TOWN COUNCIL STAFF REPORT

Title: Discuss and consider approval of the agreement between the Town of Mammoth Lakes and Mammoth Lakes Housing

Meeting Date: August 3, 2022

Prepared by: Sandra Moberly, Community and Economic Development Director

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RECOMMENDATION:

Staff recommends that Town Council approve the professional services agreement between the Town and Mammoth Lakes Housing and authorize the Town Manager to sign the agreement subject to any Council modifications and final legal review.

BACKGROUND:

The Town and partners created Mammoth Lakes Housing (MLH) for housing-related services in 2002. Mammoth Lakes Housing has performed a number of services on the Town's behalf and working with other agencies. MLH assists with grant applications and grant management when they serve as a subrecipient and received administrative and delivery funds from grants. MLH provides a variety of housing related services and programs such as managing deed restriction design/household qualifications/ongoing stewardship of these units, public outreach/education, as well as affordable housing development of 82 rental units and 48 ownership units. MLH generally services low- and moderate-income households but works with others as well. The mission of MLH is to support community housing for a viable economy and a sustainable community. MLH has assisted the Town in the past with housing element updates and other housing related planning documents. The proposed contract continues MLH's mission to provide their ongoing housing related programs and services and the implementation of specific deliverable on behalf of the Town as provided in the proposed agreement. Town funding for these services is recommended at $336,000 per year. This is a one-year contract with provisions for three one-year automatic extension under the same terms and conditions.

On July 7, 2021, the Town Council approved a one-year contract which expired on June 30, 2022. When the Town Council approved the FY 21/22 MLH contract, they provided direction to Town staff to seek out additional housing programs and determine the level of support needed from MLH for the new housing programs. Since execution of the FY 21/22 contract, MLH has pursued other contract work, and secured HOME Grant funding and raised other funds for the Access Apartments project (238 Sierra Manor Road). The Town and MLH successfully applied for a HomeKey grant to support a hotel conversion project. Additionally, the Town has solidified the Housing Now! Program and has provided the Council with updates over the past several months on the program goals and accomplishments. MLH has provided real estate services for elements of the Housing Now! Program.

Contract Overview

During the recent housing-related Town Council meetings, the Council has provided direction to staff to develop a list of deliverables for the MLH contract that are more succinct and oriented to specific housing focus areas. The focus areas identified by the Council include creation and preservation of deed restricted units, maintain appropriate wait lists for housing units, bring more grant money to Mammoth Lakes, provide real estate services, and provide housing services and information to the community. Staff has taken the direction provided by Council and has drafted a more succinct list of deliverables for the MLH contract (Attachment 1).

The contract funding is proposed to be $336,000 per year which is the same as the current contract amount. MLH does receive additional funding from grant subrecipient work. The additional funding varies depending on the number of grants for which they are the subrecipient. MLH also does work for other agencies.

The Town Council reviewed the draft deliverables on May 18, 2022 and did not have any specific changes to the deliverables as provided. After the May 18, 2022 Town Council meeting, the MLH Contract Committee and MLH Board reviewed the draft deliverables and provided comments, which are addressed below.

ANALYSIS:

The proposed 2022 contract is for a one-year period with two, one-year potential renewals beginning on July 1, 2022 with a proposed compensation of $336,000/year. The majority of the proposed contract scope of work remains the same as the previous contract, with the overall change being a simplified list of deliverables and the removal of items that are part of MLH's core services as a housing non-profit. This includes things like "maintain regular office hours, provide Spanish language services, process rental applications," and other baseline services. The Council direction was to achieve a succinct summary of deliverables that are above and beyond the services that MLH provides in their role as a local housing non-profit. While it's acknowledged that the Town provides funding for the MLH core services, it is not required to call them out in detail in the contract. This will allow MLH and the Town to better track progress on the measurable deliverables that are a priority to the Town, above the MLH baseline services.

In addition to the contract with the Town, MLH engages in contract work with Mono County, Alpine County, and the City of Bishop and collaborates with other non-profit organizations and private developers on projects and programs relative to their mission to "support workforce housing for a viable economy and sustainable community."

MLH Board Requests/Responses

Staff has provided a brief summary/response to the analysis as outlined in the July 11, 2022 MLH Board staff report.

1. *Ongoing term* – MLH has noted that it takes a considerable amount of time to review and negotiate the contract on an annual basis and has proposed that the

contract be an annual contract with an option for an automatic renewal if there are no issues that have been raised either from the Town or MLH. Staff has proposed the following language in response to the MLH Board's request for a longer contract period:

3.1.2. The term of this Agreement shall be renewed automatically for two (2) successive terms of one (1) year (July 1, 2023, through June 30, 2025) under the same terms and conditions. Either party may provide written notice of a decision not to renew this Agreement to the other party at least sixty (60) days prior to the expiration of the then-current term of the Agreement. Nothing herein shall prevent or require the parties to negotiate an extension or amendment to the Agreement to change its terms in connection with an extension, including without limitation by amending the compensation or scope of work.

Staff is supportive of this language as it allows the Town or MLH to make changes to the agreement on an annual basis if needed (with a sixty-day notice), but not required to do so to continue work services under the current agreement.

2. *Real Estate Services* – Mammoth Lakes Housing provides several different types of real estate services for the Town, such as preserving deed restricted units using the Revolving Loan Program and purchasing and/or selling units through the Bridge program. The MLH Board discussed the various real estate services and had concerns that the number of units being purchased through these programs exceed the existing MLH staff capacity. To that end, they proposed limits on certain real estate services provided to the Town.

    a. *Deed Restriction Preservation Program* – When MLH buys and sell units through the Deed Restriction Preservation Program (using the Town's Revolving Loan Fund) they receive a 3% commission from the seller which covers some of their carrying expenses for the unit. Because these transactions come with additional funding, MLH has proposed to continue this process of preserving deed restricted units with their typical commission and no limit on the number of units they would process through this program.
    b. *Bridge Program* – Over the past year, MLH has purchased two (2) units for the Bridge program and the Town purchased three (3) additional units that are being resold through the Bridge program. Of those five (5) units, two (2) have been sold and three (3) are being marketed for sale. Because the program is beyond the scope of the previous contract deliverables, MLH has proposed that they can buy and sell up to three (3) units per year as a part of this program without any additional requests for funding.
    c. *General Real Estate Services* – Over the past year, MLH assisted in the escrow process and purchase of one (1) unit for the Town outside of the programs listed above (*unit used as an employee housing unit*) and the Town purchased an additional unit to be used as an employee housing unit. MLH has proposed that additional real estate services will incur a cost of

1.5% to represent either the seller or buyer (representation of both seller and buyer would be 3%)

Staff is supportive of the MLH request as outlined above and included in Attachment 1. Nothing in the agreement limits the Town's ability to work with any other entity or agent for real estate services.

3. *Miscellaneous MLH Comments* - A number of other items were suggested to be included in the deliverables per the MLH Board.
    a. Annual monitoring of the First Time Homebuyer (FTHB) portfolio – staff has added this to the deliverables.
    b. Kitzbuhl Regulatory Agreement Compliance – staff has added this to the deliverables.
    c. Annual Apartment Vacancy Report – staff has added this to the deliverables.
    d. Participate in General Plan Housing Element – staff has not included this in the deliverables as the Housing Element will not be updated until 2027.
    e. Serve as a resource to the Town (Community Indicators Report, serve on Housing Mitigation Fee working group, etc.) – staff has not included this in the deliverables as providing the Town with housing statistics and participating in housing-related working groups is included within the baseline MLH services and doesn't need to be called out as a separate deliverable.
    f. Coordinate with the Town on GIS database – staff has not included this in the deliverables as providing the Town with housing statistics and participating in housing-related working groups is included within the baseline MLH services and doesn't need to be called out as a separate deliverable.
    g. Participate in the continuum of care (regional homelessness coordination entity) – staff has included this in the deliverables as MLH participation allows for the access of additional grant funding for MLH/Town projects.
    h. Attend Town meetings – staff has not included this in the deliverables as providing the Town with housing statistics and participating in housing-related working groups is included within the baseline MLH services and doesn't need to be called out as a separate deliverable. Additionally, the deliverables specifically call out formal updates to Town Council as a part of 6.a.

Additional Comments by MLH

In addition to the comments outlined in the July 11, 2022 staff report, MLH provided comments via "track changes" in the document attached to their staff report. Staff has reviewed these comments and provided responses as needed:

- *Introduction paragraph* – Staff had originally suggested a succinct introductory paragraph that outlines the purpose of the agreement and the focus on low to moderate Area Medium Income (AMI) levels. MLH has suggested an expanded

introduction paragraph that reflects the trusting relationship and history between the Town and MLH. Staff suggests that the introductory paragraph remain succinct to reflect MLH's core services and specific deliverable as a contractor with the Town. This document isn't intended to be used as a testimony of the relationship between the entities, rather a succinct summary of the work program items to be achieved.

- *Grant Administration Fees* – MLH suggested that language be included to describe how grant administration fees would be allocated between the Town and MLH. Staff included the following language in the deliverables which is identical to the language from the 21/22 MLH deliverables:
    - "Costs of administering grants shall be paid to the extent contemplated by Section 1.c of Exhibit B."
        - Section 1.c of Exhibit B states *In addition to the payments under Section 1.a above, the Town agrees to pay MLH the administrative and activity delivery funds allowed in all housing related grants received by the Town, including CDBG, HOME, HELP, Begin, etc. as mutually agreed upon through applicable subrecipient agreements. MLH acknowledges that Town may refuse to enter into subrecipient agreements that do not permit Town to retain a portion of the administrative funds to support the Town's administrative costs.*

Staff has included a clean version of the contract deliverables as Attachment 1, Exhibit A.

RECOMMENDATION

Staff recommends that the Council consider the professional services agreement with Mammoth Lakes Housing and consider authorization of the professional services agreement with Mammoth Lakes Housing for housing related services, reflecting the scope of work as shown in Exhibit A of the agreement, for an annual amount of $336,000.

FINANCIAL CONSIDERATIONS:

The contract with Mammoth Lakes Housing is funded out of the General Fund using Transient Occupancy Tax (TOT) funds. Community and Economic Development staff provide required contract oversight and program support.

LEGAL CONSIDERATIONS:

The contract will be reviewed by the Town Attorney prior to execution and his changes will be included as necessary.

ATTACHMENTS

1. Final Draft Contract with Mammoth Lakes Housing
    Exhibit A – Scope and Deliverables
    Exhibit B – Compensation