TOWN COUNCIL STAFF REPORT

Title: Middle-Income Housing Policy Statements and Predevelopment Steps for a Middle-Income Rental Housing Project at the Parcel

Meeting Date: July 1, 2026

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RECOMMENDATION:

1. Approve the resolution adopting the Town of Mammoth Lakes Middle-Income Housing Policy Statements

2. Authorize the Town Manager to initiate the predevelopment phase of a middle-income rental housing project at the Parcel by negotiating and executing contracts and agreements for the following:
    a) A financial feasibility study, including a market study
    b) A legal feasibility study
    c) A preliminary site layout and design framework
    d) A joint powers authority development partner/owner

BACKGROUND:

The Town of Mammoth Lakes (Town) community vision outlined in the General Plan includes: "Adequate and appropriate housing that residents and workers can afford." To strengthen the implementation of this vision, the Town implemented the Housing Now! initiative in 2019 to provide a range of community housing that is available and affordable to those working in the community.

Most of the housing created under this initiative has been in the low-income category due to the availability and requirements of state and federal funding sources used. However, the March 2026 Regional Housing Needs Study (2026 Housing Study") identified that the current highest housing need for the Town is in the middle-income category, between 80 percent and 150 percent of the Mono County area median income (AMI), sometimes termed "the missing middle". Input from community members, local employers, and the Town Council support this conclusion, and the 2026 Town Council Strategic Priorities include: "Continue implementation of the Town's Housing Now! initiative program with a focus on the missing middle."

In 2018, the Town purchased a 25-acre property at 1730 Tavern Road, subsequently named "The Parcel", for the purpose of developing workforce housing. The 2021 Parcel Master Plan requires that all housing units within the development shall be deed-restricted

affordable housing for individuals and households working in the region. At least 85 percent of these affordable units shall be rental units deed-restricted for households earning up to 120 percent of AMI, while the remaining 15 percent of units may be either rental units, or for-sale homeownership units, restricted to households earning up to 200 percent of AMI.

To date, all 229 rental units completed, or under construction, at the Parcel are in the low-income category, with an average income level at 60 percent of AMI. There is remaining capacity at the Parcel for approximately 250 additional units that could be restricted for middle-income households; either as rentals or homeownership units.

ANALYSIS:

Through the adoption of a resolution regarding middle-income housing policy statements, the Mammoth Lakes Town Council can articulate the priority approach the Town will take to realize its vision and achieve its middle-income housing goals. This would serve as a guide for the Town's efforts to increase the middle-income workforce housing inventory.

While the 229 low-income units being developed at the Parcel are very important to address the Town's overall housing needs, the Master Plan never envisioned the entire parcel being developed for low-income households. Rather a mix of income levels is necessary to address the community need across a range of incomes. The 'missing middle' is an important component of this mix and, for rental housing, is comprised of households earning between 80 percent and 120 percent of AMI.

To further its goal of developing the remaining land at the parcel with middle-income housing, on May 20, 2026, the Mammoth Lakes Town Council authorized the Town Manager to sign the Mammoth Unified School District (MUSD) and Town of Mammoth Lakes (TOML) Letter of Intent and Offer to Negotiate Exchange of Properties and the Access Agreement. The MUSD desires approximately 2 acres at the Parcel to develop approximately 40 middle-income rental units for MUSD employees (highlighted in blue in Figure 1 below).

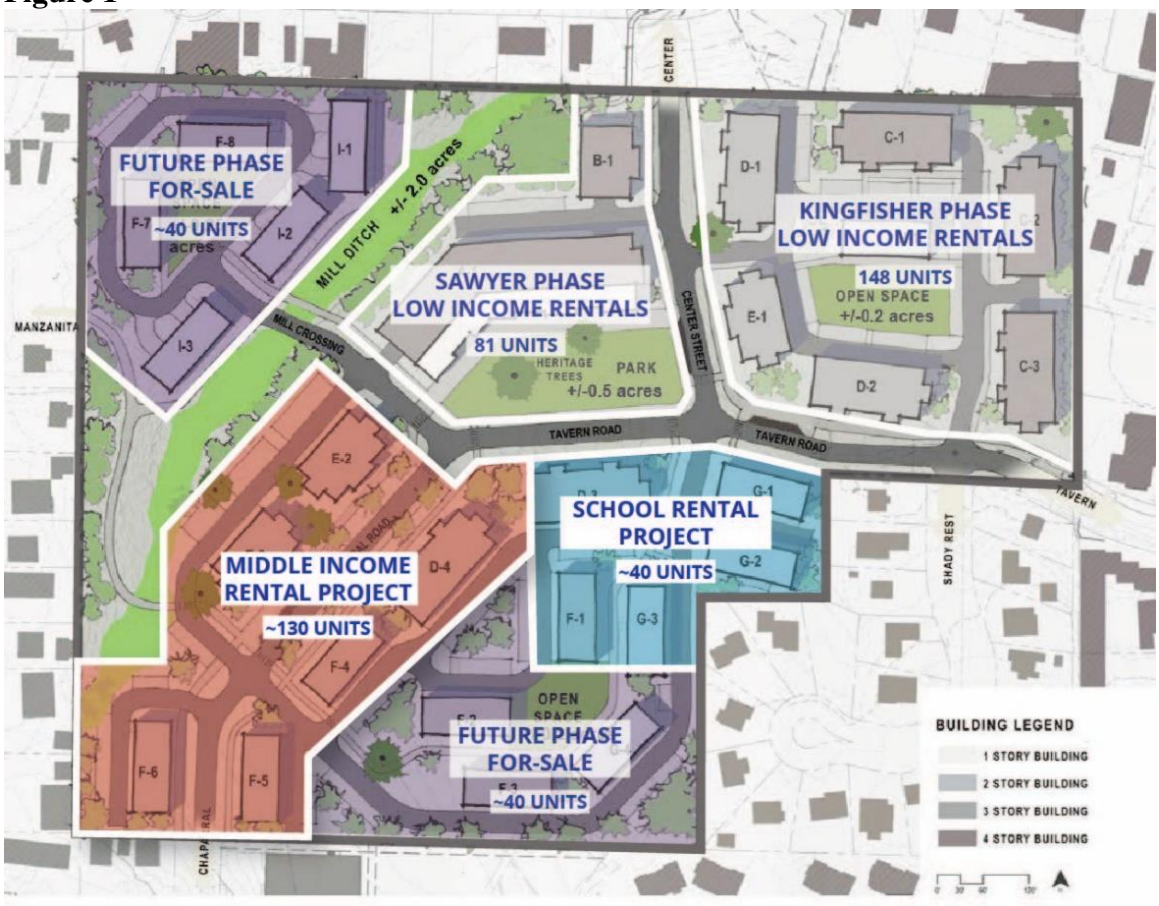
In addition, recognizing the community need, Housing Now! initiative strategic priorities, and Parcel Master Plan objectives, the Mammoth Lakes Town Council desires to develop the remaining land with an approximately 130-unit middle-income rental housing project (highlighted in red in Figure 1), and two future projects of about 40 units each, which could be for homeownership (highlighted in purple in Figure 1).

The Town Housing Division staff have completed preliminary research and analysis of a conceptual framework for a middle-income rental housing project at the Parcel. This includes:

1. Approximately 130 rental units along Chapparal Road
2. A mix of Studio, One-Bedroom, and Two-Bedroom units with a majority of One-Bedroom units

3. Average rents affordable to households earning 110 percent of area median income
4. A Town equity investment of up to 38 percent of project cost, or up to $210,000 per unit
5. Private partners to design, build, operate, and maintain the project
6. Joint powers authority public ownership for the duration of the bond repayment period (approximately 30 years)
7. Upon debt repayment in approximately 30 years, a Town option to sell or transfer ownership of the project

Figure 1



The predevelopment phase of the project would begin with several actions:

a) A financial feasibility study (including a market study)
b) A legal feasibility study
c) A preliminary site layout and design framework
d) A joint powers authority development partner/owner

Conducting this initial predevelopment feasibility analysis would provide the Town Council, staff, and the public, with more detailed information about the feasibility of a

middle-income rental housing project at the Parcel. This will allow the Council to make an informed decision on whether to continue with a middle-income rental project and have staff finalize financing and obtain bids for design, build, operate and maintenance contracts.

OPTIONS ANALYSIS:

Option 1: Approve the resolution adopting the Town of Mammoth Lakes Middle-Income Housing Policy Statements, and authorize the Town Manager to initiate the predevelopment phase of a middle-income rental housing project at the Parcel by negotiating and executing contracts and agreements as follows:

a) A financial feasibility study (including a market study)
b) A legal feasibility study
c) A preliminary site layout and design framework
d) A joint powers authority development partner/owner

This option would provide the Town Council, staff, and the public, with more detailed information about the feasibility of a middle-income rental housing project at the Parcel. This will allow the Council to make an informed decision on whether to continue with a middle-income rental project.

Housing Division staff resources will be prioritized for this effort, meaning other housing programs and opportunities will be paused or take a lower priority.

Option 2: Adopt the policy statements, but do not approve the predevelopment phase of a middle-income rental project at the Parcel.

There are no immediate impacts as a result of this option. However, with no other sizeable vacant site to develop and the timeline of a large-scale project, Council will need to provide direction to staff regarding alternative housing priorities. Delaying any decision will delay progress on increasing the workforce housing inventory.

Option 3: Take no action.

There are no immediate impacts as a result of this option. However, with the high need for middle-income workforce housing in the Town, Council will need to provide direction to staff regarding alternative housing priorities. Delaying any decision will delay progress on increasing the workforce housing inventory.

FINANCIAL CONSIDERATIONS:

The cost of these initial studies is estimated to be approximately in the range of $100,000 to $150,000. In addition, Housing Division staff resources will be prioritized for this effort, meaning other housing programs and opportunities will be paused, or take a lower priority.