



City of Prescott

Workforce Housing Committee

August 2, 2023 | 10:00 AM
201 N. Montezuma Street
Council Chambers, 3rd Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Chair Fann called the meeting to order at 10:00am.

2. ROLL CALL

Mike Fann - Chair
Jonathan Rocha - Vice Chair (Excused)
Randy Goodman - Member
Nicole Kennedy - Member
David Roe - Member
Anthony Teeters - Member
Arnold Urias - Member

3. DISCUSSION & ACTION ITEMS

- A. Presentation from the City Legal Department Regarding Open Meeting Law.
Recommended Action: This item is for discussion only. No formal action will be taken.

Deputy City Attorney Podracky gave overview of Open Meeting Law. He stated that in the future he will discuss conflict of interest as well as public records.

Committee Member Urias asked if the committee could do a survey via social media.

Deputy City Attorney Podracky said that's not a problem as long as it doesn't involve four committee members sharing an opinion.

Committee Member Kennedy asked if a committee member wants to share information, such as an article, would they send it to Staff Liaison Walton to send to the group.

Deputy City Attorney Podracky stated that sending information to the staff liaisons is the best option and that staff can pass the information along but cannot pass along any opinions with the information.

Committee Member Goodman asked if committee could speak to City staff about things directly or ask for information from City staff.

Deputy City Attorney Podracky said they can speak directly to City staff as long as staff doesn't share committee member opinions with any other committee members.

Chair Fann asked who committee members should tell if they want something on a future agenda.

Deputy City Attorney Podracky said they can tell the Chair as long as there are not four committee members in the conversation or they can email Staff Liaisons Walton and Fraser. The staff liaisons would then share the request with the Chair.

Chair Fann stated that he's anxious to get things done and that if committee members have agenda items they'd like to bring forward, they can let him know or the staff liaisons.

Council Liaison Cantelme stated that if there is one topic that the committee would like to discuss more, they can have a study session to go more in depth.

Deputy City Attorney Podracky said that study sessions are good for in-depth studying of an issue but action cannot be taken.

Chair Fann asked who committee members would talk to if they thought they had an item for an executive session

Deputy City Attorney Podracky said they need to go directly to the City Attorney's Office and their office would review the subject and coordinate with the staff liaisons to set up an executive session if appropriate.

- B. Approval of July 5, 2023 Workforce Housing Committee Meeting Minutes.
Recommended Action: MOVE to approve the minutes as presented
MOTION BY COMMITTEE MEMBER KENNEDY TO APPROVE JULY 5 MEETING MINUTES; SECONDED BY COMMITTEE MEMBER ROE: PASSED (6 - 0)
- C. Presentation & Discussion from Housing Solutions of Northern Arizona.
Recommended Action: This item is for discussion only. No formal action will be taken.
Devonna McLaughlin gave a presentation on the Housing Solutions of Northern Arizona and different programs they have assisted with.

Member Urias asked who the beneficiary of the loan was.

Ms. McLaughlin stated that Flagstaff is the beneficiary of the note and deed for CHAP just for the amount borrowed.

Chair Fann stated that it would be a second deed of trust, not a first deed, so repayment happens when there is money available.

Ms. McLaughlin confirmed that is correct and continued with her presentation.

Chair Fann asked if the City of Flagstaff was funding all of the programs through City Funds.

Ms. McLaughlin stated that right now and historically, yes.

Chair Fann asked who funds her organization.

Ms. McLaughlin stated that their organization is under contract with the city to do the eligibility determination, housing counseling, and Loan Administration and it is a contract basis, so the funds come out of the general fund.

Chair Fann asked if it was just from Flagstaff or other communities as well.

Ms. McLaughlin stated other communities are now participating as well. She then continued through the presentation.

Member Urias asked if Cottonwood determined the eligibility of Verde Valley based on a reasonable commute as a retention factor.

Ms. McLaughlin stated that Flagstaff limited where employees buy to within city limits, but in Cottonwood and Sedona they limited it to employees within zip codes.

Member Urias asked if the bank partners were through the Community Reinvestment Act that they are required to participate with funds or are they utilizing funds from grants.

Ms. McLaughlin said it's both. She discussed different banks, loans and partners they've worked with to obtain and administer funds.

Member Goodman asked what the median income for Flagstaff is.

Ms. McLaughlin stated \$73,600 for a household of one. She said 2.7 was the average household size of Flagstaff. She said for a household of two it's \$84,100 in Flagstaff but she didn't have the numbers for Prescott specifically. She then discussed how programs are broken down by AMI and household size.

Council Liaison Cantelme asked if Housing Solutions of Northern Arizona had partnered with a private industry or a large private company.

Ms. McLaughlin stated that they have encouraged employers to look at employer-assisted housing programs and the employers that "stepped up" were the public sector, not private. Their organization has created an employer-assisted-housing program for their employees and it was beneficial to their organization and contractors. They are currently working with other small organizations to create programs. She then discussed how organizations could create different programs and options.

Council Liaison Cantelme asked if Ms. McLaughlin had any experience with any large employers such as a hospital.

Ms. McLaughlin stated that they have been focused on Northern Arizona Health Care due to their locations but it hasn't come to fruition yet.

Council Liaison Cantelme asked what the average turnaround time and how quickly can the organization act when someone finds a house they'd like to make an offer for.

Ms. McLaughlin stated that they would ask for a 45-day closing date but if someone came in tomorrow, then there'd be an issue. She then went through the normal loan and house buying process. She stated that, oftentimes, they'll fund the assistance and then seek reimbursement so it's not held up waiting for a resolution from Council or for the City Manager or City Attorney to sign off. She continued going through her PowerPoint presentation.

Member Urias asked what Housing Solutions of Northern Arizona's availability is and what resources they have for community outreach in areas like Human Resources and compliance and resources to promote more education to realtors and builders about compliance and making sure housing is fair.

Ms. McLaughlin stated they have limited capacity. She stated they are growing but they can't grow fast enough to keep up with everything they have going on currently. She stated that outreach and the marketing and employers, realtors, and lenders add another layer and add more partners, but also adds more complexity. She stated they do have education material but they don't have the teeth to make sure people do what they say they will.

Chair Fann asked if Housing Solutions of Northern Arizona was a 501c3 and who their counterparts within municipalities are.

Ms. McLaughlin stated that they are a 501c3 and Flagstaff has a Housing Section they work with that includes working with their CBDG compliance team. For Cottonwood and Sedona, they work with the shared housing manager position and her staff. Coconino County doesn't have a division, so they have an outreach section but not a housing section. She said they worked with their Sheriff's Department because the focus was on Sheriff's personnel. They also worked with Coconino's HR Director to get a program designed and implemented to bring to the Board of Supervisors for Approval.

Chair Fann asked if the committee recommended it to the City Council and they decided to partner with Housing Solutions of Northern Arizona, what would that partnership look like.

Ms. McLaughlin said there would be a conversation to discuss what the need would be for our organization and then they would look at the costs for their organization to meet that obligation and then it would go to their board for approval.

Member Teeters asked what the typical percentage is that they charge to partner with municipalities.

Ms. McLaughlin stated that it depends on the fee structure and that sometimes they do it as a per closing fee but they have been funded at a flat level to do housing counseling and administration for two years so they could hire someone.

Member Kennedy asked if Ms. McLaughlin was talking about inclusionary zoning earlier in the presentation.

Ms. McLaughlin said no, because that is not allowed.

Member Kennedy stated that mandatory isn't allowed but asked if there is voluntary inclusionary loans that Ms. McLaughlin as seen be successful in the communities she's worked with.

Ms. McLaughlin stated that Sedona and Flagstaff have programs and incentives for affordable housing but there's limited impact of those as they are voluntary.

Member Kennedy asked Ms. McLaughlin to speak more about their revenue and other funding sources.

Ms. McLaughlin stated for the housing counseling and down payment assistance program, that they are a HUD approved housing counseling agency so they do get funding from HUD through an intermediary pass-through and the amount changes each year. She stated that they can get funding through their CRA Bank Partners as well as through municipalities and counties they contract with and since they are a qualified charitable organization, they also receive donations. She stated that they own scattered site rental properties that benefit low and moderate income households and if the mortgage costs are low enough, and their performance is correct, those generate income for their organization as well. She discussed further the different grants they've received.

Member Kennedy asked what percentage is from government assistance and municipal contracts.

Ms. McLaughlin stated probably 50-60% and the rest would either be earned income or private sector foundations and individual donors.

Council Liaison Cantelme asked if Ms. McLaughlin if they have any organization that would buy down the percentage rate.

Ms. McLaughlin discussed that they rely on their loan officer to help them determine the best options for different situations.

Council Liaison Cantelme asked what their organization's failure rate was and what course of action occurred.

Ms. McLaughlin stated that their foreclosure rate is under 2% in the 400 or so loans and that they haven't had one in a long time and the majority of those were during the foreclosure crisis. She stated that it would take the normal course when it happens.

Council Liaison Cantelme asked if the municipality could write that off as a loss.

Ms. McLaughlin said she wasn't sure.

Chair Fann asked if their organization ever acts as the trustee of a land trust.

Ms. McLaughlin stated that they don't right now and that in other areas the municipalities may create their own land trust program or it would be run by a non-profit.

Chair Fann asked if the main issue was actually the monthly cost of the home.

Ms. McLaughlin stated that it is a bit but they are finding that people are paying a lot for rentals and it's very restricted. She stated the monthly payment usually isn't the barrier, it's the downpayment and closing costs, so if their organization can assist with that money, then the individual's monthly payment becomes 35% of their gross monthly income or less. She stated most people pay more for their rent than people pay for their mortgage. She stated that there is a lot of stability that comes with homeownership.

Chair Fann then moved on to item D.

- D. Discussion and Possible Action Regarding Workforce Housing Committee Survey and Stakeholder List Provided by Staff.

Recommended Action: MOVE to approve sending the WHC Survey out to stakeholders and their employees

Chair Fann moved on to Item D.

Staff Liaison Walton went through the surveys and their questions.

Member Urias asked if we could ask employers if they would support or encourage their employees to (willing to allocate part of their education to be done on the clock while they're working) have educational housing training.

Member Kennedy asked if the, "are you in need of housing" question was necessary.

Staff Liaison Walton stated that it was important to collect this information from all employees and it would be beneficial information for employers as well.

Member Kennedy asked if questions could be added on the employee survey, for who has housing, who is struggling to find housing and who has considered leaving the area due to housing. She asked for us to specify that we are asking for their monthly net income rather than just generically their net income. She also asked if, on the employer survey could we adjust the question about participating in the leadership of a new entity, that we ask if they are open to participating rather than it sounding like an invitation to something not formed yet.

Member Teeters requested the down payment question on the employee survey to ask if they have saved money towards a down payment and how much.

Staff Liaison Walton asked if anyone has additional feed back to email herself or Staff Liaison Fraser and we will send out a revised version in a couple of weeks.

She then reviewed the list of stakeholders to send the surveys out to.

Chair Fann stated the surveys should also go to the Chambers and YCCA to send out to the service industry as well, just to collect data.

Staff Liaison Walton said she will coordinate with hem and send it out to those industries as well and will work to organize the results by industry.

Member Urias requested that Williamson Valley-Bagdad, Mayor, Crown King, and Central Yavapai Fire Departments be added to the list.

Council Liaison Cantelme stated that the hotel/motel management industries should be included as well as restaurant owners.

Staff Liaison Walton stated that they will be added to the list.

4. UPDATES

- A. Staff Update Regarding the Stakeholder & Partner List.
Staff Liaison Walton introduced Tammy Dewitt, Staff Liaison for General Plan Committee.

General Plan Staff Liaison Dewitt discussed the upcoming open house as well as the workforce housing portion the General Plan Committee plans to ask the public about.

Staff Liaison Walton then went over the potential partner list.

Member Roe asked for MHIA and Clayton Homes be added to the list of potential partners.

Staff Liaison Walton then went over potential agenda items such as City owned land, incentive packages, Cody Anne Yarnes and other realtors coming to talk in reference to land and adaptive reuse projects, sending an email to the partner list on how they may want to partner, conflict of interest and public records training, and what housing in the future looks like.

Member Goodman asked that the committee narrow their focus to funding and create a workforce housing fund. He stated that they need to create avenues to generate revenue which allows the committee to look at developers. He asked how much the city contributed to the PUSD project.

Staff Liaison Walton stated that a lot of city participation was through internal work but the monetary value came up to \$500,000.

Member Goodman stated that it took money from the City side to make it work. He said the committee needs to know what they can do financially to help developers with their projects. He would like revenue sources on the next agenda and what different sources there are to create a fund. He stated that he talked with our engineers and it was \$15,000 to put in a water meter, but what if

the housing fund could pay for that? He said the committee really needs to focus in and work with the Council to narrow the field.

Staff Liaison Walton said if a private partner comes to the committee with funding, then that may be where the funding comes from.

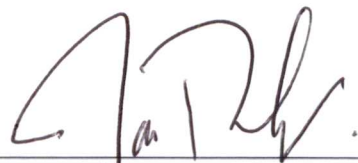
Member Goodman stated that the committee may create incentives to bring developers.

Chair Fann requested that a dedicated workforce housing position be put on the next agenda.

Member Urias said Sheridan Realty Group has a client who is a large investor on a national level he would like to have DJ Sheridan come present.

5. ADJOURNMENT

Chair Fann Adjourned at 12:09pm



JONATHAN ROCHA, Vice-Chair

ATTEST:



AMBER FRASER, Staff Liaison