

Town of Mammoth Lakes

Housing Element 2014-2019



June 18, 2014 (revised May 20, 2015)



HOUSING ELEMENT
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Promote Quality and Design. Incorporate standards that improve development quality and design, enhance visual character, avoid conflicts between land uses, and preserve the scenic qualities of the town by maintaining adequate open space.

Improve Readability and Usability. Use charts, graphics, and illustrations to make the Code easier to read and to reorganize the material to group similar and related regulations together.

The Zoning Code Update also included review of administrative procedures, as well as development standards, and incorporated ways in which the Code could be made more user-friendly and processes more streamlined.

Original Affordable Housing Mitigation Ordinance (2000-2009)

Mammoth Lakes adopted ~~an~~its first Affordable Housing Mitigation Ordinance in 2000, with updates and amendments made in 2004 and 2006. ~~This Town's~~ Affordable Housing Mitigation Ordinance ~~has been~~was instrumental in facilitating the production of moderately priced housing in Mammoth Lakes ~~since from~~ 2000 to 2009, by placing strict requirements on new development to mitigate its demand for affordable and workforce housing units. The Housing Ordinance ~~is anticipated to be~~was updated in 2014~~5 following the adoption of this Housing Element Update (see Updated Housing Mitigation Ordinance 2015, below). A copy of the current Housing Ordinance is included in Appendix C.~~

The driving principle of the original Ordinance ~~was~~ that development must provide housing for the workforce it generates. Formulas ~~are~~were applied in the Ordinance to match the type of development with its characteristic job generation to determine the number of Full Time Employee Equivalent (FTEE)²⁰ housing units that must be provided. Table 3-39 shows the FTEE generation table by project type, which ~~can~~was then ~~be~~ used to calculate the total number of FTEEs generated by new development. This number ~~can~~was then ~~be~~ used either to determine the number of units to be constructed or the in-lieu fee a developer ~~will~~owed the Town for the project.

²⁰ The Full Time Equivalent Employee (FTEE) is a full time employee or combination of part time employees. When the employee generation calculation results in seasonal or part time employees, those employees are grouped together to form FTEEs. Full time year round employees equal one FTEE, part time year round employees and full time seasonal employees equal one-half FTEE, and part time seasonal employees equal one quarter FTEE.

Certain projects including small residential developments of less than five units, small lodging and commercial developments, and all developments in the industrial zone ~~are-were~~ permitted to pay an in-lieu fee. When units ~~are-were~~ built the Ordinance includes a formula by which those units of different sizes (number of bedrooms and living area) may satisfy FTEEs. When in-lieu fees ~~are-were~~ paid, they ~~are-were~~ calculated by multiplying the total FTEE by the in-lieu fee, which is established by ordinance and periodically updated. The ~~O~~rdinance states~~d~~ that on-site housing units ~~are-were~~ preferred and should be developed on-site unless it can be demonstrated that the location is undesirable for the community or infeasible, or there is an alternative that would better achieve community affordable workforce housing goals. In such cases, the ~~O~~rdinance allow~~s~~~~d~~ for Alternate Housing Mitigation Plans (AHMPs) that can include construction on a different location, land dedications, and housing acquisition and rehabilitation within town boundaries, or when the Planning and Economic Development Commission, based upon substantial evidence, that an on-site or off-site alternative is undesirable for the community or infeasible as determined by the Commission or Community and Economic Development Director, may the Town then approve payment of in-lieu fees. An AHMP require~~s~~~~d~~ approval by the Planning and Economic Development Commission.

Because many of the development projects in Mammoth in recent years have been less conducive to including on-site housing (lodging, luxury condominiums, etc.), it has not been unusual for the Town to negotiate with developers and propose win-win alternatives instead of requiring on-site construction. The Town has been able to reach agreements on AHMPs that include measures such as land dedications or in-lieu fees that result in more flexibility regarding the types and location of housing being produced. For these alternative proposals to work, it is essential that a local developer be in place to utilize the resources (e.g., fees and land) provided. For this reason, Mammoth Lakes Housing, Inc. (MLH), a non-profit housing development agency, was established in 2003, and has since been pivotal in facilitating the production of new affordable housing units in Mammoth Lakes. Since 2010, the MLH has converted 22 market rate units to affordable deed restricted units. MLH and its accomplishments are described in additional detail in Chapter 4.

Additionally, the Town's Housing Ordinance is not a constraint to market rate housing development. Although development has been slow since the 2008 recession, two multi-family structures were constructed between 2010 and 2014, adding 6 additional market rate units. As discussed in Table 2-30 in Chapter 2 the median priced home or condominium is affordable to most moderate-income families in Mammoth Lakes. Despite its obvious merits and importance, the Town also recognizes that the

Housing Ordinance, alongside other development fees, contributes to increased costs for developers of future homes. In light of this, and recent economic conditions, the Town completed a review of the Ordinance as part of a broader review of development fees. This review resulted in a recommendation that the Ordinance be significantly revised, including a restructuring and reduction of the housing mitigation requirements. These revisions are discussed further in the following section^s.

Interim Affordable Housing Mitigation Policy

In late 2008 and 2009, the national economy entered a serious downturn. In 2008, the Town Council approved a temporary reduction in development fees, including Development Impact Fees (DIF) and housing in-lieu fees, as a "stimulus package" to continue investment in residential and other construction.

In mid-2009, as the recession continued, the Town began a process to thoroughly review development costs, including the DIF program, Housing Ordinance and associated in-lieu fees. A Town-commissioned study completed by an independent economic consultant found that the existing DIF and housing fees were a significant impediment to new development, and reflected a disproportionate burden to new development in the funding of new facilities and infrastructure. Overall, the report concluded that fees appeared to be set at levels which are likely to impede new investment, and result in reduced development activity, associated fee revenues, and workforce and market-rate housing production.

Based on the study, the Town adopted interim policies for development impact fees and for housing mitigation and in-lieu fees in November 2009, which reduced fees for most development types by around 50 percent from previous levels. More recently, to help stimulate the local economy, the Town Council extended a temporary reduction to DIF for one to four unit residential projects, commercial projects, and remodel projects to July 31, 2014.

The Town and Mammoth Lakes Housing, Inc. developed the Interim Affordable Housing Mitigation Policy cooperatively, to include the following provisions:

- An inclusionary housing requirement of 10 percent for all new residential and lodging developments larger than nine residential units or 19 lodging units, at a target income level of 120% of AMI or less.

- An in-lieu fee requirement for small residential and lodging projects, commercial and industrial development.
- Exemptions from housing mitigation requirements for small single-family residences (under 2,500 square feet), rental apartments and deed-restricted units, and retail and restaurant development in certain zones.
- Projects required to provide on-site units may propose an Alternate Housing Mitigation Plan, if findings can be made that providing units on-site would be undesirable for the community or infeasible, and that substantial additional housing benefit would result in terms of providing a greater number of units, earlier provision of units, or providing units that better meet priorities established by the Town or Mammoth Lakes Housing, Inc.

The Town ~~anticipates amending~~ the Housing Ordinance in 2015⁴ to reflect ~~the direction established in the~~feedback regarding the Interim Affordable Housing Mitigation Policy and this Housing Element Update.

Updated Housing Mitigation Ordinance 2015

The Town adopted a comprehensive update to the Housing Ordinance in 2015. The updated Chapter 17.136 includes a menu-based format that allows developers to choose a desired method for housing mitigation (i.e., fee, on-site housing, off-site housing, conveyance of land, or other). A housing fee will be established once a nexus study for such fee is approved by Town Council. A copy of the current Housing Ordinance is included in Appendix C.

Urban Growth Boundary

The Town adopted an Urban Growth Boundary (UGB) in 1993 to ensure a compact urban form, protect natural and outdoor recreational resources, and prevent sprawl. Of the total 24.4 square miles within the Town's municipal boundary, approximately 4.6 miles lie within the UGB. The land outside of the UGB but within the municipal boundary consists largely of public lands administered by the Inyo National Forest, as well as 80 acres of patented mining claims on top of the Sherwin ridge, the Valentine Reserve of the University of California, Mammoth Mountain Ski Area, which is leased from Inyo National Forest, and the City of Los Angeles' Camp High Sierra. Lands beyond the

4.4 FINANCIAL AND ADMINISTRATIVE RESOURCES

A number of different resources are available to landowners and developers seeking to provide housing in the Town of Mammoth Lakes, with certain of those resources targeted towards the provision of affordable and workforce housing. This section describes those various resources, including local non-profit agencies and State or federal programs.

LOCAL RESOURCES

The most important local financial resources available for housing are those associated with the Town's Housing Ordinance, which requires projects to mitigate their workforce housing demand through direct provision of workforce housing units, or payment of in-lieu fees, and the Town's allocation of a proportion of Transient Occupancy Tax (TOT) revenues to housing. It should be noted that none of the projects listed in Table 4-45 are assumed to rely upon allocation of TOT or in-lieu housing fees to construct the affordable housing units that are shown, since (with the exception of Shady Rest), all are required mitigation units that would be built by their respective developer without input of Town or other non-private financial resources.

Affordable Housing Mitigation Ordinance and In-Lieu Fees

The Town ~~is in the process of updating~~updated the existing Housing Ordinance (Municipal Code 17.136) ~~to reflect the Housing Element Update and the interim housing mitigation policy adopted by Town Council in 2015~~09. ~~The interim policy sets revised (reduced) requirements for housing mitigation, including reliance on an inclusionary housing requirement for residential and lodging projects, revision of the in-lieu fee schedule for housing, and exemptions for certain project types from housing mitigation.~~This update ~~would also ensure compliance~~complies with legal mandates (the "Palmer and Patterson" cases) regarding inclusionary housing programs. The updated Housing Ordinance is ~~anticipated to be adopted and effective in 2014~~included as Appendix C.

The Town requires ~~most types of~~ new development to mitigate a share of its ~~affordable workforce~~ housing demand, ~~by including on-site affordable units in conjunction with market rate units, or through payment of in-lieu fees that support~~ affordable workforce housing programs, provision of on-site or off-site workforce units, conveyance of land for workforce housing, or other means.

~~The Town receives payment of in-lieu fees for small residential and commercial projects based on the requirements set forth in the interim policy. As allowed in these regulations, projects that are required to directly provide workforce housing are permitted to pay in-lieu fees, subject to the approval of an Alternate Housing Mitigation Plan (AHMP). As directed by the regulations Ordinance, these monies housing in-lieu fees~~ are deposited in the Affordable Housing In-Lieu Fund that may be used for the purposes of planning for, administering, subsidizing or developing affordable-workforce housing. As of February, 201~~5~~⁴, the total funds available were \$~~265,104.53~~^{240,913}.

With the recent economic downturn, development activity, and thus, fee revenues associated with that development have slowed dramatically. It is particularly difficult to quantify how much residential and commercial growth might be expected over the Housing Element Update period, given the degree of uncertainty in the development community overall. In the period 2010 to 2014, the Town collected a total of \$62,424 in housing in-lieu fees, an average of \$15,606 annually during the four-year period. Assuming this trend will continue, this annual average would amount to roughly \$78,000 total over the course of the five year planning period.

Transient Occupancy Tax Allocation

One percent of 13 percent Transient Occupancy Tax (TOT) revenues was designated towards the development of workforce and affordable housing within the Town. As a resort community, TOT in Mammoth Lakes represents a significant portion of local revenues. Between 2009 and 2014, the Town collected an average of \$10.5 Million annually in TOT, translating to an average of over \$814,793 annually for housing. Due to the Town's Mammoth Lakes Land Acquisition (MLLA) settlement, this amount has been reduced, and it is anticipated that an average of \$724,549 annually will be allocated to housing over the next five years. TOT will continue to be used as a local resource for the provision of workforce and affordable housing.

As noted below, these monies are principally dedicated to funding the work and programs of Mammoth Lakes Housing, Inc. (MLH), a non-profit organization formed by the Town with other participants in 2003. MLH has used these funds to leverage additional State and Federal grant funds to construct and acquire affordable housing units, to provide down payment assistance to qualifying households, and to provide assistance to qualified families to find and move into affordable housing

Action H.1.B.2 Encourage housing development as part of infill and mixed-use development within the Downtown, Old Mammoth Road, and Mixed Lodging/Residential Commercial Zones, which is now allowed by right with the adoption of the Zoning Code Update in 2014. Outreach to property owners, developers, and brokers to discuss infill and mixed-use development opportunities in these Commercial Zones.

Policy H.1.C. Allow for density bonuses for projects that provide deed-restricted workforce housing in accordance with State density bonus law and 2007 General Plan policy L.2.D. Projects that have applied for and received State, Town, or other housing-related density bonuses shall not be permitted to subsequently move or transfer qualifying units off-site.

Action H.1.C.1. As part of Housing Ordinance amendment, reflect the density bonus provisions of General Plan policy L.2.D, ensuring the amendment remains consistent with State density bonus law.

Policy H.1.D. Require that applicants proposing on-site housing, off-site housing, or in-lieu fees conveyance of land, instead of ~~on-site mitigation housing paying the fee established by Town Council, provide mitigation considered to be of an appropriate value or cost when compared to the fee. are held to a higher standard of demonstrating “greater housing benefit” when seeking approval of such proposals.~~

Action H.1.D.1. As part of the Housing Ordinance anticipated in 2014, develop criteria, standards and thresholds by which Alternate Housing Mitigation Plans (AHMPs) can be assessed and approved. ~~Such standards should be sufficient to demonstrate the achievement of “greater housing benefit” from off site housing or payment of in-lieu fees, in the form of creating additional units, “deeper” affordability to Extremely Low or Very Low income households, additional units suitable for large families, units provided sooner than might otherwise be the case, or units that better meet an identified community housing need.~~

- An Administration component to guide roles and responsibilities for program implementation.

Action H.2.A.4. Recognizing the housing burdens of extremely low-income households, the Town will implement a program to monitor the construction and rehabilitation of housing to meet the needs of the ELI population as identified in the 2011 Housing Needs Assessment.

Policy H.2.B. Update the Town’s workforce housing mitigation requirements to ensure that they meet the following objectives:

- Respond to a technically sound Workforce Housing Needs Assessment that reflects the existing housing resources, seasonality, commuting patterns, and affordability categories.
- Meet current legal mandates and can be successfully implemented by the Town.
- Ensure that new development mitigates an appropriate portion of workforce housing demand that it generates, through requirements and standards that can be reasonably achieved by the development community.
- Meet documented community housing needs and gaps in terms of unit affordability levels, type, tenure, size, amenities, and configuration.
- Achieve quality, livable housing units that are successfully integrated into neighborhoods and the broader community.

Action H.2.B.1. Amend and adopt a revised Housing Ordinance that reflects the 2009 Interim Housing Policy, incorporates refinements to meet legal mandates, addresses aspects not fully articulated in the Interim Housing Policy; and provides needed clarification. The amended Housing Ordinance shall meet the objectives outlined in Policy H.2.B, and should include the following components:

- ~~An inclusionary housing provision that requires allows most~~ residential ~~and lodging~~ projects to provide, on-site, ~~a fixed proportion of total units as~~ below market-rate deed-restricted affordable or workforce housing units. The specific requirement ~~(e.g., AMI level)~~ shall be based on documented community housing needs and reviewed and updated on a regular basis.
- A workforce housing mitigation requirement such as a fee to contribute to affordable housing production.
- A list of project types exempted from housing mitigation requirements.
- ~~A list of project types for which providing on site units would be undesirable or infeasible, and which may pay in lieu fees rather than providing units on site. This may include small multi family residential and lodging projects, industrial and some commercial projects.~~
- Provisions defining Alternate Housing Mitigation Plans for projects that wish to propose alternative mitigation ~~to construction of on site units, and findings for approval of such proposals.~~
- Specification of the means and method by which in-lieu fees, affordability levels, unit types, tenure (if legally permissible), livability criteria, and other pertinent criteria not otherwise dictated by the Housing Ordinance shall be established, maintained and updated.
- Density bonus provisions pursuant to State Housing Density Bonus law and to Town General Plan policies and related Housing Element policies.

- A definition of and provisions for ensuring the "livability" of workforce housing units.

Policy H.2.C. Support the development of market-rate and affordable rental housing. Multi-family housing is a permitted use in all multi-family and commercial zones pursuant to the Zoning Code Update.

Policy H.2.D. Encourage the renovation and conversion of existing non-workforce units, such as condominiums currently used as second homes, to become part of the workforce housing supply.

Action H.2.D.1. As part of the Housing Strategy, work with Mammoth Lakes Housing, Inc. to acquire and renovate units that can be added to the workforce housing inventory. Program creation will include an evaluation of program costs, benefits, and opportunities.

Policy H.2.E. Encourage local homeowners and owners/managers of rental housing properties to upgrade and improve older units, particularly those that do not meet current standards and codes.

Action H.2.E.1. As part of the Housing Strategy study potential strategies to incentivize and encourage upgrades of existing multi-family rental properties, and how code enforcement techniques may be improved and used to correct building violations that pose a threat to residents' safety or wellbeing.

Policy H.2.F. Continue to enforce Municipal Code requirements that preserve the existing supply of non-transient rental housing units. The Zoning Code Update includes thresholds and provisions for the conversion of apartments to condominiums (Section 17.52.110).

Policy H.2.G. Avoid the inadvertent loss of deed-restricted units.

Action H.2.G.1. As part of the Housing Strategy work with Mammoth Lakes Housing, Inc. to study and develop procedures that will avoid the inadvertent loss of deed-restricted units, including:

- Improved structuring of deed restriction agreements so as to ensure their long term availability to the local workforce.