

Attachment #6

RESOLUTION NO. 09-76

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF MAMMOTH LAKES,
STATE OF CALIFORNIA, ESTABLISHING AN INTERIM AFFORDABLE
HOUSING MITIGATION POLICY WHICH SHALL BE FOLLOWED TO MEET
MUNICIPAL CODE SECTION 17.36**

WHEREAS, on July 21, 2004 the Town Council approved Ordinance 2004-13, establishing Affordable Housing Mitigation regulations; and,

WHEREAS, on August 16, 2006 the Town Council adopted Ordinance 06-09 amending said regulations; and,

WHEREAS, the Town is currently revising the Housing Element of the General Plan and developing a Housing Strategy in accordance with State law; and

WHEREAS, the Mammoth Lakes Housing Board designated a subcommittee ("Subcommittee") of their Board to work with Town staff to review the current regulations and fee structure related to the housing mitigation program; and,

WHEREAS, the Subcommittee has also worked with the Capital Facilities Funding Committee, as appointed by the Town Council, and with Walter Kieser, Principal, Economic Planning Systems, a consultant retained by the Town of Mammoth Lakes, to determine the goals of the housing mitigation program, recommend a strategy to develop and implement revised housing mitigation policies, and prepare a policy that is consistent with investment and requirements of peer resorts; and,

WHEREAS, the Subcommittee has proposed policies intended to replace the existing Municipal Code provisions for calculating workforce housing mitigation requirements with an inclusionary requirement which will provide interim project evaluation policies and findings, pending the adoption of the updated Housing Element and a revised Municipal Code Chapter 17.36; and,

WHEREAS, the Municipal Code Section 17.36.050 allows for alternate mitigation proposals to deviate from the requirements set forth in the Municipal Code based upon a set of findings; and

WHEREAS, by this Resolution the Town Council hereby declares that all projects shall be evaluated based upon an alternate mitigation proposal that shall meet the findings contained in this Resolution or as originally set forth in Municipal Code Section 17.26.050 and the formulas and requirements set forth in Section 17.36.030 shall not be applicable; and,

WHEREAS, Municipal Code Chapter 17.36 shall be amended in two phases to reflect the policies contained in this Resolution by first rescinding appropriate sections of the Municipal Code and then by amending the entire Chapter of the Municipal Code.

NOW, THEREFORE, BE IT RESOLVED, by the Town Council of the Town of Mammoth Lakes, California, as follows:

- 1. That the above recitations are true.**
- 2. New development in Mammoth Lakes shall be required to mitigate its impact on the demand for affordable and workforce housing based on the following:**
 - a. All new residential (transient and non-transient) development of ten or more units and lodging of twenty or more rooms shall be required to construct on-site workforce housing at a rate of ten percent (10%) of all newly-constructed units within the project (e.g. a ten unit project will have 9 market rate units and one workforce unit) and at a target income level of 120% AMI or less. If the inclusionary percentage calculation results in fractional dwelling units, a proportional share of the in-lieu fee referenced below, shall be paid. The 10% requirement and 120% AMI target are based on current market conditions and shall be reviewed and revised annually prior to July 1st of each year.**
 - b. Total project density, inclusive of workforce units, shall not exceed the maximum density for the zone in which the project is located unless the project applies for and receives a density bonus pursuant to Government Code 65915 et seq.**
 - c. Certain project types are subject to a housing mitigation requirement, but shall not be required to provide on-site inclusionary units and may instead pay in-lieu fees. These project types are:**
 - ❑ Small residential developments of nine or fewer units, and lodging developments of 19 or fewer rooms.**
 - ❑ Non-lodging commercial developments.**
 - ❑ Developments within the Industrial zone.**
 - d. In-lieu fees for housing mitigation shall be established and updated annually by the Town Council as a component of, and in relationship to, the overall fee program for new development. The initial in lieu fee for multi-family units shall be \$23,222 pending adoption of a permanent fee.**
 - e. Projects that are required to provide inclusionary housing units on-site may propose an alternate housing mitigation plan (AHMP) subject to Mammoth Lakes Housing Board and Planning Commission approval.**

The AHMP may make use of strategies within the MLH "Housing Toolbox." Approval of an AHMP must be based on the findings that:

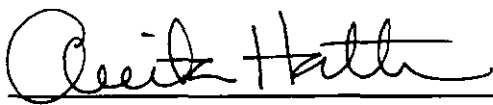
- On-site mitigation is undesirable for the community or infeasible.
 - There would be substantial additional affordable housing benefit derived from the alternate proposal. "Additional housing benefit" may be defined by a number of parameters including, but not limited to:
 - A greater number of affordable/workforce units.
 - Units that more closely meet current priorities established by Mammoth Lakes Housing and/or the Town.
 - Provision of units at an earlier date than would otherwise occur.
- f. The following project types are exempt from all housing mitigation requirements:
- New single family residences under 2,500 square feet.
 - Projects of four or fewer units in the Residential Multi-Family 1 zone.
 - Additions to or remodels of single-family residences that would not cause total living area to exceed 2,500 square feet or are less than 400 square feet in aggregate per building for floor areas above 2500 square feet. Fees shall only be charged for the incremental square footage addition above the 400 square foot exemption.
 - Non-transient rental apartments and deed restricted units.
 - Retail and restaurant development within the Specific Plan, Commercial General, Commercial Lodging, and Resort zones.
- g. The livability requirements provided in attachment A shall apply to all workforce housing units built in accordance with this policy.

PASSED, APPROVED AND ADOPTED this 18th day of November, 2009.



NEIL Mc CARROLL, Mayor

ATTEST:



ANITA HATTER, Town Clerk

Town of Mammoth Lakes
Mammoth Lakes Housing
Workforce Housing Livability Requirements

In an effort to create workforce housing units that are appropriate and functional for the permanent residents who will live in these units as their home, MLH and the Town of Mammoth Lakes are adopting the following Workforce Housing Livability Requirements. These requirements are necessary to ensure that developers of inclusionary workforce housing units build units that meet minimum standards of square footage and amenities necessary for households living and working in Mammoth Lakes.

The main component of the livability requirement is that the workforce housing units provided shall be Functionally Equivalent to the market rate units that are being provided. The workforce housing units must be comparable in number and bedrooms, and number of bathrooms as the market rate units. Deed restrictions will be recorded against each workforce housing unit. Restrictions will be set at 80%, 100% and 120% equivalently throughout the project.

Workforce Housing Livability Requirements are as follows:

- 1) Workforce Housing units shall be located throughout the development.
- 2) Workforce Housing units must be provided proportionately in the same unit type mix as the market rate units, except for hotel developments where mitigation will be based on a two (2) bedroom unit.
- 3) The workforce housing units must have the minimum square footages as follows:
 - One (1) Bedroom Unit shall be no less than 750 square feet
 - Two (2) Bedroom Unit shall be no less than 1000 square feet
 - Three (3) Bedroom Unit shall be no less than 1300 square feet
 - Four (4) Bedroom Unit shall be no less than 1600 square feet
- 4) The developer shall provide EnergyStar rated kitchen appliances including range, refrigerator, dishwasher, and garbage disposal.
- 5) All materials and appliances must have a minimum one year warranty.
- 6) Adequate cabinets and storage space to be provided for kitchen, linens, bathrooms, and outdoor equipment. Storage space shall be appropriate to life in an active mountain community.

- 7) Sound insulation shall be provided within both the interior and exterior walls.
- 8) Adequate dining space shall be provided. This may be a separate room, part of a combined living/dining area, or in the kitchen.
- 9) All units shall have provisions for laundry. If washer/dryer are provided for market rate units they shall also be provided for in workforce housing units.
- 10) Bedrooms must be designed to accommodate two persons and have at least 120 square feet of useful living space in addition to adequate closet space. The master bedroom shall be larger than the secondary bedrooms. There must be an adequate number of bathrooms for the expected household sizes. Three and four bedroom units must have at least two full bathrooms. Other unit types (studio, one-bedroom and two-bedroom units) shall have the same number of bathrooms as the market rate units.
- 11) The external appearance, finishing materials and quality of construction of the workforce housing units and any landscaping, private yards or open space that is part of the workforce housing unit property must be identical to the market rate units in the project.
- 12) All project facilities, amenities and parking must be available on the same basis to the affordable housing units as to the market units.
- 13) Access to personal outdoor space shall be provided from each unit.

If a developer is willing to provide deed restricted rental housing instead of deed restricted for sale units the Town may consider reducing one or more of the livability requirements provided that basic functionality and livability are not compromised. Such determination to be at the sole discretion of the Town.

STATE OF CALIFORNIA)
COUNTY OF MONO)
TOWN OF MAMMOTH LAKES) ss.

I, ANITA HATTER, Town Clerk of the Town of Mammoth Lakes, DO HEREBY CERTIFY under penalty of perjury that the foregoing is a true and correct copy of Resolution No. 09-76 adopted by the Town Council of the Town of Mammoth Lakes, California, at a meeting thereof held on the 18th day of November, 2009, by the following vote:

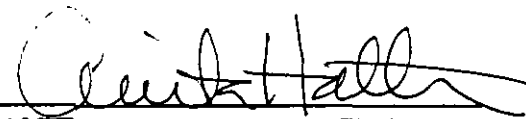
AYES: Councilmembers Bacon, Harvey, Sugimura, Mayor Pro Tem Eastman,
 and Mayor McCarroll

NOES: None

ABSENT: None

ABSTAIN: None

DISQUALIFICATION: None


ANITA HATTER, Town Clerk

RESOLUTION NO. 14 -54

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF MAMMOTH LAKES, STATE OF CALIFORNIA, AMENDING RESOLUTION 09-76 ESTABLISHING AN INTERIM AFFORDABLE HOUSING POLICY TO CLARIFY THE ROLE OF MAMMOTH LAKES HOUSING

WHEREAS, Section 17.36.050 of the Town of Mammoth Lakes (Town) Municipal Code allows for alternate affordable housing mitigation proposals to deviate from the requirements set forth in the Code for affordable housing based upon a set of criteria; and

WHEREAS, the interim housing mitigation policy, requirements and findings for approval of an "alternative housing mitigation plan" were provided for in Resolution 09-76; and

WHEREAS, Section 2(e) of resolution 09-76 is not clear in defining the role of the board of directors of Mammoth Lakes Housing; and

WHEREAS, the Town Council desires to clarify that the role of the board of directors of Mammoth Lakes Housing is to review and comment on alternative housing mitigation plans and not to approve or deny such proposed plans.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Mammoth Lakes as follows:

Section 1. Section 2(e) of Resolution 09-76 hereby is amended to read as follows:

e. Projects that are required to provide inclusionary housing units on site may propose an alternate housing mitigation plan (AHMP) subject to review and comment by board of directors of Mammoth Lakes Housing and approval of the Planning and Economic Development Commission.

The AHMP may make use of strategies within the MLH "Housing Toolbox." Approval of an AHMP must be based on the findings that:

- On-site mitigation is undesirable for the community or infeasible.
- There would be substantial additional affordable housing benefit derived from the alternate proposal. "Additional housing benefit" may be defined by a number of parameters including, but not limited to:
 - A greater number of affordable/workforce units.

- Units that more closely meet current priorities established by Mammoth Lakes Housing and/or the Town.
- Provision of units at an earlier date than would otherwise occur.

Section 2. The remaining provisions of Resolution 09-76 shall remain in effect.

APPROVED AND ADOPTED THIS 3rd DAY OF SEPTEMBER 2014


JO BACON, Mayor

ATTEST:


Jamie Gray, Town Clerk

STATE OF CALIFORNIA)
COUNTY OF MONO)
TOWN OF MAMMOTH LAKES) ss.

I, JAMIE GRAY, Town Clerk of the Town of Mammoth Lakes, DO HEREBY CERTIFY under penalty of perjury that the foregoing is a true and correct copy of Resolution No. 14-54 adopted by the Town Council of the Town of Mammoth Lakes, California, at a meeting thereof held on the 3rd day of September, 2014, by the following vote:

AYES: Councilmember Fernie, Mayor Pro Tem Raimondo, and Mayor Bacon

NOES: None

ABSENT: Councilmembers Shields Richardson and John Wentworth

ABSTAIN: None

DISQUALIFICATION: None



JAMIE GRAY, Town Clerk

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Attachment #7

Mountainside Project (TTM 15-001, VAR 15-001, UPA 15-001, DR 15-001)
413 Rainbow Lane
Alternative Housing Mitigation Plan

Project Description

- 16-unit development
- 2 single family units (2,019s.f. Building B and 2,046s.f. Building D)
- 7 duplexes
- Project would be phased:
 - Phase 1: Units 1-9 (1 single family and 4 duplexes)
 - Phase 2: Units 10-16 (1 single family and 3 duplexes)

Housing Required per the Interim Policy

- The 2 single family units are exempt from housing mitigation because each would be less than 2,500s.f. of living area
- 10% inclusionary requirement is applicable because 14 units proposed (more than 9 units):
 - 1 on-site housing unit deed restricted to 120% AMI, plus
 - \$9,288.80 (0.4 x \$23,222)

Alternate Housing Mitigation Plan (AHMP) Proposal

- Payment of \$23,222 in lieu fee for each of the 14 market rate units
- The fee would be paid upon issuance of building permit for each unit (building permits will be pulled for each building one at a time)
- Total fees that will be paid after all building permits are issued = \$325,108

Rationale for Approval of AHMP Proposal

- If the project is considered in phases, the AHMP Proposal is consistent with the Interim Policy:
 - Phase 1: 8 units x \$23,222 = \$185,776
 - Phase 2: 6 units x \$23,222 = \$139,332
 - Total: \$325,108
- On-site mitigation is undesirable for the following reasons:
 - The development is focused towards nightly rentals since it is located next to Canyon Lodge; MLH notes in its 1/6/15 letter re Removal of Use Permit for transient rentals in RMF-2 zoning district, "Quality of life is significantly reduced when long-term renters live next to transient renters"
 - The site is located away from Vons, Rite Aid, schools, hospital, Post Office, and other resident facilities/amenities (Athletic Club, etc.)
- "Additional housing benefit" will be derived from the AHMP:
 - Fees would be paid earlier than when an on-site unit would be triggered (\$208,998 in fees provided at building permit issuance for 9 market rate units while an on-site unit would be required as the 10th unit)
 - Fees provide flexibility for the Town and MLH to mitigate more efficiently
 - \$325,108 is adequate to purchase affordable housing units and/or provide mortgage assistance to multiple households that would more closely meet current MLH/Town priorities

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Attachment #8

AGENDA BILL

Subject: Mountainside Project AHMP
Presented by: Jennifer Halferty, Executive Director

BACKGROUND:

John Hooper's Mountainside project is located on Rainbow Lane, which is near Canyon Lodge. The proposed project will consist of two (2) single family units and seven (7) duplexes to be built in two phases. Because the two single family units are less than 2,500 square feet they do not require workforce housing mitigation, only the 14 units within the seven duplexes are considered in this alternate housing mitigation proposal.

Current Housing Ordinance requirements for this development:

Ten percent of the 14 units would constitute one (1) affordable housing unit deed restricted to 120% of the Area Median Income (AMI), integrated into the development, plus \$9,288.80 in in-lieu fees (0.4 x \$23,222).

This is the workforce income group the town has seen the largest loss of to the unincorporated areas of Mono County. According to the Town's Housing element, between 2008 and 2013 there has been a 47.62% reduction of households between 81%-120% AMI living in Mammoth Lakes.

Alternate Housing Mitigation Plan Proposal:

The current ordinance allows developers to propose an alternate housing mitigation plan (AHMP). Approval of an AHMP must be based on the findings that:

1. *On-site mitigation is undesirable for the community or infeasible.*
2. *"There would be substantial additional affordable housing benefit derived from the alternate proposal. "Additional housing benefit" may be defined by a number of parameters including, but not limited to:*
 - *A greater number of affordable/workforce units.*
 - *Units that more closely meet current priorities established by Mammoth Lakes Housing and/or the Town.*
 - *Provisions of units at an earlier date than would otherwise occur."*

Mr. Hooper proposes to pay either the current ordinance in lieu fee of \$23,222 for the duplex development (7 duplexes equaling 14 units), or to be subject to the fee in place at time of building permit issuance.

Because the development is being built over two phases, the in-lieu fees are being proposed to be paid in phases as well.

Phase 1: 8 units x \$23,222 = \$185,776 – anticipated in spring 2015

Phase 2: 6 units x \$23,222 = \$139,332 – anticipated in summer 2015

Therefore, the total payment, over time, is proposed to be \$325,108 for the mitigation of the development of 14 market rate homes.

ANALYSIS/DISCUSSION:

Mammoth Lakes' housing mitigation ordinance, the Town Council, the Planning and Economic Development Commission and the community at large have expressed that workforce housing is a priority. We have heard from many throughout the community that housing values and land values are "coming back." MLH knows from our waitlist and the phone calls and emails we receive that the Mammoth Lakes' workforce is in need of affordable housing. Housing that doesn't consume 50% of their take-home pay and that is designed with full-time living essentials, such as sufficient storage, and a garage. The evaluation of the AHMP before us requires consideration of the need and the goals of the community.

The current housing mitigation ordinance emphasizes a preference for on-site housing mitigation. This is primarily due to three factors: the limited land available in Mammoth Lakes as a result of the current degree of build-out; the limited available sites for multifamily housing development; and the Urban Growth Boundary (UGB). There is also a benefit which comes with on-site mitigation which is the automatic achievement of social integration by scattering homes for the workforce throughout the community.

Additionally, the emphasis for on-site mitigation supports a more expeditious mitigation of the impact rather than the more time-intensive allocation and utilization of in lieu fees to fund the "planning for, administering, subsidizing or developing affordable housing."¹ This is especially relevant in a case such as this where funds will be deposited in phases, as the building permits are issued. In fact, this lapse of time between collecting mitigation fees and the creation of affordable workforce housing is one of the greatest challenges for municipalities that rely on mitigation fees.

These factors are why the housing ordinance requires an *additional housing benefit* for off-site mitigation. The applicant's proposal states that an additional housing benefit will be achieved with the flexibility that comes with fees for the Town and MLH to mitigate more efficiently, though it's unclear how the fees are more efficient than the creation of additional workforce housing stock by the developer. The most common comment from the housing needs survey completed last year was the need for smaller single family style homes. This type of development is exactly what the community needs.

Another additional housing benefit proposed by the applicant is that the fees can be used to purchase affordable housing units. The purchase of affordable housing units for their preservation is a priority for the Town and MLH as demonstrated in the Housing Element, 2014-2019, and through the creation of the Revolving Loan Fund (RLF). While the RLF is funded with in-lieu fees and has been successful in its purpose, the **desired outcome of the Town's housing mitigation policy for developments of this size is the development of new, additional workforce housing stock, on-site**, unless the findings for an AHMP can be met. Furthermore, down payment assistance to households for the subsidy of purchasing a market rate home is not consistent with the Municipal Code

¹ Municipal Code 17.136.060.A.3, Authorized Use of Funds

which states that the fees “shall be used only for the purposes of planning for, administering, subsidizing or developing affordable housing.” Mortgage assistance alone does not develop or subsidize affordable housing and is therefore not consistent with the Municipal Code. Mortgage assistance subsidizes market rate housing and does not add to the affordable workforce housing stock.

The applicant’s claim that onsite mitigation is undesirable due to the location and the project’s “focus towards nightly rentals” is inconsistent with current practices and community sentiment. In the past, mitigation units have been provided in condominium complexes that allow nightly rentals. The quote used by the applicant referring to nightly rentals was taken out of context and was in regards to multi-family apartment complexes transferring long-term rental units, in a hodge-podge manner, to transient rental. There has been an ongoing discussion by community members and developers about the desire to acquire and rehabilitate condominiums in Mammoth Lakes as a way to update the housing stock and make additional affordable units available for the workforce. If we are to accept the applicant’s rationale for why this onsite mitigation is undesirable (“the development is focused towards nightly rentals since it is located next to Canyon Lodge”) then we would be accepting it also for future acquisition and rehabilitation of condominiums throughout Mammoth Lakes. MLH does not see this as a reasonable justification to avoid on-site development considering that many local families currently live in condo complexes that allow nightly rentals. The major shortcoming MLH has learned through the practice of creating workforce units in condo developments, whether they allow nightly rental or not, lies with monthly HOA fees which are often cost prohibitive and the deferred maintenance that many complexes suffer from, which typically leads to major assessments in most of Mammoth Lakes’ older condominium complexes. Cost prohibitive HOAs and deferred maintenance, along with the general lack of unit livability, should be considered as the limiting factors that make this form of mitigation undesirable over other forms of workforce housing stock creation, not that there would be nightly rentals in the complex. Workforce housing should be focused in developments such as this because it is newer and without deferred maintenance.

Providing workforce housing in close proximity to one of Mammoth Mountain Ski Area’s access portals, Canyon Lodge, may not be close to the schools or the hospital but it is close to transit and a major job site. Additionally, MLH has seen through our years of experience with workforce homeowners that households at the 120% Area Median Income Level typically own two cars per household. Therefore, accessing the grocery store, schools, restaurants and other amenities would be no more of a challenge for them than their neighbors.

We have to analyze the alternative housing mitigation proposal before us from the standpoint of what the Town is receiving in exchange for their acceptance of a variance and how that variance may or may not support the Community Goals of the General Plan and beyond. Community Goal L.2., under Land Use, states “substantially increase housing supply available to the workforce.”

What can \$325,108 buy this summer that will increase the supply of available workforce housing?

- We know that purchasing existing condominiums is challenging due to high HOAs, deferred maintenance, and low quality of full-time livability. Plus, given the low inventories currently on the market it would be difficult to locate a viable unit.
- Only two existing multi-family developments are currently on the market. Both are roughly double or more than the fee being proposed.
- Small parcels of land could be bought and held until more fees came in to the Town's housing in-lieu fee fund at which point building housing units on the land could be an option. That is an unknown time-frame which does not provide workforce "units at an earlier date than would otherwise occur."²

We can rather confidently assume the town's housing and land values will continue to grow which effectively reduces the purchasing power of these proposed in-lieu fees if they are held for any period of time rather than used right away to expand the supply of affordable workforce housing. Recommending approval of the in-lieu fee payment does not support the housing ordinances' requirement of on-site mitigation being undesirable for the community, that there's an "additional housing benefit," and it does not meet the General Plan goal to "substantially increase housing supply available to the workforce."

OPTIONS:

Option 1:

Recommend that the Town of Mammoth Lakes not accept the AHMP on the grounds that it does not meet the findings required by the interim housing mitigation policy.

3. *"On-site mitigation is undesirable for the community or infeasible."*
There are local workforce residents currently residing in the Canyon Lodge area of Mammoth Lakes. Therefore, it is a desirable location for the community's workforce as proven by the community.
4. *"There would be substantial additional affordable housing benefit derived from the alternate proposal. "Additional housing benefit" may be defined by a number of parameters including, but not limited to:*
 - *A greater number of affordable/workforce units.*
 - *Units that more closely meet current priorities established by Mammoth Lakes Housing and/or the Town.*
 - *Provisions of units at an earlier date than would otherwise occur."*
No additional units can be tied to the payment of this fee. The on-site unit would most closely meet the current priorities and needs. There is no confidence that units could be provided sooner than the development that is to start this spring at the Mountainside Project.

Instead of accepting the AHMP, recommend that the Town require the provision of the on-site unit and the \$9,288.80 in fees as is consistent with the current interim housing mitigation policy.

Option 2:

² Town of Mammoth Lakes Resolution No. 09-76; Interim Affordable Housing Mitigation Policy

Recommend that the Town require the applicant to provide an AHMP that meets the required findings of the interim housing mitigation ordinance. The revised AHMP would then be reviewed again by the MLH Board of Directors.

RECOMMENDATION:

Staff recommends Option 1; that the MLH Board of Directors recommend that the PEDC not approve the proposed AHMP and that instead MLH recommends workforce housing mitigation be provided onsite. Both recommendations are consistent with the interim housing mitigation policy, the General Plan, the community feedback expressed in the housing survey, and the Housing Element.

ATTACHEMENTS:

1. Mountainside Project Alternative Housing Mitigation Plan
2. Parcel Map
3. Resolution No. 09-76; Interim Affordable Housing Mitigation Policy