

Planning and Economic Development Commission Agenda Action Sheet

Title: Housing Program Update and Discussion

Commission Meeting Date: 12/8/2021

Prepared by: Nolan Bobroff, Associate Planner – Housing Coordinator

Recommended Motion: Receive the presentation from staff and provide comments on the Town's Housing Program

Summary: Staff has prepared this report to provide a general update to the Planning and Economic Development Commission (PEDC) on the Town's current Housing Work Program.

- **The Parcel**

Phase 1 of the Parcel consists of 81 units (*80 affordable units, 1 managers unit*) within two buildings. The project also includes covered podium parking, a daycare facility, community area, and a public park. All the affordable units will be available to households earning 80% or below of the area median income (AMI).¹ Grading began in summer 2021 and the building permit for Phase 1 is expected to be issued in early 2022. The target occupancy date for Phase 1 is summer/fall 2023.

The developer has been working with staff to determine the location and the type of units to be prioritized in Phase 2 and it is anticipated that Phase 2 will consist of 100 - 162 rental units. The project will require a major design review application be approved by the PEDC prior to the issuance of building permits. The application is expected in late 2021 and will be presented to the PEDC in early 2022.

- **Bridge Loan Program**

The Town, in partnership with Mammoth Lakes Housing, Inc. (MLH), implemented the Bridge Loan Program in 2021 with the goal of increasing the number of affordable ownership units within the Town. The program allows for the purchase of market-rate units that will be resold at a price affordable to households earning 120% or less of the AMI.² The subsidy to reduce the price to an affordable level comes from the funding allocated to the Town's housing program by the Town Council in 2021 (*\$1M allocated to the Bridge program*) and the subsidy amount is anticipated to range from \$100,000 - \$130,000 per unit. The goal of the program is to deed restrict 6 - 8 units in the first year of the program.

The initial unit was acquired in November 2021 (*4-bedroom unit in the San Joaquin Villas complex*) and that unit will be listed for sale in early 2022. The Town and MLH are actively searching for additional units to acquire and currently have two additional units under contract.

¹ The 2021 income limits for the various AMI levels and household sizes are:

- 80% AMI: \$51,800 for a household size of 2; \$64,700 for a household size of 4
- 120% AMI: \$77,950 for a household size of 2; \$97,450 for a household size of 4

² The target AMI for the Bridge Loan Program and 60 Joaquin is set at 120% AMI because this is the income group that is not eligible for assistance using State and Federal funding sources thereby requiring local funding sources.

- **New Housing Development - 60 Joaquin Road**

The Town purchased the vacant 0.25-acre lot located at 60 Joaquin Road in summer 2021 with the goal of developing a six-unit affordable multi-family planned unit development (PUD) available to households earning 120% or below of the AMI.² The Town Council allocated \$3M in funding for the project in 2021.

The Town is currently in the procurement process to bring on a Design-Build entity to design and construct the project.³ The Town hopes to select the Design-Build entity in early 2022 with construction beginning in summer 2022 and a target occupancy date of spring 2023. It is anticipated that the PEDC will be reviewing the entitlements (*use permit for an affordable housing density bonus, tentative map for the PUD, and design review*) for the project in spring 2022.

- **Rehabilitation Housing Project - 238 Sierra Manor Road**

The Town has committed \$1.5M in funding to assist MLH with their 238 Sierra Manor Road project which will rehabilitate and convert an existing commercial property with two structures into 11 one-bedroom affordable housing units available to households earning 80% or below of the AMI. The project relies on a number of other funding sources, including a federal HOME Investment Partnership Program (HOME) grant and Community Development Block Grant (CDBG), and MLH is awaiting notification of an award from those two federal funding sources before moving forward with construction.

- **Creative Housing Fund**

The Town Council allocated \$1.5M towards future affordable housing opportunities achieved through public/private partnerships. The goal of this program is to generate at least six deed-restricted units and the basic concept of the program would be that in exchange for funding (i.e., sale of the deed restriction), the developer would agree to rent, or sell, to income-qualified households. Staff continues to discuss potential partnerships with developers but has not reached any formal agreements.

- **Deed Restriction Monitoring**

Staff have identified all of the existing Town-monitored deed-restricted units and are in the process of determining compliance with the applicable deed restriction. Certified mail letters have recently been sent out to the property owners requesting documentation to demonstrate compliance. Going forward, these units will be monitored annually.

MLH continues to monitor the MLH-monitored units on an annual basis.

- **State and Federal Grant Programs**

The Town continues to apply for State and Federal housing grants for homebuyer assistance and in 2020 and 2021, nine (9) households were provided homebuyer assistance using grant funds (*CDBG, HOME, BEGIN*). Approximately \$900,000 in grant funding was provided which leveraged \$2M of private investment for a total of \$2.9M in local real estate investment. The Town's 2016 HOME and 2017 CDBG grants both expired in 2021; however, the Town submitted a new CDBG homebuyer assistance grant application for \$500,000 in June 2021 and anticipates submitting a HOME grant application for homebuyer assistance upon release of the HOME Grant NOFA. In the interim, homebuyer assistance grants can be provided using

³ To review additional information about the project or the procurement process, please visit: <https://secure.procurenow.com/portal/townofmammothlakes/projects/14033>.

BEGIN funds, but funding availability is limited and the funds can only be used at specific properties.

- **State Regional Housing Needs Allocation (RHNA) Progress**

The State requires all jurisdictions demonstrate how they plan to meet the housing needs of everyone in the community through the adoption of a Housing Element and implementation of the Regional Housing Needs Allocations (RHNA). The RHNA is established by the State and sets the target for how many units at various income levels are needed county-wide to satisfy the minimum housing demand at a future specified date based on projected population and the number of existing housing units. The timeframe of the RHNA coincides with the State mandated Housing Element cycles and the Town is currently within the 6th Housing Element cycle which spans from 2019-2027. For the 6th cycle, the State determined that 240 new housing units spread across various income levels were needed county-wide by 2027 and that the Town is responsible for providing 155 of those units. Jurisdictions are then required to identify in the Housing Element an adequate amount of vacant land to accommodate the unmet RHNA numbers for each income category and are required to annually report to the State the progress that is being made towards meeting the jurisdictions share of the RHNA. The annual report tracks housing development from entitlement through occupancy and relies on the number of permits issued, rather than the number of permits completed, to demonstrate progress. The following two tables summarize recent and projected housing development.

Table 1 – Housing Development Progress (2018 – 2021)¹					
	Extremely Low	Very Low	Low	Moderate	Above Moderate
NUMBER OF ENTITLED UNITS ²					
2018	0	0	0	0	5
2019	0	0	0	0	193
2020	0	0	11	0	18
2021	0	0	450	0	6
NUMBER OF UNITS PERMITTED ^{2, 3}					
2018	0	0	0	0	38
2019	0	0	0	0	41
2020	0	0	0	0	61
2021	0	0	0	0	42
NUMBER OF UNITS COMPLETED ²					
2018	0	0	0	0	22
2019	0	0	0	0	41
2020	0	0	0	0	37
2021	0	0	0	0	46
<p>¹ The State implemented the current method of tracking housing development from entitlement through occupancy in 2018 and the purpose is to better inform policy decisions at both the local level and the State level and determine whether there are issues or barriers at the various points in the development cycle that are preventing, or causing delays to, the development of affordable housing.</p> <p>² Specific details on the development projects that make up the various housing development statistics are available in the Housing Element APR for that year (https://www.townofmammothlakes.ca.gov/808).</p> <p>³ The permit for Phase 1 of the Parcel is anticipated to be issued in 2022 and will be included in the stats for that year.</p>					

Table 2 – RHNA Progress (2019 – 2030)¹					
Year Constructed/ Restricted ¹	Extremely Low	Very Low	Low	Moderate	Above Moderate
RHNA 2019-2027	10	16	30	34	65
2019	0	0	0	0	41
2020	0	0	0	0	61
2021	0	0	0	0	42
Total	0	0	0	0	144
<i>Total Remaining by Income Level</i>	<i>10</i>	<i>16</i>	<i>30</i>	<i>34</i>	<i>0 (79 units over the allocation)</i>
Anticipated²					
2022	8	8	75	18	TBD
2023 – 2025	60 – 160 Units (Phase 2 of the Parcel)			6	TBD
2026 – 2030	254 Units (Phases 3 – 5 of the Parcel)			15	TBD
Total²	> 10	> 16	> 30	39	102
<i>Total Remaining by Income Level</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<p>¹ The State relies on the number of building permits issued, rather than the number of permits completed, to demonstrate progress in meeting the jurisdiction’s share of the RHNA for the planning period.</p> <p>² The numbers shown in the anticipated rows are reflective of the anticipated development projects and are provided to demonstrate that the Town anticipates achieving the RHNA numbers for all income categories by 2027; however, the actual breakdown of units for the Extremely Low through Low-Income categories will be determined by the future phases of the Parcel development.</p>					