
on the

HOMEFRONT

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THE FACTS ABOUT HOMEWOOD'S REDEVELOPMENT

Reasonable people often disagree. We often have different ways of looking at the same facts and arrive at different conclusions based on our individual likes and dislikes, our biases and our priorities. This is what makes us individuals.

Unfortunately, on occasion, individuals attempt to make their point by distorting facts, making outright false statements or scaring others into supporting their position.

Over the past few months, we have unfortunately witnessed a growing trend toward the latter. We thought it important to at least attempt to respond to some of this innuendo for no other reason than to make sure that the facts are fairly presented.

Summarized below are some of the more troublesome distortions sent out to residents of the West Shore community.

1) The proposed Homewood Project will result in a 120% increase in the Homewood population.

Population is defined as the number of people who reside in a community on a year round basis. The Homewood project may not result in any increase in the local population if there is not an increase in year round residents. According to the U.S. Census, there are 1,396 residences in Homewood of which 369 are occupied year round and 1,027 are vacant or 2nd homes. The population of Homewood does not increase when the owners of these homes visit on weekends nor does it increase when those houses are rented to 3rd parties. The population similarly doesn't increase when year round residents have family or visitors staying in their guest rooms.

If each of the 1,396 existing residences in Homewood had two bedrooms and each of the bedrooms had 2 occupants, in theory, there could be as many as 5,584 inhabitants in Homewood at any given time. If the proposed Homewood project added 293 units to the existing inventory, and each unit had 2 bedrooms with 2 occupants per bedroom, the Homewood resort would, in theory, add 1,172 occupants, an increase of 21% to the overall inhabitants, **NOT 120%**.

It is important to note that according to a recent government study, the year round population of the North Shore of Lake Tahoe is actually decreasing, not increasing and this decline has been occurring for a number of years. This same study concluded that overall Vehicle Miles Traveled (VMT) had actually remained stable in the North Shore while it had declined significantly in the South Shore. The downward trend in the South Shore was partially attributed to the development of new, mixed-use projects, which have resulted in a decline in automobile use.

2) The owner of Homewood seeks 25% annual returns when Commercial Real Estate Investment Trusts (REITS) accept 8-10% annual returns. Therefore, the project should be downsized.

Homewood's owner does **NOT** seek 25% annual returns, nor does the company's website state that it does. The website does state that we have delivered annual, leveraged, returns in excess of 25%, not that we seek these returns.

In fact, we have never projected returns as high as 25% on any project. Some of our projects have been very

successful; others have achieved results far below 25%. Commercial REITS do indeed accept 8-10% annual returns, but with few exceptions they do not invest in resort development projects. Their primary focus is existing, low risk, income producing investments that have been built and fully leased. These REITS purchase stable, low risk, in place income. They do not accept future 8-10% returns and take on entitlement, construction, lease-up and weather risks where success depends on whether or not it snows.

It would be a poor business practice to take on all these risks for only an 8-10% return. As a rule of thumb, residential builders hope to receive a 15% overall return on costs. The individuals who state otherwise do not understand the economics of resort and residential development.

3) The Owners of Homewood intend to privatize the mountain, exclude the local community and sell to the Tahoe Mountain Club, which is operated by East-West Partners, the development partner of Northstar.

This is a completely false and inaccurate statement. This rumor relates to an assumption that because an employee of Homewood had previously worked for

East-West Partners, Homewood would become part of his prior employer's private club; which is not the truth.

4) The owners of Homewood and the Tahoe Regional Planning Agency (TRPA) are conspiring to avoid having to process the master plan under the California Environmental Quality Act (CEQA).

Again, this is another rumor. It is totally false and TRPA officials have responded with a strongly worded response that objects to the false accusations and commits all projects to EIR and EIS scrutiny as is required under law.

5) The Homewood Plan proposes to construct a new gondola that will run from the north base to the environmentally sensitive area around Lake Louise at the top of Homewood.

This is totally false and has never been considered. The plan does include a new gondola to replace the existing Madden Chairlift.

The gondola will follow the same alignment as the existing lift.

We welcome and expect an active and honest discussion about the merits of the proposed master plan. Already, hundreds of west shore residents have attended both the community meetings held to discuss the plan as well as visited the drop-in center which contains a model of the mountain and specific plans and renderings. While several residents have expressed concerns with the plan, the vast majority of responses from local residents have been very positive and supportive. We respect the opinions of all local residents and the rationale behind their positions. We particularly respect their willingness to engage in an open and honest discussion and not to rely on rumors and falsehoods. We plan on continuing to provide meetings and opportunities for straightforward dialogue and welcome your feedback.

We realize not everybody is in support of the plan. Some have stated that they do not care if the ski area is forced to close because it is no longer economically viable. The vast majority of residents, however, have stated that they want Homewood to remain open and that the transportation and parking improvements, watershed protection and erosion control enhancements, restoration and fire prevention advances are not only desirable, but welcome. Not to be forgotten is the fact that the Homewood master plan also provides a permanent home for the Lake Tahoe Music Festival. Without the redevelopment of Homewood, none of these benefits will exist.

In the final analysis, that is the critical issue.
