

# Regulating Single-Family Rentals as a Realistic Revenue Opportunity for the Town of Mammoth Lakes

October 18, 2012

# Revenue Opportunity

- Legalize and regulate short term single family home rental with a business license and TOT permit – town-wide or in select resort-adjacent zones
- Existing restrictions by CC&R's and all neighborhood quality-of-life rules remain in force
- Acknowledges and regulates what has taken place in Mammoth for many years – AND provides mechanisms for compliance, enforcement and revenue collection.

# Resort Competitors Embrace Full Use of Housing Stock

An extensive study by Aspen's financial staff leads to the following conclusions:

- 95.5% of CAST (Colorado Association of Ski Towns) towns surveyed allow short term rentals (including Vail, Beaver Creek, Aspen, Breckenridge, and Park City)
- **Interviews of 7 Finance Directors at the CAST towns indicate that short term rentals of luxury vacation homes is *not* considered to be in competition with their other lodging interests; Rather, they are treated as a different class of accommodation opportunity.**
- Vail, Big Bear, Breckenridge, Beaver Creek, Park City and Telluride Mountain Village and many others have a long history of incorporating short term vacation rentals as part of rental units available.
- Aspen and many others have, after a long study process, made changes to their municipal codes to facilitate unrestricted short term rentals
- Most resorts seek to maximize the variety of housing opportunities in order to satisfy a wider range of visitor demand
- **Vail finds that hotel suites average 3.1 guests per unit, condos 6.1 guests/unit and vacation rental homes average 9.8 visitors per unit, creating a range of capacity attractive to all potential renters**

# Comparable Resort Data

Town	Short Term Rentals Permitted	History	TOT Rate
Aspen	Yes	open to all 2012	2% Lodging 2.1% City Sales, 3.6% State & County Sales, 0.4% RTA, 2.9% State Sales Tax = <b>11%</b>
Avon	Yes	long standing	4% Sales Tax, 4% Accommodations = <b>8%</b>
Town of Frisco	Yes (in tax code)	long time	2.35% Lodging Tax, <b>10.125%</b> total rate
Breckenridge	Yes (all accommodations)	long time	3.4% Accommodations, 2.5% Sales Tax = <b>5.9%</b>
Vail	Yes (since inception)	long time	4% Town, 2.9 State Sales, 1.5% Eagle County Sales, 1.4% Marketing = <b>9.8%</b>
Estes Park	Yes	long time	4% Town, 2.9 State Sales, 0.6% County Sales = <b>9.5%</b>
Silverthorne	Yes	long time	2% Lodging, 2% Sales Tax = <b>4%</b>
Mountain Village	Yes	Long time	4% Lodging, 2% Restaurant, 1% County Sales, 2.9% State Sales, 4.5% Town sales = <b>12.4%</b>
Winter Park	Yes (in tax code)	long time	1% Accommodations, 4% Sales 2.9% State Sales, 1% County Sales = <b>8.9%</b>
Mt Crested Butte	Yes	long time	5% Town, 1% Gunnison Co, 2.9% State Sales, 0.6% RTA, 4% Lodging = <b>13.5%</b>
Crested Butte	Yes	long time	4% Town, 1% Gunnison Co, 2.9% State Sales, 0.6% RTA, 4% Lodging = <b>12.5%</b>
Park City	Yes	long time	3% Transient Room, 7.45% State Sales & Use Tax = <b>10.45%</b>
Dillon	Yes	long time	2% Lodging, 8.275% Sales = <b>10.275%</b>
Glenwood Springs		long time	3.5% City Accommodation, 2.9% State Sales, 1% Garfield County, 1%RTA, 3.70% City Sales = <b>12.1%</b>
Fraser	Yes	long time	2.9% State Sales, 1% County Sales, 1.8%County Lodging, 4% Town Sales = <b>9.7%</b>
Telluride	Yes (with restrictions)	long time, recent changes	2% Town Lodging, 2% County Lodging 2.9% State Sales, 4.5% Town Sales, 1% County Sales = <b>12.4%</b>
Jackson (WY)	Yes (with zoning restrictions)		2% Lodging, 6% Sales = <b>8%</b>
Big Bear	Yes (no historic distinction)	long time	<b>8%</b> with "Measure Y"
Mammoth Lakes	Certain Areas	long standing	<b>13.00%</b>

## Comparable Resort Selected Data

Town	2011 Lodging Revenue	Population Full	Town Area (Sq. Miles)	2011 Total Accommodations Tax
Aspen	\$106,646,050	6196	3.5	\$11,731,065
Avon	\$18,650,654		8.25	\$1,492,052
Town of Frisco	\$109,059	2697	3	\$1,077,127
Breckenridge	\$42,647,083	3535	5.3	\$2,558,825
Vail	\$160,184,898	5305	4.3	\$15,698,120
Estes Park	\$26,315,789	5956	8.9	\$2,500,000
Silverthorne	NA	4432	N/A	NA
Mountain Village	\$24,592,823	1,486	3.3	\$3,049,510
Winter Park	\$20,433,708	998	8	\$1,818,600
Mt Crested Butte	NA	911	1.54	
Crested Butte	NA	1,780	0.7	
Park City		8,708	9.4	
Dillon		897	2.3	\$542,309
Glenwood Springs	NA	9,000	4.8	
Fraser	NA	1,097	1.9	
Telluride	NA	2,452	0.74	
Jackson (WY)	NA	10,002	2.9	\$2,336
Big Bear	\$39,595,075	5272		\$3,167,606
Mammoth Lakes(est)	\$73,846,154	8,234	4	\$9,600,000

**Option 1: Town-Wide Overlay; Maximize Potential Total Units**  
**(Estimated Existing Units Prohibited from Short Term Rentals)**

<b>Zone</b>	<b>Number of Units</b>
RR (Rural Residential)	362
RSF (Residential Single Family)	1,765
RMF-1 (Residential Multi-Family-1)	577
<b>Total:</b>	<b>2,704</b>

*\*Data estimated using Mammoth Lakes Zoning Map, Compliance Guide & TOT Property Search Tool*  
(<http://www.ci.mammoth-lakes.ca.us/index.aspx?NID=2010>)

## Mammoth TOT Sensitivity Analysis- Option 1 All Potential Homes

Homes Not Zoned for Short Term Rentals (a): 2,704					
% of Homes Participating		25.00%	50.00%	75.00%	100.00%
Number of homes Participating		676	1352	2028	2704
Potential Days Available ( Homes* 365)		246,740	493,480	740,220	986,960
Historic Occupancy Percentage(b)		36%	36%	36%	36%
Nights Occupied		88,826	177,653	266,479	355,306
Nightly Rental Rate (c)					
	\$500	\$44,413,200	\$88,826,400	\$133,239,600	\$177,652,800
	\$700	\$62,178,480	\$124,356,960	\$186,535,440	\$248,713,920
	\$900	\$79,943,760	\$159,887,520	\$239,831,280	\$319,775,040
Town TOT (d): 13%					
	\$500	\$5,773,716	\$11,547,432	\$17,321,148	\$23,094,864
	\$700	\$8,083,202	\$16,166,405	\$24,249,607	\$32,332,810
	\$900	\$10,392,689	\$20,785,378	\$31,178,066	\$41,570,755

**Footnotes**

(a) Source: Mammoth Lakes Zoning Map TOT Property Search Tool. RSF 1,765 units RR 362 units RMF-1, 577 units

(b) 10 year average from Town records

(c) Premium Local Rates:

	Units	Sleeps	Summer Holiday	Non- Holiday	Winter Holiday	Non- Holiday
Westin Monache	42	4	\$479			\$899
Village at Mammoth	10	8	\$449			\$859
	Units	Sleeps	Summer Holiday	Winter Holiday		
Westin Monache	42	4	\$929	\$1,239		
Village at Mammoth	10	8	\$449	\$1,499		

(d) Town of Big Bear reported 2011 TOT from Homes of \$1,813,440, representing 57% of its \$3,167,606 total

(e) Resort areas authorizing short term TOT =95% of CAST towns and Tahoe

Proprietary and Confidential Inflection Point Capital LLC

# Option 2

## Limited Overlay Revenue Opportunity

- 303 houses between Canyon and the Village
- 23 at Hidden Valley
- 24 at The Bridges
- 11 - already zoned for legal nightly rental on Lodestar
- 277 houses in the Majestic Pines area between Canyon and Eagle
- Didn't include the Majestic pines area south of Eagle.
- **Total: 627, not including the 11 that are already in the legal zone.**

## Mammoth TOT Sensitivity Analysis- Option 2 Limited Overly

Homes Not Zoned for Short Term Rentals (a): 627					
% of Homes Participating	✱	25.00%	50.00%	75.00%	100.00%
Number of homes Participating		156.75	313.5	470.25	627
Potential Days Available ( Homes* 365)		57,214	114,428	171,641	228,855
Historic Occupancy Percentage(b)	✱	36%	36%	36%	36%
Nights Occupied		20,597	41,194	61,791	82,338
Nightly Rental Rate (c)					
	\$500	\$10,298,475	\$20,596,950	\$30,895,425	\$41,193,900
	\$700	\$14,417,865	\$28,835,730	\$43,253,595	\$57,671,460
	\$900	\$18,537,255	\$37,074,510	\$55,611,765	\$74,149,020
Town TOT (d): 13%					
	✱ \$500	\$1,338,802	\$2,667,604	\$4,016,405	\$5,335,207
	\$700	\$1,874,322	\$3,748,645	\$5,622,967	\$7,497,290
	\$900	\$2,409,843	\$4,819,686	\$7,229,529	\$9,639,373

**Footnotes**

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# What is Mammoth's Potential SFR Inventory?

- 9,245 total single family homes in Mammoth
- 3,140 occupied by full-time residents (34%)
- 6,105 second homes or otherwise vacant units (66%)
- 627 second homes in "resort corridor"
- 413 vacant or available units (66%)
- 413 units x 131 days (36% occupancy) x \$500 (nightly average) = \$27,051,500 x 13% = \$3.5 million TOT revenue
- 413 units x 60 days (16% occupancy) x \$500 (nightly average) = \$12,390,000 x 13% = \$1.6 million TOT revenue

*-Source: "Town of Mammoth Lakes Housing Element 2007-2014", adopted June 23, 2010.*

# Summary and Conclusion

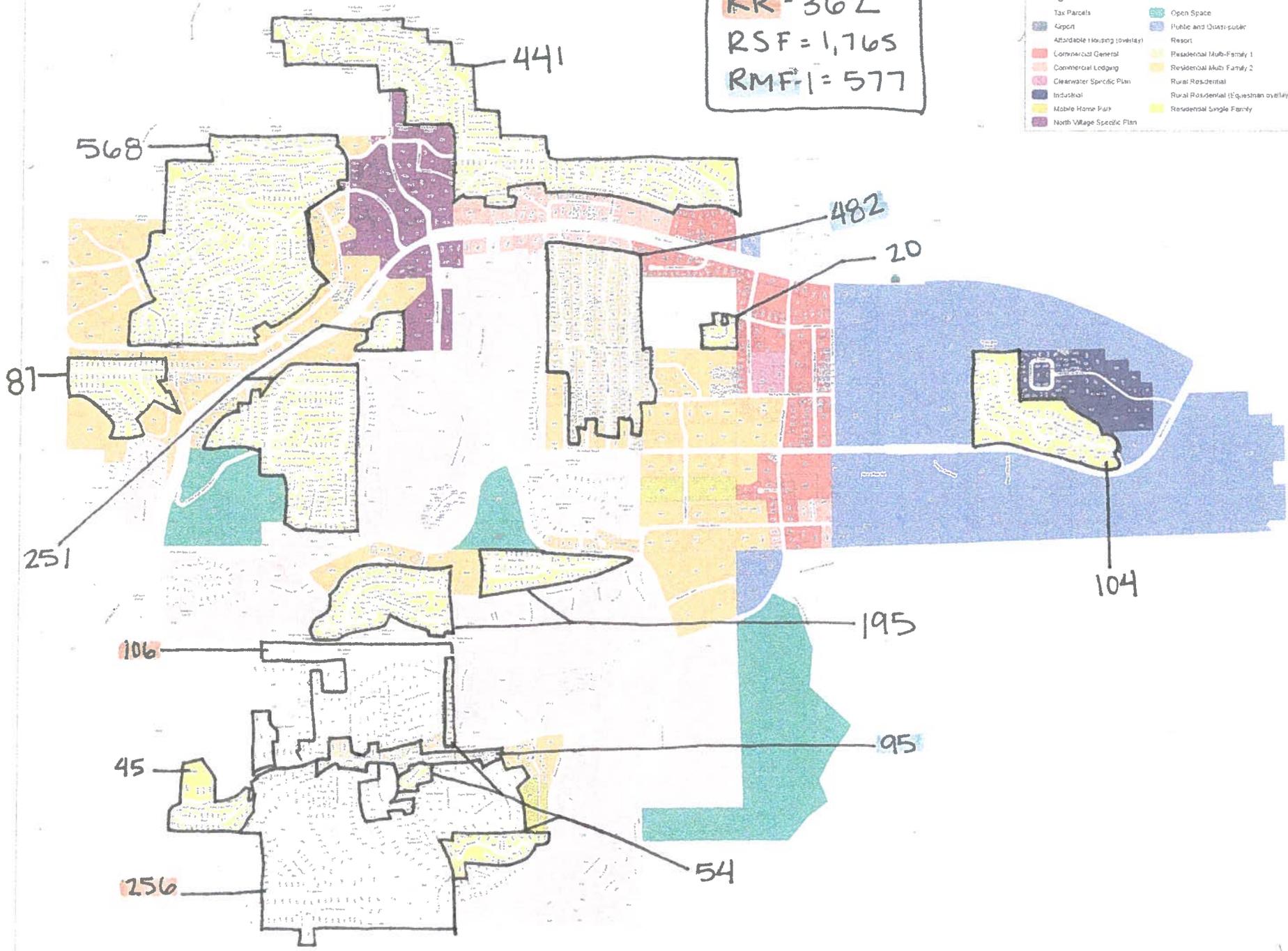
- Existing SFR neighborhoods with CC&R's will not change unless residents vote to change
- Mammoth budget plight is severe- safety, security, and quality of life including Whitmore pool and other thoughtful measures enacted by town are in danger of elimination- simply to pay the judgment
- SFR TOT is a benefit to attracting guests, paying property managers, trades, caterers and all other aspects of the Mammoth economy
- The SFR rentals are a different category altogether-they do not compete with hotels and condos according to research from 7 ski town financial managers
- Enforcement straightforward through licensing and requirement for posting license numbers in advertising
- 66% vacancy rate indicates that many homes not used for residences are prime candidates for rental

# Appendices

- Appendix A Mammoth Zoning Map
- Appendix B Town Guide to Zoning
- List of Sources

RR=362  
 RSF=1,765  
 RMF-1=577

Zoning	
Tax Parcels	Open Space
Airport	Public and Quasi-public
Affordable Housing (overlay)	Resort
Commercial General	Residential Multi-Family 1
Commercial Lodging	Residential Multi-Family 2
Clearwater Specific Plan	Rural Residential
Industrial	Rural Residential (Equestrian overlay)
Mobile Home Park	Residential Single Family
North Village Specific Plan	



# APPENDIX B: Town Guide to Zoning



## Town of Mammoth Lakes: Guide to Zoning for Transient Use

This table summarizes the Zones in which transient rental or occupancy is permitted within Mammoth Lakes. Transient rental or occupancy is defined as rental or occupancy of a structure for sleeping or lodging for 30 consecutive days or less, in exchange for a fee or other similar consideration (Municipal Code 17.08.510). Renting a property for transient use requires a Town of Mammoth Lakes business license and registration and remittance of Transient Occupancy Tax.

Zone <sup>1</sup> (Municipal Code - Title 17)	Transient Use Allowed:	Transient Use Prohibited	Not Applicable
RR (Rural Residential)		X	
RSF (Residential Single Family)		X	
RMF-1 (Residential Multi-Family-1)		X	
AH (Affordable Housing Overlay)		X	
MHP (Mobile Home Park)		X <sup>2</sup>	
RMF-2 (Residential Multi-Family-2)	X		
CL (Commercial Lodging)	X		
CG (Commercial General)	X		
R (Resort)	X <sup>3</sup>		
SP (Specific Plan)	X		
A (Airport)	X		
M (Industrial)			X
PS (Public and Quasi-Public)			X <sup>4</sup>
OS (Open Space)			X
OSSC (Open Space Street Corridor Overlay)			X
E (Equestrian Overlay)			X

Please note that this table is intended as a guide only; although some zones permit transient use generally, other regulations, such as those found in master plans, CC&Rs, or project conditions of approval may prohibit transient rental within a particular development. It is recommended that you contact the Town's Community Development Department for verification of zoning and transient rental regulations for any particular property at: (760) 934-8989 or to: [cd@mammoth-lakes.ca.us](mailto:cd@mammoth-lakes.ca.us).

<sup>1</sup> Please refer to the Town of Mammoth Lakes Zoning Map available on the Town's website at [www.ci.mammoth-lakes.ca.us/documents/Community%20Development/Planning%20Division/Zoning%20Map%20%20September%202009.PDF](http://www.ci.mammoth-lakes.ca.us/documents/Community%20Development/Planning%20Division/Zoning%20Map%20%20September%202009.PDF)

<sup>2</sup> These Zones permit transient use unless project specific regulations, such as CC&Rs or conditions of approval, prohibit. Please contact the Town of Mammoth Lakes Community Development Department for project specific information. The Town does not regulate or enforce CC&Rs.

<sup>3</sup> The transient use of mobile home parks is prohibited by individual mobile home park regulations. The State regulates mobile home parks.

<sup>4</sup> The R Zone permits transient use unless project specific regulations, such as CC&Rs or conditions of approval, prohibit (the Town does not regulate or enforce CC&Rs). For example:

Barway Ranch (Woodcrest Trail and Hidden Lake Circle) - Subdivision map condition of approval states that the RSF Zone applies; therefore, transient use prohibited.  
Greyhaws Master Plan (single family lots west of Lake Mary Road and Camp High Sierra) - Master Plan states that transient use is prohibited.

<sup>5</sup> Transient use is permitted within designated campgrounds RV parks only.

April 16, 2009 updated December 14, 2010

# Sources

- <http://www.thevillagelodgemammoth.com/Rooms>
- <http://www.visitmammoth.com/about-mammoth/>
- <http://www.ci.mammoth-lakes.ca.us>
- <http://gis.mono.ca.gov/tot/>
- [http://www.coskitowns.com/cms\\_files/Survey\\_Archives/survey\\_short\\_term\\_rentalsRESULTS.pdf](http://www.coskitowns.com/cms_files/Survey_Archives/survey_short_term_rentalsRESULTS.pdf)
- <http://www.westinmammoth.com/rooms>
- [Town of Mammoth Lakes TOT Revenue History Reports \(TOT– Monthly Tax Receipts\) \(http://www.ci.mammoth-lakes.ca.us/documents/3/37/TOT%20Receipts%20Monthly%20Final%20thru%202012%2004\\_201206201918180001.pdf\)](http://www.ci.mammoth-lakes.ca.us/documents/3/37/TOT%20Receipts%20Monthly%20Final%20thru%202012%2004_201206201918180001.pdf)
- [Town of Mammoth Lakes Fiscal Year 2012-2013 Baseline Budget \(http://www.ci.mammoth-lakes.ca.us/documents/3/35/302/01TownBudget2012-06-20%20Consol%20sml\\_201206191029154495.pdf\)](http://www.ci.mammoth-lakes.ca.us/documents/3/35/302/01TownBudget2012-06-20%20Consol%20sml_201206191029154495.pdf)