



KEYSER MARSTON ASSOCIATES

MEMORANDUM

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Affordable Housing
Economic Development

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To: Nolan Bobroff, Community & Economic Development Director
Town of Mammoth Lakes

From: Kathleen Head

Date: July 10, 2024

Subject: Snowcreek VIII Development: Community Benefits Analysis

At your request, Keyser Marston Associates, Inc. (KMA) evaluated the community benefits that could potentially be generated by the proposed construction of the Snowcreek VIII development scope. The development is subject to the requirements imposed by the following documents:

1. The Snowcreek Master Plan, which was originally approved by Mono County in 1974, updated in 1981 and then updated again in 2009 (2009 Master Plan); and
2. The 2010 Snowcreek Development Agreement (SDA).

EXECUTIVE SUMMARY

The results of the following analysis that guided KMA's conclusions are:

1. The value of the community benefit package is estimated at \$51 million.
2. The Developer's agreement to allow public access through the project to reach adjacent public open space, and the potential creation of recreational amenities provide intrinsic value to the Town of Mammoth Lakes (Town).

It is KMA's conclusion that the receipt of the community benefits package is sufficient to justify approving the SDA amendments being proposed by the Developer.

In addition to the community benefits package, KMA estimates that the project will provide the Town with approximately \$6.25 million in annual transient occupancy tax (TOT) and property tax revenues, measured in 2024 dollars:

Estimated Annual TOT and Property Tax Revenues	
TOT Revenue	\$5,777,000
Property Tax Revenue	477,000
Total	\$6,254,000

BACKGROUND STATEMENT

The 2009 Master Plan provides development rights for the “Snowcreek VIII” development. The Town subsequently adopted the SDA in 2010. The SDA codifies the rights embodied in the 2009 Master Plan for a period of 20 years, through 2030.

The Snowcreek VII development was recently completed, and the Snowcreek Investment Company II, LLC (Developer) anticipates that Snowcreek VIII construction will commence within the next 12 months. At this time, the Developer is requesting that the Town approve the following amendments to the SDA:

1. The SDA would be extended for an additional 20 years through 2050; and
2. The existing provision that shortens the SDA terms based on delays in the construction of the golf course and hotel would be removed.

It is important to consider that the scope of development being proposed by the Developer complies with the 2009 Master Plan. The SDA serves the following functions:

1. The Developer is provided with certainty that the approved entitlements cannot be modified by Town actions as long as the SDA remains in force; and
2. It provides the Town with the previously agreed upon community benefits package and it will potentially provide additional benefits being requested by the Town.

COMMUNITY BENEFITS PACKAGE

SDA Community Benefits

The community benefits identified in the SDA, and remaining to be provided by the Developer, can be described as follows:

1. An “Additional Financial Contribution” must be provided to the Town.
2. A championship 18-hole golf course, and golf practice facility.
3. Secondary access for Snowcreek V and Snowcreek VIII, and emergency vehicle access to Sherwin Creek Road must be provided.
4. Access through the Snowcreek VIII project must be allowed for the general public to access to the adjacent public lands.
5. Public spaces must be programmed.

Additional Community Benefits Proposed by the Town

The Town staff is proposing to add the following requirements related to the use of the existing nine-hole golf course area in the event the 18-hole golf course is not developed:

1. The Developer must continue to operate the existing nine-hole golf course, which occupies approximately 61 acres of land, over the life of the extended SDA term;
2. The approximately 61 acres of land area must permanently be maintained as open space with the allowed land uses limited to recreation, open space, and appropriate ancillary uses; and
3. An option for additional summer and winter recreational amenities to be provided on an interim basis in the approximately 94-acre area that is earmarked for the proposed golf course expansion.

General Fund Revenue Production

The Town will receive General Fund revenues from the scope of development allowed by the 2009 Master Plan. The revenues estimated by KMA in this analysis are:

1. The TOT revenue generated by the proposed 250 room resort hotel;
2. The TOT revenue generated by short-term rental of units in the residential component of the project; and
3. The property tax generated by the proposed development.

KMA does not have sufficient information to estimate the General Fund revenues that will potentially be generated by the following proposed uses:

1. The 150-unit private residence club; and
2. The championship 18-hole golf course, and golf practice facility.

ANALYSIS

One-Time Monetary Benefits

KMA estimates that amending the SDA will generate the following one-time community benefits:

1. Based on information provided by the Town staff, the Additional Financial Contribution is estimated at up to \$10 million.
2. KMA estimates that the creation of 61 acres of open space has a current value of nearly \$40 million. This estimate is based on the recent land sales data that KMA compiled and that is presented in Table 1.

General Fund Revenues

TOT REVENUES

The KMA TOT revenue estimates are provided in Tables 2A and 2B. The fundamental assumptions are:

1. The TOT revenue estimates are presented in 2024 dollars, and they are based on the project's performance at stabilized occupancy levels.
2. The TOT rate is set at 13% of room sale revenues.

3. The average daily rates are estimated as follows:
 - a. \$210 for the hotel component; and
 - b. \$431 for the short-term rental component.
4. The overall average occupancy rates are estimated as follows:
 - a. The overall average occupancy rate for the hotel component is set at 62%.
 - b. The overall average occupancy rate for the short-term rental component is estimated based on the following assumptions:
 - i. 601 of the 790 proposed residential units are estimated to be available for vacation rentals.
 - ii. Approximately 274 days per year will be available for use by short-term renters. The remaining 91 days are assumed to be used by the homeowners.
 - iii. The average occupancy rate for the available short-term renter days is estimated at 46%.

Based on the preceding assumptions the annual TOT revenues at stabilized occupancy are estimated as follows:

Estimated Annual TOT Revenue - Stabilized Occupancy	
Hotel Component	\$1,542,100
Short-Term Rental Component	4,234,900
Total	\$5,777,000

PROPERTY TAX REVENUES

KMA estimated the annual property tax revenues for the residential and hotel components of the proposed project based on the following assumptions.

1. The property tax estimates are presented in 2024 dollars.
2. The Town receives 4% of the 1% property tax levy.
3. Based on home sales information presented in Table 3, the average home value is estimated at \$1.28 million.
4. Based on KMA's recent experience with hotel development, the value of the 250 room hotel is estimated at \$725,000 per room.

The resulting annual property tax revenues are estimated as follows:

Estimated Annual Property Tax Revenue			
	Number of Homes/Rooms	Value Per Home/Room	Total Value
Residential Component	790	\$1,280,000	\$1,011,200,000
Hotel Component	250	\$725,000	181,250,000
Total Value			\$1,192,450,000
Property Tax Levy			1%
Total Annual Property Tax Revenue			\$11,924,500
City Share			4%
City Share of Annual Property Tax Revenue			\$477,000

Additional Benefits

In addition to the community benefits discussed in this section of the analysis, approving the proposed amendment to the SDA will provide the Town with a number of intrinsic benefits for which KMA cannot quantify the values. These community benefits are:

1. Secondary access for Snowcreek V and Snowcreek VIII, and emergency vehicle access to Sherwin Creek Road.
2. The provision of access to the public through the project to reach the adjacent public lands.

3. The potential for summer and winter recreational amenities to be provided on an interim basis in the approximately 94-acre golf course expansion area.

FINDINGS

A fundamental consideration in the decision making process is that the proposed scope of development complies with the 2009 Master Plan. Amending the SDA achieves the following functions:

1. The Developer is provided with certainty that the approved entitlements cannot be modified by Town actions as long as the SDA remains in force; and
2. It provides the Town with the previously agreed upon community benefits package, and it will potentially provide additional benefits being requested by the Town.

KMA estimates that amending the SDA will provide the Town with one-time benefits with a value of approximately \$51 million. In addition, the proposed amendment provides intrinsic benefits to the Town associated with the provision of public access through the project and the creation of recreational amenities that will be available until the golf course is expanded.

It is KMA's opinion that these community benefits are sufficient to justify the amendments being proposed by the Developer. In addition, the project is anticipated to generate annual TOT and property tax revenues in the range of \$6.25 million, as shown in the following table:

Estimated Annual TOT and Property Tax Revenue (2024 Dollars)	
TOT Revenue	\$5,777,000
Property Tax Revenue	477,000
Total	\$6,254,000

TABLE 1

LAND SALES DATA
SNOWCREEK VIII DEVELOPMENT
COMMUNITY BENEFITS ANALYSIS
TOWN OF MAMMOTH LAKES

				Sales Price			
Address		Sale Date	Site Size (AC)	Zoning	Total	Per SF	
6060 Minaret Rd	Mammoth Lakes	93546	11/1/22	1.53	Residential	\$967,440	\$14.52
31 Alderman St	June Lake	93529	8/1/22	2.20	Commercial	\$995,000	\$10.38
100 Callahan Way	Mammoth Lakes	93546	7/1/21	4.07	Commercial	\$4,065,000	\$22.93
120-164 Industrial Cir	Mammoth Lakes	93546	6/1/21	3.88	Industrial	\$1,700,000	\$10.06
Averages			2.92		\$1,931,860	\$15.19	

Source: CoStar; June 2024. Land sold within the past three years.

TABLE 2A

HOTEL PERFORMANCE¹
SNOWCREEK VIII DEVELOPMENT
COMMUNITY BENEFITS ANALYSIS
TOWN OF MAMMOTH LAKES

Year	Occupancy		Average Daily Rate		Revenue Per Available Room (RevPAR)	
	Rate	% Change	Rate	% Change	Rate	% Change
2013	58.3%		\$154.06		\$89.82	
2014	59.6%	2.2%	\$155.07	0.7%	\$92.42	2.9%
2015	63.7%	6.9%	\$161.20	4.0%	\$102.68	11.1%
2016	67.3%	5.7%	\$164.79	2.2%	\$110.90	8.0%
2017	67.8%	0.7%	\$169.06	2.6%	\$114.62	3.4%
2018	65.5%	-3.4%	\$169.25	0.1%	\$110.86	-3.3%
2019	67.9%	3.7%	\$182.38	7.8%	\$123.84	11.7%
2020	48.3%	-28.9%	\$165.13	-9.5%	\$79.76	-35.6%
2021	59.1%	22.4%	\$196.30	18.9%	\$116.01	45.5%
2022	63.5%	7.4%	\$214.06	9.0%	\$135.93	17.2%
2023	62.5%	-1.6%	\$220.31	2.9%	\$137.69	1.3%

I. Average Rates	Occupancy	Average Daily	
		Rate	RevPAR
2013 - 2023	62.1%	\$177.42	\$110.41
2021 - 2023	61.7%	\$210.22	\$129.88
II. <u>Average Annual Percentage Change</u>			
2013 - 2023	1.5%	3.9%	6.2%
2021 - 2023	9.4%	10.3%	21.3%
III. <u>Estimated Annual Room Sales Revenue</u>			
A. <u>Hotel Room Days Available</u>			
Total Number of Hotel Rooms		250	
Total Number of Days in a Year		365	
Estimated Hotel Room Days Available			91,250
B. <u>Estimated RevPAR</u>			
Average Daily Rate		\$210.00	
Average Occupancy Rate		62.0%	
Estimated RevPAR			\$130
C. Estimated Annual Room Sales Revenue			\$11,862,500
IV. <u>Estimated TOT Revenue at Stabilized Occupancy</u>			
Estimated Annual Room Sales Revenue			\$11,862,500
TOT Rate			13%
Estimated TOT Revenue at Stabilized Occupancy			\$1,542,100

¹ Historical hotel performance data provided by CoStar in June 2024.

² The Average Daily Rate is presented in 2024 dollars.

TABLE 2B

SHORT-TERM RENTAL PERFORMANCE
SNOWCREEK VIII DEVELOPMENT
COMMUNITY BENEFITS ANALYSIS
TOWN OF MAMMOTH LAKES

I. <u>Vacation Rental Inventory</u>			
Total Number of Units		790	
Units Reserved for Workforce Housing	¹	47	
Units Occupied Full Time by Owners	²	142	
Estimated Vacation Rental Inventory			601
II. <u>Short-Term Rental Days Available</u>			
Estimated Vacation Rental Inventory		601	
Total Number of Days in a Year		365	
Percentage of Days Occupied by Renters	³	75%	
Estimated Short-Term Rental Days Available			164,524
III. <u>Estimated RevPAR</u>			
Average Daily Rate	⁴	\$431	
Average Occupancy Rate		46%	
Estimated RevPAR			\$198
IV. Estimated Annual Room Sales Revenue			\$32,575,800
V. <u>Estimated TOT Revenue at Stabilized Occupancy</u>			
Estimated Annual Room Sales Revenue		\$32,575,800	
TOT Rate		13%	
Estimated TOT Revenue at Stabilized Occupancy			\$4,234,900

- ¹ The Development Agreement requires 47 on-site units to be allocated to households earning between 150% and 200% of the area median income (AMI).
- ² Equal to 18% of the total number of units. Based on the June 2007 Snowcreek Phase VIII Fiscal Impact Analysis prepared by CBRE (2007 CBRE Fiscal Impact Report).
- ³ Based on the 2007 CBRE Fiscal Impact Report.
- ⁴ Based on data derived from an AirDNA report prepared in 2023.
- ⁵ The Average Daily Rate is presented in 2024 dollars.

TABLE 3

HOME RESALE DATA
 SNOWCREEK VIII DEVELOPMENT
 COMMUNITY BENEFITS ANALYSIS
 TOWN OF MAMMOTH LAKES

1

Address			Unit Size (SF)	Sales Price		Year Built
				Total	Per SF	
One-Bedroom Units						
248 Snowcreek Rd #248	Mammoth Lakes	93546	851	\$629,000	\$739	1980
33 Sunshine #33	Mammoth Lakes	93546	855	\$565,000	\$661	1980
5 Cornice #5	Mammoth Lakes	93546	855	\$659,000	\$771	1980
443 Snowcreek Rd #443	Mammoth Lakes	93546	865	\$577,000	\$667	1980
36 Sunshine #36	Mammoth Lakes	93546	941	\$625,000	\$664	1980
270 Snowcreek Rd #270	Mammoth Lakes	93546	1,100	\$795,000	\$723	1980
Minimum			851	\$565,000	\$661	1980
Maximum			1,100	\$795,000	\$771	1980
Average			911	\$641,700	\$704	1980
Two-Bedroom Units						
577 Golden Creek Rd #577	Mammoth Lakes	93546	1,181	\$762,500	\$646	1989
1002 Fairway Cir #1002	Mammoth Lakes	93546	1,395	\$989,000	\$709	2000
958 Fairway Cir #958	Mammoth Lakes	93546	1,395	\$1,070,000	\$767	1998
874 Links Way #874	Mammoth Lakes	93546	1,474	\$915,000	\$621	1991
840 Links Way #840	Mammoth Lakes	93546	1,474	\$990,000	\$672	1991
860 Par Ct #860	Mammoth Lakes	93546	1,474	\$1,040,000	\$706	1990
538 Golden Creek Rd #538	Mammoth Lakes	93546	1,485	\$899,000	\$605	1989
55 Goldhill #55	Mammoth Lakes	93546	1,511	\$865,000	\$572	1979
25 Santiago #25	Mammoth Lakes	93546	1,511	\$910,000	\$602	1979
77 Sunshine #77	Mammoth Lakes	93546	1,511	\$950,000	\$629	1979
322 Fascination #322	Mammoth Lakes	93546	1,554	\$870,000	\$560	1980
989 Fairway Cir #989	Mammoth Lakes	93546	1,556	\$1,125,000	\$723	1999
1191 Pyramid Peak Rd #1191	Mammoth Lakes	93546	1,867	\$1,120,000	\$600	2006
1122 Pyramid Dr #1122	Mammoth Lakes	93546	2,705	\$1,420,000	\$525	2007
1192 Pyramid Peak Dr #1192	Mammoth Lakes	93546	2,705	\$1,490,000	\$551	2006
Minimum			1,181	\$762,500	\$525	1979
Maximum			2,705	\$1,490,000	\$767	2007
Average			1,653	\$1,027,700	\$622	1992
Three-Bedroom Units						
967 Fairway Cr #967	Mammoth Lakes	93546	1,457	\$1,255,000	\$861	1999
971 Fairway Cir #1314	Mammoth Lakes	93546	1,674	\$1,200,000	\$717	1999
425 White Bard #425	Mammoth Lakes	93546	1,685	\$970,000	\$576	1982
452 Snowcreek Rd#452	Mammoth Lakes	93546	1,685	\$979,000	\$581	1982
1452 Boulder Creek #1452	Mammoth Lakes	93546	1,690	\$1,450,000	\$858	2019
1392 Timbercreek Rd #1392	Mammoth Lakes	93546	1,696	\$1,335,000	\$787	2023
1603 Clear Creek #1603	Mammoth Lakes	93546	1,696	\$1,356,612	\$800	2023
1592 Clear Creek #1592	Mammoth Lakes	93546	1,696	\$1,360,000	\$802	2023
1382 Clear Creek #1382	Mammoth Lakes	93546	1,696	1,364,890	\$805	2023

TABLE 3

HOME RESALE DATA
 SNOWCREEK VIII DEVELOPMENT
 COMMUNITY BENEFITS ANALYSIS
 TOWN OF MAMMOTH LAKES

1

				Sales Price		Year Built
Address			Unit Size (SF)	Total	Per SF	
1353 Timber Creek Rd #1353	Mammoth Lakes	93546	1,696	\$1,415,000	\$834	2018
52 Gold Hill #52	Mammoth Lakes	93546	1,819	\$960,000	\$528	1979
1394 Timbercreek Rd #1394	Mammoth Lakes	93546	1,901	\$1,450,000	\$763	2023
1602 Clear Creek #1602	Mammoth Lakes	93546	1,901	\$1,450,000	\$763	2023
1594 Clear Creek #1594	Mammoth Lakes	93546	1,901	\$1,475,000	\$776	2023
1605 Clear Creek #1605	Mammoth Lakes	93546	1,901	\$1,515,000	\$797	2023
1380 Timbercreek Rd #1380	Mammoth Lakes	93546	1,901	\$1,525,000	\$802	2022
1595 Clear Creek #1595	Mammoth Lakes	93546	1,901	\$1,550,000	\$815	2023
1159 Red Peak Dr #1159	Mammoth Lakes	93546	2,059	\$1,385,000	\$673	2006
1152 Red Peak Dr #1152	Mammoth Lakes	93546	2,059	\$1,425,000	\$692	2006
1390 Timbercreek Rd #1390	Mammoth Lakes	93546	2,152	\$1,650,000	\$767	2023
1601 Clear Creek #1601	Mammoth Lakes	93546	2,152	\$1,675,000	\$778	2023
1571 Clear Creek #1571	Mammoth Lakes	93546	2,152	\$1,747,000	\$812	2023
1384 Timbercreek Rd #1384	Mammoth Lakes	93546	2,152	\$1,765,000	\$820	2022
1314 Timber Creek Rd #1314	Mammoth Lakes	93546	2,184	\$1,635,000	\$749	2008
1433 Boulder Creek Rd #1433	Mammoth Lakes	93546	2,184	\$1,670,000	\$765	2018
1362 Timbercreek Rd #1362	Mammoth Lakes	93546	2,184	\$1,679,263	\$769	2023
1372 Timbercreek Rd #1372	Mammoth Lakes	93546	2,184	\$1,680,000	\$769	2023
1330 Timber Creek Rd #1330	Mammoth Lakes	93546	2,244	\$1,810,000	\$807	2018
1360 Timbercreek Rd #1360	Mammoth Lakes	93546	2,244	\$1,850,000	\$824	2023
1370 Timbercreek Rd #1370	Mammoth Lakes	93546	2,244	\$1,850,000	\$824	2023
1112 Pyramid Peak Dr #1112	Mammoth Lakes	93546	2,427	\$1,550,000	\$639	2008
512 Golden Creek Rd #512	Mammoth Lakes	93546	2,475	\$1,650,000	\$667	1986
547 Golden Creek #547	Mammoth Lakes	93546	2,475	\$1,700,000	\$687	1989
1198 Pyramid Peak Dr #1198	Mammoth Lakes	93546	2,762	\$1,885,000	\$682	2007
Minimum			1,457	\$960,000	\$528	1979
Maximum			2,762	\$1,885,000	\$861	2023
Average			2,007	\$1,506,400	\$751	2013

Source: Redfin; June 2024

¹ Based on a search of the Redfin data base for sales occurring between June 2023 and June 2024.