



City of Prescott

Workforce Housing Committee

January 3, 2024 | 10:00 AM
201 N. Montezuma Street
Council Chambers, 3rd Floor
Prescott, AZ 86301

AGENDA

The following Agenda will be considered by the **Workforce Housing Committee** at their meeting to be held **January 3, 2024**. Notice of this meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02.

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **DISCUSSION & ACTION ITEMS**
 - A. Approval of November 30, 2023 Workforce Housing Subcommittee Meeting Minutes.
Recommended Action: MOVE to approve the minutes as presented
 - B. Approval of December 6, 2023 Workforce Housing Meeting Minutes.
Recommended Action: MOVE to approve minutes as presented
 - C. Introduction of New Workforce Housing Committee Member Luther Kraxberger.
Recommended Action: This item is for discussion only. No formal action will be taken.
 - D. Presentation, Discussion & Possible Action Regarding the General Plan Housing Element.
Recommended Action: Staff recommends receiving a presentation from the Subcommittee followed by possible action regarding approval of the proposed General Plan Housing Element
 - E. Discussion Regarding Future Workforce Housing Committee Agenda Items.
Recommended Action: This item is for discussion only. No formal action will be taken.
4. **UPDATES**
 - A. Staff Announcements
5. **ADJOURNMENT**

Upon a public majority vote of a quorum of the Board, the Board may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

- (1) Discussion or consideration of personnel matters (A.R.S. §38-431.03(A)(1));
- (2) Discussion or consideration of records exempt by law (A.R.S. §38-431.03(A)(2));

- (3) Discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03(A)(3));
- (4) Discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid litigation (A.R.S. § 38-431.03(A)(4));
- (5) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03(A)(5));
- (6) Discussion, consultation or consideration for negotiations by the city or its designated representatives with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city (A.R.S. §38-431.03(A)(6));
- (7) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03(A)(7)).

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on 12/28/23 at 11:00 a.m. in accordance with the statement filed by the Prescott City Council with the City Clerk.



Sarah M. Siep, City Clerk



TO: MAYOR AND CITY COUNCIL
AGENDA: January 3rd Workforce Housing Committee Meeting
DATE: January 3, 2024
DEPT: City Manager
ITEM #: 3.A
SUBJECT: Approval of November 30, 2023 Workforce Housing Subcommittee Meeting Minutes.

ITEM SUMMARY

This item is for the approval of minutes taken at the November 30th WHC Subcommittee Meeting. Staff recommends approving the minutes as presented.

BACKGROUND

None

FINANCIAL IMPACT

None

RECOMMENDED ACTION

MOVE to approve the minutes as presented

ATTACHMENTS

1. November 30, 2023 Subcommittee Minutes



City of Prescott

Workforce Housing Subcommittee

November 30, 2023 | 1:00 PM
201 S. Cortez Street
Community Development Conference Room
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Vice Chair Rocha called the meeting to order at 12:58pm.

2. ROLL CALL

Jon Rocha - Vice Chair
Anthony Teeters - Member
Nicole Kennedy - Member

3. DISCUSSION & ACTION ITEMS

- A. Presentation & Discussion Regarding the Housing Element for the General Plan.
Recommended Action: This item is for discussion only. No formal action will be taken.

Staff Liaison Walton reviewed the draft General Plan Housing Element with the subcommittee.

Community Development Planner Tammy Dewitt reviewed where the information came from in the previous general plan.

Vice Chair Rocha asked who wrote the draft.

Staff Liaison Walton stated that she and Ms. Dewitt took the original data from the 2015 general plan and updated the data within.

Member Kennedy asked about the format and whether there should be a call to action.

Ms. Dewitt stated that each element will be combined with other elements to create livability goals and each element will fit under the main section of the plan. Ms. Dewitt stated that an introductory paragraph would be appropriate. She stated the elements won't be in their own chapters but will be under larger goals and subcategories.

Staff Liaison Walton asked if the goals should be first or an introduction and history first.

Ms. Dewitt stated that introductions and histories would be separate from the goals.

Staff Liaison Walton restated that the general flow of the draft will not be the final

version, but the general plan will take the sections and put them where appropriate in the general plan.

Vice Chair Rocha stated that the general plan is a higher view and does not always include the steps to get there.

Ms. Dewitt stated the goals would be in the implementation section.

Staff Liaison Walton stated that they should show the large goals to achieve and mention ideas, so they need to be broad enough to be applied later as the markets will change.

Vice Chair Rocha stated that the goals will be finalized by the committee.

Staff Liaison Walton stated that the draft is to explain the situation and some possible solutions.

Ms. Dewitt said that the subcommittee doesn't have to use the old data from the previous plan.

Council Liaison Cantelme stated that it is supposed to be a higher, simpler view. She stated that it needed to be a simple and suggestive document.

Member Kennedy stated it could be challenging to create the draft not knowing how exactly it would fit into the plan.

Staff Liaison Walton asked if there were any updates.

Member Kennedy stated she did make some adjustments in the online document.

Vice Chair Rocha stated they should talk through the purpose of each header prior to getting into the text.

Staff Liaison Walton stated that a good, high-level introduction is important and it should state that workforce housing is a concern in Prescott.

Vice Chair Rocha stated it should be more balanced.

Member Kennedy stated it's important to mention that this has been an ongoing issue.

Staff Liaison McInnes asked if they would be discussing housing stock or affordability.

Staff Liaison Walton stated that all are touched including zoning. She reviewed a draft introduction and the neighborhoods and housing balance section.

Vice Chair Rocha stated that it feels like a redundant section. He asked about inputting the stakes of what it would look like if housing isn't addressed.

Staff Liaison Walton stated that they could put in a statement about recognizing the risk.

Ms. Dewitt said that they want to make sure the goals are attainable.

Vice Chair Rocha stated that it's important to paint the picture.

Council Liaison Cantelme stated that they could put in who would require or use the document.

Vice Chair Rocha stated that they could mention that the goals are important for economic development.

Ms. Dewitt stated that housing is part of economic development.

Vice Chair Rocha stated that it should be included in the introduction.

Member Kennedy asked if they wanted to discuss how Prescott is supposed to be "Everybody's Hometown", but we don't have housing for everyone.

Staff Liaison Walton stated that they will remove the neighborhood and housing balance section. She also stated that it should be kept in mind that this is an overall housing element, not just for workforce. She continued reviewing.

Vice Chair Rocha stated that the generational and lifestyle diversity section has phrasing that makes it seem like the community has chosen to move away from the diversity. He said it shouldn't seem intentional. He said this section wasn't discussing housing. He stated that it should say Prescott is striving to have diversity.

Council Liaison Cantelme agreed that they should put striving.

Vice Chair Rocha stated that it should say the trends pose a challenge to meet the goal.

Staff Liaison McInnes asked if the goal was to not be a retirement community.

Vice Chair Rocha stated that Prescott wants to be home for everyone.

Staff Liaison McInnes stated that the goal should be clear.

Vice Chair Rocha stated that this is an opportunity to mention that Prescott wants to move away from the trend of being a retirement community.

Staff Liaison Walton rewrote the section with input.

Vice Chair Rocha asked if they could put in that they don't feel that a retirement community is sustainable.

Ms. Dewitt stated that the subcommittee should put in all of the information they want and it will get clarified through the process.

Staff Liaison Walton continued to revise the section.

Member Teeters mentioned the median age.

Vice Chair Rocha stated that the median age should include the challenges that can come with it. He stated that the more the median age increases, the more there will be a need for service jobs, healthcare jobs, and first responder jobs. He asked if transportation is included in this section.

Ms. Dewitt stated no but it does affect commuting.

Staff Liaison Walton reviewed the revision. She updated a section with how the trend has continued and that these issues have been ongoing. She stated that this information would show that something needs to be done.

Vice Chair Rocha stated that this is a 10-year document, and it should be more specific about how the growing median age affects the community and the workforce housing needs.

Member Kennedy stated that there should be data describing the age demographics of people moving here and how it's pushing out affordability for younger families and workforce.

Vice Chair Rocha stated it's important to draw the correlation between the aging demographics and how they need the workforce to service them.

Staff Liaison Walton reviewed the revised section.

Vice Chair Rocha stated that this is a byproduct.

Member Teeters said it was a byproduct of demographic trends.

Vice Chair Rocha asked if that could be expounded on.

Staff Liaison McInnes stated he would like to show the housing demand trends as well.

Staff Liaison Walton stated that they are currently discussing the diversity of the households.

Staff Liaison McInnes stated that he can get older versions of the graphs as well.

Vice Chair Rocha stated that older graphs will show the trend.

Ms. Dewitt stated that history will be shown in different sections of the plan.

Member Kennedy asked about doing a pie chart.

Staff Liaison Fraser stated that there are pie graphs that APS does regarding age ranges.

Vice Chair Rocha stated that the charts paint the picture. He asked if a chart could be made to correlate the demand for jobs to the age increase. He mentioned that it would be beneficial to show the need.

Ms. Dewitt stated that a goal could say that a percentage of new developments need to have workforce housing.

Vice Chair Rocha stated that a policy addressing that would give it teeth.

Staff Liaison McInnes discussed one of the general plan topics and where people want the workforce to live.

Council Liaison Cantelme stated that Prescott Valley is considered a bedroom community for Prescott.

Member Kennedy stated that, historically, people have gone to surrounding communities, but now those aren't affordable now either.

Staff Liaison Walton included a portion for possible policies regarding percentages of housing units.

Vice Chair Rocha stated that the water policy should be reviewed in the short term to see if incentives could be provided for workforce housing.

Council Liaison Cantelme stated that water is Prescott's currency and bargaining tool.

Staff Liaison Walton revised the section on formulating affordable workforce housing solutions. She discussed doing a summary of the goals at the end.

Vice Chair Rocha stated that would help them to stand out.

Ms. Dewitt stated that every section would have a goals and strategy section.

Member Kennedy asked if they needed to be broad.

Ms. Dewitt said it could be, but there will be an implementation section to hold Council accountable for.

Council Liaison Cantelme stated that the City would be incentivizing. She stated that there are things the City can and cannot do.

Staff Liaison Walton reviewed the previously revised sections.

Member Kennedy asked for a pie chart of national averages to show how Prescott is different.

Vice Chair Rocha asked Ms. Dewitt for a goal example.

Ms. Dewitt stated that the goals are still with each department and she hasn't reviewed them yet.

Staff Liaison Walton stated that one of the previous recommendations in the 2015 plan was to work with Yavapai County to create a housing authority. She stated that goals can be specific. She reviewed the housing trends section.

Vice Chair Rocha stated that the decline in permits could also be attributed to land.

Staff Liaison Walton stated that annexations happen often and that the permit chart was just due to economic issues. She reviewed the construction aspect of the permit section.

Member Kennedy suggested writing that the concerns are not always based on facts.

Staff Liaison Walton stated they could discuss community education and add in a goal for education.

Staff Liaison McInnes asked whose responsibility it is to reach out for education.

Member Teeters stated that it should be everyone's.

Council Liaison Cantelme stated that for too long no one has taken responsibility.

Staff Liaison Walton stated that with this committee, many different entities are being engaged.

Vice Chair Rocha stated that no one has been held accountable and that builders and developers have stated that they will try, but it depends on the market.

Staff Liaison Walton asked if there were any other comments on that section.

Vice Chair Rocha asked what the projects are that were mentioned in the draft.

Staff Liaison Walton stated that there is one in Granite Dells Estates and in South Ranch. She stated that it is one large parcel with rentals.

Vice Chair Rocha stated that they are build-to-rent products.

Member Kennedy asked if the project in Prescott Valley was manufactured homes or trailers.

Vice Chair Rocha explained the process.

Staff Liaison Walton stated that they can rephrase horizontal project.

Vice Chair Rocha stated that the plan should mention what the most affordable housing options are. He stated that density is addressed through zoning codes and that this draft should be educational.

Staff Liaison Walton asked where the product should be discussed in the plan.

Member Teeters said it's good where it is.

Staff Liaison Walton reviewed the paragraph regarding zoning and water management policy.

Member Kennedy asked if the data for the American Community Survey could be updated as it has changed.

Vice Chair Rocha stated they do more metro statistics information rather than small town.

Staff Liaison McInnes asked where they would like the data from.

Council Liaison Cantelme and Member Kennedy stated that Zillow would be fine.

Staff Liaison Walton stated that PAAR would be a good resource.

Vice Chair Rocha stated that there isn't a lot of specified data for Prescott. He asked if there was a mention of the WHC specifically and could the data the committee has collected be used in the draft.

Staff Liaison Walton stated yes, and they can include data that the committee has collected.

Vice Chair Rocha discussed the teacher village.

Member Kennedy stated that they are a great piece for education.

Staff Liaison Walton reviewed the revisions.

Vice Chair Rocha stated that there seems to be a push about multifamily.

Member Teeters stated that his rentals get filled within hours of vacancy.

Member Kennedy stated the multifamily graph isn't clear.

Staff Liaison Walton and Staff Liaison McInnes stated the graph is about permits that got pulled, but they will clarify it.

Staff Liaison Walton reviewed the permit graph.

Vice Chair Rocha stated that the information gives good insight into what infill could look like.

Staff Liaison Walton wanted to make sure that the information is valuable and usable and describes the situation.

Vice Chair Rocha stated that the more graphs about multifamily show that the community wants multifamily but he wanted to make sure the goal is clear and that there should be other components.

Member Kennedy stated that the language should include a broad brush solution.

Vice Chair Rocha stated that multifamily makes more of an impact. He recommended having there be more inclusive verbiage to include other housing solutions.

Staff Liaison Walton stated she can reduce the amount of multifamily graphs. She stated that they discuss barriers and build-to-rent projects.

Vice Chair Rocha stated that in the effects of the zoning section it doesn't paint a picture for manufactured homes and single family homes.

Staff Liaison McInnes stated he can find the data for those as well.

Vice Chair Rocha stated that it would bring it all together more, and it allows for a bigger picture.

Staff Liaison Walton added in revisions and notes for revisions.

Vice Chair Rocha discussed different housing types.

Staff Liaison Walton discussed that the product is whatever the market can handle.

Member Kennedy stated that the market is greed-centric.

Vice Chair Rocha talked about the different options for cluster homes. He stated that more data and options and showing the disparity would be beneficial.

Staff Liaison McInnes stated that duplex and triplex were part of single family on the graphs.

Member Teeters stated that clarifying what single family entails would be beneficial.

Vice Chair Rocha stated that pictures would be beneficial.

Staff Liaison Walton stated that if there are projects already in Prescott it would be good to use those as examples.

Staff Liaison Fraser discussed a housing concept on Jacob Lane called Manzanita Villages where it has a more community focus that would work well for the workforce.

Staff Liaison Walton stated that there needs to be diverse options.

Staff Liaison Fraser stated there are a lot of good local examples.

Member Teeters stated people notice eyesores, not density. He discussed that the people involved in the workforce are not criminals and will likely reduce crime.

Staff Liaison Walton reviewed the revisions.

Staff Liaison McInnes asked what the timeline was to update the document.

Staff Liaison Walton stated that it is planned to be presented to the General Plan in January.

Member Teeters stated that the revised version could be sent via email for input.

Staff Liaison Walton stated that there could be an additional January meeting to do one more walk through.

Vice Chair Rocha stated that pushing for only infill would be limiting and that having options for annexing or sprawl should be included for if a project comes up that doesn't fit into infill.

Member Teeters stated that the workforce isn't coming from too far out and people will appreciate working a bit closer even if it means not infill.

Staff Liaison Walton reviewed where sprawl is mentioned in the document.

Vice Chair Rocha clarified what sprawl meant in one of the sections.

Staff Liaison Walton added in a revision to remove a section about solutions to sprawl as the draft is about housing solutions, not sprawl solutions.

Vice Chair Rocha discussed a section regarding vacant lots within the city where it seems like infill is encouraged.

Staff Liaison Walton stated that the section he is referring to is about density.

Member Teeters stated that the draft should not advocate for one type of product.

Vice Chair Rocha stated that infill makes him think of smaller lots and multifamily lots.

Member Kennedy stated that the start and the end of the document are important to tie them all together.

Staff Liaison Walton stated that in solutions they will talk about policies and encouraging annexations that present higher density workforce housing developments and encouraging a variety of products.

Vice Chair Rocha asked if the General Plan Committee should consider offsite or factory-built homes. He stated that using factory built includes manufactured homes but doesn't have the negative connotation with it.

Staff Liaison Walton stated that due to zoning they need to have manufactured homes in there but could have factory built next to it to start changing the narrative.

Staff Liaison McInnes stated that there is a large stigma locally regarding manufactured homes.

Member Teeters stated that older generations expect them to be trailers.

Member Kennedy stated there are some dilapidated trailers in town.

Staff Liaison Walton asked if there were any other strategies or goals the subcommittee would like to add.

Member Teeters asked that the draft be sent out to the subcommittee prior to it being sent out to the whole committee for review.

4. ADJOURNMENT

Adjourned at 3pm.

ATTEST:

Jon Rocha, Vice Chair

AMBER FRASER, Staff Liaison



TO: MAYOR AND CITY COUNCIL
AGENDA: January 3rd Workforce Housing Committee Meeting
DATE: January 3, 2024
DEPT: City Manager
ITEM #: 3.B
SUBJECT: Approval of December 6, 2023 Workforce Housing Meeting Minutes.

ITEM SUMMARY

This item is for the approval of minutes taken at the December 6, 2023 Workforce Housing Committee Meeting. Staff recommends approving the minutes as presented.

BACKGROUND

None

FINANCIAL IMPACT

None

RECOMMENDED ACTION

MOVE to approve minutes as presented

ATTACHMENTS

1. December 6, 2023 WHC Minutes

City of Prescott
Workforce Housing Committee



December 6, 2023 | 10:00 AM

201 N. Montezuma Street
Council Chambers, 3rd Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

2. ROLL CALL

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

3. DISCUSSION & ACTION ITEMS

- A. Approval of the November 1, 2023 Workforce Housing Meeting Minutes.
MOTION BY MEMBER URIAS TO APPROVE THE NOVEMBER 1, 2023 MEETING MINUTES, SECONDED BY MEMBER KENNEDY. PASSED (4-0).
- B. Approval of the November 8, 2023 Workforce Housing Meeting Minutes.
MOTION BY MEMBER KENNEDY TO APPROVE THE NOVEMBER 8, 2023 MEETING MINUTES, SECONDED BY MEMBER TEETERS. PASSED (4-0).
- C. Presentation and Discussion Regarding the Workforce Housing Committee Recommendations to Council.

Staff Liaison Walton discussed how the Council recommendation document was formed and that there is planned to be a joint Council and WHC meeting in January to review the recommendations. She then reviewed the Workforce Definition. She asked Member Kennedy to discuss a document she prepared.

Member Kennedy discussed research that she did and a letter she wrote to adopt the ULI definition of workforce housing to cover the gap between 60% and 80%.

Chair Fann asked what the target was.

Staff Liaison Walton stated that the requested revision is to update the definition to increase the range to 60% and 120%. She stated that firefighters do start under 80% and that even the people in the 120% range struggle to find local

housing.

Member Urias asked for clarification on the percentage range.

Member Kennedy stated that it would be using ULI's, but it does have the same cap at HUD.

Chair Fann stated that the lower limit makes sense, but the ceiling seems too high.

Staff Liaison Walton stated that people in the lower range have more resources where the higher area of the range only has their income to rely on, and they don't qualify for outside resources.

Member Kennedy stated that 30% or \$92,000 is \$2,300 a month which there isn't much in this area in that range either.

Chair Fann stated that moving forward there will be some vetting, so people with a higher need will take precedence. He asked if this needed a vote.

Staff Liaison Walton stated that the range could be updated for the discussion with Council.

Chair Fann stated that he agrees with Member Kennedy's input but that there should be language included stating that there will be a vetting process to determine those who are in need. He stated that he was concerned about backlash towards the higher range but was comfortable as long as there is a way to prioritize.

Member Teeters stated that there needs to be prioritizing, but he reiterated that there are more resources for the lower range.

Staff Liaison Walton stated that the document could be updated.

Member Urias thanked Member Kennedy for bringing up the changes. He stated that there are examples of details to include an appropriate vetting process.

Chair Fann stated that there seemed to be consensus.

Staff Liaison Walton continued to review the recommendation document. She stated that a line from the fact sheet would be included in the recommendation sheet to give the numbers of what housing amounts would fit into the definition.

Member Kennedy asked if the number should be adjusted due to the range being adjusted.

Staff Liaison Walton said she would update the number.

Deputy City Attorney Podracky stated that the line that states "specific area" isn't clear enough.

Staff Liaison Walton stated she would clarify that line. She reviewed the changes and moved on to the short-term goals.

Chair Fann stated that it's important for Council to know there have already been funds pledged, so the City wouldn't be fully responsible for funded.

Staff Liaison Walton asked if the clarification should be in the goal or in the objective.

Chair Fann stated that just adjusting the phrasing would be fine and he could elaborate. He stated for goal 2, the stakeholders should be identified in the document. He stated that it could be expanded in the future, but the initial invitees should be the ones we've discussed over past meetings.

Staff Liaison Walton stated that she can include the initial stakeholders. She continued reviewing the goals and their objectives. She thanked the subcommittee for working on the General Plan Housing Element Draft. She discussed having a special meeting in January to review the updates to that document and then to present it to the General Plan Committee.

Member Kennedy asked if the General Plan draft would be emailed out.

Staff Liaison Walton stated yes, first to the subcommittee for review and then to the whole committee. She then continued reviewing goal 4 about creating incentive packets.

Chair Fann asked if objective 2 would include down payment assistance programs.

Staff Liaison Walton stated yes and moved to goal 5 and its objective.

Chair Fann stated that objective 4.2 and 5.1 are related but approach the subject from different points of view.

Staff Liaison Walton moved to reviewing goal 6 about Accessory Dwelling Units (ADUs). She reiterated that there isn't a way to restrict how people use their ADUs but it creates more housing stock.

Member Kennedy asked if the ADU language would include rehabilitating old carriage housing.

Planning Manager George Worley nodded yes.

Audience member Howard Mechanic stated that there was previous discussion about allowing additional use for workforce housing and he thought Deputy City Attorney Podracky stated it was legal to restrict.

Staff Liaison Walton stated that it would be an incentive rather than a restriction.

Audience member Mechanic stated that ADUs can be used currently for family use, short term use, and he would like a third use added for workforce housing, and he asked Deputy City Attorney Podracky to state if it were legal.

Staff Liaison Walton stated that the update is to include long-term rentals.

Audience member Mechanic stated he's only talking about workforce housing, not long-term.

Deputy City Attorney Podracky stated that he would be comfortable if there was a third option in the update for workforce.

Staff Liaison Walton stated that they can't restrict it to workforce housing.

Deputy City Attorney Podracky stated that there are strict private property rights.

Chair Fann stated they are getting too into the details.

Audience member Mechanic asked for phrasing to be put into the ADU draft to include workforce housing.

Chair Fann clarified that they are requesting the long-term rental be changed to workforce housing.

Audience member Mechanic stated that long-term doesn't need to be removed but workforce housing needs to be included.

Deputy City Attorney Podracky stated that there could be additional incentives included.

Staff Liaison Walton stated that they can add in workforce housing phrasing.

Member Kennedy stated that she likes the phrasing about increasing supply.

Member Urias stated that developers will gravitate to projects that provide more profit. He stated that there can be limitations considered regarding how short-term occupancy can be. He stated vacation rentals could be more profitable, so they could limit ADUs to being used for longer-term rentals.

Member Kennedy asked about state regulations for limiting.

Staff Liaison Walton stated that there are limitations and that can be a more in-depth discussion after Council reviews the document.

Chair Fann stated that he agrees with the document so far as modified.

Staff Liaison Walton continued reviewing the goals and their objectives.

Member Kennedy stated that there will be a lot of research involved and if someone isn't hired it won't get done.

Chair Fann stated the document captured all the comments well.

Staff Liaison Walton reviewed the long-term goals.

Member Kennedy asked if the regional plan included outside of Prescott and if so, should the stakeholder group include entities outside of Prescott.

Chair Fann stated the stakeholders we've discussed are regional partners such as CAFMA and that this is a regional issue.

Staff Liaison Walton stated it will be expanded to regional partners.

Member Kennedy stated that the survey received a low response so she asked if it could be resent.

Staff Liaison Walton stated that it can be sent again and at the stakeholder meeting the survey can be used as a tool to continue gathering data.

Member Urias stated that he would give time to follow up with individual organizations on the survey and would send it to even more people.

Staff Liaison Walton stated that another objective under the third long term goal would be to reach out to regional stakeholders to obtain additional data.

Audience member Mechanic stated that the 3rd long-term goal isn't specific to whether it's Prescott's needs or regional needs. He stated that once the need is determined, then it needs to be publicized so people understand the problem.

Staff Liaison Walton asked if there were additional changes.

Chair Fann stated no.

Staff Liaison Walton discussed the date for the joint Council and WHC meeting.

Chair Fann stated he wouldn't be there on the third.

Staff Liaison Walton stated that it could be moved.

Chair Fann stated he thinks it needs to happen as soon as possible.

Member Urias stated that he was not available on the third either.

Chair Fann stated that Member Kennedy would be a great spokesperson for the meeting.

Staff Liaison Walton stated that there would still be a meeting on the third of January. She then reviewed the motions that could occur at a future Council Voting Meeting.

Chair Fann stated that after Council input they may be adjusted.

Staff Liaison Walton then reviewed the outreach plan and talking points and the updates made from previous input.

Chair Fann stated that one of the largest threats to rural communities is providing workforce housing. He stated he would like to find additional data to support that and provide facts.

Staff Liaison Walton asked if he would like that added to the introduction.

Chair Fann stated yes.

Staff Liaison Walton stated that Staff Liaison Mike McInnes would be able to do research and incorporate that into the second paragraph. She then reviewed the fact sheet.

Member Urias stated that the specification about it not being subsidized housing does clarify. He asked that the numbers be updated on the fact sheet as well.

Member Kennedy asked if there could be more clarification on the subsidized housing section.

Member Urias stated that if they specify too much it will open up to additional criticism.

Member Teeters stated that most people know what government subsidized housing is.

Staff Liaison Walton asked if the committee was okay with Member Kennedy's update. With confirmation from the committee, she continued reviewing the fact sheet.

Chair Fann stated that the goals simply stated are fine.

Staff Liaison Walton asked for any additional input.

Member Kennedy stated it looks great.

D. Presentation and Discussion Regarding Future Agenda Items.

Staff Liaison Walton discussed the joint council meeting as well as a special January meeting to review the general plan draft, and having a spokesperson or a couple of members to present the general plan draft to the General Plan Committee.

Chair Fann stated that the subcommittee should attend and choose a spokesperson.

Staff Liaison Walton stated that, after receiving input from Council, there may be a

discussion about updating the documents discussed today and also the ADU draft.

4. UPDATES

A. Staff Announcements

Staff Liaison Mike McInnes will be taking over since Staff Liaison Walton's promotion to Community Development Director.

Staff Liaison Fraser asked about switching to the second week in March so the Tourism Advisory Committee could have their meeting the first week.

Member Kennedy stated that she would be out the second week of March.

Staff Liaison Fraser stated that she would send the dates out via email for people to review their calendars.

Chair Fann thanked Staff Liaison Walton for her time with the committee.

Staff Liaison McInnes introduced himself and his work with CBDG.

Chair Fann stated that the same people who don't want growth change the dynamics because it pushes out families.

5. ADJOURNMENT

Adjourned at 11:11am

ATTEST:

MIKE FANN, Chair

AMBER FRASER, Staff Liaison



TO: MAYOR AND CITY COUNCIL
AGENDA: January 3rd Workforce Housing Committee Meeting
DATE: January 3, 2024
DEPT: City Manager
ITEM #: 3.C
SUBJECT: Introduction of New Workforce Housing Committee Member Luther Kraxberger.

ITEM SUMMARY

Luther Kraxberger was appointed to a vacancy in the Workforce Housing Committee at the Council Meeting on December 19, 2023. This item is for Mr. Kraxberger to give an introduction as well as for the Committee to give an overview of past discussions.

BACKGROUND

Previous member David Roe resigned his position on the Workforce Housing Committee and the vacancy was filled by Council.

FINANCIAL IMPACT

None at this time.

RECOMMENDED ACTION

This item is for discussion only. No formal action will be taken.

ATTACHMENTS

None



TO: MAYOR AND CITY COUNCIL
AGENDA: January 3rd Workforce Housing Committee Meeting
DATE: January 3, 2024
DEPT: City Manager
ITEM #: 3.D
SUBJECT: Presentation, Discussion & Possible Action Regarding the General Plan Housing Element.

ITEM SUMMARY

The Workforce Housing Subcommittee created a draft Housing Element to be part of the 2025 General Plan. The Committee will review the draft and recommend adjustments or approve the draft to be presented to the General Plan Committee in late January.

BACKGROUND

The General Plan Committee asked the Workforce Housing Committee to create a draft housing element for the 2025 General Plan. The Workforce Housing Committee decided to create a subcommittee to create the draft and bring back to the committee as a whole.

FINANCIAL IMPACT

None at this time.

RECOMMENDED ACTION

Staff recommends receiving a presentation from the Subcommittee followed by possible action regarding approval of the proposed General Plan Housing Element

ATTACHMENTS

1. 2025 General Plan - Draft Housing Element

Introduction

Over the past decade, the City of Prescott experienced population growth, especially among the retiree demographic, as well as gradual job growth. Unfortunately, housing affordability and availability for the local workforce did not keep pace with this growth and has become an increasingly pressing issue. Though Prescott prides itself as "Everyone's Hometown," the housing supply skews heavily towards low-density, large square footage, suburban-style single-family homes, with limited workforce housing options.

If unaddressed, lack of affordable workforce housing could constrain future economic growth and undermine quality services as workers face rising housing costs. Recruitment and retention of a strong and stable workforce will continue to erode. Prescott residents will experience longer wait times, reduced service levels and, in some cases, must go outside of the area for services. There may also be an overall increased cost of services locally. Prescott may experience less diversity in population, and service providers will be disconnected from the community.

This plan provides a high-level analysis of trends and issues in the local housing market. It sets out strategic goals to increase housing stock of all varieties, incentivize workforce housing production, and provides recommendations for policies and programs promoting workforce housing. These strategies aim to facilitate mixed-income, mixed-density housing development; increase affordable rental and ownership options; reduce cost barriers to housing; and align supply with the needs of current and future residents. Only by taking proactive steps towards a more balanced housing supply can Prescott maintain its longstanding vision as a welcoming and sustainable hometown for all.

Generational and Lifestyle Diversity

To achieve a sustainable community, Prescott strives to offer a balanced mix of homes for all types of households. Our community needs residents that can support a healthy, thriving economy through service jobs, professionals of all types, as well as retirees. The median age in Prescott is now 60.5 (median age in Arizona is 38.8). 40% of the Prescott community is above 65 years of age. That represents a significant increase from retirees making up 30% of the community in 2010, and 27% of the community in 2000.

The average number of persons per household declined from 2.11 in 2000 to 2.03 in 2010 and seems to have leveled out at 2.02 in 2020. The numbers of families actively raising children within Prescott are in decline, while the percentage of people living alone is on the rise. Only 12% of the Prescott population includes the under-18 demographic. With the decreasing school aged

population, two elementary school have forever closed their doors: Washinton Traditional Elementary closed in 2015 and Miller Valley Elementary in 2017. These conditions are the result in part from the aging baby-boomer (post World War II era) generation, as well as from large numbers of retirees who have relocated to Prescott.

. Figure 1 shows the population dispersed through age ranges.

Figure 1 (2022 American Community Survey 5-year Estimates)

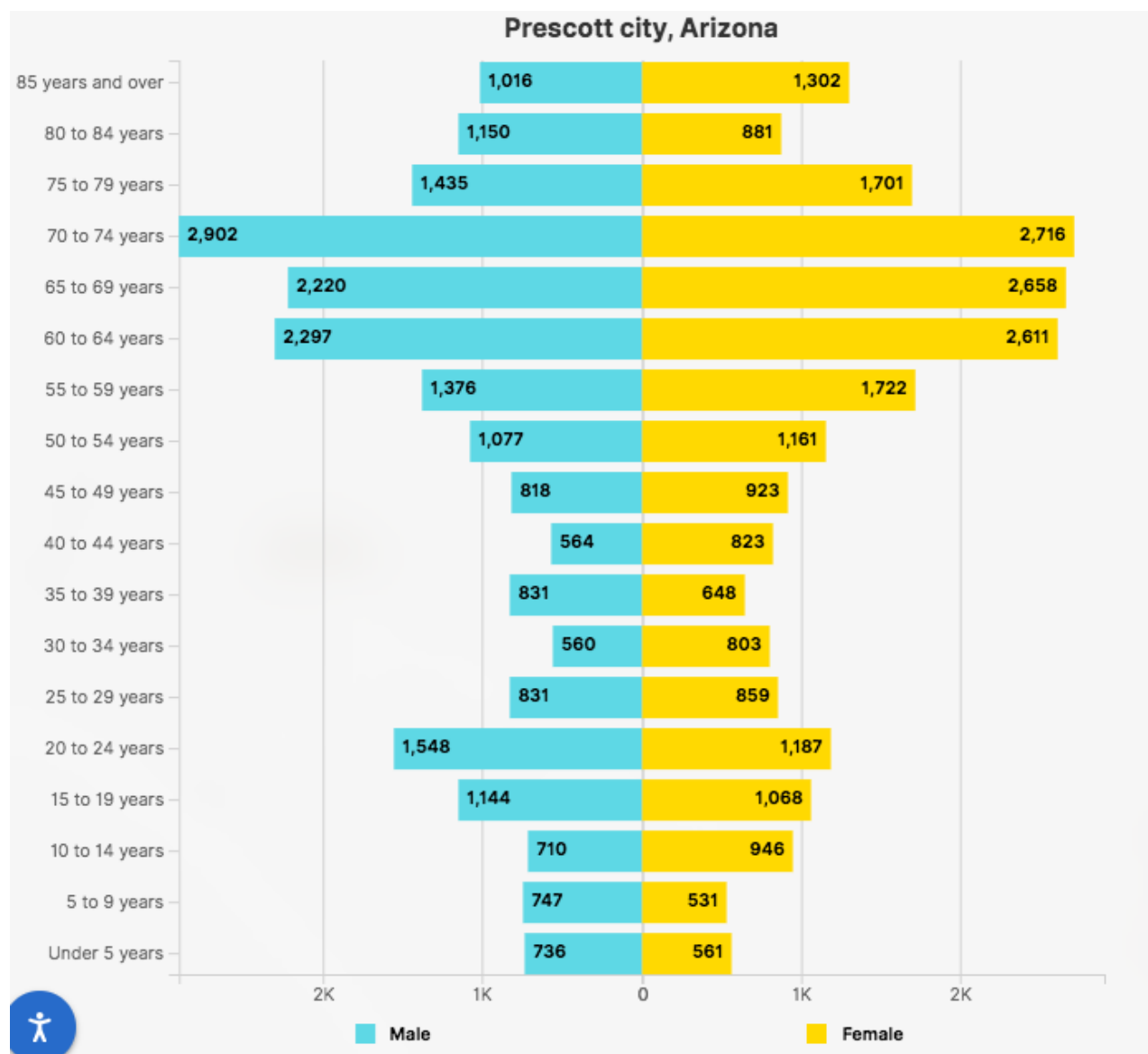


Figure 2 focuses on Prescott's senior populations in three age categories.

Figure 2

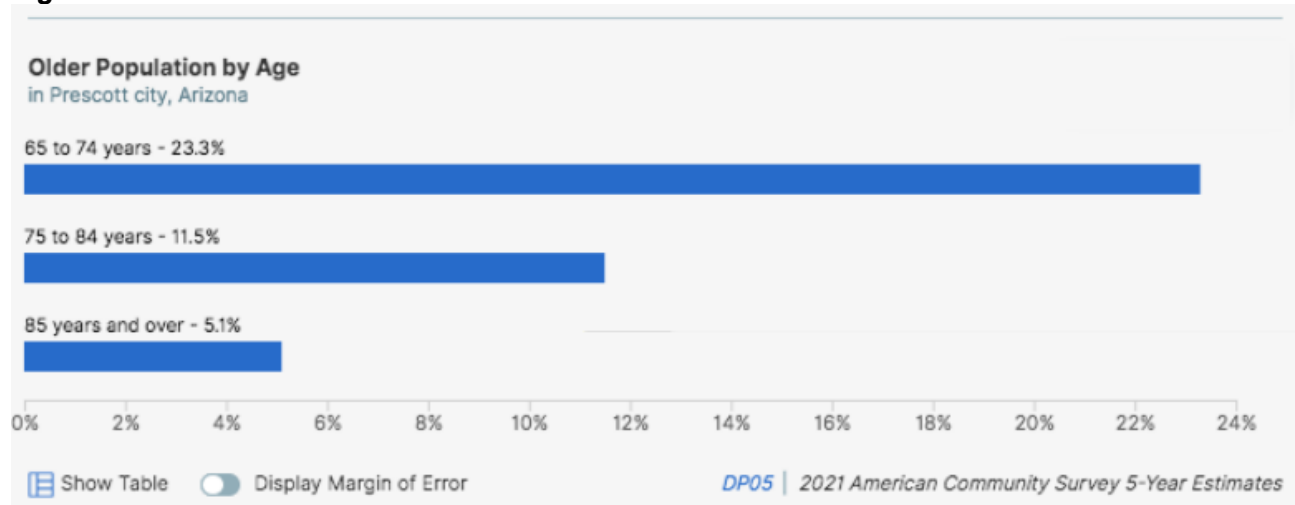
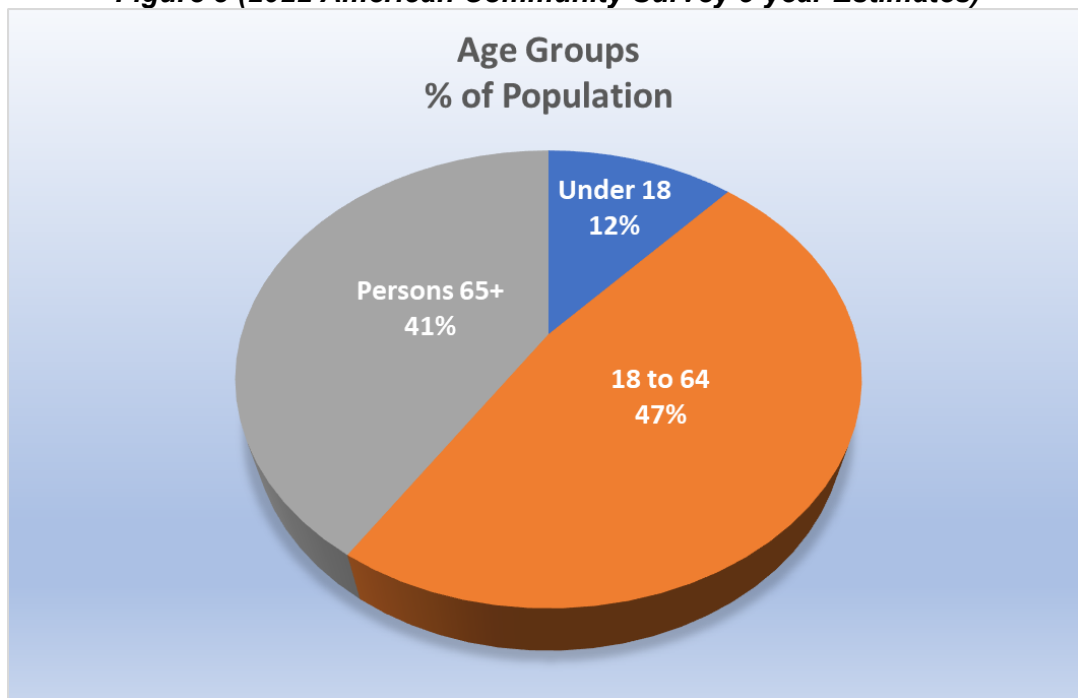


Figure 3 (2022 American Community Survey 5-year Estimates)



Working age individuals makes up 47% of total Prescott population

Another contributing factor to declining diversity has been a growing lack of low to moderate income housing options available in the community. These concerns are noted in the 1990, 1997 and 2003 General Plans. Providing for the housing needs of a balanced community has been and remains a particular challenge in Prescott due to the growing percentage of the retiree population. Balanced housing needs require the promotion and availability of a variety of housing types and encouraging sufficient numbers of housing units affordable to all income groups. This is a direct result of the aging demographic trends.

In the last decade, market-based housing development in Prescott consistently favored large single-family home in large lot subdivisions. However, with Prescott remaining a retirement destination, smaller houses on smaller lots may occupy a greater share of the market in the next decade. This is a trend that has continued and must be met with strategic planning and action in order to ameliorate the impacts to the community.

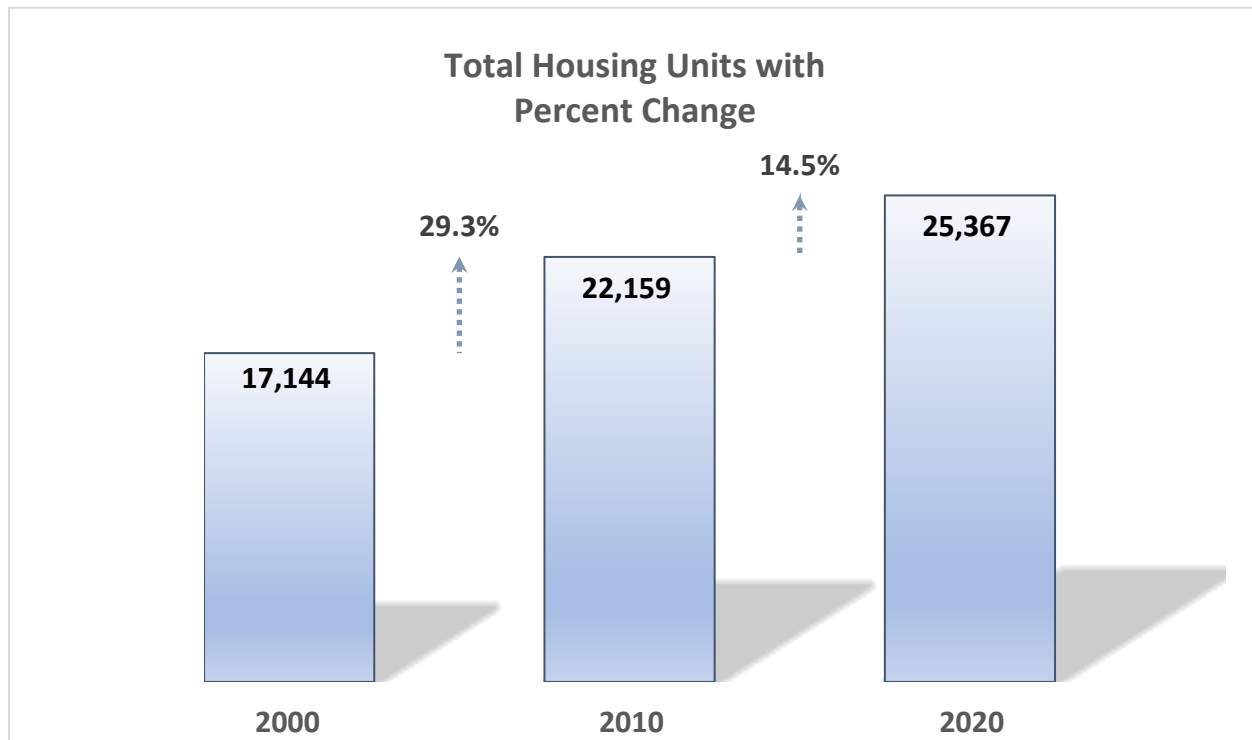
[Chart correlation between demand for jobs and age of population](#) (Mike is working on this)

[How demographic age diversity maintains economic competitiveness](#) (Mike is working on this)

Housing trends: variety, affordability and quality

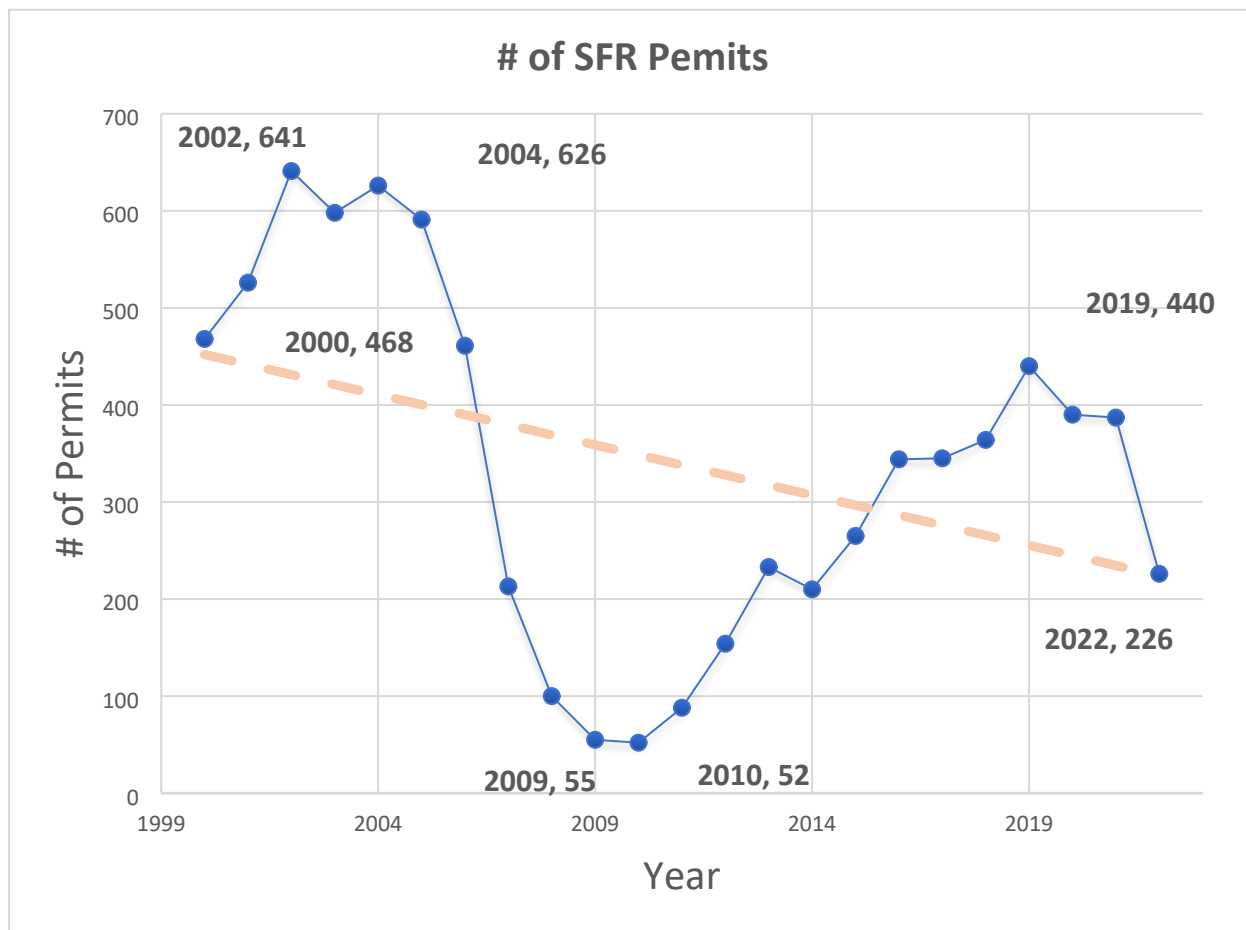
Prescott's housing stock varies in price, style, and quality depending on the neighborhood's age and location within the city. The earliest neighborhoods near downtown were built on a compact grid of small lots with modest-sized homes, many with access to mixed-use corridors - a pattern still seen today in the city's core. However, starting in the late 1970s, suburban-style subdivisions on larger lots emerged on the outskirts and rapidly expanded through the 1980s/1990s economic boom, providing new single-family housing stock. This lower-density suburban growth continued until constrained by the 2007 economic downturn. According to Census data, total housing units grew from 17,144 in 2000 to 22,159 in 2010, an increase of 29.3%. Growth slowed to 14.5% between 2010 and 2020, from 22,159 units to 25,367 units (see Figure 4)

Figure 4



In the early 2000s, Prescott saw record numbers of single-family housing permits, with totals peaking at 641 in 2002, 598 in 2003, and 626 in 2004. However, permits dropped dramatically during the Great Recession, hitting a bottom of just 52 single-family resident (SFR) permits issued in 2010, reflecting the housing crisis' severe impact on new construction. Though single-family permits rebounded to 233 issued by 2014 as home building resumed post-recession, they peaked again in 2019 with 440 SFR permits issued that year. However, most likely due to the COVID-19 pandemic, housing permits issued once again dropped rapidly. In 2022, only 226 SFR permits were issued. (See Figure 5).

Figure 5



Compared to single family residential construction, there was limited multi-family residential development from 2000 to 2014 in Prescott. According to building permit data, many years saw zero multi-family permits issued, reflecting a lack of focus on this type of housing during this period. With so little multi-family housing construction, Prescott's affordable housing availability was negatively impacted. There were major zoning issues, including lack of appropriately zoned multi-family sites and difficulties rezoning to higher densities. Impact fees and other costs that substantially increased on a per unit basis also discouraged multi-family projects. Additionally, community opposition to proposed multi-family housing was significant during this period. Of primary concern were higher densities, traffic impacts, effects on neighborhood aesthetics, property values, possible loss of open space, potential increased crime and threats to existing neighborhood character. While these are concerns, they are not all necessarily based in fact. Education on the true impact of development of low- and moderate-income housing should be a focus to build community consensus and steward future healthy, balanced growth.

From 2015 to 2021 there was an encouraging uptick in multi-family permits issued in Prescott. However, in 2022 no new multi-family construction permits were issued (see Figure 6). The demand for multi-family housing significantly outweighs the limited supply. There have been a few higher-end multi-family projects, senior care complexes, and built-to-rent projects constructed in recent years. A recent development in Prescott is the built-to-rent product. Currently, two built-to-rent projects are built to rent projects moving through the approval and construction process. These units are intentionally built as a rental product that is small and detached with a single-family, cottage-like feel. As the name implies, these built-to-rent projects are constructed on a single large parcel and, instead of being stacked vertically, the units are nestled closely together to maximize density.

Figure 6 (City of Prescott Building Department)

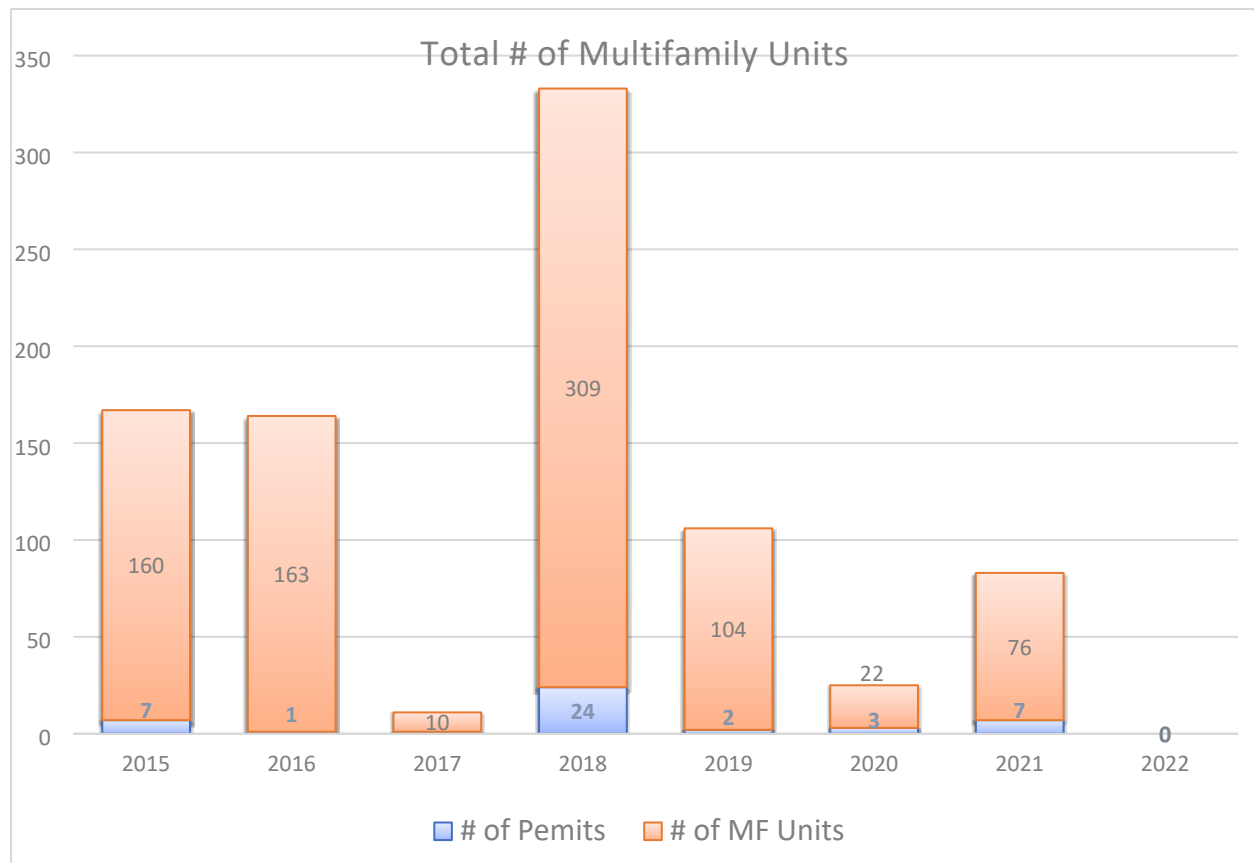
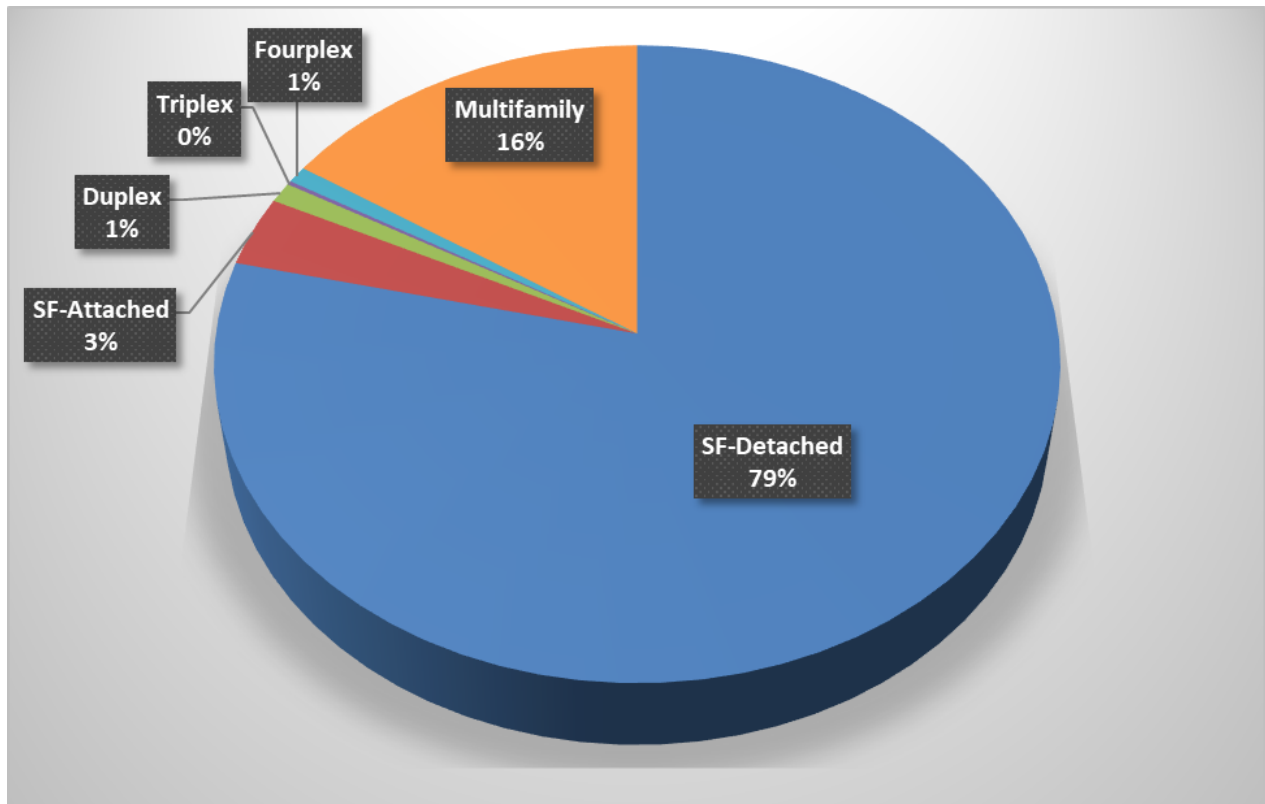


Figure 7 (Percent of Total Units per Build-Type from 2000 to 2022; City of Prescott Building Department)



However, overcoming remaining barriers such as zoning issues, extended timelines for current Water Management Policy processes, development costs, and community opposition will be key to further expanding multi-family and affordable housing options moving forward.

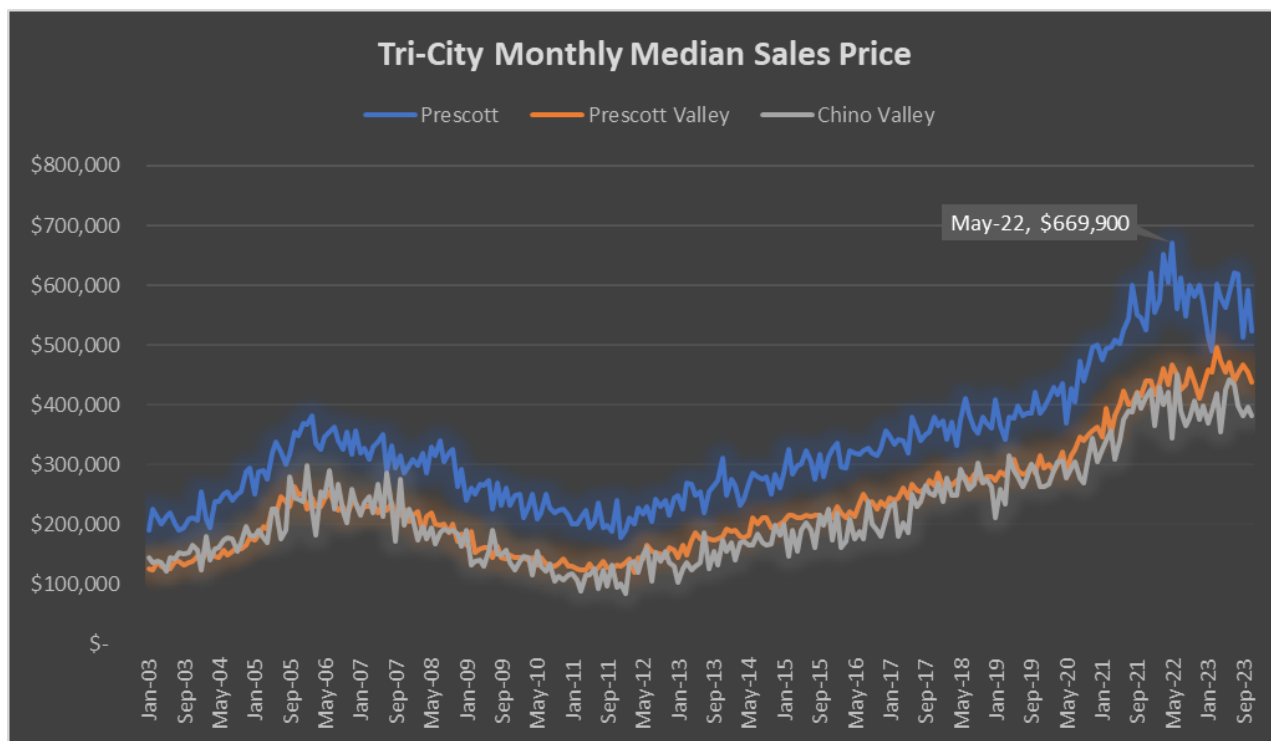
The Issue of Housing Affordability in Prescott

The issue of housing affordability began decades ago, but there have been no real sustainable solutions offered as many communities, including Prescott, continue to grapple with this. At the federal level, according to the National Low Income Housing Coalition, “heading into the pandemic recession, only 36 affordable rental homes were available for every 100 renter households earning below the federal poverty level” (as cited in Journal Record Staff, 2023). As of December 2022, the Arizona Department of Housing estimates that Arizona alone is nearly 270,000 units short of the current demand for affordable housing (Simplot, 2022).

According to the Prescott Area Association of Realtors (PAAR) the median price of a home sold in Prescott is \$523,000 (November 2023). Prescott Valley’s median sales price is \$437,000 for the same period. According to the National Association of Realtors (NAR), the national median

sales price is \$391,800. The below figure (Figure 8) shows the median home sales price in the Tri-City area dating back to 2003.

Figure 8 (Prescott Area Association of Realtors)



Homeowners and renters in Prescott are spending a greater portion of their income on housing compared to the state average. It is common knowledge that the surrounding towns of Dewey, Prescott Valley, and Chino Valley have acted as ‘bedroom communities’ for the workforce that supports the services within the City of Prescott. However, with high mortgage loan interest rates and high average home sales prices, even these communities have virtually no affordable housing options to offer the average working family. Without housing to support the workforce in an area, recruiting that workforce becomes more difficult especially when potential workers are from out of the area and need to relocate. As with recruitment, retention may also become an issue that impacts service levels for all industries by the lack of a quality workforce as these workers will become displaced to areas with a lower cost of living and more housing options. Therefore, it is vitally important to establish policies that support the construction of housing that is affordable to the workforce, reduce any regulatory hurdles that discourage the potential for workforce housing, and investigate alternative construction methods or materials that ultimately decreases the cost for the homebuyer.

Formulating Affordable Workforce Housing Solutions for the City of Prescott

This issue requires the implementation of various strategies to begin moving the needle on the affordable housing crisis. It cannot be solved by just Prescott, neighboring jurisdictions, nor the

private developers and builders. It requires both a regional public effort and private stakeholders to come together with the community to push these types of projects forward.

The City of Prescott's Workforce Housing Committee is currently working on a housing needs assessment for participating stakeholders, as well as several specific goals and objectives related to the general strategies recommended in this section. It is anticipated that many of these goals will be put into place within 3 years with notable improvements to the workforce housing situation in Prescott by the next General Plan update.

There are various strategies that should be employed to ameliorate this issue ranging from underlying zoning flexibility, prioritization for these projects within adopted code and policies, to site layout and design approaches, to working with builders to investigate new technologies in construction techniques and methods. Production strategies may be helpful, such as developer incentives to increase the supply of housing affordable to households at or below the median income.

Council could consider a Workforce Housing Policy. This policy could propose a recommendation that new developments and commercial facilities include a percentage of workforce housing units, or a fee-in-lieu of units, per project. The policy could also encourage the prioritization of annexations that present higher-density workforce housing development, and encourage housing products of all types including single-family, manufactured or factory-built, townhomes, other multifamily housing products.

To further incentivize workforce housing, the current Water Management Policy could be revised to include prioritizing workforce housing projects. Developers, builders, and lenders are hesitant to move forward on projects that do not yet have all entitlements, in this case water. By prioritizing the approval of water for workforce housing projects, this will greatly encourage these developments to move forward.

The City of Prescott can improve its affordable housing stock, which will in turn benefit workforce housing, in an expeditious manner by amending its code regarding accessory dwelling units (ADUs). An accessory dwelling unit (ADU) is a smaller, independent residential dwelling unit located on the same lot as a stand-alone (i.e., detached) single-family home. Other terms for ADUs include: guest quarters, granny flats, and in-law units. At this time, ADUs are prohibited from being long term rentals in all residential zoning districts within the City of Prescott. A long-term rental is defined as a tenancy of greater than 30 days at a time for the purpose of adhering to regulations set forth for short term and vacation rentals by ARS 9-500.39. A recommendation is to amend the code to allow for long-term rental ADUs.

Additionally, as was stated in the 2015 General Plan, a county-wide housing authority may be an effective way to influence the balance and affordability of housing. However, there are other organizational frameworks that could pull many regional stakeholders together, such as forming

a community land trust, or partnering with a housing counseling agency. Regardless of the type of organization to be formed, Prescott should support the creation of a regional housing organization.

Economic development and the creation of better paying jobs in the community will raise the average household incomes and could afford families access to a greater range of housing choices. Various strategies to promote higher density development and more compact forms may reduce housing production costs and consumer prices. The rehabilitation, restoration and preservation of existing housing stock will support a greater diversity of housing options, price ranges, maintain the quality of housing stock, and maximize existing infrastructure investments.

Other challenges to the integrity and character of residential areas must be monitored and addressed as needed. Business uses infiltrating into established residential areas can have adverse effects on the peace and quiet of neighborhoods. Uses that operate in a manner significantly different than traditional single-family homes may require regulation and enforcement to a higher degree than typical residential uses.

Urban development issues

Until the 1980s, most residential subdivisions in Prescott were designed using a 7,500 to 9,000 square foot lot size. A median lot size of 22,000 or more square feet has been typical in recent years. Likewise, typical dwelling size has undergone a transformation from an average of 1,760 square feet during the '70s and early '80s to an average of more than 2,800 square feet by 2000. In late 2007, the economic slowdown caused the construction of new housing to cease. However, new residential development appears to be resuming this pattern in Prescott of high-end single family residential, in low density, large lot subdivisions located predominately away from the City center.

A lower density form of development can also increase the community's dependence on the private automobile as a means of transportation, with the corresponding increases in traffic volumes and demand on the road network.

This continuing preference for large lot, low-density subdivisions, is a pattern typical of suburban development which has been termed "sprawl." The lower density, combined with the trend to locate these neighborhoods at the urban fringe (as opposed to infill development) places greater demands on water, sewer and road infrastructure with more main-lines, longer main-lines and more lane miles of roads. Most of the initial costs are passed on to the home buyer and result in

higher housing costs. However, all City residents inherit the costs for maintenance in perpetuity of this infrastructure.

While recent residential growth has followed this suburban pattern, new policies should aim to diversify housing options moving forward by promoting higher-density and multi-family development. As is the case with many multi-family developments, higher-density, or clustered single-family, developments can reduce costs on infrastructure improvements overall.

Successful clustered housing developments in Prescott include the following:

Tanglewood Estates: - Recommend the Consultant firm help us with pictures – perhaps like a nice one of the monument sign, if they have one



Cottages at Prescott Lakes:





Manzanita Village:





Reducing impediments to in-fill by clustered or other compact development types can encourage a wider variety of housing types to be built and improve the balance of housing available in the community. There are many vacant lots scattered throughout Prescott that offer opportunity for smaller scaled developments. Many of these in-fill lots offer existing water, sewer and road infrastructure that reduce the costs of development. However, there are many large parcels left vacant due to infrastructure design or construction challenges.

Effects of Zoning

Generally, zoning is used to separate industrial, commercial and residential uses and assumes that these use categories are incompatible with one another. Traditional zoning will control development density through parameters such as floor-area ratio, dwellings per acre, setbacks, parking ratios and automotive traffic flow.

Rezoning applications to increase density, allowing more homes per acre, are often met with opposition from neighboring residents. Decreased density encourages sprawl and discourages

sustainable compact developments such as high density single-family subdivisions, clustered homes, manufactured or factory-built homes or multi-family housing. There is a diminishing supply of developable land zoned for these housing types, which are often more affordable to moderate and low income households. Planned Area Development (PAD) provisions of the Land Development Code encourage the production of townhouse, clustered and patio lot housing units, however, relatively few of these housing types are available in Prescott. Housing affordability and workforce housing will require a change in zoning in most areas to allow the addition of high density housing choices.

Goals and Strategies:

Proposed Short Term Goals (1-3 years) ~~For Council Consideration~~ [NOTE: May need to modify content once Council approval is received – in case there are any changes they desire].

1. Pursue Match Funding for a Full-Time Workforce Housing Facilitator Position OR Engage a Third Party to act in this role.
2. Formalize a Third-Party Stakeholder Organization Group
3. General Plan Housing Element Draft
4. Create Two Separate Incentive Packets: One to Encourage Developers/Builders and the other to Help the Workforce Know What Options (i.e. Financial Programs, Housing Programs, etc.) Are Available
5. Research the Best Financial Program Solutions for the City and Stakeholders
6. Accessory Dwelling Unit (“ADU”) Code Revision: Work with Planning Staff to Propose Code Modification that Encourages and Incentivizes ADU Construction to Increase Supply for Long-Term Rentals that can Serve Workforce Housing
7. Create a Workforce Housing Policy for Council Consideration: Research Ways to Prioritize Workforce Housing Projects within Current City Policies (I.e. Water Management Policy), as well as in Current City Codes (I.e. Building and Wildland Urban Interface Codes), and Research Voluntary Contributions from New Commercial and Other Development Projects (i.e. Housing Projects include percentage of Workforce Housing, Hotels include Housing Options for Employees, or other Contribution)
8. Create a City Program similar to the Yavapai County Home of My Own Program
9. Community Outreach: create a communications plan
10. Set Up a Fund Account for Workforce Housing: Similar to “Change for the Better;” recommend that Council Direct Staff to Create Account and Explore Ways to Seek Out Funding such as Donations

Long Term Goals (3-5 years) ~~For Council Consideration~~:

1. Facilitate or Partner in Creating a Tangible Product

Objective 1: Identify Partners and Project Specifics (I.e. Land, Product Type, etc.)

2. Create a Regional Workforce Housing Strategic Plan

Objective 1: Using Formalized Third-Party Stakeholder Group, Create Draft

3. Identify the Number of Units Needed

Objective 1: Use Data Already Collected to Inform Current Need and Research Future Need

Objective 2: Identify Regional Partners and Solicit Feedback on Housing Units Needed Now and Into the Future

Cited Sources

Journal Record Staff. (2023, August 29). Company plans affordable housing complex in OKC. Journal Record [Oklahoma City, OK], NA. <https://journalrecord.com/2023/08/company-plans-affordable-housing-complex-in-okc/>.

Simplot, T. (2022, December 8). 2022 Annual report. 2022 Annual Report | Arizona Department of Housing. Retrieved from <https://housing.az.gov/2022-annual-report>

Editor Notes for additional changes:

- Incorporate general plan open house/survey responses on this issue. Excerpt from 2015 General Plan on this matter:

General Plan survey respondents indicated support for accommodating the housing needs of all income levels and family types in the community and support compact development types, mixed use areas and transit friendly development to accomplish this goal. However, market development trends indicate a continuing preference for low density, large lot single-family home subdivisions in Prescott. The conflict between General Plan goals of providing housing for all incomes, ages, and special needs groups and the continuing direction of current market trends suggest that housing affordability will continue to be an issue in Prescott. Housing needs and affordability are discussed further in the Land Use, Growth Area and Economic Development elements.



TO: MAYOR AND CITY COUNCIL
AGENDA: January 3rd Workforce Housing Committee Meeting
DATE: January 3, 2024
DEPT: City Manager
ITEM #: 3.E
SUBJECT: Discussion Regarding Future Workforce Housing Committee Agenda Items.

ITEM SUMMARY

This item is to discuss future agenda items. The only current future agenda item is the Council Recommendations.

BACKGROUND

Legal recommended always having this as an item to discuss future possible items.

FINANCIAL IMPACT

None

RECOMMENDED ACTION

This item is for discussion only. No formal action will be taken.

ATTACHMENTS

None



TO: MAYOR AND CITY COUNCIL
AGENDA: January 3rd Workforce Housing Committee Meeting
DATE: January 3, 2024
DEPT: City Manager
ITEM #: 4.A
SUBJECT: Staff Announcements

ITEM SUMMARY

This item is for staff to provide the committee with updates.

BACKGROUND

Updates to be provided at the time of meeting.

FINANCIAL IMPACT

None.

RECOMMENDED ACTION

This item is for discussion only. No formal action will be taken.

ATTACHMENTS

None