

# TOWN COUNCIL STAFF REPORT

Title: Discuss the Lease to Locals Program

Meeting Date: June 19, 2024

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## **RECOMMENDATION:**

Discuss the proposed Lease to Locals program and consider directing staff to bring back a contract at a future meeting.

## **BACKGROUND:**

The Lease to Locals program aims to connect tenants with property owners who wish to lease their property on a seasonal (5-11 months) to long-term (12+ months) basis in exchange for a financial subsidy from the Town that is in addition to the rental revenue that the owner will collect.

Based on the presentation and discussion that took place between Placemate (operator of the Lease to Locals program) and the Town Council on May 1, 2024, staff worked with Placemate to further develop and refine the specifics for how the program would work here.<sup>1</sup> Further refinements and adjustments to the program guidelines can be made should issues arise after the program is launched since the funding is not restricted by State or Federal requirements, unlike other housing funding.

## **ANALYSIS:**

The following summarizes the key program specifics and areas of concern or uncertainty that were identified during the May 1 presentation.

### **Property Eligibility**

- Property must be located within the Town boundaries
- Units that are already rented year-round or long-term (i.e., 31 days or longer) are not eligible
- Multi-family properties (i.e., apartments) are not eligible

### **Household / Qualified Tenant Selection**

- Average household income cannot exceed 150% AMI for Mono County (*the 2024 150% AMI limit for a 1-person household is \$111,200*)
- Tenants must work full-time (30+ hours/week) for a local employer (no remote workers) or be locally employed
  - o Local employer must be based in Mammoth Lakes School District boundaries (see Attachment 1)
  - o Self-employed individuals must have a business tax certificate in Mammoth
- A child (<18 years of age) or children count as one (1) qualified tenant

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<sup>1</sup> Presentation materials from the May 1 Lease to Locals presentation are available here: <https://pub-townofmammothlakes.escribemeetings.com/filestream.ashx?DocumentId=36085>

### Incentive Amount / Lease Lengths / Rent Caps

Lease Length	1 Qualifying Tenant	2 Qualifying Tenants	3 Qualifying Tenants	4 Qualifying Tenants
Seasonal* (5-11 months)	\$2,000	\$4,000	\$6,000	\$8,000
Long-term (12+ months)	\$4,500	\$9,000	\$13,500	\$18,000

\* Seasonal leases can be rolled into a long-term lease and receive the full incentive amount

### Rent Caps

<u>Unit Size</u>	<u>Max Rental Rate</u>
Private Room	\$1,000
Studio*	\$1,500
1BD	\$1,700
2BD	\$2,500
3BD+	\$3,500

\* Studios must be legally permitted studio units with a kitchenette and private entrance

### Example Property

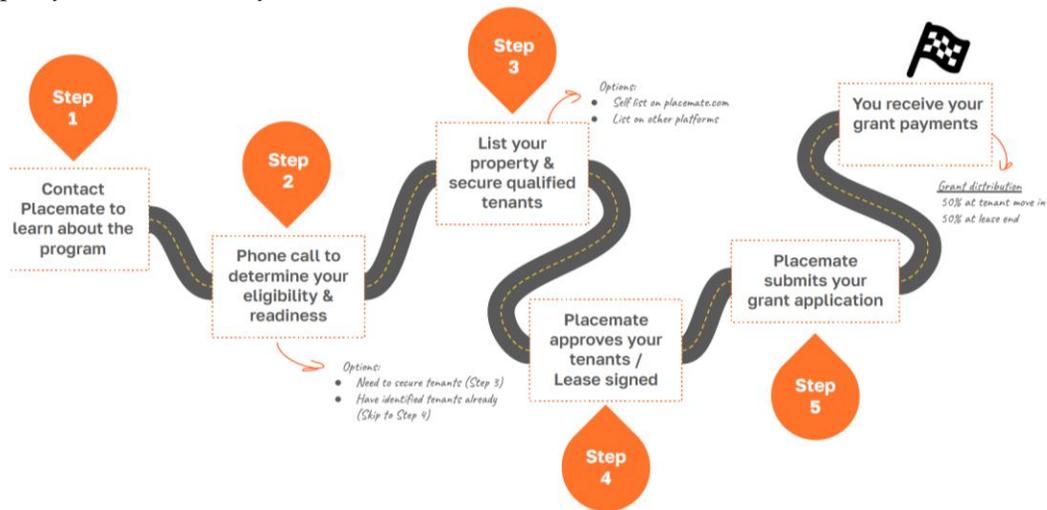
Unit Size	Rent Cap	# of Tenants	Monthly Incentive	Gross Monthly Income
2-br	\$2,500	2	\$750	\$3,250

### Hypothetical Projections

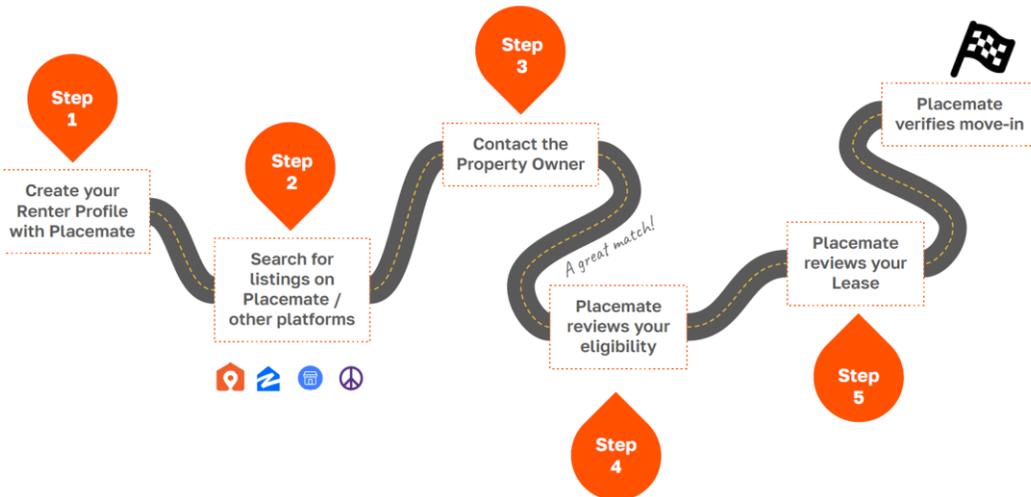
With a budget of \$425,000, it is estimated that 42 units could be provided thereby housing 83 tenants. This would equate to \$320,000 in rental subsidies and \$105,000 in administrative and marketing costs.

Unit Size	Rent Cap	# of Units	Qualified Tenants	Avg \$ per Unit	Total \$ by Unit Size
<b>Long Term Leases (\$4,500/qualified tenant)</b>					
Private Room	\$1000/month	3	3	\$4,500	\$13,500
Studio	\$1,500/month	5	5	\$4,500	\$22,500
1bd	\$1,700/month	7	11	\$6,750	\$47,250
2bd	\$2,500/month	9	23	\$11,250	\$101,250
3bd+	\$3,500/month	7	21	\$13,500	\$94,500
		31	62	\$9,000	\$279,000
<b>Seasonal Leases (\$2,000/qualified tenant)</b>					
Private Room	\$1000/month	1	1	\$2,000	\$2,000
Studio	\$1,500/month	2	2	\$2,000	\$4,000
1bd	\$1,700/month	3	5	\$3,000	\$9,000
2bd	\$2,500/month	4	10	\$5,000	\$20,000
3bd+	\$3,500/month	1	3	\$6,000	\$6,000
		11	21	\$3,727	\$41,000
<b>Totals</b>		<b>42</b>	<b>83</b>	<b>\$7,619</b>	<b>\$320,000</b>

## Path to Renting a Unit *Property Owner Journey*



## *Tenant Journey*



Town staff will have access to a dashboard that provides extensive key performance metrics on the program. This data will be useful to gauge and monitor the success of the program and to inform future decisions about the programs.

## **FINANCIAL CONSIDERATIONS:**

Town Council set aside \$450,000 for a future rental subsidy program during the FY 23/24 – 2<sup>nd</sup> Quarter budget presentation. This funding would cover the initial year of operating the program.

### Attachments:

1. School District Boundaries map