

CONDOS. DO WE NEED MORE?

AN ADVOCATES FOR MAMMOTH POSITION PAPER

Those who have analyzed this question have concluded Mammoth is already overbuilt. A Town funded, independent study, by the UCSB Economics Department, stated that Mammoth has the lowest year round occupancy rate of any resort they have studied. The report and the lead analyst clearly stated that Mammoth should not build more condos, but instead should concentrate on making the Town a very attractive place to visit.

Past Town policy has been to approve projects that do not conform to current codes, or the General Plan Town Vision (i.e. double density for condo/hotel units, extra height, etc.) in exchange for the developer providing perceived Town amenities (conference center, retail shops, etc.). Their rationale is that by increasing density the Town can anticipate increased TOT revenue. But according to an analysis by Owen Maloy, PhD, because Mammoth is already overbuilt, the cost of providing services to condo/hotel units is not covered by the TOT they generate. Additional new units will exacerbate this problem. At best these new condos will be fully occupied only 20 to 30 nights a year (the already overcrowded winter holidays) and have very low occupancy the rest of the year. When occupied the new units will take business away from existing condos. The new units incur costs to the Town all year, and provide income only 20-30 days. The costs of adding new condos are incurred by all Town Departments – Police, Fire, Public Works, Community Development, Finance, Airport, Tourism and Recreation – and these additional costs should be borne by the new units. The Town's numbers show the cost to the Town exceeds the revenue. (See the analysis at www.advocatesformammoth.org.)

Additionally, Maloy has applied the classic economic Supply/ Demand analysis to Mammoth. It clearly shows that increasing the supply of condos without an appropriate increase in demand will lead to lower income.

When you increase supply without increasing demand prices go down and rental income will decline forcing units off the market. No credible plan has been presented to increase demand.

MMSA is operating at full capacity now, and has no approved way to significantly add capacity. During peak holidays the Forest Service limit has been exceeded and more importantly the ski runs are too crowded for safe use, hence, additional skiers cannot be accommodated at peak times. There is little possibility of growth in skiing and snowboarding at MMSA, unless a viable plan can be developed to increase midweek use. It is essential that increasing midweek use be a top priority for future planning.

How can the Town increase demand? Projected increases for cross country skiing, snowmobiling, ice skating, etc. fall far short. Will building more retail shops help? We can require builders to build more retail shops, but with only four months of business these shops will soon go out of business. In the absence of an actionable plan for increasing midweek and shoulder season business no additional resort housing is presently needed. Until "all season"

business greatly increases, Mammoth will only lose money by building additional new condos. Only the developers and real estate people will benefit.

We need a new business model. The "build and they will come to ski" approach to planning simply does not have a future. We have to face the fact that Mammoth's desire for economic sustainability does not lay with building ever more condos, which increase congestion during the winter holidays, but stand empty most of the year. Instead, we can diversify our economy with sustainable, year round business, and capitalize on the opportunities presented by the many retiring baby boomers who would like to live in Mammoth. High speed internet, UPS, Express Mail, business services, and commuter flights, will enable many types of businesses to be based here. Encouraging business to move to Mammoth, and building homes for owners, managers and workers, should be our new objective. Mammoth should promote itself as a friendly place to start new business ventures in many fields of technology and arts.

Because of the above it is the Advocates for Mammoth position that all future projects must conform to current codes and the Town Vision, particularly with respect to density. This will in turn affect the height and massiveness of project buildings and will result in code conformance in these areas also. No density bonus should be given in exchange for amenities or features which are mostly provided to enhance a condo project's market sales.