Mono County Housing Policy Analysis

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Housing Policy Analysis Background Section

Housing is a challenge in almost every community in the United States. The number of affordable housing options is generally decreasing across the country, funding for affordable housing has consistently been insufficient to meet needs, and market incentives drive the development of housing that is more expensive than the average household can afford. In this respect, Mono County is part of a larger nationwide trend; however, Mono County's economic drivers present unique factors that impact its housing challenges.

Mono County's economy is largely driven by tourism centered around its beautiful and varied natural environments and the outdoor activities that can be enjoyed throughout the county. These include winter sports like alpine and cross-country skiing, snowshoeing, tubing, dog sledding, and snowmobiling, as well as summer, spring, and fall activities such as hiking, camping, and dirt biking. These activities, along with the county's proximity to major metropolitan areas (primarily Los Angeles and the surrounding communities, but also San Francisco, Sacramento, Reno, Carson City, and Las Vegas), create a high demand for the natural beauty and activities available in the area, especially among high-income and wealthy households.

Mono County benefits from this economic activity. However, the large intermittent influxes of visitors and the high demand for second homes and short-term rentals create challenges. A significant portion of the housing stock is owned by rarely present second homeowners; some homes are utilized as short-term rentals, but most remain empty for the vast majority of the year. This situation creates challenges related to the existing housing stock and the utilization of capacity to build additional housing. Underutilization of housing stock, infrastructure, and land is a significant challenge, exacerbated by the extremely limited amount of land available for development in the county due to public landownership by the Forest Service, Bureau of Land Management, and the Los Angeles Department of Water and Power.

The Mono County Board of Supervisors has made housing a priority in the 2022-2024 Strategic Plan, recognizing it in official acts and comments as one of the most impactful challenges faced by the county. This issue has been important well before its formal designation as a priority.

An abbreviated list of housing policy discussions is in an appendix along with brief descriptions of what was discussed for key discussion on housing in 2017 and 2018, as well as a full list of every discussion with a brief description from 2019 to May 21, 2024.

In the time since the Mono County received the 2017 Housing Needs Assessment the County has:

1. Discussed reducing or eliminating fees on a broad scale to encourage development.
2. Created a revolving loan fund to preserve deed restrictions.
3. Been awarded funds through several grant programs for housing.
4. Supported several development projects, including an acquisition in Bridgeport and three affordable housing projects in Mammoth Lakes.
5. Hired consultants to recommend areas of focus for housing programs and projects.
6. Created a staff position dedicated entirely to housing.
7. Made significant investments in housing programs and projects.

Problem

Mono County faces a severe shortage of housing as evidenced by the consistent lack of workers for most businesses in the county, the high rent and purchase costs compared to median incomes, and the extremely low vacancy rates after excluding second homes that are vacant most of the year. Attaining housing, even unaffordable housing, is difficult, but particularly so for households earning less than the highest incomes available in the county. Development is generally not producing enough units, and most development is focused on the highest incomes, as a result not decreasing the needs for upper moderate to lower income households. The housing issue is a major bottleneck for the local economy, with businesses regularly failing as a result of difficulties recruiting enough workers to fill the needs of the enterprise. The housing shortage bottleneck increases business, organizations, and government's: cost of recruitment, turnover rates, as well as payroll costs generally. The bottleneck also reduces the pool of applicants for jobs, and often results in offers not being accepted only as a result of housing challenges.

Size of the problem

As of 2017 the need was defined as up to 664 units throughout the county and 120 to 170 units of housing in the unincorporated county through 2022 in the BBC Research and Consulting Mono County Housing Needs Assessment and Residential Survey (BBC Report). According to the report completed on October 27th, 2017:

> *The most conservative estimate shows a need for 184 additional housing units by 2022. **The accelerated growth estimate suggests a need for as many as 664 units**. The reality will likely be somewhere in the middle and, for the unincorporated county, require approximately 70 housing units to accommodate new housing demand from employment growth. This is in addition to the 50 to 100 units that are needed to address renter's needs currently.* [1]

The years since 2017, and the relative lack of housing development in the interim, particularly in unincorporated Mono County, without any other major changes suggests that the problem has grown to a level beyond the 170 units estimated in the 2017 study.

Overlapping Problems

Housing policy, design, and development decisions have the potential to address multiple overlapping challenges, creating benefits beyond merely meeting housing needs. These challenges include reducing living costs such as transportation and utilities. Additionally, well-crafted housing policies can foster economic development, increase public tax revenue, improve community connections, and enhance the general well-being of residents.

Costs of Transportation

The MIT Living Wage Calculator (LWC) estimates transportation expenses for a two-adult, two-child household in Mono County to be $22,676 per year, or just under $1,900 per month.

Costs of Utilities

The 2017 BBC Report indicated that monthly utilities averaged $290 [1]. When combined with transportation expenses, these costs total just over $2,264 per month in inflation-adjusted dollars, which is higher than the average rent.[1]

Other utility-related costs that may be influenced to a lesser extent by housing policy, design, and development decisions include internet and mobile access, estimated by LWC at nearly $160 per month, and childcare, estimated by LWC at just over $2,262 per month for two children in Mono County.

Increasing Economic Development

Housing is a significant constraint on the Mono County economy. Therefore, providing any housing directly expands the economy's potential. However, creating housing that is affordable, sustainable, and situated in or designed to create all-season walkable communities can further enhance the economic impact. This approach helps residents retain more disposable income, which can be spent elsewhere, and makes Mono County more attractive to workers by increasing the portion of their budget not consumed by basic expenses like housing, utilities, and transportation. Essentially, a lower cost of living for workers and their families equates to a wage increase.

Community Connection and Wellbeing of Residents

Housing can be designed to either enhance or diminish residents' sense of connection and well-being. For residents who are financially constrained, design decisions play a critical role in determining how connected they feel to others and their overall well-being. Increasing the number of neighbors within a reasonable distance and making walking a viable mode of transit for most people and for most of the goods and services they regularly need can significantly impact residents' ability to build strong connections with their community. These connections, in turn, improve life satisfaction and enhance both mental and physical health.

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[1] https://data.bls.gov/cgi-bin/cpicalc.pl?cost1=290&year1=201701&year2=202405

Objectives

Primary Objective

A shortage of housing is a major cause of significant harms to residents of Mono County, particularly more vulnerable households. It is also a major limitation to the economic development of Mono County. As a result, the primary objective is to meet the housing needs of Mono County residents as shown by regular housing needs assessments, and that this housing will meet the quality standard that Mono County residents deserve. Housing policies, plans, programs, and strategies will focus particularly on housing for lower- and middle-income households, vulnerable households, long time local retirees, and workforce housing.

Overlapping issues

A set of secondary objectives can help Mono County consider the overlapping issues identified in the Problem section of this analysis. These secondary objectives highlight opportunities to leverage housing policy, design, and development decisions not only to meet Mono County's housing needs but also to improve lives, reduce cost burdens, enhance community connection, and increase the general well-being of residents.

These secondary objectives include:

- Leverage housing and development to **lower the costs of living** for residents.
  - **Reduce Cost of Utilities:** Build sustainable housing with lower utility bills, a significant factor in housing affordability in Mono County. Residents face energy prices comparable to the rest of California but experience a climate (Climate Zone 6) more akin to Minnesota or Alaska than to other parts of California.
  - **Reduce Cost of Transportation:** Reduce the costs in money and time associated with transportation and personal vehicle ownership. Improve safety and reduce vehicle miles traveled (VMT) by encouraging housing near mixed-use areas, and promoting public transit, walking, and cycling year-round. Achieve this through thoughtful land use and zoning requirements, parking policies, public right-of-way improvements, and architectural design. Ensuring that walking trips to essential destinations—such as grocery stores, childcare, schools, and workplaces—are short and enjoyable adds to the community's quality of life rather than detracting from it.
  - **Reduce Other Costs of Living**: Design decisions that increase the number of neighbors within close proximity also allow for common tool sharing, common internet connections and contracts, and the potential of neighbors to do things like cook meals together, watch each other's children and pets, just to name a few potential benefits that save time and money while improving the friendships and connections between neighbors.
- **Create and maintain places and neighborhoods that people love, encouraging them to connect with their neighbors and community**.
  - Housing can be designed to either enhance or diminish residents' sense of connection and well-being. For residents who are financially constrained, **design decisions play a critical role in determining how connected they feel to others**

and their overall well-being. For example: Increasing the number of neighbors within a reasonable distance and making walking a viable mode of transit for most people and for most of the goods and services they regularly need can significantly impact residents' ability to build strong connections with their community. These connections, in turn, improve life satisfaction and enhance both mental and physical health, as well as foster a sense of belonging, create a community safety net, and strengthen local culture and identity.

- **Encourage economic development:**
    - Recognize that housing is a form of economic development, and that a shortage of housing negatively impacts every other economic activity in Mono County.
    - Ensure that all workers have easy access to high-quality, affordable housing. Integrate the needs of the tourist-driven economy with those of long-term residents, leveraging tourism to create additional revenue sources to meet those needs.
- **Increase net revenue from development for all public entities, enabling improvements in services or reductions in tax burdens.**

Criteria

Criteria are the standards that measure the potential of solutions and create the ability to compare the costs and benefits of potential solutions. Any one criterion on its own would be insufficient to fully value a variety of policy alternatives.

One example of this would be any criterion measuring costs to the Mono County Budget will imply a lower cost is better. However, in most cases, especially this one, doing nothing would impose far greater costs on the residents of Mono County and its economy than making investments in housing. This is why having multiple criteria is important, several others may measure the level of impact of a policy or strategic choice. Taken together this list of criteria aims to help understand how alternatives maximize positive impacts and minimize resource usage and negative impacts.

The criteria are scored 1, 2, or 3, with 1 being the best, and the alternative with the lowest score, like golf, being the best.

Potential Unit Production

Described unit production limitations. Highest scoring alternatives were limited only by investment, and the policy option's required investment to reach annual housing needs not met by private development was used to score the option.

3: Costs over $5,078,400 to meet annual need, or is limited by something other than cash.
2: Costs between $2,400,000 and 5,078,400 to meet annual need
1: Costs less than $2,400,000 to meet annual need

Initial County Investment Per Unit

Estimate of the initial cash investment required for each unit produced through the alternative.

3: More than $250,000 per unit
2: Between $50,000 and $250,000 per unit
1: Less than $50,000 per unit

Annual Net Revenue Created

Estimate of annual net revenue created by the alternative, categorized between zero cash revenue and revenue that will result in receiving more cash than the initial county investment over time.

3: No cash revenue or does not return all initial investment
2: Returns all initial investment
1: Returns all initial investment and provides a positive return above return of initial investment

Greenhouse Gas Pollution

Estimated impact of alternative on reductions in greenhouse gas emissions. Categorized by strategies used within the policy option.

3: Meets high energy efficiency standards only.
2: Meets high energy efficiency standards, and creates a compact development, or meets high energy efficiency standards and sometimes creates a compact development and sometimes locates in a mixed-use or walkable area.
1: Meets high energy efficiency standards, creates a compact development, and locates in a mixed-use or walkable area.

Duration of Use as Affordable Workforce Housing

Length of time that the unit will remain in use as an affordable workforce housing unit.

3: Anything less than a deed restriction
2: Deed restriction of any type that lasts at least 55 years and is renewable upon transfer
1: A greater guarantee of permanence than a deed restriction, generally through public control through ownership.

Geographic Equity

A measure of how broadly within Mono County the policy option can be implemented.

3: Only one or two communities
2: Three or more communities, but not every community
1: Can be used in any community

Executive Summary: Housing Policy Options and Analysis for Mono County

Mono County faces a critical housing challenge characterized by high demand for workforce housing, high costs of construction, limited median income, high interest rates, limited development capacity, and pressure from second homeowner and short-term rental markets. This analysis evaluates various policy options to address these challenges and recommends actionable strategies to maximize each policy option's scoring on the criteria selected by the Board of Supervisors including it's ability to enhance housing affordability, sustainability, and availability for local residents.

Policy Option Categories and Variations for Scoring:

Policy options fall under two broad categories: Preservation of Existing Housing Stock, and Development of New Housing Units. Options are further categorized into a range of potential strategies. This analysis attempts to follow a standardized format for each broad category including a description of the category, some potential variations and other considerations, and then a variation developed for scoring. In some cases, the policy option was developed as a variation for scoring, or the potential of the option was very limited, as a result these have been collected in the last policy category of *Strategic Opportunities*. These policy options may perform better in some edge case scenarios but won't typically be the best options to meet the goals of the Mono County Housing Program.

Preservation of Existing Housing Stock

1. **For-Purchase Strategies: Bridge Program, Downpayment Assistance, and other deed restriction or similar strategies**

Objective: Long-term preservation of homeownership or rental housing for local working-class households while preserving long-term affordability.

- **Bridge Program:**
  1. Offers financial assistance to income-qualified buyers to purchase homes.
  2. Deed restrictions ensure affordability for 55 years and renewal with each resale.
  3. Buyer-led options reduce administration and increase flexibility.
- **Downpayment Assistance (DPA):**
  1. Silent Second Loans: Deferred repayment tied to the loan amount and interest, independent of property value changes.
  2. Shared Appreciation: County provides a percentage of the purchase price; repayment matches the same percentage of future sale proceeds.

- **Community Land Trust (CLT):** The county or CLT entity retains land ownership, capturing a larger share of appreciation while offering long-term affordability and homeowner support.
- **Limited Restriction Deed Restriction "Vail InDeed"**
    1. Restricts owner-occupied units and rental units to local residents with a job within the area.
    2. No restrictions on appreciation, income levels, or rents.
- **Variation for Scoring #1: Modified Bridge Program**
- **Variation for Scoring #2: *Vail InDeed***

2. Incentives for Private Conversion from STRs to LTRs

Objective: Encourage private property owners to transition STRs into LTRs.

- **Strategy:**
    1. Offer cash incentives for converting STRs to LTRs.
    2. Incentives would last for a pre-agreed period (e.g., 1–2 years), with continued compliance monitored.
- **Challenges:**
    1. Potential for short-lived conversions due to limited incentive duration.
    2. Risk of incentivizing STR churn, where LTR owners temporarily convert to STRs to qualify for future incentives.
- **Variation for Scoring:** Recently Adopted Program in Mammoth Lakes

Development of New Housing Units

1. Private Development: Incentives for 2–4-Unit Structures, ADUs, and Junior ADUs

Objective: Encourage development of small-scale buildings including with one unit occupied by the building owner to increase housing stock.

- **Barriers to this strategy occurring absent incentives and reforms**
    1. Mortgage limits
    2. Income and limitations for including rental income to qualify for mortgage
    3. Downpayment
    4. Property management experience/training
    5. Financial sustainability without incentives
    6. Land-use restrictions that severely limit opportunities

- **Variation for Scoring:** Strategies to increase opportunities and ensure financial sustainability of buildings.

    1. Simplify land-use to allow ADUs, Junior ADUs, and 2–4-unit structures by right.
    2. Simplify approval and permitting process.
    3. Provide financial assistance through soft debt loans.
    4. Provide or pay for property management training.
    5. Offer one short-term rental permit per building to improve financial feasibility.
    6. In exchange for incentives:
        - Require all new units meet PHIUS (Passive House) energy efficiency standards, and all existing units meet at least energy star standards. Will reduce operation expenses and improve financial sustainability, but many potential owners may not know this.
        - Require *Vail InDeed* style restrictions on all units except for the one used for short-term rentals, with the addition of rent restrictions, limiting units to HUD estimated Mono County median rents and require further reductions for tenant paid utilities

2. Public Development: Mixed-Income Development with Public Equity Investment

Objective: Build mixed-income housing leveraging public equity to sustain affordability.

- **Description of Model:**

    1. Public role: Financier and owner or partial owner
    2. Types of financing and incentives used
    3. Cross-subsidization of affordable units with market rate units
    4. Two examples of existing programs
    5. Benefits, risks, challenges, and implementation considerations to manage them

- **Variation for Scoring:** Modified Mixed-Income Approach to Suit Local Conditions

    1. Utilize high demand for STRs as a source of cross subsidy, which creates financial sustainability while also increasing the percentage of units that can be rented at affordable rates for local working-class households.

3. Public Development: Publicly Led Development with a Flexible Model

Objective: Combine mixed-income and fully affordable strategies to maximize public benefits.

- **Variation for Scoring:** Hybrid of *Mixed-Income, Fully Affordable* models as well as range of even smaller-scale developments.

    1. Develop a portfolio blending mixed-income projects with smaller-scale affordable units.
    2. Cross-subsidize between developments utilizing the financial sustainability of *Mixed-Income* developments of a modest size (e.g., 50-100 units), to subsidize less financially sustainable projects, for example ADUs, Junior ADUs, and 2- to 4-unit buildings from the earlier policy option.
    3. A range of smaller-scale projects helps avoid land-use hurdles common with larger, higher density proposals, and honor the preferences of a wide range of viewpoints while still ensuring enough financial sustainability to meet local housing needs.
    4. Leverage Mono County's dedicated Transient Occupancy Tax (TOT) revenue for initial funding.
    5. Partner with nonprofits or private entities for development and management expertise.
    6. Take time to develop initial projects with community input to build community support and gradually expand capacity.

Strategic Opportunities

1. **Policy Options with a Limited Use Case in Mono County**

Objective: Keep a list of strategies that although may not work well regularly, may have some use cases where they could create larger than typical benefits for the goals of the Mono County Housing Program. Examples include Land Banking, acquisition and rehab of underutilized spaces, and incentives for private development.

Criteria Matrix

Each policy option included a recommendation variation that was intended to maximize the scoring potential of the policy option on the criteria selected by the Board of Supervisors. The matrix below is a graphic representation of how each policy option scored, which allows for an easier understanding of how policy options compare to each other in their ability to meet the objectives measured by the selected criteria. Golf style scoring is used, meaning a lower score is better.

Mono County Housing Policy Analysis Matrix

Policy Option	Unit Production	Initial County Investment Per Unit	Annual Net Revenue	Green House Gas Reduction	Duration of Use	Geographic Equity	Score
Public Development: Publicly Led Development with a Flexible Model	1	1	1	1	1	1	6
Public Development: Mixed-Income with Public Equity Investment	1	1	1	1	1	2	7
Modified Bridge Program	2	2	3	2	2	1	12
Vail InDeed	2	2	3	2	2	1	12
Private Development: Incentives for 4-Plex	3	2	2	2	2	3	14
Private Development: Incentives for ADU to 3-Plex	3	3	2	2	2	3	15

Recommendation & Conclusion

The analyzed proposals provide a mix of options for consideration, from ownership assistance and property conversions to incentives for private development and publicly led development. As shown in the matrix each policy option has strengths and weaknesses.

Staff recommends utilizing a approving a “toolbox” of options to ensure that each criteria is able to be met well with a variety of options. In order to meet this goal, staff recommends utilizing the last policy option, *Public Development: Publicly Led Development with a Flexible Model* as the core of the housing program. This policy has the capacity to meet the housing needs of Mono County while also producing net revenue which can be used to financially support other policy options in this analysis that the public and decision-makers may want to utilize but would not be able to sustain themselves or meet the overall housing needs on their own.

Preservation of Existing Housing Stock

This category of policy options focuses on preservation of existing housing as affordable housing, or in Mono County's case as owned or occupied by a household with members in the local working-class households as opposed to second homeowners or landlords utilizing units as short-term rentals.

Policy Options in this section:

1. For-Purchase Strategies
    a. Descriptions of Potential Variations
    b. Variation for Scoring #1: Modified Bridge Program
    c. Variation for Scoring #2: Vail InDeed
2. Incentives for Private Conversion of STRs to LTRs
    a. Description of Policy option
    b. Variation for Scoring: Recently Adopted Program in Mammoth Lakes

For-Purchase Strategies: Bridge Program, Downpayment Assistance, and other deed restriction or similar strategies

This category of programs broadly assists households in becoming homeowners by purchasing or assisting households in purchasing single units of housing, generally single residential or condominium units.

Bridge Program:

The Town of Mammoth Lakes has utilized two models for their Bridge Program. The first is to make a purchase and then find an income qualified buyer. The second is to find a qualified buyer and then help them find an acceptably priced home. Funds are used to reduce the cost of the purchase for the qualified buyer to a level that is considered affordable. Since the 1980s the Federal Government has set a standard that 30% of your income spent on housing is the upper limit of affordable, this includes all utilities, maintenance, taxes, and mortgage payments. The Town has utilized a higher percentage to reduce the subsidy required, generally 35%. Going above 30% creates a “cost burdened” household, however the trade-off is helping more households have a smaller burden rather than a smaller number of households be below the threshold of cost-burden.

The subsidy in the Bridge program is never paid back, however there is an effectively permanent deed restriction (55 years, renewing with each time the unit is sold). The deed restriction specifies a specific AMI for the first household and all future households. This restriction effectively sets a maximum price that the home can be sold for, because the future household must be able to make payments at the indicated percentage of their income, effectively passing on the subsidy to future households.

Downpayment Assistance (DPA):

DPA is providing money to a household to get them into an owner-occupied unit with affordable costs of housing without having to save for a downpayment, and then delaying repayment of the subsidy to when the home is sold. Many of these programs are for first time homebuyers, but that isn’t always the case. Serving first time homebuyers exclusively may be required by some funding sources, and others there would be no requirement. This report will describe three variations on these types of programs:

Silent second loan:

This policy option aims to make homeownership more accessible for residents of Mono County by offering downpayment assistance through a "silent second loan." The loan provides financial support to homebuyers without requiring immediate monthly payments, allowing them to enter the housing market with less upfront capital.

Under this program, homebuyers could receive assistance for a portion of the downpayment, either with or without an interest rate. However, repayment is deferred until the home is sold. For example, if a buyer receives $100,000 at a 3% simple interest rate, they will repay $130,000 when the home is sold, whether that happens in 10, 15, or 20 years. This repayment would be required regardless of the property's appreciation or depreciation. Whether the home increases from $500,000 to $1,000,000 or decreases in value from $500,000 to $400,000, the repayment remains tied to the

original loan amount and interest, not the home's market value. This strategy is distinct from the two policy options following, which will utilize the change in the property's value to determine repayment.

This policy encourages homeownership by lowering the barrier of large down payments, making it easier for residents, especially first-time buyers, to purchase homes. The silent second loan structure minimizes the financial burden on homeowners during their ownership period while ensuring the county recoups its investment and potentially a small amount of interest upon the sale of the property.

Shared Appreciation:

This housing policy option focuses on helping homebuyers in Mono County afford their homes through a *shared appreciation loan* for downpayment assistance. This program provides upfront funding to cover a portion of the home's downpayment, making the purchase more affordable and helping buyers avoid the need for private mortgage insurance (PMI).

In a shared appreciation loan, the funder (e.g., the county or a housing program) provides a percentage of the home's purchase price as assistance. In return, when the home is sold, the funder receives the same percentage of the proceeds from the sale as it contributed to the initial purchase. For example, if a shared appreciation loan covers 20% of a $500,000 home purchase ($100,000), and the home is later sold for $1,000,000, the funder would receive $200,000—double the original loan, reflecting the home's increased value. This structure ensures that the funder's investment grows with the local real estate market, while helping homebuyers afford homes without additional financial burden during ownership.

No payments are required on the loan until the home is sold, making this a low-pressure option for buyers who want to stay in their homes long term. The shared appreciation model balances assisting homeowners with protecting the funder's investment, ensuring that the initial funding retains its purchasing power in the local market.

Community Land Trust (CLT):

This strategy is similar to the shared appreciation approach, with two changes. The CLT maintains ownership of the land, rather than providing loan, and instead of only capturing a percentage of the appreciation equal to the percentage of the original downpayment, the CLT will also capture a small portion of the appreciation that would have otherwise gone to the homeowner in the shared appreciation approach.

In short, the CLT is essentially taking a larger share of appreciation in exchange for giving the homeowner the opportunity to access homeownership. This additional share allows for each investment in a household's access to homeownership to increase the CLTs share of the overall real estate market. This extra funding can be used to serve more households in the future, and to fund the activities of a CLT. CLTs typically take more responsibility in assisting homeowners with understanding basic operations and maintenance of their home and is a resource available for any general questions.

This strategy is enforced legally through a land lease agreement as a result of the CLT maintaining ownership of the land and selling only the improvements (home) to the homeowner. This method has some similarities to a deed restriction, but it does not need to utilize a deed restriction.Using the same scenario as the previous two approaches, if a home purchase was $500,000, with 20% of the costs covered by the CLT, instead of receiving only the amount invested plus interest (silent second loan) or 20% of the future sale of $1,000,000 (shared appreciation), the CLT would receive $200,000 from their portion of the appreciation plus some portion of the difference between $400,000 (the amount originally paid by the homeowner) and $800,000 (the amount remaining after the CLT takes the same cut as the shared appreciation approach). This is based upon a pre-agreed formula between the CLT and the homeowner. Many CLTs utilize a 50/50 split of this portion of the appreciation. In this example the CLT would be paid $200,000 as a result of the gain for the owner from $400,000 originally paid to $800,000 after the CLTs share of appreciation was taken. In total a CLT would now have $400,000 and the homeowner would leave with the $400,000 originally paid and another $200,000 from their share of the appreciation, or $600,000.

Limited Restriction Deed Restriction "Vail InDeed"

This strategy is meant to minimize the cost of a deed restriction and maximize the number of deeds restrictions that could be purchased. The Vail InDeed program's deed restriction is permanent, with no length of time after which the restriction would come off the property.

The Vail Local Housing Authority (VLHA) administers a program to purchase deed restrictions for both owner occupied and rental units which restrict its use to renting to local residents which is identified based on local employment of 30 hours a week or more. There are no other restrictions including income restrictions. As a result, accepting the deed restrictions have less economic impact on owners which has allowed the purchase of deed restrictions for a lower price point.

Since 2016 VLHA has restricted 175 units at the cost of $12.5 million, which implies an average deed restriction cost of just over $71,000. The program reports that, "The purchase price [of the unit being considered for a deed restriction] is the determined value of the deed restriction. In recent years, the VLHA has awarded anywhere from 16-20% of purchase price or appraised value."[2]

The sales prices, and percentage of sales price would likely be lower in the unincorporated county than Vail, and likely similar in Mammoth Lakes. However, it is difficult to estimate with any certainty what the costs would be without creating a local market for deed restrictions. The level of annual investment would also have an impact on the pricing, with greater investments driving a greater average price.

The year-to-date median single family home price is $1,325,500. Assuming the average deed restriction target value was the same the average cost would be $212,080 to $265,100. The median condominium price is $735,000. If the same percentage were to hold the range would be $117,600 to $147,000. The percentage of value that a condominium owner would be willing to accept would likely be higher on average since some of the "value" that would be captured in a traditional single-family home is lost due to HOA fees, and condominiums are more likely to be used as short-term

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[2] https://www.vail.gov/government/departments/housing/vailindeed/about-us

rentals, which generally wouldn't be allowed due to the residency/employment restriction for tenants.

The benefits of this program over others that income restrict is that it would be cheaper per unit. The challenge is that most funding sources require an income restriction, and as a result these units would need to be purchased only with local dollars.

Variation for Scoring #1: Modified Bridge Program

The first recommended variation to consider is a modified version of the existing pilot Bridge Program. The modifications are meant to minimize potential risks and maximize benefits. In order to do this a recommended variation to adopt would be a buyer led program that builds in energy efficiency improvements at the start of tenure, allows for a reserve of funds to build up for households in case of emergencies, and guarantee a repurchase of the homes from households within a short timeframe of when they want to sell to minimize their carrying costs.

Some benefits of this variation are the successful tenure of a supported household, the satisfaction of the supported household, and the efficiency of the investment. The risks and costs to minimize are the time required for administrative work, minimizing the amount of time a property is held prior to a household making the property their home, and the costs and risks for the homeowner associated with being 100% responsible for maintenance and upkeep, including unanticipated emergency repairs or repairs that become an emergency due to deferred maintenance as a result of limited income available. The following recommendations aim to meet these goals of maximizing benefits and minimizing risks and costs.

1. **Allow buyers to lead the process.** This will reduce the time required for administration of looking for properties to purchase, while also ensuring there will be a qualified buyer that is interested in the property purchased. This also reduces the risk of having a significant amount of money tied up in a property that no one is choosing to live in.
2. **Create a financial safety buffer.** Typically, 30% to 35% is considered affordable for all housing related costs. Instead aim for 25% to fund a traditional mortgage, utilities, and property taxes. For the remaining 10% of the household's income available for housing expenses, provide a small flexible loan that is sized to amortize with that income. Annually recalculate the payments to ensure no more than 35% of the household's income goes towards housing costs, and adjust the flexible loan accordingly. Proceeds from the flexible loan are set aside to be available to be re-lent for major repairs and maintenance that might otherwise push the household into a difficult financial position. This ensures homeowners will have a place to borrow funds when needed, regardless of credit or income issues. It also ensures that payments can be flexible both when maintenance costs are higher, and in times of economic stress. This improves the chances that the household will successfully maintain their homeownership, and the property will be maintained as a community asset for future households. This may reduce the number of households assisted, but the trade-off is worth the cost as it will minimize the inherent risks of homeownership that could lead to the household ending up in a much worse position (foreclosure and bankruptcy).
3. **Utilize non-restricted dollars for the amount that will allow for flexible repayment.** Utilizing PLHA/LHTF or other restricted funds for the bulk of the buy down allows for the 'silent' portion of the investment to be funded by the more administratively challenging

sources of funding, which would require the greatest amount of reporting if it is repaid, and the amount that is to be repaid on a flexible basis would require only the reporting that would be practical, useful, and desired by the Board of Supervisors. This would greatly minimize time required for administration.

4. **Repurchase homes from households at appraised value when they wish to sell.** Households may get into a difficult situation where they may be stuck waiting for their home to sell under the terms of a deed restriction. The result can be many months of paying for a home they either want to leave or no longer live in. Mono County could repurchase these homes, and then attempt to place another qualified household quickly, or resell the home on the open market and allow a new household to utilize the buyer led model with the proceeds. In any case Mono County is in a much better position to take on this risk than the supported household.
5. **Include energy efficiency upgrades for every home purchased.** Energy efficiency improvements, such as increasing insulation and moving to more efficient heating and cooling systems, among others, are relatively low impact improvements that can be completed over a short period of time if well-coordinated. As a result of being in one of the harshest climate zones, zone 6, these types of improvements are crucial to reducing greenhouse gas emissions as well as saving costs for current and future buyers. Developing this process may take some time as it requires building relationships with qualified contractors and creating a consistent and quick process so that its impact on assisted households is minimal.

Scoring on Criteria

Unit Production

2: Costs between $2,400,000 and 5,078,400 to meet annual need

Limited by cash dedicated to policy option. $4,800,000 annually to meet the County's annual housing needs not met by the private market (24 units). Preservation strategies may stem a future loss, but they don't always bring a unit that wasn't available for workforce housing into use for workforce housing. There isn't a clear formula or ratio to use, but stemming a potential future loss is not the same as producing a new unit that is also preserved for permanent use.

Initial County Investment Per Unit

2: Between $50,000 and $250,000 per unit

$200,000 per unit in subsidy for a buyer led program[3].

Annual Net Revenue Created

3: No cash revenue or does not return all initial investment

[3] If the program remains staff led there would be an initial cost to purchase the homes, estimated at $500,000 and carrying costs until the home is sold. The proceeds of the sale would reduce the net subsidy back down to at or near $200,000, or slightly higher because of carrying costs.

Policy option does not produce any cash revenue or return of initial investment. Deed restrictions allow the value of the initial investment to grow or shrink with the local real estate market and the maintained condition of the homes restricted.

Greenhouse Gas Pollution

3: Meets high energy efficiency standards, and creates a compact development, or meets high energy efficiency standards and sometimes creates a compact development and sometimes locates in a mixed-use or walkable area.

The energy efficiency improvements would reduce greenhouse gas pollution and avoid the need to develop new units. Deed restrictions can be in condominiums which are generally compact developments, and they can also locate in walkable or mixed-use areas.

Duration of Use as Affordable Workforce Housing

2: Deed restriction of any type that lasts at least 55 years and is renewable upon transfer

Deed restrictions last 55 years and can be renewed between buyers as households cycle in and out of the program. It is possible for the restriction to expire, but it is very unlikely given the typical tenure of a household.

Geographic Equity

1: Can be used in any community

This policy option can serve any area of Mono County, and as a result scores the highest in geographic equity.

Variation for Scoring #2: Vail InDeed

The second variation to consider is a more hands off strategy modeled after the Vail InDeed program. This would require less time for administrative work per deed restriction, and lower the cost per deed restriction, however it also doesn't explicitly target middle to lower income households. The effect is still likely to be somewhat targeted because residents with local jobs are more likely to be in the middle to lower income range than those employed outside of Mono County. Some improvements:

1. **Create a process for property owners to offer the lowest price they would be willing to accept for a deed restriction.** This will allow Mono County to find the best deals possible, and if the beginning of the process is relatively simple, the time required for administrative work for both the property owner and Mono County will be reduced.
2. **Include both for sale and rental properties.** This maximizes the potential number of units within the "market" of potential deed restrictions, likely lowering the average price per unit restricted.
3. **Include energy efficiency upgrades for every property deed restricted.** Energy efficiency improvements, such as increasing insulation and moving to more efficient heating and cooling systems, among others, are relatively low impact improvements that can be completed over a short period of time if well-coordinated. As a result of being in one of the harshest climate zones, zone 6, these types of improvements are crucial to reducing

greenhouse gas emissions as well as saving costs for current and future buyers or tenants. Developing this process may take some time as it requires building relationships with qualified contractors and creating a consistent and quick process so that its impact on assisted households is minimal. The costs of this portion of the program can be repaid over an extended period by the property owner or covered by a reduction in the deed restriction price.

Scoring on Criteria

Unit Production

2: Costs between $2,400,000 and 5,078,400 to meet annual need

$2,400,000 annually to meet the County's annual housing needs not met by the private market (24 units). Preservation strategies may stem a future loss, but they don't always bring a unit that wasn't available for workforce housing into use for workforce housing. There isn't a clear formula or ratio to use, but stemming a potential future loss is not the same as producing a new unit that is also preserved for permanent use.

Initial County Investment Per Unit

2: Between $50,000 and $250,000 per unit

Approximately $100,000, plus the costs of energy efficiency improvements.

Annual Net Revenue Created

3: No cash revenue or does not return all initial investment

Policy option does not produce any cash revenue or return of initial investment. Deed restrictions allow the value of the initial investment to grow or shrink with the local real estate market and the maintained condition of the homes restricted.

However, unlike the Bridge Program style restriction, this form of deed restriction does not impose direct price controls it is difficult to derive a "net revenue" from that aspect of the program, although it is very likely to be positive, but lower than the Bridge Program style restriction.

Greenhouse Gas Pollution

2: Meets high energy efficiency standards, and creates a compact development, or meets high energy efficiency standards and sometimes creates a compact development and sometimes locates in a mixed-use or walkable area.

The energy efficiency improvements would reduce greenhouse gas pollution and avoid the need to develop new units. Deed restrictions can be in condominiums which are generally compact developments, and they can also locate in walkable or mixed-use areas.

Duration of Use as Affordable Workforce Housing

2: Deed restriction of any type that lasts at least 55 years and is renewable upon transfer[4]

There is no direct control on the affordability of the unit, however it does ensure there is a stock of units that would only be available to the local workforce which is likely to create some general downward pressure on the pricing of these units, and potentially other units as well. It wouldn't be reasonable to assume this is equal to a unit with required affordability. With that in mind, the duration is likely perpetual. Deed restrictions last 55 years and can be renewed between buyers when owners sell their property. It is possible for the restriction to expire, but it is very unlikely given the typical tenure of a household. In the case of a rental property, it may be slightly more likely for a time limited restriction to expire, but even in that case it is unlikely that a single owner will hold a rental property for 55 years.

Geographic Equity

1: Can be used in any community

This policy option can serve any area of Mono County, and as a result scores the highest in geographic equity.

[4] Although the actual Vail InDeed program does not have a time limit on its deed restrictions, Mono County would be using a 55-year limit on all deed restrictions.

Incentives for Private Conversion from Short Term Rentals (STRs) to Long Term Rentals (LTRs)

Providing cash incentives to private landlords in exchange for transitioning their unit(s) into use as LTRs is a strategy that has received some attention locally and has been used in a handful of communities in the United States. Payments are often very generous, paying up to $1,500 or more per month just for converting to LTR. The households that occupy the LTR will still have to pay rent to the landlord in addition to the cash incentive paid by the community.

The image below is the cash incentive structure for the Town of Mammoth Lakes

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

*A qualifying tenant is defined as an adult working locally, with an average annual income of all adult residents of a household (related or unrelated) less than 150% of the area median income ($111,200) for Mono County. Children can count as additional qualifying tenants. Complete the form below to learn more!

Once the period of time that is agreed to passes the private landlord is no longer required to maintain the unit as an LTR. Tenant protections in California may in effect extend the minimum length of time that the unit must remain a LTR, however once the tenant moves out and a year (or whatever period was agreed to) has passed, the unit may go back to use as an STR, subject to any permitting requirements.

Variation for Scoring: Recently Adopted Program in Mammoth Lakes: as described above

Scoring on Criteria

Unit Production

3: Costs over $5,078,400 to meet annual need, or is limited by something other than cash.

Unit production is more difficult to quantify with this policy option because the conversion is likely to be temporary, especially when compared with most other policy options. However, if we assume that the average cash incentive will equal the average of the “long term” cash incentives provided by the Town of Mammoth Lakes ($11,250), and that every cash incentive will create a unit for 2 years, and that we consider a “unit” to be one that will last at least 55 years (the length of a deed restriction.) Then the unit production is roughly 3.23 per $1,000,000 invested, or $7,425,000 annually to meet the County’s annual housing needs not met by the private market (24 units). However, this policy option is further limited by the relatively small number of STRs outside of Mammoth Lakes and so utilize this policy option to meet the unincorporated County’s housing needs, funds would primarily need to be expended in Mammoth Lakes.

This process may end up being counterproductive as it creates an incentive for current LTR landlords to convert to STRs, and then potentially back to LTRs again to capture the incentive.

Initial County Investment Per Unit

3: More than $250,000 per unit

Using the same assumptions as the unit production, the long-term county investment per unit is $309,375. However, for the first year the cash incentive will be $11,250.

Annual Net Revenue Created

3: No cash revenue or does not return all initial investment

There is no revenue from this policy option.

Greenhouse Gas Pollution

3: Meets high energy efficiency standards only.

This policy option doesn't improve energy efficiency, which is less than the minimum. However, it could sometimes open up units in compact developments and walkable or mixed-use districts in the same way as the deed restriction policy options above.

Duration of Use as Affordable Workforce Housing

3: Anything less than a deed restriction

The policy option only creates a1 year restriction per cash incentive.

Geographic Equity

3: Only One or two communities

Most STRs outside of Mammoth Lakes are in June Lake.

Development of New Housing Units

This category of policy options focuses on policy options that would result in the development of new units.

Policy options in this section:

1. Private Development: Incentives for 2–4-unit structures, ADUs, and Junior ADUs
    a. Description of Policy option
    b. Barriers to development of these units without reform or incentives
    c. Incentive and reform strategies
    d. Variation for Scoring: Collection of incentives, reforms, and requirements
2. Public Development: Mixed-Income Development with Public Equity Investment
    a. Description of Policy option with examples of existing programs
    b. Variation for Scoring: Adaptations for local conditions
3. Public Development: Publicly Led Development with a Flexible Model
    a. Description of Policy option
    b. Variation for Scoring: Hybrid approach with examples of existing programs

Private Development: Incentives for 2–4-unit structures, ADUs, and Junior ADUs

Mono County's long term residents and its wild nature make the County an attractive tourist destination. Part of the way that has been captured by local and non-local owners of real estate is through providing both short- and long-term rental units.

One way to leverage Mono County's strength and encourage smaller scale development is to incentivize local households to purchase or build 2-to-4-unit structures for their primary residence, or add an ADU or Junior ADU to their existing property. Each of these options increases the number of units of housing in general, and encourages more efficient land use which is particularly important in a county that is at least 94% unavailable to development. Every development decision that chooses more than one unit on a lot over a single-family unit is a net gain for the community in many ways, including its impact on the housing shortage.

Many communities across the country have undergone large changes in zoning and land use rules to encourage this change. In its most pejorative description, it is discussed as "eliminating single-family zoning." A more positive view is ensuring slightly more efficient use of the space available in a community and creating vastly more opportunities for very small-scale real estate development. Almost no one has the income or balance sheet to develop even modestly sized developments of 20 or more units. However, many people and households could manage or come close to managing the additional cost of an ADU, updates to create a Junior ADU, or to purchase a 2- to 4- plex unit. Additionally, the most common financial product, the home mortgage (including FHA and other lower cost or lower barrier to entry options) allows for the purchase of up to a 4-unit structure without any modifications.

Despite the access to traditional mortgages and other benefitted mortgages (FHA, VA, USDA), many potential participants will struggle with several additional hurdles.

- Participants who have not already collected rent from properties for at least two years may not be able to use projected rental income to qualify for a larger mortgage. Where they can the estimates are based on 75% of an appraised fair market rent.
- Mortgage limits, given the high cost of real estate in most communities in Mono County may limit opportunities, especially opportunities including more units
- Participants may have limited access to the cash necessary to cover downpayments
- Participants may need training on landlord-tenant relationships and the laws involved
- Difficulty making projects pencil out given high interest rates, high costs of construction and real estate, and the costs of property management in Mono County

Strategies to incentivize small scale development of 2–4-unit structures, ADUs, and Junior ADUs include:

- Adjusting land use regulations to allow these types of structures to be developed by right anywhere in Mono County.
- Making the approval and permitting process as easy as possible
- Financing Incentives

- Subordinated amortizing debt (i.e. 2nd mortgage with below market interest rate but required regular payments)
- Soft debt that is returned based on cashflow or completely or partially refinanced into hard debt after an agreed upon period.

- Paying for or providing free training to potential participants on property management
- Connecting potential owners with local property management
- Negotiating a standard contract for program participants with local property management companies
- Providing short term rental permits by right for some amount of the units created or purchased

Variation for Scoring: Strategies to increase opportunities and ensure financial sustainability

Enact land use reforms: Allow up to 4 units, ADUs, and Junior ADUs on all parcels in order to increase the number of potential opportunities. Allow multi-unit structures that are stacked and have units that are only a single floor but on a floor above the ground floor. A typical 4-unit design is similar to the Bridgeport Apartments, where there are two units on a second floor above two ground level units, which is more land efficient, but also more restricted under current land use regulations.

There may be CEQA considerations in this type of change, which may make state level advocacy, or other methods of reaching closer to this goal more appealing or less costly. One thing to note, because the financials are significantly more sustainable with 4 units than 3 units, and 3 more than 2, it would be highly advisable to avoid trying a “smaller” version of this recommendation, because it would be far more costly, produce far fewer affordable workforce units, and would be far less likely to be used by potential participants.

Allow one short term rental permit by right for any ADU, Junior ADU, or 2-4 plex: In June Lake, Mammoth Lakes, and potentially Crowley, short term rentals produce far more income than long term rentals. By allowing one permit by right we increase the financial viability of these buildings. Although that one unit wouldn’t directly create long term units, it would lower the supply-demand pressures in the STR market generally. This lowered pressure would create less desire and pressure to convert units to STRs. By connecting this economic gain to the production of more units, and as described below, that are deed restricted to serve only the local workforce, we both create more units for local working-class households and improve the financial stability of the owner who also occupies one of the units.

Require Vail InDeed Style Restrictions Plus Rent Restrictions: For the owner-occupied unit, and the units that are not short-term rentals, require a deed restriction that requires all future tenants and owners have a job within Mono County. For the non-short-term rental and non-owner occupied units set maximum rents at 20% above the most recent HUD Fair Market Rents, which is equal to the median rent. If tenants pay any utilities, require that rents are reduced by the utility allowances set by the Stanislaus Housing Authority for Mono County.

Provide Soft Debt: Limit soft debt to what is required to ensure projects cash flow, or participant can qualify for a traditional, FHA, VA, or USDA mortgage, but set a limit on soft debt provided per

unit. Update the limit regularly to ensure it meets the goals of the program. In Mono County the functional limit for any household with income above 80% of AMI for a 3-person household is the limits set by FHA. As a result, the soft debt required is higher per project and per unit for smaller projects. Below are the required soft debt contributions for a project assuming $575,000 cost per unit[5].

ADUs & Junior ADUs: $676,125 per unit, $1,352,250 per project

Duplex: $676,125 per unit, $1,352,250 per project

3 plex: $378,967 per unit, $1,136,900 per project

4 plex: $211,600 per unit, $846,400 per project

These soft debt amounts will allow any household with income above 80% of AMI for a 3-person household to participate as long as their debt payments from other sources like student loans and credit cards is not too high.

Require Reasonable Minimum Reserves: Reserves for maintenance, operations, and debt service should be maintained so that the property can cover maintenance costs, and continue to pay bills in the event of temporary income loss due to vacancy or other factors.

Require Repayment based on Cashflow or at Refinance: Cashflow in excess of a predetermined amount, after reserves requirements are met, can be used to pay down the program's outstanding soft debt loans. Because the limiting factor on the hard debt is the FHA loan limits, it is likely that there will be significant excess cashflow. Additionally, if the property is ever refinanced, require payment of the soft debt unless required due to FHA or cashflow limits.

Require all new units meet PHIUS (Passive House) energy efficiency standards, and all existing units meet energy star energy efficiency standards: It is valuable to use every opportunity to increase the net energy efficiency of the housing stock in Mono County. Living in a climate zone that is more typical of areas near the Canadian border means energy efficiency investments will easily create a high financial ROI as well as benefits to occupant comfort and health as well as benefits to the climate. As part of the program educate and provide technical assistance to participants on energy efficiency, electrification, and green energy generation tax credits and grants. This can help participants get additional financing, reducing the program's required soft debt contribution, and could also improve the management of the properties, which would increase their longevity and effectiveness in saving energy. That savings will increase cashflow and therefore the speed of soft debt repayments.

[5] Soft debt requirements per unit will be higher if projects cost more per unit than the simulation used to arrive at these estimates.

Scoring on Criteria

Unit Production

3: Costs over $5,078,400 to meet annual need, or is limited by something other than cash.

Unit production would be limited by the number of available opportunities, which can be addressed by reforming land-use requirements. However, depending upon the scale of the reform there may be significant costs associated with CEQA processes.

Unit production is also limited by cash dedicated to policy option. The cash required to meet the County's housing needs differ between various project sizes:

ADU, Junior ADUSs and duplexes: $16,227,000 annually to meet the County's annual housing needs not met by the private market (24 units).

3-Plex: $9,095,208 annually to meet the County's annual housing needs not met by the private market (24 units).

4-Plex: $5,078,400 annually to meet the County's annual housing needs not met by the private market (24 units).

Initial County Investment Per Unit

2: Between $50,000 and $250,000 per unit.

For 4-plex buildings only.

3: More than $250,000 per unit

For ADUs, Junior ADUs, 2, and 3 plex buildings.

Based on simulations $211,600 to $676,125 per unit depending upon size of project.

Annual Net Revenue Created

2: Returns all initial investment

Cost recovered through soft debt repayments, but no net gain.

Indirect revenue through increased property tax base, and indirect cost savings through more compact development which allows for some service delivery at a lower cost per household.

Greenhouse Gas Pollution

2: Meets high energy efficiency standards, and creates a compact development, or meets high energy efficiency standards and sometimes creates a compact development and sometimes locates in a mixed-use or walkable area.

Meeting the highest energy efficiency requirements for new units or reasonably high standards for acquisition of existing units creates reductions in greenhouse gas emissions, and the development is somewhat more compact than single family housing units. Units may be produced or acquired and rehabbed within or close to walkable and mixed-use areas.

Duration of Use as Affordable Workforce Housing

2: Deed restriction of any type that lasts at least 55 years and is renewable upon transfer.

55 years via Vail InDeed style deed restriction for owner occupied unit, and 1 or 2 units for 3 and 4 plex projects. Restrictions to local workforce and maximum rent restrictions ensure non owner occupied and non-short term rental units will be affordable workforce housing, although not income restricted.

Geographic Equity

2: three or more communities, but not every community

This type of program is most likely to work in Mammoth Lakes, June Lake, and Crowley because it relies on income from short term rentals. However, it may be possible in other communities as well.

Public Development: Mixed-Income Development with Public Equity Investment

This category is taken from a Furhman Center report on publicly led and owned housing development models[6]. Mixed-Income Development with Public Equity Investment models represent a hybrid approach where public entities actively invest in housing development, using tools like revolving loan funds to finance mixed-income projects. These models aim to secure long-term public ownership stakes and cross-subsidize affordable housing through revenue generated from market-rate units.

Core Features

1. **Structure**:
    - Public entities act as both financier and owner or partial owner, leveraging public equity to fill gaps in project financing.
    - Revolving loan funds are used to provide low-interest loans during construction, with repayments reinvested for future projects. For example, Montgomery County's Housing Production Fund (HPF) revolves funds every five years.
    - Projects typically blend market-rate units (70–80% of total units) with affordable units (20–30% of total units, targeting 50–80% of Area Median Income).
2. **Key Tools**:
    - Public land contributions.
    - Favorable financing terms (e.g., lower-than-market interest rates).
    - Local subsidies, including property tax exemptions and development fee reductions.
3. **Examples**:
    - **Montgomery County, Maryland**: Housing Production Fund financed 3,000 units over 20 years with a $100 million bond issuance.
    - **Atlanta Urban Development Corporation (AUD)**: Operates on public land with tax exemptions and debt guarantees from the city.

Benefits

1. **Cross-Subsidization**:

[6] https://furmancenter.org/research/publication/the-emerging-spectrum-of-government-led-and-publicly-owned-housing-development-models

- Revenue from market-rate units reduces reliance on external subsidies, allowing projects to maintain financial viability while delivering affordable units.

2. **Efficient Land Use**:
   - Mixed-income projects often maximize value on public land, creating higher-density developments in high-demand areas.
3. **Potential for Long-Term Affordability**:
   - Public ownership stakes ensure affordability restrictions persist beyond traditional regulatory periods.

Challenges

1. **Financial Viability**:
   - High market-rate rents are critical to subsidizing affordable units, limiting applicability to higher-cost areas.
   - Construction costs and financing risks (e.g., economic downturns) can strain project budgets.
2. **Complex Development Risks**:
   - Public entities must navigate the same challenges as private developers, including zoning, construction delays, and fluctuating costs.
   - Revolving loan funds require careful management to sustain long-term operations.
3. **Equity Stake Risks**:
   - Public ownership involves both financial and operational risks, such as defaulted loans or underperforming assets.

Implementation Considerations

1. **Public Land Optimization**:
   - Projects built on public land minimize upfront costs and support higher affordability levels.
   - Strategic selection of sites ensures alignment with public transit, employment hubs, walkability, and greenhouse gas emission reductions.
2. **Policy and Subsidy Coordination**:
   - Successful models combine federal subsidies (e.g., LIHTC, FHA risk-sharing loans) with local incentives like tax exemptions.
   - Revolving funds must complement, not replace, broader housing strategies.
3. **Operational Capacity**:

- Public entities must possess or outsource underwriting, risk assessment, and asset management expertise. Learning from programs like Montgomery County's Housing Opportunities Commission, the Atlanta Urban Development Corporation, Chicago's Green Social Housing Revolving Fund, and Colorado's Affordable Housing Financing Fund can help develop robust internal systems.

Key Examples

1. Montgomery County, Maryland – Housing Opportunities Commission (HOC)

Core Functions:

- **Revolving Loan Fund:** The Housing Production Fund (HPF) uses revolving capital to finance mixed-income housing developments. Initial funding came from a $100 million bond issuance, supported by Montgomery County Council, with plans to finance approximately 3,000 units over 20 years.
- **Public Ownership:** HOC retains majority ownership of funded units, ensuring ongoing public control.

Financing Mechanisms:

- Construction loans offered at low interest rates (e.g., 3.5%–5%).
- Public land usage and property tax exemptions reduce costs.
- The HPF revolves funds every five years as loans are repaid through project proceeds or additional equity investments.

Recent Project Example:

- A recent development financed with the HPF included 70% market-rate units and 30% affordable units targeted at households earning 50%–80% of Area Median Income (AMI).

Unique Features:

- Revenue from market-rate units subsidizes affordable units, balancing financial sustainability with social goals.
- Cross-subsidization and strategic use of public land maximize housing production and affordability.

2. Atlanta, Georgia – Atlanta Urban Development Corporation (AUD)

Core Functions:

- **Subsidiary of Atlanta Housing Authority:** AUD functions under the city's public housing authority to lead mixed-income developments.
- **Public Land and Tax Incentives:** Developments often occur on public land and leverage property tax exemptions provided by Georgia law.

- **Partnerships:** Collaborates with the city's economic development agency and uses Federal Housing Administration (FHA) risk-share loans to support project financing.

Financing Mechanisms:

- Public land contributions and municipal debt guarantees lower development costs.
- Subordinate construction loans complement senior loans, reducing overall financing risks.

Key Features:

- AUD focuses on creating large-scale, mixed-income developments in Atlanta, incorporating both market-rate and affordable units to achieve financial viability.
- Investments aim to generate long-term public benefits, including permanent affordability.

3. Chicago, Illinois – Green Social Housing Revolving Fund

Core Functions:

- **Revolving Loan Fund:** Chicago's fund supports mixed-income developments with loans that prioritize energy-efficient and sustainable housing designs.
- **Ownership Goals:** The public entity gains partial ownership stakes, ensuring affordability commitments.

Financing Mechanisms:

- Public capital funds construction phases, complemented by market-rate loans for permanent financing.
- Profits from market-rate units support affordability for lower-income households.

Key Features:

- The fund integrates sustainability goals, promoting environmentally friendly housing solutions alongside affordability.

4. Colorado – Affordable Housing Financing Fund (AHFF)

Core Functions:

- **Dedicated Funding Stream:** AHFF is supported by a 0.1% state income tax set-aside, reducing reliance on revolving fund repayments.
- **Flexible Investments:** AHFF focuses on financing projects that provide affordable rental units for households earning 50%–80% AMI.

Financing Mechanisms:

- Equity investments from AHFF prioritize long-term affordability and may include renter wealth-building programs where property appreciation benefits tenants.

Key Features:

- Investments emphasize affordability while allowing some returns to be reinvested in future housing projects or tenant-focused programs.

Commonalities Across Group A ("*Mixed-Income*") Models:

1. **Public Ownership Stakes:** Public entities retain significant control through ownership or partial ownership, ensuring affordability and public benefit over time.
2. **Revolving Loan Structures:** Loans are structured to minimize borrowing costs and ensure funds are recycled for future developments.
3. **Market-Rate Revenue:** Cross-subsidization from market-rate units supports the financial viability of affordable units.
4. **Strategic Land Use:** Public land is leveraged to reduce costs and align developments with community priorities.

Key Takeaways

Mixed-Income Development with Public Equity Investment models provide a scalable framework for creating mixed-income developments, balancing market dynamics with public investment to increase affordable housing supply. However, these models thrive in regions with robust market-rate demand and require significant operational capacity to manage risks effectively. By leveraging revolving loan funds, public land, and favorable tax policies, Mixed-Income Development with Public Equity Investment models can promote affordability while maintaining financial sustainability over time.

Local Context

Mono County has some very specific challenges and strengths that create opportunities to leverage a public equity investment strategy.

- Mono County has far less development activity and local development expertise than several of the examples in the report.
- Mono County has a more bifurcated economy with a much higher relative demand for short term rentals, and a higher income clientele for those short-term rentals.
- Mono County has much lower incomes among permanent local residents with local jobs.

As a result, the following modifications to the Furman Report[7] examples are recommended:

- Directly develop or partner with a local or other partner to assist with the development process. Examples of options include:

[7] https://furmancenter.org/research/publication/the-emerging-spectrum-of-government-led-and-publicly-owned-housing-development-models

  - Eastern Sierra Community Housing, housing consultants already under contract, or another qualified partner sought out by offering an RFP or other process.
  - Maintain public control to ensure long term financial sustainability, property maintenance and upkeep, and to ensure affordable units remain affordable perpetually.

- Replace the cross subsidy from market rate rentals with cross subsidy from short-term rentals.
  - This allows for a much higher proportion of developments to be affordable for lower income households as well as the broad local working class.

Simulations run by staff suggest that a development at a scale that fits local communities could provide rents at the local fair market rents (which are 20% lower than the median rents) for 2/3 of the units produced with only 1/3 of the units set aside as short-term rentals. The two limitations to scaling this scenario are the local demand for short-term rentals as well as the access to federal TOD financing. This ratio of STRs to LTRs would allow Mono County to recapture any funds invested or lent in the development process once the development project closes on its financing sources right before construction begins.

Simulations that utilize a model more like those in the Furman Center report[8] (70-80% market rate) can't be sustained unless Mono County could provide 36% of the costs of development as equity[9]. Which significantly increases the initial investment while also reducing the affordable units.

Variation for Scoring: Modified Mixed-Income Approach to Suit Local Conditions

Mono County's unique challenges and strengths offer opportunities to adapt public equity investment models to its specific context. Key considerations include limited local development expertise, a high demand for short-term rentals, and comparatively low incomes among residents employed locally. These factors necessitate modifications to standard models, ensuring affordability while leveraging local opportunities.

Key Contextual Factors

1. **Limited Development Activity**:
   - Unlike larger jurisdictions, Mono County has fewer development projects and has very few local developers.
   - Partnerships with external entities or local organizations are crucial for successful implementation.
2. **Demand for Short-Term Rentals**:

[8] https://furmancenter.org/research/publication/the-emerging-spectrum-of-government-led-and-publicly-owned-housing-development-models

[9] In this simulation market rate was defined as 10% above the HUD estimated median rents. HUD estimated median rents are 20% more than the fair market rents.

- High demand for short-term rentals, driven by affluent visitors, provides a unique revenue source to cross-subsidize affordable units.

3. **Economic Disparities**:
    - Local workforce households have significantly lower incomes compared to short-term rental clientele.

Proposed Modifications

1. **Development Partnerships**:
    - The Mono County or the Housing Authority directly develops housing and seeks collaboration with qualified partners, such as:
        - Local nonprofits like Eastern Sierra Community Housing.
        - Housing consultants under contract.
        - Other individuals or organizations with development expertise selected through a Request for Proposals (RFP) process.
    - Maintaining public control of the development process and the units developed ensures long-term financial sustainability, consistent property maintenance, and permanent affordability of units.
2. **Cross-Subsidy from Short-Term Rentals**:
    - Replace the traditional market-rate unit cross-subsidy model with revenue generated from short-term rentals.
    - This approach would enable a greater proportion of units to be affordable for lower-income households and the broader local workforce.

Projected Outcomes

1. **Simulated Financial Feasibility**:
    - A balanced development plan where 1/3 of units are short-term rentals and 2/3 are affordable units could sustain local fair market rents (20% below median rents).
    - Once stabilized (93% occupancy), such developments would allow Mono County to recapture public investments or loans utilized in the early stages of development, creating a self-sustaining model.
2. **Comparison to Mixed-Income Models from Furman Report**:

- Models relying on 70–80% market-rate units (as outlined in the Furman Center report[10]) are less viable in Mono County due to the lower average incomes which cannot support rents significantly higher than affordable unit rents.
- Such models would require the county to provide at least 36% of development costs as equity, significantly increasing upfront investment while reducing the proportion of affordable units.

Conclusion

Mono County has the opportunity to leverage its strong demand for short-term rentals to cross-subsidize affordable housing, creating locally a tailored approach that maximizes benefits for its local workforce. By maintaining public control and aligning development scales with local needs, this variation ensures financial sustainability, long-term affordability, and adaptability to Mono County's unique housing market dynamics.

Scoring on Criteria

Unit Production

1: Costs less than $2,400,000 to meet annual need

$540,000 annually to meet the County's annual housing needs not met by the private market (24 units).

Limited by temporary cash dedicated to the policy option to get the development to closing on financing sources and beginning construction. Projects will range in the value of these early expenditures. Assuming land is purchased, and development sites are selected to be create compact walkable districts the highest upfront costs could be as little as $540,000 annually to meet the County's annual housing needs not met by the private market (24 units).

Individual projects may be larger than 24 units and therefore cover more than an average year's growth in demand for housing and also require more upfront investment, but the investment will be proportional to the number of units and the level of compactness of the development. With more units and more compactness resulting in lower costs and as a result more unit production.

Initial County Investment Per Unit

1: Less than $50,000 per unit

$22,500 If land is required to be purchased and if development is reasonably compact

Annual Net Revenue Created

1: Return of all initial investment plus a significant positive return thereafter.

[10] https://furmancenter.org/research/publication/the-emerging-spectrum-of-government-led-and-publicly-owned-housing-development-models

In addition to the return of initial investment of $22,500 per unit, $3,356 per unit per year in cashflow, and another $11,362 per unit per year available for property management and administration.

If we assume an FTE for administration and management is equal to $160,000, two FTEs could be funded for every 22 units produced, regardless of whether these FTEs were employees of Mono County, Housing Authority, or a partner organization.

Greenhouse Gas Pollution

1: Meets high energy efficiency standards, creates a compact development, and locates in a mixed-use or walkable area.

This policy option requires TOD financing. This creates the need to careful select a location which is already in a walkable area, and because the project minimums it will also increase the compactness of the development pattern it will further improve walkability, reduce VMT, and decrease energy use. Taken together with meeting the highest energy efficiency standards, this policy option will have a very high level of greenhouse gas pollution reductions.

Duration of Use as Affordable Workforce Housing

1: A greater guarantee of permanence than a deed restriction

Permanent through permanent public ownership or partial ownership.

Geographic Equity

1: 3 or more communities, but not every community.

This program would likely only be able to be primarily based in June Lake and Mammoth Lakes. However, through the use of scattered site projects, it could also create units in Lee Vining, Bridgeport, and potentially the Walker/Coleville area. However, because of the TOD financing requirement, this would require the partnership of ESTA, YARTS, and the Town of Mammoth Lakes in order to meet the TOD financing requirements. Early conversations have indicated that ESTA and YARTS may be open to partnerships which would open the program to June Lake, Lee Vining, Bridgeport, and Walker/Coleville. However, the Town of Mammoth Lakes may not be open to the required improvements in public transportation infrastructure.

Public Development: Publicly Led Development with a Flexible Model

Description of Policy option

This policy option utilizes a hybrid approach between the Furman Center report's *Group C: Fully Affordable Housing Models* ("Fully Affordable") and *Group A: Mixed-Income Development with Public Equity Investment ("Mixed-Income")*[11]. The hybrid takes advantage of the strengths that each category provides, while avoiding some of the weaknesses of each. This hybrid approach encompasses long-standing models of publicly led affordable housing development, emphasizing affordability and public or nonprofit ownership. These models prioritize serving low-income households while still leaving open the possibility of utilizing mixed-income, mixed-use, and other approaches to maximize public benefits. Similar to the *Mixed-Income* and *Fully Affordable* strategies, this policy option also employs innovative financing mechanisms to sustain affordability and quality over the long term.

Variation for Scoring: Hybrid of *Mixed-Income*, *Fully Affordable* models + A Range of Smaller-Scale Affordable Developments

Core Features

1. **Public or Quasi-Public Ownership**:
   - Housing developments are fully owned and operated by public entities or in partnership with nonprofit organizations.
   - Focus on maximizing affordable units for local working-class households.
   - Directly develop or partner with a local or other partner to assist with the development process. Similar to the previous policy option based on the *Mixed-Income* strategy.
2. **Utilize a Range of Smaller-Scale Developments**:
   - Include developments of a modest in size (e.g., 50–100 units), similar to the Furman report's *Fully Affordable* strategy which enhances political feasibility and aligns with community preferences[12].
   - Leverage the positive cashflow from the modest sized developments to subsidize and include even smaller scale developments, for example projects and programs from the policy options discussed in the deed restriction options and incentives for ADUs, Junior ADUs, and 2- to 4-unit buildings from earlier policy options.

[11] https://furmancenter.org/research/publication/the-emerging-spectrum-of-government-led-and-publicly-owned-housing-development-models
[12] https://furmancenter.org/research/publication/the-emerging-spectrum-of-government-led-and-publicly-owned-housing-development-models

- A range of smaller-scale projects avoid zoning hurdles common with larger, higher-density proposals, and honor the preferences of a wide range of viewpoints while still ensuring enough financial sustainability to meet local housing needs.

3. **Cross Subsidize Between Developments**
   - *Mixed-Income* style developments will provide financial sustainability that can be leveraged to support developments that may be less financially sustainable, particularly early in their life cycle, like the *Fully Affordable* strategy and a range of even smaller scale developments including ADU to 4 unit privately owned units, and a range of deed restricted strategies as analyzed earlier in this analysis.

4. **Dedicated Public Funding**:
   - The *Fully Affordable* models rely on stable public funding sources like municipal tax levies or state-authorized bonds, ensuring long-term financial sustainability. Mono County now has a dedicated TOT tax to fill this purpose, creating a sustaining source of funding.
   - Revenue from rents and pooled income across the future portfolio can supports ongoing operations and capital repairs, including *Mixed-Income* style which increase the portfolio's financial sustainability even without ongoing dedicated public funding.

5. **Simplified Financing and Design**:
   - Avoid solely relying on programs like Low-Income Housing Tax Credits (LIHTC), reducing administration and allowing greater flexibility in project design.
   - Construction cost savings can be created by limiting non-essential amenities like the *Fully Affordable* model, or they can be paid for utilizing cross subsidizing strategies like the *Mixed-Income* model. Amenity sharing can also be utilized between developments in the same community.

6. **Leverage Energy Efficiency and Sustainability**
   - Utilize federal subsidies for energy efficiency and sustainability.
   - Integrate sustainability into housing, combining affordability with environmentally friendly designs.
   - Energy efficiency and sustainability lowers operational and in some cases construction costs to create further financial sustainability.

Key Examples

1. **Dakota County Community Development Agency (CDA), Minnesota**:
   - Operates a portfolio of senior housing developments financed through tax-exempt "essential function" bonds backed by a property tax levy.

- Pools revenue across its portfolio to cover operational costs, major repairs, and future developments.
- Avoids expensive amenities, enabling deeper affordability while maintaining high demand for its units.

2. **The Housing Company (THC), Idaho**:
    - A nonprofit affiliate of the Idaho Housing and Finance Association, initially created to address gaps in affordable housing development capacity.
    - Leverages a large portfolio of affordable housing units to finance new developments.
    - Balances reliance on federal funds like LIHTC with policy option financing mechanisms.
3. **Montgomery County, Maryland – Housing Opportunities Commission (HOC)**
    - Operates the Housing Production Fund (HPF), a revolving loan fund financed by a $100 million bond issuance.
    - Offers low-interest construction loans (3.5%–5%).
    - Market-rate revenue subsidizes affordable units, balancing financial and social goals.
4. **Atlanta, Georgia – Atlanta Urban Development Corporation (AUD)**
    - Operates as a subsidiary of the Atlanta Housing Authority to develop mixed-income housing.
    - Utilizes public land and Georgia tax incentives for developments.
    - Partners with the city's economic development agency and leverages FHA risk-share loans.
    - Combines public land contributions with municipal debt guarantees to lower costs.
    - Uses subordinate loans to complement senior construction loans, reducing financing risks.
    - Focuses on large-scale developments blending market-rate and affordable units.
5. **Chicago, Illinois – Green Social Housing Revolving Fund**
    - Supports mixed-income housing with loans prioritizing energy efficiency and sustainability.
    - Secures partial ownership stakes to maintain affordability commitments.
    - Public capital funds initial construction, with market-rate loans providing permanent financing.

- Profits from market-rate units help subsidize lower-income housing.
- Integrates sustainability into housing, combining affordability with environmentally friendly designs.

6. **Colorado – Affordable Housing Financing Fund (AHFF)**
    - Supported by a 0.1% state income tax set-aside for long-term affordability financing.
    - Focuses on affordable rentals for households earning 50%–80% of AMI.
    - Equity investments prioritize affordability and renter wealth-building programs.
    - Allows returns to be reinvested in tenant-focused programs or future housing projects.
    - Balances affordability with reinvestment opportunities for long-term impact.

Benefits

1. **Permanent Affordability**:
    - Public ownership ensures units remain affordable indefinitely, free from market-driven pressures or expiring affordability requirements.
    - Aligns with community goals to provide stable housing for local working-class households as well as more vulnerable populations such as seniors and extremely low-income households.
2. **Financial Sustainability**:
    - Cross-subsidization within *Mixed-Income* style developments and over time, a growing portfolio, spreads costs for maintenance and capital improvements, reducing dependence on external subsidies.
    - Dedicated funding sources, such as tax levies, provide predictable revenue streams.
    - Cross subsidizing between strategies allows less financially sustainable housing strategies to be used when desired, including deed restriction strategies, and other strategies described in this analysis.
3. **Localized Focus**:
    - Public and nonprofit entities partner to respond directly to local housing needs, tailoring developments to meet specific community demands.
    - Including both moderate sized and smaller developments improve political palatability and make it easier to integrate into existing neighborhoods.
4. **Cost Efficiency**:

- By not requiring the use of federal programs like LIHTC, non LIHTC developments can bypass regulatory constraints and reduce design costs.
- Construction and operational savings translate to lower rents for tenants.

Implementation Considerations

1. **Dedicate Revenue Streams**:
    - Dedicated revenue streams provide the funding necessary for early development phase expenses, and funds to consult or partner with other entities.
    - Dedicating all or a portion of the recently passed TOT measure will help speed up the development of units and allow for more flexibility in serving a variety of income levels and providing rents at a range of prices.
    - Dedicating all projects cashflow, rather than recapturing for use outside of developing and maintaining housing, helps by pooling revenues across multiple developments spreads financial risks and ensures resources for ongoing capital needs.
2. **Local Expertise and Partnerships**:
    - Specialized entities, such as The Housing Company, bring expertise in managing affordable housing and accessing diverse funding sources.
    - Partnerships between Mono County and either local nonprofits like Eastern Sierra Community Housing or others with development and management expertise can enhance capacity while preserving public ownership and mission alignment.
3. **Incremental Growth**:
    - Take time to develop initial projects with community input to build community support.
    - Gradually expand while refining operational systems and experience before growing more rapidly.
4. **Cost Optimization**:
    - Leveraging energy efficiency investments, reducing soft costs as a result of not relying on LIHTC and similar programs, and leveraging public land for development where possible reduces upfront costs and ensure affordability for tenants.

Conclusion

A hybrid of the *Mixed-Income* and *Fully Affordable* models provide a sustainable and localized approach to providing affordable workforce housing. By focusing on public ownership, long-term affordability, energy efficiency, and utilizing cross-subsidy, the hybrid approach addresses the needs of the working-class households as well as the most vulnerable populations. The success of a hybrid approach depends on maintaining operational excellence and aligning developments with

local community needs. With careful planning and dedicated support, a hybrid approach can play a crucial role in meeting the local housing needs through development of stable, sustainable, and high-quality housing.

Scoring on Criteria

Unit Production

1: Costs less than $2,400,000 to meet annual need

Similar to the previous policy option, limited by temporary cash dedicated to the policy option to get the development to closing on financing sources and beginning construction. Projects will range in the value of these early expenditures. Assuming land is purchased, and development sites are selected to be create compact walkable districts the highest upfront costs could be as little as $540,000 annually to meet the County's annual housing needs not met by the private market (24 units).

Individual projects may be larger than 24 units and therefore cover more than an average year's growth in demand for housing and also require more upfront investment, but the investment will be proportional to the number of units and the level of compactness of the development. With more units and more compactness resulting in lower costs and as a result more unit production.

Projects subsidized by the modest sized developments will range in unit production costs in line with the analysis from earlier policy options. However so long as the early projects are of the *Mixed-Use* type and of modest size, the revenues from those projects can help substantially lower cash barrier to production for the less financially efficient options.

Initial County Investment Per Unit

1: Less than $50,000 per unit

For modest sized developments: $22,500 If land is required to be purchased and if development is reasonably compact

For projects subsidized by the modest sized developments, the initial investment per unit will range in line with the analysis from earlier policy options. However so long as the early projects are of the *Mixed-Use* type and of modest size, the revenues from those projects can help substantially lower County Investment per unit for the less financially efficient options.

Annual Net Revenue Created

1: Return of all initial investment plus a significant positive return thereafter.

For the *Mixed-Income* style developments of modest size: In addition to the return of initial investment of $22,500 per unit, $3,356 per unit per year in cashflow, and another $11,362 per unit per year available for property management and administration.

If we assume an FTE for administration and management is equal to $160,000, two FTEs could be funded for every 22 units produced, regardless of whether these FTEs were employees of Mono County, Housing Authority, or a partner organization.

For the projects subsidized by the *Mixed-Income* style developments, revenue will range in line with the analysis of previous policy options

Greenhouse Gas Pollution

1: Meets high energy efficiency standards, creates a compact development, and locates in a mixed-use or walkable area.

This policy option requires TOD financing. This creates the need to careful select a location which is already in a walkable area, and because the project minimums it will also increase the compactness of the development pattern it will further improve walkability, reduce VMT, and decrease energy use. Taken together with meeting the highest energy efficiency standards, this policy option will have a very high level of greenhouse gas pollution reductions.

For the projects subsidized by the *Mixed-Income* style developments, greenhouse gas pollution reductions will range in line with the analysis of previous policy options

Duration of Use as Affordable Workforce Housing

1: A greater guarantee of permanence than a deed restriction

Permanent through permanent public ownership or partial ownership.

For the projects subsidized by the *Mixed-Income* style developments, duration of use as affordable workforce housing will range in line with the analysis of previous policy options.

Geographic Equity

1: Can be used in any community

Can reach every community, however, initially will be more limited.

As a result of the ability to subsidize policy options that provide the highest level of geographic equity, this policy option will also have the highest level of geographic equity. However, early projects, developed to create the cashflow necessary for that subsidy will only provide a moderate level of geographic equity. However, this is temporary and helps to increase the reach of the more geographically equitable policy options by increasing funding for them.

Strategic Opportunities

There are a range of commonly discussed policies or policies that are used in other communities around the world that may have more limited value in Mono County for a variety of reasons. However, in limited circumstances they may help move the goals of the Mono County housing program forward and therefore are useful to discuss here. These policies include:

- **Strategic Acquisitions:**

  This grouping of policy options would directly address the housing shortages in Mono County by focusing on more efficient use of the current housing stock, mitigating the negative impact of short-term rentals on the long-term housing market, and increasing the supply of units for permanent residents. By implementing this policy, Mono County could make significant strides in stabilizing the rental market, reducing displacement, and supporting its workforce and community members.

  - **Conversion of Short-Term Rentals:** The strategy would incentivize or require the conversion of short-term vacation rentals into long-term rental units. This could be achieved through direct purchase by the county, financial incentives for owners to switch from STR to LTR, or regulatory measures limiting STR permits and usage. By reclaiming housing units currently used for short-term lodging, the county can increase the availability of affordable rental housing for residents, workforce members, and low- to middle-income households.
  - **Commercial to Residential Conversion:** This strategy would seek underutilized commercial space and convert it to residential.
  - **Existing Long-Term Rentals with Low Occupancy:** This part of the strategy would involve identifying and acquiring long-term rental properties that currently experience low occupancy rates. The goal would be to ensure that these units are better utilized and available to meet the needs of the local population. Strategies could include partnering with landlords to improve property management, offering subsidies to maintain affordable rent, or directly acquiring and managing the properties.
  - **Underutilized or Unused Forest Service or Other Employee Housing:** This strategy would involve working with employers that are underutilizing employee housing in areas where the housing would be potentially in demand from the public.

- **Strategic Land Banking**

  This strategy is typically used in communities that have a large number of properties that are vacant and left to fall into disrepair. This strategy is most commonly used in the "rust belt" or similar areas where large community employers have left and as a result much of the local population is unable to sustain themselves and ultimately leave the community. A local government typically leads the effort of acquiring properties and clearing claims against them before then turning them into active uses. Mono County may find specific

opportunities to leverage this strategy when parcels become available or could be purchased in highly desirable areas, or when tax sales take place.

- **Strategic Incentives for Private Development**
  - Parking: Reduces requirements, elimination of requirements, or efficient publicly provided parking in walkable districts
    - Parking usage typically peaks at different times depending on uses, with office space usage peaking during the day, entertainment space usage peaking during the evening, and housing usage peaking during the late evening and overnight. Specific subcategories may have further refined parking peak usages. A shared parking strategy can minimize the space wasted on open parking spaces by taking advantage of the variable peaks of usage.
    - Parking wastes space served by infrastructure, provides almost negligible tax productivity, and makes spaces less safe and less comfortable. More vulnerable populations like children are even more prone to safety issues.
    - Parking space, and streets designed to create faster traffic speeds and higher throughput harm the economics for small businesses, all types of development, and decrease the desirability of the space while outside of a personal vehicle.
    - Parking requirements create a large negative impact on the design and economics of development.
    - Analysis of Mono County development costs and typical incomes suggests this tool isn't generally powerful enough to allow for moderate income and affordable housing projects to pencil out, however it may make a difference in specific cases.
  - Density Bonus
    - Assuming parking requirements don't make density bonuses unable to be utilized, sometimes allowing developers to spread the cost of land over more square feet of commercial space or more units of housing is enough to move a project from unable to "pencil out" to getting a green light.
    - Analysis of Mono County development costs and typical incomes suggests this tool isn't generally powerful enough to allow for moderate income and affordable housing projects to pencil out, however it may make a difference in specific cases.
  - Tax and Fee Reductions
    - Reducing the operational or initial development costs may be enough for edge cases to move forward however analysis of Mono County development costs and typical incomes suggests this tool isn't generally powerful enough

to allow for moderate income and affordable housing projects to pencil out, however it may make a difference in specific cases.

- Below Market Interest Rates for Hard and Soft Debt for Projects
  - Hard debt is paid back on a set schedule, also referred to amortizing.
  - Soft debt is paid back based on other factors like committing some cashflow after all other expenses are paid and all other debt is paid. This can be very flexible.
  - There may be cases where these tools could help a project, particularly an affordable housing project that is already well funded by sources like LIHTC, HOME, CDBG, or California specific sources.
  - Analysis of Mono County development costs and typical incomes suggests this tool isn't generally powerful enough to allow for moderate income and affordable housing projects to pencil out, however it may make a difference in specific cases.

Recommended Mono County Housing Program

Mono County hasn't completed a housing needs assessment since 2017. In 2017, that housing needs assessment identified the need over the following 5 years of up to 170 units, or about 34 units per year. From 2010 through 2019 Mono County averaged 10 units receiving their certificate of occupancy per year from all sources. Leaving Mono County short by 24 units per year.

Assuming conditions have not worsened, but maintained the same absolute growing need, by 2030 (5 years from now), the unmet need will have likely grown to over 300 units. However, every community in the region is experiencing a shortage of housing from the southern tip of Inyo County to most northern portion of Mono County. A regional housing study is taking place currently to investigate future needs and the impacts of the shortage of housing throughout the region.

These numbers paired with the stories we hear from residents of Mono County point towards the need to take major actions to alleviate the housing crisis in Mono County. Below is the policy analysis matrix for the options considered in this analysis.

Mono County Housing Policy Analysis Matrix

Policy Option	Unit Production	Initial County Investment Per Unit	Annual Net Revenue	Green House Gas Reduction	Duration of Use	Geographic Equity	Score
Public Development: Publicly Led Development with a Flexible Model	1	1	1	1	1	1	6
Public Development: Mixed-Income with Public Equity Investment	1	1	1	1	1	2	7
Modified Bridge Program	2	2	3	2	2	1	12
Vail InDeed	2	2	3	2	2	1	12
Private Development: Incentives for 4-Plex	3	2	2	2	2	3	14
Private Development: Incentives for ADU to 3-Plex	3	3	2	2	2	3	15

The analyzed proposals provide a mix of options for consideration, from ownership assistance and property conversions to incentives for private development and publicly led development. As shown in the matrix, each policy option has strengths and weaknesses.

Considering the housing crisis and its impacts on the residents of Mono County, staff recommends focusing primarily on the policy options with the largest impact on housing production but still utilizing considering other options to provide a "toolbox" of options to ensure that each criterion is able to be met well. In order to meet this goal, staff recommends utilizing the highest scoring option, *Public Development: Publicly Led Development with a Flexible Model* as the core of the housing program. This policy has the capacity to meet the housing needs of Mono County while

also producing net revenue which can be used to financially support other policy options in this analysis that the public and decision-makers may want to utilize but would not be able to sustain themselves or meet the overall housing needs on their own. The remaining housing policy options should be considered more opportunistic in their uses where benefits are maximized and will be utilized as developed in the policy analysis to maximize their performance. Other options or improvements can also be considered and adopted over time, and will utilize the same criteria with the goal of maximizing our ability to meet our housing goals.

Appendix: Analyzed Policy Options that Scored Poorly

Acquisition and Rehabilitation of Short-Term Rentals (STRs) and Other Underutilized Buildings for Conversion to Long Term Rentals (LTRs).

This policy focuses on acquiring existing housing units and converting them into long-term rental (LTR) properties. The acquisition strategy could target three types of properties:

1. **Conversion of Short-Term Rentals:** The strategy would incentivize or require the conversion of short-term vacation rentals into long-term rental units. This could be achieved through direct purchase by the county, financial incentives for owners to switch from STR to LTR, or regulatory measures limiting STR permits and usage. By reclaiming housing units currently used for short-term lodging, the county can increase the availability of affordable rental housing for residents, workforce members, and low- to middle-income households.

2. **Commercial to Residential Conversion:** This strategy would seek underutilized commercial space and convert it to residential.

3. **Existing Long-Term Rentals with Low Occupancy:** This part of the strategy would involve identifying and acquiring long-term rental properties that currently experience low occupancy rates. The goal would be to ensure that these units are better utilized and available to meet the needs of the local population. Strategies could include partnering with landlords to improve property management, offering subsidies to maintain affordable rent, or directly acquiring and managing the properties.

4. **Underutilized or Unused Forest Service or Other Employee Housing:** This strategy would involve working with employers that are underutilizing employee housing in areas where the housing would be potentially in demand from the public.

This policy option would directly address the housing shortages in Mono County by focusing on more efficient use of the current housing stock, mitigating the negative impact of short-term rentals on the long-term housing market, and increasing the supply of units for permanent residents. By implementing this policy, Mono County could make significant strides in stabilizing the rental market, reducing displacement, and supporting its workforce and community members.

Variation for Scoring: General Strategy guidelines to take advantage of these relatively rare opportunities as they arise

Opportunities to utilize any variation of this policy option are likely to be somewhat rare in Mono County. The following recommendations aim to meet the goal of maximizing benefits and minimizing risks and costs.

1. **Focus on new construction over purchasing STRs if purchase exceeds cost of constructing new units.** Although STRs create both costs and benefits for the community, considering the valuable positive impacts of STRs on the tourist driven economy, it is advisable to avoid overpaying for STRs when new construction is less expensive. Two

exceptions would be if the site is very desirable or if the site is low density and will be redeveloped at a much higher density.

2. **Carefully consider vacant commercial that could be a valuable part of a walkable district.** If potential commercial-to-residential property is already developed at a higher density and has the potential to be an important part of a walkable district it may make sense to pass up the opportunity, unless it there is an opportunity to convert a portion of it to housing and keep a portion of it commercial or to redevelop the site with as mixed-use with significant housing and adequate commercial space to support the district. Goods and services are an important part of creating a lower cost walkable area for residents. The value of that amenity may outweigh the need for additional housing, particularly if there are other opportunities to focus on new construction or redevelopment of other areas.
3. **Carefully consider long term rental units with high vacancy rates.** There may be a location-based reason for vacancy, particularly in a time when vacancy rates are so low. However, if the reason is related to poor management or upkeep of the property, it may make sense to take the opportunity to rehabilitate or redevelop the property.
4. **Set up regular meetings with forest service.** Working with the federal government will require a lot of time, regularly meeting with forest service and other federal entities that serve Mono County locally will provide Mono County with more information and a stronger local relationship to make deals like land swaps or other opportunities to expand the amount of land in Mono County that could be put to productive use for housing and related development.
5. **Include energy efficiency upgrades for every project.** Every opportunity to improve energy efficiency and the comfort of residents is important to take in order to reduce costs and also reduce greenhouse gas emissions. The IRR, ROI, and simple payback numbers are very good for even the most ambitious energy efficiency upgrades, making it an easy choice to improve financial and environmental sustainability.

Scoring on Criteria

Unit Production

Low: Costs over $5,078,400 to meet annual need, or is limited by something other than cash.

The number of units produced from this policy option is likely to be highly variable and generally very low. This makes the most impactful limitation simply the number of opportunities to utilize this strategy.

Within that limitation, the strategy is limited by cash dedicated to policy option. $7,200,000 annually to meet the County's annual housing needs not met by the private market (24 units). This assumes that the acquisition and rehab will net out a unit for ever $300,000. Because of the variable nature of these types of opportunities, the per unit costs would also be highly variable.

Initial County Investment Per Unit

High: More than $250,000 per unit

Approximately $300,000 per unit. However as mentioned above, the actual cost could be highly variable. The costs of acquisition and rehabilitation is generally less expensive than new construction.

These projects would generally not qualify for the Federal TOD financing because project size is likely to be less than the minimum threshold. This makes financing these projects more difficult, and requires a larger county investment.

Annual Net Revenue Created

High: eventually returns all investment plus a positive return

As long as the units remain in Mono County or the Mono County Housing Authority's portfolio, approximately $10,000 per unit per year will be generated assuming no debt service expenses. This is an estimate based upon the projected Bridgeport Apartments cashflow.

Assuming there is no debt service this would provide Mono County with a 3.3% ROI. Borrowing to partially fund the project would reduce the ROI, but allow Mono County to produce a larger number of units.

Greenhouse Gas Pollution

Moderate: Meeting the highest energy efficiency standards, and sometimes creating compact development, as well as sometimes developing within existing mixed-use areas.

This policy option would reduce greenhouse gas emissions for many potential projects. Projects that are underutilized currently and in areas close to workplaces and other amenities would lower greenhouse gas emissions by decreasing vehicle miles traveled.

Mixed-use projects would additionally lower VMT for any nearby households if amenities, workplaces, or any highly needed services were provided in the non-housing spaces.

Finally, by rehabilitating buildings to meet the highest energy efficiency standards there would be additional emission reductions.

Duration of Use as Affordable Workforce Housing

High: Permanent as a result of public ownership.

Mono County would be able to maintain units as affordable workforce housing permanently by maintaining the units in its portfolio or the Mono County Housing Authority's (or similar entity) portfolio.

Geographic Equity

Moderate: Possible in many communities, but not all communities in Mono County.

These opportunities could come about in most places within Mono County; however, they are far more likely in the largest communities within Mono County.

Private Development: Incentives and Regulations for Private Development of New Units

Private development in Mono County already takes place, but the level of development hasn't kept up with the housing need. Generally, developers focus on the highest rates of return, which tends to be the housing that can sell or rent for the highest prices. The highest end example is the Limelight property (albeit in Mammoth Lakes), where "a limited collection of 15 private residences [are priced starting] from the mid 2 millions."[13]. In the unincorporated part of Mono County in 2023 there were 15 units were issued certificates of occupancy, all of which were owner occupied. Five were "very low income non deed restricted" 2 were "low income non deed restricted", 1 was "non deed restricted moderate income", and the final 7 units were above moderate income. However, the 2017 housing study for Mono County suggested that to meet current needs and future employment growth Mono County would need to see 24 to 34 units produced on average per year[14].

There are many types of incentives that could be provided, some examples include:

- Density bonus
- Tax and Fee reductions
- Procedural Incentives: Increase speed of approvals, or automatic approvals
- Parking requirement reduction
- Below market financing

These can be generalized as procedural incentives, hard debt, soft debt, reductions in capital expenses, and reductions in operating expenses.

Procedural incentives include anything that can increase the speed of approvals or allow for automatic approvals. For example, allowing for fast-track approvals, or automatic approvals in exchange for including affordable housing.

Hard debt is paid back on a set schedule, also referred to amortizing.

Soft debt is paid back based on other factors like committing some cashflow after all other expenses are paid and all other debt is paid. This can be very flexible.

Reductions in capital expenses can be anything that reduces capital expenses, for example providing public parking instead of requiring private parking, allowing for a higher density which decreases the land costs per unit, or providing some other benefit that would others be paid upfront as a capital expense.

Reductions in operating expenses are generally any ongoing fee or tax reduction. In California these are more difficult to utilize because tax increment financing is commonly used for this purpose, but it isn't allowed as broadly in California as it is in other states.

For the purposes of this analysis, we will focus on hard debt, soft debt, and reductions in operating expenses through fee and tax reductions. Any of these or a mix of them have potential to impact

[13] https://limelightresidencesmammoth.com/
[14] The report recommended 120 to 170 units in a 5-year period from 2017 to 2022.

private development. The reason these incentives have the potential to impact private development is because they add to the return indicators that are used by private developers. The goal is to ensure that investors are able to meet their minimum return requirements. Without reaching investor requirements private development generally won't take place. In this case the investor includes the developer, any equity partners, and any debt partners. Markets and return requirements will change over time and under various circumstances, however as a starting point for analysis, a reasonable rule of thumb is that a project will need to reach 5 to 10 percent cash on cash[15], and a 15 percent internal rate of return (IRR)[16].

If an incentive moves a project from below these ranges to inside or above them, the development project is more likely to occur. In order to avoid over subsidizing a project setting return targets and requiring some clawing back of incentives if returns reach above agreed upon thresholds can hold projects accountable and utilize public investments more efficiently.

The math for development projects in Mono County doesn't work out particularly well, construction costs are high, interest rates are high, and as a result rents must be very high in order to create a project that will meet the two aforementioned targets for private real estate investors. This is why the development that does occur is generally targeted at the wealthiest people who have an interest in purchasing or renting space in Mono County, especially within Mammoth Lakes. These consumers tend not to be permanent residents of Mono County who are working in local jobs.

The most powerful incentives generally available to Mono County are below market rate hard debt, below market rate soft debt, and operational expense decreases primarily through fee and tax reductions.

Staff ran several simulations of a potential project in Mono County that would benefit from incentives to see if it could meet the aforementioned investor requirements.

The first simulation was utilizing HUD estimates of median rents, the second was higher rents more typically seen in Mammoth Lakes, June Lake, and Crowley. No combination of below market rate hard debt, soft debt, and operation expense reductions was able to reach the IRR and cash on cash

[15] Cash on cash is the measure of the average annual return of cashflow in relation to the equity invested in the property. Ex. $100 equity and $10 cashflow would be 10%. Cashflow is the cash available after all operations, maintenance, and debt service have been paid.

[16] Internal rate or return is a slightly different way of calculating return. It takes into consideration a specific period of time and compares the cashflow and cash from a future sale after paying off debt. Different investors have different time horizons, but generally the time period would range from 5 years to 10 years. For the simulations for this policy option, 10 years was used as it produced higher IRRs. The projected value of the sale of a project uses a capitalization formula which is typical for commercial property valuation. It takes into account the cashflow at the time of sale and divides it by a capitalization rate. For this simulation we used 4%. Capitalization rates are standard practice, and they allow the comparison between properties that are very different by focusing on their economic value. Cap rates vary from place to place, and can range widely based on a number of factors. 4% is a low capitalization rate, which produces a higher projected sale value. A local realtor was consulted, and they suggested that current cap rates are in the range of 5% to 6% which would produce a lower value for sale. Staff didn't update the simulation because even with the more advantageous cap rate, the analysis suggested that incentives aren't feasible.

targets for either scenario. The investor return requirements were not close in any of the scenarios either, which suggests other types of incentives are unlikely to be able to push a project above the minimum thresholds.

Given the outcome of this analysis, it is unlikely that density bonuses, procedural incentives, and parking requirement reductions would make a significant impact for any project that has rents that could potentially be affordable to the local workforce households. However, some combination of these incentives may increase the number of higher end projects that take place. Some housing professionals and scholars suggest that making higher end projects is still useful for every income level because of what they refer to as *filtering* in the housing market[17] [18]. The theory suggests that for every high-end unit produces, a higher income household will move into it, vacating another unit that would be slightly less expensive. Then that unit will be filled, again vacating another unit that may be slightly less expensive and so on down to the lowest income homes for the lowest income households. The effectiveness of filtering is contested, a summary of the findings of one housing researcher, Jonathan Spader of the Federal Housing Finance Agency is presented by the National Low Income Housing Coalition:

> Spader concludes that filtering may not always be a reliable source of lower-cost rental housing and that affordable housing subsidies might be necessary in markets that experience periods of upward filtering. He further concludes that the variation observed in filtering outcomes might warrant federal policies that are more sensitive to local conditions[19].

A Berkeley IGS research report titled "Housing Production, Filtering and Displacement: Untangling the Relationships" takes more of a middle ground questioning the relative effectiveness of filtering:

> Through our analysis, we found that both market-rate and subsidized housing development can reduce displacement pressures, but subsidized housing is twice as effective as market-rate development at the regional level. It is unclear, however, if subsidized housing production can have a protective effect on the neighborhood even for those not fortunate enough to live in the subsidized units themselves[20].

[17] https://www.prohousingpgh.org/blog/does-filtering-make-housing-more-affordable
[18] https://www.huduser.gov/portal/pdredge/pdr-edge-featd-article-061520.html
[19] https://nlihc.org/resource/new-study-examines-filtering-dynamics-us-housing-supply

[20] https://www.urbandisplacement.org/wp-content/uploads/2021/08/udp_research_brief_052316.pdf

Variation for Scoring: Given the lack of financial feasibility, consider other policy options and potentially reconsider in the future if market conditions change

Incentives that have a low cost, or benefits outside of increasing the rate of development could benefit Mono County. For example, providing public parking and reducing parking requirements for nearby developments, even to as low as zero. This could reduce greenhouse gas emissions, increase the compactness and as a result walkability of an area by freeing up empty space reserved for cars. This would increase property taxes and other economic indicators over a specific area, which produces a higher ROI on infrastructure and service provision, most of which have at least some components that is impacted by the total amount of area that needs to be covered, regardless of the number of households within that area.

However, with the exception of very high-end high-cost development, which is already occurring, there isn't a clear path to help developers meet the financial metrics needed to green light a project. Incentives for high end developments are unlikely to produce more development than is currently occurring, and that development is far less likely to impact the local workforce housing market through filtering effects due to the bifurcated nature of the local market. There are very wealthy visitors who can afford very expensive second homes and hotels, and then there is the local permanent population which has significantly lower levels of wealth and income.

If there is interest in pursuing incentives as a housing strategy, engaging a specialized real estate professional that can help Mono County understand the potential and limits of various incentive policies allow for development of a more thoughtful potential policy option. Regardless of whether that path is chosen, in the meantime focusing on more clearly effective policy options for housing is likely to have more positive results.

Scoring on Criteria

Unit Production

Low: Lack of feasibility

Uncertain, under current conditions very low, or very high cost.

Initial County Investment Per Unit

High: Lack of feasibility

Significant, and it would only likely work for very high rent or price level housing options.

Annual Net Revenue Created

Low: No cash revenue

If there is more development than would have occurred without incentives, increased property tax base to the extent those taxes are not refunded to lower operating expenses. With the level of new revenue directly proportional to the number of units developed.

Greenhouse Gas Pollution

Moderate: EE reductions + Sometimes Compact and sometimes mixed-use district

Larger developments are far more likely to be compact as well as part of a mixed-use district, however there is no guarantee that this would be the case. In addition, as long as incentives are combined with increased energy efficiency and electrification requirements, there will be reductions from that requirement.

Duration of Use as Affordable Workforce Housing

Low: None

Only impacting the overall market potentially through the filtering mechanism, which may not be as strong in Mono County. The effectiveness of filtering in general is also contested, and in question specifically in the Mono County context.

Geographic Equity

Low: Only One or two communities

These incentives would likely only work in the highest cost markets within the County.

Background Appendix

A Brief History of Housing Policy Decisions and Discussions

The following is a timeline of housing-related discussions and decisions at the Board level and at Mono County Housing Authority meetings. The summary will be by year, except for 2023 and 2024, where it is broken down by date.

Pre-2019

- 2017 Housing Needs Assessment
  - 120 – 170 units of housing needed in unincorporated county
- 2018 Nexus Fee Studies Completed for HMO
  - Ownership, rentals, commercial developments, and inclusionary housing in-lieu fee
- 2018 Housing Toolbox Presentation from EPS Consulting
  - Supervisor Bob Gardener, "We aren't just saying we have a housing problem and let's just throw some stuff at it every year and see how it goes. That's not good enough, that's kind of where we've been."

2019

- In a presentation at a Joint Town-County meeting the following were listed as County Housing Programs/Policies
  - Revolving Loan Fund, $300,000 for the purpose of providing short term lending to preserve existing deed restrictions.
  - County First Time Home Buyer Program (HOME and CDBG funded)
  - Increases in density allowed in various land use designations.
  - Short term rental regulations
  - Birch Creek Condo Unit, and two homes in Benton (all were ultimately sold)
  - Section 8 Housing Vouchers (which were eventually transferred to the Stanislaus Regional Housing Authority)
- The Board held a Housing Mitigation Ordinance Workshop and ultimately decided to charge a smaller amount of fee than the Nexus Fee study supported:
  - Single Family Residential: 5%, or provide 1 affordable unit per 20 market rate units
    - Unless only 1 unit, or an ADU, then 3.33%
  - Multi-Family Residential 3.33% or provide 1 affordable unit per 30 market rate units
  - Storage & Warehouse $0.50/sf, Commercial $1.00/sf, Industrial/Service Commercial: $0.50/sf, and Visitor Accommodations: $2,000/room
- The property owned by Mono County at 71Davison was sold with requirements to make four of the five units affordable to a range of incomes.

2020

- The Tioga Inn project that requested to add additional housing as part of the already approved specific plan was largely considered during this year over multiple meetings.
- 2018 HOME grant was amended

- The county discussed applying for the 2020 CDBG NOFA

2021

- REAP and LEAP grants were applied for in the amounts of $121,517, and $65,000, with the intention of utilizing them to set up and begin operating a new “housing structure” within the county. Applications were later focused on setting up the LHTF.
- The Board approved a letter of commitment to loan $500,000 of No Place Like Home funds to the Parcel for their tax credit application, and a loan of $1,800,000 from Mental Health Services Act allocations. This was ultimately allocated in 2022.
- The Board Approved behavioral health agreeing to an MOU to provide supportive services at the Parcel.
- Meghan Mahaffey provided an update on the Mono County Revolving Loan Fund, which has assisted in providing the rapid ability to purchase property, allowing MLH (now ESCH) to find long term funding after the purchase.
- The Board considered the Tioga Inn Specific Plan Amendment #3
    - This project never took another step forward after the meetings in 2021
- The Board approved lending money for predevelopment to Pacific West Communities (The Parcel) in the amount of $306,021.
- The Housing Authority Discussed seven potential policies: (See attachment 2021 Housing Authority Policy Discussion)
    - Allowing one RV as an employee long-term unit for parcels designated as Commercial
    - Adding housing as a permitted use in the Specific Plan (SP) Land Use Designation
    - Adding duplexes as permitted use in the following Land Use Designations: Estate Residential (ER), Rural Residential (RR), and Single Family Residential (SFR)
    - Compliance with SB 35 State Affordable Housing Streamlining provisions.
    - Developing an acquisition loan program for nonprofit developers to help them acquire and deed restrict existing multifamily properties.
    - Consider adoption of a density bonus policy that goes above and beyond the state’s mandated policy.
    - Consider the ability for multi-family developments to add more ADUs than currently allowed by the state and reflected by proposed revisions to Chapter 16 of the Land Use Element.
- The Mono County Grand Jury submitted their 2020-2021 Workforce Housing Crisis Final Report (See attachment 2021 Grand Jury Workforce Housing Crisis Report)
    - The County Responded to this final report (See attachment 2021 Responses to Grand Jury Report)
- The Board heard a presentation on the potential uses of their landholdings. The primary take-away is that most of the land isn’t useful for direct housing development but may be able to be used for land trades to get land closer to communities. See attachment 2020 Mono County Land Holdings
- ESCH Presented on Access Apartments
- The County owned home in Benton was sold to the Utu Utu Gwaitu Tribe

2022

- The Board supported Innsbruck Lodge by matching State Project Homekey grant with $550,000 of local dollars.
- The Board supported IMACA with a $100,000 grant of local dollars in exchange for taking, “certain actions to preserve the long-term use of real property located at Willow Avenue in June Lake.”
- The Board approved the hiring of the County’s first Housing Opportunities Manager
- CAO Sandra Moberly presented to the Board in her former position as Director of Community & Economic Development of the Town.
- Former CAO Bob Lawton shared a list of housing related goals at a County-Town Joint meeting, including: Analyzing vehicle miles traveled (VMT) and Green House Gas emission inventory, infrastructure needs assessment and capacity improvements study, prescriptive designs for ADUs, inventory of county parcels (completed), future analysis of parcels for developable sites or land swaps, SRO use within all land uses, reducing or waiving process fees for projects that propose a low income unit, and discussing policy items.
- The Board allocated $1.8 million as a loan for permanent supportive housing, and agreed to dedicate $500,000 in California No Place Like Home funds for permanent supportive housing in the Parcel Phase 1 project in Mammoth Lakes.
- The Board approved a contract with MLH for the provision of Housing Navigator Services that was not to exceed $325,000, and not to exceed $100,000 in any 12-month period.
- Enacted a temporary moratorium on approval of new short-term and transient rentals of single-family residential units in all land use designations.
- Michael Jones provided the Housing authority an update on building permits applied for and issued from 2011 through 2022.
- The Board adopted a Vehicle Miles Traveled (VMT) threshold and screening criteria.
- The Board sold a home owned by the County in Benton to the Utu Utu Gwaitu Tribe for $137,000, and lending $132,000 to the Tribe to be paid back in semi-annual payments of $13,200.
- Community Development Department began responding to public discussions of using RVs as housing
- The Board revised the regulatory agreement for 71 Davison Street in Mammoth Lakes

March 14th, 2023

Consultant Stanley Keasling presented over 40 housing related recommendations for Mono County, which were categorized as:

- Staffing and Partnerships
- County-owned and Surplus Land
- Projects
- Financing
- Zoning
- Exactions, and
- Other County Work

A list of the recommendations is included in Housing Workshop Tracking Appendix. Several of the recommendations will be part of the overall policy analysis.

April 4th, 2023

The Mono County Board of Supervisors created an "Ad Hoc Committee to evaluate potential housing sites," this has since been referred to as the housing Ad Hoc. The committee assisted in pushing forward the 5-unit purchase in Bridgeport, which will transition short term rental units into long term rental units. This project is in escrow presently. The committee continues to meet intermittently to assess potential housing sites.

April 18th, 2023

The Mono County Board of Supervisors approved $826,000 to assist with the development of Innsbruck Lodge which will utilize a "housing first" management model for 15 residential units and includes one management unit. The project has now begun housing residents as of June 2024, which some units still being completed.

June 20th, 2023

The Board extended a HOME subrecipient agreement with MLH, now ESCH. This grant was extended and also ultimately returned due to HUD pausing California based downpayment assistance programs due to issues HUD had with the templates used by California. No funds were ultimately utilized, and they were returned to HCD prior to the May 2nd, 2024 deadline.

The Board also provided gap funding of $200,000 to MLH (now ESCH). ESCH had access to a State of California mortgage assistance grant that required ESCH to expend the assistance first and then request reimbursement. The County funds were used and then paid back after reimbursement.

July 18th, 2023

County Counsel, Christopher Beck, provided a presentation on the roles and responsibilities of Housing Authorities to the Mono County Housing Authority. The board of the Mono County Housing Authority is the Board of Supervisors of Mono County.

October 10th, 2023

The Board discussed but did not adopt a moratorium on overnight rentals in multi-family residential units.

October 30th, 2023

The Housing Opportunities Manager position was filled. As of June 4th, 2024, the HOM, CAO, County Counsel, Community Development Department, Health and Human Services, and others have been able to complete significant housing related work including:

- Completing the purchase of a 5-unit property in Bridgeport that will be transitioned from short term rental to long term rental
- Received a land donation of 10 acres in Walker

- Nearly completed the development of a workforce housing downpayment assistance program that was funded in 2023/24 budget
- Met with RPACs and other community groups to get feedback and share updates
- Are developing the final contract to utilize the Whole Person Care Pilot grant
- Board creation of a LHTF to utilize and match the PLHA dollars previously awarded, in total making $655,652 available for projects that assist households earning 60% to 120% of area median income (AMI)
- Have preserved $186,617 in LEAP and REAP funding which was planned to be utilized developing the LHTF
- Applied for the 2023 PLHA grant
- Continued to administer existing HOME Investment Partnership (HOME) and Community Development Block Grant (CDBG) programs previously funded, including clearing up reporting requirements and making plans to re-apply for program income (PI) to continue to revolve the use of previously awarded funds as they are paid back
- Developed this Policy Analysis, and done significant research to find financial sources for housing development projects throughout the county, including USDA programs, programs within the federal Bipartisan Infrastructure Investment and Jobs Act, programs within the federal Inflation Reduction Act, and California funded and/or administered programs.

November 7th, 2023

The Board provided $600,000 towards the development of Access Apartments, a project by ESCH. ESCH plans to create 13 units of affordable housing ranging in incomes up to 120% AMI.

January 16th, 2024

The Board heard a presentation by Christopher Beck, County Counsel on "Optional Funding Opportunities for Affordable Housing and Other Projects", this included information about three incremental funding opportunities: Enhanced Infrastructure Financing Districts (EIFD), transient occupancy taxes (TOT), and Affordable Housing Agency (AHA).

Of the three, only one, TOT would create new tax revenue. The other two would designate an increment of existing taxes that would be set aside for affordable housing, or in the case of EIFD, potentially "other projects".

February 6th, 2024

The Board approved the matching of PLHA funding and the creation of a LHTF. As a result, the LHTF was funded with $655,652 which is able to be used on a broad range of projects that would support households in the 60% to 120% AMI range

The board also approved transferring $2.5 million of federal emergency funding into the affordable housing fund.

May 14th, 2024

The Board moved forward with the purchase of a 5-unit property and to transition that property use as long-term rental units, from its previous use as short term rentals.

May 21st, 2024

The Board in a joint meeting with the Town of Mammoth Lakes, agreed to a Mono County Staff request for the Town and the county to cooperate in developing a regional housing needs assessment.