

Attachment #3

Peer Resort Analysis

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From: Jeff Goldman, Matt Hertel

Date: April 16, 2015

Subject: Peer Resort Analysis

INTRODUCTION

In advance of the Town of Mammoth Lakes' (Town) update to its housing ordinance, this memo provides a summary of housing mitigation requirements of five mountain resort communities similarly positioned to the Town. The five peer resort communities reviewed, include: Aspen, Colorado; Jackson, Wyoming; Mt. Crested Butte, Colorado; Telluride, Colorado; and Truckee, California. AECOM also reviewed other potential peer resort case studies (Breckenridge, Colorado; Park City, Utah; and Big Bear Lake, and South Lake Tahoe, California), but determined that these cities did not have specific housing mitigation requirements or were not comparable in terms of housing market context. As part of this memo, we prepared a matrix with a quick snapshot of the housing mitigation requirements for each of these communities (see page 4). The Interim Housing Policy and the proposed draft Housing Ordinance Update for the Town of Mammoth Lakes were also added to the matrix to provide a comparison.

The housing mitigation requirements for Steamboat Springs, Colorado were also reviewed, but not included in this summary. In July 2013, the Steamboat Springs City Council suspended the Community Housing Ordinance and its affordable housing requirements for a period of two years. The City Council is presently reviewing affordable housing policies in advance of the suspension's expiration this August.

This memo explores five areas of housing mitigation policy—inclusionary housing requirements, housing mitigations options, employee generation mitigation, and the unit size of newly deed restricted affordable housing.

INCLUSIONARY HOUSING REQUIREMENTS

Three of the communities maintain inclusionary housing requirements. Jackson, Wyoming requires 25 percent of residential development be affordable, with an even split of units made available to low-income (80% AMI), moderate-income (120% AMI), and middle-income (150% AMI) households. Two communities, Mt. Crested Butte and Truckee, require 15 percent of new residential units be affordable.

In addition to an inclusionary housing requirement, Mt. Crested Butte also requires employee generation mitigation for residential development. Mt. Crested Butte's inclusionary housing is restricted for low and moderate-income households, whereas Truckee also sets-aside units for very low-income households.

HOUSING MITIGATION OPTIONS

Each of the five communities offered a variety of options to meet housing mitigation requirements. All of the communities allowed the following options for mitigation: on-site affordable housing, off-site affordable housing, fees in-lieu of constructing affordable housing, deed restricting existing market-rate units, and dedication of land to the municipality or housing authority. Some communities expressed preference for on-site housing, and others required additional approvals to take advantage of the full-range of mitigation options. Mt. Crested Butte also allows developers to meet their single-family/duplex affordable housing obligations by transferring ownership of deed restricted lots to builders, or sell them to eligible households who are able demonstrate the capacity to build the home. Telluride permits the construction of dormitory or shared facility units to meet requirements. Developers can purchase inclusionary housing credits from other residential development projects with excess affordable units to meet Truckee's affordable housing obligations. Housing mitigation is limited to in-lieu fees for single-family and duplexes in many of the communities. In Aspen, these fees are deferred if the owner of the unit is a qualified working resident.

EMPLOYEE GENERATION MITIGATION—RESIDENTIAL

Two communities require residential developments to address imputed affordable housing needs for workers at specified targeted income levels. Mt. Crested Butte's goal is to mitigate 30 percent of the demand for affordable housing (for income levels at or below 80 percent AMI) generated by the permanent jobs created. Employee mitigation requirements are calculated by multiplying the number of affordable housing units needed by the specified job generation rates (i.e. $\leq 2,000$ square feet: 12 full-time equivalent employees), divided by the number of employee generated per unit (1.8), and then multiplied by the mitigation rate of 30 percent.

Telluride requires mitigation for job creation for new residential development within the town limits. Telluride determined that 4.5 employees are generated for every 1,000 square feet of net floor area of commercial, and .33 employees are generated per unit for multi-family and accommodations, and .07 employees are generated by single-family and duplex residences. An independent calculation of the number of employees to be generated by a proposed development can also be submitted by the project applicant. Mitigation units are restricted to households with incomes that do not exceed 120 percent AMI (Tier 1), or 180 percent AMI (Tier 2).

EMPLOYEE GENERATION MITIGATION—COMMERCIAL

All five of the communities have enacted employee generation mitigation requirements for commercial development. Employee generation requirements are typically based upon the incremental employee generation difference between the existing development and the proposed development.

Aspen quantifies employee generation as full-time equivalents (FTEs) per 1,000 square feet of net leasable space or per lodge bedroom. The city determined that 4.7 employees are generated per 1,000

square feet of net leasable space. Employee generation rates are also determined for each of the other types of commercial or lodging development. The number of employees housed by employee generation mitigation units type is as follows: 1.25 employees per studio, 1.75 employees per one-bedroom unit, 2.25 employees per two-bedroom unit, and 3 employees per three-bedroom unit.

Jackson's employee generation mitigation requirements are calculated by requiring a specific number of residential square feet assumed to be needed for affordable housing for every 1,000 square feet of commercial or industrial uses that are developed. Retail has the largest floor area requirement of 378 square feet of affordable housing required for every 1,000 square feet of commercial development. Industrial uses have the smallest floor area requirement at 8 square feet.

Mt. Crested Butte requires commercial development to provide affordable housing units (for income levels at or below 80 percent AMI) equivalent to 15 percent of the demand for additional housing units generated by the employees of that development. Accommodation development (e.g. hotel) must provide 15 percent (30 percent in the Downtown Development Authority (DDA) District) of the housing units for which demand is generated by on-site permanent employment for households with incomes at or below 80 percent AMI. The number of jobs generated (2.9 per 1,000 square feet of commercial and 0.5 per room for accommodations) is divided by the number of employees per job (1.3). The number of employees generated is then divided by the number of employees per unit (1.8) to obtain the number of households generated. This is then multiplied by 15 percent (30 percent in DDA District) to determine the number of housing mitigation units required.

Truckee has determined that one FTE employee is created for every 500 square feet of gross floor space of commercial and for every 1,000 square feet of industrial. Truckee's employee generation mitigation requirements are calculated by the number of employees generated by the project (FTE) and the number of very low, low, and moderate-income category employees the project creates. Projects are exempt if less than seven employees are created. For projects that create over seven jobs the number of affordable units required are directly proportional to the number and income levels of the jobs created, based on a prescribed formula.

AFFORDABLE UNIT SIZE

The minimum net square footage requirements for newly deed restricted affordable housing units are between 400-450 square feet for a studio, and 150 square feet for dormitory or lodge housing. This requirement is generally flexible if it can be demonstrated that livability and storage is appropriately accommodated. In some cases, there is a maximum unit size requirement to ensure an adequate supply of housing to meet the needs of the community.

CONCLUSION

The Town of Mammoth Lakes' draft Housing Ordinance Update reflects a number of housing mitigation policies from the peer resort communities analyzed above. These policies include:

- ▶ Increased housing mitigation options
 - Provide housing off-site

- Deed restrict existing market-rate ownership units within the Town
- Convey land and/or development-ready lots within the project site
- Sell or transfer unused housing mitigation credits
- ▶ Housing mitigation determined employee generation of development projects and nexus study
 - No longer require fixed percentage of housing units to be affordable
- ▶ Refined housing mitigation exemptions
- ▶ Lower the minimum square footage of housing mitigation units
- ▶ Amenity and design standards adopted separately from the Housing Ordinance Update, through a Town Council resolution

Mammoth Lakes Housing Ordinance Update – Peer Resort Analysis

Jurisdictions (Population, U.S. 2010 Census) (Housing Mitigation Document)	Inclusionary Housing (% of units)	Inclusionary Housing (% of units)				Housing Mitigation Options	On-Site Housing	Off-Site Housing	In-Lieu Fee	Alternate Housing Mitigation Plan	Dedication of Land	Market Rate Deed Restrictions	Lots to Builders (Single-family/Duplex)	Lots to Household (Single-family/Duplex)	Construction of Dormitory Units	Purchase Affordable Housing Credits	Employee Generation Mitigation	Residential Linkage	Commercial Linkage	Minimum Affordable Unit Size	150 Square Feet (Dormitory/Lodge)	400 Square Feet	450 Square Feet	750 Square Feet
		None	10%	15%	25%																			
Aspen, Colorado (6,658) (Affordable Housing Guidelines, 2015 & Land Use Code)		●				●	●	●		●	●									●	●			
Jackson, Wyoming (9,577) (Land Use Development Regulations, 2015 & Teton Housing Authority Guidelines)					●	●	●	●		●	●								●	●				
Mt. Crested Butte, Colorado (1,487) (Community Housing Guidelines, 2009 & Town Code)				●		●	●	●		●	●	●	●				●	●		●				
Telluride Colorado (2,325) (Land Use Code & Affordable Housing Guidelines, 2014)		●				●	●	●		●	●			●			●	●				●		
Truckee, California (16,181) (Municipal Code, 2013)				●		●	●	●		●	●				●			●						
Mammoth Lakes, CA (8,234) (Interim Housing Policy, 2009)			●			●		●	●													●		
Mammoth Lakes, CA (8,234) (Proposed draft Housing Ordinance Update, 2015)		●				●	●	●	●	●	●				●		●	●				●		