

Affordable Housing Development and Finance Overview

August 4, 2021

MAMMOTH LAKES TOWN COUNCIL MEETING

Housing at the State and National Level
Town of Mammoth Lakes Opportunities and Challenges
Current Gap Analysis by Income
Financing Strategies

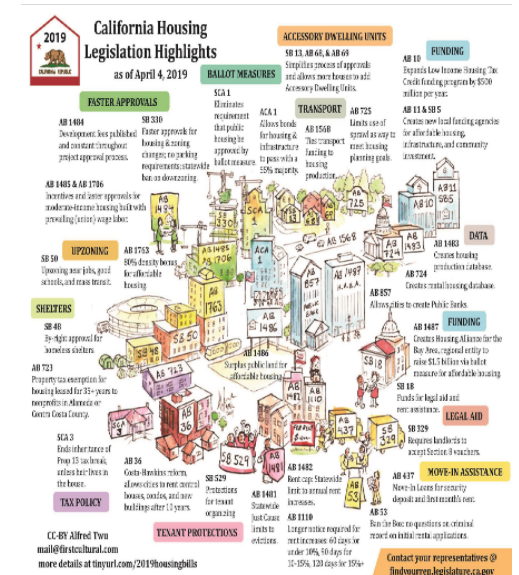
Housing at the State and National Level

- Housing Need at an All-Time High
- Inadequate Housing Production Levels
- Homelessness becoming Untenable
- Political Support for Housing Never Greater



Resulting in.....

- Housing Elevated to a National Issue
- Unprecedented Funding for Housing (esp. CA)
- Land-Use Reforms to Encourage New Housing



California's Affordable Housing Finance System

- Mostly Focused on Rental Housing at <80% AMI
 - Mono County: Single - \$44,240; 4-Person - \$63,120
- Leveraged off of the Federal Housing Tax Credit
 - Limited to Rental Housing
 - CA Tax Credit System is Oversubscribed 3 to 1

This Means.....

- Housing Production is Constrained
- Competition Necessary to Pick Projects



California's Affordable Housing Finance System

- Current Competition for Tax Credits
 - Path 1 – 9% Tax Credit
 - For smaller projects 60 units or less
 - Awards based on maximum local contribution
 - \$100,000 / unit needed to win (average)
 - Path 2 – 4% Tax Credit (*“The Parcel’s” Path*)
 - For larger projects > 60 units
 - Awards based on:
 - High Resource Areas
 - Lowest costs



Neither path favors Mammoth....but changes are coming

Affordable Housing Finance System Changes

- Federal Changes

- Affordable Housing Credit Improvement Act
 - 60% Increase in Tax Credit Funding
 - More Tax Credits for 30% AMI Units
- Increase in HOME and Gap Financing
- Middle-Income Tax Credit

- California Changes

- \$1.75 Billion to Replace Tax Credits for Projects w/ HCD \$
- HCD Loan Limits Increased for Non-Tax Credit Projects
- HCD Programs to Continue to Favor High Resource Areas



Mammoth's Challenges & Opportunities

Challenges

- High Costs
- Rural Set Aside and Why it Matters

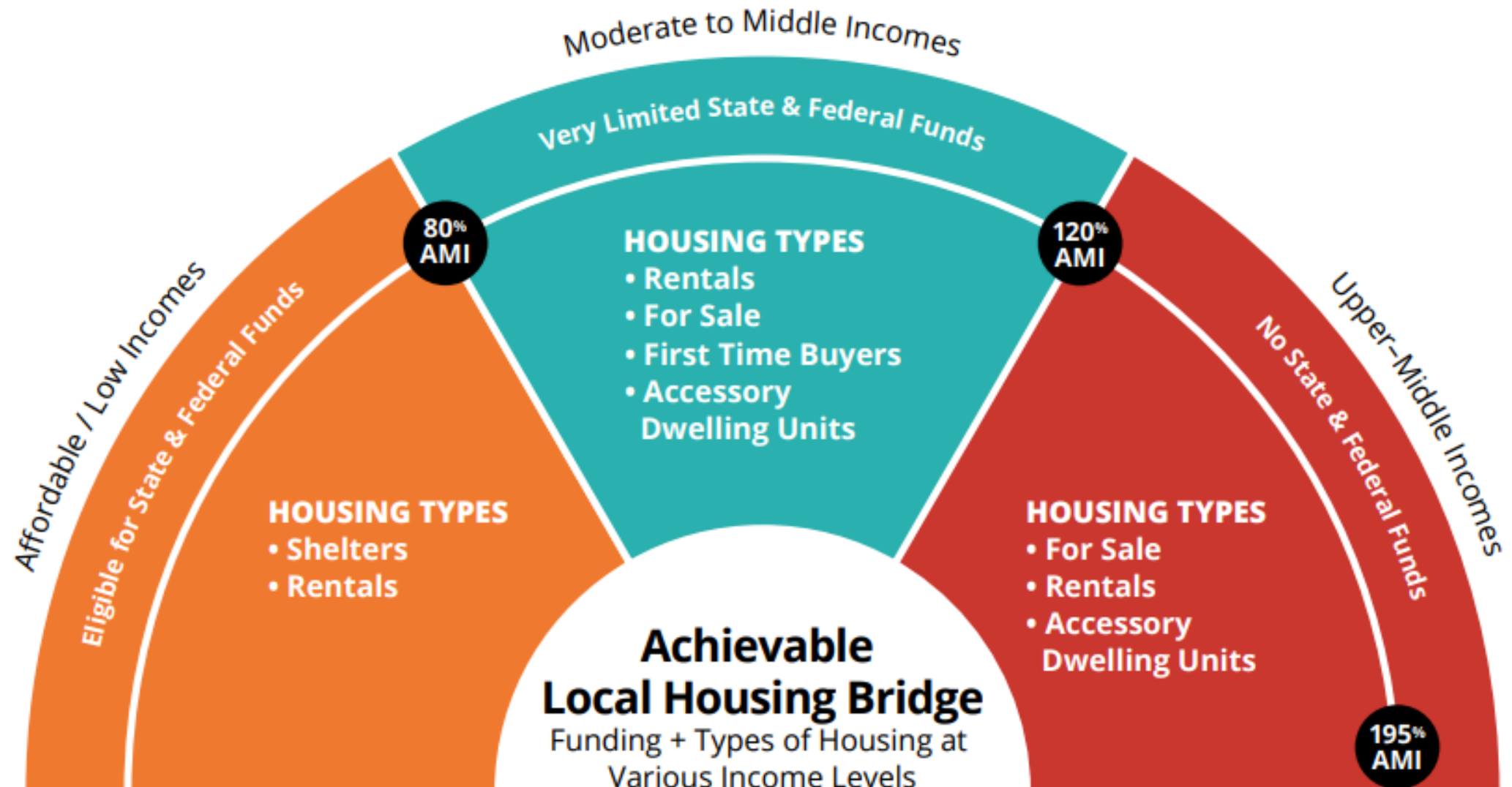


Opportunities

- Leverage Land
- Density
 - Saves Cost
 - Achieves Financing
- Entitlement
- Leverage Other Funds (IIG, Other)
- Leverage Community Support
- Experienced Developers
- Housing Advocacy



Types of Housing & Funding



80% AMI and Below - *Rental*

Family of 3 earning < \$56,880

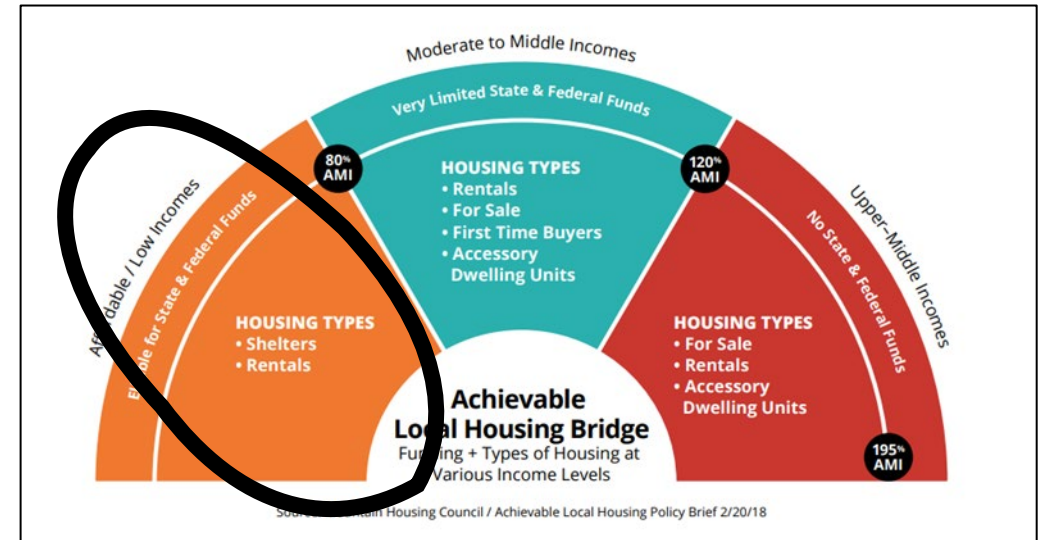
Federal & State Funds

Low Income Housing Tax Credits

- Local Gap / Unit: \$32,000
- Other Sources / Unit: \$528,000
- Total Sources Needed / Unit: \$560,000

Assumptions:

- *Prevailing wages (for podium, infrastructure)*
- *Attached multi-family rental*
- *Experienced developer / contractor*
- *Contributed land and infrastructure not included in other funding sources*



>80% - 200% AMI - *Rental*

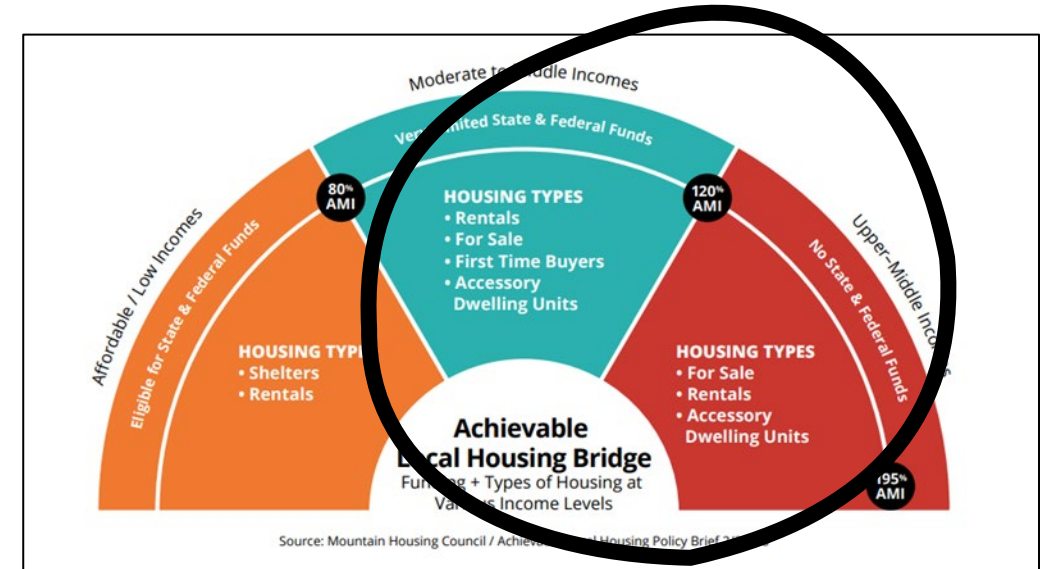
Family of 3 earning \$56,881 - \$142,200

No Major Federal / State Funding Sources
Local Sources Only
Private Donations and/or Equity

- Local Gap / Unit: \$255,000
- Other Sources / Unit: \$240,000
- Total Sources Needed / Unit: \$495,000

Assumptions:

- *Prevailing wages (for podium, infrastructure)*
- *Attached multi-family rental*
- *Experienced developer / contractor*
- *Contributed land and infrastructure not included in other funding sources*



Market rate
apartments in
Truckee, CA

>80% - 200% AMI - *Homeownership*

Family of 3 earning \$56,881 - \$142,200

Determining Income Level is a Public Policy Decision

>80-120% AMI: \$56,881-\$85,320

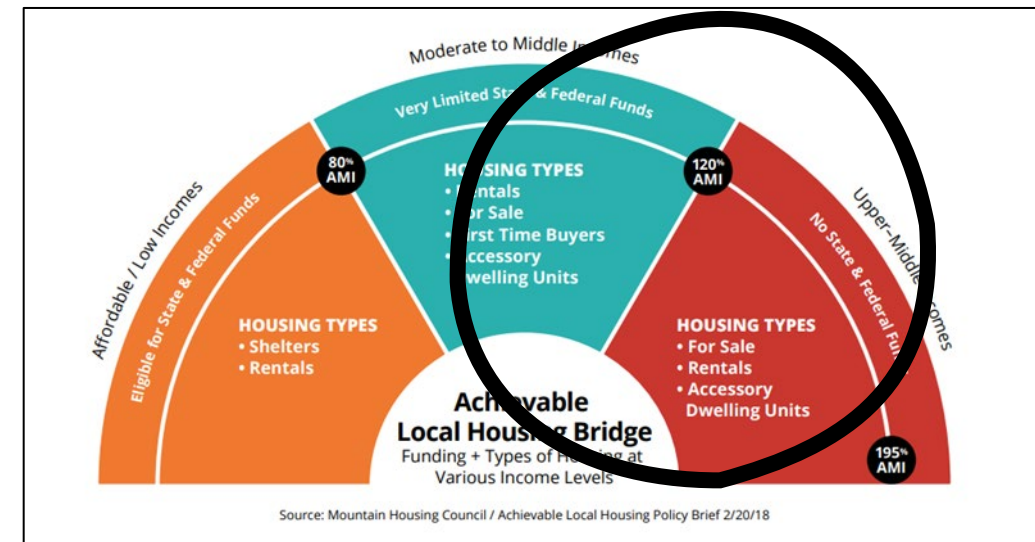
Affordable Housing Price: \$615,000

Local Gap/Unit: \$170,000 at 120% AMI

>120% to 200% AMI: \$85,321 – \$142,200

Affordable Housing Price: \$615,000

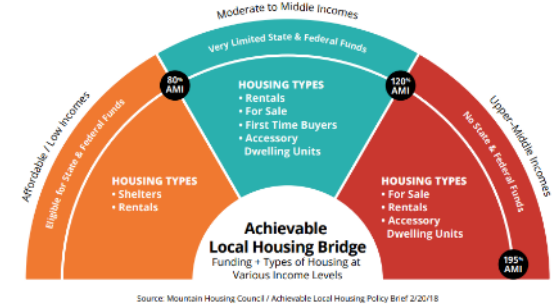
Local Gap/Unit: \$20,000 at 150% AMI



Assumptions:

- Attached condo/ townhome product
- Experienced developer / contractor
- Contributed land and infrastructure (IIG)
- Management of deed restrictions

Side by Side Comparison



	Affordable Rental with Tax Credits	Market Rate Rental	For Sale 120% AMI	For Sale 150% AMI
Product Type	25% S, 1, 2 & 3	25% S, 1, 2 & 3	50% 2, 50% 3	50% 2, 50% 3
Sources of Funding / Unit				
Conventional Permanent Debt	74,000	165,000	-	-
Tax Credit Financing	410,000	-	-	-
IIG Podium Construction	44,000	44,000	-	-
Conventional Equity	-	31,000	-	-
Sales Proceeds	-	-	445,000	595,000
TOML Contribution	32,000	255,000	170,000	20,000
Total Sources of Funding / Unit	560,000	495,000	615,000	615,000

Financing Strategy- Best Practices

“Alternative financing is needed to provide housing and assistance for households earning over 80% AMI. Many comparative resort communities rely on partnerships and local financing and programs to provide housing assistance at higher income levels.”
~2017 Housing Needs Study

- Federal and State Grants/ Loans
- Land Acquisition / Land Banking
- Dedicated Local Tax
- Private Donations

2017 CHAP

Matrix of Responsibilities by Type of Action (ContinuedHOUSING STRATEGY	STRATEGY TYPE	IMPLEMENTATION RESPONSIBILITIES					
		Town	MLH	Chamber	MMSA	Employers	Other
Finance							
Dedicated local tax	Funding	S	S/L				
Federal and state grants/loans; LIHTC	Funding	L/S	L/S				Lead depends upon task
Private donations/Grants	Funding		x	x			Lead TBD

Questions & Answers



THE PARCEL UPDATE

SOUTHWEST VIEW

The Parcel Update

August 4, 2021

MAMMOTH LAKES TOWN COUNCIL MEETING

Update on Plans and Financing
Schedule

Phase 2 Strategy (ROW & Units)

IIG Update

>80% + Units?

Future Phases

WHERE WE ARE...

2019-2020

Needs
Assessment
(2017)

The Parcel Public
Planning Process

Town Council
Acceptance
(12/2019)

March 2020
RFQ Award

2020-2021

Request For Bids- Surplus
Land Act Accommodation

Due Diligence &
Master Planning

Master Plan/
Zoning
Approval

Use Permit/ DR
Approval, Bid
Award

Financing

Site Work
Begins (2021)*

Construction
Completion
(2023)

Lease Up
Begins
(2023)

Property
Management
(2023/24)

**based on funding*

Conceptual
Land Use Plan
The Parcel

Prepared by: Mammoth Lakes
Request for: Diverse Housing Inventory
December 2019



Town of Mammoth Lakes
2019-2027 HOUSING ELEMENT

Downtown Revitalization
Action Plan

Project Schedule- Phase I

Tree Marking/ BMPs - **NOW**

Tree Removal (ROW Phase I) - Sept. / Oct.

~~BREAK FOR WINTER~~

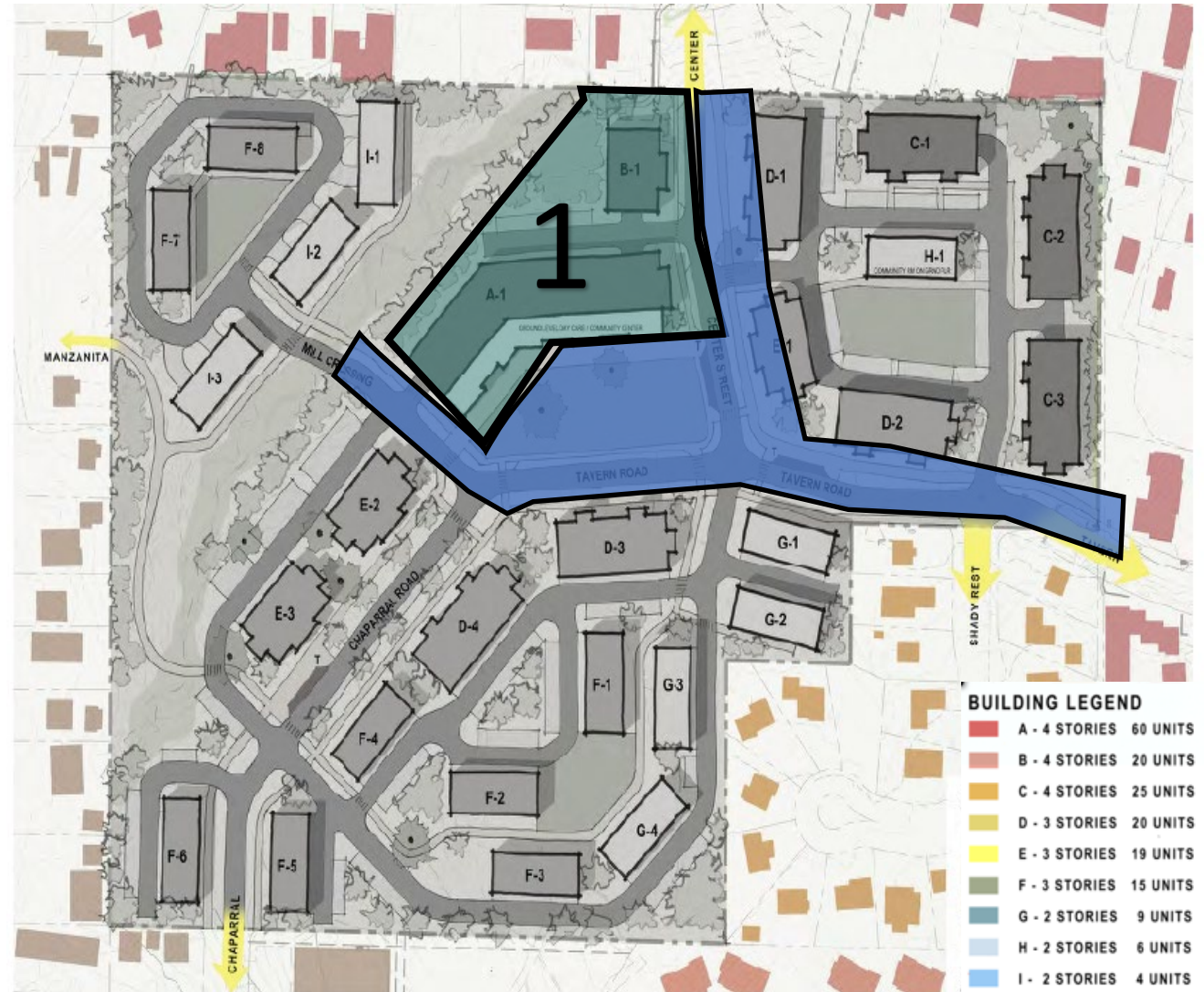
Grading / Utilities - April – July 2022*

Foundations / Podium - June – Oct. 2022

Set Modules - Oct. – Nov. 2022

Completion - May 2023

**groundbreaking celebration*



Project Schedule – Phase 2

Tree Marking/ BMPs - **NOW**

Tree Removal (ROW Phase I) - **Sept. / Oct.**

~~**BREAK FOR WINTER**~~

Grading / Utilities - **April – July 2022 ***

Foundations - **June – Aug. 2022**

Set Modules - **Sept. – Oct. 2022**

Completion - **May 2023**

**groundbreaking celebration*

PHASE 2 ROW

Design & Permit – **Fall / Winter**

PHASE 2 RESIDENTIAL

Design Review – **Jan. 2022**

Financing – **February 2022**

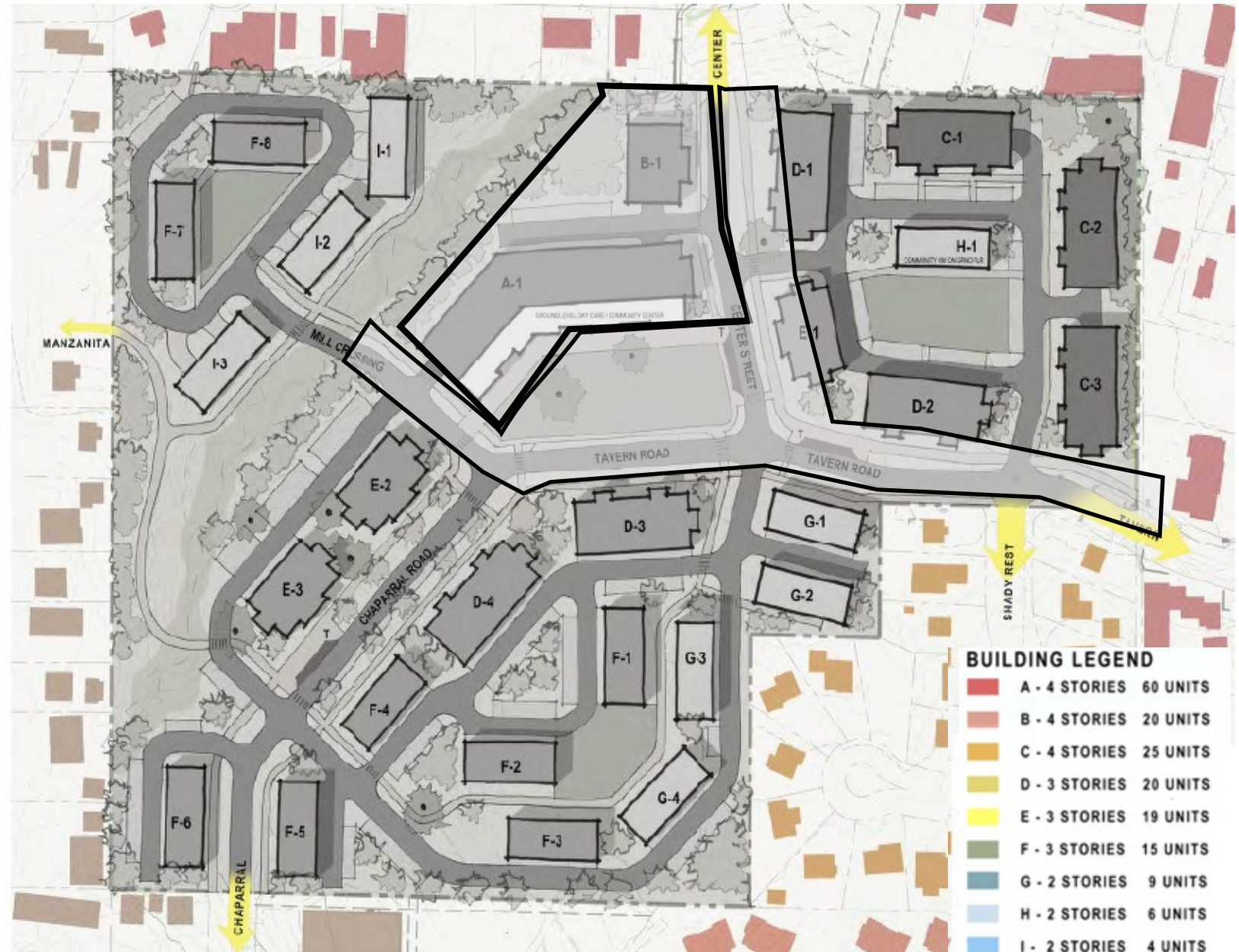
Tree Removal - **April 2022**

Phase 2 – ROW

Extension to Chaparral

And Off Site
Improvements:

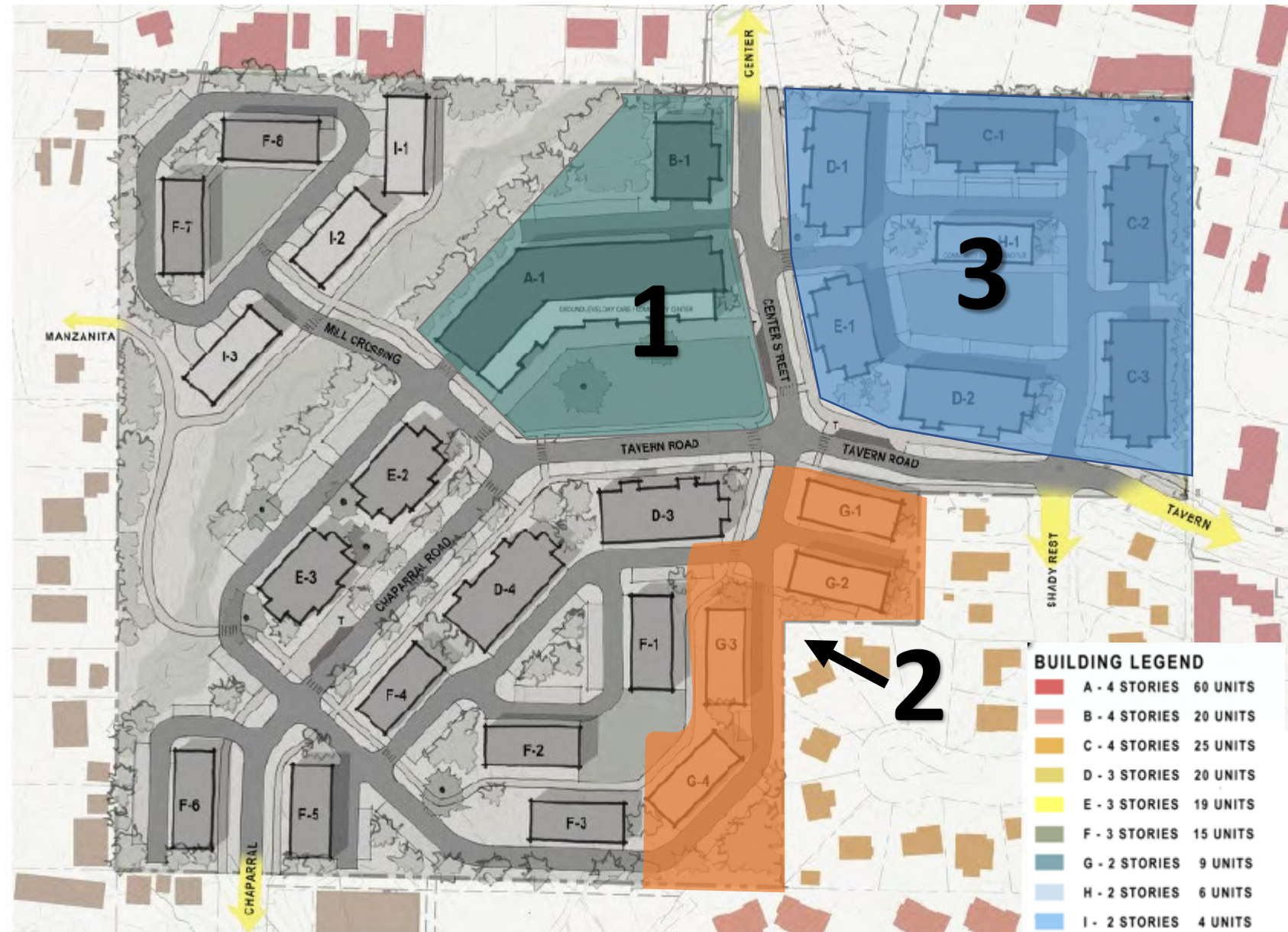
Broadband Extension
Center/ Main Sidewalks
Tavern Sidewalks



Next Phase(s)

What is the priority?

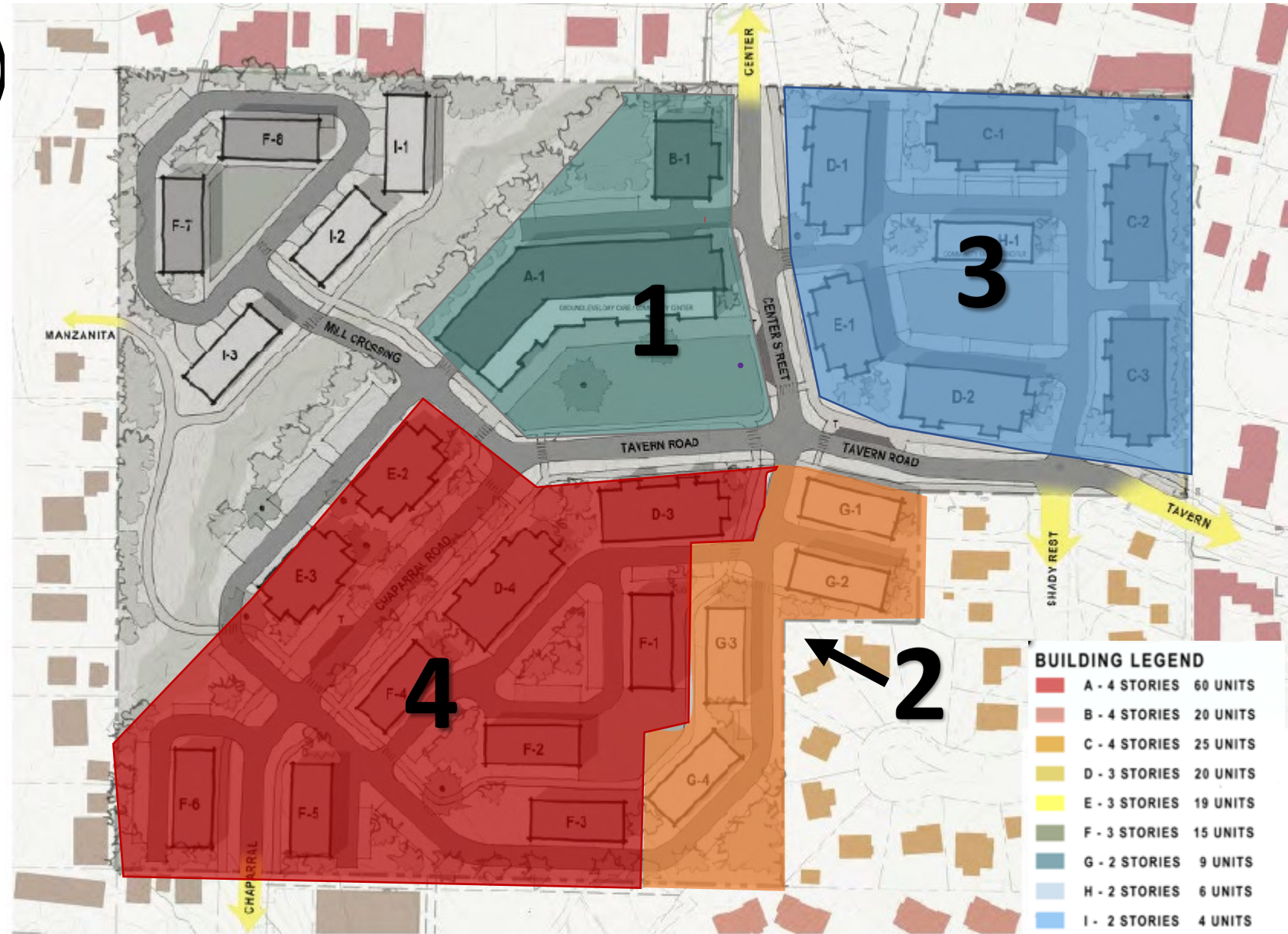
- 2 - higher incomes, less density/ height
- 3 - internal to the site, using Phase 2 IIG infrastructure
- 2 - requires *more* local funds. Can be in the ground ASAP.



Next Phase(s)

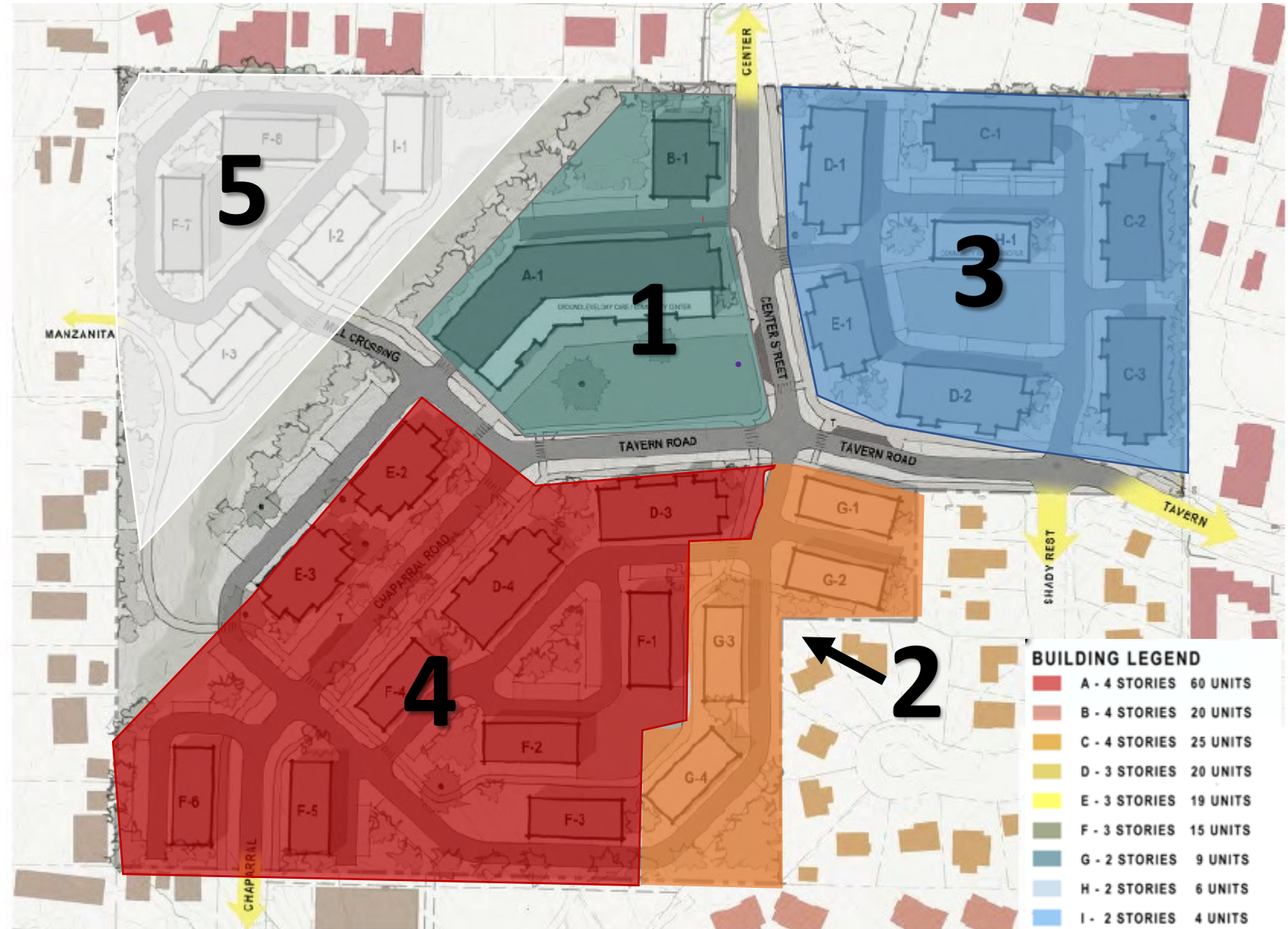
As an example...

Master Plan is Flexible










Next Phase(s)

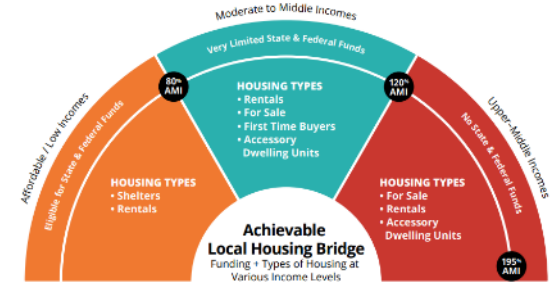
- NW corner will likely be last phase.
- As per the Master Plan these phases may change...



BUILDING LEGEND

	A - 4 STORIES	60 UNITS
	B - 4 STORIES	20 UNITS
	C - 4 STORIES	25 UNITS
	D - 3 STORIES	20 UNITS
	E - 3 STORIES	19 UNITS
	F - 3 STORIES	15 UNITS
	G - 2 STORIES	9 UNITS
	H - 2 STORIES	6 UNITS
	I - 2 STORIES	4 UNITS

Side by Side Comparison Refresh



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Possible Phasing Plan & Local Subsidy

		Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	
Project Start		Fall 2021	Summer 2022	Summer 2022	Spring 2023	Spring 2024	
Project Completion		Summer 2023	Fall 2023	Fall 2024	Fall 2025	Fall 2025	
Units Produced		81	24	162	136	47	450
Unit Types		Rental	For-Sale	Rental	Rental	For-Sale	
Income Targeting		30% - 80%	120% - 150%	30% - 80%	30% - 80%	120%	
TOML Funding Needed*		\$293,600	\$2,280,000	\$5,184,000	\$4,352,000	\$4,465,000	\$16,574,600
TOML Funding / Unit		\$3,625	\$95,000	\$32,000	\$32,000	\$95,000	\$36,832
TOML Commitment		Complete	February-22	February-22	September-22	February-24	
TOML Funding Date		April-22	June-22	February-24	September-24	May-24	
<i>*Phase I TOML Funding low due to Mono County and State funding; need depicted does not include land and IIG</i>							
<i>IIG Earned - based on housing type and income targeting</i>		<i>\$3,534,084</i>	<i>\$504,000</i>	<i>\$7,898,472</i>	<i>\$6,630,816</i>	<i>\$2,059,100</i>	<i>\$20,626,472</i>

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		Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	
Project Start		Fall 2021	Summer 22	Summer 22	Spring 23	Spring 24	
Project Completion		Summer 23	Fall 23	Fall 24	Fall 25	Fall 25	
Units Produced		81	24	162	136	47	450
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Infill Infrastructure Grant Award

- \$20.6 Million- Unprecedented Rural Award (*largest ever*)
- Public Infrastructure AND Podium Parking
- The Award is Conditioned on Delivery of Units - affordability & unit size, homeownership & rental
- IIG Award based on 450 units
 - 50 moderate homeownership units
 - 400 Rentals in Total
 - 368 for 60% AMI and Below
 - **DDA Max = 450 units, removes flexibility w IIG**



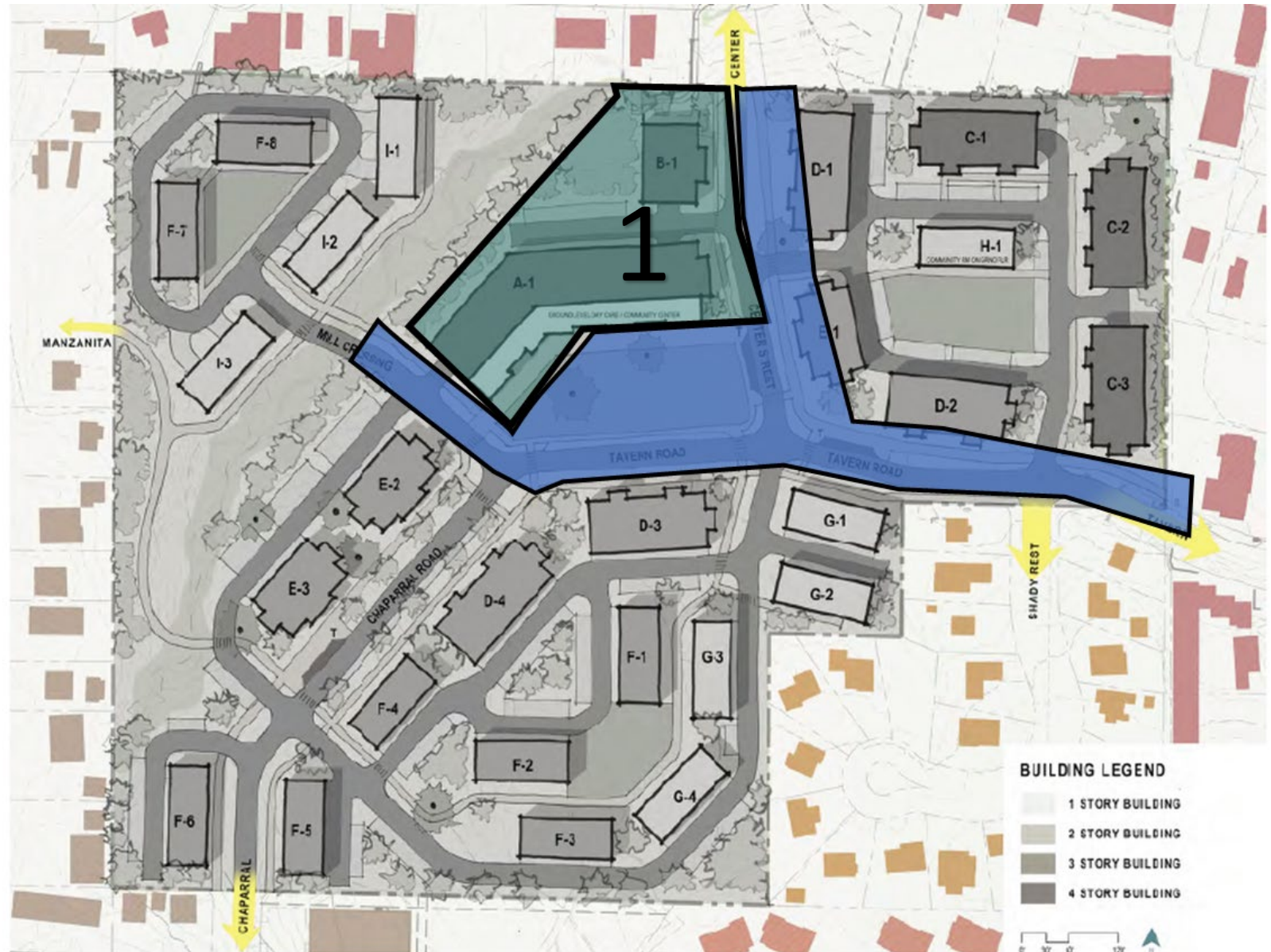
Phase 1 - IIG

IIG Total: \$20.6m

- ROW, \$4m

- Podium \$3.6m

Remaining \$13m



Phase 2 & 3 - IIG

Remaining: \$13.1m

- ROW 2 \$1.6m

\$11.5m

*

- OFF SITES \$500k

\$11m

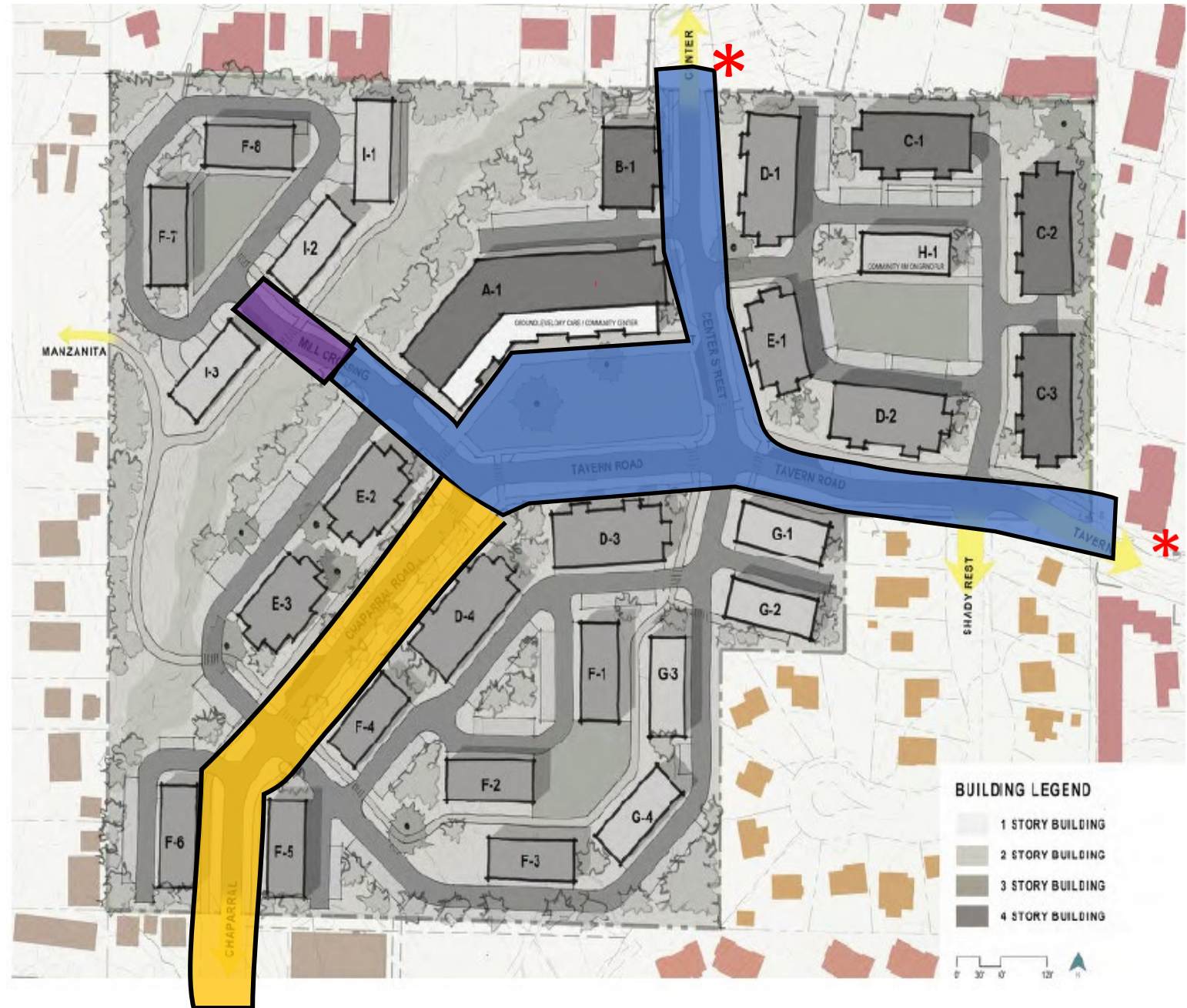
- ROW 3 \$2.5m

\$8.5m

Balance of \$8.5m for podium parking

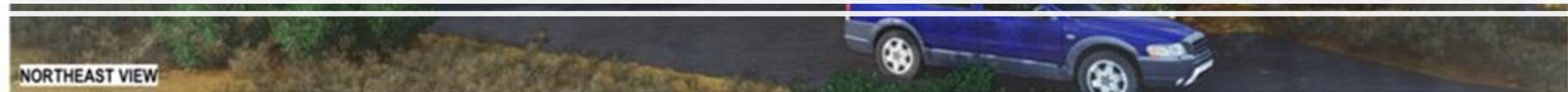
No Local Subsidy needed for ROW

Off-Sites: Tavern, Center, Main, Utility
(Broadband) Extension





Questions?



NORTHEAST VIEW