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JOE MATHEWS

Urban center rising in Sierra could be bellwether for state

One of California's hottest development projects can be found in one of its coldest towns.

In an era of neighbor-bites-neighbor fights against big developments, perhaps it's fitting that an antidote should emerge from Donner Pass. Tiny Truckee — a snowy municipality of 16,300 — is doubling the size of its downtown.

The Railyard Project — it's a converted rail yard — shows that communities can overcome NIMBYism, environmental litigation, and other California obstacles in pursuit of transformational development. The project also shows just how difficult such transformations have become in a state once famous for dramatic change.

Truckee's ambition is startling. First, it's starting with affordable housing — often the last type of housing to be added to a project, given the political and financial challenges. Second, it's exactly the sort of dense, urban development that draws fierce opposition in the state's biggest cities.

While the project has gotten little notice outside the Sierra, that seems likely to change as construction continues. The project used innovative financing mechanisms, including dollars from the state's cap-and-trade program. It is likely to employ factory-made housing as a way of reducing the sky-high costs of construction. And gubernatorial front-runner Gavin Newsom has praised Truckee for supporting smart development.

For Truckee, the project is the culmination of a quarter-century journey. While the town dates to the 1870s, it only incorporated in 1993 because residents of the 34-square-mile town wanted control over land-use planning after years of new house-building on its outskirts by Bay Area vacationers. The final straw was the county's imposition of a Kmart outside downtown, despite objections to the traffic it would create.

The new town embarked on a general plan for Truckee. And after being asked for ideas, Truckee's people seized on a vision of smart growth, with a bigger downtown offering more for year-round residents.

The obvious place for expansion was a Union Pacific rail yard next to downtown. The town used a state grant to create a master plan for the rail yard, then spent years persuading Union Pacific to sell the property. The town



Gina Ferazzi / Los Angeles Times 2007

Truckee residents embrace the smart-growth plan to double the size of the city's downtown.

also collaborated with a patient Bay Area developer with ties to Truckee, Rick Holliday.

Over the past decade, the plan has survived blows that have killed other projects. A CEQA lawsuit against the plan — litigation that routinely blocks approval of development around the state — failed. The Great Recession put the project on ice. Then, in 2011, Gov. Jerry Brown and the courts killed the redevelopment program that Truckee was intending to use to finance the project.

Instead, Holliday secured more than \$12 million from cap and trade — because the rail yard represented affordable, higher-density development that means people drive less and produce fewer greenhouse gas emissions. In all, the town and Holliday cobbled together \$30 million for infrastructure, including

private financing.

The operations of the railroad have been relocated, and roads, water and sewers have been put in. Construction on the affordable housing begins this summer.

"This is the most strongly supported project that I've ever seen in this community," said the longtime town manager Tony Lashbrook, who retired last year.

As it goes forward, the project faces questions that could resonate across the whole state. Can California communities really pull off a modern, high-intensity development next to a historic downtown and add value to both? Will the mix of affordable and other housing work? How well does cap and trade perform as a financing mechanism? Will people gravitate to urban housing types in places that don't meet the usual definition of urban?

If the project succeeds, it could be a signal moment for California's mountain communities, as they struggle to keep and attract new generations of residents. When your thin-blooded Angeleno columnist visited freezing Truckee last December, I was struck by the community enthusiasm, including from Millennials who moved to Truckee because they like the outdoors and because their employer let them work remotely. "Isn't it great that we're in charge and getting what we want?" one local put it.

But others wondered whether people will have second thoughts when they see the four-story affordable housing building — tall for Truckee — go up. More recently, a grocery store that was supposed to be part of the rail yard project pulled out after the town council approved a Raley's supermarket outside downtown.

Still, it's a good bet that the rail yard will eventually put Truckee on the map for reasons beyond tourism and snow.

Joe Mathews writes the Connecting California column for Zócalo Public Square. To comment, submit your letter to the editor at SFChronicle.com/letters.