to \$51,484 in El Dorado County, \$48,288 in the Tahoe Region, and \$47,493 in California.

Table 3-14 also shows 1989 median household incomes in 1999 dollars by adjusting for inflation. In inflation-adjusted terms the city’s median household income is estimated to have increased by three percent from 1989 to 1999. The table also shows that the inflation-adjusted median household income rose by 11.6 percent in the county and 14.7 percent in the Region.



**TABLE 3-14  
MEDIAN HOUSEHOLD INCOME**

South Lake Tahoe, El Dorado County, Tahoe Region, and California  
1989 and 1999

Place	1989 Median Income	1999 Median Income	% Change (1999 dollars)	1989 Median Income in 1999 dollars	% Change (in constant dollars)
South Lake Tahoe	\$25,596	\$34,707	35.6%	\$33,684	3.0%
El Dorado County	\$35,058	\$51,484	46.9%	\$46,136	11.6%
Tahoe Region <sup>1</sup>	\$31,998	\$48,288	50.9%	\$42,109	14.7%
California	\$35,798	\$47,493	32.7%	\$47,110	0.8%

<sup>1</sup> Derived from taking the percentage of the total population from each county subdivision (El Dorado County, Placer County, Douglas County, and Washoe County) and weighted by median income .

Source: Income data from U.S. Census, 2000; Consumer Price Index information from California Department of Industrial Relations; weighted average for Tahoe Region calculated by Mintier & Associates

Table 3-15 shows the 1999 income distribution of households in South Lake Tahoe, El Dorado County, the Tahoe Region, and California. Fifty percent of all households in South Lake Tahoe earned under \$35,000 in 1999, compared to 32.0 percent in the county, 36.5 percent in the Region, and 36.9 percent in the state. At the other end of the income spectrum only 6.5 percent of households in South Lake Tahoe earned \$100,000 or more, compared to 17.2 percent in El Dorado County, 15.8 percent in the Tahoe Region, and 17.3 percent in California as a whole.

**TABLE 3-15  
1999 HOUSEHOLD INCOME DISTRIBUTION**

South Lake Tahoe, El Dorado County, Tahoe Region, and California  
1999

Income Category	South Lake Tahoe		El Dorado County		Tahoe Region		California	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Less than \$10,000	765	8.1%	3,429	5.8%	1,619	6.3%	967,089	8.4%
\$10,000 to \$14,999	712	7.5%	2,742	4.6%	1,296	5.1%	648,780	5.6%
\$15,000 to \$24,999	1,456	15.4%	6,010	10.2%	2,916	11.4%	1,318,246	11.5%
\$25,000 to \$34,999	1,850	19.6%	6,698	11.4%	3,496	13.7%	1,315,085	11.4%
\$35,000 to \$49,999	1,843	19.5%	9,618	16.3%	4,463	17.5%	1,745,961	15.2%
\$50,000 to \$74,999	1,585	16.8%	12,569	21.3%	4,947	19.4%	2,202,873	19.1%
\$75,000 to \$99,999	623	6.6%	7,815	13.2%	2,760	10.8%	1,326,569	11.5%
\$100,000 to \$149,999	371	3.9%	6,418	10.9%	2,015	7.9%	1,192,618	10.4%
\$150,000 or more	250	2.6%	3,714	6.3%	2,020	7.9%	794,799	6.9%
<b>TOTAL</b>	<b>9,455</b>	<b>100.0%</b>	<b>59,013</b>	<b>100.0%</b>	<b>25,532</b>	<b>100.0%</b>	<b>11,512,020</b>	<b>100.0%</b>

Source: U.S. Census, 2000

Table 3-16 shows the change in distribution of household income between 1989 and 1999 in South Lake Tahoe. As previously stated, the city's median household income increased slightly more than the statewide increase of 32.7 percent, but significantly less than the county and the Region. As shown in the table, the number of persons in the lowest-income groups decreased from 1989 to 1999. The highest-income groups saw the greatest change, with the number of households earning between \$100,000 and



\$149,999, increasing by 430 percent and those earning more than \$150,000 increasing by 237.8 percent. However, these higher income households represent a small share of the city’s total households.

TABLE 3-16 CHANGE IN HOUSEHOLD INCOME DISTRIBUTION South Lake Tahoe 1989 and 1999			
Income Category	South Lake Tahoe		
	1989	1999	% Change
Less than \$10,000	960	765	-20.3%
\$10,000 to \$14,999	1,260	712	-43.5%
\$15,000 to 24,999	2,032	1,456	-28.3%
\$25,000 to \$34,999	1,581	1,850	17.0%
\$35,000 to \$49,999	1,528	1,843	20.6%
\$50,000 to \$74,999	967	1,585	63.9%
\$75,000 to \$99,999	258	623	141.5%
\$100,000 to \$149,999	70	371	430.0%
\$150,000 or more	74	250	237.8%
<b>TOTAL</b>	<b>8,730</b>	<b>9,455</b>	<b>8.3%</b>

Source: U.S. Census, 1990 and 2000

Table 3-17 shows data from AGS on the income distribution of South Lake Tahoe households in 2007. According to the data, 10.6 percent of households earned over \$100,000 in 2007, and 10 percent earned between \$75,000 and \$100,000. Over 30 percent of households earned less than \$30,000 in 2007, and 47.5 percent of the city’s households earned less than \$40,000. Although an exact ratio is not available for 2006, the best available information for 2007 shows that 47.5 percent of city households earned \$40,000 per year or less.

TABLE 3-17 2007 HOUSEHOLD INCOME DISTRIBUTION South Lake Tahoe 2007		
Household Income	Number	Percent
Less than \$10,000	727	7.1%
\$10,000 to \$20,000	1,151	11.3%
\$20,000 to \$30,000	1,420	13.9%
\$30,000 to \$40,000	1,553	15.2%
\$40,000 to \$50,000	1,228	12.0%
\$50,000 to \$60,000	1,104	10.8%
\$60,000 to \$75,000	940	9.2%
\$75,000 to \$100,000	1,018	10.0%
\$100,000 or more	1,089	10.6%
<b>TOTAL</b>	<b>10,230</b>	<b>100.0%</b>

Source: Applied Geographic Solutions, 2007



## Poverty Status

The U.S. Census Bureau defines poverty status based on income thresholds that vary by family size and composition. Poverty thresholds do not vary geographically. In a place like South Lake Tahoe, where the cost of living is relatively high, there are likely more people living in impoverished conditions than the number estimated in the U.S. Census. Nevertheless, Census data provides some insight regarding the number of people living in poverty.

As shown in Table 3-18, the poverty rate for individuals in South Lake Tahoe was 12.5 percent in 2000, meaning one out of eight people in the city was living in poverty. The city's poverty rate was equal to the national poverty rate in 2000 (12.3 percent) and slightly lower than the state poverty rate of 14.2 percent. However, there were a larger percentage of people living in poverty in the city in 2000 compared to El Dorado County and the Tahoe Region.

Children under 18 are more likely than adults to be poor. In South Lake Tahoe 18.1 percent of children under five and 14.1 percent of children under 18 years of age were living in poverty in 2000. The rate of child poverty was higher in South Lake Tahoe than in the county and the Region.

TABLE 3-18 POVERTY STATUS						
South Lake Tahoe, El Dorado County, and Tahoe Region 2000						
	South Lake Tahoe		El Dorado County		Tahoe Region	
	Number	Percent	Number	Percent	Number	Percent
Total Population Below Poverty Status	2,937	12.5%	11,079	7.1%	5,897	9.4%
Population Under 5 Years	283	18.1%	888	9.9%	519	14.9%
Population Under 18 Years	839	14.1%	3,209	7.9%	1,467	10.3%
Population Over 65 Years	143	7.1%	966	5.0%	293	5.0%

Source: U.S. Census, 2000

## Regulatory Setting

There are no regulatory requirements for this section.

## Key Terms

There are no unique key terms for this section.

## Bibliography

### Websites

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## 3.4 ECONOMIC CONDITIONS

### Introduction

Long-range city development plans should be based on the economic realities of the marketplace. This section provides an overview of local, Tahoe Region, and Sierra regional economic trends that will affect economic development in South Lake Tahoe. This section focuses on both employment trends and economic conditions. The discussion of employment trends is based on a study by the Sierra Economic Development District (SEDD), which in turn relied upon information from California State University, Chico's Center for Economic Development (CED) and Small Business Development Center (SBDC), collectively referred to as CED/SBDC.<sup>4</sup> Information on other economic conditions in this section was derived from reports prepared for the City by RRC Associates in 2005.

### Major Findings

- The top four developing industries in South Lake Tahoe are food services and drinking places; arts, entertainment, recreation, and accommodation; health care; and business, professional, labor, political and similar organizations.
- Roughly two-thirds of South Lake Tahoe's population is in the labor force.
- In early 2008, the unemployment rate in South Lake Tahoe was nearly 9 percent.
- Responses to the City's 2007 Business Conditions Survey indicated that approximately 30 percent of business licensees in the city had part-time employees, 25 percent had all full-time employees, and 44 percent responded that the question was not applicable.
- Approximately 30 percent of respondents to the 2007 Business Conditions Survey indicated that they work from home, and 52.8 percent of respondents indicated that they employ non-family.
- Monthly rental rates for commercial retail space range widely in South Lake Tahoe, depending on location, size, physical condition, architectural attractiveness, and tenancy, from approximately \$2.50 to \$5.80 per square foot in the Stateline area, with the remainder of the community ranging from approximately \$1.17 to \$2.00 per square foot.
- South Shore residents (South Lake Tahoe residents, plus residents in the Tahoe Region portions of El Dorado and Douglas Counties) spend approximately \$185 million annually at retailers within the city of South Lake Tahoe. This accounts for only 40 percent of total South Shore resident annual retail potential of \$463 million, with the remaining 60 percent spent outside the city.

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<sup>4</sup> Note that this study relies upon the U.S. Department of Labor data which excludes proprietors and other non-employers. According to the 2007 Business Conditions Survey conducted by the City of South Lake Tahoe, approximately 44 percent of City business licensees have no employees.



- Approximately 386,000 square feet of additional retail square footage would be needed to recapture 25 percent of existing leakage and accommodate TRPA projected resident and visitor growth over the next 20 years. This represents an approximately 30 percent increase in existing levels of retail square footage.

## Existing Conditions

### *Employment Trends*

The Sierra Economic Development District (SEDD) prepared a study in 2006 that identified economic and employment growth opportunities in northern Sierra Nevada communities. The study divided the northern Sierra Nevada into five regions based on economic similarities: Valley, North Foothills, South Foothills, High Sierra, and Tahoe/Truckee regions. South Lake Tahoe falls within the Tahoe/Truckee Region in the report, and an appendix to this study was included to distinguish South Lake Tahoe's particular labor features. The study considered South Lake Tahoe's businesses as those with zip codes ranging from 96150 to 96158.

South Lake Tahoe has historically had a well-developed tourism sector. Unlike other parts of the Sierra, South Lake Tahoe derives little industry growth from population growth (see previous section) or increased affluence of local residents. One exception to this is health care, a sector in which services with increasing costs are provided to the aging population base.

### **Employee Growth**

As shown in Table 3-19, the top three growing industries in terms of employment in South Lake Tahoe are food services and drinking places; arts, entertainment, recreation, accommodation, and food services; and health care. Five of the top ten growing industries are export-oriented: food services and drinking places; arts, entertainment, recreation, accommodation, and food services; business and other organizations; personal and laundry service; and rental and leasing. Of the remaining five industries, one is government-related and four are local-serving industries. One of the local-serving industries is related to remodeling of existing homes—specialty trade contractors. Two serve the growing business community—office administrative, facilities support, and other support services; and services to buildings and dwellings. The remaining industry—health care—serves both local residents and visitors.



**TABLE 3-19**  
**TOP TEN INDUSTRIES IN TERMS OF NUMERICAL EMPLOYEE GROWTH**  
**South Lake Tahoe**  
**2001-2004**

Rank	NAICS Code	NAICS Name	2001 Employees	2004 Employees	Percent of Total, 2004	Num. Change Employees	Percent Change Employees
1	722	Food Services and Drinking Places	1,417	1,768	14.9%	351	24.8%
2	711-721	Arts, Entertainment, Recreation, Accommodation, and Food Services	1,758	2,004	18.5%	246	14.0%
3	621-623	Health Care	1005	1169	10.6%	164	16.3%
4	8139	Business, Professional, Labor, Political, and Similar Organizations	96	235	1.0%	139	144.8%
5	551-5612, 5619	Office Administrative, Facilities Support, and Other Support Services	27	100	30.0%	73	270.4%
6	238	Specialty Trade Contractors	259	312	2.7%	53	20.5%
7	5617	Services to Buildings and Dwellings	118	158	1.2%	40	33.9%
8	812	Personal and Laundry Services	66	105	70.0%	39	59.1%
9	9St	State Government	5	41	10.0%	36	720.0%
10	532-533	Rental and Leasing	136	168	1.4%	32	23.5%

Source: SEDD 2006, using U.S. Department of Labor Quarterly Census of Employment and Wages statistics, 2006

### Employer Growth

Table 3-20 shows the top ten industries in South Lake Tahoe in terms of numerical employer growth. As shown in the table, the top three industries include: food services and drinking places; specialty trade contractors; and construction and building. Four of these top ten growing industries are export or tourism-oriented, including: food services; miscellaneous retailers; arts, entertainment, and accommodation; and personal and laundry service. Three of the local-serving industries involve construction and remodeling, including specialty trade contractors, construction of buildings, and real estate. Health care services, information, and services to buildings primarily serve local residents and businesses.



**TABLE 3-20**  
**TOP TEN INDUSTRIES IN TERMS OF NUMERICAL EMPLOYER GROWTH**  
**South Lake Tahoe**  
**2001-2004**

Rank	NAICS Code	NAICS Name	2001 Employers	2004 Employers	Percent of Total, 2004	Num. Change Employers	Percent Change Employers
1	722	Food Services and Drinking Places	76	104	9.8%	28	36.8%
2	238	Specialty Trade Contractors	70	88	9.0%	18	25.7%
3	236	Construction and Building	53	70	6.8%	17	32.1%
4	711-721	Arts, Entertainment, Recreation, Accommodation, and Food Services	60	76	7.7%	16	26.7%
5	621-623	Health Care	70	80	9.0%	10	14.3%
6	452-453	Misc. Store Retailers and General Merchandise Stores	16	23	2.1%	7	43.8%
7	812	Personal and Laundry Service	11	17	1.4%	6	54.5%
8	531	Real Estate	40	46	5.2%	6	15.0%
9	5617	Services to Buildings and Dwellings	23	28	3.0%	5	21.7%
10	51	Information	5	9	60.0%	4	80.0%

*Source: SEDD 2006, using U.S. Department of Labor Quarterly Census of Employment and Wages statistics, 2006*

### Wage Levels and Wage Growth

Table 3-21 shows the top ten industries in South Lake Tahoe in terms of average 2004 wages. As shown in the table, the top three industries include; national government; State government; and agriculture, mining, utilities, and waste management. Four of these top ten industries are export or tourism-oriented: agriculture, mining, utilities, and waste management; heavy and civil engineering construction; merchant wholesalers of durable goods; and merchant wholesalers of non-durable goods.



**TABLE 3-21**  
**TOP TEN INDUSTRIES IN TERMS OF AVERAGE 2004 WAGES**  
**South Lake Tahoe**  
**2001-2004**

Rank	NAICS Code	NAICS Name	2001 Avg. Pay	2004 Avg. Pay	Num. Change Avg. Pay	Percent Change Avg. Pay
1	9Na	National Government	\$71,775	\$86,397	\$14,622	20.4%
2	9St	State Government	\$47,989	\$64,911	\$16,922	35.3%
3	11-22, 562	Agriculture, Mining, Utilities, and Waste Management	\$45,057	\$51,667	\$6,610	14.7%
4	237	Heavy and Civil Engineering Construction	\$50,786	\$48,339	-\$2,447	-4.8%
5	9Lo	Local Government	\$43,924	\$46,651	\$2,727	6.2%
6	621-623	Health Care	\$36,549	\$46,415	\$9,866	27.0%
7	522	Credit Intermediation and related Activities	\$39,308	\$45,954	\$6,646	16.9%
8	423	Merchant Wholesalers, Durable Goods	\$38,383	\$45,040	\$6,657	17.3%
9	424-425	Merchant Wholesalers, Nondurable Goods, and Electricity	\$35,791	\$43,158	\$7,367	20.6%
10	5411	Legal Services	\$37,301	\$41,332	\$4,031	10.8%

Source: SEDD 2006, using U.S. Department of Labor Quarterly Census of Employment and Wages statistics, 2006

Table 3-22 shows the top ten industries in South Lake Tahoe in terms of average wage growth. As shown in the table, the top three industries include: business, professional, labor, political, and similar organizations; State government; and national government. Many of the industries on this list differ from the list of top ten in terms of average 2004 wages, indicating that the highest-paying industries are not necessarily the fastest growing in terms of wages. The export, or tourism-oriented industries with the highest average wage growth include: business, professional, labor, political, and similar organizations; wood, paper, and furniture manufacturing; architectural, engineering, and related services; merchant wholesalers of nondurable goods; and merchant wholesalers of durable goods.



**TABLE 3-22**  
**TOP TEN INDUSTRIES IN TERMS OF AVERAGE WAGE GROWTH**  
 South Lake Tahoe  
 2001-2004

Rank	NAICS Code	NAICS Name	2001 Avg. Pay	2004 Avg. Pay	Num. Change Avg. Pay	Percent Change Avg. Pay
1	8139	Business, Professional, Labor, Political, and Similar Organizations	\$17,668	\$36,920	\$19,252	109.00%
2	9St	State Government	\$47,989	\$64,911	\$16,922	35.30%
3	9Na	National Government	\$71,775	\$86,397	\$14,622	20.40%
4	321-322, 337	Wood, Paper, and Furniture Manufacturing	\$25,024	\$35,693	\$10,669	42.60%
5	621-623	Health Care	\$36,549	\$46,415	\$9,866	27.00%
6	485, 491-492	Passenger Transportation, Couriers, and the Postal Service	\$28,963	\$37,866	\$8,903	30.70%
7	5413	Architectural, Engineering, and Related Services	\$28,928	\$37,309	\$8,381	29.00%
8	51	Information	\$25,773	\$33,222	\$7,449	28.90%
9	424-425	Merchant Wholesalers, Nondurable Goods, and Electricity	\$35,791	\$43,158	\$7,367	20.60%
10	423	Merchant Wholesalers, Durable Goods	\$38,383	\$45,040	\$6,657	17.30%

Source: SEDD 2006, using U.S. Department of Labor Quarterly Census of Employment and Wages statistics, 2006

### Top Ten Developing Industries

A major focus of the SEDD study was to determine the top ten developing industries. After considering the greatest combination of job growth, business growth, and wage levels and growth (the employment characteristics shown in the previous four tables), SEDD concluded that the top ten developing industries in South Lake Tahoe are those shown in Table 3-23.

As shown in the table, the top industries in terms of job, business, and wage growth tend to be fairly evenly distributed between export, or tourism-oriented and local-serving businesses. Therefore, it is reasonable to see a combination of the two in the list of top developing industries in South Lake Tahoe. Three of the ten developing industries primarily serve non-local customers, including: food services and drinking places; arts, entertainment, recreation, and accommodation; and business, professional, labor, political, and similar organization. Two primarily serve local and non-local construction and renovation clients, including: specialty trade contractors; and construction of buildings. Credit intermediation, and office administrative and support services are growing primarily to serve the growing local business community, and health care is growing to serve an aging population.



**TABLE 3-23  
TOP TEN DEVELOPING INDUSTRIES  
South Lake Tahoe  
2001-2004**

Rank	NAICS Code	NAICS Name	Change in Number of Employees	Change in Number of Employers	2004 Average Pay	Change in Average Pay	Score <sup>1</sup>
1	722	Food Services and Drinking Places	351	28	\$12,882	\$609	8.6
2	711-721	Arts, Entertainment, Recreation, Accommodation, and Food Services	246	16	\$16,718	\$2,014	5.06
3	621-623	Health Care	164	10	\$46,415	\$9,866	4.38
4	238	Specialty Trade Contractors	53	18	\$31,514	\$3,767	3.25
5	8139	Business, Professional, Labor, Political, and Similar Organization	139	3	\$36,920	\$19,252	3.03
6	9St	State Government	36	3	\$64,911	\$16,922	2.37
7	9Na	National Government	0	0	\$86,397	\$14,622	1.91
8	236	Construction of Buildings	-20	17	\$30,058	\$3,238	1.9
9	532	Credit Intermediation and Related Activities	25	3	\$45,954	\$6,646	0.79
10	551-5612, 5619	Office Administrative, Facilities Support, and Other Support Services	73	3	\$22,666	\$6,241	0.62

<sup>1</sup> Sum of standard deviations of numerical employee change, numerical employer change, (2004 average pay)/2, and (numerical change in average pay)/2

Source: SEDD 2006, using U.S. Department of Labor Quarterly Census of Employment and Wages statistics, 2006

The developing regional clusters in South Lake Tahoe are similar to those in the Tahoe/Truckee Region. The Tahoe/Truckee area was the only region in the SEDD study where economic growth was not driven by population growth. Rather, it was driven by growth in tourism. The top ten developing industries in the Tahoe/Truckee Region fall into one of the following four categories:

- **Tourism.** Includes food services and drinking places, and accommodations.
- **Construction, Renovation, Maintenance, and Home Sales.** Includes specialty trade contractors, building construction, and real estate.
- **Entrepreneurs.** Includes credit intermediation and related activities, wholesale electronic markets, agents, and brokers, and broadcasting, internet publishing, telecommunications, and other information-related services.
- **Retiree Services.** Includes food services and drinking places, credit intermediation and related activities, real estate; ambulatory health care services, and hospitals, nursing, and residential care facilities.

South Lake Tahoe’s economy differs slightly from the Tahoe/Truckee Region. In South Lake Tahoe tourism is even stronger as a developing regional cluster, while construction, entrepreneurship, and retiree services are not as strong as in the rest of the region.



## Employees by Major Industry

Table 3-24 shows data from AGS on the number of employees in South Lake Tahoe by major industry in 2005 and 2007. According to the data, 55.6 percent of employees worked in the service industry in 2005 (8,089 employees), increasing to 60 percent in 2007 (10,242 employees). Retail trade was the second largest industry with 3,833 employees in 2005 and 3,942 in 2007.

TABLE 3-24 EMPLOYEES BY MAJOR INDUSTRY South Lake Tahoe 2005 and 2007					
Major Industry Sector	2005		2007		% Change (2005-2007)
	Number	Percent	Number	Percent	
Services	8,089	55.6%	10,242	60.0%	26.6%
Retail Trade	3,833	26.3%	3,942	23.1%	2.8%
Public Administration	740	5.1%	851	5.0%	15.0%
Finance, Insurance And Real Estate	692	4.8%	768	4.5%	11.0%
Transportation and Communications	475	3.3%	478	2.8%	0.6%
Construction	301	2.1%	327	1.9%	8.6%
Agricultural, Forestry, Fishing	190	1.3%	204	1.2%	7.4%
Wholesale Trade	171	1.2%	148	0.9%	-13.5%
Manufacturing	60	0.4%	94	0.6%	56.7%
Unclassified	7	0.0%	16	0.1%	128.6%
Mining	2	0.0%	2	0.0%	0.0%
<b>Total</b>	<b>14,560</b>	<b>100.0%</b>	<b>17,072</b>	<b>100.0%</b>	<b>17.3%</b>

Source: Applied Geographic Solutions, 2005 and 2007

## Labor Force Trends

The California Employment Development Department (EDD) releases monthly information on the civilian labor force and unemployment rates for cities, counties, and metropolitan statistical areas in California. Figure 3-1 shows EDD data for South Lake Tahoe from January 2000 to March 2008. During this time period, South Lake Tahoe's labor force increased from approximately 13,300 to 15,800. Based on population data from DOF, roughly two-thirds of the city's population was in the labor force in 2008. While the unemployment rate varied during this time period, the general trend was an increase in the unemployment rate. In January 2008, the unemployment rate reached the highest point during the eight-year period (2000 to 2008) at 8.9 percent.



## ***2007 Business Conditions Survey***

The City of South Lake Tahoe conducted a survey of local businesses between June and August of 2007. The City sent the survey to 3,245 business licensees<sup>5</sup> and received a 27 to 29 percent response rate on all the questions. The survey collected information on both business conditions as perceived by the licensees and employment structure (e.g., full-time, part-time, and work from home).

Results of the 2007 Business Conditions Survey suggest that business conditions declined in South Lake Tahoe (see Figure 3-2). Compared to the responses from an earlier survey in 2005, more businesses licensees perceived business conditions to be negative during the previous twelve months. Nearly half (48.5 percent) of the respondents to the 2007 survey perceived business conditions as negative during the previous year compared to 33.2 percent of respondents in 2005.

The 2007 Business Conditions Survey also collected information on employment structure. Of the nearly 900 businesses that responded to the questions about employment structure, approximately 30 percent had part-time employees, 25 percent had all full-time employees, and 44 percent responded that the question was not applicable. Approximately 30 percent of respondents indicated that they work from home, and 52.8 percent of respondents indicated that they employ non-family.

## ***Non-Residential Development Trends***

RRC Associates, Inc., prepared a Retail Market Analysis in December 2005 to assess the state of South Lake Tahoe's retail environment. Based on the RRC report and subsequent work performed by City staff in March 2008, the City identified a 3 to 4 percent vacancy rate for the city's approximately 1.3 million square feet of commercial retail space. However, newer, higher-quality retail spaces (e.g., Heavenly Village) tend to have a higher occupancy rate.

Monthly rental rates for commercial retail space vary widely in South Lake Tahoe, depending on location, size, physical condition, architectural attractiveness, and tenancy. The existing monthly rental rates range from approximately \$1.17 to \$2.00 per square foot. Higher monthly rental rates charged for newer, higher quality retail space (e.g., Heavenly Village) range from \$2.50 to \$5.80 per square foot.

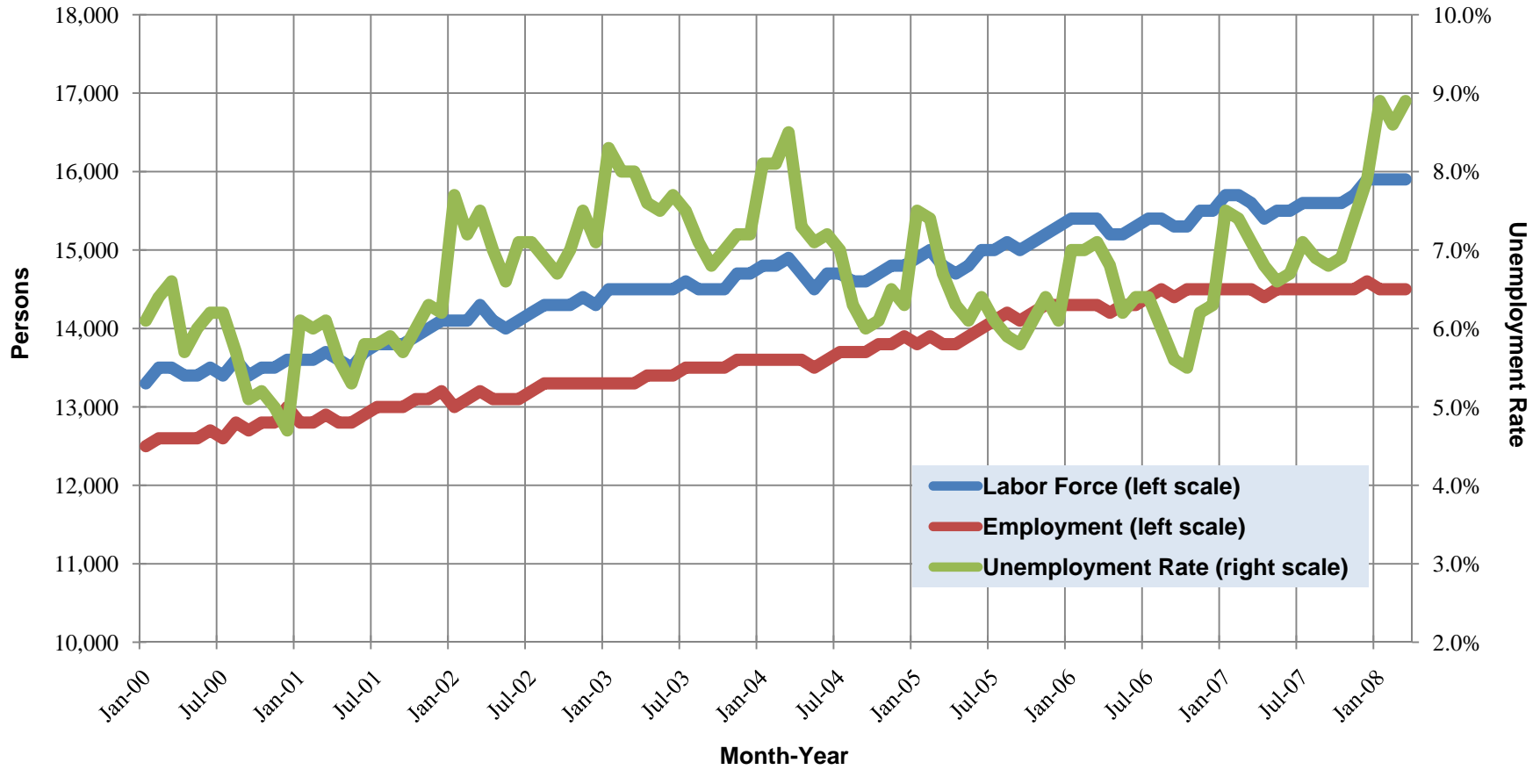
In a 2006 economic report of the Tahoe Basin by TRPA, recent sales and listing information from local commercial real estate brokerage firms showed that the value of existing commercial (retail and office) buildings along the US 50 corridor from the Y to Stateline generally ranged from approximately \$200 to \$300 per square foot depending on property type, building type, size, configuration, and parking. There were some reported sales slightly higher and lower than that range in 2006.

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<sup>5</sup> The City sent the Business Conditions Survey to the 3,245 businesses that had a license in 2006. As of July 1, 2007, there were 3,216 licensees in South Lake Tahoe according to city records.



**FIGURE 3-1  
LABOR FORCE AND UNEMPLOYMENT RATE  
South Lake Tahoe  
2000 to 2008**

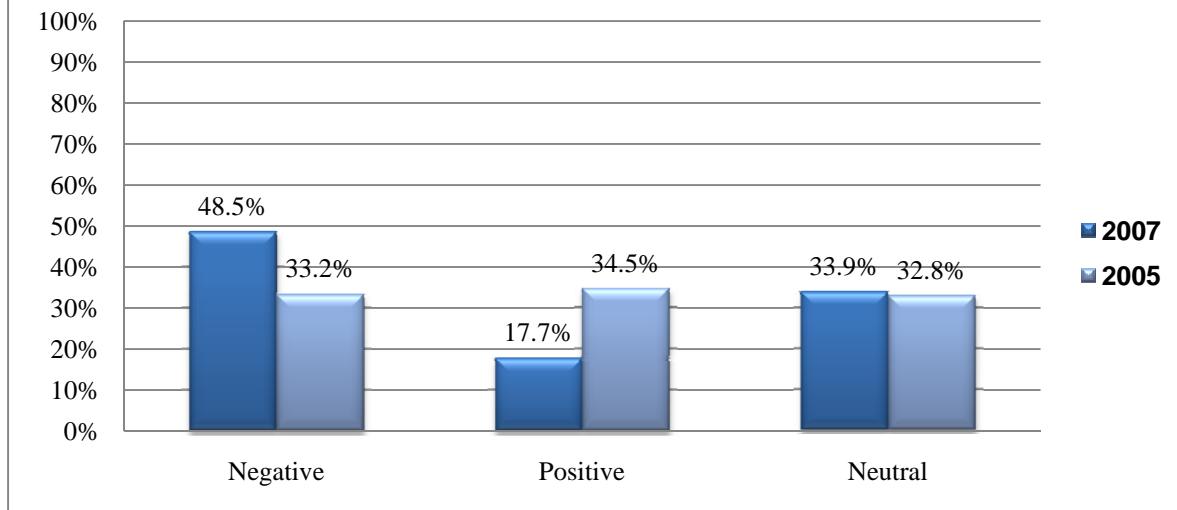


Source: California Employment Development Department, Labor Force and Unemployment Rate, January 2000 to March 2008



**FIGURE 3-2  
PERCEIVED BUSINESS CONDITIONS DURING  
THE PREVIOUS TWELVE MONTHS**

**South Lake Tahoe  
2005 and 2007**



Source: City of South Lake Tahoe, 2005 and 2007 Business Conditions Surveys

**Estimated Retail Square Footage**

Table 3-25 shows the estimated retail square footage by location in South Lake Tahoe in 1989 and 2005. As shown in the table, the Tahoe Valley Community Plan Area (the “Y” area) has historically had the largest amount of retail square footage, and retains the largest percent lead in 2005 (34 percent). However, the Stateline/Ski Run Community Plan Area has been the leader in new development with 78,000 square feet of retail added between 1989 and 2005. This addition is largely a result of the Marriot/Heavenly project. Overall, the city added 96,500 square feet of new retail between 1989 and 2000, bringing the total to approximately 1.3 million in 2005.

**TABLE 3-25  
ESTIMATED RETAIL SQUARE FOOTAGE BY LOCATION**

**City of South Lake Tahoe  
1989 and 2005**

Location	1989 Base	Additional Sq. Ft. Added Since 1989	2005 Total	Percent of 2005 Total
Tahoe Valley Community Plan Area	445,200	2,000	447,200	34%
Sierra area	152,150	2,500	154,650	12%
Bijou/Al Tahoe Community Plan Area	282,500	14,000	296,500	23%
Stateline/Ski Run Community Plan Area	300,600	78,000	378,600	29%
Tahoe Keys area	30,700	0	30,700	2%
<b>TOTAL</b>	<b>1,211,150</b>	<b>96,500</b>	<b>1,307,650</b>	<b>100%</b>

Note: 1989 base includes pure retail space and professional office/service space, and excludes industrial space, auto dealers, service stations, theatres, commercial recreation, and government and public buildings.

Source: RRC Associates review of County Assessor data, South Lake Tahoe community plans, 1996 and 2001 TRPA cumulative accounting reports, and Stateline/Ski Run redevelopment implementation documents.



The 2005 RRC report found that annual taxable retail sales in South Lake Tahoe rose significantly from 1997 (\$213.0 million) to 2000 (\$259.2 million), then declined slightly through 2003 (\$256.0 million), before rising to an estimated \$274 million in 2004. In real terms (inflation-adjusted to 2004 dollars), real taxable sales peaked in 2000 (\$289.7 million) before declining steadily through 2003 (\$262.7 million), and rebounding partially in 2004 (\$274 million). In addition to the RRC report, the HDL Companies found that sales tax revenues for the City grew from \$3.4 million in 2004 to \$3.7 million in 2006, a 10 percent gain over two years.

Productivity of retail commercial space varies widely across the city. Average annual sales per square foot in South Lake Tahoe are estimated at roughly \$250 per square foot, assuming approximately \$330 million in total annual retail sales. Sales per square foot (excluding automotive and service station groups) is estimated to be highest in the Stateline/Ski Run Community Plan Area (approximately \$315 per square foot), followed by the Bijou/Al Tahoe Community Plan Area (\$220 per square foot), Tahoe Valley Community Plan Area (\$210 per square foot), and the Sierra area<sup>6</sup> (\$200/square foot). Sales per square foot are estimated to be particularly high in the tourist-oriented redevelopment area near Stateline (roughly \$400-\$450 per square foot). Similarly, fluctuations in productivity vary significantly based on seasonal and national economic conditions, with the Tahoe Valley area least variable, followed by Bijou/Al Tahoe, Sierra, and Stateline as the most variable.

### **Retail Demand and Leakage Analysis**

One of the significant issues explored by RRC in its 2005 report is the issue of retail leakage from the South Lake Tahoe community, as a function of the resident population increasingly patronizing new major big box retailers in the Carson Valley and higher-end major retailers in Reno and the Sacramento/Grass Valley areas instead of retail establishments located within South Lake Tahoe. To calculate the extent of this leakage, RRC developed a comprehensive model, the same one previously used by TRPA, to analyze and forecast the demand for commercial floor area. The conclusion of that analysis is that South Shore residents (South Lake Tahoe residents, plus residents in the Tahoe Region portions of El Dorado and Douglas Counties) spend approximately \$185 million annually at retailers within the community. This accounts for only 40 percent of total South Shore resident annual retail potential of \$463 million, with the remaining 60 percent spent outside the Tahoe Region.

Among the various retail segments, the highest capture rates are achieved by food stores (90 percent) and eating and drinking establishments (55 percent). The lowest capture rates (greatest leakage) occur in general merchandise stores (17 percent capture), apparel stores (21 percent), “other” retail stores (22 percent), and home furnishings and appliances stores (24 percent).

Fortunately, the outflow of local spending is mitigated substantially by the retail spending of visitors and second homeowners. Overall, of the \$376 million in total retail spending in 2004 within South Lake Tahoe, 51 percent, or \$191 million, was attributed to visitors and second homeowners. Visitors had particularly higher spending contributions in the areas of apparel (86 percent share of sales), eating and drinking places (69 percent), and “other” retail (72 percent).

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<sup>6</sup> In the RRC Report, the Sierra area is generally defined as the area along US 50 between the South Y and Bijou/Al Tahoe Community Plan area. This area does not have a community plan, but has significant retail activity.



The City tracks inquiries for types of commercial space on its GIS Planning website. Inquiries show high interest in office, industrial, warehouse and retail property.

#### Industrial Demand

TRPA restricts new industrial uses in the Tahoe Region. Underscoring this point, TRPA does not have a land use category that allows industrial uses in the Land Use Element of the Goals and Policies Report. Nonetheless, the City of South Lake Tahoe has looked at ways to retain, expand, and upgrade their existing industrial uses. These uses are primarily located north of the US 50/SR 89 Y interchange and in the South “Y” Industrial Tract. The South “Y” Industrial Tract Community Plan, which has been approved by TRPA and uses commercial floor area for development of new buildings, includes the following goal related to industrial use location and expansion:

- **Industrial Development Goal:** Provide a concentrated area for industrial uses within South Lake Tahoe that includes appropriate infrastructure to support existing and new uses. Ensure that new, remodeled, and rehabilitated developments are designed and implemented in a way that is compatible with neighboring uses.

#### Regulatory Setting

Topics in this section are regulated by the following agencies, laws, and ordinances.

#### *Regional (Bi-State)*

##### Tahoe Basin Regional Plan

Developed by TRPA, the Regional Plan for the Lake Tahoe Region (Regional Plan) provides policy guidance to decision-makers on issues affecting the Region’s resources and remaining capacities. The Regional Plan also provides for the achievement and maintenance of the adopted environmental threshold carrying capacities (thresholds), while providing opportunities for orderly growth and development. The following goals and policies relate to economic growth and development allocations in the General Plan Area.

- **Land Use Element Goal #1, Policy #1.** The primary function of the Region shall be as a mountain recreation area with outstanding scenic and natural values. The economic health of the Region depends on a viable tourist and recreation-oriented environment. It is not the intent of this Regional Plan to encourage other economic development, such as industry or non-service commercial facilities, at the expense of outdoor recreation in the Tahoe Region.
- **Land Use Element Goal #1, Policy #3.** The Regional Plan shall seek to maintain a balance between economic health and the environment.
- **Land Use Element Goal #2, Policy #5.** All plan area statements, community plans, or other specific plans adopted by the agency shall specify the total additional development which may be permitted within the region, not to exceed the limitations set forth in A, B,



C, D, and E, below. Reconstruction and relocation of existing development are not considered additional development.

- A. Tourist Accommodation:** There is a limited need for additional tourist accommodation units. Based on demonstrated need, projects may be permitted additional units as specified within a community plan and as provided for in Goal #3 of the Development and Implementation Priorities Sub-element. The total number of additional tourist accommodation units shall not exceed 400 units for the first 20 years of this plan (1987 to 2007). (See Goals #2 and #3 of the Development and Implementation Priorities Sub-element for more detail.) Amended 4/24/02.
  - B. Commercial:** The amount of additional commercial development is based on the estimated needs of the region. Commercial development may be permitted as specified in plan area statements, community plans, or other specific plans. The total additional gross commercial floor area permitted shall not exceed 800,000 square feet, excluding minor expansion, for the first 20 years of this plan (1987 to 2007).
- **Development and Implementation Sub-element Goal #2, Policy #4.** A maximum of 400,000 square feet of additional gross commercial floor area may be permitted during the first ten years of the plan and as extended for an additional ten years. Development of additional commercial floor area shall be allocated as follows:
    - A.** Commercial development poses a particularly difficult problem in terms of demands on transportation systems. Controlling the rate of new commercial development will minimize these impacts and provide an opportunity for transportation systems to keep pace. The amount of additional commercial floor area allowed within a community plan for the first ten years of the Regional Plan shall be 360,000 square feet. Seventy-five percent of that amount shall be distributed to local jurisdictions by ordinance based on recommendations of Advisory Planning Commission (APC) and the local jurisdictions, considering such factors as available water and sewage disposal service, the inventory of potentially developable properties, and anticipated needs. TRPA shall then further allocate those amounts to community plans as part of the community planning process. Of the 360,000 square feet, 25 percent shall be retained by TRPA for later distribution to community plans (CPs). Of that 25 percent, 36,000 square feet may be allocated by TRPA to projects within CPs before the CP is adopted. Such projects shall be subject to the rules that apply outside CP Areas. The remaining 15 percent shall be allocated by TRPA pursuant to the provisions governing the CP process. The rate of development within a CP shall be set forth in a schedule in the adopted CP. The schedule shall be correlated with schedules for the accomplishment of other CP programs such as transportation improvements, and watershed restoration work. If those are behind schedule, adjustments in CP growth rates shall be required.
    - B.** The amount of additional commercial floor area allowed outside community plans shall be no more than 40,000 square feet for the first ten years of the Regional Plan and shall



be allocated to individual projects by TRPA. TRPA may, by ordinance, allow reassignment of this commercial floor area to community plan areas in conjunction with adoption or amendment of community plans. The amount of commercial development outside CPs shall be checked at two-year intervals to determine if the rate at which projects are being approved exceeds the projected 4,000 square feet a year rate by more than 25 percent.

- C. The term "additional commercial floor area" shall not include tourist accommodation area, or outdoor recreation floor area, or their accessory uses, as defined by ordinance. Additional commercial floor area shall not include area added in minor remodeling of existing commercial facilities so long as no change in use occurs, there is no added traffic as a result, the increase is no more than 500 square feet or 5 percent of the existing facility, whichever is less, and the appropriate coverage rules apply. The exception for minor remodeling is limited to one project for a facility in a ten-year period.
- **Development and Implementation Sub-element Goal #2, Policy #8.** A maximum of 400,000 square feet of additional gross commercial floor area may be permitted during the second ten years of the plan (1997 to 2007). Development of additional commercial floor area shall be allocated as follows:

The commercial floor area allocation for the second ten years of the Regional Plan shall focus on the implementation of projects listed in the EIP and promotion of the transfer and rehabilitation of substandard development.

- A. A maximum of 100,000 square feet of commercial floor area may be permitted in adopted community plans. A portion of this allocation may also be permitted outside community plans when used to replace commercial allocations used in the first ten years for outside community plans and if it is linked to environmental improvements.
- B. A maximum of 150,000 square feet may be allocated to special projects in community plan areas or adopted master plan areas. These projects shall be evaluated on their implementation of environmental improvement projects.
- C. A maximum of 150,000 square feet of commercial floor area may be allocated after 2002. Fifty-thousand square feet may be allocated to projects within adopted community plans. A maximum of 100,000 square feet of commercial floor area allocation shall be reserved for future distribution based on criteria to be developed.

**Monitoring and Evaluation Sub-element Goal #2, Policy #9.** TRPA shall study on a continuing basis the cause-effect relationships related to the Region's economy, to promote a better understanding of the possible economic impacts of the Regional Plan. Although economic cause-effect relationships are extremely difficult to establish, the Agency will track key economic indicators (see Goal #3) and investigate possible connections between these indicators.



## Key Terms

The following key terms are used in this section:

**Capture.** The portion of non-local aggregate spendable income that is attracted to the local area by existing retail offerings in that local area.

**Leakage.** The portion of local aggregate spendable income that is unsatisfied by existing local retail offerings and escapes to retailers beyond the local region.

**Projection.** An estimate of future setting based on extrapolations from past observations combined with assumptions regarding the future.

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