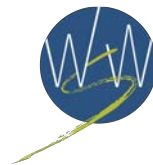


Mammoth Lakes Community Housing Action Plan: Part 1 Housing Needs, Accomplishments and Challenges

July 2017



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Mammoth Lakes
Community Housing Action Plan: Part 1
HOUSING NEEDS, ACCOMPLISHMENTS AND
CHALLENGES

July 2017

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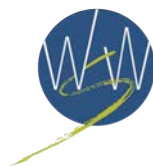
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Mammoth Lakes Community Housing Action Plan: Phase 1

HOUSING NEEDS, ACCOMPLISHMENTS AND CHALLENGES

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Housing and Community Changes Since 2011

Changes in the housing market, employer and employment issues, and community housing issues in Mammoth Lakes since 2011 can be summarized with one key indicator: *(See Part A, pp. 18 et seq., 28 et seq.)*

- 480 jobs added since 2011, most of which were added in the past two years;
- 22 homes available to residents added since 2011, all of which are rentals.

The additional housing inventory is about one-tenth of what was needed. A comment from a local Realtor sums this up:

“I cannot stress enough the housing shortage here!”
Local Realtor

While the under-development of homes for residents in relation to job growth is a significant problem in itself, the following factors compound the housing shortage:

- Existing rentals cannot absorb new workers filling jobs. In 2011, winter/spring rental vacancy rates were consistently under 2%. In 2016/17, winter/spring rental vacancy rates were consistently under 2%. When rental markets are this tight, the rental market is near capacity and cannot absorb new residents or employees moving to the area. If homes are not available, then workers must seek housing in other areas. *(See Part A, pp. 59 et seq.)*
- Long-term rentals have been lost. An estimated 200 rentals have been lost to the short-term rental market (60 units) and owners selling rentals (130 units) over the past 3 years. The majority of homes sold are bought by out-of-area owners, many of whom rent short-term. The advance of the sharing economy since 2011 and ease of renting units short-term on sites such as Airbnb and VRBO have greatly accelerated this problem. *(See Part A, pp. 66 et seq.)*
- Shortage of homes for sale. There are very few homes available for purchase by anyone, but especially residents and the local workforce. In July 2011, 324 homes were for sale on the MLS; 55% (178 homes) under \$400,000. In April 2017, 177 are for sale, 35% (67 homes) under \$400,000. Any home under \$400,000 that is in decent condition is snapped up – most by out-of-area buyers. *(See Part A, pp. 45 et seq.)*
- Competition for housing. Residents and employees in Mammoth Lakes compete with second homeowners for housing across all price points and have been for a long time. The majority of second homeowners are primarily southern California

residents who demand homes ranging from small, low-priced condominiums through single family homes over \$700,000. Some also compete with residents and employees for rentals; between 5% to 10% of apartments leased by a property manager in town were second home renters. *(See Part A, pp. 33 et seq., 62)*

Second homeowners in comparable resort communities have typically preferred higher-priced, higher-amenity units. Winter Park, Colorado, which has high ownership from other Colorado residents (mostly the Denver-Boulder area), is one resort community in which second homeowners have also been competing with residents across all price points for decades.

Because the supply of housing has not been keeping up with the needs of and demand from residents and new employees, since 2011:

- Prices rose; affordability decreased. Rents and home sale prices increased 22% since 2011. Incomes increased 12%. Rents are now near or at pre-recession prices, averaging \$1,400/month. Home sale prices have still not recovered to pre-recession levels, but are still higher than what most locals can afford. The median single family home sold for \$690,000 in 2016; condominiums for \$300,000. High HOA fees averaging \$500/month is equivalent to adding \$80,000 to the sale price. *(See Part A, pp. 16, 40 et seq., 48, 56)*
- In-commuting increased. About 42% of the workforce (2,100 employees) commute into Mammoth Lakes for jobs. This is about 5% *higher* than in 2011. Unable to find housing locally, many new workers and relocating existing employees have had to find housing in other communities. The result – prices are rising and housing is becoming scarcer in Crowley Lake and other areas too. *(See Part A, pp. 24, 51 et seq.)*
- There are more unfilled jobs. About 4% of jobs from major employers were unfilled in 2017 compared to 1% in 2011. The primary problem is filling service positions – dishwashers, housekeepers, servers and bussers, line cooks and sales clerks. Many businesses were understaffed this past winter, resulting in existing employees working long hours, filling multiple roles (or leaving gaps) and hurting service to residents and visitors. *Employers know they cannot provide five-star service unless more housing is available for workers. (See Part A, pp. 23, 25 et seq.)*

Challenges

Resort communities have unique challenges that contribute to the housing problems of residents and the workforce. These issues need to be factored into any solutions that may be considered to help address community housing needs. In Mammoth Lakes in particular:

- Low unemployment rate. Unemployment dropped from over 10% in 2011 to under 4% now. When jobs returned, employers could pull from the local labor force. As unemployment drops below 4%, more workers are needed from outside the area to fill jobs. Employers like hiring local because local employees have housing and stay in their jobs; out-of-area recruits, if they come, often leave within a few years. *New workers coming to the area need housing. (See Part A, pp. 23, 25 et seq.)*
- Lack of Economic Diversification. Since most jobs are in low wage, tourism-related industries, household incomes are too low to compete for housing with second home buyers or renters. Approximately 50% of jobs are low-paying accommodations/food service positions. Mammoth Lakes has less diversification in jobs than many mountain resort towns. Spouses unable to find employment are currently more of a problem for retaining new hires to some professional, year-round positions than housing. *(See Part A, pp. 20, 25 et seq.)*
- High Seasonality in Employment. Mammoth Lakes has a dominant winter employment season, filling 3-times as many seasonal jobs (over 2,000) than in the summer (about 700). Many jobs temporarily disappear during the spring and fall. Summer vacancy rates reported by one market-rate property manager were up to 30% in 2011 and have fallen to 15% in recent years – most of the vacancies are furnished units that are occupied by seasonal employees. Income-restricted rentals, however, stay full year-round. It can be challenging to provide rental housing if the summer months have high vacancies. *(See Part A, pp. 21-23, 60)*
- Restricted Land Availability. Residential development in the Town of Mammoth Lakes is constrained by land availability. This includes restrictions resulting from neighboring public lands and topography, as well as regulatory restrictions from an urban growth boundary and zoning. Under current zoning, the town is about 65% built-out. Opportunities exist to revisit zoning and residential development potential in town, including developable portions of the 68-acres of town-owned land which presently do not allow community housing. *(See Part B (2), pp. 1-5)*
- High Housing Development Costs. It is expensive to build in remote, high mountain environments. In Mammoth Lakes, land is expensive and local builders report stick built construction costs (excluding land) average \$200 to \$240 per

square foot. The full cost to develop (including land, soft costs and site work) averages about \$310 per square foot on an RMF-1 lot. Total development costs vary by site location and other factors.

On average, a 1,200 square foot townhome will cost about \$370,000 to build on an RMF-1 lot; more on higher-priced land. A subsidy ranging between \$50,000 up to \$200,000 per unit is needed to make a \$370,000 home affordable for households earning between 70% and 120% AMI. (*See Part B (2), pp. 22 et seq.*)

- Poor Condition of Units. The housing stock is old. This impacts buyers and renters.
 - Homes priced under \$400,000 are single family homes in very poor or tear-down condition or condominiums, most of which are old and in need of repair, have high HOA fees and are facing costly special assessments. Some were designed for transient use rather than year-round occupancy, and no projects are FHA-approved, which limits mortgage options and raises down payment requirements. (*See Part A, pp. 46 et seq.*)
 - Many rental units are not professionally managed and their landlords often do not adequately maintain and repair units. Of those that are professionally managed, even the managers have trouble getting owners to complete needed repairs. Utility costs are very high - \$270 average per month.

There is no incentive for owners to keep up with property maintenance. Units in bad condition can demand high rents. *There is no competition from higher quality, newer product.* (*See Part A, pp. 58-59, 61-63*)

- Loss of Community Housing Entitlements and Renegotiations. Since 2011, entitlements for 24 community housing units have expired. The Clearwater Specific Plan has been renegotiated to pay mitigation fees for 32 community housing units in lieu of development. Several other Plans incorporating hundreds of community housing units may be subject to renegotiation. (*See Part A, pp. 38-39*)

Replacing these units will be very difficult. Leveraging impact fees with federal or state funding will restrict the ability to provide housing for households earning over 80% AMI (i.e. the “missing middle”). A subsidy of between \$50,000 to \$200,000 per unit is needed to produce housing for households earning between 70% and 120% AMI, plus substantial time and staffing to manage, locate and build projects; not to mention land. (*See Part B (1), p. 11, p. 22; Part B (2), pp. 22 et seq.; Part A, p. 8*)

- Purchase by Aspen/KSL. The purchase of MMSA by the Aspen/KSL partnership presents an unknown factor for future development and investment in Mammoth Mountain and the town in terms of what, when and how. Speculation has begun, with Realtors receiving calls after the announcement in April from prospective buyers and sellers of properties. The Town received increased short-term rental inquiries from buyers researching the area post-announcement. If and when new development and redevelopment investment occurs, it will be essential to ensure the housing needs of residents and the workforce are in the forefront. (See Part A, pp. 25, 69-70)

Advantages

Although the task appears daunting, Mammoth Lakes is not starting from scratch. It has an existing program with many successes that can be expanded and improved. It also has active and engaged employers and several organizations, providing more potential for cooperative housing options. More specifically:

Mammoth Lakes Housing (MLH) with the Town. MLH was created in 2003 to provide housing to support a viable economy and sustainable community with development, acquisition, preservation, and homebuyer assistance. Working together with the Town:

- MLH and the Town have built, renovated and/or manage 222 deed restricted ownership and rental units. About 7% of residents reside in this housing. These units have successfully maintained their affordability over time for locals, unlike fluctuating free market homes.
- Provided homeownership assistance. Realtors and residents use it and want more. About 60 homeowners are currently receiving assistance. There is desire for higher income households to be able to qualify and for larger loans, which are limited by the state and federal funding sources. Local financing could increase options.
- State/local funding expertise. If state or federal grants or financing exists, MLH with the Town will get it. MLH and the Town have successfully received and used a wider variety of state and federal funding than the majority of comparative resort communities. Near \$44 million has been invested in housing since 2003. (See generally Part B (1))

Active Employers. Many employers provide some sort of housing assistance to their employees through down payment or rent assistance programs, master leasing or owning units leased to employees, among other programs. This housing fills needs that are not being met by other programs. Employers understand the benefit of housing for their employees. This provides additional opportunities for shared resources and

partnerships that can further housing needs for the community. (See Part B (1), pp. 23-24; Part A, pp. 25-27, pp. 36-38)

Local and Regional Resources. Town-owned land, existing organizations such as Inyo Mono Advocates for Community Action and Mammoth Lakes Foundation, plus potential regional partners through Mono County, U.S. Forest Service, Eastern Sierra Council of Governments and others provide additional opportunities to address housing regionally as well as locally. (See Part B (2), pp. 8-10)

Housing Needs and Gaps

About 600 housing units are needed to address current housing shortages for residents and the workforce and keep up with future demand. This averages about 120 units per year, which is more than has been constructed in total since 2011. This is over twice the estimate presented in the 2011 Housing Needs Assessment due in large part to more unfilled jobs, increased in-commuting, and higher projected job growth. The relative priority of housing each of the below resident and workforce segments, and how much, will need to be considered during the Action Plan process.¹

| Summary of Housing Needs | |
|---------------------------|------------|
| Catch-Up | 330 |
| Overcrowded Households | 55 |
| In-commuters | 220 |
| Unfilled jobs | 55 |
| Keep-Up | 275 |
| Retiring employees | 45 |
| New jobs | 220 |
| TOTAL through 2022 | 595 |

There is need for both ownership and rental housing in Mammoth Lakes that is available to the local workforce. If the current ownership ratio is retained, then about 46% of new units should be for ownership and 54% for rent. The precise ratio, however, is somewhat dependent upon the desired direction and housing policy of the Town, which will be a decision to make during the Action Plan process.

¹ See generally Part A, Section 8 – Current and Projected Needs and Gaps, pp. 72 et seq. for a complete description of community housing needs.

| Summary of Housing Needs by Own/Rent Through 2022 | |
|--|------------|
| Units needed through 2022 | 595 |
| Ownership | 275 |
| Rental | 320 |

In 2011, there was sufficient ownership product at lower price points such that developing new ownership was not recommended. Rentals were needed, however. In 2017, both ownership and rental housing are desperately needed in Town.

- To retain the current homeownership rate, 46% of homes should be for homeownership. Homeownership supports year round residency and allows residents to invest in and help build a more stable community.
 - As depicted by the blue shaded rows in the below table, about 64% of ownership units (180 total) should be priced affordable for residents and the workforce.
 - Affordable prices should range between \$180,000 and \$325,000 for households earning between \$45,000 through \$85,000 per year (70% to 120% AMI). There is a lesser need for homes up to \$400,000 (150% AMI).
 - Homes affordable for households earning under \$45,000 per year are also undersupplied; however, producing homes below \$180,000 will require substantial subsidies or programs such as Habitat for Humanity. These lower income households also often have trouble qualifying for loans and meeting down payment purchase requirements.
 - Preferred product types are single-family homes and townhomes/PUDs.

Distribution of Needed Community Ownership Housing by AMI

| Income Level | MAXIMUM Affordable Purchase Price | Ownership Distribution |
|---------------------|--|-------------------------------|
| <=60% AMI | Under \$162,000 | 12% |
| 60-80% AMI | \$213,000 | 7% |
| 80-120% AMI | \$325,000 | 25% |
| 120-150% AMI | \$406,000 | 20% |
| 150-200% AMI | \$541,000 | 21% |
| >200% AMI | Over \$541,000 | 16% |
| TOTAL | - | 275 |

NOTE: Shading indicates where there is a shortage of housing supply for residents and the workforce. Units provided in the lighter shade price point should be move-up housing for families, preferably offering three-bedrooms and garages.

- Rentals have been and are in tight supply. Rentals support businesses in need of workers and help new residents get a foothold in a community.
 - As depicted by the blue shaded rows in the below table, about 50% of rentals (160 total) should be priced below market.
 - Most new units should be priced below about \$1,200 per month, or up to \$1,400 per month if utilities are included. These would be affordable for households earning below 80% AMI (about \$25/hour).
 - Emphasis should be on studio, one and two bedroom rentals since there is insufficient diversity in the existing inventory.
 - Renters want their units to be kept well maintained and in good repair.
 - Renters want pet-friendly units.

Distribution of Needed Community Rental Housing by AMI

| Income Level | Maximum Affordable Housing Payment | Rental Distribution |
|--------------|------------------------------------|---------------------|
| <=60% AMI | \$1,035 | 35% |
| 60-80% AMI | \$1,360 | 16% |
| 80-100% AMI | \$1,725 | 12% |
| 100-120% AMI | \$2,070 | 9% |
| >120% AMI | Over \$2,070 | 28% |
| TOTAL | - | 320 |

NOTE: Shading indicates where there is a shortage of housing supply for residents and the workforce.

Recommendations for Moving Forward

The following recommendations provide guidance on what should be done to help set the stage for the Community Action Plan phase.

A Silver Bullet Does Not Exist. You will NOT find one strategy nor one funding source that will fix all of your housing problems.

Mammoth Lakes needs a comprehensive array of strategies to address existing needs and create housing to support residents and the workforce as the town grows and diversifies. The past reliance on development requirements and federal funding sources, while producing many housing units and assisting many families, has not produced the diversity of housing needed. Nor were regulatory measures effective over the past ten years when development stopped during the recession and drought.

Communities with the most successful programs have many strategies – up to 20 or more – that are diligently implemented. Different strategies produce different types of housing and serve different needs. An array of strategies also ensures progress on housing continues to be made regardless of development and market ups-and-downs. For example, during the downturn, many communities took advantage of lower land prices and housing costs to land bank or redevelop properties or get housing plans in place for when development activity picked up again. *(See generally Part B (3))*

Develop and Commit to a Plan. This is the task for Part 2 of this study – to develop a Community Housing Action Plan. This will identify housing goals and a plan for achieving housing objectives. Strategies to meet objectives will be identified and prioritized, roles and responsibilities will be assigned, and a timeline for achievement of various components established. This will focus the housing program, allow Mammoth Lakes to target strategies and use resources wisely, and track progress and changes over time.

The community needs to commit to implementing the plan, however. Without a continuous commitment of resources, staffing, and management, as well as open communication and collaboration, the Action Plan will be just another document. Increasing the supply of housing for locals takes time – it will not be over with one or two projects. *(See generally Part B (3))*

Build and improve upon what has already been done. The town is not starting from scratch. The town should build upon successes and improve and expand upon the existing community housing program. Some broad scale recommendations that should be considered when weighing policy and program options during the Action Planning process include:

1. Commit to Housing! In making policy and development decisions, the impact on the ability to house residents and the workforce must be recognized and prioritized. Communities in which housing is a priority consider the impact that any development or financing decision will have on the availability of housing for residents and the workforce.
 - It is recognized that the recession, drought and Mammoth Lakes Land Acquisition (MLLA) settlement required the town to make some financing trade-offs. But, since 2011, housing commitments were hit harder than others: TOT allocations dropped by 40% or more; impact fees were reduced by 75%. The town just approved additional TOT funding for housing in July 2017, which is a positive step forward.
 - Civic projects are under development or proposed – a multi-use facility, Town/County civic campus, performing arts center – which will benefit the community; however, the residents served by these developments and employees needed to run these facilities also need housing.

Commitment to housing requires funds, staff, resources, direction, hard work – and consistency. (See Part A, pp. 38-39; Part B (1), pp. 19-20; Part B (2), pp. 6-8, 11-13)

2. Establish Clear Roles and Responsibilities. No one person or organization can do it all. Housing takes commitment from many to make it happen. The existing program primarily looked to MLH and limited town staff to do it all. Some roles were not clearly defined and oversight of some units developed through mitigation/variances has fallen through the cracks. Moving forward, provide enough resources, staffing and management to ensure that the housing program is meeting needs, tracking goals and units are retained and managed for residents and the workforce. Roles and responsibilities will be defined as part of the Community Housing Action Plan. (See Part B (1), pp. 15-16; see generally Part B (3))
3. Local funding. The Town of Mammoth Lakes uses more state and federal sources of funding than most other resort communities. This is a great resource. These funding sources have, however, dominated affordable housing decisions, development and actions. State and federal monies have limitations and strict guidelines for their use: income limits, specific uses, etc. Acquiring most funds is a competitive process, sources for some have been decreasing in recent years and, under the current federal administration, the future of many sources is unknown. (See generally Part B (1), pp. 20-22)

The most successful programs supplement state and federal monies with local sources, or vice-versa. Local funding avoids the restrictions applied to state and federal sources and can be flexibly applied to needs that arise. The Town should explore diversifying its revenue for housing, which is dominated by TOT. Other communities use a combination of sales taxes, real estate transfer taxes or real estate transfer fees negotiated as part of development agreements, impact fees, and others. Communities with the most successful housing programs also commit land and other resources for housing. (See generally Part B (3))

4. Produce Housing that Meets the Needs of Residents and the Workforce. The current deed restricted housing stock is dominated by rentals (71%) and large 3- or 4-bedroom units (78% ownership; 42% rentals). Only about 60 deed-restricted ownership units are available. Over 70% of the workforce occupying current units are families with children, most renting.

While housing families is good, it should not be the only segment of the workforce provided with housing options. More ownership options are needed. Over 60% of Mammoth Lakes households have one- or two-persons. These segments are largely missed by the current inventory.

Development of community housing has been largely driven by funding rather than demographics. Moving forward, the provision and development of units *should be driven by the demographics and preferences of residents and the workforce*. The focus should be placed on increasing the diversity of units to be more responsive to community housing needs and provide for all residents and employees in need. *(See Part B (1), pp. 9-15)*

5. More stable rental housing. There is a need for good quality rental product. Renters will pay up to \$200 more per month for newer or upgraded product. A well-managed apartment complex, as opposed to individually rented condos, avoids HOA or owner restrictions that prohibit pets, ensures repairs are completed in a timely manner and will provide a more stable rental inventory. Renters occupying apartments, unlike those in individually-owned condominiums, do not need to worry about owners selling their rental or converting their home to a short-term rental. *(See generally Part A, pp. 55, 61-63)*
6. Balanced Regulatory Approach. The deed restricted units provided through mitigation or variances under the pre-2015 development code (excluding San Joaquin Villas) show a decent mix of bedroom sizes and income ranges compared to local demographics. These units also cover a wide range of incomes; up to 200% AMI. *(See generally Part B (1), pp. 9-12)*

The prior Inclusionary Zoning code required development; the current code requires impact fees. While fees can be leveraged to potentially produce more units, if the additional monies are federal or state funds, this will restrict the ability to provide housing for higher income households (e.g., 80% to 120% AMI or more). *(See generally Part B (1), pp. 11, 22; Part B (2), pp. 11 et seq.)*

Many resort communities have a balanced regulatory approach that produces a mix of units and fees, not just one or the other, recognizing the value that each brings to produce a diversity of housing needed for the community. Some are better than others at also working to reduce barriers and impart flexibility to increase desired housing production. *(See generally Part B (3))*

7. Balanced Short-Term Rental Approach. Over 65% of the Town's revenue in recent years has come from TOT collections. Almost 70% of TOT collections came from short-term rental of owner-rented condominium, single family and apartment rentals in 2016. This needs to be balanced with local housing concerns, in which long-term rentals have been taken off the market, as well as significant developer preferences to build for transient occupancy in zones in which they are permitted. In areas with limited land, like Mammoth Lakes, this should be a significant concern. *(See Part A, pp. 68-69; see generally Part B (2), pp. 16-17, 27)*

8. Support for Employers Helping with Housing. Many employers are providing housing or other programs to employees to assist them with housing needs. Employer efforts should be encouraged and supported. Considerations from this research include providing property management support for employer-owned units; support for homeownership programs, such as down payment assistance; incentives to employers who provide housing; and technical or other assistance to employers with resources for housing. *(See generally Part A, pp. 25 et seq.)*

Mammoth Lakes Community Housing Action Plan: Phase 1

HOUSING NEEDS, ACCOMPLISHMENTS AND CHALLENGES

PART A: MAMMOTH LAKES HOUSING NEEDS ASSESSMENT UPDATE

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Introduction

Purpose

This report provides an update to the 2011 Mammoth Lakes Housing Needs Assessment and an analysis of accomplishments, challenges, and opportunities for the Town of Mammoth Lakes to provide and retain community housing suitable and affordable for its residents and workforce. The purpose of this research is to inform the development of a *Mammoth Lakes Community Housing Action Plan* later this year.

The goal of this report and the following Action Plan process is to understand and devise a plan to address the housing needs of residents and the workforce. By doing so, this will also ensure the Town has the housing necessary to support a thriving community – housing to support businesses, economic development, community vibrancy, and residents and visitors alike.

Report Organization

The first part of this report is the Mammoth Lakes Housing Needs Assessment, which presents current and projected community housing needs through 2022. The Mammoth Lakes Housing Needs Assessment:

- Examines changes in demographics, the economy, ownership and rental housing, and new development since 2011;
- Compares local household income with the relative affordability of home prices and rents;
- Identifies where there are gaps in the housing market and what housing is needed to catch up and keep up with resident and workforce needs; and
- Examines the general impact of short-term rentals on housing for residents and workers from currently available information.

The second part of the report examines existing housing programs, opportunities, and constraints in three chapters:

1. **Housing Program Accomplishments and Opportunities for Improvement** – Tools and strategies to address the shortage of housing for residents and employees in town are not new to Mammoth Lakes. This chapter provides a summary and analysis of the inventory of community housing that has been created to date, and reports on the performance of current programs, suggesting where improvements can be made.

2. **Housing Resources, Opportunities, and Constraints** – This chapter provides a brief inventory of resources available for future efforts, including land, finance, zoning, and organizational capacity. It also explores the development environment, including the general cost of construction, development fees and requirements, and the challenges and opportunities experienced by local developers and stakeholders.
3. **Comparison of Locals Housing Programs in Mountain Resort Communities** – This section provides a snapshot of housing policies, strategies, and accomplishments in the comparative mountain resort communities of Breckenridge, Crested Butte, and Telluride in Colorado; Jackson, Wyoming; and Truckee, California. It enables the Town of Mammoth Lakes to make comparisons with other mountain resort communities, and is a reference for best practices for the Action Plan phase.

This report provides the resources for the Mammoth Lakes Housing Working Group and the community to begin the Action Plan process. The Action Plan will identify and recommend the strategies and tools, action steps, timeline, and responsibilities for the Town's next chapter in addressing community housing needs.

Methodology

Primary research was conducted to generate information beyond that available from existing public sources and included:

Employer Interviews. Ten primary employers in Town were interviewed, representing about 1,200 year-round jobs, 600 summer seasonal jobs and over 1,500 winter seasonal jobs in Mammoth Lakes. Interviews probed where employees live, unfilled jobs, retiring workers, positions of high turnover, difficulty finding and recruiting workers, changes in employment over time, to what extent employee housing is perceived to be a problem and employers' level of support for housing assistance. A mix of employers was represented, including: government, schools/education, utilities, health care, resort, retail, bar/restaurant, lodging, real estate and property management.

Realtor and Lender Focus Group. A focus group with three Realtors and local mortgage lenders was held in the Town of Mammoth Lakes. Information was obtained on the ownership market including current prices, recent trends, occupancy patterns, availability, and what households are seeking when looking to purchase or rent a unit. This discussion helped define housing preferences among locals and second-home owners searching for homes in town, including unit type, price points and amenities. Information was also collected on the availability of financing and the challenges faced when residents try to purchase housing.

Property Manager Interviews. Local market-rate and affordable rental property managers were interviewed to understand current rents, vacancy rates, recent trends, renter profiles, waitlists and units most in demand.

Stakeholder and Community Discussions. Additional interviews and discussions were conducted with Mammoth Lakes Housing (MLH), Inyo Mono Advocates for Community Action (IMACA), Mammoth Lakes Foundation (MLF), a Town Council member, Town Planning and Economic Development Commission, Mono County, Mammoth Lakes Tourism, Town Finance Department, Town Community and Economic Development Department, local entrepreneurs (sole/small business owners), among others to gather their input and perceptions on housing problems, programs and challenges in town and collect local data.

Public Kick-Off Meeting. Early in the process we held a discussion with the Mammoth Lakes Housing Working Group and community members at a kick-off session to target primary housing concerns and understand community housing needs.

*The community was clear:
it is time to take action on
meeting housing needs
for locals!*

Joint Mono County/Mammoth Lakes Live and Work survey. We borrowed results from a survey conducted for Mono County and the Town of Mammoth Lakes as part of the Housing Element update process for Mono County by BBC Consulting. Responses included over 500 residents in Mammoth Lakes and 120 households with members who commute into town for work. This information was used for limited specific needs, including number of jobs per worker, number of employees per household, work location data and information on renters regarding rent payments, utility costs and forced to move issues.

Secondary and Local Data Sources

A variety of sources of published information were used in the preparation of this report, including but not limited to:

- 2000 and 2010 US Census data. This information is used to identify changes in Mammoth Lakes' residents and households over time and identify the demographics of the area.
- 2011-2015 American Community Survey data (ACS) to understand general trends since the 2010 Census.¹
- Employment information from the Quarterly Census of Employment and Wages (QCEW), the US Bureau of Economic Analysis (BEA), California Employment Development Department (EDD), and ESRI Business Data.

¹ The ACS is not used to define the current demographic composition of Mammoth Lakes' households, but only to understand if general shifts have occurred. The Census Bureau recommends using the data to understand trends in changes, where margins of error are reasonable, and not for exact numerical shifts in population or household demographics.

- 2016 Area Median Income from the California Department of Housing and Community Development (HCD).
- Mono County property ownership and residential records acquired through the Mono County GIS Department and Mammoth Lakes Community and Economic Development Department.
- MLS listings and recent home sales acquired from Mammoth Lakes Housing, Inc.
- Transient Occupancy Tax (TOT) collections and Town financial data and housing expenditure contributions from the Town Finance Department.
- Land, parcel, building permit and housing inventory data from the Town Community and Economic Development and Building Departments.
- Existing reports, including the 2011 Mammoth Lakes Housing Needs Assessment; Town of Mammoth Lakes Housing Elements 2014-2019; 2015 Draft Town Housing Strategy; 2015 Affordable Workforce Housing Fee Nexus Study; 2012 Impact of Potential Tax Increases on Mammoth Lakes Economy; and Mammoth Lakes Annual Financial Report (June 30, 2016), among others.

Acronyms

The following acronyms are used in this report.

| | |
|---------|---|
| ACS | American Community Survey |
| AMI | Area Median Income |
| BEA | US Bureau of Economic Analysis |
| BEGIN | Building Equity and Growth in Neighborhoods |
| BTC | Business Tax Certificate |
| CalHome | State of California low-income homeownership assistance program |
| CalHFA | California Housing Finance Agency |
| CEQA | California Environmental Quality Act |
| CDBG | Community Development Block Grant |
| CHDO | Community Housing Development Organization |
| DOF | California Department of Finance |
| EDD | California Employment Development Department |
| ESCOG | Eastern Sierra Council of Governments |
| ESRI | Environmental Systems Research Institute |
| FHA | Federal Housing Administration |
| GIS | Geographic Information Systems |

| | |
|--------|---|
| HEAP | Home Energy Assistance Program |
| HCD | California Department of Housing and Community Development |
| HOA | Home Owner Association |
| HOME | HOME Investment Partnerships Program |
| HUD | United States Department of Housing and Urban Development |
| IMACA | Inyo Mono Advocates for Community Action |
| LIHEAP | California Low-Income Home Energy Assistance Program |
| LIHTC | Low-Income Housing Tax Credit |
| MLF | Mammoth Lakes Foundation |
| MLH | Mammoth Lakes Housing |
| MLLA | Mammoth Lakes Land Acquisition |
| MLS | Multiple Listing Service |
| MMSA | Mammoth Mountain Ski Area |
| PUD | Planned Unit Development |
| QCEW | Quarterly Census of Employment and Wages |
| REO | Real Estate Owned |
| STAR | State funds from the American Recovery and Reinvestment Act |
| TOT | Transient Occupancy Tax |
| UGB | Urban Growth Boundary |
| USDA | United States Department of Agriculture |
| VRBO | Vacation Rental By Owner |
| WFH | Workforce Housing funding through Prop 1C and 46 |

Definitions

The following terms are used in this report. Definitions are provided for reference.

Affordable Housing As used in this report, housing is deemed to be affordable if the monthly rent or mortgage payment is equal to or less than 30% of gross household income (before taxes). When housing costs exceed 30% of income, the household is considered to be Cost Burdened.

Area Median Income (AMI) A term that generally refers to the median incomes published annually for counties by the US Department of Housing and Urban Development (HUD) and published annually by the California Department of Housing and Community Development (HCD). California State Income Limits published through HCD apply to State and local affordable housing programs statutorily linked to HUD

income limits.

AMI varies by household size and is published each year by HUD and HCD for households at various income levels, as follows:

- Extremely Low Income – At or below 30% AMI
- Very Low Income – Between 31% and 50% AMI
- Low Income – From 51% to 80% AMI
- Moderate Income – From 81% to 100% AMI

| | |
|---------------------------------|---|
| American Community Survey (ACS) | The ACS is part of the Decennial Census Program of the U.S. Census. The survey was fully implemented in 2005, replacing the decennial census long form. Because it is based on a sample of responses, its use in smaller areas (under 65,000 persons) is best suited for monitoring general changes over time rather than for specific demographic counts due to potentially high margins of error. |
| Catch-up Needs | The number of community housing units needed to catch up to meet the current shortfall in housing available for town residents and the workforce. |
| Community Housing | Used in this report to define housing that is intended to be affordable for and occupied by residents of the town of Mammoth Lakes and workers employed in town. This housing needs assessment identifies community housing needs in Mammoth Lakes presently and over the next five years. |
| Cost Burdened | When housing costs exceed 30% of a household's gross (pretax) income. Housing costs include rent or mortgage and may or may not include utilities, homeowner association fees, transportation or other necessary costs depending upon its application. Households are severely cost-burdened when housing costs comprises 50% or more of gross income. |
| Keep-up Needs | Keep-up refers to the number of community housing units needed to keep up with job growth and the housing units needed to house employees filling jobs over the next 5-years. |
| HOME Funds | Grants from HUD to states and units of general local government to implement local housing strategies designed to increase homeownership and affordable housing opportunities for low and very low-income households. |

| | |
|-------------------------------|--|
| Missing Middle | Generally refers to housing needed that is affordable to residents and the workforce earning over 80% AMI, yet cannot afford market-rate housing. In Mammoth Lakes, this generally refers to households earning between about 80% AMI up to 150% AMI (an average-sized 2.5-person household earning between \$54,000 to \$100,000 per year). |
| Transient Occupancy Tax (TOT) | A 13% tax that is charged “for the privilege of occupancy of any transient occupancy facility.” TOT is a primary source of General Fund revenue for the Town. |
| Workforce Housing | Housing intended for and affordable to employees and households earning local wages. |

What is Affordable Housing for Locals?

“Affordable” Defined

In high-cost resort communities, affordability is often a problem not only for low-income households, but middle- and upper-income households as well. Housing is affordable when the monthly payment (rent or mortgage) is no more than 30% of a household’s gross income (i.e., income before taxes). Although there is some variation, this standard is commonly applied by federal and state housing programs, local housing initiatives, mortgage lenders and leasing agents.

Affordable rents and purchase prices meeting this 30% standard can be calculated for various income levels, which are often expressed as a percentage of the Area Median Income (AMI). AMI is published annually by the California Department of Housing and Community Development for each *county* and represents the Median *Family* Income of an area. Many of the income- and deed-restricted housing units in Mammoth Lakes use AMI to qualify households for occupancy and establish affordable prices.

The AMI varies by household size. The median (or middle) family income estimate in an area generally falls on or near the 100% AMI rate for a family of four. In Mono County, for example, the AMI in 2017 is \$81,200. Households earning less than the middle income (100% AMI) are identified as earning a lower percentage AMI (e.g., 80% AMI).

In resort communities, the median family income is often about 20% higher than the average income of all households because the AMI does not incorporate incomes from

single- and non-family roommate households. Here, the median family income is about 17% higher than the median income of all households in Mammoth Lakes (\$67,000).²

Mono County AMI by Household Size: 2017

| AMI Level | 1-person | 2-person | 3-person | 4-person |
|-----------|-----------|-----------|-----------|-----------|
| 30% | \$17,050 | \$19,500 | \$21,950 | \$24,350 |
| 50% | \$28,450 | \$32,500 | \$36,550 | \$40,600 |
| 60% | \$34,150 | \$39,000 | \$43,850 | \$48,700 |
| 80% | \$44,750 | \$51,150 | \$57,550 | \$63,900 |
| 100% | \$56,850 | \$64,950 | \$73,100 | \$81,200 |
| 120% | \$68,200 | \$77,950 | \$87,700 | \$97,450 |
| 150% | \$85,300 | \$97,450 | \$109,650 | \$121,800 |
| 200% | \$113,700 | \$129,900 | \$146,200 | \$162,400 |

Source: California HCD

The average household size in the Town of Mammoth Lakes is about 2.5-persons. The below table shows the affordable rents and home purchase prices at various household incomes and the respective AMI level for an average-sized household, as calculated from California HCD AMI figures, above.

Maximum Affordable Housing Costs

| AMI* | Household Income (2.5-person household) | Max Rent | Max Purchase Price** |
|------|--|----------|-------------------------|
| 30% | \$20,725 | \$520 | \$81,300 |
| 50% | \$34,525 | \$865 | \$135,400 |
| 60% | \$41,425 | \$1,035 | \$162,500 |
| 80% | \$54,350 | \$1,360 | \$213,100 |
| 100% | \$69,025 | \$1,725 | \$270,700 |
| 120% | \$82,825 | \$2,070 | \$324,800 |
| 150% | \$103,550 | \$2,590 | \$406,100 |
| 200% | \$138,050 | \$3,450 | \$541,400 |

Source: California HCD

*AMI for the average sized 2.5-person household earning the respective income.

**Assumes 30-year mortgage at 5.0% interest with 5% down and 20% of the payment covering taxes, insurance and HOA fees.

² See Section 1 – Demographics (Income) for more information.

Interest rates significantly affect the affordable purchase price of homes. Affordable purchase prices in the above table assume an average mortgage interest rate of 5.0%, which is slightly higher than the current rate. For every 1%-point rise, the purchasing power of a household decreases by about 10%. This needs to be considered when evaluating the affordability of housing for locals and establishing prices for new affordable homes.

Interest rates significantly affect the affordable purchase price of homes.

Diversity of Housing Needs: Life-Cycle Housing

A diversity of housing types and prices are necessary to allow locals to live, work and grow in a community. Providing a sufficient supply of housing that meets the changing needs of residents and employees over time ensures communities achieve several goals, including:

- Boosting its resident base;
- Providing more stable year-round activity for local businesses;
- Building and maintaining a diverse community;
- Supporting and growing families;
- Attracting and retaining employees, filling jobs, decreasing commuting, and housing essential workers to ensure provision of quality services to residents and visitors; and
- Supporting a more vibrant and diverse economy.

In Mammoth Lakes, housing should accommodate households with seasonal and entry-level service employees making \$10.50 to \$17 per hour through business managers making \$100,000 or more per year. It must also provide options for households at various life stages to buy or rent – from new school graduates, to young families, to empty-nesters preparing for retirement. More specifically:

*The lack of availability of housing affordable to locals is a moderate problem for our hiring, but **the most critical problem for the community.***
Local Employer

- At the lowest income levels (under \$30,000 per year; below 50% AMI), homelessness and the threat of homelessness are important issues. Special populations who are unable to work (e.g., seniors and the disabled) may require assistance at the lower income levels. Affordability problems, especially for renters, may also be present among the working poor.
- As incomes increase to between \$50,000 to \$70,000 per year (about 80% to 100% AMI), households often want to buy their first home. Policies at this level are designed to help bring homeownership within reach, including down payment assistance and first-time homebuyer loans.

- Finally, at the highest levels (over \$80,000 per year; 120% AMI), upper income groups fuel the market for step-up and high-end housing. The needs of this group may often be addressed by the free market; although market housing in many high-cost resort communities, such as Mammoth Lakes, often start at 150% AMI or more.

| Household Income Classification | AMI Level | Maximum 2-person Household Income | Typical Housing Needs |
|---------------------------------|-------------|-----------------------------------|--|
| Extremely low income | <=30% AMI | \$21,000 (\$10/hr) | Emergency/subsidized housing |
| Very low income | 31% to 50% | \$35,000 (\$17/hr) | Income restricted housing (LIHTC, etc.) |
| Low income | 51% to 80% | \$55,000 (\$26/hr) | Market rentals |
| Moderate income | 81% to 100% | \$70,000 (\$35/hr) | First time homebuyers |
| Middle and upper income | Over 100% | \$70,001+ (\$35+/hr) | Entry market housing and step up home buyers |

Source: California HCD, Consultant team

Acknowledgements

We would like to thank everyone who helped us and gave their time and assistance. Information in this report relied extensively on the cooperation and participation from Mammoth Mountain Ski Area, Mammoth Lakes Housing, Town of Mammoth Lakes and Mono County staff, elected officials, local employers, Realtors, property managers, lenders, community stakeholders, and the Mammoth Lakes Housing Working Group, including:

Mammoth Lakes Housing Working Group Members

| Name | Affiliation |
|-------------------------|---|
| Bill Sauser | Town of Mammoth Lakes Town Council Member |
| Bill Taylor | Mammoth Lakes Housing Board Member |
| Jen Burrows | Town of Mammoth Lakes Planning and Econ Dev. Cmsn |
| John Helm | Eastern Sierra Transit Authority |
| John Urdi | Mammoth Lakes Tourism |
| John Wentworth | Town of Mammoth Lakes Town Council Member |
| Jorge Espitia | Community Member |
| Kay Hartman | Mammoth Community Water District |
| Ken Brengle | Executive Director, Mammoth Lakes Chamber of Commerce |
| Kirk Stapp | Mammoth Lakes Housing Board Member |
| Lindsey Rich | Mammoth Mountain Ski Area |
| Paul Chang | Town of Mammoth Lakes Planning and Econ Dev. Cmsn |
| Paul Oster | RE/MAX of Mammoth |
| Ruth Traxler | Town of Mammoth Lakes |
| Sandra Moberly | Town of Mammoth Lakes |
| Scott Burns | Mono County Planning & Comm. Devlp. Dept. |
| Talene Shabanian | Mammoth Hospital |
| Thom Heller | Mammoth Lakes Fire Department |
| Tom Hodges | Mammoth Mountain Ski Area |

Information presented in this report is as much based on data and numbers as it is on the experiences and observations of those living and working in the community. We greatly appreciate the assistance and cooperation we received. We very much enjoy working with communities that desire to understand and address the housing needs of local residents and the workforce.

SECTION 1 - DEMOGRAPHICS

Population

Mammoth Lakes is home to approximately 58% of Mono County’s population and 56% of the county’s households. This is consistent with 2010 and slightly higher than in 2000.

- Based on state estimates, the population in Mammoth Lakes decreased between 2010 and 2016, showing a slight increase beginning last year. With the 4% rise in jobs these past two years,³ near-term population estimates are likely conservative.
- Growth is projected to be significantly slower between 2010 and 2022 (0.4% increase) compared to the prior decade (16.1% increase). The population in Mono County is projected to decline slightly (-0.3%) between 2010 and 2022.
- Between 2017 and 2022, the Town is projected to gain about 260 residents, yet this will depend on multiple factors, including the development of housing affordable to residents and the workforce.

Population: 2000 to 2022 (Projected)*

| | 2000 | 2010 | 2016 | 2017 | 2022 | % change (2000-2010) | % change (2010-2022) |
|----------------------|--------|--------|--------|--------|--------|----------------------|----------------------|
| Mono County | 12,853 | 14,202 | 13,654 | 13,713 | 14,162 | 10.5% | -0.3% |
| Mammoth Lakes | 7,093 | 8,234 | 7,984 | 8,002 | 8,264 | 16.1% | 0.4% |

Source: 2000 and 2010 Census; California Department of Finance (DOF); Consultant team

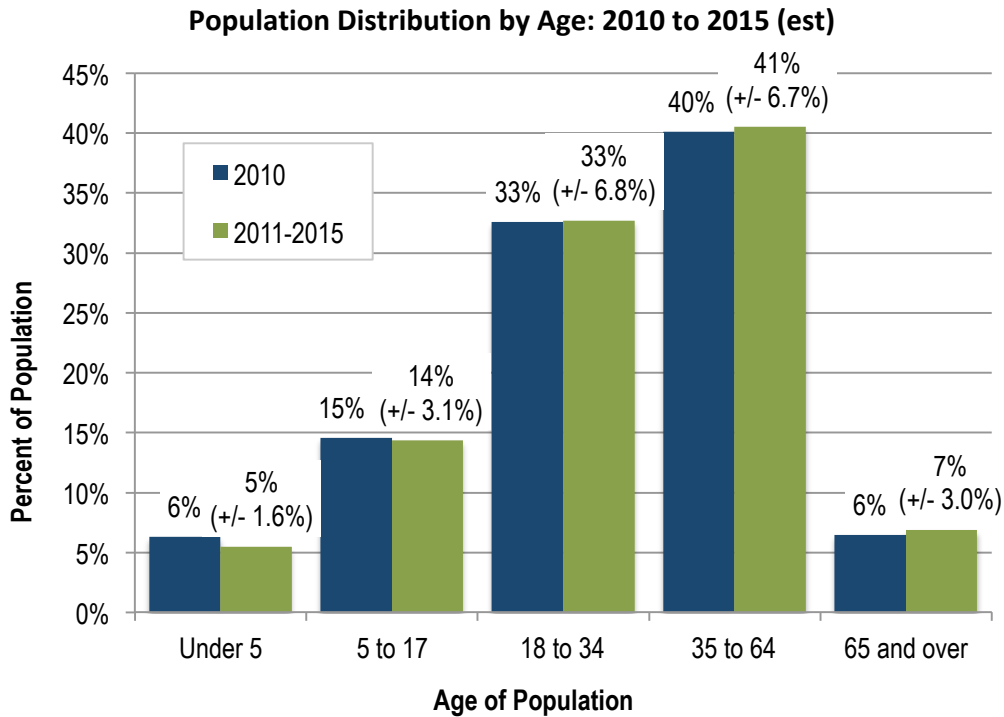
*Population estimate for Mammoth Lakes in 2022 is based on DOF projections for Mono County.

- The mix of residents by age shows little change since 2010. ACS trends indicate seniors age 65 and over were the only age segment to increase since 2010 (0.5% per year). This was the fastest growing age segment between 2000 and 2010.⁴

Children under 5 show the largest decline (-2.4% per year).

³ See Section 2 – Jobs, Seasonality and Commuting

⁴ As was the case in 2011, seniors comprise a relatively small percentage of the population in Mammoth Lakes (7%) compared to Mono County (11%).



Source: 2010 US Census, 2011-2015 5-year ACS

- The Hispanic/Latino population has continued to increase. ACS trends indicate the Hispanic/Latino population grew (0.8% per year on average), while the total population declined (-0.4% per year).

Hispanic/Latino Population: 2000 to 2015 (est)

| | 2000 | 2010 | 2011-2015 |
|----------------|-------|-------|-------------------|
| Number | 1,575 | 2,772 | 2,935 |
| Percent | 22% | 34% | 37% (+/- 4.1%) |

Source: 2000 and 2010 US Census, 2011-2015 ACS, DOF, Consultant team

Households

With an average of about 2.5 persons per household, residents currently occupy about 3,250 housing units.

Households: 2000 to 2022 (Projected)

| | 2000 | 2010 | 2016 | 2017 | 2022 | % change (2000- 2010) | % change (2010- 2020) |
|--------------------------|-------|-------|-------|-------|-------|--------------------------------|--------------------------------|
| Mono County | 5,137 | 5,768 | 5,724 | 5,824 | 6,015 | 12.3% | 4.3% |
| Mammoth Lakes | 2,814 | 3,229 | 3,223 | 3,252 | 3,359 | 14.7% | 4.0% |

Source: 2000 and 2010 Census; ACS; DOF; Consultant team

*ACS indicates housing vacancy rates may have increased slightly since 2010, not decreased as DOF estimated. Above projections are based on the same vacancy rate as in 2010.

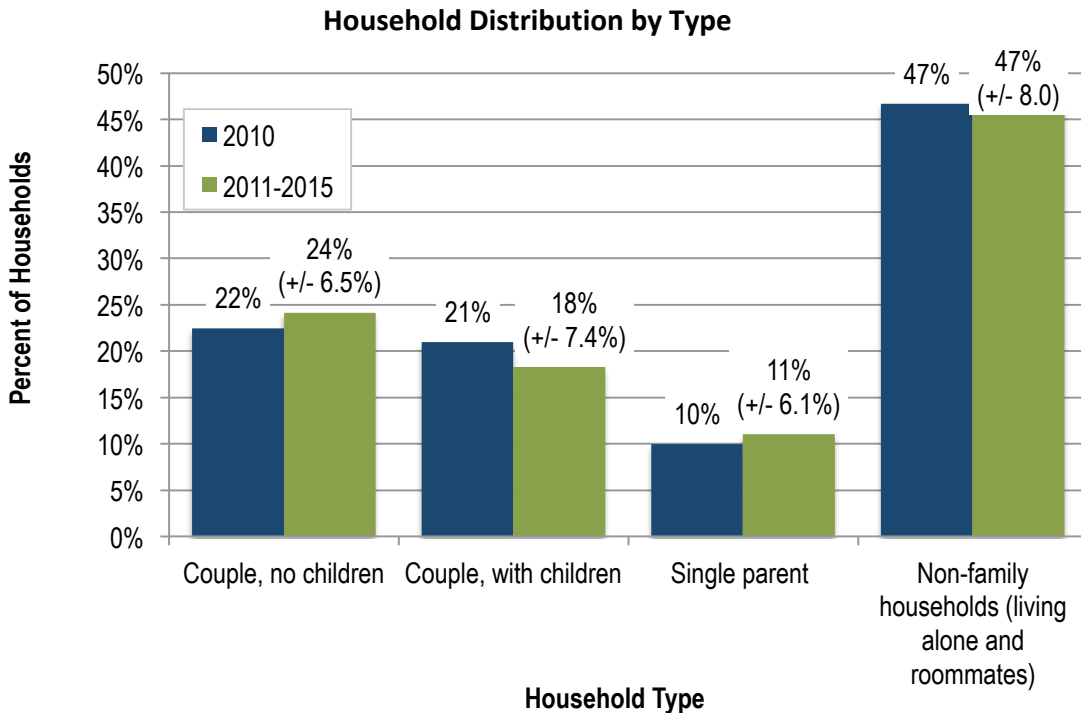
- The homeownership rate among residents stayed at about 46.5% since 2010, after declining about 6-percentage points since 2000. While some home owners are selling their homes as prices have started to rise since the recession, not many locals can afford to purchase them.

Owner- and Renter-Occupancy: 2000 to 2015 (est)

| | 2000 | 2010 | 2011-2015 |
|------------------------|-------|-------|------------------|
| Owner-occupied | 52.3% | 46.5% | 46.4% (+/- 8.5%) |
| Renter-occupied | 47.2% | 53.5% | 53.5% (+/- 10%) |
| TOTAL | 2,814 | 3,229 | - |

Source: 2000 and 2010 Census; 2011-2015 ACS

- Since 2010, ACS trends indicate that the percentage of households occupied by couples with children decreased, although this decline is within the margin of error. A decline would be consistent, however, with observations from real estate professionals and employers that young families have trouble getting established in housing in town and instead find homes outside of the community.
- Both the 2010 census and 2011-2015 ACS show non-family households comprise 47% of households in town. This includes households living alone and with roommates. Trends indicate little change from 2011, in which 28% lived alone and 19% with roommates.



Source: 2010 US Census and 2011-2015 ACS

- Household size has remained about the same since 2011 based on trends reported in the ACS over the past few years.⁵

Household Size: 2010 to 2015 (est)

| Persons per Household | 2010 | 2015 (est) |
|-----------------------|------|------------|
| Average: | 2.5 | 2.6 |
| Owner | 2.3 | 2.2 |
| Renter | 2.7 | 2.9 |

Source: 2010 Census, 2007-2011 to 2011-2015 ACS trend; Consultant team

⁵ EDD and the 2017 Mono County/Mammoth Lakes Live and Work survey also estimate that there are about 2.5-persons per household.

Income

The median household income in Mammoth Lakes is slightly below that for Mono County as a whole. This is due to the higher percentage of low-wage service jobs in town compared to the county overall.⁶

Median Household Income: Mono County and Mammoth Lakes

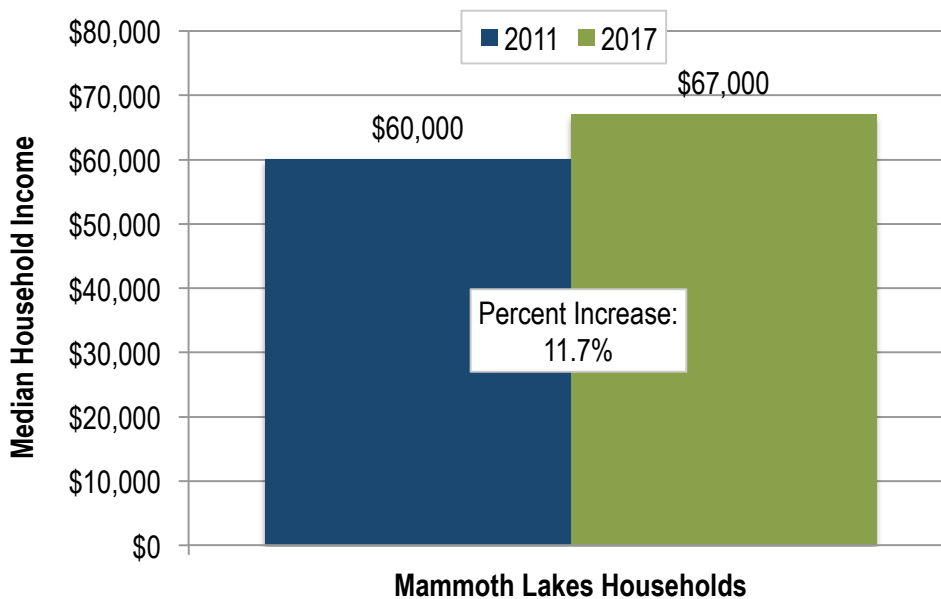
| | Mono County | Mammoth Lakes |
|----------------|-------------|---------------|
| 2011-15 | \$56,944 | \$55,799 |
| 2010-14 | \$61,814 | \$60,984 |
| 2009-13 | \$61,757 | \$60,208 |

Source: ACS

Since 2011, the median household income in Mammoth Lakes has increased about 12%. In comparison, housing prices have increased much faster – about 22% on average since 2011.⁷ It has become harder for residents and the workforce to afford housing.

Home prices have increased much faster than incomes.

Median Household Income: 2011 to 2017



Source: 2011 Mammoth Lakes Housing Needs Assessment/Survey; Ribbon Demographics, LLC; Consultant team

⁶ See Section 2 – Jobs, Seasonality and Commuting for more information.

⁷ See Section 4 – Homeownership Market Conditions for more information.

Mammoth Lakes households by HCD AMI level are shown below. AMI income distributions are used to determine housing affordability levels and needs for residents in town. As is typical in resort communities, the median income of all households (\$67,000) is almost 20% lower than the HCD area median income defined for Mono County (\$81,200). This is because HCD AMI estimates include only families and not the 47% of households that are living alone or in roommate households.

The distribution of households by AMI in Mammoth Lakes is about the same as in 2011. Most renter households earn incomes below 80% AMI (51%) and owner households are more likely to earn over 120% AMI (57%), which is typical. When renters earn over 80% AMI they are often wanting to purchase homes.

**Area Median Income: Owners and Renters
Town of Mammoth Lakes, 2017**

| | Owners | Renters | TOTAL |
|--------------|--------------|--------------|--------------|
| <30% | 3% | 11% | 7% |
| 30.1-60% | 9% | 24% | 17% |
| 60.1-80% | 7% | 16% | 12% |
| 80.1-100% | 13% | 12% | 12% |
| 100.1-120% | 12% | 9% | 10% |
| 120.1-150% | 20% | 14% | 17% |
| 150.1-200% | 21% | 6% | 13% |
| Over 200% | 16% | 8% | 12% |
| TOTAL | 1,508 | 1,744 | 3,252 |

Source: HCD; Ribbon Demographics, LLC; Consultant team

Section 2 – Jobs, Seasonality and Commuting

Job Estimates

There are about 9,360 jobs in Mono County in 2017.

About 64% of total county jobs (5,990 total) are located in the Town of Mammoth Lakes. In 2010, a lower 62% of jobs were located in Mammoth Lakes, meaning that job growth has been stronger in town than in the county.

| | 2010 | 2017 | Average % Change per Year |
|----------------------|-------|-------|---------------------------------|
| Mono County | 8,820 | 9,360 | 0.9% |
| Mammoth Lakes | 5,510 | 5,990 | 1.2% |

Source: Calif. Employment Development Department (EDD), Quarterly Census of Employment and Wages (QCEW), Bureau of Economic Analysis (BEA) jobs estimates, Consultant team.

Job Projections

The Employment Development Department (EDD) estimates job projections of wage and salary jobs in the Eastern Sierra Region.⁸ The 2011 Mammoth Lakes Housing Needs Assessment estimated that about 865 wage and salary jobs would be added in Mono County between 2010 and 2017 based on EDD projections for job growth in the region.⁹ Revised EDD estimates show that jobs increased by about one-fourth that amount (224 jobs). More specifically:

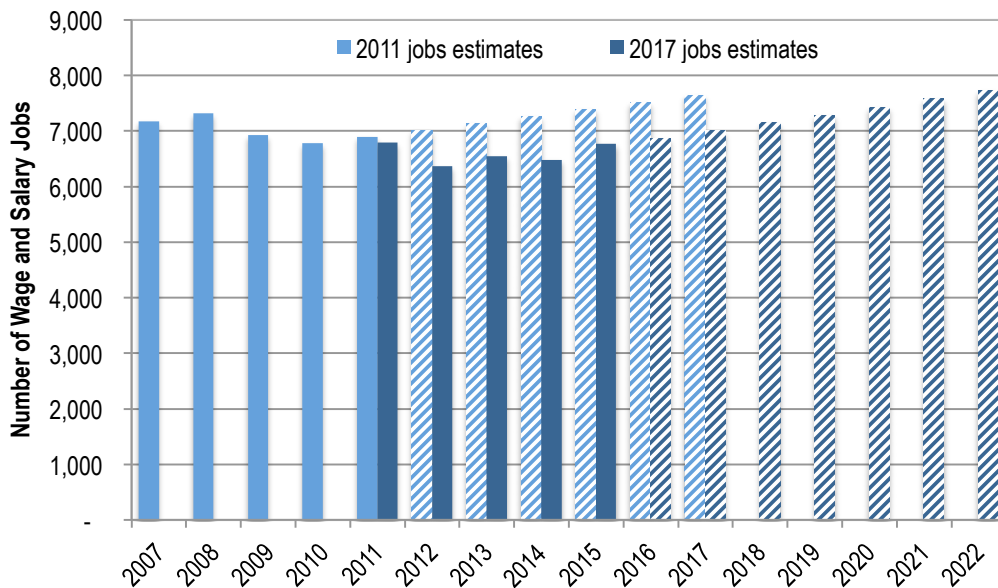
- In 2011 jobs had started to return after the recession, but then the drought hit. Jobs fell in 2012.

⁸ Wage and salary jobs exclude proprietor's employment (jobs not covered by unemployment insurance, such as business owners, the self-employed, unpaid family workers and private household workers). Proprietors comprise about 25% of jobs in Mono County based on Bureau of Economic Analysis estimates. Jobs reported in this section, therefore, will be lower than the "total jobs" figures presented for 2017, above.

⁹ In 2011, projected jobs in Mono County were estimated by assuming jobs comprise 45.6% of Eastern Sierra jobs, which was the average ratio of Mono County to Eastern Sierra jobs over the prior 5 years. The same method is used in 2017, except Mono County comprises a slightly lower 43% of jobs in the region in recent years.

- After remaining relatively flat for a few years, jobs increased about 4% between 2014 and 2015, coinciding with an increase in snowfall. Preliminary estimates show jobs may have increased another 4% in 2016.
- Despite recent increases, total wage and salary jobs in Mono County remain about 7% below the pre-recession peak in 2006.
- EDD projections estimate that jobs will increase to 7,720 by 2022, an average of 2% per year.¹⁰ At this rate, all jobs lost during the recession and drought will be regained by 2020.

**Average Annual Wage and Salary Jobs Estimates and Projected Increase:
Mono County, 2007 – 2022**



Source: QCEW, EDD projections, Consultant team

Note: Solid bars denote known QCEW job counts, striped bars show EDD projections.

¹⁰ A 2% per year growth rate is equivalent to the average growth in jobs between 2012 and 2015 in Mono County.

Job projections are used to estimate how many housing units will be needed to house workers filling new jobs.¹¹

- Assuming that jobs grow an average of 2% per year through 2022 as projected by EDD, Mammoth Lakes will add about 610 jobs over the next 5 years.
- This conservatively assumes that job growth in town will occur at the same rate as projected for the county and the rate will average 2% as projected, rather than the 4% experienced the past couple of years. If jobs average 4% growth each year, over 1,200 jobs will be added in town.

Total Jobs Estimates (Wage and Salary and Proprietors Jobs): 2017 to 2022

| | 2017 | 2022 | Average Yearly % Growth 2017-2022 |
|----------------------|-------|--------|---|
| Mono County | 9,360 | 10,320 | 2.0% |
| Mammoth Lakes | 5,990 | 6,600 | 2.0% |

Source: EDD, QCEW, BEA, Consultant team.

Jobs and Wages by Sector

The average wage paid in Mono County in 2015 was about \$34,920, or 50% AMI for an average sized 2.5-person household.

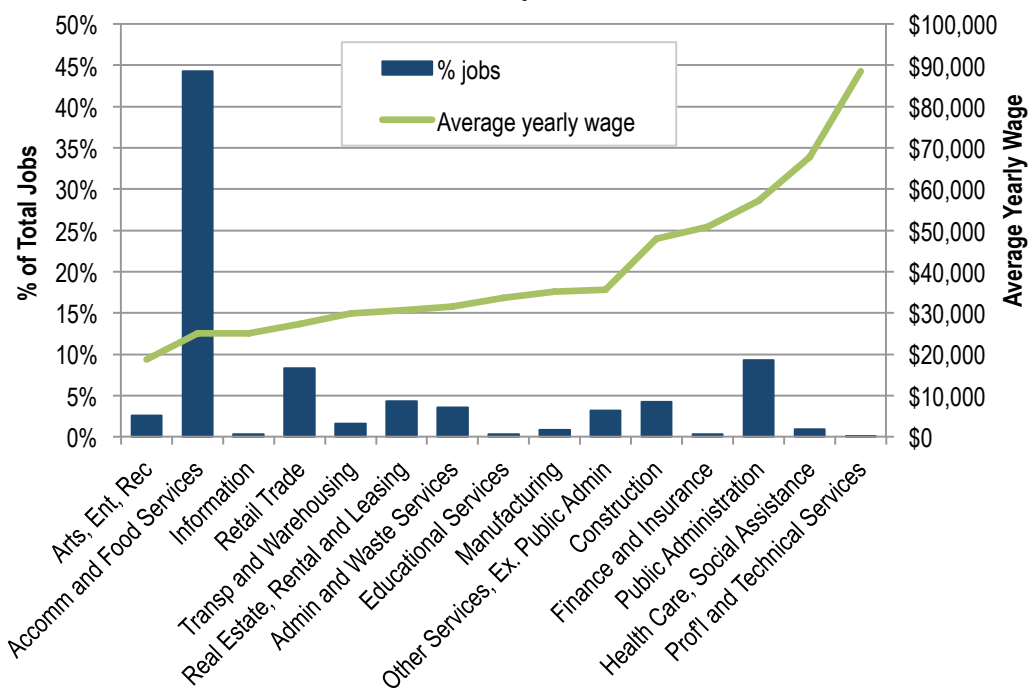
The average wage was slightly lower in Mammoth Lakes (\$33,950). This is primarily because over 50% of jobs are in the low-paying accommodations and food sector, compared to 44% of jobs in the county overall.

- There is very little diversity in jobs in Mono County and Mammoth Lakes compared to resort areas with more balanced dual-season employment. Jobs are also dominated by the lowest wage sectors of arts and recreation, accommodation and food services, and retail (55% of Mono County jobs).
- Most winter seasonal jobs are in the low paying sectors of arts, entertainment and recreation, accommodation and food services, and retail. Seasonal positions typically range in pay from about \$10.50 to \$17 per hour depending upon the position and business.¹²

¹¹ Estimates in the 2011 Housing Needs Assessment conservatively focused on wage and salary jobs only. This report also includes sole proprietors given that they are an important and growing job sector in the area.

¹² California Gov. Jerry Brown signed in April a "living wage" bill to increase the minimum wage to \$15. This will be a gradual increase that will not be fully implemented until 2022.

**Jobs and Wages by Industry Sector:
Mono County, 2015**



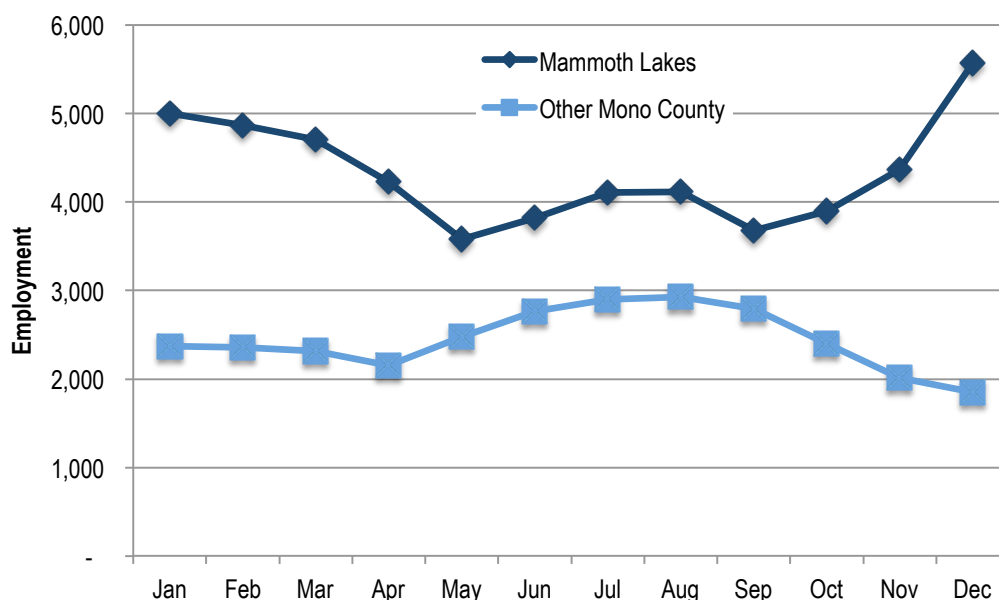
Source: QCEW, EDD, Consultant team

Seasonality of Jobs

Mammoth Lakes has dominant winter peak employment, with a smaller increase in the summer. May and October are the lowest employment months, which occur at the changeover of the seasons.

Jobs in the remainder of the county are highest in the summer and lowest over the winter.

Mammoth Lakes is working to increase visitation during the non-winter months. Changes in seasonality of jobs should be monitored accordingly.

Employment by Month: 2015

Source: QCEW, EDD, Consultant team

Winter seasonal employment in Mammoth Lakes is almost 2,200 jobs; summer seasonal employment is about one-third of that amount (730 jobs).

Employers hiring seasonal workers estimate that between 30% to 40% reside in the area year-round. These are workers that may hold seasonal jobs in the summer and winter, or a year-round job along with a seasonal job.

Up to 500 summer jobs and 1,500 winter jobs are filled by workers who are recruited from outside the area each year.

Between 400 to 500 summer jobs and up to 1,500 winter jobs must be filled by workers who are recruited from outside of the area each season. Because of this discrepancy, if enough seasonal units were built to accommodate 100% of the winter seasonal workers, then many would sit vacant in the summer, adding to the challenge of providing this type of housing.

The rest of the county adds about 1,000 jobs in the summer. It is a 45-minute commute to Lee Vining from Mammoth Lakes and over an hour to Bridgeport. Absent regular transit options, trying to fill vacant seasonal units in Mammoth Lakes in the summer with seasonal county employees will add significantly to the cost of living and is not affordable for employees holding low-wage seasonal jobs. Employers noted that many seasonal workers do not have cars.

Mammoth Lakes Employment: Est. Year Round and Seasonal

| | Average Year-Round Employment | Winter Seasonal | Summer Seasonal |
|-------------|-------------------------------|-----------------|-----------------|
| 2015 | 5,780 | 2,100 | 700 |
| 2017 | 6,000 | 2,180 | 730 |

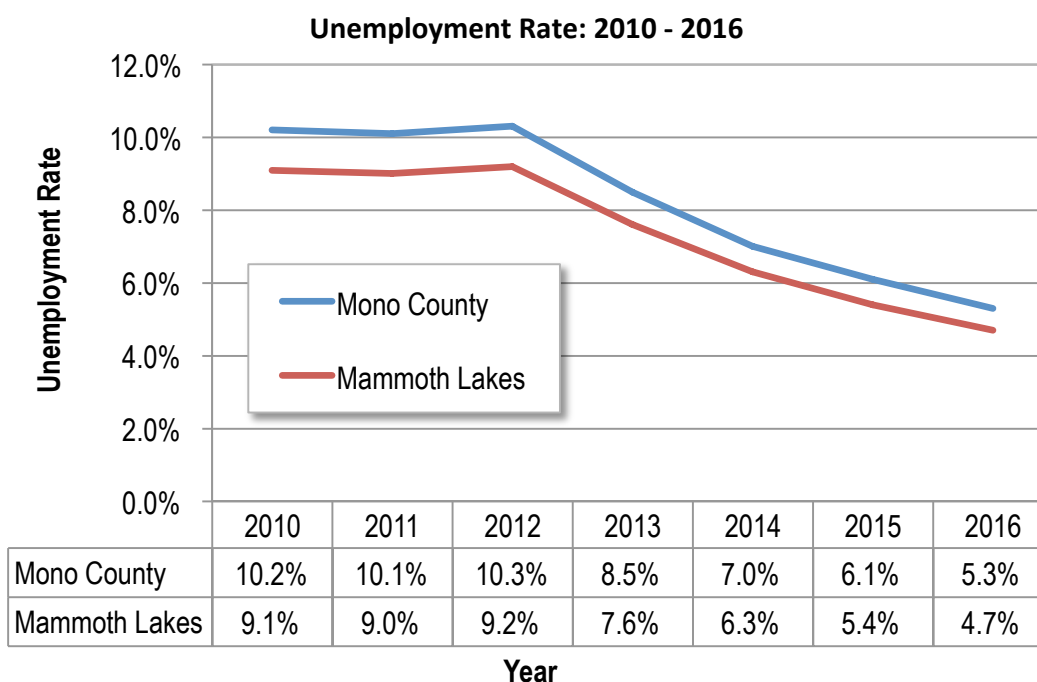
Source: EDD employment estimates and projections, QCEW monthly employment estimates, BEA employment, Consultant team

Unemployment Rate

The unemployment rate has dropped nearly 50% since the 2011 Mammoth Lakes Housing Needs Assessment. Unemployment in Mammoth Lakes was below 5% in 2016 and dropped to 3.8% in January 2017. As unemployment approaches 3% to 4%, more workers will be needed from outside of the area to fill jobs. New workers coming to the area need housing.

Employers need to attract more workers from outside of the area to fill jobs.

A key recruitment strategy of many local employers has been to hire local. Since 2011, this strategy has worked well. This year, however, primary employers reported that about 4% of their jobs went unfilled, compared to only 1% in 2011. This is a symptom of the low unemployment rate, combined with a limited housing supply (particularly in the winter) for workers.



Source: Calif. EDD

Commuting

More employees in town are in-commuting for work compared to 2011.

- About 42% of average year-round employees in Mammoth Lakes reside outside of town (about 2,100 employees).¹³ This is about 5% higher than in 2011, when 37% of employees lived outside of town.

*About 2,100 workers
(42% of employees)
commute into Mammoth
Lakes for work.*

- Employers and Realtors both observed that employees are increasingly finding housing in other communities. The effect is that homes in Crowley Lake and other communities are getting expensive and scarcer.

Very few residents commute out of Mammoth Lakes for work.

- About 93% of employed Mammoth Lakes households have at least one local employee based on responses to the 2017 Mono County/Mammoth Lakes Live and Work survey. This has remained unchanged since 2011.
- About 5% of survey respondents also work from home. Realtors indicated that work-from-anywhere employees are a rising segment of the population. These residents are mostly employed in businesses outside of the County, so earn higher wages and can afford homes in Mammoth Lakes.

Jobs Per Employee and Employees Per Household

The number of jobs per employee and employees per household are used to translate job growth into housing units needed by workers that fill new jobs.

Workers in Mono County hold about 1.2 jobs on average and there are about 1.8 workers per household.¹⁴ These show little change from the survey conducted for the 2011 Mammoth Lakes Housing Needs Assessment and are in line with other mountain resort communities.

¹³ Data from employer interviews on where workers live and the Mono County/Mammoth Lakes Live and Work survey both show that 58% of town employees live in town and 42% in-commute.

¹⁴ Based on responses to the 2017 Mono County/Mammoth Lakes Live and Work Survey.

Employers, Employees and Housing

Most employers interviewed feel that the availability of housing affordable to the workforce is either the “most critical” problem or a “more serious” problem in town. The lack of housing availability has been affecting their ability to recruit workers, fill jobs and retain employees. The problem is critical in the winter and slightly less critical in the summer. Lower-wage jobs lacking benefits are the hardest hit. Almost all employers interviewed felt that these problems have gotten worse since 2011.

Many employers offer some housing assistance. The most common assistance includes owned or master-leased units that employers rent to employees, in-house down-payment programs, and help with housing searches. Employers with units will also help house workers for other employers if a unit becomes vacant. Some employers have considered either purchasing units to offer to their employees or constructing units on available land, but two primary barriers were noted:

- Too expensive. The smaller employers see the benefit of helping with housing, but they cannot afford to do so.
- Do not want to be in the housing business. One employer currently managing rentals for their employees wants out, but keeps managing their units because they need them. There are no property management options desirable to employers in town.

Low Wage and Service Jobs

This winter, service positions were understaffed in many businesses, resulting in existing employees filling multiple roles, or leaving gaps, and hurting service to residents and visitors.

We need more housing if we want to provide 5-star service.
Local Employer

Competition for workers to fill low wage positions, including dishwashers, housekeepers, servers and bussers, line cooks, and sales clerks is tough. There are not enough of these workers to go around – \$0.25/hour can make all the difference in whether an employee will continue to work for an employer or move to another. The result is that these workers move around, but the total number of vacant jobs remains the same.

Employers are excited and concerned about the Aspen/KSL purchase of Mammoth Resorts – they see it as boosting business, but also attracting more five-star clientele. Without enough workers to fill jobs, nor the ability to retain those workers over time, the expectation of visitors will not be met. They also see increased demand for housing from visitors and job growth making the housing market even more expensive and less available. Employers in these industries all agreed that more housing is needed –

ownership and rental, seasonal and year round – to meet current and future needs of both residents and visitors.

Professional or Benefited Jobs

Employers providing year-round, benefited jobs typically had less problem filling jobs and retaining employees, and saw the housing problem as a “more serious” or “moderate” problem, rather than “critical.” These employers have been able to recruit local residents, for the most part, given their competitive advantage over predominate service jobs in the area (i.e., higher wages, benefits); though with falling unemployment, this is getting harder.

If a local finds a year-round benefited job, they will keep it.
Local Employer

Recruiters have several strategies to find workers:

- Recruit and train local residents – if workers are already here, they are more likely to stay;
- Recruit new workers that used to live here – the school district has seen many former students come back after college to fill positions;
- Find “lifestyle” employees – people wanting to come to Mammoth Lakes for the amenities it offers (skiing, climbing, etc.); and
- Start early – some skilled or certified positions can take 2-years to fill.

“The ONLY time to find housing is in the summer or off-season.”
Local Employer

Employers that hire primarily in the summer or during seasonal turn-over periods, such as the school district, had the least problem. Employees can typically find housing at that time. Keeping them here can be difficult, however. Young teachers cannot afford to purchase in town nor can other entry-level to mid-level positions. New workers will typically try for 3 to 5 years to get established in housing, then leave if they are unable to.

Even mid-level professionals (doctors, emergency services/police, mid-management, utility engineers, etc.) are hard to attract and retain. These workers have certain expectations about housing and specific needs that they often cannot find in town at an affordable price.

People need to lower their expectations about the housing they will find in Mammoth.
Local Employer

Housing Needed

Housing needed by employees varied by employer, but covers the entire spectrum:

- Seasonal housing offering rooms priced under \$600 per room;
- Year-round rentals priced under \$1,000 for studio/1-bedrooms and \$1,200 to \$1,500 for 2-bedrooms in apartments that do not allow short-term rentals.
- Ownership in three tiers:
 - Townhomes for less than \$200,000 for entry-level workers with 1- or 2-bedrooms or lofts;
 - Two- and 3-bedroom units under \$300,000 for young professionals; and
 - Three-bedroom townhomes, duplexes or, if possible, single-family homes with access to a private or shared yard area up to \$400,000.
 - Affordable HOA dues for all are required.
- Nearly all employers stressed the importance of needing more pet-friendly homes – especially rentals. This was a problem in 2011, but is now an impediment to employee recruitment and retention. Pets are part of the culture of workers attracted to Mammoth Lakes.

Other Problems

Aside from housing issues, employers noted three other primary problems:

- Diversity of jobs for spouses. Two or more jobs are typically needed to make ends meet. Spouses unable to locate their own professional position result in hired employees leaving. The Westin works hard to help locate employment for spouses.
- Day care. Employers were uniform that more is needed, including lower cost options and options open 7-days a week. Some employers have had persons unable to return to work after maternity leave. All employees with young children at one interviewed business had to take days off this past year due to lack of day care.
- Transportation. Few options are available to transport workers into Mammoth Lakes. And local bus routes may not start early enough to get workers to jobs in time. This is a big problem for seasonal and low-wage workers in particular.

Section 3 – Housing Inventory and Pending Development

New Housing Inventory

Since the 2011 Mammoth Lakes Housing Needs Assessment, 96 new housing units have been constructed or converted from other uses. This means that the town has just over 9,700 residential units, which equates to almost 70% of the total units in Mono County.

Housing Units: Town of Mammoth Lakes, 2017

| | Housing Units |
|------------------|---------------|
| 2010 | 9,626 |
| New Units | 96 |
| 2017 | 9,722 |

Source: 2010 US Census, EDD household estimates, Town Building Permit and Community and Economic Development Department data, Consultant team

Of the 96 housing units produced in the Town of Mammoth Lakes since the 2011 Mammoth Lakes Housing Needs Assessment, about 17% are income-restricted rentals for town residents and the workforce. More specifically:¹⁵

- 74 units are new construction, consisting of 71 market rate single-family homes and three condominiums. The vast majority of these units are not affordable for residents and are geared toward second-home owners;
- 6 are market-rate rentals at Market Center Apartments (63 Center Street). This project renovated and converted short-term rentals into long-term rentals for residents; and
- 16 are income-restricted rentals in Kitzbuhel Apartments (<100% AMI). These units were produced as mitigation for development of part of Sierra Star Golf Course. This project renovated a rental complex that had been vacant for about ten years.

¹⁵ Star Apartments were opened for occupancy in 2012. This renovation project, completed by Mammoth Lakes Housing, was included in the 2011 Housing Needs Assessment inventory.

**Housing Units Produced:
2011 – March 2017**

| | New Housing Units |
|-------------------|----------------------|
| TOTAL | 96 |
| Market Rate | 80 |
| Single family | 71 |
| Multi-family | 9 |
| Income-Restricted | 16 |
| Kitzbuhel Apts | 16 |

Sources: Town Building Department, Town Community and Economic Development Department

Residential Development Activity

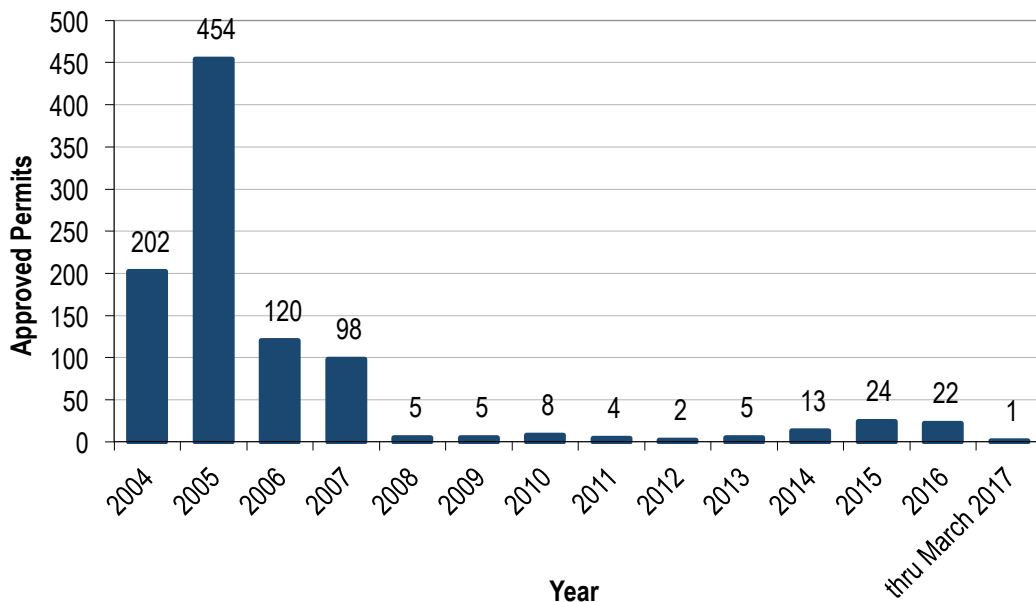
Residential development has picked up a little in recent years, but is still very low compared to activity before the recession and drought. As shown below:

- Building permits peaked in 2005, but there has been very little activity since the recession in 2008.
- Only 3% of existing homes in town have been constructed in the last 15 years. The majority of homes (62%) were built prior to 1990 – almost 30 years ago. Realtors note that there is a severe shortage of newer homes in good condition. Newer housing is needed, and more of it, across all price points.

*“I cannot stress enough the
housing shortage here!”*

Local Realtor

Residential Building Permits: Mammoth Lakes, 2004-2017



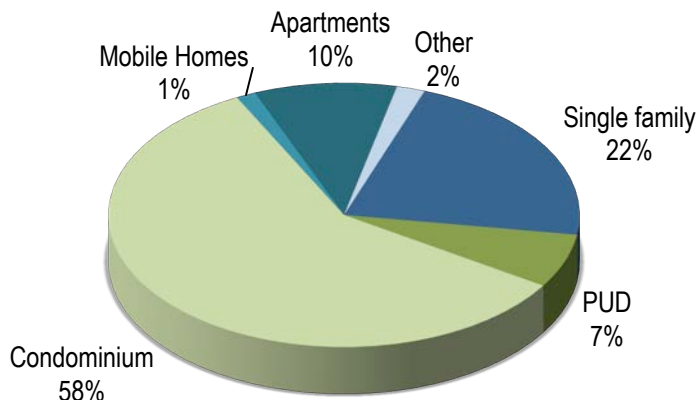
Source: Town of Mammoth Lakes Building Department

* The 454 units approved in 2005 includes the Westin Monache Resort Hotel, comprised of 230 condominium-hotel units, which are primarily suited to transient (i.e., non-resident/vacation) occupancy.

Unit Type

The diversity of housing types in Mammoth Lakes is unchanged since 2011. The majority are condominiums (58%), followed by single-family homes (22%), apartments (10%) and townhome-style PUDs (7%). Only 1% are mobile homes (about 130 units).

Housing Units by Type: Mammoth Lakes 2017

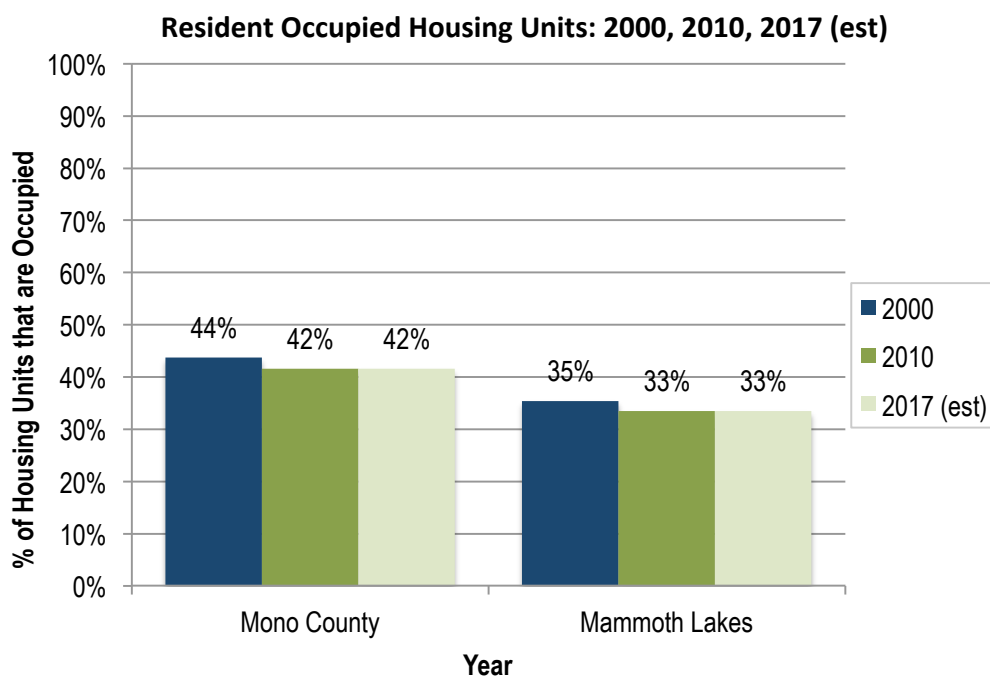


Source: Mono County Assessor, Town Community and Economic Development Dept., Consultant team

Housing Occupancy

About 3,252 (33%) of the 9,722 housing units are occupied by residents.

The 2011 Mammoth Lakes Housing Needs Assessment showed that resident occupancy of homes declined about 2-percentage points between 2000 (35% occupied) and 2010 (33% occupied). This is less of a decline than seen in many mountain resort areas, some of which lost 5- to 10-percentage points during this time (e.g., Winter Park, CO.; Whitefish, MT.; South Lake Tahoe, CA.; Estes Park, CO.; etc.). Occupancy trends since 2010 indicate that this occupancy rate has stayed about the same.¹⁶



Source: 2000 and 2010 US Census, EDD estimates, Consultant team

Resident and Out-of-Area Ownership

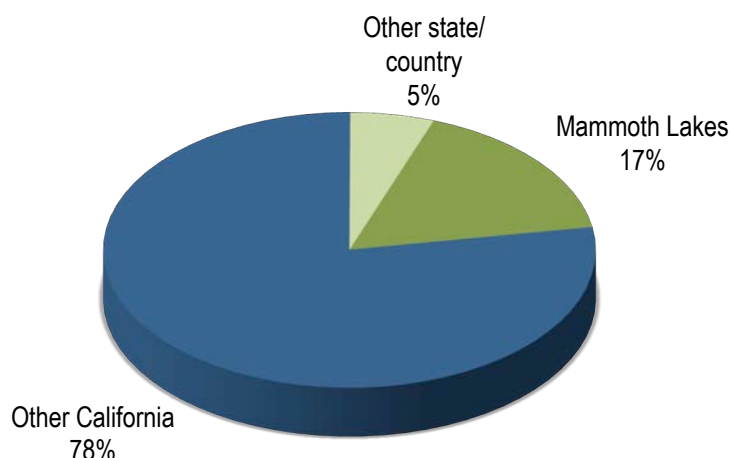
While residents reside in nearly 33% of the housing units, only 17% are owned by Mammoth Lakes residents based on the mailing addresses in Mono County Assessor

¹⁶ ACS data for 2006-2010 through 2011-2015 (the most recent available) show occupancy rates staying between about 28% to 30% with a 3% to 4% margin of error. The definition of vacancy for ACS differs slightly from the decennial census (2000 and 2010); the data is not directly comparable. The overall trend, however, shows little to no change in the resident occupancy rate since 2010.

records.¹⁷ Renters who live in units owned by absentee landlords account for the difference.

- The majority of housing units are owned by other California residents (78%).
- Only about 6% are owned by persons from other states or countries.

**Estimated Owners by Place of Residence:
Mammoth Lakes, 2017**



Source: Mono County Assessor records, Town Community and Economic Development Dept.

Ownership by Type of Unit

Resident-ownership varies by type of unit:

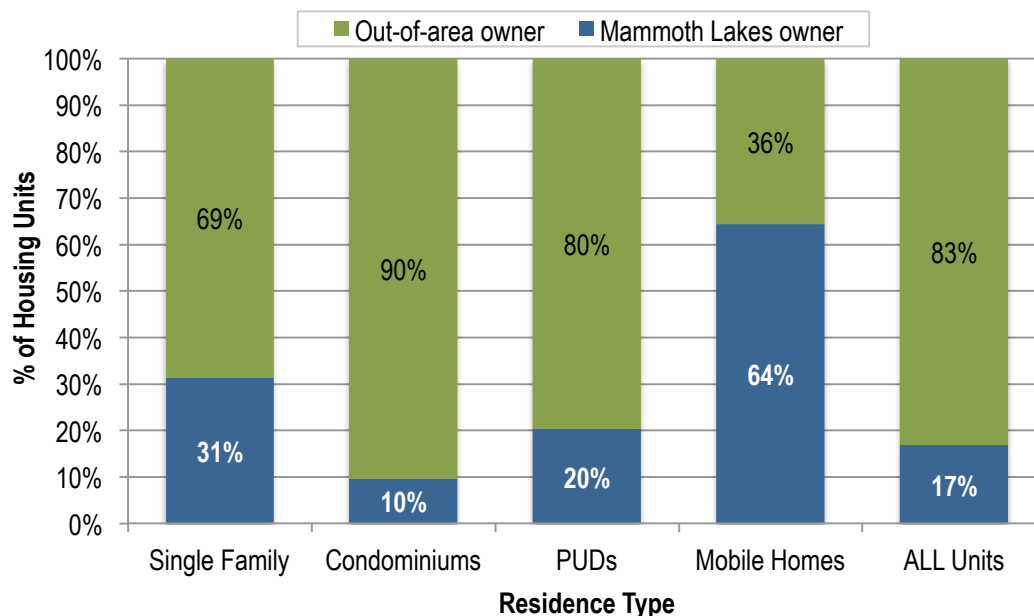
- With the exception of mobile homes, out-of-area residents own the majority of each unit type.
- Condominiums are least likely to be owned by Mammoth Lakes residents (10%).
- Town residents own 20% of townhome-style PUD units. PUD units are considered single-family attached product for lending purposes, which are differentiated from multi-family condominiums.¹⁸

¹⁷Based on US Census and ACS data, 33% of all housing units are occupied by town residents and 46% of resident-occupied homes are owned by the resident, whereas 54% are rented by residents. This means that 15% of all housing units are owned and occupied by town residents (33% * 46% = 15%). This is very close to the 17% of all homes that are owned by residents based on the Mono County Assessor database.

¹⁸ See Section 4 – Homeownership Market Conditions (Loans by Product Type) for more information on lending options for the various housing products.

- About 31% of single-family homes are owned by Mammoth Lakes residents. Mammoth Lakes residents most prefer this type of home, but single-family homes are largely unaffordable for residents under current market conditions.¹⁹

Ownership of Homes by Type of Unit: 2015



Source: Mono County Assessor Records, Town Community and Economic Development Dept., Consultant team

Ownership by Home Value

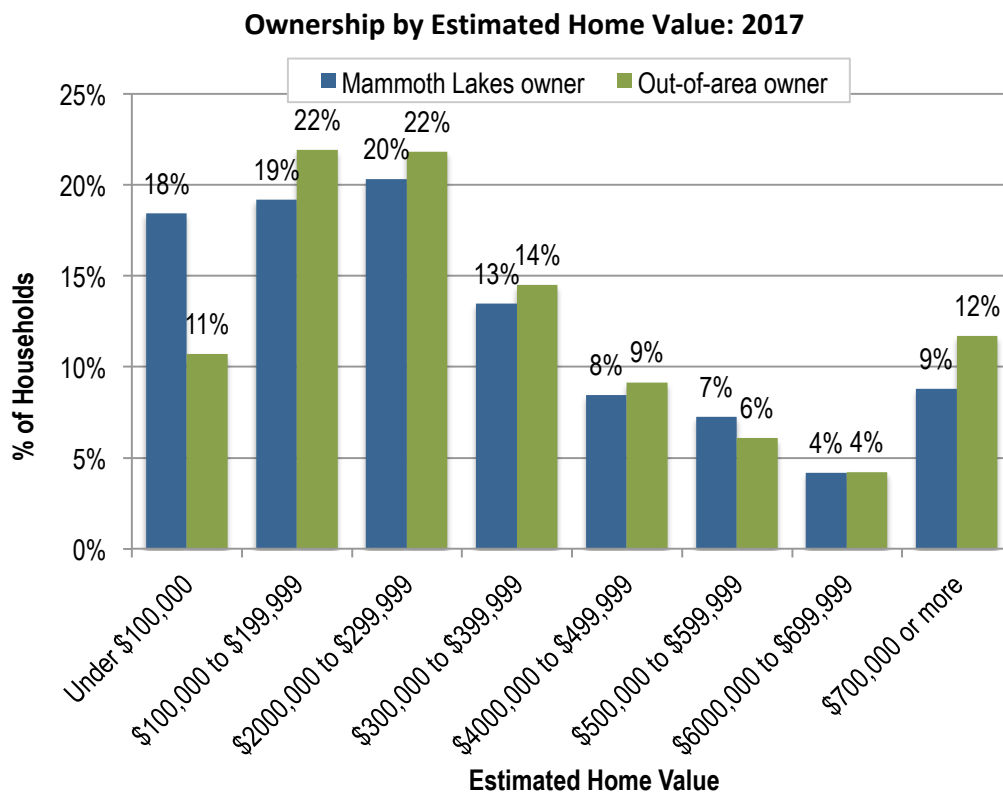
Ownership varies little by value, with the exception of homes valued under \$100,000 and homes valued over \$700,000.

- Homes under \$100,000 comprise a higher percentage of homes owned by Mammoth Lakes residents rather than out-of-area owners. These are mostly mobile homes and smaller, older condominiums.
- Homes over \$700,000 comprise a higher percentage of homes owned by out-of-area owners rather than Mammoth Lakes residents. Most Mammoth Lakes residents cannot afford these properties.

¹⁹ See Section 4 – Homeownership Market Conditions for more information.

It is more typical in resort communities to see more division in values among properties owned by town residents and out-of-area owners, with higher priced homes comprising a higher percentage of units owned by out-of-area owners. The below chart supports what Realtors have noticed: that Mammoth Lakes residents and employees compete with out-of-area buyers at all price points. This makes the housing market in Mammoth Lakes particularly challenging for residents.

Mammoth Lakes residents compete with second-home owners at ALL price points.



Source: Grand County Assessor, Consultant team

Deed and Income/Occupancy Restricted Inventory

About 7% of resident households, plus several seasonal employees, reside in one of the 264 deed-restricted and income/occupancy restricted housing units in Mammoth Lakes.²⁰ More specifically:

- 37 units are deed-restricted for ownership;

²⁰ See the 2011 Mammoth Lakes Housing Needs Assessment for a detailed description of the ownership (pp. 79-81) and rental projects (p. 90).

- 157 are year-round rentals with income restrictions;
- 28 are deed-restricted for either owner- or renter-occupancy; and
- 42 are rentals for seasonal employees providing 140 beds.

Of these, 106 units were provided by developers or Mammoth Mountain Ski Area (MMSA); 103 units were constructed or rehabilitated by Mammoth Lakes Housing (MLH), 26 used HOME funds to rehabilitate an old hotel, and 108 units were constructed as tax credit (LIHTC) projects.

**Inventory of Restricted Ownership and Rental Units:
Town of Mammoth Lakes, 2017²¹**

| OWNERSHIP | Year | How Built | Units | AMI Level |
|---------------------------------------|---------|--------------------|-------|--------------------------------|
| Aspen Village Condos | 2009 | MLH | 8 | 120% |
| Chateau De Montagne | 2006 | Mitigation | 1 | 50% |
| Meridian Court | 2006 | MLH | 13 | 80%; 100%; 120%; 200% |
| Nordica | 2007 | Mitigation | 1 | 50% |
| San Joaquin Villas | 2008 | Mitigation | 14 | 80%; 100%; 120%; 150%; 200% |
| TOTAL | - | - | 37 | - |
| RENTAL | | | | |
| Aspen Village Apts | 2007 | MLH - LIHTC & Land | 48 | 50%; 60% |
| Bristlecone | 1996 | LIHTC | 30 | 50%; 60% |
| Glass Mountain (rehab) | 1999 | HOME (IMACA) | 26 | 60% |
| Kitzbuhel Apts (rehab) | 2012 | Mitigation | 16 | 100% |
| Mammoth Apts (Jeffreys and Manzanita) | 2007/08 | MLH - LIHTC | 30 | 50%; 60% |
| Mono Ridge | 2006 | Mitigation | 3 | 80%; 120% |
| Star Apartments (rehab) | 2012 | MLH - CDBG | 4 | 80% |
| Sherwin Apartments | 1998 | MMSA | 20 | Seasonal |
| The Chutes | 2004 | MMSA | 22 | Seasonal |
| TOTAL | - | - | 199 | - |

Source: Town of Mammoth Lakes; Mammoth Lakes Housing, Inc.; Property Manager Interviews

²¹ The characteristics, occupancy, management and operation of these units are discussed in detail in Part B (1) – Housing Program Accomplishments and Challenges.

Inventory of Restricted Ownership and Rental Units (Continued)

| Ownership or rental (variance/mitigation units) | Year Built | Total Units | < 50% | 51% - 80% | 81- 120% | Over 120% |
|---|------------|-------------|----------|-----------|-----------|-----------|
| Grayeagle I (ownership) | 2005 | 3 | - | - | - | 150% |
| Grayeagle II (ownership) | 2005 | 4 | - | - | - | 200% |
| 1401 Tavern Rd | 2003/2007 | 2 | - | - | 2 | - |
| 100 Sierra Park Rd | 2003 | 4 | - | - | 4 | - |
| 19 Center Street | 2004/2006 | 5 | - | 2 | 3 | - |
| 200 Sierra Park Rd | 2003 | 1 | - | - | 1 | - |
| 1903 Sierra Nevada Rd | 2003 | 2 | - | 1 | 1 | - |
| 436 Old Mammoth Rd | 2004 | 1 | - | - | 1 | - |
| 82 and 106 Mountain Blvd | 2004 | 2 | - | 2 | - | - |
| 204 Sierra Manor Rd | 2004 | 2 | - | 2 | - | - |
| 1787 Old Mammoth Rd | 2007 | 1 | - | - | 1 | - |
| 192 Laurel Mountain Rd | 2005 | 1 | - | 1 | - | - |
| TOTAL | - | 28 | 0 | 8 | 13 | 7 |

Source: Town of Mammoth Lakes, Community and Economic Development Dept.

Seasonal Worker Housing

Mammoth Mountain Ski Area (MMSA) owns and manages 460 beds in 139 units for seasonal and year-round employees; fewer than in 2011. Since 2011, MMSA did not renew its lease on 75 beds and sold four condominiums, two to employees.

MMSA's current inventory includes:

- 390 beds in 97 units for seasonal employees. This includes units in The Chutes and Sherwin Apartments, which were built by Intrawest and MMSA, respectively, as mitigation for other development, among several other units.
- 28 units for year-round employees, called management units, 18 of which allow pets. Most of these were converted from seasonal to year-round units since 2011. Some units were converted because of their location in residential neighborhoods that are incompatible with seasonal occupancy; others due to need from employees.
- Rents are updated each year based on prevailing market prices for unit/room type and condition.
- Only full-time employees of MMSA or Leevy Foods (mountain food services) can occupy units during the winter. This summer, forest service employees will also occupy some units and potentially some seasonal Town employees.

MMSA Housing Inventory: 2017

| | Beds | Units | Average Monthly Rent |
|--------------------------------|------|-------|---------------------------------|
| TOTAL | 460 | 125 | - |
| Seasonal | 390 | 97 | \$420 - \$660 per room |
| Management (year-round) | 70 | 28 | \$1,000 (2-b); \$1,995 (3-b) |

Source: MMSA

Employer-Assisted Housing

Because the high cost and limited availability of housing impacts the ability of employees to hire and retain employees, many employers either own or master lease units that they then rent or provide to their employees. The benefit of having the housing outweighs the cost of provision. This includes MMSA (discussed above), the Town of Mammoth Lakes, Mammoth Hospital, the Water District, Vons, property management companies, Mammoth Lakes Fire District, and many others.

The below table summarizes the number of units and rents provided by several of the larger employers.

- Rents are generally below market-rate. The Hospital does not charge rent.
- The Water District allows pets with a \$500 deposit; pets are negotiable in town units.
- All units are occupied by single-person households. A couple of occupants rent the extra bedroom to another local employee.

Units Provided by Primary Employers: 2017

| Employer | # units | Rent | Bedrooms | Occupants |
|-----------------------|-----------|---------------------|----------|---|
| Hospital | 8 | None | 1, 2, 3 | Shift/transitional employees (Nurses, EMTs, Med/Surg) |
| Town | 2 | \$800 | 2 | Manager, Intern |
| Water District | 4 | \$1,000; \$1,120 | 2 | Engineer, HR, Accounting (various) |
| TOTAL | 14 | - | - | - |

Source: 2017 Employer interviews, Consultant team

Student Housing

The Mammoth Lakes Foundation (MLF) manages 35 furnished units in South Gateway Apartments to house students for Cerro Coso College in Mammoth Lakes. In 2011, four units were also occupied by college staff. Units cost \$750 for a shared 1-bedroom, \$900 for a studio apartment, and \$1,000 for a private 1-bedroom.

Units have never been completely full (90% at the maximum). During the drought, occupancy dropped to 60% - many students could not find nor keep jobs. MLF needs 85% occupancy to have positive cash-flow.

The MLF property is within the (General Plan) Institutional Public land use designation, which "allows institutional uses such as schools, hospitals, governmental offices and facilities, museums and related uses." Residential uses are not permitted, with the exception of employee and student housing that is accessory to the College. First priority is for students, then a hierarchy of school related affiliations, providing some flexibility.

Currently 60% of units are occupied by students and another 30% by seasonal employees and interns. Since 2011, units have housed a couple of college employees, a few K-12 teachers; interns and hospital residents. In the summer, when students have left, they rent to various camps – athletic, film festival, etc.

MLF sees a need for more housing, but not for students. They are in discussions with an area partner to purchase part of the building for local employees. They have undeveloped land that could be used for future housing, but will require a General Plan amendment to allow housing for other purposes.

Planned Development

Housing for Residents

No plans to construct affordable housing units are currently submitted to the town. Pending community housing development under approved master plans is unknown at this time. In 2011, there was potential for over 450 restricted units, 185 of which were to be affordable (under 120% AMI). The recent change in the Town's development codes from inclusionary zoning to a fee structure has prompted some renegotiations and may result in changes to existing master plans:

Only 13 units are pending development for residents!

- Shady Rest Master Plan, which specified 172 affordable units not to exceed 120% AMI, is undergoing negotiations. It is uncertain how many and what type of units may be constructed, and at which affordability levels.

- Clearwater Specific Plan (32 restricted units) has been renegotiated to pay fees rather than construct units.
- The IntraWest Development Agreement currently has no movement, but may negotiate fees in lieu of some of the potential 120 restricted units under that agreement.
- Sierra Star 4A entitlement for 24 restricted units has expired.
- Holiday Haus, with the potential for 14 affordable units, expires in 2019.

Plans for redevelopment of Mammoth Mall are pending. The proposal includes 13 rental units on the upper floor. These will be a mix of studio through 3-bedroom units, starting at \$800 per month for a studio. While the units are not proposed to be deed-restricted or income-limited, the developer is proposing to offer them at low/below market prices to help house residents.

Commercial Activity

Commercial development brings new jobs to the area and impacts the need for workforce housing. There are several commercial and other projects in discussion.

- New performing arts center on the college campus;
- New Town multi-use facility, including an ice rink and recreation area, located at Mammoth Creek Park West with a complementary Community Center.
- New Town Hall and county facility on property near the courthouse that is owned by the Town and County, which will become a new civic campus;
- Grocery outlet proposed for a one-acre site on Old Mammoth Road; and
- South Hotel in the Village may want to resubmit building permits for a proposed 251-unit hotel, 5,300 square foot restaurant and additional commercial and conference space.

New commercial development means more workers are needed to fill jobs – workers need housing.

The projects intended to help better serve the community and its residents are encouraging – e.g. the recreation center, performing arts center and civic center. Without more housing for residents, however, these improvements will increasingly serve visitors and second-home owners when they are in town.

Section 4 – Homeownership Market Conditions

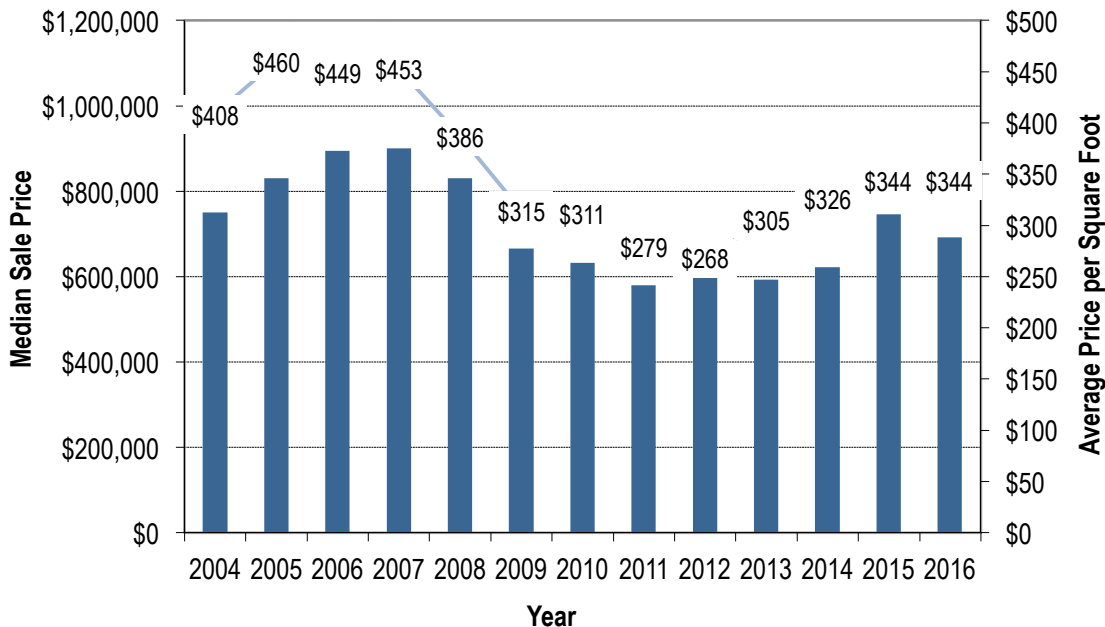
Trends in Home Sales: 2004 – 2016

At the time of the 2011 Needs Assessment, the market was showing signs of recovery, but instead continued downward when the drought hit. The median sale price of single-family homes declined 36% from the pre-recession peak to the lowest point in 2011/2012. Condominiums lost 57% of their value.

Both single-family homes and condominiums have increased in price since the bottom of the recession, but are still well below pre-recession values.

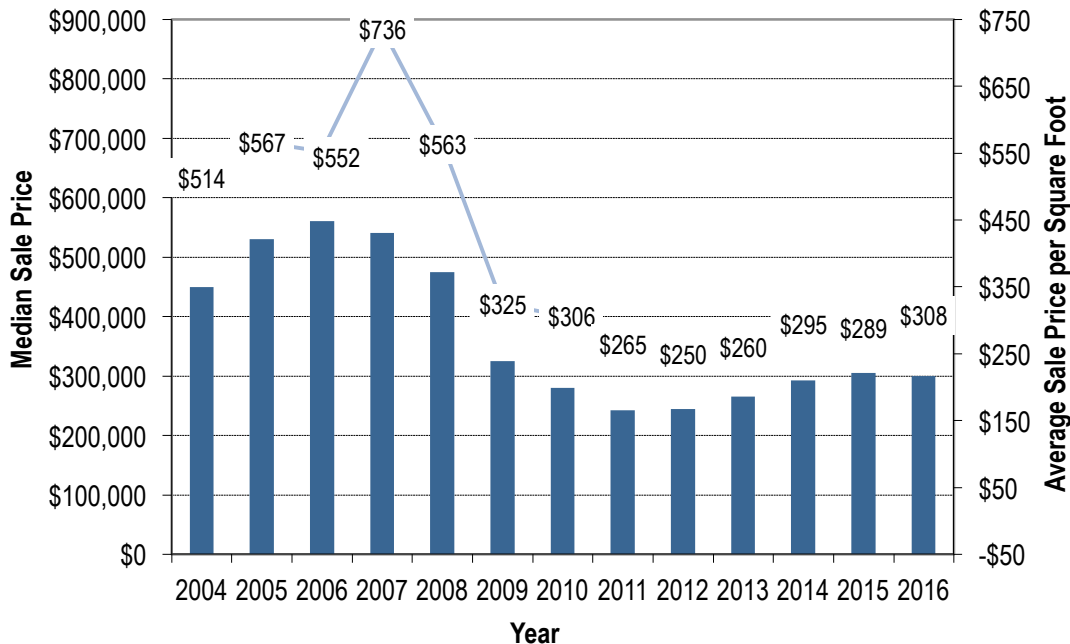
- The median sale price for single-family homes is 23% lower than the peak sale price in 2006 and 2007. Condominiums are still 46% below the peak.
- Since 2011, the median sale price of single-family homes has increased 19% (about 4% per year). Condominiums increased 24% (about 5% per year).
- The median single-family sale price rose 16% in 2015 from the prior year. About 30% of sales in this year were newer (built since 2000) and 12% of sales were priced over \$1.5 million, accounting for the significant rise.
- Median sale prices for both single-family homes and condominiums have settled back in 2016, but median sale prices per square foot have remained flat or increased. Sales volumes also increased. Newer sales and high-priced sales were slightly lower in 2016.

Single-Family Home Sale Prices: Mammoth Lakes, 2004 - 2016



Source: MLS, 2011 Mammoth Lakes Housing Needs Assessment

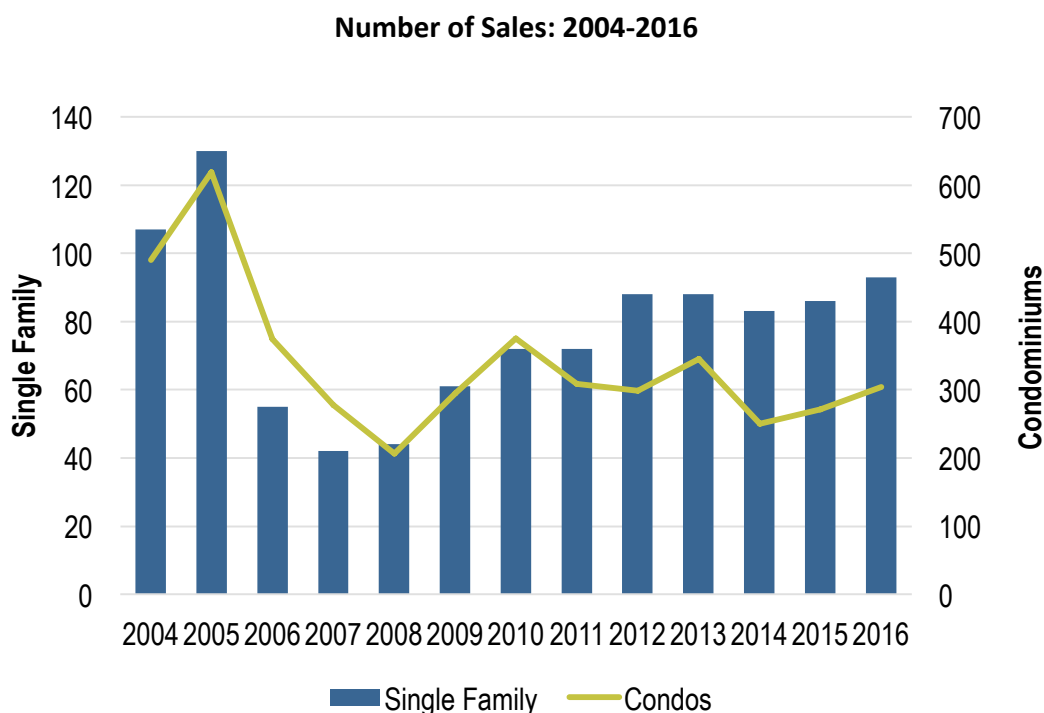
Condominium Sale Prices: Mammoth Lakes, 2004 - 2016



Source: MLS, 2011 Mammoth Lakes Housing Needs Assessment

The number of sales declined before prices began to fall in the recession. Both condominium and single-family home sale volumes fell about 67% from the pre-recession peak to the bottom in 2007/08.

Sales remain well below pre-recession volumes. Sales of single-family homes have more than doubled since 2007, but remain 28% lower than the peak. Sales of condominiums remain about 50% lower than the peak.



Source: MLS, 2011 Mammoth Lakes Housing Needs Assessment

Sale of land has been the last segment of the residential market to pick up. Last year, nine lots sold; up from almost no land sales for several years. Construction costs continue to be high, construction financing is difficult to obtain and there is a shortage of skilled labor. Most local contractors are busy repairing damage from the 2016/2017 snow year. Purchasing land and building a home is not perceived by Realtors to be an option for local buyers.

Recent Home Sales

Sales in 2016

A higher proportion of homes that sold in 2016 were priced over \$400,000 (42%) compared to sales in 2010 (33%). This is primarily because the number of homes available for sale at lower price points has declined since 2010. Realtors noted that demand for homes below \$400,000 remains strong among both locals and second-home owners – supply is the limiting factor.

One exception to this was homes priced over \$1 million – a lower proportion sold in 2016 compared to 2010. Realtors noted that the market for these high-end homes has not returned since the recession, but also that the supply is very low, allowing little choice for potential buyers.

Percentage of Sales by Price: 2010 and 2016



Source: MLS, 2011 Mammoth Lakes Housing Needs Assessment, Consultant Team

Deed-Restricted Sales

The market for deed-restricted condominiums has stabilized. Realtors stated that residents and the workforce have no problem considering deed-restricted units for purchase.

Turnover has been minimal, meaning availability is very limited. When units have become available over the past year, multiple buyers have been interested and units are quickly under contract.

- Since 2011, there have been nine total resales; an average of two resales per year.
- No resales took place from 2009 through 2012, nor in 2014.
- Activity was highest in 2015, though activity is also high in 2017.
- Sale prices are between 43% and 53% of the average market sale price of comparable units. Deed-restricted sale prices have ranged from \$104,680 to \$288,000, depending on the size of the unit, capital improvements performed, and the target income level.

Deed-restricted sale prices are 43% to 53% of the average market price of comparable homes.

Resales of Deed-Restricted Condominiums

| # Bedrooms | # of Resales | 2013 | 2015 | 2016 | 2017* |
|--------------|--------------|-----------|-----------|-----------|-------------|
| 1 Bdrm | 2 | | \$105,000 | | \$104,680 |
| 2 Bdrm | 2 | \$165,000 | | | \$122,000 |
| 3 Bdrm | 4 | | \$285,000 | | \$302,335** |
| | | | \$288,000 | | |
| | | | \$273,000 | | |
| 4 Bdrm | 1 | | | \$220,000 | |
| Total | 9 | 1 | 4 | 1 | 3 |

Source: MLH, MLS

*One additional sale was under contract in early May.

**Pending sale.

Mixed-Use Deed-Restricted Sales – Lesson Learned

The exception to the strong market for deed-restricted homes is a condominium at 1401 Tavern Road, which provides a valuable lesson on what to avoid when developing mixed-use properties.

The \$225,000 2-bedroom unit has ***not sold for four-years***. Buyers have been unable to obtain financing because more than 25% of the building is commercial, meaning conventional Fannie Mae and Freddie Mac loans are not available.²²

A cash investor is now under contract to purchase the unit, then rent it for an affordable price to a local household pursuant to the deed restriction.

The sellers had twice unsuccessfully requested for the Town to lift the deed restriction. It is important to note that lifting the deed restriction would not have made it easier to obtain mortgage financing; it simply would have opened the door to more buyers encountering the same financing problem.

Current Listings

Compared to listings in 2011, there is a much lower inventory of homes for sale in the current market and asking prices are higher.

- The number of listings in April 2017 (177) is about one-half the inventory that was available in July 2011 (324);
- The median price of listings in 2017 (\$499,900) is 34% higher than in 2011 (\$371,950);
- About 55% of listings in 2011 were priced under \$400,000 (178 units) compared to only 38% in 2016 (67 units).
- There are no deed-restricted homes listed for sale.
- The number of homes in foreclosure or bank owned has significantly dropped in the past 24 months. As of the 2011 Mammoth Lakes Housing Needs Assessment, 188 homes were Real Estate Owned (REO) or transferred via short sale or auction. As of spring 2017, less than 10 homes are in one of these processes.

²² See Mortgage Availability – Loans by Product Type in this section (below) for more information.

Residential For-Sale Listings: July 2011 and April 2017



Source: MLS; 2011 Mammoth Lakes Housing Needs Assessment, Consultant team

Comparing current listings to sales last year shows that there is a significant shortage of homes priced affordable for residents. Only 38% of homes listed for sale are priced under \$400,000, compared to 56% of sales in 2016. This equates to about a 3.6-month supply of homes at this price point. Typically, when supply drops below six months, the market favors sellers and indicates a shortage for buyers.

Homes priced for locals are in very short supply and often in poor condition.

Homes currently listed for sale and priced under \$400,000 share many characteristics with similarly priced units for sale in 2011 – the vast majority are older condos and the few single-family homes need significant repairs. In 2011, however, there were four mobile homes listed for sale. There are no mobile homes currently listed for sale.

Of current listings under \$400,000:

- One is a single-family home. Local Realtors noted that single-family homes priced under \$500,000 are typically in bad shape and often need to be gutted.
- The other 66 homes are condominiums. These units often pose challenges for locals:
 - About 79% are nearing 30-years old, with a median year built in 1974.

- HOA dues are very high, averaging \$552 per month for condominiums. Increasing the monthly payment by \$500 is equivalent to adding \$80,000 to the purchase price of the home.²³
- Special assessments are common on older properties to repair roofs and other major infrastructure, adding unpredictable cost for buyers. Most complexes are anticipated to have special assessments of \$2,000 to \$5,000 per unit following the high level of snowfall this past winter.
- Most older condominiums require a fireplace retrofit at the time of sale, usually costing at least \$2,000.
- Many condominiums were designed and built for second-home owners, have expensive amenities with high HOA dues, and may lack features that are preferred by residents and the workforce, including covered parking/garages, storage, pet-friendly covenants, and in-unit washer/dryers.

A \$500 HOA fee is equivalent to adding \$80,000 to the price of a home.

**Residential For-Sale Listings by Type:
Mammoth Lakes, April 2017**

| | Condominiums | Single Family | TOTAL | TOTAL % |
|---------------------|--------------|---------------|------------|-------------|
| <=\$199,999 | 8 | 0 | 8 | 5% |
| \$200,000-\$299,999 | 26 | 0 | 26 | 15% |
| \$300,000-399,999 | 32 | 1 | 33 | 19% |
| \$400,000-499,999 | 20 | 2 | 22 | 12% |
| \$500,000-599,999 | 20 | 4 | 24 | 14% |
| \$600,000-749,999 | 7 | 7 | 14 | 8% |
| \$750,000-999,999 | 16 | 6 | 22 | 12% |
| >\$1 million | 7 | 21 | 28 | 16% |
| TOTAL | 136 | 41 | 177 | 100% |
| Median List Price | \$418,000 | \$1,074,000 | \$509,900 | - |
| Average List Price | \$490,272 | \$1,307,279 | \$675,955 | - |
| Average HOA Dues | \$645 | - | - | - |

Source: MLS

²³ Assuming 30-year mortgage at 5.0% interest with 5% down and 20% of the payment covering taxes and insurance, then the average monthly payment on an \$80,000 loan would be about \$500.

In 2011, there was a shortage of homes for sale that were priced for households earning below 80% AMI and low availability up to 120% AMI.

In 2017, there is a shortage of homes for sale that are priced up to 120% AMI (\$325,000) and a tight supply up to 150% AMI (under \$400,000).²⁴

Residential For-Sale Listings by AMI: April 2017

| | Maximum Purchase Price* | Condominium | Single Family | TOTAL | TOTAL % |
|------------------|-------------------------|-------------|---------------|-------|---------|
| <=60% AMI | \$162,000 | 2 | 0 | 2 | 1% |
| 60-80% AMI | \$213,000 | 7 | 0 | 7 | 4% |
| 80-120% AMI | \$325,000 | 30 | 0 | 30 | 17% |
| 120-150% AMI | \$406,000 | 29 | 1 | 30 | 17% |
| 150-200% AMI | \$541,000 | 25 | 3 | 28 | 16% |
| >200% AMI | Over \$541,000 | 43 | 37 | 80 | 45% |
| TOTAL | - | 136 | 41 | 177 | 100% |
| Average HOA dues | - | \$645 | - | - | - |

Source: MLS; Consultant team

*Assumes 30-year mortgage at 5.0% interest with 5% down and 20% of the payment covering taxes, insurance and HOA fees.

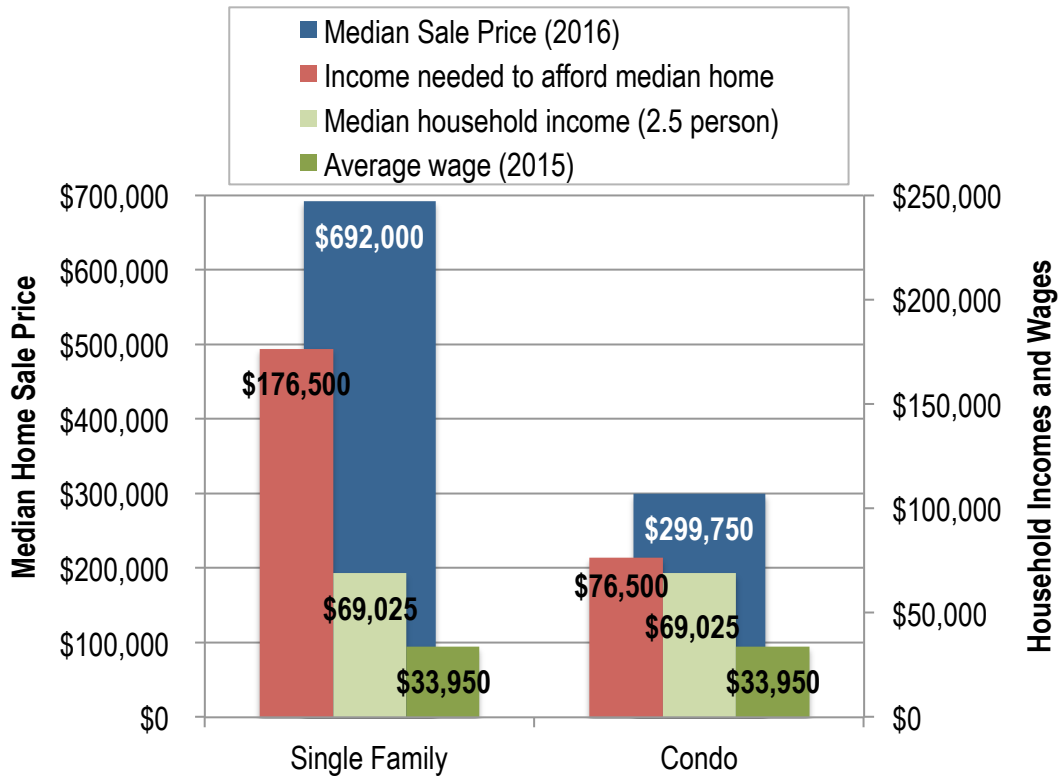
Affordability and Suitability for the Community

Even though prices have not returned to previous peak levels, they are still too high for most resident and workforce households.

- The median income for a 2.5 person household is \$69,025.
- An income of over \$176,500 (or 255% of AMI) is needed to afford the median priced single-family homes sold in Mammoth Lakes in 2016. Based on the current median listing price of over \$1 million, the income required rises to over \$260,000, or 380% AMI.
- The median priced condominium sold in 2016 requires an income of \$76,500 to afford (110% AMI). This price point could be affordable to local households, provided suitable product can be found without expensive HOA dues and special assessments, as noted above. Based on the current median listing price of \$418,000, the income required jumps to over \$100,000 (150% AMI).

²⁴ See Section 8 – Current and Projected Needs and Gaps (below) for more information.

Income Needed to Afford Median Home Price: 2016



Source: MLS, QCEW, HCD, Consultant team

Homebuyer Profiles and Preferences

Second-Home Buyers

About 80% to 90% of buyers in the current market are second-home owners. While very few are investment buyers (buyers who purchase for the sole purpose to rent the unit for profit), second-home buyers commonly purchase with the intent to rent the home short-term.

Unique in Mammoth is that very few buyers are purchasing their homes to retire in the area. Realtors equate this to the amount of snow and preference to live in the desert. This is contrary to many mountain resort communities, in which retiree-buyers have been increasing.

On the rise, however, are purchases by young professionals from more expensive city and beach areas of California that cannot afford to purchase homes in their community of residence. They invest in homes in Mammoth Lakes as a second home while still

renting their primary home. This trend is often supported by short-term rental income from the second home.

Many second-home buyers pay cash. For those not paying cash, loans are available at the same interest rate as owner-occupied loans. These factors make it harder for town residents and employees to compete for the same housing product.

Regarding preferred unit types:

- Second-home owners demand a wide range of housing types, from studio condos to large single-family homes; however single-family homes priced from \$500,000 to \$800,000 and condominiums priced between \$300,000 to \$400,000 are most desired.
- The market for large very expensive homes has not returned following the recession – homes priced over \$1M tend to sit on the market.
- Second-home buyers will pay a premium for homes in zones where short-term rentals are allowed.

Locals are competing with second-home buyers for homes at all price points.
Local Realtor

Local Resident Buyers

Local residents comprise about 10% to 20% of buyers.

- About one-third are new to the area and are either relocating for work or seeking to telecommute from Mammoth Lakes (a growing trend).
- The remaining two-thirds are current residents, most of which are first-time homebuyers.
- A few buyers are searching to move-up into a larger home to meet family needs. Often move-up buyers start searching in Mammoth Lakes, but then move outside the town when they compare available product and price. Unincorporated Mono County, Crowley Lake, and Bishop are common options, although these areas are also rising in price and homes are becoming scarcer.
- Almost no local buyers are retirees looking to downsize. Retirees downsizing typically move out of the area to be nearer family or leave the snow.

- Residents and employees wanting to buy are typically couples, young families, and occasionally individuals. Many buyers are employed at multiple jobs and may hold both winter and summer seasonal work.

With the current lack of inventory, and therefore lack of choice in housing, local buyers are willing to purchase whatever they can afford. Given a choice in housing, however, residents and employees in town have the following preferences:

- Single buyers most prefer townhomes with a bedroom and/or loft, in-unit washer/dryer, and covered parking for one car, priced below \$200,000.
- Local families prefer 3 bedrooms, 2 baths, in-unit washer/dryer, with covered parking for two cars, priced below \$400,000. Single-family homes are preferred, but townhomes are acceptable.
- In-town is the preferred location for local buyers, although many will consider Crowley Lake, Bishop or rural areas. Within town, Old Mammoth, The Knolls and The Trails are most preferred by locals, while second-home owners prefer The Slopes and areas around the ski base. This is consistent with preferences in 2011.
- Locals are very open to purchasing homes with deed restrictions, more so than in 2011 when deed-restricted homes and market priced condos were more comparable in price. Realtors report that the tipping point at which a deed restriction becomes attractive is about \$340,000 for a 3-bedroom home with covered parking. Deed-restricted homes with 2-bedrooms, 2-baths and covered parking priced under \$250,000 would have very strong demand.
- Realtors report more 2-bedroom/1-bath condominiums like Aspen Village are in demand. These are units that are designed and priced for local buyers and have covered parking.

“With the current lack of inventory, and therefore lack of choice in housing, local buyers are basically willing to purchase whatever they can afford.”

Local Realtor

Mortgage Availability

Lenders report that there are several mortgage products, both conventional and government-backed, that are being used by local buyers. Some of the more popular include Wells Fargo First Time Homebuyer, the Home Ready Program, and FHA. Loans are also available through USDA, but have yet to be used in town.

Loan Rates

- Current interest rates are just under 4.5%. Lenders are optimistic that rates are not going to increase significantly in the near future. Every 1% increase in the interest rate decreases the purchasing power of the borrower by about 10%.
- Loans that require down payments of 3% to 5% are fairly accessible to buyers with good credit scores.

Lending Requirements

Lending requirements are stricter than pre-recession, but have eased since 2011. Results have both positive and challenging elements for local buyers:

- Buyers can only access loans they can afford, avoiding the previous foreclosure problems;
- Fewer speculative loans are being made. This has helped keep housing prices more stable than pre-recession lending practices;
- Buyers with multiple jobs, seasonality to their work, and/or previously unreported income need to be diligent in documenting their income; and
- Residents and employees in town who can document consistent income for two years or more, regardless of any seasonality of work, are in the strongest position to qualify.

“The biggest challenge [for locals] is finding something to buy. If they get under contract, we can usually make the loan work.”

Local lender

The primary challenges for local buyers in the mortgage process are:

- Finding a home they can afford;
- Demonstrating sufficient down payment;
- Refraining from making big purchases during qualification (e.g., a new car); and
- Planning ahead and documenting and reporting all household income.

High HOA dues also decrease the buying power of residents and employees in town, decreasing their ability to qualify for the needed loan.

Loans by Product Type

Condominium Lending. Buyers purchasing condominiums have more limited loan options than for single-family homes or townhome-style PUD units:

- No condominium projects in Mammoth Lakes have FHA approval. FHA no longer offers spot loans on non-FHA approved properties.
- Condominium review is required for buyers using conventional Fannie Mae and Freddie Mac financing on non-FHA approved condominiums. Several criteria must be met to obtain a mortgage and include in part that no single investor can own more than 10% of the units and 51% of the units in the project must be owner-occupied. The 51% occupancy requirement is the largest barrier in Mammoth Lakes.
- Condominiums are not eligible for conventional Fannie Mae and Freddie Mac loan programs if more than 25% of the building is commercial. Portfolio lenders²⁵ in comparable mountain resorts have been willing to lend on mixed-use developments. Portfolio lenders are only interested in loans of \$400,000 or more in Mammoth Lakes.
- More financing options are available for townhome-style PUD projects such as Tyrolian Village, Timberline, Sierra Park and Tamarack because they do not require FHA approval. PUD projects are treated like attached single-family homes for lending purposes. Conventional loans will lend on this product and 3% down payment options are available.
- For condominiums not approved for FHA or Fannie Mae financing (called non-warrantable condominiums), it is necessary to pay cash or find a portfolio lender. Portfolio loans typically carry higher interest rates and have high down payment requirements.
- Preemptive measures to open up lending options on attached product include developing properties as townhome-style PUD units (single family attached homes) or ensuring developed condominiums are FHA approved.

HOA Dues. High HOA dues also reduce the buying power of residents and the workforce, decreasing their ability to qualify for the needed loan. This affects condominium and PUD purchases alike.

²⁵ Portfolio lenders are banks that use their own underwriting criteria for variable rate loans, which they hold rather than sell on the secondary mortgage market.

Deed-Restricted Product. Lending practices for deed-restricted units are very similar to market rate homes. Buyers are typically using the same first-time homebuyer loan products, and facing the same mortgage underwriting process. Lenders are generally comfortable lending on properties with deed restrictions, as long as the restriction does not survive foreclosure.

Down payment Assistance

The down payment assistance offered through Mammoth Lakes Housing is popular with residents, the workforce, lenders and Realtors. They all want more. Recommendations for growth of the program include increasing the amount of assistance offered per household (up to \$200,000) and allowing households with higher incomes to qualify for the program.

Section 5 – Rental Market Conditions

Rental Inventory

Since the 2011 study, the Town of Mammoth Lakes has added about 480 jobs, but only 22 new rental units. In a community in which 54% of households rent their homes, 22 new rental units falls very short of the demand created by 480 jobs. The impact of this imbalance is reflected in decreased vacancy rates, rising rents and increased in-commuting.²⁶

The Town added 480 jobs since 2011 and only 22 rentals – far below needs.

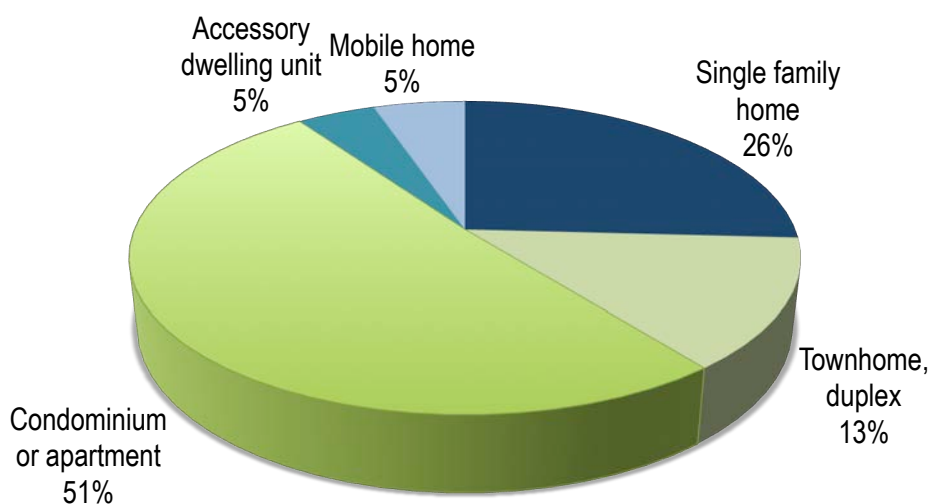
Renter-Occupied Households: Mammoth Lakes

| | 2017 |
|-------------------------|-------|
| Total Households | 3,252 |
| Renter-occupied | 1,740 |

Source: ACS, DOF, Consultant team

The mix of units occupied by renters is reported to be about the same as in 2011, with over 50% in apartments or other multi-family complexes, about 26% in single-family homes, and 5% in mobile homes. A total of 157 income-restricted rentals are in town, accounting for about 9% of rental units.

Type of Unit Occupied by Renters: Mammoth Lakes 2017



Source: 2017 Mono County/Mammoth Lakes Live and Work survey

²⁶ See Section 2 – Jobs, Seasonality and Commuting.

Rents

Market Rate Rentals

After rents fell 20% to 25% after the recession, property managers were optimistic they could again start raising rents in 2011. Since the 2011 study:

- Rents have increased an average of 2% to 3% per year, with much of this rise occurring over the past couple of years. Rents are now at or near where they were prior to the recession.
- The average rent is about \$1,400 per month. On average, roommates expect to pay about \$600 to \$800 per bedroom.
- Rents have become less affordable for residents and employees in town. In 2011, a household earning 70% AMI could afford the average rent. Currently, households must earn about 85% AMI (\$56,000 per year; \$27/hour) to afford the average rent.
- Rents vary significantly within each bedroom size. For example, rents for studio/1-bedroom units range from about \$700 to \$1,200. Rent differences depend primarily upon unit condition and secondarily on location. The rental inventory is old – updated units can command higher rents.

Average Rents by Unit Type: Mammoth Lakes

| | 2011 | 2017 | % change |
|----------------------------|---------|---------|----------|
| Single-family house | \$1,514 | \$1,730 | 14% |
| Condo / Apt | \$1,077 | \$1,250 | 16% |
| Mobile home | \$1,052 | \$1,260 | 20% |
| TOTAL | \$1,159 | \$1,400 | 21% |

Source: 2011 Household Survey; 2017 Mono County/Mammoth Lakes survey, Interviews

Average Rents by Bedroom Size: Mammoth Lakes

| | 2011 | 2017 | 2017 AMI Affordability |
|--------------------|---------|---------|------------------------|
| Studio/1 BR | \$850 | \$980 | 60% |
| 2 BR | \$1,085 | \$1,300 | 80% |
| 3+ BR | \$1,580 | \$1,840 | 110% |
| TOTAL | \$1,159 | \$1,400 | 85% |

Source: 2011 Household Survey; 2017 Mono County/Mammoth Lakes survey, Interviews

Deed-Restricted Rentals

There are 157 deed-restricted rental units in Mammoth Lakes.²⁷

- Only rents for 1-bedroom units in Kitzbuhel are near average market rents. All other units rent for between 55% to 76% of the market rent for a comparable sized rental.
- Maximum allowed rents are charged at the LIHTC projects – Aspen Village, Bristlecone, Jeffreys and Manzanita. The only difference in rents among these projects is due to variation in utility allowances for electric versus propane heat.
- Glass Mountain’s rates are based on extremely- and very low-incomes and are \$590 for studios and \$640 for the one 1-bedroom unit.
- MLH charges less than the maximum allowed at Star Apartments for units targeting 80% AMI. One-bedroom apartments rent for \$800 to \$900 per month (including snow removal, trash, and recycling), whereas \$1,100 could be charged. For the 3-bedroom unit, \$1,400 is charged instead of the over \$1,500 allowed.
- Rents at Kitzbuhel range from \$700 to \$1,135 per month with 100% AMI restrictions. These rents are lower than the maximums allowed for all types of units.

Deed-restricted rents are between 55% to 76% of market rents.

²⁷ See Part A, Section 3 – Housing Inventory and Pending Development and Part B (1) for more detail on these properties.

| Deed-Restricted Rents by Project and Unit Type²⁸ | | | | | | |
|--|----------------------|--------------------|------------------|------------------|-------------------------------|------------------------|
| Rents | Aspen Village | Bristlecone | Glass Mtn | Kitzbuhel | Jeffreys and Manzanita | Star Apts |
| Studio | | | | | | |
| 50% | - | - | \$590 | - | - | - |
| 60% | - | - | - | - | - | - |
| 100% | - | - | - | \$700 | - | - |
| 1 BR | | | | | | |
| 50% | - | - | \$640 | - | - | - |
| 60% | - | - | - | - | - | - |
| 100% | - | - | - | \$950- \$975 | - | - |
| 2 BR/1 BA | | | | | | |
| 50% | \$806 | \$790 | - | - | \$790 | - |
| 60% | \$992 | \$973 | - | - | \$973 | - |
| 80% AMI | - | - | - | - | - | \$800, \$850, \$900 |
| 100% | - | - | - | \$1,135 | - | - |
| 3 BR/2 BA | | | | | | |
| 50% | \$932 | \$907 | - | - | \$907 | - |
| 60% | \$1,143 | \$1,118 | - | - | \$1,118 | - |
| 80% | - | - | - | - | - | \$1,400 |
| 4 BR | | | | | | |
| 60% | - | \$1,237 | - | - | - | - |

Source: Property manager interviews, MLH, consultant team

Utilities

Rents in Mammoth Lakes do not typically include utilities. Utilities have increased by \$50 per month since 2011 and remain an expensive problem. Utilities now average about \$320 per month, adding about 23% to monthly rent payments.

Utilities are very high compared to many other mountain resort areas. Electric and propane heat dominates in Mammoth Lakes and is expensive. Gas is much less expensive.

The advanced age of rentals also contributes to the high energy and heating costs. Renovation and rehabilitation of existing units can help.

²⁸ This section excludes Mono Ridge rentals (3 units) – information on rents was not available.

Average Utilities: Mammoth Lakes

| TOTAL | Single family | Condo/Apt | Mobile home |
|-------|---------------|-----------|-------------|
| \$320 | \$430 | \$270 | \$320 |

Source: 2017 Mono County/Mammoth Lakes Live and Work survey

Vacancy Rates and Turnover**Winter/Spring**

Vacancy rates show little change in the winter/early spring between 2011 and 2017 – vacancies have been consistently below 2% (and near 0% in January of this year). When vacancy rates are this low, there is little to no ability for the rental market to absorb new workers filling new jobs. The rental market is near capacity. If units do not become available, then workers must seek housing in other areas (i.e., in-commute).

| Vacancy Rates: Mammoth Lakes, April/May 2017 | |
|---|-----------------|
| Income-restricted rentals | 1.3% (2 units) |
| Market-rate rentals (interviews) | 0.3% (6 units) |
| Market-rate rentals (advertised) | 1.6% (28 units) |

Source: Facebook/local listings; Town of Mammoth Lakes vacancy survey; Property Managers; consultant team

Units that do become available also need to be affordable for the workforce. Very few units were advertised for rent in April and May 2017. Advertised rents average about 20% more than occupied rentals. Only 3 units would be affordable for workers earning \$16 an hour or less (50% AMI).

**Market Rents of Vacant Units by Bedroom Size:
Mammoth Lakes, Apr/May 2017**

| | Units | Average Rent | AMI Affordability |
|--------------------|-------|--------------|-------------------|
| Studio/1 BR | 10 | \$1,110 | 65% |
| 2 BR | 9 | \$1,905 | 110% |
| 3+ BR | 9 | \$2,425 | 140% |
| TOTAL | 28 | \$1,700 | 100% |

Sources: Mammoth Times, Internet search (Facebook, Craigslist, Zillow), local Realtors/Property managers, Consultant team

MMSA-managed units were able to absorb some new workers between 2011 and 2017.

- Seasonal employee units were only 80% occupied at their peak in 2011. In the 2015/16 winter season, units filled up before the season started. This past season, units were leased up by October 2016 and they did not begin turning over until March.
- MMSA also manages about 28 units as management housing for year-round employees, rented at prevailing market rates. Some were converted from seasonal units in 2011 when seasonal units were under-occupied. Management units have remained full since conversion and carry an informal waitlist. These have helped several year-round employees stay in town.

Summer

As with many predominate winter-employment communities, vacancy rates increase in the summer. Vacancies rates are lower now than they were in 2011.

- A manager of market-rate apartments and condominium rentals reported vacancy rates as high as 30% in the summer of 2011. In the past couple of years this has dropped to 15%. Summer vacancies are mostly furnished homes that are occupied by seasonal employees – year-round residents have their own furniture. Employers like the school district, which hire most of their new employees in the summer, benefit from the housing available during this period.
- Affordable/income-restricted rentals, on the other hand, remain mostly full throughout the year and were similarly full in 2011. All units carry waitlists, indicative of the high demand for these units.²⁹
- Even MMSA seasonal units have seen a shift. Last summer, only about 1/3 of seasonal bedrooms were full (about 100 employees). As of April 2017, the mountain still had 300 bedrooms leased, a product of the extended 2016/2017 ski season. Forest service employees are scheduled to lease additional units this summer.

Unit Turnover

Consistent with 2011 is that turnover of rentals still primarily occurs in April through June, coinciding with the turnover in winter employment.

²⁹ See Part B (1) – Housing Program Accomplishments and Challenges section for more information on rental waitlists.

- Market rate managers reported up to 30% of inventory may turnover at this time. Units that allow pets are an exception – managers note that these rarely turnover.
- Turnover is also rare at most income-restricted properties. At Bristlecone, no units have turned for over one year. At some properties (Mammoth II and Kitzbuhel) turnover has been close to 50%.

Condition of Rental Units

As noted in the 2011 study, rental units are often not in good condition, particularly with the aging rental stock. Around the recession, owners had difficulty keeping up with and affording maintenance problems. Now that the housing market has picked up and older, poor quality units can demand high rents, many owners lack incentive to catch up with repairs. A high percentage of the owner base lives outside of the area, lending to the inconsistency in maintenance. Even property managers find it difficult to get owners to respond when repairs need to be made.

The record snowfall this past year added challenges. This both set landlords back with high snow removal bills and caused additional and sometimes significant maintenance issues. A couple of rental buildings had roof failures, displacing about 20 households.

Property managers indicate that the lack of quality updated product helps feed this cycle. The inventory is old and much is in poor condition, lacking competition from newer, updated product.

Renter Preferences and Challenges

Preferences

Renter preferences are unchanged since 2011. Very little new product has been added:

- Studios and 1-bedroom units are lacking in supply and are very popular. Studios under \$800 and 1-bedrooms under \$900 are leased immediately.
- Two- and 3-bedroom market rate units are harder to rent – it is necessary to find the right family or roommates.
- Renters prefer to be in Old Mammoth, Sierra Valley and other neighborhoods not at the mountain.

“It is a landlord’s market; low quality units command substantial rent.”
Local property manager

- Clean, updated product is in demand. Condition is the biggest influence on rent. Residents will pay up to \$200 more per month for newer, good quality product, mainly because it is so hard to find.
- Renters desire garages. In-unit or on-site laundry, extra storage and energy efficiency all top the list of desired amenities.
- Pet-friendly units are wanted.

Managed Inventory

Property managers have seen a rise in business since 2011 – more owners are seeking management. Most new clients are owners that have been self-managing units. A few new buyers are choosing to rent units long-term, but the majority of new buyers opt for short-term.

Loss of or conversion of year-round leases to shorter term rentals among managed units has not been common.

- Of over 200 long-term condominiums, apartments and single-family rentals managed by one manager, none had been lost to owners converting to short-term rentals since 2011. More common is owners selling their homes, then new owners choosing to rent short-term or occupy the home as a second home (see Section 7 – Short Term Rental Impacts on Community Housing).
- A handful of leases have changed from year-round to six- or nine-month leases to allow the owner to use the unit.

Challenges

Aside from rapidly rising rents, 0% vacancy in the winter, and high utility costs, renters face the following difficulties:

- Problems affording deposits is common. Some landlords will allow 2- and 3-month installment payments.
- Extreme pet charges or deposits. One renter paid the regular deposit, plus an extra \$2,000 deposit per pet to lease a unit.
- Competition with out-of-area renters. One property manager estimated that between 5% to 10% of his units were leased by out-of-area, primarily southern California, tenants.

- Owners not conducting repairs, as noted earlier in this section (see “Condition of Units,” above).
- Finding rentals. When the rental market is this tight, many properties are not widely advertised, but filled through word of mouth, phone numbers posted in windows (street advertising), or landlords calling employers directly seeking good tenants (such as the school district and MMSA). On the tenant side, some local newspapers have received calls from prospective tenants seeking to learn of upcoming units before for-rent ads are printed.
- Being forced to move. Based on responses to 2017 Mono County/Mammoth Lakes Live and Work survey, about 28% of renters were forced to move out of their rental at least once in the past three years.

About 8% had to move due to affordability problems. Rent increased too much or utility payments could no longer be met.

Other displacement is related to the high percentage of owner-managed rental stock in town – this is a more unstable source of rental housing than apartments. Owners selling the unit affected the highest percentage of renters (7%). This is followed by owners not committing to a long enough lease (4%), the unit being converted to a short-term rental (3%), and owners moving in (2%).³⁰

| Why Were You Forced to Move? | % of renters |
|---|--------------|
| Owner sold my rental | 7% |
| Rent increased; could no longer afford | 6% |
| Owner wouldn't commit to a 6-month or greater lease | 4% |
| Owner changed unit to a short-term rental | 3% |
| Owner moved in | 2% |
| Couldn't afford utilities | 2% |
| Other | 8% |
| TOTAL forced to move | 28% |

Source: 2017 Mono County/Mammoth Lakes Live and Work survey

*Sum of percentages exceed 28% because some renters were forced to move more than once.

³⁰ See Section 7 – Short-Term Rental Impacts on Community Housing for more detail.

Section 6 – Housing Problems

This section provides an overview of multiple indicators of housing problems, including households that are cost-burdened by unaffordable housing payments, overcrowded or forced to commute.³¹

Cost-Burdened

Households are considered to be cost burdened if their housing payment³² exceeds 30% of their gross income, and extremely cost burdened if it exceeds 50%. Cost burdened households often have insufficient income left over for other life necessities including food, clothing, transportation and health care.

In 2011, about 19% of owners and 31% of renters in town were cost-burdened. ACS 2011-2015 indicates a potential decrease in renter cost-burden, though this change is within the 11% margin of error. This data includes the early drought years, before rents starting rising significantly. With rents now up 21% and incomes only up 11% since 2011, it is likely any decline in cost-burdened, if it occurred, has been erased.

The data also shows that cost-burden among owners has increased, ranging from 23% to 57%. It is difficult to quantify the magnitude of this change; however, with home prices increasing faster than incomes, affordability of homes for locals has declined.

**Cost Burdened Households:
Mammoth Lakes: 2011 to 2011-2015 (ACS)**

| | 2011 | 2011-2015 |
|---------|------|-----------|
| Owners | 19% | 23% - 57% |
| Renters | 31% | 13% - 35% |
| TOTAL | 25% | 30% - 50% |

Source: 2000 Census, 2011-2015 ACS estimate

³¹ This section uses local information and secondary data from the 2010-2014 ACS because 2010 Census data is not available for these topics. Because the ACS is based on monthly samples of residences, rather than a point-in-time 100% census count like the 2000 or 2010 Census, the ACS is useful for tracking trends over time rather than showing precise changes. This is particularly true in areas with populations under 20,000 (such as Mammoth Lakes), where margins of error can be high. The ACS margins of error have been provided to illustrate its level of reliability for certain housing problems.

³² The US Census defines “housing payment” to include rent and mortgage plus utilities.

Overcrowding

Overcrowding does not have a strict definition. Property managers typically allow no more than two persons per *bedroom* in their units. The Census Bureau defines overcrowded housing units as those with more than one person per *room*.

In 2011, 5% of households were over-crowded, including 6% of owner households and 28% of renter households. The ACS 2011-2015 reports that about 4% of households are overcrowded. Insufficient sample was available to break this down by owners and renters.

Among renters, overcrowding problems change with peak employment periods. Property managers noted that overcrowding in their rentals has not been a problem, but they allow no more than two persons per bedroom upon lease-up and monitor this requirement.

**Overcrowded Households:
Mammoth Lakes, 2011 – 2011-2015 (ACS)**

| | 2011 | 2011-2015 |
|---------|------|--------------|
| Owners | 6% | - |
| Renters | 28% | - |
| TOTAL | 5% | 4% (+/-3.5%) |

Source: 2000 Census, 2011-2015 ACS estimate

Forced to Commute

Based on the 2017 Mono County/Mammoth Lakes Live and Work survey, about 19% of in-commuting workers (400 total) would prefer to live in Mammoth Lakes if they could find housing that they could afford. In 2011, a similar 14% of in-commuters wanted to move.

These workers are forced to commute due to the lack of suitable and affordable housing in town. Most respondents indicate that deed-restricted ownership housing in town is an acceptable option.

Providing a range of housing options – both rental and ownership – at various price points would provide in-commuting workers with more local housing options. This would also help house new workers nearer their jobs and help mitigate in-commuting in the future.

Section 7 – Short-Term Rental Impacts on Community Housing

The short-term rental market affects the demand for community housing both from the supply side, by removing long-term rentals and homes previously owned by local residents from the market, and the demand side, through increased job growth to provide services to the short-term visitors and the rental properties. With the explosive growth in short-term vacation home rentals available through websites such as VRBO, Airbnb and other online hosting sites, these concerns have come to the forefront, not only in the Town of Mammoth Lakes, but also among most every high-cost resort community throughout the mountain west.

VRBO and Airbnb

In June of this year, there were 1,786 short-term rentals advertised on VRBO in Mammoth Lakes, constituting no more than 18% of housing units in the Town.³³

VRBO listings in June totaled 1,786 units in Town.

Short-term rental advertisements on Airbnb have increased significantly over the past few years. In 2017:

- There were 1,107 active rentals listed with 336 active hosts, 49 of which have multiple listings.
- Average nightly rents received for Airbnb-listed units ranged from about \$170 for a studio/1-bedroom to over \$450 for a 4-bedroom home.
- About 98% of listings leased the entire home; very few offer a private or shared room (2%).
- Only 17% of advertised units can be rented during most of the year (10 to 12 months). The largest percentage of units (43%) is available for three-months or less per year.

Summit County, Colorado, has a new program in place to incentivize some owners to change from short-term renting to housing locals year-round, basically offering owners property management services and tenant location in exchange for owners renting homes year-round to local employees.³⁴ The units in

³³ Some listings are hotel and other commercial rentals that are not included in residential unit counts.

³⁴ Through collaboration between The Summit Foundation, the Family & Intercultural Resource Center (FIRC) and the Summit Combined Housing Authority, this pilot program will work to provide 45 new housing options for working families in Summit County, Colorado. See <http://www.summitfirc.org/assistance/housing-works-initiative/> for more information.

Mammoth Lakes that are advertised to rent during most of the year (10 to 12 months) would be the most likely to be attracted by programs incentivizing such conversion.

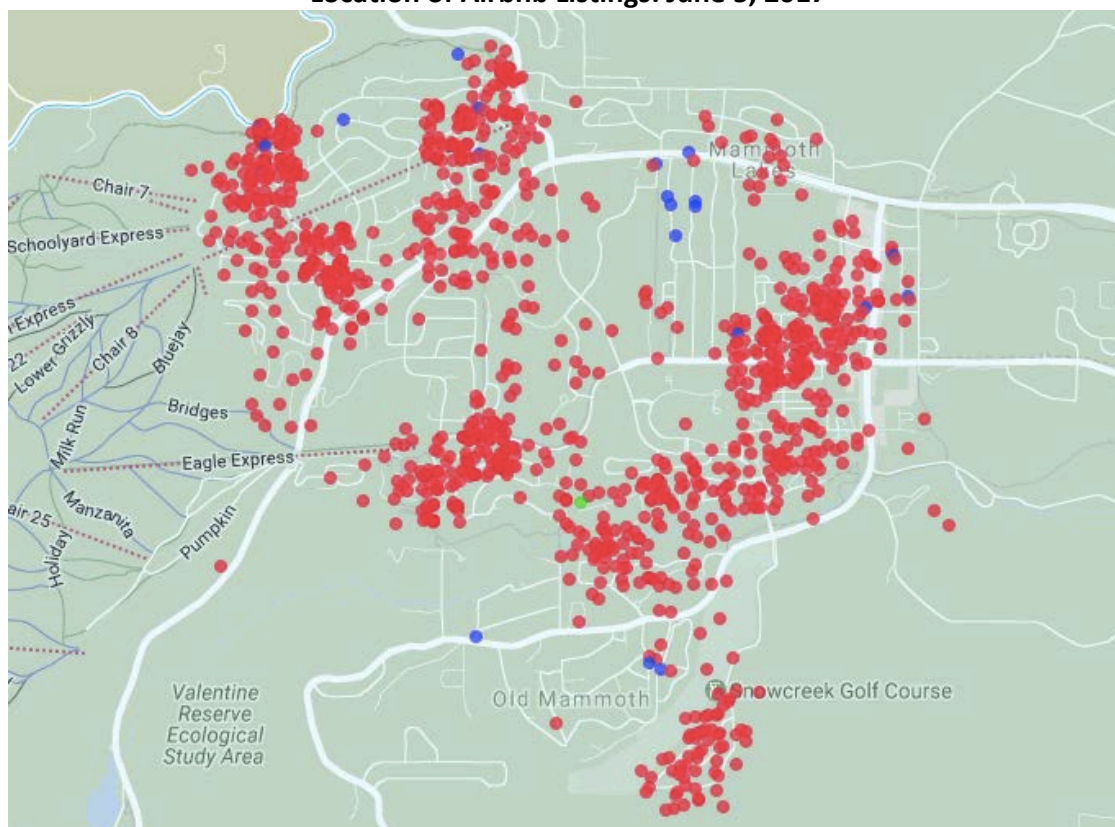
Growth in Airbnb Listings: 2012 to 2016

| Year of listing: | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------|------|------|------|------|-------|
| # of listings: | 12 | 66 | 138 | 458 | 1,100 |

Source: Airdna.co

Units are scattered throughout town. Airbnb maps do not show exact unit locations; however, most properties appear to be clustered within zones that allow short-term rental uses, with a few outliers.³⁵ The Town has stiff penalties for illegally renting units, which they have been more active in enforcing since 2011.

Location of Airbnb Listings: June 5, 2017



Source: AirDNA.co

*Red dots denote that the entire unit can be rented; blue dots are renting a room.

³⁵ Short-term rentals are permitted in five zones in town: Residential Multi-Family 2 (RMF-2), Commercial Lodging (CL), Commercial General (CG), Resort (R) (including master plan areas), and Specific Plan (SP) (including North Village and Clearwater specific plan areas).

Town Certificate Data

The Town has 827 unit managers and owners of condominium, multi-family and single-family homes that have signed up for short-term rental Business Tax Certificates (BTC). Over 35% have signed up since the Town increased its regulation of units in 2011.

Each owner or manager of short-term rental units must also sign up for a Transient Occupancy Tax (TOT) Certificate for each unit that is rented. There may be multiple TOT Certificates associated with each BTC. The Town has parcel records for 1,998 units associated with the 827 BTC.³⁶

As shown below:

- About 95% of units with TOT certificates fall within permitted zones, including RMF-2, R and NVSP. Units in other zones were grandfathered in at the time the zoning ordinance went into effect.
- Only 3% of short-term rentals with TOT Certificates are owned by residents with a Mammoth Lakes address. This varies by zone, with 17% of units in the Old Mammoth Road (OMR) zone owned by Mammoth Lakes residents.
- Almost all units are condominiums or PUDs, which is largely a function of the zones in which units are permitted. Only four units are single-family homes and two are apartment buildings consisting of 14 units in total.

**Town TOT Certificate Records:
Units by Zone, Type and Ownership**

| | UNIT TYPE | | | % local ownership |
|--------------|------------------|---------------|-------------------|-------------------|
| | Condominium, PUD | Single Family | Apartment Complex | |
| D | 0 | 0 | 1 | 0% |
| MLR | 56 | 0 | 0 | 5% |
| NVSP | 267 | 0 | 0 | 3% |
| OMR | 30 | 0 | 0 | 17% |
| R | 454 | 1 | 0 | 2% |
| RMF-1 | 13 | 0 | 1 | 0% |
| RMF-2 | 1163 | 3 | 0 | 3% |
| TOTAL | 1983 | 4 | 2 | 3% |

Source: Town/County Assessor records, Town finance dept., consultant team

³⁶ The Town underwent a system software change recently and does not have access to all parcel records with TOT Certificates.

The Town is dependent on tourism generated tax dollars for providing revenue to its general fund (the primary operating fund of the Town). TOT collections have accounted for over 60% of general fund revenues since 2013.

TOT % Contribution to General Fund

| | 2013 | 2014 | 2015 | 2016 |
|----------------------------------|--------|--------|--------|--------|
| % Contribution to General Fund | 66% | 63% | 64% | 67% |
| Total TOT Collections (millions) | \$11.7 | \$10.4 | \$11.3 | \$15.7 |

Of TOT revenues, almost 69% come from condominium, apartment and single-family rentals through sites like VRBO and Airbnb. Any program to address the impact of these units on the availability of housing for residents and employees in town needs to be balanced with the reality of this revenue source to the Town.

% TOT collected by source 2016/17

| | % TOT Collections |
|--------------------------|-------------------|
| Hotels / Motels / Etc. | 30.6% |
| RV Parks and Campgrounds | 0.5% |
| Condo and Apt Rentals | 68.9% |
| TOTAL | \$16,489,707 |

Source: Town Finance Dept.

Effect on Housing Availability

Complete data on the change in use of units over time is not available. Without a full census of use of units – including units that are owner-occupied, short-term rented, long-term rented, seasonally used, etc. – and the ability to track changes over time, the precise impact cannot be known.³⁷

Several observations from the Town, Realtors, property managers, and input from renters (based on the 2017 Mono County/Mammoth Lakes Live and Work survey), however, provide some insight into the effect short-term rentals have on home availability for residents.

- The Town receives several calls per day from prospective buyers of homes regarding BTC/TOT regulations. The vast majority (over 95%) that sign up for Certificates are new out-of-area purchasers of homes. Additional interest has been expressed since the Aspen/KSL purchase of the mountain.
- Realtors have observed that:

³⁷ Of the comparative communities identified in Part B (3) – Housing Programs in Comparative Mountain Resort Communities, only Crested Butte has completed such a census.

- When current owners of long-term rental units sell their homes, out-of-area buyers are most likely to purchase them and either short-term rent the homes or otherwise take them off of the long-term rental market.
 - There are very few investment buyers seeking to only short-term rent the homes; most buyers want to use the homes themselves part of the time.
 - Areas zoned for short-term rentals can demand higher prices.
 - Realtors find that units are being short-term rented regardless of whether they are permitted by the zoning or not.
 - Calls from sellers and buyers have increased since the Aspen/KSL purchase announcement, asking about opportunities.
- A manager of over 200 rental units in town has had a handful of leases reduced to six- or nine-month leases over the past few years; no units, however, were converted to short-term rentals. A handful of units were lost when owners sold their homes and new buyers chose not to long-term rent.
 - Employers knowledgeable of employees that have been displaced from rentals in recent years noted both short-term rental conversion and buyers selling homes as the main reasons, with the latter being more common.
 - Input from 225 renters in town on the 2017 Mono County/Mammoth Lakes Live and Work survey show that about 28% (63 total) were forced to move out of their rental at least once in the past three years. This includes:
 - 7% because the home was sold by the owner;
 - 4% because the owner would not commit to a long enough lease;
 - 3% because the unit was converted to a short-term rental; and
 - 2% because the owner moved in.

Almost 200 renter households lost their homes due to owners selling homes or converting them to short-term rentals.

If responses are extracted to the 1,740 renter households in town, this would mean that about 124 renters had to move because their unit was sold over the past three years; 58 because the unit was converted to a short-term rental.

Of homes sold by the owner, most are purchased by second-home owners, who then typically short-term rent or otherwise take them off the rental market. The resulting impact is the same – loss of units for residents to rent long-term.

Although the effect of new owners renting short-term or current owners selling homes may be the same, the source of the problem is important to understand. Existing owners converting to short-term rentals may respond to certain measures differently than new owners renting units short-term from the date of purchase.

Section 8 – Current and Projected Needs and Gaps

This section updates the current and future community housing needs in Mammoth Lakes through 2022. This section:

- Updates the current shortfall in housing affordable for residents and the workforce in 2017 based on changes in unfilled jobs, over-crowded conditions and in-commuting since 2011;
- Projects how many units will be needed to keep up with job growth and retiring employees; and
- Estimates needs for both ownership and rental housing and by AMI level.

As in the 2011 study, housing needs are based on average annual employment and do not represent peak season needs for seasonal workers residing in the area for only a few months during the year.

Catch-Up Needs (2017)

Catch up in 2017 refers to the number of units needed to catch up to meet the current shortfall in housing available for residents and the workforce.

An estimated 330 units are needed to house residents and employees to help fill unfilled jobs, provide homes for in-commuters that prefer to live in Mammoth Lakes, and reduce over-crowding among residents. This is about twice the number of units needed in 2011 (170 units), primarily because:

- More jobs are vacant (120 in 2017 versus 40 in 2011);
- A higher percentage of workers commute into Mammoth Lakes for work (42% in 2017 versus 37% in 2011); and
- A higher percentage of in-commuters desire to move to Mammoth Lakes if they can find housing they can afford (19% in 2017 versus 14% in 2011).

Overcrowded Units

As local workers become intolerant of living in overcrowded conditions, they are likely to leave their jobs and the area, causing problems for employers in retaining qualified employees and filling jobs.

Overcrowding can only be addressed by building additional units. As reported in Section 6 – Housing Problems of this report, 170 households (about 5%) are overcrowded in

Mammoth Lakes. An increase in the supply of community housing equal to about one-third of the number of overcrowded units will help address overcrowding and provide some options for and more movement among these households. Therefore, about 55 units are needed to help address overcrowding within the town; about the same as in 2011.

| Units Needed to Address Overcrowding | |
|---|-----|
| Overcrowded households (5%) | 170 |
| Additional Units Needed (1/3) | 55 |

Unfilled jobs

With very low and falling unemployment, recruiting workers from outside of the area will be necessary – new employees need housing to be able to move to the area.

About 55 housing units are required to house employees needed to fill the 120 jobs that employers reported to be vacant – or about 4% of jobs provided by primary employers in the area. This is up from only 1% of jobs that were reported to be unfilled in 2011.

| Units Needed to Help Fill Vacant Jobs | |
|--|-----|
| # unfilled jobs | 120 |
| Jobs per worker | 1.2 |
| Employees per household | 1.8 |
| Housing units needed | 55 |

In-commuters

Providing stable housing options for in-commuters that would prefer to live near their jobs has many benefits to both employers and the community, including helping to decrease employee turnover, improving customer service, and increasing community vibrancy and year-round occupancy.

About 220 units are needed in Mammoth Lakes to meet the needs of in-commuters who would prefer to live nearer their jobs. About 19% of in-commuters reported in the 2017 Mono County/Mammoth Lakes Live and Work survey that they would prefer to live in Mammoth Lakes if they could find housing they can afford – very similar to the 14% reported in 2011.

| Units Needed to House In-Commuters | |
|--|-------|
| Total in-commuters (42% of employees) | 2,095 |
| % prefer to live in Mammoth Lakes | 19% |
| # that prefer to move | 400 |
| Workers per household | 1.8 |
| New housing needed | 220 |

Keep Up Needs (2017 to 2022)

Retiring employees

Employers will need to fill the jobs vacated by retirees in addition to any newly created jobs. Some retirees will leave the area upon retirement; however, when they sell their homes, many will be purchased by second-home owners rather than local employees.

Primary employers interviewed report that about 7% of their year-round average employees (100 total) will be retiring over the next five years. About 45 housing units will be needed to house the employees filling jobs vacated by retirees.

| Retiring employees | |
|-------------------------|-----|
| % to retire by 2022 | 7% |
| # to retire | 100 |
| Jobs per worker | 1.2 |
| Employees per household | 1.8 |
| Housing units | 45 |

These estimates are conservative because they reflect pending retirees reported by the primary employers interviewed. Other businesses in town will have retiring employees whose positions will need to be filled by new workers.

Job Growth

To keep up with estimated job growth over the next five years (610 new jobs), approximately 220 additional units will be needed by 2022 to house 77% of local employees in Mammoth Lakes. The 77% target is based on current patterns – 58% of the current workforce lives in Mammoth Lakes and 19% commute in but prefer to move. Job growth and commuting estimates are presented in more detail in Section 2 – Jobs, Seasonality and Commuting.

**Estimated Housing Needed by the Workforce
Filling New Jobs, 2017 – 2022**

| | |
|------------------------------------|-----|
| Increase in Jobs from 2017 to 2022 | 610 |
| Jobs per Employee | 1.2 |
| New Employees Needed | 510 |
| % to live in Mammoth Lakes* | 77% |
| # to live in Mammoth Lakes | 395 |
| Employees per Housing Unit | 1.8 |
| New housing needed | 220 |

*Includes 58% of the workforce that lives in Town plus in-commuters who prefer to move to Mammoth Lakes.

Summary of Catch-Up and Keep-Up Needs

Based on estimated catch-up and keep-up needs, approximately 595 community housing units are needed by 2022, or an average of about 120 units per year. This includes housing in-commuters that want to move to Mammoth Lakes, workers needed for unfilled jobs, housing units needed to address overcrowding and workers filling new jobs created through 2022.

The extent to which some of these needs may be addressed by the market will be influenced by changes in housing prices over time, the availability of land, developers' construction of community housing, and the presence or absence of regulatory measures. In addition, the extent to which any or all of these elements of need are addressed by community housing programs will be an extension of housing policy, resources and desired direction with respect to community housing. Setting this policy direction will be a goal of Phase 2, the Community Housing Action Plan.

| Summary of Housing Needs | |
|---------------------------------|------------|
| Catch-Up | 330 |
| Overcrowded Households | 55 |
| In-commuters | 220 |
| Unfilled jobs | 55 |
| Keep-Up | 275 |
| Retiring employees | 45 |
| New jobs | 220 |
| TOTAL through 2022 | 595 |

Needs by Own/Rent and Income

There is need for both ownership and rental housing in Mammoth Lakes that is available for residents and the workforce. If the current ownership ratio is retained, then about 46% of new units should be for ownership and 54% for rent. The precise ratio, however, is somewhat dependent upon the desired direction and housing policy of the Town. Rentals are needed to help recruit new workers and residents to town; ownership is needed to retain year-round residents and support community stability.

| Summary of Housing Needs by Own/Rent Through 2022 | |
|---|------------|
| Units needed through 2022 | 595 |
| Ownership | 275 |
| Rental | 320 |

Ownership housing should be created based on the income distribution of households in Mammoth Lakes, as shown below.

- Prices for residents and employees in town should primarily range as low as about \$180,000 up to about \$325,000. This would provide ownership opportunities for households earning between \$45,000 through \$85,000 per year (between about 70% and 120% AMI). The current for-sale market is not providing a sufficient supply of homes in this price range.
- There is also a shortage of move-up homes for residents and the workforce in the \$325,000 to \$400,000 range. These homes should provide 3-bedrooms/2-baths and garages with a small or shared yard space.
- Households earning between roughly 80% AMI through 150% AMI represent the middle-income group in Mammoth Lakes that is being increasingly left behind by the housing market: the “missing middle.”
- The table below indicates there is also a gap in units priced up to \$500,000; however, residents and the workforce searching at this price point desire single-family homes – an unlikely product to provide in Mammoth Lakes at this price. Deed restrictions would also not be acceptable at this level.
- Homes affordable for households earning under \$45,000 per year are also undersupplied; however, producing homes below \$180,000 will require substantial subsidies or programs such as Habitat for Humanity. These lower income households also often have trouble qualifying for loans and meeting down payment purchase requirements.

Homeowner Income Distribution Compared to Homes Availability

| Income Level | MAXIMUM Affordable Purchase Price | Owner Income Distribution | For-Sale Listings |
|--------------|-----------------------------------|---------------------------|-------------------|
| <=60% AMI | Under \$162,000 | 12% | 1% |
| 60-80% AMI | \$213,000 | 7% | 4% |
| 80-120% AMI | \$325,000 | 25% | 17% |
| 120-150% AMI | \$406,000 | 20% | 17% |
| 150-200% AMI | \$541,000 | 21% | 16% |
| >200% AMI | Over \$541,000 | 16% | 45% |
| TOTAL | - | 100% | 410 |

NOTE: Shading indicates where there is a shortage of housing supply for residents and employees in town. Units provided in the lighter shade price point should be move-up housing for families, offering 3-bedrooms and garages.

There are very few units available to rent at any price point in Mammoth Lakes.

- New rentals for the workforce should be mostly priced for households earning under 60% AMI (under \$20 per hour). Only four rentals in this price range were advertised for rent in April/May 2017.
- There is also a shortage of rentals priced up to about \$1,200 for 1-bedroom units. These would be affordable for households earning about 75% AMI. Residents and employees in town that pay this amount in rent prefer in-unit laundry and covered parking.
- Utilities add about 23% to the monthly cost for renters.³⁸ Adding this into the affordable payment amount shows a significant shortage of units priced affordable for households earning 80% AMI or less (households earning about \$25/hour), for which the total housing payment (rent and utilities) should not exceed \$1,400 per month.

Renovating older, energy inefficient rentals and providing new developed units designed for energy efficiency can have a significant impact on the affordability of rentals for residents.

³⁸ See Section 5 – Rental Market Conditions for more information.

Renter Income Distribution Compared to Available Rentals

| Income Level | Maximum Affordable Housing Payment | Renter Income Distribution | Available Rentals (rent only)* | Available Rentals (rent plus utilities) |
|--------------|------------------------------------|----------------------------|--------------------------------|---|
| <=60% AMI | \$1,035 | 35% | 14% | 7% |
| 60-80% AMI | \$1,360 | 16% | 21% | 11% |
| 80-100% AMI | \$1,725 | 12% | 7% | 18% |
| 100-120% AMI | \$2,070 | 9% | 25% | 7% |
| >120% AMI | Over \$2,070 | 28% | 32% | 57% |
| TOTAL | - | 100% | 100% | 100% |

*Available rentals include rentals available in April/May 2017.

NOTE: Shading indicates where there is a shortage of housing supply for residents and employees in town. Units nearing 80% AMI should provide amenities such as in-unit laundry, covered parking and storage.

Seasonal Workers

Employers hiring seasonal workers estimate that 30% to 40% reside in the area year-round. These are workers that may hold seasonal jobs in the summer and winter, or a year-round job, but supplemented with extra income from a seasonal job. Between 400 to 500 summer jobs and up to 1,500 winter jobs must be filled by workers who are recruited from outside of the area each season.³⁹ Most seasonal workers earn anywhere from about \$10.50 up to \$17 per hour.

If the summer and winter peaks were more even, this would assist the provision of housing for employees holding seasonal jobs. Many employees in the area currently live in the area year-round, but hold dual-seasonal jobs – working for one employer in the winter and another in the summer. With more balanced employment, more employees could find job options throughout the year. Further, seasonal employees that leave their winter jobs (and rental housing) would be replaced by workers coming in to fill summer jobs, filling vacancies. This should be kept in mind as Mammoth Lakes works to increase its summer employment base.

³⁹ See Section 2 – Jobs, Seasonality and Commuting.

Summary of Seasonal Workers

| | Summer | Winter |
|---|---------------------|-------------|
| Total seasonal jobs | 730 | 2,180 |
| Jobs filled by seasonal residents | 400-500 | 1,300-1,500 |
| Jobs per seasonal worker (est.)* | 1.4 | 1.4 |
| Seasonal workers needing housing | 285-355 | 930-1,070 |
| # of Seasonal Housing Units Needed | Variable/fluctuates | |

*Year round workers hold 1.2 jobs on average in Mammoth Lakes. Seasonal workers typically hold more than this (up to 1.8 jobs in some communities). The 2017 Mono County/Mammoth Lakes Live and Work survey shows seasonal employees hold an average of about 1.4 jobs.

The number of housing units needed by seasonal workers is difficult to define – needs change year-to-year based on several factors – tourism, hiring needs, weather, housing market availability, etc. In most seasonal resort communities, housing for seasonal workers is often provided by the employers who hire them. Neither private developers nor public housing authorities can afford to develop housing that is occupied only part of the year. The large discrepancy between summer and winter seasonal employment in Mammoth Lakes presents such a challenge.

The type of housing needed can also vary significantly. Employers have specific knowledge of the number of workers they plan to hire, their demographic characteristics and their housing needs. For example:

- MMSA, which provides about 390 seasonal beds for its workers, has evolved its program in recent years, transitioning some former seasonal units into year-round occupancy for dual seasonal employees and permanent staff in need of housing.
- MMSA still hires primarily younger, 20-something employees for a few months in the winter, for which dorm-style and shared-living quarters suffice. With the extended ski season, however, older seasonal workers from other resorts have filled some positions. Mixing 40- and 50-year-old workers with younger workers in units has been an awkward fit.

Seasonal employees in many comparable resort communities have shifted to an older demographic, particularly in areas where summer seasonal employment is more even with winter seasonal jobs. Older, more permanent workers require different housing options; an adjustment many communities have had to make.

- Other positions may be filled by employees who only come to the area for a few months. Dorms or hostels may suffice for these employees. For summer seasonal employees, RV spaces, camping facilities, non-winterized cabins and similar low-cost options are feasible, unlike for winter employees.

Mammoth Lakes Community Housing Action Plan: Phase 1

HOUSING NEEDS, ACCOMPLISHMENTS AND CHALLENGES

PART B (1): HOUSING PROGRAM ACCOMPLISHMENTS AND CHALLENGES

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Section 8 27

Introduction

Tools and strategies to address community housing needs have been in operation and development for over 20 years. This section summarizes the inventory of deed-restricted and employee housing that has been created to date, and reports on the performance of current programs, challenges encountered and accomplishments.

The detailed review focuses primarily on MLH's and IMACA's housing inventory in Mammoth Lakes; however, the number and type of housing units owned, operated and/or master leased by major employers is also provided to understand how employer assistance supplements other programs.

This section will be useful when devising the Community Housing Action Plan to understand what has worked well and where changes or alternative approaches may be needed to address existing and projected needs.

Accomplishments

Expertise and resources from multiple sources – the Town, MLH, non-profit organizations and employers – have been used in Mammoth Lakes for over 20 years to provide housing for the community and its workforce. These efforts have produced a number of significant accomplishments:

- **Enacted affordable housing regulations** – Enacted inclusionary zoning and other development requirements that have:
 - Helped create or preserve 133 deed-restricted units, including ownership, rental, and seasonal housing, 105 of which remain deed-restricted, and
 - Contributed \$3.6 million and 4.3-acres of land through in-lieu fees and land to the Town's housing fund for investment in housing.
- **Passed Measure 2002A increasing the Transient Occupancy Tax** – The measure passed by a 79% vote, followed by a Town commitment to allocate a portion of the now 13% tax to community housing. Since 2003, \$14.9 million in TOT dollars has been invested in housing.
- **Acquired housing financing** – Approximately \$44 million in state and federal financing and grants for housing programs, rehabilitation and development has been acquired.

- **Developed and rehabilitated community housing** – Utilizing state and federal funding, Certificates of Participation, land received through in-lieu mitigation, TOT revenue and other sources:
 - Constructed 48 units for local homebuyers, 28 of which are deed-restricted;
 - Constructed 78 rentals and rehabilitated four units for very low- and low-income renters.

- **Utilized Low Income Housing Tax Credits** to attract equity investment and bond financing for the development of Aspen Village Apartments, Mammoth Apartments and Bristlecone, totaling 108 apartments.

- **Managed deed-restricted units** – Oversaw compliance with deed restrictions upon resale of homes to preserve affordability over time; modified deed restrictions to remedy problems; and established a revolving loan fund with both the Town and Mono County to help preserve deed restrictions.

- **Converted a motel into an apartment property** – Conversion utilized Federal Community Development Block Grants and HOME funding. Acquired additional CDBG funding to renovate units this year.

- **Provided homebuyer assistance** – Over \$4 million in grants from state and federal sources funds the homebuyer education and down payment assistance program, through which over 60 homeowners are being assisted. MLH also collaborates with Mono County and the city of Bishop to provide down payment assistance.

- **Employer-provided housing** – 139 rental units are being provided by major private and public-sector employers, 97 of which provide 390 beds for seasonal employee occupancy.

- **Regional coordination** – MLH is a regional Community Housing Development Organization (CHDO), assisting other households throughout the county; Inyo Mono Advocates for Community Action (IMACA) operates a weatherization and energy assistance program available to Mammoth Lakes residents.

- **Helped residents and employees live in Mammoth Lakes** – About 7% of residents reside in deed-restricted ownership or rental units in Town. These units have permitted essential service, education, health care, emergency services, utilities and civic employees to reside in Town; helped keep families with children in the community; and maintained affordability for residents over time.

Analysis of the Housing Program – Challenges and Recommendations

Despite commendable accomplishments, several challenges have been encountered. This is not unique to Mammoth Lakes; all comparable resort communities have needed to shape and evolve their program over time in response to changes in the market, changes in the community, unforeseen outcomes, and other factors. Housing is a dynamic market – it is essential to adjust housing programs to accommodate changes.

The rest of this section evaluates various components of existing community housing programs, challenges encountered, responses to those challenges and recommendations for improvements.

Existing Housing Inventory

A total of 381 residential units in Mammoth Lakes have been built or acquired through various methods for occupancy by members of the community. The below inventory contains a mix of units that either carry deed restrictions to ensure affordability for households at specified income levels or occupancy requirements in terms of local employment status.

These units house approximately 7% of the households residing in Mammoth Lakes, plus provide 390 beds for seasonal workers. More specifically:

- 37 units are deed-restricted for ownership by income qualified households, primarily in three developments: Aspen Village, Meridian Court and San Joaquin Villas.
- 157 units are deed-restricted rentals, most of which are in five complexes: Aspen Village, Bristlecone, Glass Mountain, Kitzbuhel, and Mammoth Apartments (Jeffreys and Manzanita).
- 28 units are deed-restricted for either owner or renter occupancy, which were built as mitigation or in exchange for variances granted through the Town's development codes.
- 20 units are free market homes that owners purchased with homebuyer assistance through MLH.
- 139 units were either built by or are master leased by larger employers in town to help ensure housing is available for employees.

In addition to this inventory, the Mammoth Lakes Foundation developed and manages 35 furnished units in South Gateway Apartments to house students for Cerro Coso College. Units have occasionally housed college employees, K-12 teachers; interns and hospital employees.

Because priority is for students during the school year rather than residents or employees in Mammoth Lakes, these units are not included in the resident and workforce housing inventory, below.

Summary of Resident and Workforce Housing Inventory

| | Owner* | Renter | Either | Total # of Units |
|---|-----------|------------|-----------|------------------|
| Deed-Restricted | | | | |
| 463 Mono St. | | 3 | | 3 |
| Aspen Village | 8 | 48 | | 56 |
| Bristlecone | | 30 | | 30 |
| Chateau De Montagne | 1 | | | 1 |
| Glass Mountain | | 26 | | 26 |
| Kitzbuhel | | 16 | | 16 |
| Mammoth Apts (Jeffreys & Manzanita) | | 30 | | 30 |
| Meridian Court | 13 | | | 13 |
| Nordica | 1 | | | 1 |
| San Joaquin Villas | 14 | | | 14 |
| Star Apts | | 4 | | 4 |
| Town Restrictions – Scattered Sites | | | 28 | 28 |
| Sub-total | 37 | 157 | 28 | 222 |
| Homebuyer Assistance -- Market Units | | | | |
| | 20 | | | 20 |
| Employer Assisted Housing | | | | |
| MMSA | | 125 | | 125 |
| Hospital | | 8** | | 8** |
| Town | | 2 | | 2 |
| Water District | | 4 | | 4 |
| Sub-total | - | 139 | | 139 |
| Total | 57 | 295 | 28 | 381 |

Source: Town Community and Economic Development Dept., MLH, Employer interviews

*Two units owned by MLH are now renter-occupied, but may be sold as leases expire.

**The hospital also owns a deed-restricted unit in L'Abri Condominiums that is available to employees. This unit is included in the "Town Restrictions – Scattered Sites" row of this table.

Rate of Development

The development and acquisition of deed-restricted units has been closely tied with the activity of the private development market. When private development has been active, many units have been added to the inventory; when private development has stopped, so has the production or acquisition of deed-restricted inventory. More specifically:

- Development of the resident and workforce housing inventory began in 1996 with the construction of Bristlecone Apartments, followed in 1999 by the acquisition and renovation of Glass Mountain. Early housing efforts focused on seasonal workers and low-income year-round renters.
- Unit production escalated during the next decade, coinciding with active private development activity in Town. Between 2000 and 2009 an average of 14 units per year of community housing was produced, including:
 - Development of all of the deed-restricted ownership units was initiated;
 - All 28 deed-restricted units provided as mitigation or in exchange for variances under the Town Code were developed or acquired; and
 - 81 deed-restricted rental units, including Aspen Village and Mammoth Apartments, were built or acquired.
- Coinciding with the drop-off in private development activity, since 2010, development of deed-restricted units ceased. An additional 20 deed-restricted rentals were added to the inventory by redeveloping and renovating existing properties: 16 units through developer mitigation requirements and four units by MLH with CDBG assistance.

Community Housing Development

| | Before 2000 | 2001-05 | 2006-2010 | 2011-present |
|------------------------------|-------------|-----------|------------|--------------|
| Own | 0 | 0 | 37 | 0 |
| Rent | 56 | 0 | 81 | 20 |
| Seasonal | 20 | 58 | 0 | 0 |
| Various (own or rent) | 0 | 24 | 4 | 0 |
| TOTAL | 76 | 82 | 122 | 20 |

Source: Town Community and Economic Development Dept., MLH

The existing program has been too reliant on mitigation and requirements placed on private development at the exclusion of other strategies. Many other resort communities took advantage of the downturn and lower prices to acquire land or properties, redevelop units, or initiate housing planning and track job growth to be prepared when the market picked up again.

A wider diversity of and commitment to programs is needed to better weather market downturns and take advantage of opportunities as they arise. With stronger commitment to community housing, a defined plan and staffing support, the Town could increase housing production and be more resilient to fluctuations in private market activity.

Location

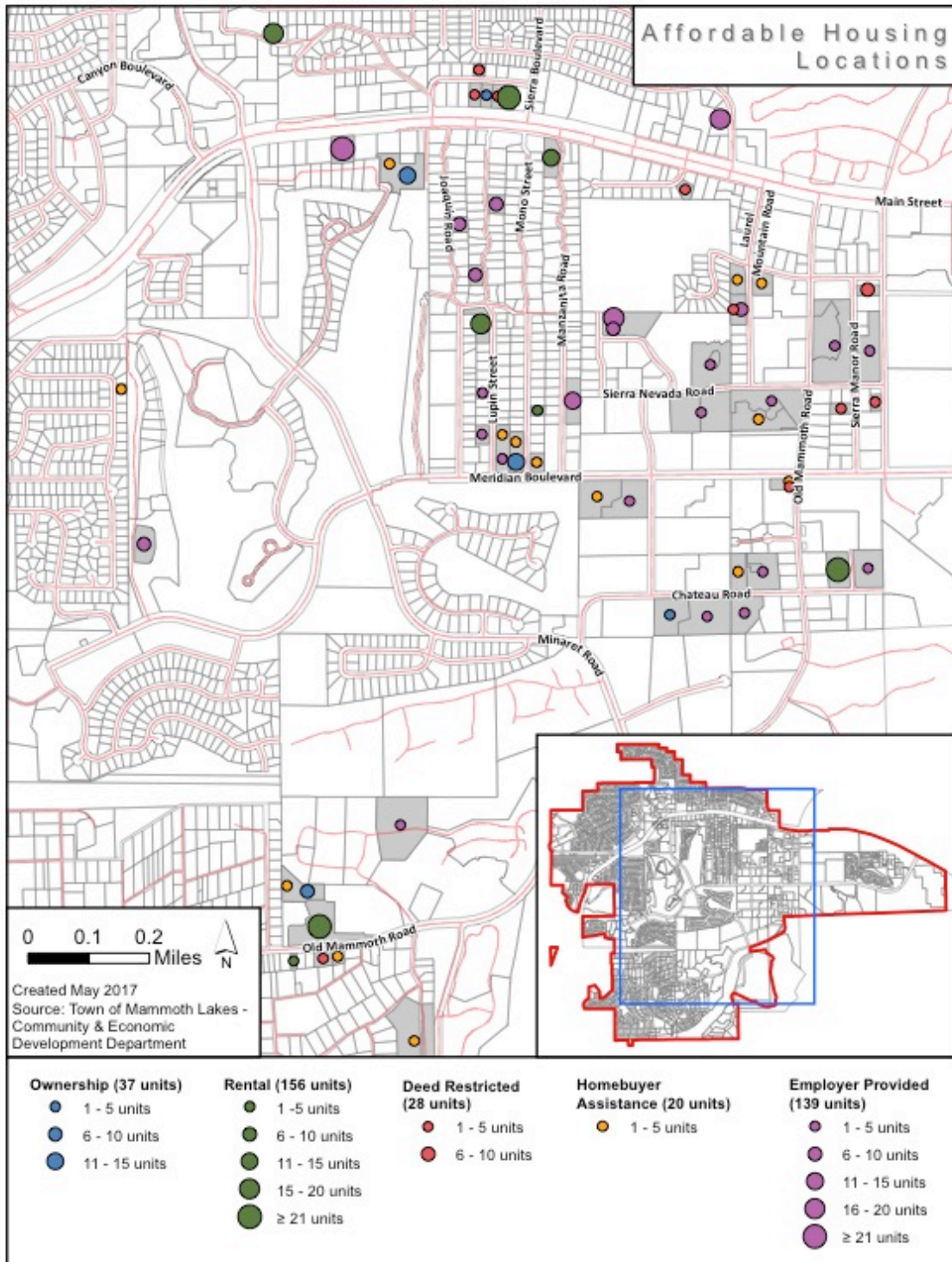
Concerns have been expressed that existing deed-restricted housing has resulted in concentrations in some areas of town, such as the Sierra Valley.

The following map shows the location of deed-restricted ownership and rental housing, homes purchased with homebuyer assistance that are in the current portfolio, deed-restricted mitigation units produced, and employer-provided units. The map reveals that community housing is dispersed throughout eight neighborhoods:

| | |
|------------------|---------------|
| Sierra Valley | Meridian |
| Sierra Star | Snowcreek |
| Old Mammoth Road | Main Street |
| Old Mammoth | North Village |

- More units are located in Sierra Valley, Sierra Star and Meridian neighborhoods due to a combination of MLH, Town and employer housing units, but do not represent a concentration.
- MLH's three ownership developments are in three different neighborhoods.
- Rental units are scattered throughout neighborhoods with less concentration than often found in other resort communities. Only 30 of the 157 deed-restricted rentals are located in Sierra Valley.

To help address perceptions of concentrations, however, near term rehabilitation and redevelopment programs within the three neighborhoods with the highest number of units could be undertaken to improve the quality of the housing.



Source: Town Community and Economic Development Dept., MLH, Employer interviews

Loss of Deed Restrictions

As of 2011, 19 deed restrictions had been lost on units developed by MLH or deed-restricted through mitigation. Since then, restrictions have been removed from five additional units.

- Unfortunate timing with the development of units coinciding with the recession, restrictions that gave MLH only 30 days to acquire properties when units could not be sold, and the lack of funding to re-purchase units all contributed to the loss.
- The Town and MLH restructured the deed restriction to prevent future losses. The new deed restriction is set up as an agreement between the buyer and MLH. The agreement now affords MLH, on behalf of the Town, a 45 day first right of refusal period. Then, if the right of first refusal is not exercised, the owner has a 60-day marketing period during which the owner must try to sell the home. This is followed by a second right of refusal for MLH to purchase.
- A Revolving Loan Fund (RLF) has also been established, through which the Town will dedicate up to \$300,000 per year to securing these units. A similar agreement is established with Mono County for an additional \$300,000. At least four units have been preserved utilizing the Town's fund.

Deed restriction revisions and Town funding commitment are in place to prevent future losses.

Loss of Deed Restrictions on Ownership Units

| | Total Units | Original DR Units | DR Lost | Remaining DR Units |
|------------------------|-------------|-------------------|-----------|--------------------|
| Grayeagle Condominiums | N/A | 8 | 8 | 0 |
| Meridian Court* | 24 | 24 | 11 | 13 |
| Bigwood | N/A | 1 | 1 | 0 |
| Chateau de Montagne | N/A | 1 | 0 | 1 |
| Nordica | N/A | 1 | 0 | 1 |
| San Joaquin Villas | 40 | 18 | 4 | 14 |
| Aspen Village Condos* | 24 | 8 | 0 | 8 |
| TOTAL | | 61 | 24 | 37 |

Source: Town Community and Economic Development Dept., MLH

*MLH developments

The Town and MLH have been exercising the right to purchase units with the old deed restriction so that the new restriction can be placed as units come up for sale. There has been no need, however, to do this within the past year.

Unit Mix

The following table shows the unit characteristics of the deed-restricted housing stock, including:

- Own/Rent mix: which are dominated by rentals (71%), with another 13% that may be renter- or owner-occupied.
- Bedroom size: which have a high proportion of 3- and 4-bedroom units (78% of ownership and 42% of rentals). The 28- units available for owner- or renter-occupancy show a more typical mix of unit sizes seen in resort communities, with 1- and 2-bedrooms dominating. This mix better matches resident household demographics.
- Unit type: which are mostly apartments and condominiums. Units restricted for owner- or renter-occupancy include a more diverse mix of apartments, condominiums and PUD units.

Future provision of community housing should be driven by the demographics and preferences of town residents and the workforce.

Deed-Restricted Inventory: Number, Size and Type of Units

| | Deed-Restricted Ownership | Deed-Restricted Rentals | Deed-Restricted Own/Rent |
|--------------------|------------------------------|----------------------------|-----------------------------|
| Total Units | | | |
| % | 17% | 71% | 13% |
| # | 37 | 157 | 28 |
| | | | |
| Studios | | 20% | 7% |
| 1 BR | 8% | 7% | 25% |
| 2 BR | 14% | 32% | 64% |
| 3 BR | 54% | 41% | 4% |
| 4 BR | 24% | 1% | 0% |
| | | | |
| Apartment | - | 98% | 29% |
| Condominium | 97% | - | 39% |
| PUD/PD | 3% | 2% | 32% |

Source: Town Community and Economic Development Dept, MLH, Mono County Assessor Data

Past decisions made on the provision of community housing units in Mammoth Lakes have been more tied to financial considerations rather than the household composition and needs of the local households whom they are intended to serve. For example, bedrooms are less

expensive to provide than kitchens or bathrooms; three and four-bedroom units are less expensive to build on a per square foot basis than one and two-bedroom units.

Most of the units available for either owner- or renter-occupancy were existing homes in town that were rehabbed or bought-down, or incorporated as part of a larger market-rate product. This lends to the greater diversity in these units.

Moving forward, the provision and development of community housing should be driven by the demographics and preferences of town residents and the workforce. The focus should be placed on increasing the diversity of units and providing options for all residents in need.

More specifically:

- Owner/Renter Mix. While rentals are needed to help get people into the community, ownership is needed to help keep them there. Owners currently comprise 46% of resident households. To be more responsive to local needs, more deed-restricted ownership units are needed. More ownership options will:
 - Allow some households to move out of rentals and into homeownership, thereby freeing up some rentals for other households to occupy; and
 - If move-up purchase opportunities are provided, this can help increase turnover in the existing deed-restricted ownership inventory.
- Unit Type. Almost all of the deed-restricted ownership units in Mammoth Lakes are condominiums.

Loans for condominiums are more limited and can be more difficult to obtain than for other types of units, especially when the projects are not FHA-approved. No condominiums in Mammoth Lakes are FHA-approved.⁴⁰ If conventional financing is used, buyers need to provide 20% down payments. The problem has been addressed by the provision of homebuyer assistance from MLH. To provide more lending options for residents and employees in town:

- Condominiums should be FHA approved prior to development to open up access to government insured mortgages and reduce the need for grants for homeownership assistance.
 - Greater diversity in unit type, specifically more townhome-style PUD units, would better meet resident unit preferences and increase mortgage options.
- Bedroom Mix. Over 60% of Mammoth Lakes households have one- or two-persons and households average 2.5-persons in size. The current mix of units has done a good job

⁴⁰ See Part A – Section 4 Homeownership Market Conditions (Mortgage Availability) for more information.

housing families with children and more is needed given waitlists; however, few opportunities are provided for single and two-person households.

- Smaller households have trouble affording 3- and 4-bedroom homes and many desire smaller homes. 78% of deed-restricted ownership units are 3- and 4-bedroom homes.
- In rentals, most 3-bedroom or larger units cannot be occupied by multiple income earning households (e.g., roommate households) because they exceed income restrictions. Therefore, 42% of the inventory primarily serves large families, which comprise a minority of renter households in town.

To better serve the diversity of resident households:

- For ownership, the majority of residents and employees wanting to buy are couples, young families, and occasionally individuals. Smaller units with desired amenities are in demand – one- and two-bedrooms with in-unit washer/dryers, extra storage, and covered or garage parking. The two-bedroom condominiums in Aspen Village are in demand.
- For rentals, market-rate property managers report that studios and one-bedroom units have the lowest vacancy, are the fastest to fill when vacant, and are in short supply.

Income Targeting

Deed restrictions limit the maximum incomes that occupants can make to be able to purchase or rent deed-restricted homes.

- The current inventory covers a range of affordability levels, providing for households earning under 50% AMI (9% of units) up to 200% AMI (3% of units).
- The majority (74%) target low-income households earning 80% AMI or below; 36% of all households in Mammoth Lakes earn at this income level. While more low-income rentals are needed given the long waitlists and low turnover, more units are also needed at higher price points for middle-income households that are being increasingly left behind by the market.
- The vast majority of units priced for homes earning 60% AMI or less are rentals.
- Properties developed using federal monies or subsidies, such as LIHTC, serve lower income households as a condition of those funding sources. Alternative funding and methods must be used to develop units for households earning over 80% AMI.

Reduce dependency on federal subsidies which limit housing production to low-income households – more diversity in pricing is needed.

Deed-Restricted Housing Inventory by AMI

| | 50% | 60% | 80% | 100% | 120% | 150% | 200% |
|-------------------------|-----|-----|-----|------|------|------|------|
| Ownership | 5% | 0% | 27% | 14% | 41% | 5% | 8% |
| Rental* | 11% | 75% | 3% | 11% | 1% | 0% | 0% |
| Either – Town DR’s | 0% | 0% | 29% | 4% | 43% | 11% | 14% |
| Total Units | 19 | 114 | 23 | 22 | 29 | 5 | 7 |
| Percent of Total | 9% | 51% | 10% | 10% | 13% | 2% | 3% |

Source: Town Community and Economic Development Dept., MLH, IMACA

*Three rental units are for onsite managers and are not income restricted.

Characteristics of Deed-Restricted Occupants

Deed-restricted homes are helping to keep many residents and employees within the community. The lack of diversity in existing units, however, limits options for many households in Mammoth Lakes. This includes primarily one-person households, couples without children, and roommate households. This is described in more detail, below.

More diversity in unit sizes and price points are needed to ensure all locals have community housing options.

Jobs Held

Occupants of the 194 deed-restricted units examined hold over 230 jobs. Jobs held are in all types of sectors, but most occupants work in tourism related positions. These are the lowest wage jobs in the community and comprise over 55% of jobs in Mammoth Lakes. In deed-restricted housing:

- Renters are most likely to hold tourism-based jobs (62%). These households often need below market rentals to reside in a community.
- A high 45% of owners are also in tourism trades. This is important for stability and high level of service in these industries, which typically suffer from high job turnover.
- Essential workers in education, health care, emergency services, utilities and civic positions have also been able to purchase in the community. About 43% of owners are in these professions, compared to about 20% of jobs in total in the community. Rental units also provide homes for these workers.
- Two apartment projects have residents who are living on social security/disability and not employed.

Residents of Deed-Restricted Units – Jobs Held by Sector

| | Ownership | Rental |
|--|------------------|---------------|
| Tourism - MMSA, lodging, retail, restaurants, recreation | 45% | 62% |
| Professional - Town, County, Water District, non-profit | 19% | 10% |
| Education – local schools, child care, Cero Cosa College | 8% | 2% |
| Medical, health care, emergency services | 16% | 4% |
| Trades, self employed | 12% | 19% |
| Other | - | 3% |
| Total Jobs | 64 | 167 |

Source: Property manager interviews, IMACA

Household Composition

As mentioned above, multiple-income households have difficulty meeting the income requirements for deed-restricted units. A high proportion of deed-restricted units are also 3- and 4-bedroom homes. These characteristics are reflected in the occupancy mix of units, in which:

- The majority of units house families with children (83% of rentals and 64% of owner-occupied homes).
- A high proportion of rentals are occupied by Hispanic/Latino households (88% of units), who are more likely to have larger families. The ethnic mix of households owning deed-restricted homes is representative of resident households in the community.
- Singles have few opportunities to live alone even though they are the largest demographic group in Mammoth Lakes.
- Singles have had proportionately more success in deed-restricted ownership than rentals. Singles are not eligible to rent 2- and 3-bedroom units under the requirements for LIHTC properties.
- Comparatively few couples own deed-restricted housing (14%), in part due to income limits that dual income households have trouble meeting. Couples without children comprise about 22% of the households in Mammoth Lakes.
- Very few households consist of unrelated roommates compared to the community as a whole (about 19%) and to comparable communities in general.

- A high 36% of rentals and 16% of ownership units are occupied by single parents. This demographic typically struggles the most with affording housing and below-market units are essential. These households can meet income requirements of two-bedroom units whereas dual-income couples without children or roommate households may not.

Occupants of Deed-Restricted Housing

| | Ownership | Rental | Total Resident Households |
|-----------------------|-----------|--------|---------------------------|
| Household type | | | |
| Singles living alone | 19% | 10% | 28% |
| Roommates | 3% | 1% | 19% |
| Single parents | 16% | 36% | 10% |
| Couples | 14% | 7% | 22% |
| Couples w/ kids | 43% | 45% | 20% |
| Extended family | 5% | 2% | NA |
| Ethnicity | | | |
| % Hispanic/Latino | 30% | 88% | 34% |
| Other | 70% | 12% | 66% |

Source: Property manager interviews, IMACA

Designing Homes for Locals

When considering designs that work for and attract town residents and the workforce, some lessons can be learned from three existing projects: Meridian Court, Aspen Village, and San Joaquin Villas. Each of these projects contain a mix of deed-restricted and free market condominiums. The mix between local and non-local/second-home ownership varies by project. This difference is largely tied to design, as well as price:

When designing units for locals, look to the successes of Meridian Court and Aspen Village and learn from problems encountered at San Joaquin Villas.

- *Meridian Court* – 95% are occupied by town residents, whereas only 11 of 24 units are deed-restricted. The design/bedroom mix with 1-, 2- and 3-bedroom units as well as lower price contribute to this high occupancy rate.
- *Aspen Village* – Approximately 60% of the units at Aspen Village are occupied by town residents while 33% (eight of 24 units) are deed-restricted. This development was designed to provide housing for residents, providing 2- and 3-bedrooms with desired amenities such as covered parking. Even market rate units are contributing to community housing availability, at least under recent market conditions.
- *San Joaquin Villas* – About 35% of units are deed-restricted, similar to Aspen Village, yet a lower 40% of units are occupied by town residents. Two primary factors influence the lower local ownership rate:

- The development was completed at the height of the recession when very few local residents were in a position to buy homes; and
- The design is less attractive to locals. All units have 3- or 4- small bedrooms that were built to comply with the housing code, implementing minimum bedroom sizes.

Management of Deed-Restricted Ownership Housing

Most of the condominiums that are deed-restricted for ownership are in three developments: Meridian Court, Aspen Village, and San Joaquin Villas. This section discusses the management of deed restrictions and resales as they apply to these properties, including compliance with occupancy guidelines, pricing and affordability, and waitlists.

Compliance with Occupancy Guidelines

Deed-restricted units, once created, must be adequately monitored to ensure they are meeting their intended purpose. Significant investment in time and resources goes into producing these units. Having an adequate management plan in place to ensure the investment is not lost is needed.

Clear assignment of responsibilities is needed to ensure all deed-restricted units are monitored.

In Mammoth Lakes, monitoring deed-restricted ownership units for compliance is not done on a regular basis, although some units are better tracked than others.

- Of the deed-restricted ownership inventory, most are overseen by MLH. MLH is responsible for qualifying applicants and assisting in the transfer of deed restrictions at the point of sale. Compliance with deed restrictions is ensured with each transfer of property and annually.
- The 28-units that carry deed restrictions that permit them to be owner- or renter-occupied are tracked by the Town, but are not actively managed. Current deed-restriction compliance is largely unknown. The Town has discussed having MLH oversee these units, but no action has been taken.

For units overseen by MLH, compliance with deed restrictions has generally been very good.

- MLH has been flexible by allowing owners to rent units or have roommates rather than force sales, particularly during the recession.

- No instances of units being rented on a short-term basis through VRBO or similar marketing sites have been discovered.

Pricing and Affordability

Initial Sale Prices. The initial sale prices for deed-restricted homes are set at the maximum price considered affordable for the targeted income (AMI) category based on the number of bedrooms in the unit being purchased.⁴¹

Setting initial sale prices at maximum affordability levels has risks for buyers and sellers.

Initial prices have been set at the maximum allowed price point to reduce the gap between development costs and funds received from sales. This practice has risks:

- It reduces the number of income eligible households that can afford to buy the homes.
- It creates vulnerability in the program with regard to interest rates. A 1% increase in the interest rate lowers the affordable price by about 10% (e.g., \$25,000 on a \$250,000 unit). If AMI is flat and interest rates increase, sellers will not be able to find qualified buyers and will be required to drop the price of homes below the purchase price.
- It also creates dependency on homebuyer assistance. Homebuyer assistance is currently used to fill the gap between the sale price and the mortgage amount for which the buyers can qualify.

A more common practice in many comparable communities is to set initial prices at 10 to 20 percentage points lower than the maximum for the targeted AMI category. This provides a buffer for changes in interest rates, varying down payment amounts, and reasonable HOA fees.

Resale prices. Resale prices are calculated by applying the percentage increase in the AMI for each of the years the home is owned to the initial price and adding allowed capital improvements. The percentage increase is not compounded. Buyers are able to sell units for the market price or the price calculated according to the change in AMI, whichever is lower. This practice will retain the affordability for the intended AMI household over time.

Capital improvements should be monitored for their effect on resale prices.

⁴¹ Calculations assume the buyer provides 2% down, and received the prevailing 90-day Fannie Mae rate for 30-year, fixed-rate mortgages.

Only the capital improvement policy has the potential to increase prices beyond desired affordability levels.

- Each owner can make limited,⁴² pre-approved capital improvements, adding up to 15% to the purchase price upon resale. If a property changes hands frequently, and each owner adds capital improvements, this could impact affordability over the long term.
- Few owners of deed-restricted homes have made capital improvements to date. As homes age, however, more should be expected. This policy should be tracked to monitor its effect on affordability of homes over time.

When creating resale formulas, housing policy makers must strike a balance between preserving affordability, rewarding appropriate capital improvements, and creating opportunities for owners to increase equity through appreciation.

Resale pricing practices have retained the affordability of units.

- The current resale formula favors preserving affordability of the homes over time.
- To date, nine homes have resold with deed restrictions in place. Most owners have realized some appreciation. In the two cases where there was a significant downward change in price, MLH intervened to purchase the units and re-sell them at lower prices.

| | Initial Sale | Resale | Change in Price | Years Owned | Year of Resale | Bedrms | AMI Target |
|-----------------|--------------|-----------|-----------------|-------------|----------------|--------|------------|
| Aspen Village* | \$199,000 | \$165,000 | (\$34,000) | 3 | 2013 | 2 | 120% |
| Aspen Village | \$250,000 | \$285,000 | \$35,000 | 5 | 2015 | 3 | 120% |
| Aspen Village | \$265,000 | \$288,000 | \$23,000 | 8 | 2015 | 3 | 120% |
| Aspen Village | \$250,000 | \$302,355 | \$52,355 | 6 | pending | 3 | 120% |
| San Joaquin | \$224,291 | \$273,000 | \$48,709 | 8 | 2015 | 3 | 120% |
| San Joaquin | \$165,783 | \$220,000 | \$54,217 | 8 | 2016 | 4 | 80% |
| Meridian Court* | \$209,865 | \$105,000 | (\$104,865) | 8 | 2015 | 1 | 80 - 200% |
| Meridian Court | \$105,000 | \$104,680 | (\$320) | 2 | 2017 | 1 | 80 - 200% |
| Nordica | \$105,000 | \$122,000 | \$17,000 | 6 | 2017 | 2 | 50% |

Source: MLH

*Purchased by MLH and resold.

⁴² Eligible capital improvements include: improvements that are non-decorative, for energy and water conservation, for the benefit of seniors and/or handicapped persons, health and safety protection devices, additional storage space and to finish unfinished space. Ineligible costs include landscaping, upgrades and replacement if needed of plumbing and mechanical fixtures, decks/balconies, jacuzzis/saunas/steam showers and repair/maintenance of existing items in the home at the time of purchase.

Waitlists

MLH does not actively maintain a list of pre-qualified applicants for deed-restricted homes. Buyers are selected on a first-come/first-served basis when homes become available. Sellers typically list homes with a Realtor and MLH qualifies applicants. Since there have been no new projects developed in recent years and turnover is low among existing units, MLH has not found the need to maintain a waitlist or aggressively advertise units.

As Mammoth Lakes grows the inventory of ownership units, it may be feasible to re-institute a waitlist, making it easier to locate buyers when units come available and provide access to pre-qualified buyers when owners are ready to sell.

Management of Income-Restricted Rentals

Waitlists

The length of waitlists is an indication of unmet need for rental units.

- Roughly 30 applicants are on the waitlist for Bristlecone.
- IMACA has a waitlist with 10 applicants for Glass Mountain.
- Blizzard does not maintain a waitlist for Kitzbuhel, but typically has several applicants immediately upon posting units for rent.
- MLH maintains a combined waitlist for Aspen Village and Mammoth Apartments. As of the end of June, the waitlist had 59 applicants.

Waitlists are long – more affordable rentals are needed!

MLH Rental Waitlist by Income

| Income | Income Category | Number of Applicants | Percent of Applicants |
|-------------------|-----------------|----------------------|-----------------------|
| Less than 50% AMI | Level 1 | 26 | 44% |
| 50% - 60% AMI | Level 2 | 21 | 36% |
| Above 60% AMI | Level 3 | 9 | 15% |
| TOTAL | - | 59 | 100% |

Source: MLH

About 44% of the applicants on the waitlist have incomes below 50% AMI. MLH reports that many would qualify for apartments restricted at 40% AMI, but are managing to pay 50% AMI rents even though they are cost burdened.

The waitlist has a high percentage of large families. About 44% of the households have four or more members. This is due to a combination of factors – a large Hispanic/Latino population and knowledge that MLH has very few one-bedroom apartments. Singles are not eligible to

rent 2 and 3-bedroom units under LIHTC requirements. Single applicants are often referred to IMACA since Glass Mountain has studio units.

MLH Rental Waitlist by Household Size

| Persons in Household | Number of Applicants | Percent of Applicants |
|----------------------|----------------------|-----------------------|
| 1 | 5 | 8% |
| 2 | 10 | 17% |
| 3 | 17 | 29% |
| 4 | 11 | 19% |
| 5 | 11 | 19% |
| 6 | 4 | 7% |
| TOTAL | 59 | 100% |

Source: MLH

Financing

Significant funding has been invested in community housing since the formation of MLH in 2003. This includes:

- About \$14.9 million from the general fund;
- Another \$3.5 million from in-lieu fees and 4.3-acres in land; and
- Over \$43.9 million in state and federal grants and loans.

Local Financing

Local commitments to funding the housing program have been inconsistent. The primary sources are the local Transient Occupancy Tax (TOT) and monies and land received in-lieu of development through the former Inclusionary Zoning code.

Transient Occupancy Tax (TOT). In 2002, a local TOT ballot measure passed, increasing TOT to 12%.⁴³ Town Council since designated 1% of TOT toward community housing. After the Mammoth Lakes Land Acquisition (MLLA) settlement, this amount was reduced. Only about 62% of the anticipated allocation for community housing was made in 2015/16 and actual expenditures totaled 51% (\$620K) of the full 1% TOT amount (\$1.2 million).⁴⁴ In July 2017, the Town restored additional TOT funding for community housing to 85% of the anticipated allocation; this is in line with transit.

In-Lieu Fees. The Town has a balance of about \$470,000 in the in-lieu fund. Very little has been collected over the past eight years due to the slow-down in development activity. The Town moved away from Inclusionary Zoning and toward a fee-based housing mitigation policy in

⁴³ Measure T was passed by voters in 2006 increasing TOT to 13%.

⁴⁴ See “Housing Resources, Opportunities, and Constraints” for more detail on Town financing sources.

2015. When the change to fee-based housing mitigation occurred, the residential housing in-lieu fee was reduced by 75%.⁴⁵ Without a substantial increase in development activity, in-lieu fees will contribute less to housing financing in the future.

Property Management. Property management of rentals is not a significant role of MLH. Though they have managed more units in the past, they currently have six rentals – one in San Joaquin, one in Meridian Court and four Star Apartments. Property management is not and has not been a significant source of revenue.

State and Federal Funding

Of the general fund monies expended by the Town on community housing:

- MLH has received about \$5.2 million in contract services and grant administration funding – or about 35% of general fund housing expenditures.
- MLH has leveraged about \$8.50 for every \$1 spent on MLH housing services by helping the Town secure \$43.9 million in grants and loans.

State and Federal funding sources available to the Town include Low-Income Housing Tax Credits, Multifamily Housing Program, Affordable Housing Program (AHP), HOME, CDBG, and others. The partnership between MLH and the Town has been very successful in acquiring funding from most of these available State and Federal sources.

⁴⁵ See “Housing Resources, Opportunities, and Constraints” for more detail on Town financing sources.

**Town and MLH State and Federal Grant and Funding Summary:
2003 - Present**

| GRANTS | Amount Received |
|------------------------------|---------------------|
| State Block Grant CDBG, PTAA | \$2,070,000 |
| CDBG | \$1,000,000 |
| HOME | \$9,900,000 |
| BEGIN* | \$2,190,000 |
| Cal HOME | \$1,600,000 |
| State Trust Fund** | \$2,000,000 |
| Other*** | \$1,325,491 |
| <i>SUBTOTAL</i> | \$20,085,491 |
| OTHER | |
| LIHTC | \$10,800,000 |
| Housing Bonds | \$13,000,000 |
| <i>SUBTOTAL</i> | \$23,800,000 |
| TOTAL | \$43,885,491 |

Source: MLH

*Currently no longer funded; this is a revolving loan fund allowing funds to be reissued to new households as loans are paid off.

**The state no longer funds the trust fund; few communities took advantage of this fund when it was available.

***Includes STAR (state funds from the American Reinvestment Act) and WFH (Workforce Housing Funding through Prop 1C and 46), which are no longer funded.

- The Town and MLH have a balance of \$174,500 in HOME⁴⁶ funds.
- The Town and MLH received a 2014 CDBG⁴⁷ award, of which about \$190,800 remains for homebuyer assistance. Part of this fund is being used to rehabilitate Glass Mountain Apartments.
- MLH also funds the down payment assistance program through a variety of grant funded sources including HOME, CalHome, BEGIN, and CalHFA HELP.

⁴⁶ HOME is a federally funded program that assists in the production and preservation of affordable housing for low and moderate-income families and individuals. The program funds a broad range of activities including new construction, acquisition, and rehabilitation of rental properties.

⁴⁷ Community Development Block Grant (CDBG) funds are applicable to a range of activities including housing acquisition, rehabilitation, and homebuyer assistance, among others.

Limitations of State and Federal Financing

Although MLH and the Town have been extremely successful acquiring state and federal financing, these sources are becoming increasingly competitive. Many sources have been decreasing their funding availability over time. Under the new federal administration, the future of some programs, such as CDBG and LIHTC, are unknown.

Also, while state and federal programs can be a significant source of financing for housing programs, they have important limitations.

- Alternative financing is needed to provide housing and assistance for households earning over 80% AMI (or 120% AMI for BEGIN or CalHFA HELP). Many comparative resort communities rely on partnerships and local financing and programs to provide housing assistance at higher income levels.
- Acquiring funding is a competitive process and the ability to obtain funds is not guaranteed. This has resulted in some awards needing to be returned. For example, in 2007, a CDBG grant was returned due to the inability to obtain funding from another state program (Multifamily Housing Program), the disencumbrance of HOME funds, and lack of in-lieu fees materializing. If grants can be supplemented with or backed by a local financing commitment from the Town or other entity this will help mitigate this uncertainty and allow projects to still move forward.⁴⁸
- State and federal financing programs are complex. They take significant staff time and resources to apply for, navigate and manage once awarded. It is important to ensure adequate staff and resources are dedicated to financing and program management. The more funding sources being used, the greater the administration time and need for coordination.

Housing Programs in Operation

The housing programs operated by MLH, other non-profits and employers are examined to determine accomplishments to date, understand resources available and identify improvements that could be made to address challenges. These programs will be considered in the second work session for the Community Housing Action Plan.

⁴⁸ The Town of Breckenridge was unsuccessful in acquiring LIHTC funding for a rental project last year, but the project is moving forward as an ownership product. The Town is using local funding and changing the rental project into townhomes, with an expected range of price points from \$190,000 through \$400,000.

Employer Assisted Housing

Workforce housing provided by employers supplements other community housing programs by filling additional needs. Detail on units was provided by four major employers. Combined, these employers provide 139 rental units for their employees. This is a significant portion of the workforce housing inventory (over 36%).

- MMSA provides 125 units with about 460 beds. Most were originally for the seasonal workforce, but 28 units have been converted to management housing and house year-round employees. Some were converted from seasonal to year-round use out of need to house year-round workers, while others were located in areas that were less appropriate for seasonal employees (e.g., not compatible with surrounding residences).
- The Town of Mammoth Lakes provides two 2-bedroom condominiums that are rented for \$800 per month to single employees, one holding a management position and the other an intern. The Town helped two employees purchase homes by providing approximately 20% of the purchase price (\$77,212 for a purchase of \$361,059 and \$74,000 for a \$360,000 home); however, funding for this program was discontinued following the MLLA settlement.
- Mammoth Hospital provides nine units that are rented on a short-term basis to employees rotating through assignments at the hospital, filling in as needed. No rent is charged. All are occupied by single employees filling mid-level professional positions (nurses, EMT's, etc).
- The Water District provides four 2-bedroom condominiums that are rented to single employees for \$1,000 to \$1,200 per month. Two employees rent the extra bedroom to a roommate. The employees hold mid-level positions in multiple departments – accounting, engineering, water production, human resources and safety.
- The Water District also has a down payment program. The program was adopted in 2008 and has helped nine employees secure housing since its inception, including three in the past couple of years. The program provides a low cost loan for up to 35% of a property's value or a maximum of \$400,000.
- Many other employers also help employees with housing, including but not limited to the Fire District, Vons, local property managers, etc. About one-third who responded to a 2011 conducted for the 2011 Housing Needs Assessment and responding to the 2017

Employer contributions to workforce housing fill needs not met by other programs.

Mono County and Town of Mammoth Lakes Live and Work Survey provided some type of housing assistance for their employees.

Employers have thus far acted independently, though many communicate with each other, mainly to find or fill units for employees. Support programs could assist current employers providing housing and help other employers get started. Some examples include:

- Property management service. This could assist employers in sharing, managing and maintaining housing. It would allow employers to not be “in the housing business,” yet still help supply housing for their employees.
- Technical assistance to employers that have land, under-utilized space or other resources for the development of employee housing.
- Support for homeownership programs, such as down payment assistance. MLH has already worked with a couple of employers to provide support.
- Incentives to employers who provide housing for employees, particularly on site. Allow employers to construct on-site units not only for their employees, but for others in the community.

Homeownership Assistance

MLH operates a homebuyer assistance program, providing gap financing to qualified buyers for the purchase of deed-restricted and free market homes. The program is funded by over \$4 million in grants awarded to the Town of Mammoth Lakes. Grant sources include both Federal programs (HOME and CDBG) and State of California programs (CalHome, BEGIN and HELP). The Town of Mammoth Lakes and one other local employer have provided funding for MLH to assist their employees.

At present, approximately 60 homeowners have active loans through MLH - 20 owners of market-rate housing and 40 owners of deed-restricted homes.

- About 50% of the funding from Federal sources is limited to applicants who meet HUD’s definition of first time buyers with incomes that do not exceed 80% AMI.
- BEGIN is State funding that can assist buyers with incomes of up to 120% AMI but can only be used to purchase deed-restricted and market units at Aspen Village, Meridian Court and San Joaquin Villas under grant restrictions.
- Buyers must provide a down payment of at least 2%. The program is intended to fill the gap in the amount needed to lower the primary mortgage to the level at which buyers can meet qualifying ratios; 100% financing is not allowed.

- The maximum purchase price allowed is \$380,000, which is updated annually by HCD. The maximum amount of homebuyer assistance is \$200,000, although specific grants may have different maximums.
- The assistance is typically provided through a deferred second mortgage that is subordinate to the primary loan. An interest rate of 0% to 3% is charged (usually 0%). If greater than 0%, interest charges accrue during the period that the loan is deferred. MLH has used a shared equity approach in several instances, but shared equity is not allowed with funds provided through the federal HOME program.
- All program participants must complete a homebuyer education program, which can be provided by MLH staff.
- The program is popular with buyers, Realtors and lenders. The primary limiting factor is availability of homes at the price points required. Households earning incomes higher than the limits (80% or 120%) want access to this type of assistance.

While MLH and the Town have been successful at obtaining grants for homeownership assistance, the lack of market units priced below the maximums allowed and low turnover among deed-restricted units has limited the use of the assistance.

Given the challenges encountered with this program and desire for higher income households to be able to participate:

- Local funding sources could be used to serve higher income households, or provide assistance in larger amounts.
- Additional funding should be pursued when warranted by demand from development of new deed-restricted units or acquisition of units for the purpose of expanding the deed-restricted ownership inventory.

Inyo Mono Advocates for Community Action (IMACA)

Inyo Mono Advocates for Community Action (IMACA) provides several programs to improve the quality of housing in Mammoth Lakes and make housing more affordable for residents through weatherization, reduction in utility costs, and utility subsidies. Programs can only serve households below 60% AMI; immigrants must have documentation. In 2016, the below programs assisted 303 families in Inyo County and 178 in Mono County.

- The Home Energy Assistance Program (HEAP) has been used extensively in Mammoth Lakes, assisting over 400 households in the past nine years. The average payment for electric assistance is \$228.50 per household per month. For wood, propane, and oil the average payment is between \$300 and \$600.
- The Weatherization Program was recently resurrected after a hiatus since 2014 due to funding and staffing constraints. Funding from the California Department of

Community Services and Development provided \$165,000 in federal funding for FY 2016, of which nearly \$92,000 is earmarked for Mono County. IMACA is assessing which homes will qualify with a goal of weatherizing 18 to 22 in the contract year. This program has potential in Mammoth Lakes, where heating costs are high.

- The Low Income Housing Energy Assistance Program (LIHEAP) provides up to \$4,055 per housing unit to replace water heaters, AC units, furnaces, windows and doors, refrigerators, kitchen appliances, attic venting, smoke alarms, carbon monoxide testing, shower heads, faucet aerators, weather stripping, lighting, and more. Additional funding can be requested with proven necessity. This program has potential in Mammoth Lakes, where much of the housing inventory affordable to lower income locals is in need of repair.

IMACA's programs are administered through their office in Bishop, CA. A satellite office in Mammoth Lakes is used for meetings and outreach, and for minor storage of appliances and installation materials as needed.

IMACA conducts outreach for their programs through property managers, residents of units with low-income restrictions, and previous recipients of energy assistance.

IMACA's effectiveness in providing weatherization and energy assistance in Mammoth Lakes has been challenged by the lack of applicants who both meet low-income qualifications and are documented, as required by Federal funding.

To improve outreach and assistance with these programs, the following could be considered:

- A one-stop shop could be created for all weatherization and rehabilitation programs to make it easier for residents and property owners to understand eligibility criteria and assistance available.
- Priorities for weatherization could be coordinated with funding for rehabilitation to make significant impacts in targeted areas.
- Local funding support could be provided to insure the programs provide adequate staffing in Mammoth Lakes, are able to fix small two to four unit buildings, assist households with incomes above the low income limits, and have sufficient resources to meet demand.

Manufactured Home Mortgage Assistance

MLH added the Manufactured Home Mortgage Assistance, Rehabilitation & Replacement Program in 2015. Mobile homes are an important community housing resource. Unfortunately, it is difficult to find financing for these types of homes, and this program seeks to address that gap. The program is limited to households with incomes below 80% AMI.

In Mammoth Lakes, there are two mobile home parks with over 140 units. Mammoth Lakes Housing was recently awarded \$1 million from CalHome to assist with the acquisition,

replacement, and rehabilitation of mobile homes in the region. To date, three loans have been made: one in Mono County and two in Mammoth Lakes.

This program is relatively new and its potential for success is to be seen.

Section 8

The Section 8 program, also known as Housing Choice Vouchers, has very little potential in Mammoth Lakes.

HUD transferred Section 8 Housing Choice Vouchers for a very large eight-county region to the Housing Authority of Stanislaus County in January 2014, which is about six hours away. The program's impact has been minimal in Mammoth Lakes, with never more than a few vouchers held by residents. The maximum allowed rents (referred to as HUD Fair Market Rents) are typically lower than rents in Mammoth Lakes, and lower-priced rental units do not pass the required housing quality inspection. When the vouchers were transferred in 2014, only six were being used in all of Mono County. The program's waitlist is rarely opened to new applicants given the lack of funding. Increases in Section 8 funding are not anticipated.

Mammoth Lakes Community Housing Action Plan: Phase 1

HOUSING NEEDS, ACCOMPLISHMENTS AND CHALLENGES

PART B (2): HOUSING RESOURCES, OPPORTUNITIES AND CONSTRAINTS

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Town Owned and Vacant Land

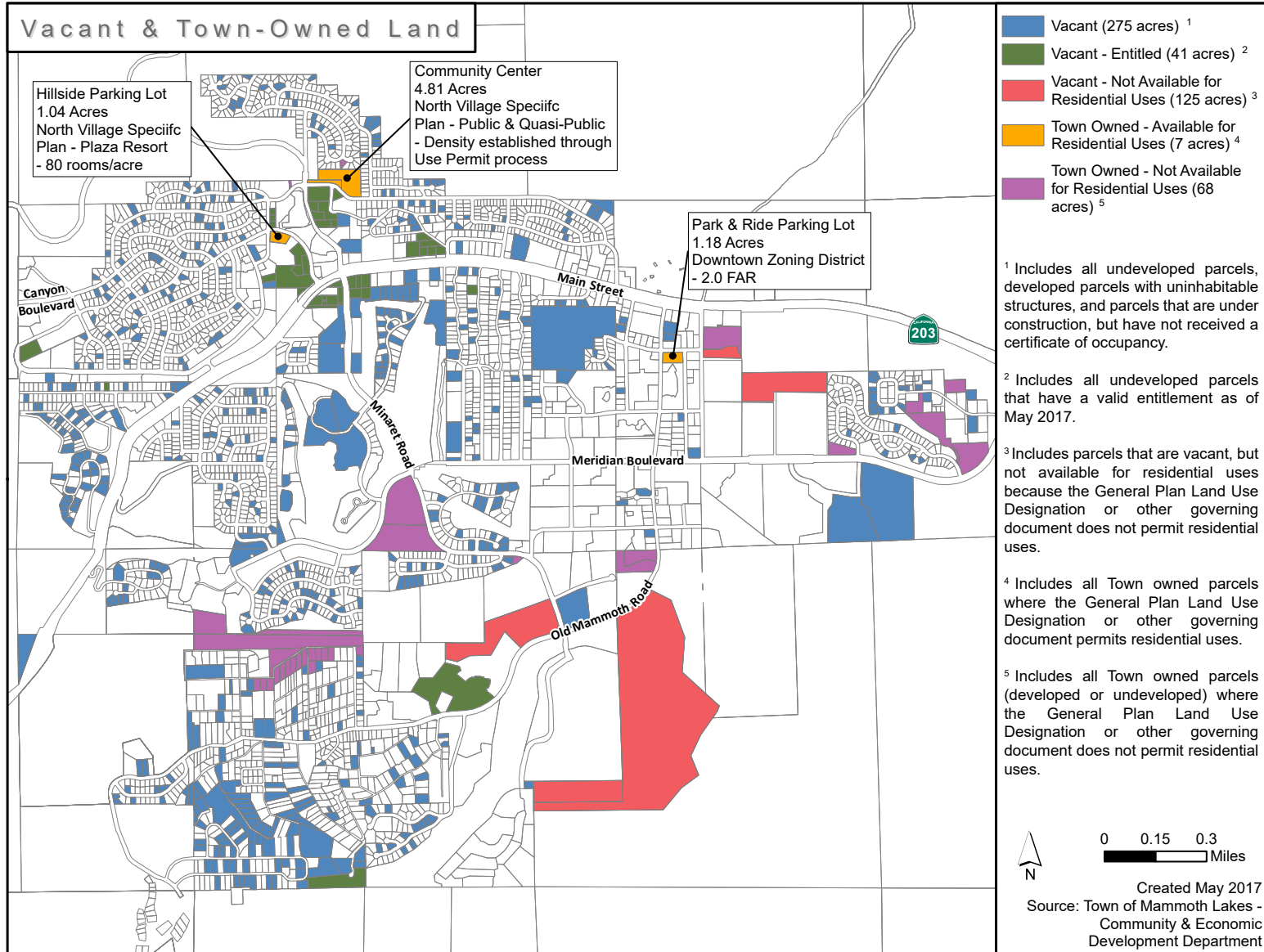
The Town of Mammoth Lakes encompasses approximately 24 square miles, with the majority of that area comprising public lands administered by Inyo National Forest. Only about four square miles, defined by the Town's Urban Growth Boundary (UGB), is under private ownership, and therefore developable. The majority of land outside of the UGB but within the Town boundary is federally owned.

The Town owns several parcels, but only three allow residential uses under the General Plan Land Use designation or other governing document. These are parcels with zoning or permissions that could allow community housing to be constructed.

- The Park & Ride Parking lot, which is about 1.18 acres. It is zoned 2.0 FAR under which Residential use is restricted to not more than 75% of the ground floor. This does not limit the number of units that can be constructed, only the percentage of use.
- Hillside Parking Lot, which is about 1.04 acres. This is governed by the North Village Specific Plan and allows up to 80 rooms per acre.
- The Mammoth Lakes Community Center site in The Village, which is about 4.8 acres. This is also governed by the North Village Specific Plan (NVSP). The NVSP does not have an established density for this Public area and would require a Use Permit for the use.

The Town owns another 68 acres, but given current land use designations or other governing documents, residential uses are not permitted. Depending on needs and priorities, some properties could be reviewed for potential future residential use.

There are another 275 acres in Town that are presently undeveloped, not entitled, or contain uninhabitable structures. Many are single lots. Roughly 40 parcels are ½-acre or larger and may be candidates for future housing.



Source: Town Community and Economic Development Dept.

Build-out Capacity

Based on an assessment of both vacant land and under-utilized sites, the Town is about 64% built-out.⁴⁹ An estimated 5,650 units under existing zoning can be built. If the current resident occupancy rate of 33% of total units is retained, this means that 1,865 of these units should be built as community housing.

The Town should plan to construct at least 1,800 units of community housing prior to build-out if a 33% occupancy rate is to be retained.

Estimated Residential Units at Build-Out

| | # homes | % homes |
|----------------------------------|---------|---------|
| Existing units: | 9,908 | 64% |
| New future units: | 5,650 | 36% |
| Total units at build-out: | 15,558 | 100% |

Source: Town Community and Economic Development Dept.

The below table shows the amount of vacant land and potential residential development by zone. As mentioned in the Development Environment section, below, the RMF-1 zoning district (HDR-1 in the below table) provides adequate density and limits the occupancy to non-transient, which makes it the most appropriate zone for developing community housing. About 604 units can be constructed in this zone, which is only slightly more than the amount of community housing needed in the next five years.⁵⁰

⁴⁹ NOTE: these estimates do not include development potential from secondary or accessory uses because the state does not consider (or allow) that secondary units be counted against the allowable density for a lot. Secondary or accessory unit potential will be assessed, as applicable, during Phase 2 of this study – Community Housing Action Plan.

⁵⁰ See Part A – Housing Needs Assessment Update – Current and Projected Needs and Gaps

PART B (2) – Mammoth Lakes Housing Resources, Opportunities and Constraints (July 2017)

| Land Use Designation/Proposed Maximum DU/AC and FAR | Total Land Area (acres) ¹ | Vacant Land Area (acres) ¹ | Existing Units ² | Existing Commercial and Industrial (sq ft) ³ | Assumed Density and Intensity for Future Development ⁴ | New Future Units ^{2 5} | New Commercial and Industrial (sq ft) ³ | Total Units at Buildout ⁵ |
|--|--------------------------------------|---------------------------------------|-----------------------------|---|---|---------------------------------|--|--------------------------------------|
| | Existing | | | Assumptions | | | | B |
| RESIDENTIAL | | | | | | | | |
| Low-Density Residential 1 (LDR-1) - 2 DU/AC | 208 | 61 | 287 | - | 2 DU/AC | 122 | N/A | 409 |
| Low-Density Residential 2 (LDR-2) - 4 DU/AC | 384 | 69 | 1,569 | - | 4 DU/AC | 276 | N/A | 1,845 |
| High-Density Residential 1 (HDR-1) - 6-12 DU/AC | 112 | 36 | 692 | - | 12 DU/AC | 604 | N/A | 1,296 |
| High-Density Residential 2 (HDR-2) - 6-12 DU/AC, 36 rooms/AC | 263 | 12 | 3,886 | - | 12 DU/AC | 144 | N/A | 4,030 |
| Resort (R) - 6-8 DU/AC, 12-16 rooms/AC ¹² | 554 | 292 | 1,719 | 65,175 | N/A | 1,943 | 305,675 | 3,662 |
| COMMERCIAL, INDUSTRIAL, AND INSTITUTIONAL PUBLIC | | | | | | | | |
| Commercial 1 (C-1) - 0.75 - 2.0 FAR ¹⁴ | 32 | 2 | 226 | 24,984 | 2.0 FAR | 180 | 1,857 | 406 |
| Commercial 2 (C-2) - 0.75 - 2.0 FAR ¹⁴ | 90 | 8 | 559 | 1,021,994 | 2.0 FAR | 659 | 339,520 | 1,218 |
| Industrial (I) ^{9 10} | 68 | 68 | 2 | 296,941 | N/A | - | 196,606 | 2 |
| Institutional Public (IP) ¹¹ | 218 | 30 | 36 | - | 4 DU/AC | 193 | N/A | 229 |
| SPECIFIC PLAN | | | | | | | | |
| Clearwater Specific Plan (CSP) - 80 rooms/AC ⁷ | 6 | N/A | 74 | 11,948 | 80 rooms/AC | 170 | 41,500 | 244 |
| North Village Specific Plan (NVSP) ^{7 13} | 57 | 29 | 599 | 131,033 | 1,359 | 1,359 | 3,967 | 1,958 |
| OTHER | | | | | | | | |
| Airport (A) | 192 | N/A | N/A | 7,250 | N/A | N/A | 40,000 | N/A |
| Open Space (OS) | 317 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| National Forest (NF) | 12,837 | N/A | 259 | 350,234 | N/A | N/A | N/A | 259 |
| TOTAL | 15,337 | 607 | 9,908 | 1,909,559 | N/A | 5,650 | 889,125 | 15,558 |

Source: Town Community and Economic Development Dept.

Footnotes:

1. Acres are given as adjusted gross acreages rounded to the nearest acre, which do not include right-of-ways.
2. Consistent with Zoning Code Section 17.32.110.C.7 a hotel room is considered one-half of a unit.
3. Includes all non-residential uses including post office, office uses, day care, retail, industrial, etc.
4. Residential density is expressed as dwelling units per acre and commercial intensity is expressed as floor area ratio (FAR), which is the amount of building square feet in relation to the size of the lot.
5. Includes 172 units within the HDR-1 land use designation achieved through a Town or State density bonus.
6. The total population number includes all residents/visitors in Town with 100 percent occupancy. The vacancy rate fluctuates in Town between a year-round vacancy rate of 72% to a seasonal vacancy rate of 10% (Tishler Bise DIF Report 2015). Assuming the seasonal vacancy rate the maximum population in Town at buildout would be 48,582.
7. The total number of units and square footage of retail and nonretail uses for Specific Plans were taken directly from the approved land use plans associated with each Specific

Plan document.

8. Estimates of population by residential designation are based on an average of 3.47 people per unit which is consistent with the 2007 General Plan.
9. The Industrial Zone includes two caretakers units that are limited to only one person per unit as the caretaker of the property.
10. Assumptions for build-out of the Industrial Land Use Designation are consistent with the 2007 General Plan.
11. The General Plan permits housing accessory to the college within the IP land use designation at a density of 4 units per acre. The Kern Community College District/Mammoth Lakes Foundation owns a total of 229 acres of land and has constructed 36 units of student housing.
12. Density is based on approved Master Plans.
13. Commercial density in the North Village Specific Plan is limited to 135,000 square feet. The NVSP also includes an allowance for up to 3,317 rooms of density which can be converted to commercial square footage at a rate of 1 room per 450 square feet of commercial area. It is likely that the commercial square footage in the Village will exceed 135,000 but the increase in commercial square footage would result in a decrease in rooms.
14. Vacant land within the C1 and C2 land use designations includes frontage road area of 2.6 acres total (0.9 acres within the C1 and 1.7 acres within the C2).

Local Funding Sources

The Town has limited local funding sources for community housing – Transient Occupancy Tax (TOT) and development in-lieu and mitigation fees.

Transient Occupancy Tax (TOT)

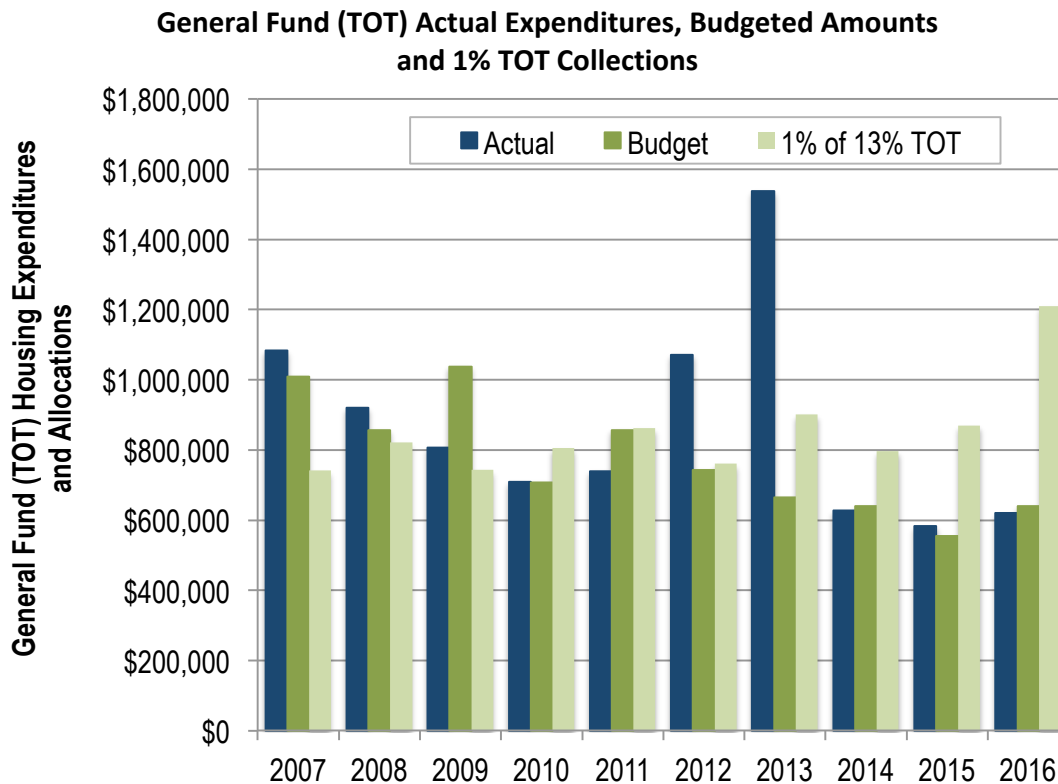
The Town has spent about \$14.9 million from the general fund since 2003 on community housing.⁵⁰

Since 2002, the Town committed to allocating one percentage point of the 13 percent Transient Occupancy Tax (TOT) in Mammoth Lakes for community housing within the Town. After the Town's Mammoth Lakes Land Acquisition (MLLA) settlement, the amount allocated to housing dropped to about 62% of that amount and was less in 2015 and 2016. As shown below:

- TOT budgeted allocations have been below the full 1% of 13% TOT allocation since 2013. Housing expenditures were reduced more than other expenditures, such as transit, after the MLLA settlement.
- Although expenditures exceeded both budgeted and TOT 1% collections in 2012, both budgeted and expended amounts have been well below TOT amounts since 2014.
- Actual TOT expenditures for housing in 2016 were 51% of the 1% TOT collection in that year (\$1.2 million).

In July 2017, the Town restored additional TOT funding for community housing to 85% of the anticipated allocation, which is now in line with transit.

⁵⁰ See Part B (1) – Housing Program Accomplishments and Challenges for more information.



Source: Town Finance Dept., Mammoth Lakes Tourism (TOT)

In-Lieu and Housing Mitigation Fees (Affordable Housing Fund)

Under the prior Inclusionary Zoning Ordinance, some in-lieu of development fees were collected and placed into an Affordable Housing Fund. About \$3.5 million was collected between 2001 and 2014.

In 2015, the Inclusionary Zoning regulations were replaced with Housing Impact Mitigation Fee requirements. Developers are now required to pay a fee-in-lieu of development.⁵¹

About \$3.1 million of the Affordable Housing Fund has been spent on housing. This Fund has a balance of about \$474,000.

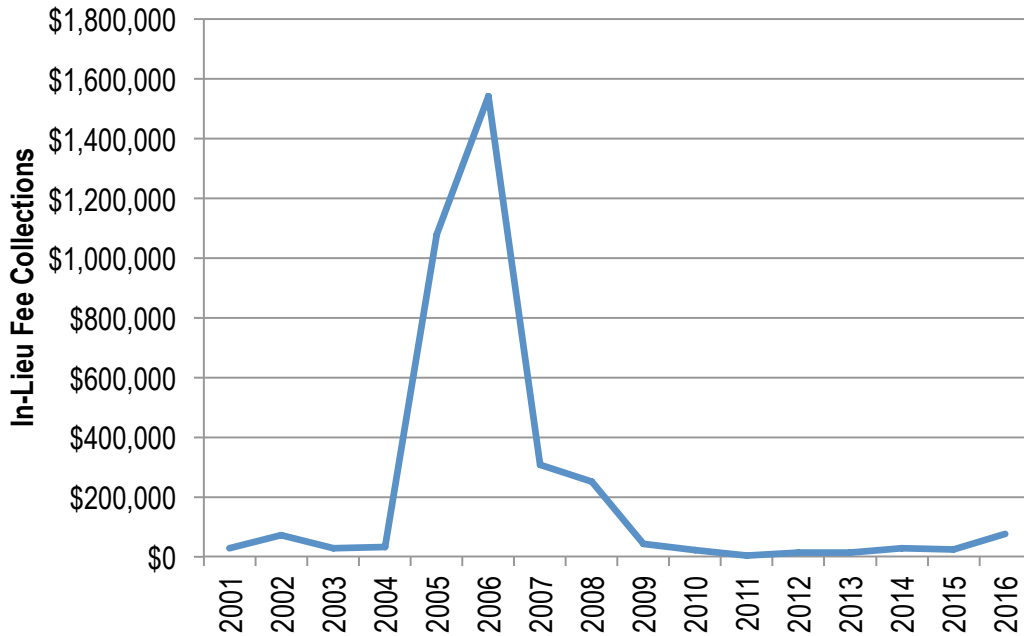
As shown below:

- Fee collections were very strong during the development boom in 2005 and 2006, just before the recession. During the peak year in 2006, over \$1.5 million in fees were collected.

⁵¹ See the Development Environment section below for more information.

- Between 2009 and 2014, there was very little development and only \$123,000 in in-lieu fees were collected.
- Under the Impact Mitigation Fee, about \$24,000 was collected in 2015. Development activity picked up in 2016 and about \$76,000 was collected.

In-Lieu and Mitigation Fee Collections: 2011 - 2016



Source: Mammoth Lakes Finance Dept.

Local and Regional Resources

The Town has several local and regional resources available. Some are already helping to produce units, manage housing and otherwise assist with community housing. Future collaboration could help expand these efforts.

Mammoth Lakes Housing, Inc. (MLH)

Mammoth Lakes Housing, Inc. (MLH) is a private, not for profit, organization that was established in 2003 by the Town of Mammoth Lakes. The agency received its initial start-up funds in 2003 through equal contributions from the Town of Mammoth Lakes, Mammoth Mountain Ski Area, and Intrawest Mammoth. MLH receives the majority of its current operating funding from the Town of Mammoth Lakes, receiving TOT allocations, as discussed above.

This organization and the Town housing efforts are discussed in detail in Part B (1) – Housing Program Accomplishments and Challenges, including the number of units the organization has helped produce and manage, existing community housing programs and success in acquiring multiple state and federal grants and loans for housing programs.

Inyo Mono Advocates for Community Action (IMACA)

IMACA is a private non-profit organization that provides a range of social services functions, including some aimed at housing. IMACA manages the Glass Mountain Apartments, a 26-unit affordable housing project in Mammoth Lakes. IMACA used to administer the Housing Choice Voucher Program, which has since been moved to the Housing Authority of Stanislaus County.

The organization currently provides several programs to improve the quality of housing in Mammoth Lakes and make it more affordable for residents through weatherization and utility subsidies, which are described in detail in Part B (1) – Housing Program Accomplishments and Challenges.

Mammoth Lakes Foundation (MLF)

The Mammoth Lakes Foundation (MLF) built and manages student housing for Cerro Coso College in Mammoth Lakes called South Gateway Apartments. MLF is currently in discussion with an area partner to purchase part of the student housing for local employees. MLF could be a potential partner in creating more community housing opportunities.

MLF owns undeveloped land that has potential for future housing. The MLF property is within the (General Plan) Institutional Public land use designation, which “allows institutional uses such as schools, hospitals, governmental offices and facilities, museums and related uses. Residential uses are not permitted, with the exception of employee and student housing that is accessory to the College.” A General Plan amendment will be needed to allow housing for other purposes (e.g. agencies, non-profits, hospital, etc.).

Eastern Sierra Council of Governments (ESCOG)

The ESCOG consists of two representatives from each of the following: Mammoth Lakes Town Council, city of Bishop City Council, Inyo County Board of Supervisors, and Mono County Board of Supervisors. This organization coordinated a housing needs assessment of the region in 2005 and several discussions regarding regional topics of interest have ensued since then – transportation, airport, etc. Given the regional nature of housing and rising prices throughout both counties, housing may again be of sufficient interest to open dialogue and explore potential regional opportunities for community housing.

Mono County Housing Authority and Health Services

Mono County Housing Authority was established in part to manage impact fees collected through the Housing Mitigation Requirements. Although the Mono County Housing Authority has limited resources, opportunities to pool resources and better serve residents regionally could benefit all. A housing authority also has the ability to issue bonds, which MLH does not, should the need or desire arise. Open communication and cooperation should be maintained.

For special needs housing, the County Health Services department has Mental Health Services Act financing to renovate a 5-bedroom house with four 2-bedroom apartments for a permanent supportive housing (PSH) project. This funding provides another resource for housing, depending upon community needs in the future.

Federal Government

Pursuant to recent U.S. Forest Service Region 5 General Management Review, housing for U.S. Forest Service employees is a topic of interest in the Mammoth Lakes area. There is a willingness by the Inyo National Forest to discuss the needs of their staff as well. These dialogues should be pursued and explored for potential opportunities, such as shared housing – housing seasonal Forest Service employees in the summer and needed winter employees in Mammoth Lakes in the winter, or other options (land trades, development assistance, etc.).

Development Environment

This section provides information on the development environment in the Town of Mammoth Lakes as related to the provision of community housing. The success of development codes to date is introduced in terms of units produced and monies received for housing. This analysis is followed by an overview of development fees and requirements, the general cost of residential development to understand subsidies that may be needed to produce community housing units, and challenges and opportunities as expressed through discussion with local developers, the Town and other stakeholders.

Community Housing Production and Fee Collections

Under Inclusionary Zoning regulations in place since the early 2000's, development has:

- Produced 42 community housing units for ownership (16 of which remain deed-restricted), 61 rentals (42 for seasonal workers) and 28 units for either owner- or renter-occupancy. This totals 131 units at affordability levels ranging from below 60% AMI through 200% AMI.⁵²
- Provided \$3.5 million in in-lieu fees. Of these funds, \$3.1 million has been spent on housing and related projects, including utilities and water district needs. Other sources have been leveraged to produce units.
- Provided 4.34-acres of land-in-lieu. The Town donated this land for the construction of Aspen Village apartments and condominiums.

Affordable Housing Mitigation

The Town moved away from Inclusionary Zoning and toward a fee-based housing mitigation policy in 2015. Inclusionary Zoning required all new residential and lodging developments with more than nine residential units or 19 lodging units to construct 10% of units for households earning 120% AMI or less. Projects under the threshold could pay a fee-in-lieu of providing the required housing. Since the change to a Housing Impact Mitigation Fee, at least two projects with entitlements have approached the Town seeking to pay fees in lieu of developing units.

The change to fee-based housing mitigation significantly lowered the housing in-lieu fees, as shown in the below table.

⁵² See Part B (1) – Housing Program Accomplishments and Challenges for a complete inventory of units.

- The Town’s 2014 Housing In-lieu fees for residential projects of nine or fewer units was \$23,000 and is currently \$5,700/unit, which is approximately 75% lower.
- The Town’s 2014 housing mitigation fee for hotels of 19 or fewer rooms was \$11,611. The lodging fee is now \$3,700 per room, which is approximately 68% lower.
- The Town’s mitigation fees for commercial developments were restructured: retail and restaurant uses are no-longer exempt, fees for office uses remained the same, and fees for light industrial and service uses were reduced by 75% and 87% respectively.
- The fees recommended in the Workforce Housing Fee Nexus Study supporting these changes are considerably less than the maximum allowable fees. The fees assume that the Town, Mammoth Lakes Housing, and other service providers will provide for 70% of the housing generated by new development for households at or below 60% of the Area Median Income (AMI).

Comparison of Housing Fees

| Use | 2014 Housing Fees | 2015 Housing Impact Mitigation Fees | Percent Change |
|--------------------------|--|-------------------------------------|----------------|
| Residential | \$23,000 per unit for residential projects of nine or fewer units ² | \$5,700/unit ¹ | -75% |
| Lodging | \$11,611 per room for hotels of 19 or fewer rooms | \$3,700/room ³ | -68% |
| Retail/Restaurant | Exempt | \$2/sq. ft. | n/a |
| Office | \$2/sq. ft. | \$2/sq. ft. | 0% |
| Light Industrial | \$3.93/sq. ft. | \$1/sq. ft. | -75% |
| Services | \$14.99/sq. ft. | \$2/sq. ft. | -87% |

Source: Town of Mammoth Lakes

¹Exemptions include additions, RMF-1 Zone multiple family projects of 4 or fewer units where average habitable sq. ft. does not exceed 1,300 sq. ft. per unit, legal secondary units, and apartments.

²Single-family homes less than 2,500 sq. ft. are exempt from housing mitigation.

³Room = a hotel or motel key. Fee includes accessory uses in a lodging project (e.g., retail, restaurant, conference)

Developers are no longer required to build housing units affordable to households earning less than 120% of the AMI, but may choose a desired method for housing mitigation:

- Fee
- On-site Housing
- Off-site Housing (including existing housing stock)
- Conveyance of Land
- Alternate Housing Mitigation Plan

If it costs more to provide a method other than the fee, the developer is eligible to receive a credit for the difference between the cost to provide the housing unit and the fee. This option has yet to be used because developers are opting to pay the fee.

With the housing mitigation changes there are some exemptions for product types that often serve as housing for residents and employees, including:

- Multi-family projects in the RMF-1 Zone (non-transient) of four or fewer units where the average habitable sq. ft. does not exceed 1,300 sq. ft. per unit;
- Secondary dwelling units;
- Rental apartments; and
- Live/work units.

Affordable Housing Incentives / Permissions

Affordable Housing Overlay

The Town of Mammoth Lakes Municipal Code includes an Affordable Housing Overlay zone. The Affordable Housing Overlay is intended to facilitate the development of units affordable to households ranging from very low-income to moderate-income. The underlying zone sets density, but increases are allowed through density bonuses.

Additionally, the Town Council may waive any or all fees normally imposed by the Town on development projects. Development standards for parking are relaxed in the Affordable Housing Overlay zone and additional zoning concessions may be requested, consistent with the State Density Bonus Law.

Currently, this code provision has only been applied to one approximately 25-acre parcel; the Shady Rest site. The property is zoned RMF-1, with a maximum density of 12 units per acre. There has been no attempt to use this tool anywhere else.

Shady Rest was a land exchange with the Forest Service that took about 17 years to accomplish. The land exchange of this parcel with the U.S. Forest Service and its designation as an Affordable Housing Overlay zone was a mitigation requirement for the development of the Trails subdivision. A Master Plan was adopted for the site in 1991, designating the property for 172 units of housing for very-low, low- and moderate-income households (ranging from below 50% up to 120% AMI).

This property offers a great opportunity to provide community housing: it is centrally located and current zoning does not permit short-term rentals; a benefit to local neighborhoods.

Secondary Dwelling Units

Secondary Dwelling Units are allowed in all residential zones by right and consistent with Government Code Section 65852.2. The state mandated that cities could no longer require additional parking for secondary dwelling units if located within ½ mile of a transit stop. Mammoth Lakes has a good transit system with the majority of residential lots located within ½ mile of a transit stop.

Secondary Dwelling Units are limited in size to 1,200 square feet and can be rented for terms of thirty days or more, but the primary dwelling and secondary dwelling cannot both be rented. A recorded deed restriction or covenant is required that acknowledges the municipal code requirements.

Since parking is limited in Mammoth Lakes, the Town added language to the code to encourage the provision of adequate parking to ensure that other uses on site are not impacted. Overflow parking cannot be absorbed on streets in the winter because of snow removal.

Live/Work Units

A live/work unit is an integrated housing unit and working space, occupied and utilized by a single household. The residential use is secondary and accessory to the primary use as a place of work.

Live/Work units are permitted in Commercial Zoning Districts, although limited to no more than 75% of the ground floor area when located along Primary and Secondary Active Frontages. Live/work units have restrictions on occupancy, percentage residential use, square footage, change in use, and rental. A Town approved covenant executed by the owner ensures that the unit is used for its intended purpose.

This housing type can be a great option for market-supplied employee housing, but needs clear regulations and covenants to help enforce use. Jackson, WY, has live/work

units, but most units are primarily either live or work and few are occupied as true live/work.

Single Room Occupancy

Single room occupancy facilities contain housing units that may have their own or shared kitchen and/or bathroom facilities. Single room occupancy units are guest rooms or efficiency units as defined by the State Health and Safety Code. This classification includes clean and sober facilities, rooming and boarding houses, dormitories and other types of organizational housing, private residential clubs, and extended stay hotels intended for long term occupancy (30 days or more), but excludes hotels and motels, and residential care facilities.

Each housing unit is occupied by no more than two persons and is offered on a monthly rental basis or longer. Single room occupancy facilities are allowed with a use permit in both the OMR and MLR commercial zone districts.

Caretaker Housing – Non-Residential Zones

Caretaker housing is allowed in the Industrial Zoning District where the principal use of the site involves operations, equipment, or other resources that require 24-hour oversight. The occupants are limited to full-time employees of the business, operation, or use.

Presently two units exist. This tool has been effective in areas like Jackson, WY, and Truckee, CA, where many businesses have voluntarily built units in business parks and light industrial areas.

Floor Area Ratio (FAR) Density Calculation for Commercial Zones

In 2014 the Town conducted an analysis of Floor Area Ratio (FAR) as a density limitation in the commercial zones rather than units per acre. The prior code allowed 40 rooms per acre and up to 80 rooms per acre if the project met certain criteria based on community benefit. Determining community benefit was subjective, creating an unpredictable and time consuming public planning process that was difficult for planning staff and developers to manage. Developers wanted a more prescriptive process where flexibility could be incorporated. Therefore, the Town moved away from managing specific uses to a form based code. The current code sets maximum FAR in the commercial zones with clear development standards to help shape how the building will look.

Best practices from comparable resort communities were presented to the Town illustrating how FAR bonuses could be used for “preferred projects,” including community housing, and how market rate housing in commercial zones could have a “chilling” effect on commercial uses.⁵³

All commercial zoning districts have a 2.0 FAR maximum that was adopted in December 2016. Residential use is restricted to no more than 75% of the ground floor along Primary and Secondary Active Frontages in the D and OMR zones; transient use is allowed in all commercial zones. The State Density Bonus does not apply because the maximum FAR does not limit units.

Observations regarding the FAR standards include:

- The 2.0 FAR may encourage redevelopment in the Commercial Zones especially if residential values increase.
- Given that transient use is allowed in commercial zones, redevelopment is likely to target market residential that includes higher end vacation homes and short-term rentals.
- There are challenges with obtaining financing on deed-restricted ownership units over commercial, which can make it difficult to sell units. Deed-restricted rental units over commercial is often a better fit to overcome financing challenges.⁵⁴
- This regulatory approach could create the opportunity for a public/private partnership or employers to build multi-family rentals for employees with the exemption from the housing impact mitigation fees for the product type. The fee reduction will help compensate for the increased land costs in these zones.

⁵³ Comparisons illustrated that market rate housing is likely to be unoccupied (second-home use); or developers may build market rate housing in lieu of commercial product.

⁵⁴ See Part A – Mammoth Lakes Housing Needs Assessment Update: Homeownership Market Conditions – Loans by Product Type for more detail.

Town Development Requirements and Fees

Residential Development Standards

The following table shows the standards associated with each residential zone. Observations regarding these standards include:

- There is only one zoning district, RMF-1, that provides adequate density while also limiting the occupancy to non-transient, which makes it appropriate for developing community housing. Allowing higher density can make producing community housing more economical. Developers are disallowed from producing higher-return transient product.
- The RR (Rural Residential) and RSF (Residential Single Family) zones are intended as larger lot developments with primarily single-family homes that tend to be designed for and occupied by higher income residents or second-home owners.
- The RMF-2 (Residential Multi-Family) District is intended for multi-family; however, transient occupancy is allowed. These units garner a higher sales price that creates an incentive to develop a product for use by short-time visitors.
- Transient Use Limits became effective December 31, 2014. Voter approval is required to alter transient rental zoning in residential neighborhoods. The Transient Use Limits apply even if RR, RSF, or RMF-1 land is rezoned.
- The commercial zones - D (Downtown), OMR (Old Mammoth Road) and MLR (Mixed Lodging/Residential) – all allow transient and non-transient residential use mixed with commercial, with some residential limitations on the ground level.
- The 2.0 FAR is the limiting density factor. The State Density Bonus does not apply to a FAR limit because the State bonus offers an increase in number of units and number of units is not limited with the FAR cap.

Residential Development Standards

| | RR | RSF | RMF-1 | RMF-2 | D | OMR | MLR |
|--|---|-----------------|---|---|---|---|---|
| Density Range per acre | 1-2 | 1-4 | 6-12 | 6-12 | 6-12 | 6-12 | 6-12 |
| Setbacks (front/side/street side/rear) | 25/10/ 20/20 | 20/10/ 20/10 | 20/10/ 20/10 | 25/10/ 20/20 | 0 fee Main Street frontage, 15 feet from back of curb for active frontages, 10 feet from other streets, 0 feet side/rear except 15 feet adjacent residential district | | |
| Lot Coverage | 30% | 40% | 50% | 60% | 2.0 FAR | 2.0 FAR | 2.0 FAR |
| Minimum Lot Size | 15,000 | 7,500 | 10,000 | 40,000 | 10,000 | 10,000 | 10,000 |
| Minimum Building Site Area | 2,000 | 2,000 | 5,000 | 24,000 | 5,000 | 5,000 | 5,000 |
| Minimum Parking Requirements (in spaces) | 3 | 3 | 1/studio or 1 bed; 2/2-3 bed; 3/4 bed | 1/studio or 1 bed; 2/2-3 bed; 3/4 bed | 1/studio or 1 bed; 2/2-3 bed; 3/4 bed | 1/studio or 1 bed; 2/2-3 bed; 3/4 bed | 1/studio or 1 bed; 2/2-3 bed; 3/4 bed |
| Height Maximum (measured from finished grade) | 35 feet. Where a building sits atop a parking podium (under ground parking), the building height shall be measured from the top of the parking podium provided that the building height does not increase by more than seven feet and six inches. | | | | 55 feet | 45 feet | 45 to 55 feet |

Source: Town of Mammoth Lakes

Note: Parking standards for multiple-family housing also include guest parking requirements of up to 1/2 space per unit. Affordable and senior housing projects may use standards from Government Code Section 95915 upon request.

Town Development Fees

The Town collects fees from developments to cover the costs of processing permits ("planning fees") and providing the necessary services and infrastructure related to new development ("development impact fees"). Planning fees are calculated based on the average cost of processing a particular type of application. Town policies allow processing fees to be waived upon application in special circumstances. The Town Council has typically waived planning fees for community housing projects.

Historically, the Town-imposed Development Impact Fees (DIF) have been high, adding substantially to the cost to develop in Mammoth Lakes. In 2009, the Town commissioned an independent study of the fees and as a result adopted a fee schedule that, according to the Town of Mammoth Lakes Housing Element 2014-19, reduced the

DIF 48% to 55% from previous levels. Various moratoriums on fees were imposed until 2015 when the Town commissioned another assessment of the fees. There was a comprehensive process that involved the development community and other interested parties with the intent to set reasonable and fair fees using an understandable formula.

As shown in the below table:

- In 2014, the fee for a single family home averaged \$19,000 compared to \$14,000 today.
- In 2014, the fee for a multiple-family unit averaged \$34,000 compared to \$12,000/unit today.

Mammoth Lakes Development Impact Fees: 2014 and Current Fees

| Development Impact Fees | Single Family – 2014 | Single Family – Current Fees | Multi-Family - 2014 | Multi-Family – Current Fees |
|---|------------------------------|------------------------------|---------------------|-----------------------------|
| Parkland & Recreation Fee | \$818 - \$1,367 | \$680 | \$2,892 - \$4,829 | \$711 |
| Storm Drainage | \$6,775 - \$7,018 | \$806 | \$1,976 - \$2,380 | \$558 |
| General Facilities | \$1,169 - \$1,952 | \$674 | \$1,169 - \$1,952 | \$705 |
| Streets & Traffic Signals (Vehicle) | \$644 - \$1,426 | \$253 | \$644 - \$796 | \$176 |
| Law Enforcement (Police) | \$635 - \$1,061 | \$143 | \$635 - \$1,061 | \$149 |
| Fire | \$1,182 - \$1,560 | \$1,526 - \$2,014 | \$745 - \$1,561 | \$961 - \$2014 |
| Transit & Trails (Multi-Modal) | \$2,070 - \$3,457 | \$1,325 | \$2,070 - \$3,457 | \$925 |
| Library | \$340 - \$2,001 | \$2,001 | \$340 - \$1,721 | \$1,721 |
| Child Care | \$374 - \$624 | \$374 - \$624 | \$374 - \$624 | \$374 - \$624 |
| Airport | \$45 - \$75 | \$0 | \$266 - \$444 | \$0 |
| Public Art¹ | Exempt | \$0 | 0.005 x Valuation | \$0 |
| In-Lieu Low Income Housing Fee² | \$2.68/sf for area >2,500 sf | \$5,700 | \$23,222 | \$5,700 |

Source: Mammoth Lakes Municipal Code

¹The Town's Public Art Fee is reduced to \$0.00 through July 31, 2017 for all projects Resolution 15-39.

²Current exemptions include additions, RMF-1 Zone MF projects of 4 or fewer units where average habitable sq. ft. does not exceed 1,300 per unit, legal secondary units, and apartments.

The Development Impact Fees were temporarily reduced in 2011 in the hopes of stimulating the local economy. Fees were officially changed in 2015:

- According to planning staff, the changes have helped generate some single-family home development, but no commercial development.
- The reduction in fees was designed to equitably assess fees and has not changed the type of development in Mammoth Lakes.
- Fees were even reduced to zero at one point and economic results did not change.
- These results are not unique to Mammoth Lakes. For example, Steamboat Springs, CO, struck Inclusionary Zoning standards during the recession and saw no increased activity as a result of the changes. They are now trying to bring the standards back into the code.

Condo Conversion

The conversion of a rental dwelling unit (residential occupancy for 30 days or more) to a condominium or other common interest is only allowed if the rental vacancy rate is shown to be 5% or more averaged over the last three years.

The purpose is to assure a supply of rental housing, maintain a supply of affordable community housing, ensure quality and safety, and provide a balance of ownership and rental housing and a variety of choices of tenure, type, price and location.

Rental vacancy rates have averaged less than 5% for many years, meaning conversions have not been occurring.

Some flexibility could be considered for specific circumstances. For example, there is a request for an older hotel to be used as an apartment for the workforce while awaiting redevelopment. The condo conversion regulations prevent this because if the hotel is converted to an apartment it cannot then be redeveloped into condominiums.

Challenges Constructing Community Housing

Several challenges of constructing community housing in Mammoth Lakes were raised based on interviews with developers, the Town and stakeholders. The primary challenge is the high cost of construction associated with being a small community located in a remote, high mountain environment. The location, scale and climate of Mammoth Lakes impacts the cost and availability of labor and materials, the length of the building season, and building code requirements for structures to withstand the large snow loads.

Labor

- The availability of skilled labor is a challenge. The long recession followed by the drought caused many in the construction trades to seek other work or leave the area.
- The local real estate developers attribute their success in building a reliable, local set of subcontractors by scheduling construction to keep crews working 40 hours a week year round. This practice has also allowed local developers to keep costs of construction lower than many out-of-area contractors.
- Skilled labor is difficult to find and prices are trending up, with subcontractors charging a premium. This is attributed to labor being in short supply and high levels of construction activity in northern and southern California.
- Most of the labor is local (Bishop is included) and occasionally crews are brought in from Reno or Southern California.

Remote Location

The remote location means that all materials have to be brought in, which increases the cost of materials. There are smaller suppliers in the area, but for big jobs materials are obtained from Reno, which is three hours away.

High Mountain Environment

The amount of snowfall and climate create construction challenges by reducing the construction season to the non-winter months. Structures must also stand up to the large amounts of snow.

It is challenging to enter the market as a developer because it is a steep learning curve to understand the climate constraints and build a solid pool of subcontractors. Builders from outside the area may encounter unanticipated obstacles and costs.

General Cost of Residential Development

The cost to develop housing varies by multiple factors, including location, target demographic, density, and product type. The primary residential development costs include land acquisition, construction costs, soft costs, site work, and financing.

The information below is intended to provide a general cost of residential development in Mammoth Lakes including construction costs and soft costs. Cost estimates were obtained through interviews with local developers and contractors.

Land Acquisition

The price of raw land is a component of residential development costs. Land costs in Mammoth Lakes can vary considerably, depending on the location of the parcel. The table below shows the 2014 Value of Residential Land in Mammoth Lakes by zoning district.

- The three-fold difference in land values between RMF-1 (\$11.72) and RMF-2 (\$38.12) is primarily attributed to the non-transient use value.
- The limited availability of developable land contributes to its relatively high cost.

2014 Value of Residential Land in Mammoth Lakes by Zoning District

| Zoning District | Average per sq. ft. | Average per acre |
|---------------------------------------|---------------------|------------------|
| Rural Residential (RR) | \$10.31 | \$448,904 |
| Residential Single Family (RSF) | \$18.05 | \$786,419 |
| Residential Multiple-Family 1 (RMF-1) | \$11.72 | \$510,351 |
| Residential Multiple-Family 2 (RMF-2) | \$38.12 | \$1,660,279 |
| All Residential Zoning Districts | \$18.25 | \$794,757 |

Source: Housing Element 2014-2019, using tax assessor records

Construction Costs

The cost to construct the building typically comprises between 60% and 70% of total development costs. The cost is often cited as a cost per square foot, which can vary

based on calculation method. Calculation methods vary based on how square footage is measured (gross, net, conditioned space, decks, garages, etc.) and which costs are included (general contractor overhead, site work, utilities, etc.).

- Local developers report that just the cost of construction for a townhome product with medium end finishes ranges from \$150 - \$200 per square foot, which includes materials and labor only (i.e. land, soft costs, site work, and development management are excluded). Higher end finishes (stone, cedar siding, granite) increases the construction cost range to \$225 - \$240 per square foot.

Soft Costs

Soft costs are expenses that are not considered direct construction costs and include architectural, engineering, permitting, taxes, insurance, and legal fees. Soft costs were reported to average 30% of the construction costs.

Site Work

Site Work involves grading the site, installing utilities, paving roads and parking, etc. These costs vary significantly based on the location of the site. Site work can be a barrier if off-site infrastructure is required or if infrastructure upgrades are needed. Local developers did not express any hurdles associated with site work.

Financing Costs

Financing costs generally make-up less than 5% of the total development costs. Financing mechanisms used to develop affordable housing, however, can cost more than traditional financing, such as LIHTC or when multiple funding sources are used. Financing costs are often included in soft costs.

Total Development Costs

Based on these inputs – land acquisition, soft costs, construction costs and site work – it roughly costs about \$370,000 to develop a 1,200 square foot townhome on a RMF-1 lot. On a RMF-2 lot, the land cost would be \$120,000, increasing the cost of development to about \$450,000.

General Cost to Develop in Mammoth Lakes

| Development Costs | Cost by % | 1200 sq. ft. townhome |
|-------------------------------------|-------------|-----------------------|
| Land Acquisition (RMF-1 lot) | 10% | \$37,000 |
| Soft Costs | 20% | \$74,000 |
| Construction Costs | 65% | \$240,000 |
| Site Work | 5% | \$12,000 |
| | 100% | \$370,000 |

Source: Interviews, Town of Mammoth Lakes Housing Element 2014-19, consultant team.

- The cost to develop housing suitable to working households (1,200 square foot townhome) on an RMF-1 lot is affordable to households earning about 140% of the AMI.
- Selling a comparable townhome that is affordable to a family earning the median income (100% AMI) requires a subsidy of about \$100,000.

Other Code/Process Requirements

Parking Requirements

The Town's parking requirements are intended to ensure that adequate on-site parking is provided such that cars will not park on the street and interfere with winter snow removal operations. The parking requirements also reflect the resort-oriented nature of the community, where many of the housing units in Town are rented to several vacationing individuals or families who travel to Mammoth Lakes in multiple vehicles. The guest parking requirements ensure there is adequate parking for Mammoth Lakes' visitors and decreases the tendency for visitors to park in areas designated for snow storage.

The table below shows the Mammoth Lakes Parking Standards by zoning district.

| Mammoth Lakes Parking Standards | | | | | | | |
|---|----|-----|--|--|--|--|--|
| | RR | RSF | RMF-1 | RMF-2 | D | OMR | MLR |
| Minimum Parking Requirements (in spaces) | 3 | 3 | 1/studio or 1 bdr; 2/2-3 bdr; 3/4 bdr+ | 1/studio or 1 bdr; 2/2-3 bdr; 3/4 bdr+ | 1/studio or 1 bdr; 2/2-3 bdr; 3/4 bdr+ | 1/studio or 1 bdr; 2/2-3 bdr; 3/4 bdr+ | 1/studio or 1 bdr; 2/2-3 bdr; 3/4 bdr+ |

Source: Mammoth Lakes Municipal Code

- The parking standards for multi-family housing also include guest parking requirements for up to ½ space per unit, and that 50% of the required parking must be enclosed.
- Affordable and senior housing projects may use standards from Government Code Section 95915 upon request to reduce parking.
- The parking standards are the same for RMF-1 and RMF-2, even though RMF-2 allows transient/short-term rental use and RMF-1 does not.
- The Town has routinely granted concessions in the form of reduced parking requirements for projects that incorporate community housing units, including application of the State-mandated ratio of parking spaces per unit.
- Parking concessions have been made in almost all of the community housing projects recently constructed by Mammoth Lakes Housing, Inc., and other private developers. Parking problems have been experienced in some projects.
- The Zoning Code allows for reduced parking standards for the areas of Town with mixed-use development and multi-modal accessibility. Three parking zones have been established for non-residential use classifications.
- The parking appears to respond more to transient rather than resident occupancy, accommodating visitors and guests. Part of this may be related to the snow storage requirements, discussed below.
- Parking was particularly difficult this winter with the heavy snow. Overflow parking cannot be absorbed on streets in the winter because of snow removal. This winter the RV Park rented out parking spaces.

Snow Storage

Given the environmental conditions in Mammoth Lakes, with an average of over 300 inches of snowfall annually, providing adequate space for snow storage is an important development requirement.

The table below shows the Town of Mammoth Lakes snow storage requirements by zone, which require an area equal to a minimum percentage of all uncovered required parking and driveway areas.

Town of Mammoth Lakes Snow Storage Requirements

| Zoning | Minimum % |
|-------------------|-----------|
| Residential Zones | 75% |
| Industrial Zones | 40% |
| Commercial Zones | 60% |

Source: Mammoth Lakes Municipal Code

- All designated snow storage areas must meet various requirements, such as be at least 10 feet in any direction, located near the sides or rear of parking areas and driveways, readily accessible, and substantially clear of obstructions.
- The commercial zone snow storage area may be reduced or waived under certain conditions.
- Residential zones have the highest snow storage requirement and there is no mechanism to reduce the requirement.
- Alternative methods of compliance could be explored to help reduce the potential cost and constraint of having to set aside land for snow storage, such as through existing or shared storage areas or other options. Alternatives will likely increase maintenance costs.

Permit Process

The timeframe for development review in the Town of Mammoth Lakes depends mostly on the complexity of the project. In particular, projects seeking zone code changes or that propose Specific Plans or Master Plans require legislative approval and, therefore, have longer review periods. Residential development, in the appropriate zones, may be permitted through a simple staff design review and plan check.

The California Environmental Quality Act (CEQA) process often requires the most time during the entitlement and planning phase, but usually runs concurrently with planning review. CEQA review typically takes less than one year.

- Local developers did not indicate that the entitlement process was a barrier to the development of community housing. They viewed developing in California as highly regulated and a normal part of doing business.

- According to developers, the entitlement process timeline is typically a few months unless processing something outside the envelope, which can take a full two years.
- Developers found the Mammoth Lakes planning process to be pretty organized and friendly to developers. The Town is viewed as wanting development and the present staff, Town council, and planning commission are cooperative.

Other Challenges to Providing Community Housing

Aside from the challenges related to the high cost of development in the area, there are many pressures that must be overcome to provide community housing. This includes:

- Overcoming market and political pressures to build transient residential instead of non-transient residential. Transient units have a higher market value and larger effect on the tax base than non-transient units.
- Attempts to reduce conflicts or inconveniences to visitors (e.g. having to walk further to their accommodations) results in an inefficient use of land for parking. Parking often addresses peak demand and is on-site. Snow storage is only needed seasonally and open space within projects (as opposed to shared spaces with multiple projects) is costly to maintain and may not be very functional.
- There is desire to mitigate all impacts of every type of development in an equitable manner – meaning higher impact uses pay the same as lower impact uses. This raises the cost of most types of development and adversely impacts community housing projects.
- The Town has lower property values than many other high amenity resort communities,⁵⁵ yet cost of construction is very expensive. This makes it more difficult to recognize gains from mixed-income projects, support inclusionary zoning, and develop viable public/private partnerships. As prices rise, this dynamic will change.
- There are a high number of old, outdated housing units in shared ownership models (e.g., condominiums), making redevelopment more complex.

⁵⁵ See, e.g., comparative housing costs presented in Part B (3) Housing Programs in Comparative Mountain Resort Communities of this report.

- All residential development is viewed as good, without distinction between occupancy or forethought about the employee generation associated with second homes and the ability to provide housing for the new workers.
- Developers primarily build single-family homes and at lower densities than Master Plans allow. In an area with limited development potential, underdevelopment is a problem.

Opportunities

Despite the challenges in the community, there are several current and pending opportunities that can support more community housing production:

- The Aspen/KSL purchase has raised enthusiasm about the potential for investment in the community and for property values to increase. An increase in property values would make mixed-income projects, inclusionary zoning and public/private partnerships more viable and encourage an infusion of capital.
- Shady Rest is a unique opportunity, providing 25 acres in town with an Affordable Housing Overlay.
- Parking:
 - Explore opportunities to decouple parking from multi-family non-transient residential and take advantage of underutilized parking lots or development of shared public parking structures. On-street permit systems for residents are another option.
 - Develop the Park and Ride site with structured, shared parking and housing.
 - Allow overnight parking in the Park and Ride location by permit.
- Snow Storage:
 - With the amount of snow received this past winter, creative shared parking and snow storage solutions came to light – for example the RV Park rented parking spaces this past winter. These should be explored to see if more permanent opportunities exist to open up more land for non-transient multi-family development.

- Incentivize residential product types for residents and the workforce. Many resort communities waive development impact fees for deed-restricted and multi-family non-transient residential. And many vary impact fees by type of use – higher for transient residential and second-home owner product compared to local product (such as apartments).
- Acquire and rehab existing housing units and deed-restrict for long-term rental. MLH did this with the Star Apartments.
- Convert old hotels/motels to condominiums or multifamily units for use as community housing, similar to Glass Mountain.

Mammoth Lakes Community Housing Action Plan: Part 1

HOUSING NEEDS, ACCOMPLISHMENTS AND CHALLENGES

PART B (3) HOUSING PROGRAMS IN COMPARATIVE MOUNTAIN RESORT COMMUNITIES



Breckenridge, CO



Crested Butte, CO



Jackson, WY



Telluride, CO



Truckee, CA

This section explores the following attributes of the affordable housing efforts across the five comparison communities:

- | | | | |
|----|-----------------------------------|----|-------------------------------|
| 1. | Policies and Goals | 5. | Qualifications and Occupancy |
| 2. | Capacity and Roles | 6. | Prices and Affordability |
| 3. | Strategies and Tools | 7. | Short Term Rental Regulations |
| 4. | Deed Restricted Housing Inventory | | |

Key themes include:

Political Commitment – Communities with long-standing, consistent commitments to community housing programs have the most success creating and maintaining a diverse and effective inventory. Regular public outreach and education are key to maintaining political commitment over time.

Vision and Goals for Housing – Communities know who they want to be and structure their housing programs to get them there. Measurable goals, such as identifying the number of units to produce or percentage of the workforce to house locally, allow communities to track progress on a regular basis.

Evolution over time – Each community has evolved their strategies and tools over time. They have built upon successes, incorporated lessons learned, and moved away from or altered programs that did not work well. Diligence and willingness to engage in self-evaluation, regularly monitor programs, and adapt the program to changing conditions are hallmarks of successful programs.

Local Funding – Most communities use at least one local funding source; the most successful have several strategies for generating local funds dedicated to community housing. Local funding and resources are key to increasing the diversity of housing and creating opportunities for locals who exceed the income limits of state and federal programs.

Diversity of Incomes Served – Comparison communities create ranges of incomes to guide housing production and produce a spectrum of opportunities for locals. The compared communities use between three to eight income ranges. Some include incomes as low as 30% AMI while others serve as high as 200%, depending on local needs and priorities. Several have units that are not limited by income, but rather by resident or employment status.

Diversity of Housing Types – With the exception of Truckee, comparison communities have a good balance of deed restricted rental and ownership housing choices. Communities understand that they need to have different projects to meet all segments of the local community.

Capacity and Roles – Each community takes a different approach to the roles of the Town, the housing authority, and other housing organizations. Some of the most successful communities (Telluride and Breckenridge) have Town staff take the lead in developing housing. In Breckenridge, the housing authority then takes the lead in managing and monitoring deed restricted units. Regional collaboration and active coordination between the Town and the housing authority or other organizations are key ingredients for success.

Comparison Communities – Key Metrics

| | Mammoth Lakes, CA | Breckenridge, CO | Crested Butte, CO | Jackson, WY | Telluride, CO | Truckee, CA |
|--|----------------------|---------------------|----------------------|----------------|------------------|----------------|
| Population | 8,000 | 4,900 | 1,600 | 10,500 | 2,500 | 15,900 |
| Muni Budget (2016/2017 - Expenses) | \$20,800,000 | \$84,000,000 | \$4,200,000 | \$18,700,000 | \$11,600,000 | \$20,100,000 |
| Total Housing Units | 9,722 | 7,267 | 1,114 | 5,240 | 2,480 | 13,232 |
| # Local Households | 3,252 | 2,160 | 770 | 4,386 | 1,158 | 6,115 |
| % Housing Occupied by Locals | 33% | 30% | 69% | 84% | 47% | 46% |
| Median Sale Price (2016) | \$345,000 | \$522,500 | \$350,000 | \$875,000 | \$825,000 | \$523,000 |
| Deed Restricted Units | 222 | 849 | 231 | 1,546 | 327 | 409 |
| % Local Households in DR Units | 7% | 39% | 30% | 35% | 28% | 7% |
| Area Median Income 2017 | \$75,800 | \$88,600 | \$70,800 | \$91,400 | \$79,000 | \$69,600 |
| Home affordable to median household | \$297,300 | \$347,500 | \$277,700 | \$358,400 | \$309,800 | \$273,000 |
| Affordability gap | \$47,700* | \$175,000 | \$72,300 | \$516,600 | \$515,200 | \$250,000 |

Sources: Census, HUD, CO State Demographer, MLS, Land Title, Consultant Team

*Underrepresents the actual gap. Single family homes sold for twice the median shown; condominium price points do not include high HOA fees (\$500 average per month, which in effect adds \$80,000 to the purchase price), nor reflect the condition of units or special assessments.

Mammoth Lakes has some notable similarities and contrasts with the comparison communities. All are resort communities, located near one or more destination ski areas, and face the challenge of home costs that exceed local wages. Most have had housing programs in place for 20 years or more.

In Mammoth:

- Only about a third of homes are occupied by locals, similar to Breckenridge,
- 7% of local households live in deed restricted homes, similar to Truckee, but much lower than the other communities,
- Area median income is relatively low, and median sale prices are also low; most similar to Crested Butte.

Mammoth has the lowest “affordability gap” (median home price less what a median income household can afford). However, other factors, such as the older age of units, high HOA fees, special assessments and higher utility costs than other communities means this gap underrepresents the full cost of housing in Mammoth Lakes.

1. Policies and Goals

| | Adopted Plan(s) | Housing Goals and Objectives |
|---------------|---|---|
| Breckenridge | Affordable Housing Action Plan 2008 | <p>Provide a variety of housing options; sustain the local economy and preserve the character of the community. Build 900 workforce housing units in the Upper Blue by build out. House 47% of the employees working in Town;</p> <ul style="list-style-type: none"> • Maintain at least 25% of homes occupied by primary residents; • Increase the homeownership rate of 41% • Provide housing for all income levels up to 180% AM • House employees who work in the Upper Blue • Share responsibility: private sector, Town, County, non-profits |
| Crested Butte | Housing goals and strategies in Land Use Plan 2010 | <p>Build 50 units in 5-7 years. Ensure that 25% of the housing inventory is deed restricted for locals.</p> <ul style="list-style-type: none"> • Create a diverse housing inventory, by location, price point and own/rent • Prioritize deed restricted units for local employees, year-round residents • Prioritize essential workers and majority of household income from within the Gunnison Valley • Partner on rental housing for low and very low wage earners • All new housing is consistent with the historic character |
| Jackson | Jackson/Teton County Comprehensive Plan 2012 Housing Action Plan 2015 Housing Supply Plan FY16/17 | <p>Ensure a variety of workforce housing opportunities - at least 65% of those employed locally also live locally</p> <ul style="list-style-type: none"> • Maintain a diverse population • Strategically locate a variety of housing types • Reduce the shortage of housing that is affordable to the workforce • Use a balanced set of tools. |
| Telluride | Telluride Master Plan 2012 Telluride Affordable Housing Strategic Plan (TAHST) 2004 | <p>Ensure a minimum of 70% of workers reside in Telluride Region. Build 70-90 units over the next five years.</p> <ul style="list-style-type: none"> • Generate a range of unit types affordable to a range of AMI • Maintain geographic distribution through site identification/evaluation • Explore additional local funding sources • Use Master Plan and TAHST to guide development; update employment, income, and need data regularly |
| Truckee | Housing Element 2014-2019 | <p>Build 460 new homes (57% affordable to Low- moderate income), and conserve 298 mobile homes over the next five years.</p> <ul style="list-style-type: none"> • Ensure adequate supply of housing; • Conserve and improve quality; • Remove/mitigate constraints on developing and maintaining affordable housing • Balance environmental impacts and plan in coordination with public infrastructure • Provide housing affordable to all segments of the community |

2. Capacity and Roles

| | Political Commitment | Education/PR | Regional Cooperation | Partnerships |
|----------------------|---|---|--|--|
| Breckenridge | Strong Solid funding sources and commitment Strong policies and dedicated oversight Continued program monitoring and improvement | Strong Yearly updates on housing progress, publications made to public, information updated and available. | Strong Have periodic SCHA/regional board meetings - strives for coordination. | Strong Public/private partnerships widely used in past – now Town acts as developer and hires project manager/contractor |
| Crested Butte | Medium/Strong Long history of policies, goals, and investments Some challenges learning from mistakes and investing in capacity | Limited Primarily through Housing Authority | Strong Created Regional Housing Authority, provides funding and Board members; Regional Needs Assessment and Strategic Plan | Strong Works closely with Housing Authority; Public/private development; Gunnison Valley Housing Foundation – funding source |
| Jackson | Mixed High level of community/stakeholder Slow to reach decisions Looking for free market solutions No dedicated source of public funding Housing Organizations complete for limited funds - uncoordinated efforts | Limited Housing Authority has helpful web site and email blasts when homes become available | Limited Labor force dependent on commuter communities Strategic planning and solutions don't extend to commute shed | Strong Partner with non-profit and for-profit developers |
| Telluride | Strong Consistent policies over decades Firm support for deed restrictions Local revenue source (sales tax) has been leveraged by bond issue to build rental housing | Medium Housing Authority presents to realtors, community leaders; strong community interest; frequent press coverage | Medium Regional Housing Authority manages programs and inventories of three jurisdictions. Strong participation by Town on housing outside muni boundary | Medium Town leads development; partnership with Housing Authority |
| Truckee | Variable Current Council is stronger than in the past; recent commitment to take action and development/strengthen programs Lost many deed restrictions in recession | Medium Current outreach through workshops; Ongoing awareness through non-profits | New Regional Housing Council formed this year – providing initial funding | Medium Some public/private development, land donation, financial assistance |

2. Capacity and Roles, continued

| | Town Council Role | Town Staff Role | Housing Agency/Housing Authority Role(s) |
|----------------------|--|--|--|
| Breckenridge | Set policy and goals Oversee funding and development Appoint a Commissioner to Summit County Housing Authority Participate in regional goals | Implement housing policies Develop housing Regulate land use Provide enforcement | <i>Summit County HA</i> –Manages deed restrictions Manages income and purchase qualifications Administers funding Leads some regional efforts Performs compliance monitoring Some property management |
| Crested Butte | Set policy and goals Oversee funding and development Appoint Commissioner to Commissioner to Gunnison Valley Regional Housing Authority Participate in regional goals | Implement housing policies Develop housing Regulate land use Provide enforcement Provide funding to HA and other housing providers | <i>Gunnison Valley Regional HA</i> – Manages deed restrictions Manages income and purchase qualifications Develops housing Leads housing studies Administers Section 8 rent subsidies Applies for State/Federal funding <i>Habitat for Humanity and Community Rebuilds</i> – build housing |
| Jackson | Set policy and goals Oversee funding and development Appoint Commissioners to Joint Town/County Housing Authority and Housing Demand Boards | Implement housing policies Regulate land use with support of HA staff Provide resources to HA | <i>Jackson/Teton County HA</i> - Manages deed restrictions Reviews development applications <i>Strong Habitat for Humanity</i> chapter; builds homes <i>Jackson Hole Community Housing Trust</i> ; builds homes and manages deed restrictions |
| Telluride | Set policy and goals Oversee funding and development Serve as Telluride HA Board; Appoint Town Manager as Commissioner to SMRHA Participate in regional goals | Implement housing policies Develop housing Regulate land use Manage rental housing through THA Provide enforcement Town staff are also Telluride HA staff | <i>San Miguel Regional HA</i> - Manages deed restrictions Manages income and purchase qualifications Administer Section 8 rent subsidies Provides homebuyer education Applies for State/Federal funding |
| Truckee | Set policy and goals Oversee funding and development Participate in regional goals | Implement housing policies Regulate land use Provide enforcement Provide annual report on housing activity | Housing consultant manages deed restrictions and grants Nonprofits <i>Mercy Housing</i> and <i>Domus</i> build /manage housing <i>Regional Housing Authority for Nevada and Sutter Counties</i> administers Section 8 rent subsidies; very limited role in Truckee |

3. Strategies and Tools

| | Incentives | Regulations | Local Funding | Partnerships | Other Strategies |
|---------------|--|--|---|---|---|
| Breckenridge | Fee waivers Density bonuses Annexation fee waivers Real Estate Transfer Tax exemption | Performance zoning (effective inclusionary rate of 5% or more) Annexation policy - 80% Impact fee - commercial and residential | County-wide sales tax – now .725% In-lieu fees from regulations Annual general fund appropriations | Public/private developments Regional Housing Authority | Acquisitions Land banking |
| Crested Butte | Fee reductions ADUs Density, height, and FAR bonuses | Inclusionary housing – 60% in new subdivisions Impact fee - commercial and residential | In-lieu fees from regulations General fund appropriations | Public/private developments Regional Housing Authority School district, transportation authority | Subsidized lots sales Long term rental requirements for ADUs |
| Jackson | Density bonuses ADUs Fee waivers 4 th story permitted for 100% workforce No IH for apartments | Inclusionary housing - 25% Impact fee – commercial 25% and residential - favors on-site units. | In-lieu fees from regulations 1% voluntary transfer fee Specific Purpose Excise Tax 2017 | Public/private developments Town/County Housing Authority Habitat for Humanity Jackson Hole Community Housing Trust | Employee housing |
| Telluride | Density bonuses ADUs Fee waivers Use by right in all zones | Impact fee - 40% commercial, 60% residential - favors on-site units. | In-lieu fees from regulations .5% sales tax for affordable housing (since 1994) | Public/private developments Regional Housing Authority Current project: art, school/parking district collaboration | Mixed income development Seasonal worker dorms Tiny homes Out of town option - mitigation compliance |

4. Strategies and Tools (continued)

| | | | | | |
|----------------|--|--|--|---|---|
| Truckee | Density bonus ADUs Priority processing Regulatory concessions | Inclusionary housing - 15% Impact fee - commercial and residential Commercial linkage (various rates) Minimum density standards Preservation for condo conversions (15% to 33% must remain affordable) | In-lieu fees from regulations General fund appropriations | Public/Private developments (Town as support, not lead) | Employee housing First-time homebuyer program: <ul style="list-style-type: none"> • CDBG-reuse (up to 80% AMI) • BEGIN-reuse (up to 160% AMI) • Martis Fund in Placer County, funded by real estate transfer fee (up to 180% AMI) |
|----------------|--|--|--|---|---|

5. Deed Restricted Housing Inventory

| | Total Units | Owner # | Renter # | Owner % | Renter % | < 60% AMI | 60-80% | 80-100% | 100-120% | 120-150% | 150-200% | No Income Limit |
|---------------|-------------|---------|----------|---------|----------|---|--------|---------|----------|----------|----------|-----------------|
| Breckenridge | 849 | 449 | 400 | 52% | 48% | 8% | 18% | 26% | 17% | 1% | 0% | 31% |
| Crested Butte | 231 | 73 | 158 | 32% | 68% | 14% | 3% | 7% | 0% | 1% | 0% | 74% |
| Jackson | 1,546 | 561 | 985 | 36% | 63% | 13% | 10% | 7% | 27% | 6% | 0% | 38% |
| Telluride | 310 | 106 | 204 | 37% | 72% | Restrictions and targeting range from 70% AMI to 200% AMI; % breakouts not available | | | | | | |
| Truckee | 409 | 25 | 384 | 6% | 94% | 94% | 2% | 3% | 1% | - | - | - |

6. Qualifications and Occupancy

| | # of Categories | AMI Ranges | Asset Caps |
|----------------------|-----------------|---|---|
| Breckenridge | 6 | ≤60% AMI 60 – 80% AMI 80 – 100% AMI 100 – 110% AMI 110 – 120% AMI 120 – 160% AMI | None |
| Crested Butte | 8 | ≤50% AMI 60 – 80% AMI 80 – 90% AMI 90 – 100% AMI 100 – 120% AMI 120 – 130% AMI Employment-Based - no income limits | None |
| Jackson | 6 | Cat 1: ≤80% AMI Cat 2: 81 - 100% AMI Cat 3: 101 - 120% AMI Cat 4: ≤ 140% Cat 5: ≤ 175% Employment-Based – greater than 175% | Cat 1: \$145,120 Cat 2: \$181,400 Cat 3: \$217,680 Cat 4: 253,960 Cat 5: \$317,450 Cat 6: \$362,800. Based on 2x the 4-person income cap Retirement accounts not counted |
| Telluride | 3 | Tier 1: ≤120% AMI; target 70% 1 BR; 90% 2 & 3 BR Tier 2: ≤150% AMI; target 90% 1 BR; 110% 2 & 3 BR Tier 3: ≤200% AMI; 120% for rent AMI targets vary by bedroom since AMI's do not vary proportionately by HH size (the 2-person AMI is not double the 1-person AMI) ADUs are limited to 130% AMI | Total household assets including business cannot exceed 2x the original purchase price; may be forced to sell within 1 year if assets grow above limit. |
| Truckee | 5 | Extremely low (<=30%) Very low (30.1-50%) Low (50.1-80%) Moderate (80 – 120%) Above moderate (120-160%) | No limits for below 80% AMI Limits at time of purchase for 80% AMI and above |

7. Prices and Affordability

| | Rent Mid range 2 BR | Sale Price Mid range 2 BR | Deferred Maintenance | Misc Considerations |
|----------------------|---|-------------------------------------|--|--|
| Breckenridge | \$975 | \$279,516 | A few deed restrictions provide that the cost to remedy any health, safety issues due to disrepair can be deducted from the max sales price. No provisions otherwise. Recommends HOA be established to maintain exterior of units. | No guarantee of ability to receive max sales price written into some (not all) restrictions |
| Crested Butte | \$950 | \$235,000 | None | Working towards a regional, universal deed restriction. |
| Jackson | \$1112 | \$245,175 | 3rd party inspection with standard level of maintenance; some negotiations with Seller and Buyer, good communication with property mgmt/HOAs, strong stance at sales to help ensure adequate reserves | No guarantees of the subsequent owner's ability to sell or rent for maximum price stated in guidelines/restrictions Not often that homes sell below max price, but seller's often have to make repairs or contribute funds to buyer at closing Considered a violation of deed restriction if delinquent on HOA dues Resale formula varies depending on DR – generally a set 2.5% cap or tied to a CPI |
| Telluride | Tier 1 and 3 \$1450 Tier 2 - \$1770 Less Utility Allowance | \$215,000 | Has not had problems thus far; owners seem to be aware that upkeep is important. | No guarantees of the subsequent owner's ability to sell or rent for maximum price stated in guidelines |
| Truckee | \$1,295 | \$360,000 | Failure to maintain the property is considered a violation of the deed restriction | Right of first refusal to housing agency, if home doesn't sell "in a reasonable amount of time" to a qualified buyer Shared equity, based on sale of unit to affordable or market buyer and length of tenure |

8. Short Term Rentals

| | Tracking | Regulations/Incentives | Licensing and permitting | Taxing and Fees |
|---------------|--|---|---|---|
| Breckenridge | Manual tracking, cross reference online (quarterly) 3340 licensed units | Allowed in all zones Special conditions for single family homes: parking, trash, noise and nuisance standards Safety/contract information posted in unit Individual bedrooms prohibited Incentive to long term rent; provide property management, lease, and rent guarantee | Accommodation Unit License - single family (annual) Local contact person Business license condos (annual) Sales tax license (annual) Letter to new owners assuming will STR | Sales 2.5% and lodging tax 3.4% License fees \$75 to \$175 (annual) |
| Crested Butte | Manual tracking, cross reference online (quarterly) Town map of STR units 260 licensed units | Allowed in most zones No enforcement of STRs in disallowed zones Town Council studying capping STRs in some zones, prohibiting in others | Business and sales tax licenses (annual) | Sales tax 4% Pillow tax \$10/pillow (annual) |
| Jackson | Manual tracking, cross reference online (monthly) | Allowed only in Lodging overlay district and Snow King Master Plan | Land use permit (one time) | \$500 fee - land use permit (one time) |
| Telluride | MuniRev (monthly - VRBO only) 540 licensed units | Allowed in most zones; limited to three STRs and no more than 29 days/year in single family zone Required to post license number in online listing | Business license and tax licenses (annual) | Business license fee \$165 + \$22/ sleeping room Sales tax 4.5% Lodging excise tax 2% |
| Truckee | Host Compliance | Allowed in all zones Link provided on AirBnB to local STR requirements | Registration (one time) | Transient Occupancy Tax 10% Truckee Tourism Business Improvement District assessment 2% No fee for registration |

Abbreviations used in these tables include:

| | |
|---------------------------------------|------------------|
| ADU –accessory dwelling unit | HH – household |
| AH – affordable housing | Hrs – hours |
| AMI – Area Median Income | Mos - months |
| Avg – average | Pmt - payment |
| BR – bedroom | SF – square feet |
| DR – deed restriction | Wk - week |
| EDU – employee dwelling unit | Yr – year |
| LIHTC – Low Income Housing Tax Credit | |