

**MAMMOTH LAKES HOUSING, INC.  
Special Board of Directors Meeting**

**Wednesday, September 17, 2014  
4:30 p.m.**

**Mammoth Lakes Housing Conference Room  
587 Old Mammoth Rd.**

**Agenda**

**NOTE:** In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Mammoth Lakes Housing, Inc. at (760) 934-4740. Notification 48 hours prior to the meeting will enable Mammoth Lakes Housing, Inc to make arrangements to ensure accessibility to this meeting. (28 CFR 13.102-35.104 ADA Title II)

**I. Call to Order**

**II. Roll Call**

**Members:** Bill Taylor, Kirk Stapp, Larry Johnston, Colin Fernie, Lindsay Barksdale, and Tom Mazaitis

**III. Public Comments**

This is the established time for any member of the public wishing to address the Mammoth Lakes Housing, Inc. Board of Directors on any matter that does not otherwise appear on the agenda. Members of the public desiring to speak on a matter appearing on the agenda should ask the Chairman for the opportunity to be heard when the item comes up for consideration.

**IV. Review and possible action on the Alternative Housing Mitigation Plan for the Inn at the Village**

**V. Adjourn**

## AGENDA BILL

Subject: The Inn at the Village Alternative Housing Mitigation Plan

Presented by: Jennifer Halferty, Executive Director

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### **BACKGROUND:**

The Mammoth Lakes Housing (MLH) Board of Directors was presented the alternative housing mitigation plan (AHMP) for the Inn at the Village (Building "C" of the 8050 complex in the North Village) at their September 3, 2014, meeting.

In accordance with the Town's 2009 Resolution No. 09-76, Interim Affordable Housing Mitigation Policy (Interim Policy), ten percent of the proposed 67 hotel rooms are required to be mitigated on-site. Furthermore, according to the Town's Interim Policy, if on-site development is not feasible or is deemed to be undesirable for the community, and there would be substantial additional affordable housing benefit derived from the alternate proposal, then an AHMP may be utilized. In this case, Mr. Severy made the case that providing affordable housing on-site was not feasible due to the small size of the hotel site and the assumption that the North Village neighborhood is dedicated to tourists not community residents. The AHMP presented also assumed that each hotel room equals half a unit. Therefore, their AHMP calculates 67 rooms as equal to 33.5 units ( $67 / 2 = 33.5$ ) multiplied by the policy's required ten percent results in 3.35 units of mitigation. Then, the AHMP multiplies the Policy's section 2.d. "*in-lieu fee for multi-family units*" of \$23,222 to the 3.35 units to reach an alternative housing mitigation proposal of \$77,794.

Multiple questions were raised by the MLH Board as a result of the September 3 meeting. The MLH Board requested more information from Town staff. Those questions and the Town's response are attached.

The PEDC has tentatively scheduled a Public Hearing on the Inn at the Village at their regular meeting on October 8, 2014.

### **TOWN OF MAMMOTH LAKES MUNICIPAL CODE DEFINITIONS:**

**Alternate Housing Mitigation Plan.** A plan, prepared in conformance with the requirements of Chapter 17.136, proposing an alternate means to fulfill the inclusionary housing requirements otherwise required by the Chapter.

**Affordable Housing.** Housing that is restricted as to rental rate or sales price based upon household income and size criteria as defined by the state of California or the Town of Mammoth Lakes.

### **ANALYSIS/DISCUSSION:**

On September 10, 2014, MLH received a follow-up letter from the developer modifying their original AHMP. That letter is attached and the updated information is used for this analysis.

According to the applicant their AHMP is premised on the August 10, 2011, Mammoth View Use Permit 10-006 which includes an in-lieu fee AHMP under the Interim Policy. Town records do not contain findings specific to the approval of the Mammoth View AHMP. Therefore, there is no way to analyze the applicability of the Mammoth View AHMP findings to the Inn at the Village's AHMP. Town staff has indicated the required findings under the Interim Policy must be met by the Inn at the Village's AHMP.

Section 2.a. of the Interim Policy requires lodging developments with twenty or more rooms to mitigate their impact on the demand for affordable and workforce housing by requiring such developments to construct on-site workforce housing. Developments are required to provide 10% of all new construction as workforce units. The Inn at the Village is proposing a 67 room hotel plus commercial space which results in the development's requirement to create 6.7 rooms of on-site workforce housing. The developer has stated that the Inn at the Village rooms will be approximately 520 square feet each. Therefore, it can be assumed that 6.7 rooms multiplied by 520 square feet would equal 3,484 square feet on-site workforce housing. It is, then, reasonable to expect an off-site scenario to equate to roughly this many square feet, at minimum.

The Interim Policy goes on to establish an "*in-lieu fee for multi-family units*" at a rate of \$23,222 (section 2.d.). According to Town staff, this fee was created for application on smaller developments of 19 or less rooms. Because smaller developments create less workforce and overall demand on affordable and workforce housing their impact fee is less than a development of 20 or more rooms. According to the current 2014-2015 Building Division Fee Schedule, "*Lodging developments of few than 19 rooms shall pay \$11,611 per room.*" Again, this fee is only applicable to smaller developments that would have a smaller demand for affordable and workforce housing and are not required to provide on-site inclusionary units. If we were to apply this fee to the Inn at the Village, using the calculation of 67 lodging rooms at \$11,611 each, the fee would be equal to \$777,937. While the Inn at the Village is not eligible for the fee in the Interim Policy or the current Building Division fee, we can assume their in-lieu fee should exceed \$777,937.

As the Inn at the Village has done, projects that must provide on-site inclusionary housing units may propose an alternate housing mitigation plan (AHMP) as outlined in section 2.e. of the Interim Policy or as also expresses in recital number eight, "*...all projects shall be evaluated based upon an alternate mitigation proposal that shall meet the findings contain in this Resolution or as originally set forth in Municipal Code Section 17.36.050 [MC 17.136.040].*"

The Interim Policy requires the Inn at the Village's AHMP to make the findings that on-site mitigation is undesirable for the community or infeasible, and that there would be substantially more affordable housing as a result of their AHMP. "Additional housing benefit" is defined in the Interim Policy as the following, but is **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.

In this case, the applicant is working under the Interim Policy. However, since the Interim Policy (recital number eight) does allow for analysis under MC 17.136.040, and because this is a more thorough analysis that also addresses the requirements of the Interim Policy, MLH staff is going through the considerations outlined in this section of the Code.

Municipal Code 17.136.040 has nine criteria for approving AHMPs. They are:

- 1. That the development does not require the provision of affordable housing on-site to meet service needs.**

This does not apply to the Inn at the Village, as they are required to provide on-site affordable housing.

- 2. That the size of the proposed new development is such that production of affordable housing on-site by the applicant is not feasible.**

The applicant for this development has made the case that their site is "tight" and limits on-site workforce housing development options.

- 3. That the applicant's site is not suitable for the development of affordable housing based upon location or conflicting land uses.**

The applicant has stated that the "location in the North Village commercial node is singularly focused on providing for tourist needs, not those of community residents [and] renders it an impractical and undesirable venue for staff housing." The Town of Mammoth Lakes, Inn at the Village, Subsequent Environment Impact Reports states that "The NVSP area is primarily comprised of urban development, including hotels, restaurants, visitor oriented and general commercial operations, professional offices, condominiums, single-family homes, and community facilities."

- 4. That commercial lending requirements render construction of housing infeasible.**

The applicant makes no claim regarding financing limitations as a reason for their AHMP.

**5. That the use of mitigation fees by the Town is more appropriate than the provision by the applicant of affordable housing.**

The applicant makes no claim here since they're using the Interim Policy. Analysis of the AHMP, which is proposing \$97,244 as of September 10, 2014, does not appear to cause the creation of more affordable housing than if the applicant provided for the rooms required by the development.

**6. Purchase of qualifying existing units (Section 17.136.030D) is desirable as an off-site solution.**

Off-site purchase was not proposed by the developer. This is a strategy within the MLH Housing Toolbox. The MLH Toolbox is referenced in the Interim Policy as a source for AHMP options. Additionally, it should be noted that the current average price per square foot for existing condominiums in Mammoth Lakes is \$332 (Mammoth MLS 9/11/2014).

**7. That the proposed mitigation plan will provide housing at the earliest possible date.**

There is no indication from the applicant that the fees would be paid prior to the Town Municipal Code requirement of the fees to be paid at time of building permit issuance. It should be noted that this criteria is consistent with the Interim Policy's criteria of "*provision of units at an earlier date than would otherwise occur.*"

**8. That the alternate housing mitigation plan provides more affordable units than required under Section 17.136.020.**

Section 17.136.020 has been superseded by the Interim Policy's formula of 10% of all newly-constructed rooms. This criteria is consistent with the Interim Policy which requires AHMP's to provide "*a greater number of affordable workforce units.*"

The Workforce Housing Gap Calculation that was presented to the MLH Board on September 3, 2014, illustrates the development cost gap between building new affordable housing and the affordable rents that can be collected. Due to the high cost of construction in Mammoth and the limited incomes of Mammoth's workforce, the gap is between \$429,805 and \$239,604 per unit, ranging from three- to one-bedroom units. According to the Interim Policy's Workforce Housing Livability Requirements a one bedroom unit is required to be no less than 750 square feet. Using the calculation from above, where the on-site development of workforce rooms at the Inn at the Village would be equal to 6.7 rooms at 520 square feet, or a total of 3,484 square feet, this total square footage divided by 750 square feet equals 4.65 one bedroom units. The gap on the construction of just four one-bedroom units is \$958,416. The proposed in-lieu fee payment of \$97,244 does not provide for even one newly constructed one-bedroom unit.

The applicant is proposing to use the Interim Policy's in-lieu fee sited above plus an additional twenty-five percent in order to meet the policy requirement for "*substantial additional affordable housing benefit.*" The total fee proposed is \$29,028 (\$23,222 x 125%) multiplied by 3.35 units for the total payment of \$97,244.

In the attached memo from Town Senior Planner Jen Daugherty, the Commercial District Development Standards and the Resort Zone General Requirements sections of the Town Municipal Code equate hotel rooms, one bedroom units and studios of less than 850 square feet to ½ of a dwelling for the **purposes of calculating residential density**. This is the basis for the developer using half of the required on-site rooms of 6.7 and taking it down to 3.35 units for the calculation above.

**9. That the alternate mitigation plan provides a mix of affordability levels consistent with Section 17.136.050.**

Since the AHMP is proposing to provide in-lieu fees only, there is no delineation of affordability levels to be targeted. This criterion is consistent with the Interim Policy which gives consideration to AHMs that create "*units that more closely meet current priorities established by Mammoth lakes Housing and/or the Town.*"

**MISSION CONSIDERATIONS:**

Alternative Housing Mitigation Plans are intended to cause the creation of affordable workforce housing.

**RECOMMENDATION:**

As a result of the analysis above, the Alternate Housing Mitigation Plan for the Inn at the Village does not comply with the Interim Policy's requirement to provide a substantial additional affordable housing benefit than if the development were to provide the required workforce housing on-site. Therefore, it is my recommendation that the Mammoth Lakes Housing Board of Directors recommend the Town of Mammoth Lakes not accept the AHMP as presented. The Board should also recommend and encourage the applicant to submit a proposal that complies with the Interim Affordable Housing Mitigation Policy.

## **SEVERY REALTY GROUP**

127 El Paseo Santa Barbara, California 93101  
Tel. (805) 962-8801 Fax (805) 962-8803

September 10, 2014

Jennifer Halferty  
Executive Director  
Mammoth Lakes Housing, Inc.  
587 Old Mammoth Road  
Suite No. 4  
Mammoth Lakes, CA 93546

Jennifer,

As a follow-up to our recent meeting with you and the Board of Directors of Mammoth Lakes Housing, Inc. we are pleased to respond here to your two questions regarding our proposed alternative housing mitigation plan ("AHMP") dated August 28, 2014 for the third and final building at the 8050 complex in North Village (i.e. Building "C") as follows:

QUESTION No. 1: Why is on-site housing undesirable for the community or infeasible?

Building "C" will be built atop an existing parking podium that also supports the first two completed buildings at the 8050 complex. This infill development site is very small given that it approximates only 21,000 square feet (0.48 acres). This tight site clearly limits development options and its location in the North Village commercial node, which is singularly focused on providing for tourist needs, not those of community residents, renders it an impractical and undesirable venue for staff housing. Moreover, the transient nature of a hotel use does not provide a communal setting conducive to full time occupancy.

Clearly, the accommodation of workforce housing on-site would have adverse social impacts on employees as, in effect, they would be relegated to "living over the store". Not only is there no sense of community established in a hotel setting but there is no opportunity for employees to enjoy a healthy distance and privacy away from the workplace. This forced "24/7" aggregation of hotel staff with hotel guests (e.g. employees are sharing the same elevators with hotel guests whether they are on or off work) simply means that the employees are never truly off work. To be sure, this psychologically undesirable situation creates employee morale, hence retention, issues as well as occasionally resulting in unpleasant and lamentable encounters between staff and hotel guests.

The quality of the guest experience is a direct reflection of the morale of hotel staff. Not providing employees with the requisite privacy and means to "get away from work" will certainly degrade efforts by a hotelier to deliver a great guest experience. As such, on-site employee housing at 8050 is not a good idea as considered from the perspective of the hotelier, its employees, and the hotel guest.

Building "C" at 8050 – AHMP  
September 10, 2014  
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QUESTION No. 2: What is the "substantial additional affordable housing benefit" derived from the AHMP?

As set forth in our August 28<sup>th</sup> AHMP proposal, the in-lieu fee of \$23,222 per unit was invoked as the basis of calculating the mitigation fee for Building "C". As discussed in our recent meeting, our proposal was constructed using the approved AHMP for the nearby Mammoth View project as germane precedent given its land-use similarities. That said but with the sincere desire to substantively address the policy need for a demonstrated "substantial additional affordable housing benefit", we propose to increase the per unit fee by twenty-five percent (25%). As such, the policy's baseline in-lieu fee amount of \$23,222 per unit would be increased to \$29,028 ( $\$23,222 \times 125\%$ ). As applied to Building "C" this revised payment protocol would result in a total mitigation fee of \$97,244 ( $\$29,028 \times 3.35$  units). This substantively greater payment amount would, of course, serve to increase the number of available workforce housing units.

We thank you in advance for your consideration of our responses and proposed amendments to the AHMP. Please let me know should you have any questions.

Best regards,



Dana Severy

**SEVERY REALTY GROUP**

127 El Paseo Santa Barbara, California 93101  
Tel. (805) 962-8801 Fax (805) 962-8803

August 28, 2014

Jennifer Halferty  
Executive Director  
Mammoth Lakes Housing, Inc.  
587 Old Mammoth Road  
Suite No. 4  
Mammoth Lakes, CA 93546

Jennifer,

In anticipation of our meeting with you and the Board of Directors of Mammoth Lakes Housing, Inc. on September 3<sup>rd</sup>, we are pleased to submit in advance for your consideration our proposed alternative housing mitigation plan ("AHMP") for the third and final building at the 8050 complex in North Village (i.e. Building "C").

This proposed AHMP to pay in-lieu fees to satisfy the affordable housing requirement associated with Building "C" is informed by the contextual characteristics of the site and the adjacent North Village tourist node. Building "C" will be built on a very tight site atop the existing parking structure that services the entire 8050 complex. Further, the transient nature of a hotel use, coupled with consideration of the fact that the North Village neighborhood is singularly focused on providing for tourists needs, not those of community residents, renders it impractical and undesirable to provide the required units in North Village, let alone on site. In consideration of these factors, our AHMP proposes to pay the in-lieu fee of \$23,222 per unit as established in the Interim Housing Policy.

As proposed in our conditional use permit application for Building "C" that is currently being processed by the Town of Mammoth Lakes, this lodging project would contain up to 67 hotel rooms that approximate 520 square feet each. Utilizing the calculus of the Interim Housing Policy these 67 rooms equate to 33.5 units as two hotel rooms equal one whole unit. Application of the Policy's ten percent (10%) multiplier yields 3.35 units ( $33.5 \times 10\% = 3.35$ ). Thus, the total mitigation fee for Building C would equal \$77,794 ( $3.35 \times \$23,222$ ).

We thank you in advance for your consideration of our AHMP and I look forward to addressing any questions you may have next week.

Best regards,



Dana Severy



**COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**P.O. Box 1609, Mammoth Lakes, CA 93546**  
**Phone: (760) 934-8989 Fax: (760) 934-8608**  
**[www.townofmammothlakes.ca.gov](http://www.townofmammothlakes.ca.gov)**

**DATE: SEPTEMBER 11, 2014**  
**TO: MAMMOTH LAKES HOUSING, INC**  
**FROM: JEN DAUGHERTY, SENIOR PLANNER**  
**RE: INN AT THE VILLAGE ALTERNATE HOUSING MITIGATION PLAN**  
**CC: DANA SEVERY, APPLICANT FOR THE INN AT THE VILLAGE**

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On September 3, 2014, the Mammoth Lakes Housing, Inc. Board of Directors (Board) reviewed and discussed the Alternate Housing Mitigation Plan (AHMP) for the Inn at the Village project. During this discussion, the Board requested answers to the following questions to facilitate the Board's review. The Board continued the AHMP review to a special meeting on September 17, 2014.

- 1. *Where is the definition of 1 unit as 850s.f. and the conversion of 1 room = ½ unit documented?***
  - a. Municipal Code (MC) 17.24.030.A.2<sup>1</sup> (Commercial District Development Standards): "For the purposes of calculating residential density, a one bedroom unit or studio unit up to a maximum of 850 square feet of living area, shall be considered to equal ½ of a dwelling."
  - b. MC 17.32.110.C.7 (Resort Zone General Requirements): "For the purposes of calculating residential density, a hotel room, one bedroom unit or studio unit up to a maximum of 850 square feet of living area, shall be considered to equal ½ of a dwelling."
  - c. The North Village Specific Plan (NVSP) defines density based on rooms per acre; no room to unit conversion is included in the NVSP. The project site is in the Resort General (RG) designation of the NVSP, which allows 55 rooms per acre. The project would be allowed a maximum of 37 rooms to remain within the maximum density of 55 rooms per acre; therefore, a 30 room density transfer to the site is proposed to achieve a 67 room hotel.

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<sup>1</sup> The Zoning Code Update has not yet been incorporated into the Town's online Municipal Code. The Zoning Code Update is online here:  
[http://www.townofmammothlakes.ca.gov/documents/10/45/50/106/Mammoth%20ZCU%20FINAL\\_4-11-14\\_201404111228221591.pdf](http://www.townofmammothlakes.ca.gov/documents/10/45/50/106/Mammoth%20ZCU%20FINAL_4-11-14_201404111228221591.pdf)

- 5. As required by the Interim Policy, what is the “substantial additional affordable housing benefit” derived from the AHMP?**
- a. The Interim Policy identifies “additional housing benefit” as including, but not limiting to:
    - A greater number of affordable/workforce units.
    - Units that more closely meet current priorities established by MLH and/or the Town.
    - Provision of units at an earlier date than would otherwise occur.
  - b. Please see attached letter from the project applicant.
- 6. Provide the documentation regarding the approved AHMP for the Mammoth View project, which included the payment of a \$23,222 in-lieu fee for 2.92 affordable housing units.**
- a. Please see attached the Mammoth View staff report (pages 8-9) and resolution (page 14, Condition 68). There are no findings specific to the AHMP approval. The Commission minutes are also attached, but don't reflect any discussion on the AHMP.
- 7. The Interim Policy states that "The initial in-lieu fee for multi-family units shall be \$23,222..." Is a hotel automatically eligible for the same fee under the AHMP provisions or can the Town require a different fee? Why or why not?**
- a. The \$23,222 in-lieu fee was established to be applied to smaller projects that are not required to provide on-site inclusionary units. These smaller projects include lodging developments of 19 or fewer rooms. Since the Inn at the Village project proposes up to 67 rooms, it is not automatically eligible for the \$23,222 in-lieu fee.
  - b. The 2014-2015 Building Division Fee Schedule states, “Lodging developments of fewer than 19 rooms shall pay \$11,611 per room.”
  - c. An in-lieu fee may be proposed as an AHMP, but the required findings described above in Questions 4 and 5 must be met.
- 8. Does the sentence in the Interim Policy that states: “The AHMP may make use of strategies within the MLH ‘Housing Toolbox’” mean that whichever strategy is chosen by the applicant must be accepted by the Town?**
- a. No. The required findings described above in Questions 4 and 5 must be met for an AHMP to be approved.
- 9. How does the Town and/or the developer propose to make the required Municipal Code and Interim Policy findings?**
- a. The developer has described his position regarding how the proposed AHMP complies with the required Interim Policy findings in Questions 4 and 5, above. As described in the Interim Policy, if these findings can be

**2. Can housing in-lieu fees be spent on mortgage or rent assistance?**

- a. In-lieu fees "shall be used only for the purposes of planning for, administering, subsidizing, or developing affordable housing" (MC 17.136.060.A.3).
- b. "Affordable housing" is defined as "housing that is restricted as to rental rate or sales price based upon household income and size criteria as defined by the state of California or the town of Mammoth Lakes" (MC 17.148).
- c. A Revolving Loan Fund (RLF) was established in 2013 to allow efficient use of up to \$300,000 of housing in-lieu funds annually to purchase back deed restricted units. Therefore, in-lieu funds could be utilized as part of the RLF to preserve existing deed restricted housing.
- d. Town and MLH staff are continuing to discuss whether in-lieu fees could be used for mortgage assistance or rent assistance for affordable housing.

**3. What is the process to request an in-lieu fee as an AHMP? Does the applicant have to show why off-site housing was rejected before proposing an in-lieu fee?**

- a. The interim affordable housing mitigation policy (Interim Policy) does not require a process before an in-lieu fee is proposed.
- b. MC 17.136.030.D, which is superseded by the Interim Policy<sup>2</sup>, states "Only where findings can be made by the 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 Director, may the Town then approve payment of a fee in lieu of a provision of housing."
- c. Although a required process is not outlined in the Interim Policy, the required findings, described below in Questions 4 and 5, must be made to approve an AHMP.

**4. As required by the Interim Policy, why is on-site housing undesirable for the community or infeasible?**

- a. Please see attached letter from the project applicant.

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<sup>2</sup> Recital 8 of Resolution 09-76 states, "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 17.36.050 [MC 17.136.040] and the formulas and requirements set forth in Section 17.36.030 [MC 17.136.020] shall not be applicable."

made, no other Municipal Code findings related to housing are required to approve the AHMP.

If the developer proposes to utilize the findings contained in MC 17.136.040 instead of the findings in the Interim Policy, those findings are as follows:

“The Town shall consider, but not be limited to, the following criteria in evaluating an applicant's proposal for use of off-site development, in-lieu fees, establishing a housing credit or other alternate mitigation plan:

1. That the development does not require the provision of affordable housing on-site to meet service needs;
2. That the size of the proposed new development is such that production of affordable housing on-site by the applicant is not feasible;
3. That the applicant's site is not suitable for the development of affordable housing based upon location or conflicting land uses;
4. That commercial lending requirements render construction of housing infeasible;
5. That the use of mitigation fees by the Town is more appropriate than the provision by the applicant of affordable housing;
6. Purchase of qualifying existing units (Section 17.136.030D) is desirable as an off-site solution;
7. That the proposed mitigation plan will provide housing at the earliest possible date;
8. That the alternate housing mitigation plan provides more affordable units than required under Section 17.136.020; and
9. That the alternate mitigation plan provides a mix of affordability levels consistent with Section 17.136.050.

In addition to any other findings, approval of a housing mitigation plan, including the acceptance of in-lieu fees, shall be accompanied by findings of impracticality and/or findings of greater affordable housing benefit.”