



# Mono County

## SHORT-TERM RENTAL HOUSING STUDY

### SCOPE OF SERVICES

July 6, 2023

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MIG, Inc., is pleased to submit this proposal to support Mono County with a Short-Term Rental Housing Study. We approach our project assignments as a partnership and will work with County staff to support, promote, and uphold Mono County’s goals and standards.

#### **ABOUT MIG, Inc.**

MIG, Inc., improves, adapts, and creates organizations, environments, and tools for human development. We are a community of designers, planners, engineers, scientists, and storytellers who engage people in creative problem-solving and collective action. We believe that the physical and social environment around us have a profound impact on our lives, and this belief shapes the principles that guide our work:

- Communities can plan their own futures.
- The world needs an ecological perspective.
- Great projects work for everyone.
- Elegant design inspires new thinking.
- Every project presents an opportunity to advance racial and social equity.
- All work must be context driven.

Our staff has assisted mountain communities facing regional, housing, economic, and equity issues, including balancing workforce housing with short-term rentals.

#### **BAE**

BAE Urban Economics, Inc., is a national urban economics and real estate consulting practice with staff based in the Lake Tahoe region. BAE provides a broad range of services focused on the nexus of market economics and feasibility and community-based planning. Key practice areas include affordable and workforce housing needs, market and financial feasibility analyses, and public policy analysis and strategy development.

BAE’s passion for the “triple bottom-line” of sustainable economics, community equity and social justice, and environment sustainability is unique among urban economists. BAE believes practical solutions exist to help achieve this triple bottom-line. BAE considers environmental impacts, social benefits, and financial returns to create the best overall value and the highest quality outcomes for clients and their communities.

BAE staff's recent Short-Term Rental research experience includes the Eastern Placer County Short-Term Rental Economic Study, Truckee Short-Term Rental Housing Token Program Valuation Study, and Mariposa County Short-Term Rental Study.

## **PROJECT UNDERSTANDING**

MIG and BAE will support Mono County with the analysis of the impacts of short-term rentals (STR) on workforce housing, using existing literature, case studies, and available Mono County and regional data. The scope for this effort includes in-person stakeholder interviews, preparation of policy and regulatory options, and a presentation of findings and options to the Board of Supervisors. We understand Mono County adopted an emergency moratorium on permitting new STRs since May 3, 2022, which will expire on May 3, 2024. The moratorium is intended to allow the County to develop a comprehensive housing strategy to address the lack of affordable housing for the workforce and loss of long-term housing rentals. The Board further directed County staff to analyze the impacts of short-term and transient rentals on long-term housing availability and evaluate possible modifications to Chapters 25 and 26 of the Mono County General Plan and other applicable regulations.

Prior to the moratorium, the County allowed STRs rentals in limited geographic areas, subject to a Use Permit and Annual Activity Permit. The County believes its activity permit requirements address the safety and operational issues associated with short-term rentals. The purpose of this project is to identify what impact(s), if any, STRs have on workforce housing supply and affordability in the county and whether any modifications to the current regulatory structure should be considered.

## **TASK 1: PROJECT COORDINATION AND MANAGEMENT**

MIG and BAE will work closely with County staff to analyze impacts and identify options associated with STRs relative to workforce housing availability and affordability. The budget assumes regular team coordination, attendance on eight team conference calls, and ongoing project management during the assumed six-month process.

### Deliverable(s)

- Meeting Notes/Discussion Summaries (PDF)
- Invoicing (PDF)

## **TASK 2: KICK-OFF MEETING**

To kick off the project, MIG and BAE (Consultant Team) will participate in a virtual meeting with County staff (Client) to discuss the scope of work, budget, and schedule, and to confirm the project goals and desired outcomes. Town of Mammoth Lakes staff (Town) may be invited to participate in the meeting, pending County direction. The Client will provide an overview of the existing policy framework, noting aspects that are working well and ways the policy is falling short. The Client will also provide direction regarding stakeholders to engage as part of Stakeholder Interviews to be held during Task 7. MIG anticipates stakeholders may include representatives from affordable housing providers, housing developers, lodging industry, local managers of STRs, hotel/motel/lodging industry/association, tourism sector, and real estate industry.

The Consultant Team will also request available data and relevant background materials from the Client.

### Deliverable(s)

- Kick-Off Meeting Agenda (PDF)
- Kick-Off Meeting Summary PDF)

### **TASK 3: LITERATURE REVIEW/BEST PRACTICES**

BAE will leverage previously-conducted research regarding the current empirical research on relationships between the prevalence of STRs and long-term housing availability and pricing, both rental and for-sale. BAE will identify additional research conducted in recent months and will prepare an updated analysis that accounts for more recent findings from the academic literature. BAE will also update the literature review to include key findings from recent professional research conducted for peer communities throughout the Mountain West. BAE will conduct a review of the available literature regarding the impact of STRs on the viability (e.g., pricing and occupancy) of new and existing hotel properties, recognizing that STRs represent a competing form of visitor accommodations. BAE will then prepare a table and narrative summarizing the key findings from the literature review.

### Deliverable(s)

- Key Findings and Best Practices Summary (Excel/PDF)

### **TASK 4: STRS IMPACTS ON VISITOR SPENDING AND WORKFORCE HOUSING DEMAND - OPTIONAL**

To estimate the value of STRs to the local economy, as well as the extent to which creation of new STR units results in the creation of new workforce housing demand, BAE will collect data on the economic impacts of overnight tourist visitation from Dean Runyan and Associates<sup>1</sup> and will calculate a county-specific visitor spending-jobs multiplier.

Using this multiplier value, BAE will estimate the number of jobs supported based on visitor spending originating from persons staying overnight in hotel, motel, or vacation rental accommodations. Based on the total number of overnight visitor stays in hotel, motel, and vacation rental accommodations in Mono County, BAE will calculate the average number of visitor nights per job supported. BAE will apply the nights per job multiplier to the average STR occupancy in Mono County to estimate the number of STR units required to support one full-time equivalent job. BAE will leverage data from the U.S. Census Bureau's Public Use Microdata Sample (PUMS) dataset to calculate the average number of workers per resident workforce household and will calculate the number of STRs needed to generate demand for one new workforce housing unit. As part of this process, BAE will also calculate the total estimated visitor spending resulting from overnight stays in STR units and will estimate the indirect and induced

<sup>1</sup> [Dean Runyan and Associates](#) are private data vendors that have developed and maintain an economic impact model specific to the tourism industry. They sell data to a wide variety of economic development and tourism improvement agencies throughout the country, including to the State of California. Dean Runyan is the author of the [Economic Impacts of Travel in California](#) as the basis for the induced workforce housing demand analysis.

economic output and employment that results based on data from Dean Runyan, as well as from the IMPLAN<sup>2</sup> economic impact model.

Following the research, the Consultant Team will meet virtually with County staff to review the preliminary findings.

#### Deliverable(s)

- Preliminary Findings/Estimate of STR Impact on Visitor Spending and Workforce Housing Demand Memo (Word/PDF)
- Team Meeting (virtual)

#### **TASK 5: STR AND HOTEL INVENTORY, OCCUPANCY, AND PRICING TRENDS**

BAE will review the available transient occupancy tax (TOT) certificate and STR permits data provided by the Client to assess changes in the number of active STRs and hotel/motel rooms by county sub-area. BAE will also compare the number of known STRs and hotel/motel rooms in the market with the estimated trend in tourist visitation over time, as documented by Dean Runyan and Associates, as well as total number of housing units as documented by the Department of Finance and the U.S. Census Bureau (Census). BAE will collect data on homeowner's exemptions from the Mono County Assessor's Office and information on recent residential relocations from the U.S. Postal Service (USPS) National Change of Address (NCOA) data set for ZIP Codes within Mono County between 2018 and 2022.

Under this task, BAE will review trends in the number of STRs and other types of visitor accommodations (including hotel/motel and Bed-and-breakfast establishments) over time and will compare those trends to changes in how the housing stock is being utilized.

##### 1. Change in the Prevalence of STRs

BAE will review the available TOT certificate and STR permits data provided by the Client to assess changes in the number of active STRs and hotel/motel rooms throughout the county and within up to four county sub areas. In addition, BAE will evaluate the unit type (STR, hotel/motel, bed and breakfast, etc.), unit size (e.g., number of bedrooms), average daily rate (ADR), and occupancy characteristics to the extent possible based on the available data.

##### 2. Changes in Housing Composition

BAE will collect information on the total number of housing units in Mono County by sub area from the California Department of Finance (DOF) and the U.S. Census Bureau (Census). This will facilitate a comparison between the number of STRs and other visitor accommodation units

<sup>2</sup> [IMPLAN](#) is a software and data package that is commonly used by local government agencies to evaluate the economic impacts of proposed projects and/or policy interventions. While other economic modeling software packages exist in the market, such as REMI, the IMPLAN model is one of the most frequently used due to its relative cost-effectiveness. The model is based on a robust data set of national and regional economic accounts that document purchasing relationships between industries through multiple iterations or rounds of spending. The software also incorporates institutional demand and inter-institutional transfers, which reflect purchases made by households and government agencies, as well as transfers made between institutions. The IMPLAN software is frequently used by a wide variety of private organizations and government agencies, including the numerous state and local agencies, as well as the U.S. Bureau of Economic Analysis and the U.S. Environmental Protection Agency, among others. Data for use with the IMPLAN model area available at the County or ZIP Code level.

compared to changes in the housing stock by type. BAE will also collect data on residential vacancy over time, with a focus on identifying housing held vacant for seasonal and occasional use. This portion of the analysis will also include evaluation of data on homeowner's exemptions provided by the Mono County Assessor's Office to identify changes in owner occupancy rates, both overall and for housing that has changed hands (i.e., been sold) within the last five years.

### 3. Evaluating COVID Migration Impacts

Recognizing the significant impact that pandemic-induced migration has had on many tourist economies, BAE will compare the available statistics on population and household growth from the DOF and Census, with data on household and business relocations published by the U.S. Postal Service (USPS). BAE will compile and analyze data from the National Change of Address (NCOA) data set for ZIP Codes within Mono County, including for up to four specific breakout areas, and will evaluate the flow of households in to and out of Mono County ZIP Codes between 2018 and 2022. BAE will also collect information on school enrollment within the applicable school district to identify any discernible changes in the size of the local school-age population.

#### Deliverable(s)

- STR and Hotel Inventory, Occupancy, and Pricing Trends memo (Word/PDF)
- Team Meeting (virtual)

### **TASK 6: POLICY AND REGULATORY FRAMEWORK**

MIG will research and analyze other Mountain West jurisdictions' policy and regulatory approaches to STRs. This task will include summarizing the County's existing and historical regulatory process based on information provided as part of Task 2. The analysis will identify policy rationales or purposes for regulating STRs and methods for preserving or constructing workforce housing. The analysis will include case studies and best practices for model ordinances, based on communities with similar economics and demographics (e.g., mountain and tourist economies). MIG will prepare an administrative summary of its findings, which will be used in the final report. As part of this task, MIG will also prepare draft questions for stakeholder interviews for County staff review and feedback and will schedule stakeholder interview sessions. At the end of this task, MIG will meet with County staff virtually to review the policy analysis, to receive feedback on draft questions, and to finalize details on next steps.

#### Deliverable(s):

- Administrative Draft Policy Analysis (Word/PDF)
- Draft Questions for Stakeholder Interviews (Word/PDF)

### **TASK 7: STAKEHOLDER DISCUSSIONS**

MIG will conduct up to six in-person stakeholder group interviews over a two-day period to review preliminary findings and receive feedback about STR regulation to date and policy options for the future. Based on feedback from Task 2, stakeholders may include representatives from tourism/lodging, housing, community support organizations, and the business community. MIG will finalize questions

based on County review and feedback in advance of the interviews. Following the interviews, MIG will prepare an administrative summary of stakeholder interview key findings.

Deliverable(s)

- Stakeholder Meetings (up to six in-person during a two-day period)
- Summary of Stakeholder Interviews (Word/PDF)

**TASK 8: FINAL STR HOUSING STUDY**

MIG and BAE will prepare a consolidated report based on the materials and information prepared during earlier tasks.

Deliverable(s)

- Draft and Final STR Housing Study (Word/PDF)

**TASK 9: BOS MEETING (in-person)**

MIG and BAE will prepare a presentation to the Board of Supervisors for staff use and/or for Consultant presentation. The presentation will include BAE's summary of key findings as well as the policy framework analysis and options for the BOS to consider and discuss. MIG and BAE staff will attend one Board of Supervisors meeting to present the findings and recommendations, answer questions regarding the analysis, and support the discussion on next steps.

Deliverable(s)

- Attendance at one Board of Supervisors Meeting (in-person)
- Board of Supervisors Presentation (PowerPoint/PDF)

**OPTIONAL TASK: PHASE II ESTIMATE SUPPLY SIDE IMPACTS OF STR EXPANSION**

As an optional second phase, BAE will investigate the feasibility of estimating the causal impact of an increase in the number of STRs in the market with changes in the availability of long-term housing in Mono County, both rental and for-sale, based on methods implemented within the academic literature and comparable professional studies.

The scope of work for Phase II includes three main steps:

1. Identification and evaluation of the available data sets within the local, regional, and statewide context.
2. Evaluation of methodological options considering the available data and development of a preferred methodological approach along with identification of limitations to that methodology.
3. If the County chooses to proceed based on the findings from the first two steps: Implementation of the preferred methodology and generation of estimates of the number of housing units converted from long-term occupancy, both rental and for-sale, because of a specified increase in the number of STRs.

Due to uncertainties regarding the availability of data pertaining to relevant variables (e.g., can needed data for the relevant variables be obtained?), the quality and completeness of that data (e.g., does the data leave out important records; is it accurate; is it reliable, etc.), as well as the relevance of that data

to the subject area of study (i.e., is the data specific to Mono County, the broader Central Sierra Nevada region, the State of California?), BAE proposes to check in with County staff and, if needed, local decision makers, regarding decisions to move forward with the research after completion of the first two steps. BAE will present relevant concerns regarding the available data and its geographic applicability, as needed, and will rely on local stakeholders to make the go/no-go decisions on whether to proceed with the third step based on their understanding as to whether the outcome of the statistical modeling process will provide the types of answers the community is seeking.

At this time, no budget has been assigned to these tasks. If the County elects to move forward with the Phase II analysis, BAE will work with County staff to develop a budget reflective of the required level of effort involved in the process. The cost is anticipated to be significantly above the proposed baseline cost for the Phase I research effort.

### **Budget**

MIG proposes to complete the above scope of work, excluding optional tasks, with a not to exceed budget of **\$70,870** without Optional Task 4, inclusive of expenses. The attached budget spreadsheet provides a breakdown of estimated hours by staff and direct costs for each project task. Billing rates are subject to revision on or after January 1, 2024. Expenses are passed through to the client with no markup. Consultant reserves the right to reallocate budget between line items as needed to best meet the needs of the project.



# MONO COUNTY SHORT-TERM RENTAL HOUSING STUDY ESTIMATED BUDGET

July 6, 2023

		MIG, Inc.								BAE						Direct Costs	TOTAL FEES		
		D. Amsden Principal-in-Charge		S. Brekke-Read Project Director		Project Associate		L. Maness Project Administrator		MIG TOTAL		A. Nousaine Principal		M. Fairris Senior Associate				BAE TOTAL	
		Hrs@	\$205	Hrs@	\$205	Hrs@	\$115	Hrs@	\$125	Hours	Amount	Hrs@	\$300	Hrs@	\$170			Hours	Amount
<b>PHASE 1 SUMMARY</b>																			
Task 1	Project Coordination and Management	8	\$1,640	12	\$2,460	0	\$0	8	\$1,000	28	\$5,100	8	\$2,400	4	\$680	12	\$3,080	\$0	\$8,180
Task 2	Kick-Off Meeting (virtual)	2	\$410	2	\$410	4	\$460	0	\$0	8	\$1,280	2	\$600	2	\$340	4	\$940	\$0	\$2,220
Task 3	Literature Review/Best Practices	2	\$410	2	\$410	0	\$0	0	\$0	4	\$820	8	\$2,400	0	\$0	8	\$2,400	\$0	\$3,220
Task 4	STR Impacts on Visitor Spending and Workforce Housing Demand - Optional	2	\$410	4	\$820	8	\$920	0	\$0	14	\$2,150	4	\$1,200	0	\$0	4	\$1,200	\$1,500	\$4,850
Task 5	STR and Hotel Inventory, Occupancy, and Pricing Trends	2	\$410	6	\$1,230	4	\$460	0	\$0	12	\$2,100	40	\$12,000	28	\$4,760	68	\$16,760	\$0	\$18,860
Task 6	Policy and Regulatory Framework	2	\$4,920	6	\$1,230	20	\$2,300	0	\$0	28	\$8,450	0	\$0	0	\$0	0	\$0	0	\$8,450
Task 7	Stakeholder Discussions (in-person)	24	\$410	4	\$820	24	\$2,760	0	\$0	52	\$3,990	0	\$0	0	\$0	0	\$0	\$1,500	\$5,490
Task 8	Summary Report	2	\$410	4	\$820	20	\$2,300	0	\$0	26	\$3,530	20	\$6,000	16	\$2,720	36	\$8,720	\$0	\$12,250
Task 9	BOS Meeting (in-person)	16	\$3,280	20	\$4,100	8	\$920	0	\$0	44	\$8,300	8	\$2,400	0	\$0	8	\$2,400	\$1,500	\$12,200
<b>Subtotal - no optional tasks</b>		<b>58</b>	<b>\$11,890</b>	<b>56</b>	<b>\$11,480</b>	<b>80</b>	<b>\$9,200</b>	<b>8</b>	<b>\$1,000</b>	<b>202</b>	<b>\$33,570</b>	<b>86</b>	<b>\$25,800</b>	<b>50</b>	<b>\$8,500</b>	<b>136</b>	<b>\$34,300</b>	<b>\$3,000</b>	<b>\$70,870</b>
<b>TOTAL PHASE 1 HOURS AND COSTS</b>		<b>60</b>	<b>\$12,300</b>	<b>60</b>	<b>\$12,300</b>	<b>88</b>	<b>\$10,120</b>	<b>8</b>	<b>\$1,000</b>	<b>216</b>	<b>\$35,720</b>	<b>90</b>	<b>\$27,000</b>	<b>50</b>	<b>\$8,500</b>	<b>140</b>	<b>\$35,500</b>	<b>\$4,500</b>	<b>\$75,720</b>