

TOWN COUNCIL STAFF REPORT

Title: Town Council Joint Meeting with Mammoth Lakes Housing to Discuss
Key Focus Areas for Fiscal Year 22-23 Contract

Meeting Date: February 9, 2022

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RECOMMENDATION:

Staff recommends Town Council and Mammoth Lakes Housing Board discuss the key focus areas for the FY22-23 Mammoth Lakes Housing (MLH) contract renewal.

BACKGROUND

On July 7, 2021, the Town Council discussed the MLH contract and approved a one-year contract which expires on June 30, 2022 (Attachment 1). When the Town Council approved the MLH contract, they provided direction to Town staff to seek out additional housing programs and determine the level of support needed from MLH for the new housing programs. MLH has provided real estate services for the new Town “Bridge Program” and has continued to assist the Town with identifying and applying for grant funding. Since execution of the Town contract, MLH has pursued other contract work, grant applications such as the HomeKey hotel conversion project, and continues to seek out additional funding for Access Apartments project (238 Sierra Manor Road). The dynamic nature of the Town’s Housing Now! program, changing state laws, new funding streams, COVID-related support programs and the high demand for affordable, workforce housing has challenged the current contractual structure.

In the past, Town and MLH staff have prepared a draft contract for consideration by the Town Council and the MLH Board. For the 2022 contract negotiations, the Town Council provided direction that rather than staff preparing a draft contract for consideration, they would like to discuss and identify priority focus areas that the Town would like MLH to focus on for the next contract period and frame the contract around these focus areas.

The funding for the current contract is a fixed amount of \$336,000 per year with an opportunity for MLH to request additional funding for specific projects. In the past, MLH has provided services outside of the scope of the contract without additional compensation (e.g., Covid tenant rental assistance) and has also requested additional funding for specific projects (e.g., MLH real estate services associated with certain units purchased and sold through the Bridge Program). While the Town funds a majority of the operating costs for MLH, they do receive funding from Town grant implementation (i.e., activity delivery and administrative funding), non-Town grants, and contract work for other agencies. The structure and requirements of a new contract will inform any modifications to the funding amount.

The Town Council held a meeting on February 2, 2022 to prepare for the joint meeting with Mammoth Lakes Housing. During the meeting the Council discussed the focus areas prepared by staff (see discussion below) and also requested additional information from MLH regarding discussions on shifting the organization to have a more regional scope as well as the current branding process being undertaken. The Mammoth Lakes Housing Board conducted a meeting on February 7, 2022 to prepare for the joint Town Council/MLH Board meeting. Staff will provide a summary of the meeting discussion as a separate attachment after the publication of this report.

ANALYSIS:

The Town Council holds joint meetings with NGOs as part of the contract development and work program update. The intent of these meetings is to allow the Council and the NGO Board to discuss a variety of issues/items that are relevant to both groups. The joint meeting agenda is as follows:

1. Town's Housing Program Highlights
2. MLH Housing Program Highlights
3. Town Council Identified Contract Focus Areas (as discussed below)
4. Next Steps for MLH Contract
5. Other Items

The first two items will give Council and MLH an updated understanding of the current work programs and projects being undertaken by each agency.

Town of Mammoth Lakes' Housing Now! Program Highlights

- *The Parcel.* Phase 1 of the Parcel is under construction and includes 81 units (80 affordable units, 1 managers unit). The target occupancy date for Phase 1 is fall 2023. Funding secured for the project includes a \$20.6 million Infill Infrastructure Grant (spread across multiple phases) and a \$38.6 million State Housing Accelerator grant award for Phase 1.

The design review application for Phase 2 is expected to be submitted in early 2022 and it is anticipated that Phase 2 will consist of 100 – 162 rental units.

- *Bridge Program.* This program is operated as a partnership between the Town and MLH and 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. \$1M was allocated to the program with the goal of acquiring 6 – 8 units in the first year of the program. There are currently five units being processed through this program.
- *New Housing Development.* The Town purchased a vacant 0.20-acre site located at 60 Joaquin Road in 2021. The goal is to develop a four-unit affordable multi-family planned unit development (PUD). The Town Council allocated \$3M in funding for the project in 2021, however staff anticipates that the actual costs will be below \$3M. The Town is currently in the procurement process to bring on a design-build entity to design and construct the project. The target occupancy date for this project is summer/fall 2023. During the due diligence exercise before purchasing the

property the Town reviewed the public information available for the property which indicated that the site was .25-acres, and after purchase the Town conducted a survey of the site and found that it was 0.20 acres which reduced the maximum density from six units to four.

- *Creative Housing Fund.* The Town Council allocated \$1.5M in funding towards creative housing solutions. The purpose of this program is to be flexible and reactive to various housing opportunities that arise and allows for partnerships with private developers or other partners. The Town committed \$1M of these funds to support the joint HomeKey Application between the Town and MLH. Mono County also committed \$550,000.
- *Deed Restriction Monitoring.* Staff have identified all the existing Town-monitored deed restricted units and are in the process of determining compliance with the applicable deed restriction. Certified letters were mailed out in December 2021 and responses are trickling in. Going forward, these units will be monitored annually.
- *Grant Programs.* The Town continues to review and apply for State and Federal grant programs. MLH often serves as a subrecipient to the Town for CDBG and HOME grants. Staff anticipates submitting a HOME grant application for homebuyer assistance in response to the HOME 2020-2021 NOFA and are considering a CDBG grant application for homebuyer assistance (*the Town's 2021 CDBG application was denied*).
- *Legislative Updates.* Staff continues to monitor various housing related legislative actions and implements code or process changes as necessary. Staff recently completed zoning code updates to implement recent state law changes related to accessory dwelling units and duplex/urban lot splits in residential areas (SB 9). Additionally, staff have implemented internal processes related to the State's Preliminary Housing Development process (SB 330, Housing Crisis Act) and the Affordable Housing Streamlined Approval process (SB 35).
- *Pre-Approved ADU Plans.* The Town is working with Mono County to adopt pre-approved building plans for accessory dwelling units (ADUs). The program will reduce the permitting time and costs for property owners looking to construct an ADU.
- *Revolving Loan Program.* The Town maintains a revolving loan fund of \$600,000 used in partnership with MLH to buy back deed restricted units for which a qualified buyer is not secured in the required time frame. Mono County also provides up to \$300,000 for this program.
- *Employee Housing.* The Town has four units used for employee housing. The units are used to allow employees a place to live as they look for permanent housing opportunities. Units have been used to assist other local agencies and non-profits.
- *COVID Rental Assistance.* In response to the COVID-19 Pandemic the Town committed \$581,625 in General Fund support and \$68,375 in CDBG CARES ACT funding providing a total of \$650,000 administered by MLH to provide rental assistance. Another \$877,000 in grant funds was provided to local businesses.

- *Access Apartments Partner.* The Town has committed \$1.5 million in support for MLH's 11-unit Access Apartment project.

MLH Housing Program Highlights

Please see Attachment 2 (MLH Success Infographic). Additionally, staff has provided the 2019-2023 Mammoth Lakes Housing Strategic Plan for informational purposes as Attachment 3.

Town Council Identified Contract Focus Areas

The primary focus of this meeting is to inform the contract discussion by defining key focus areas that are of importance to Council. This process gives the Town Council the opportunity to convey the top program priorities to the MLH Board in order to craft a focused scope of work for the 2022 contract for MLH-provided housing related services. The focus areas as discussed by the Town Council on February 2, 2022 include:

1. *Creation and preservation of deed restricted units*
 - a. *Use Revolving Loan Fund (RLF) to preserve deed restricted units*
 - b. *Use the Town Bridge program to add new units*
 - c. *Define funding and programs to add affordable deed restricted units (e.g., HomeKey project).*
2. *Develop and maintain a proactive wait list for both renters and owners/matching households with appropriate housing units (affordability level, family size, rental, ownership etc.)*
3. *Seek out and apply for grants to bring more money to produce new housing units in Mammoth Lakes*
 - a. *Traditional funding sources like CDBG, HOME*
 - b. *Non-traditional sources (e.g., Community Reinvestment Act (CRA)),*
 - c. *Provide options to maximize federal, state, and other funding sources.*
 - d. *Actively manage, report, track, and promote grant funding*
4. *Provide Real Estate Services*
 - a. *Buy and sell units for the Bridge Program*
5. *Provide housing services and information to community members*
 - a. *Office hours*
 - b. *Website*
 - *Provide information on housing related resources and/or services (consider training 'housing ambassadors' or 'ombudsmen' to increase capacity)*

This meeting allows the Town Council to discuss these focus areas with the MLH Board, receive feedback from the Board, and provide Town and MLH staff with direction on focus areas to include in the draft 2022 contract. Each focus area will have additional deliverables to define expectations and the specific work program. This will allow MLH to provide an informed response as to how they can make progress in each focus areas.

The current contract (approved by the Town Council on July 7, 2021) is included for reference as Attachment 1. Staff recommends that the Council and Board discuss the focus areas outlined above and staff can bring back an updated contract that includes the appropriate level of detail to support these focus areas.

Other Items

Currently, MLH operates as a Brown Act body due to the appointment of a Town Councilmember and Mono County Board of Supervisor on the MLH board by the respective governing bodies. There have been discussions in the past of changing the relationship between the Town and MLH to be a purely contractual relationship with an independent non-profit which would include removing the local governments directly appointing representatives. This would require changes to MLH structure including amendment of its bylaws. MLH is also a Community Housing Development Organization “CHDO”, which restricts some involvement of the local elected officials on the board, as well as the Board makeup but allows MLH to have access to other funding opportunities. As MLH secures other service contracts and expands services beyond the Town, the flexibility afforded to a standalone non-profit may be beneficial. The Town could simply contract for certain services and/or provide a direct contribution for the public benefit provided by MLH. The Town Council discussed this on February 2, 2022 and would like to receive feedback from the MLH Board on this concept. If the Town Council provides direction to consider a different relationship structure, staff will analyze this option and will provide the Town Council and MLH with the positives and negatives of this type of change.

Next Steps

The next steps include - draft MLH contract presented to Town Council no later than May 4th, with a final contract on June 1, 2022.

ATTACHMENTS:

Attachment 1: MLH Contract dated July 1, 2021 – Available online here:

<https://www.townofmammothlakes.ca.gov/DocumentCenter/View/11883/A-2078-MLH>

Attachment 2: MLH Success Infographic

Attachment 3: MLH Strategic Plan – Available online here:

[https://mammothlakeshousing.org/wp-content/uploads/2019/06/MLH Strategic Plan 2019 v7.FINAL .pdf](https://mammothlakeshousing.org/wp-content/uploads/2019/06/MLH_Strategic_Plan_2019_v7.FINAL_.pdf)