

STR ADVISORY COMMITTEE STAFF REPORT

Title: Discussion and review of information and direction on Committee goals and work Program

Meeting Date: November 13, 2023

Prepared by: Daniel C. Holler, Town Manager
Rob Patterson, Finance/Administrative Services Director

RECOMMENDATION:

Discuss information presented and work with staff to establish goals, work program, and initial actions to be considered.

BACKGROUND:

The Town Council adopted Ordinance 23-10 imposing a moratorium on the issuance of new Short-Term Rental (STR) Certificates in defined zoning areas within the Town of Mammoth Lakes on October 18, 2023. The action was taken as an urgency ordinance making the Ordinance effective for 45 days, which will expire on December 2, 2023, unless extended. The Town Council has the option to extend the Ordinance for an additional 10 months and 15 days. The Town Council will consider the adoption of a proposed extension at a special meeting on November 29, 2023. One of the recommendations the Advisory Committee will be asked to consider is the time of an extension. Provided the Committee can prepare recommendations for Town Council consideration in February, staff is recommending that a shorter extension be recommended at the most to the end of May 2024.

The temporary urgency ordinance establishing the 45-day moratorium on the issuance of new Short Term Rental Certificates was adopted in response to the significant and increasing shortage of housing that is affordable to the local workforce and the need to protect the health, safety and welfare that results from the lack of available safe and affordable housing. Staff has also been working on the implementation of a “certified property” program to address enhanced management and quality of life issues related to Short Term Rentals (STRs).

The appointment of the STR Advisory Committee is designed to provide policy recommendations to the Town Council regarding the overall management of Short Term Rentals and potential changes to Short Term Rental of residential units that may assist the Town in addressing the lack of affordable housing. The attached report prepared for Town Council consideration on November 15, 2023, provides detailed information and identifies several areas for the Committee to consider.

As seen in the review of actions taken by cities and counties across the state and county there is a wide range of management strategies that have been implemented. These range

from little to no limits on STR activity to complete bans. Many communities have focused primarily on the regulations and limits related to quality of life issues and retaining neighborhood character. This has included placing different regulatory structures in place based on zoning, limits on numbers of STRs allowed in an area or community, limits on the number of days allowed for rental activity, requirements for property owners to be present, cities are adding additional insurance requirements and several other regulations. Town staff will provide an overview of the regulations currently in place and the work program to implement a certified property program. As with other communities the STR management program and regulations will need to be tailored mee the needs of Mammoth Lakes.

OVERVIEW OF WORK PROGRAM

In preparing the Committee to review the management of STRs staff will provide a brief overview of the current STR regulatory framework. This will include process and procedures, proposed code changes to implement Certified Property program, enforcement efforts, quality of life factors and related work undertaken in managing STRs.

The Town has contracted with BAE Urban Economics to provide objective analysis and information to assist the committee in developing recommendations. Aaron Nousaine will provide consulting services regarding the housing market and tourist accommodations in Mammoth Lakes. BAE is also providing similar services for Mono County and has worked in several other communities dealing with similar issues. He will provide a review of information based on industry research and provide guidance on what other communities have pursued as best practices for STR regulations. Mr. Nousaine will provide information on his background and previous work in the area of STR management and policy development.

The information provided by the consultant and staff will integrate with local knowledge provided by industry and community stakeholders regarding how the STR regulatory framework may be updated to improve overall management and to determine if and how changes to the STR market in Mammoth Lakes may assist in preservation and availability of workforce housing, with a primary focus on households in the “missing middle” income ranges.

As noted in the Council staff report the discussion will need to balance competing and complementary policy values. This includes balancing the importance of the tourism economy with the economic sustainability of the Mammoth Lake community with the impacts that the STR industry is having on the availability and affordability of workforce housing and the negative impact the lack of workforce housing has on the sustainability of the community. These policy discussions may be framed around the following:

- Need for Tourist Accommodations - The community is heavily reliant on the tourism economy and, due to the community’s remote location, maintaining a steady stream of visitor spending requires an adequate and diversified inventory of overnight visitor accommodations in the form of hotel/motel rooms and STR units.

- **STRs Influence Second Home Buy/Hold Decisions** – The primary distortion in the housing market that disconnects home prices from workforce household incomes is demand from the second home market. Some second home buyers often rely on income from short-term renting to afford their property. Restricting the ability to generate income can influence the decision of some second home buyers to purchase a property and of some owners to long-term rent or sell their property. Some second home buyers/owners may be unaffected. Without the ability to limit second home ownership, STR regulation remains one of the only tools available to local governments to influence purchase and hold decisions in the second home market.
- **Availability of Workforce Housing Impacts Economic Sustainability** – As most in the community are aware, the availability and affordability of workforce housing impacts the ability to effectively run businesses, to provide a high-quality consumer experience, and to provide critical public services (e.g., fire and emergency medical services, snow clearing, police protection, education, and public administration, etc.).
- **Regulation Allows for Management of the Tourist Accommodations Inventory** – Many peer communities have experienced renewed reinvestment in the hotel/motel inventory following restriction of the STR inventory. STR regulation, therefore, can be an effective tool for managing the tourist accommodations inventory, promoting desired forms of reinvestment, and enhancing the consumer experience. Regulation can also limit competition for individuals who already hold permits.

For the work of the committee to move expeditiously to develop recommended options for Council consideration, narrowing the focus will be discussed as part of the meeting. Initial discussions on successful outcomes will be helpful, which may be refined as the process progresses. The staff has proposed a schedule appropriate to allow time between meetings to accomplish work assignments that may be given the committee. This schedule allows for the appropriate number of meetings to facilitate good discussion and provide a common set of recommendations for Town Council.

STR Advisory Committee

Potential Meeting Dates and timeline

Events	Meeting Date	Day	Meeting Time
Advisory Committee Established - TC Meeting	11/1/2023	Wednesday	4:00 PM
Regular Scheduled Meeting	11/13/2023	Monday	5:00 PM
Special Meeting	11/30/2023	Thursday	5:00 PM
Special Meeting	12/12/2023	Tuesday	5:00 PM
Regular Scheduled Meeting	1/11/2024	Thursday	5:00 PM
Special Meeting	1/23/2024	Tuesday	5:00 PM
Special Meeting	1/30/2024	Tuesday	5:00 PM
Presentation to Town Council - TC Meeting	2/7/2024	Wednesday	4:00 PM