

Mammoth Lakes Housing, Inc.

STRATEGIC PLANNING SESSION

September 9, 2004

In an effort to build on its successes from the first full year of operation, MLH held a full day planning session at the administrative offices of Mammoth Mountain. The session ran from about 9:30 am to 4:30 pm. The following persons were in attendance:

Board of Directors Present

Kirk Stapp, President
Byng Hunt, Vice-President
Rob Clark, Treasurer/CFO
Rusty Gregory
Mark Carney

Staff Present

Andrea Clark, Executive Director/Secretary
Pam Hennarty, Program Manager
Kim McMahon, Executive Assistant

Facilitator

Tim Sciacqua

Also present for a brief period was Pam Mitchell, citizen.

Overview

The Planning Session Agenda (Attachment A) provided for a review of the informal and formal mandates established at last year's session, and an overview of the accomplishments for the past year.

Following the discussion of accomplishments over the past year, the board and staff discussed new future opportunities that had been identified since the last session, together with a review of specific and not so specific opportunities on a list of 40+ prepared by the board before Andrea Clark was hired as Executive Director.

The agenda was then moved forward to discuss homeownership priorities in light of the past year's efforts and experiences, and as a means of assessing the board's view as to the importance of homeownership restrictive covenants. This was particularly important, since homeownership subsidies are so expensive in high cost areas like Mammoth Lakes, and outside resources, i.e., Home, CDBG, tax credits, etc. are largely relegated to lower income rental households.

Finally, priorities for next year were discussed and decisions made to give staff direction for work activities. In conjunction with the priorities for next year, there was discussion of new funding strategies, and how the Town's efforts were paramount in providing additional resources for expanding the efforts toward more workforce housing.

Review of Mandates

Last years mandate analysis was the first step in developing MLH's mission statement. The Board previously reviewed the mandates outlined in:

1. The Articles of Incorporation
2. MLH's Bylaws
3. The June 2003 Town of Mammoth Lakes/MLH Agreement,
4. The Transit Occupancy Tax commitment, and
5. The informal mandates/expectations of the community.

The analysis of the mandates identified the following three categories of activities.

- **Development, real estate and finance**
 - ✓ Provide and facilitate the creation of affordable for sale and rental housing through direct acquisition, construction or through partnerships with others
 - ✓ Purchase and sell affordable housing utilizing a community land trust, deed restrictions, etc.
 - ✓ Identify and develop initiatives and programs that provide workforce housing through community land trust, down payment assistance programs, etc.
 - ✓ Manage Town CDBG and HOME programs through project funding applications and managing grant contracts
 - ✓ Finance the sale of affordable housing by originating, underwriting and servicing loans
- **Program management and monitoring**
 - ✓ Assist Town with administering and monitoring deed restricted properties
 - ✓ Maintain statistical and demographic data related to affordable housing needs using surveys of builders, developers, realtors, collect data on properties rented or sold to low income households
 - ✓ Assist Town in implementing Housing Element and Housing Mitigation Regulations
 - ✓ Monitor private sector's affordable housing compliance requirements
- **Advocacy**
 - ✓ Through education, community visibility and marketing, promote the need for reasonably priced housing for resident workers and encourage public and private entities to assist in the provision of such housing

- ✓ Specifically open the lines of communication with organizations such as Mammoth Community Water District, Mammoth Lakes Fire Protection District, Mammoth Unified School District, Southern Mono Hospital District and Mono County to discuss how MLH can assist/facilitate their meeting their workforce housing needs
- ✓ Secure additional revenues to provide affordable housing

The Board reviewed the mandates adopted last year, and continued to agree that the “*primary focus*” for MLH should be in the area of development/real estate/finance. In fact, much of the day’s discussion was related to specific project development and methods by which “housing opportunities” could be captured. The advocacy mandate categories were also viewed as very important. It was mentioned by more than one board member that individual board members and the director had spent countless hours speaking about the critical need for more affordable workforce housing in front of the planning commission, town council, hospital district, fire district, and other organizations that are stakeholders in this effort. It was the consensus that MLH continues to enjoy widespread support among these organizations and the general citizenry as a result of its fast start and tangible results.

The Board not only feels the advocacy mandate is an important adjunct to providing housing, but that more housing is an indirect result of these efforts. This constant reinforcement that something positive is happening as a result of the actions of MLH is seen as a positive outcome of the many hours of efforts.

The mandates in the program management and monitoring categories, although important, are still considered as relatively less critical by the board at the present time. Staff reminded the board that although it understood that development and/or obtaining housing was important, there were at least 100 current deed restricted units already in place, with additional rental and homeownership units in the pipeline. They argued that the management of these resources would take time and effort, and should not be underestimated.

Accomplishments

Andrea Clark presented a document entitled “MLH 2003/2004 Accomplishments” Attachment B. Included was a recap of Transit and Occupancy (TOT) funds available for housing, and how the money was being spent for MLH activities. In this document she listed the following subcategories:

- Administration
- Governmental and Public Relations
- Development
- Grants and Studies, and
- Public Policies

The document is self-explanatory and all inclusive in describing the organization's efforts from inception to the date of the planning session, but a brief recap of the contents might be beneficial.

MLH has gone from a paper nonprofit with articles and bylaws, and no staff or projects in development to a vital, aggressive advocate of workforce housing with a staff of three, developed funding sources, and two major projects that are in construction, or about to be in construction. In addition, MLH is positioning itself for future development by acquiring more sites for development. MLH continues to seek new alliances with other organizations in town, and in Mono County.

The most aggressive and fast moving development is Aspen Village at Mammoth Creek, a forty-eight (48) unit four percent tax credit rental project being developed in conjunction with a twenty-four (24) unit town home project. This venture is on 4.8 acres and includes \$3.5 million in HOME grant money.

Another project trailing close behind is the Meridian Court development on one acre of land. This twenty-four (24) unit condominium project is now in grading, and schedule for sale under restrictive covenants next year.

The Callahan/Intrawest property that will result in forty (40), three and four bedroom town homes was also discussed. This is a project that is being built by Intrawest as the next phase of its ongoing mitigation requirement. MLH has negotiated an agreement with Intrawest that results in sixteen (16) more units than hat Intrawest intended to develop as housing mitigation

Other development efforts are detailed in the attachment.

In addition to the development activities, MLH staff has successfully obtained a CDBG grant for the Town, a \$2 million Housing Trust Fund Grant to be used as a no interest construction loan for Aspen Village, and then reused on other projects as the money is paid back. MLH has also had a direct impact on Town planning decisions such as density bonuses, and is waiting for the Regional Housing Needs Assessment (RHNA) due out in November. When the RHNA is released, it should impact the General Plan, Housing Element, and Housing Mitigation Regulations. MLH should be in the forefront of all these policies and be in a position to directly impact public policy.

The Board expressed its pleasure with the efforts to date.

Future Opportunities

The discussion of future opportunities was designed to determine whether there are services which MLH should be offering that are in addition to areas in which the agency is currently involved. Staff provided a document entitled "Future Opportunities and Community Expectations" (attachment C) that provided many ideas they had

developed, or that had been suggested by individuals or organizations in the community as potentially important areas of pursuit.

This list was discussed along with the previously mentioned list of 40+ potential development projects. Some of the ideas were duplications of programs already in progress, or areas that were already sanctioned by the board, such as acquisition of rental or condos as they become available in the community, provided resources are available. Others were ancillary to the provision of housing, such as child day care.

Mentioned in this discussion was the homebuyer assistance program which was seen as a priority last year, and for which MLH had already contracted for some design help. The board was less enthusiastic about the homebuyer assistance program at this time because of the large expenditures that would be required. The board also had previously decided that providing such assistance in other Mono County communities would not be popular with the Town Council, and would diminish needed resources from Mammoth Lakes at this time.

It was decided, however, that the rental housing clearinghouse concept wherein tenants and landlords could be put together would be fairly easy to do (web based) and would further the mission with a minimum of effort. Staff was given clearance to pursue that program.

It was the general attitude of the board that MLH should stay focused on the main mandates which were discussed above. The board decided it was not prudent to take on new activities other than the clearinghouse idea over the next year, and that they should stay focused on efforts in Mammoth Lakes.

Homeownership

There was a wide-ranging discussion of where homeownership would fit into the priorities of MLH. At last year's session, the board felt strongly that homeownership should take precedence over rental housing, although it was made aware of the costs, and funding considerations.

Andrea Clark was asked to relate her experiences in Aspen, CO (a recent four-day trip she took to compare experiences and gain insights). She indicated that homeownership was also most important to that resort community because they felt it was vital to retaining professionals in the community. It was their opinion that professionals such as teachers, nurses, police officers, etc., wanted to own homes, and without assistance it was nearly impossible among even this higher paid working group due to high costs in resort areas.

The Board agreed with the sentiment, and reaffirmed its commitment to providing homeownership efforts.

The most technical discussion of the day was then undertaken, relating to specific restrictive deed covenant provisions for the sale of homes/condos. One aspect troubling staff had to do with the establishment of sale and resale prices. Another had to do with the difficulty of income restrictions. A draft document that had been written for the Town over a year ago was presented and discussed at length. During those discussions that were wide ranging, it was determined that the basic approach on resales was sound. This approach restricted sales prices to increases in the median incomes for Mono County. Staff was concerned that with increases in interest rates, however, there was potential for the purchasing power of restricted income families to erode to the point that they could not afford the homes. While a valid concern, the board indicated that this issue could be dealt with if the problem presented itself in the future, and that with the "first right of refusal" provisions in effect, the town or MLH would have an opportunity to assess the problem and take action if necessary.

Andrea presented a formula approach to setting initial sales prices based upon median incomes, variable interest rates, and a three percent down payment assumption with capped payments in the 30-38% range. Discussion was held as to the practicality of the formula, as opposed to some other method of setting initial sales prices. It was determined that her approach was doable, and staff was given direction to refine the approach. It was further determined that the formula could be changed with little effort if circumstances changed, and that the form of restrictive deed covenants need not be altered, since this would lend itself to maximum flexibility.

A number of other potential changes related to definitional issues were discussed, but they were considered minor, and had been previously reviewed by the board in other meetings. It became apparent that there were some systemic issues that needed work before the necessary comfort level could be reached. Staff was directed to have the deed restrictions rewritten to incorporate the above decisions, and to deal with the inconsistencies.

Priorities for Next Year

Late in the day the board took up the MLH agenda for next year to clarify its priorities, and to establish strategies that would continue its progress.

One of the board members summarized his view that the mandates established last year and reaffirmed in this years planning session were exactly on target, but needed to be more specific at this juncture. He likened them to three legs of a stool:
Development, Advocacy, and Operations.

These areas of emphasis are explained in a framework of the organization's values, vision, mission, strategies and tactics in the attached document titled "Priorities for the 2004/05 Fiscal Year."

Conclusion

The MLH Board recognizes that the creation of affordable housing in the Town of Mammoth Lakes is a difficult ongoing challenge. The first steps have begun, and for the first time in anyone's memory there is meaningful progress toward fulfilling the MLH mission of "...the creation of workforce housing for a viable and sustainable community."

There is, however, much to be done, and costs are ever escalating. With two new staff members, and projects in progress, it is the Board's perception that MLH is well respected in the community and seen as a doer, where so many others have just talked. These first projects will in many ways define MLH's future success. As was mentioned in last year's report, "... there are many barriers to overcome, there are also many opportunities that the Board fully intends to explore and utilize. The Board also understands the evolutionary nature of housing development and pledges its flexibility and openness to the inevitable changes that it will encounter. "

The housing affordability problem, while staggering, is an inevitable reflection of the successful development of this resort community, and the landlocked nature of its location.

The Board and staff are aware of the enormous responsibility they have undertaken, and the expectations of community leaders that they make steady progress. They are working hard to take advantage of the opportunities that present themselves.

Priorities for the 2004/05 Fiscal Year

Values

- ✓ Community – Preserving and advancing community values, creating long term economic stability, and fostering open and candid communication
- ✓ Stewardship - The exercise of stewardship in addressing the workforce housing needs of the community
- ✓ Equal Opportunity - Creating community housing for the community's workforce
- ✓ Integrity - Maintaining fiscal and organizational integrity

Vision

It is the Vision of Mammoth Lakes Housing Inc. that a Small Independent Staff Will Create a Variety of Housing Choices for the Community that Reinforces the Community's Values and Enhances the Natural Environment

Organizational Mission

It is Mammoth Lakes Housing Inc.'s Mission to Cause the Creation of Workforce Housing for a Viable and Sustainable Community

The organization has three areas of strategic emphasis, likened to three legs of a stool: *Development, Advocacy, and Operations*. Each area of emphasis has a mission, and strategies and tactics that implement that mission. Strategies are action plans to achieve the mission and tactics are the specific actions required to successfully complete the strategy.

1. Development

Mission – MLH will Provide, and Facilitate the Creation of, Rental and Purchasable Workforce Housing

Strategy 1 –

Develop Workforce Housing Projects that are Financially Viable and Serve the Community Need

Tactic 1 - Deliver current construction projects (Aspen Village, Meridian Court) on time, on spec and on budget

Tactic 2 – Acquire, plan and entitle new properties for development, targeting 2006 construction (Lupin St, Oak Tree Ln)

Tactic 3 – Apply for and secure grants and other financing for new MLH developments (Lupin St, Oak Tree Ln)

Tactic 4 - Build strategic partnerships with public agencies and private employers, and other affordable housing developers that increase MLH's development capacity for future projects (ML Foundation, MUSD, Hospital, Mono County, etc.)

Tactic 5 – Identify property for acquisition and future development

Tactic 6 – Deliver budgeted developer fees to ensure reinvestment in future development

Strategy 2 –

Cause the Development and Acquisition of Workforce Housing through the Activities of Others

Tactic 1 - Ensure planned housing projects are delivered (Intrawest/Callahan project, 8050 Agreement, other approved housing mitigation development plans)

Tactic 2- Identify partnership opportunities with market-rate developers that result in an increased housing benefit for the community through Alternate Housing Mitigation Development Plans

Tactic 3 - Develop and implement a condominium acquisition strategy which converts existing housing stock into workforce housing

2. Advocacy

Mission – MLH will Promote the Need for Reasonably Priced Housing for the Mammoth Lakes Workforce, and Advocate for Policies that Produce Such Housing

Strategy 1 –

Educate the Public, Employers, Stakeholders and Policy Makers Throughout the Eastern Sierra

Tactic 1 – Advocate policy preferences in the General Plan Update process before the Planning Commission and Town Council

Tactic 2 - Create a web site for public education purposes, which also serves as a rental clearing house

Tactic 3 – Deliver the Regional Housing Needs Assessment and participate in the regional policy discussions that result from the study's recommendations

Strategy 2 –

Pursue and Advocate for Additional Funding Streams

Tactic 1 - Advocate for the revision of the “in-lieu fee” ordinance to ensure fees reflect the actual cost of providing housing

Tactic 2 – Identify and pursue funding strategies, including visitor cards, sales tax increases, increased county transfer taxes, general obligation bonds, and/or certificates of participation

Tactic 3 – Pursue, for the first time, non-profit fund raising opportunities in the community

3. Operations

Mission – MLH will Serve as a Responsible Steward of Workforce Housing in Mammoth Lakes

Strategy 1 –

Increase Financial Strength and Organizational Integrity

Tactic 1 – Recruit and retain quality employees by providing a productive and positive work environment and a fair compensation structure that rewards results

Tactic 1 – Efficiently manage and monitor grants and other funding sources, contracts, agreements, etc.

Tactic 2 – Identify and pursue new funding opportunities

Tactic 3 – Leverage assets and staff resources to exceed budgeted net income

Strategy 2 –

Ensure the Workforce Housing Stock is Occupied to its Fullest Extent and Fairly Distributed

Tactic 1 – Develop and manage the Community-wide Workforce Housing Waiting List for restricted rental and purchasable units

Tactic 2 – Standardize deed restrictions, and manage and monitor deed-restricted units