



City of Prescott

Workforce Housing Committee

March 13, 2024 | 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
Nicole Kennedy - Member
Randy Goodman - Member
Arnold Urias - Member
Anthony Teeters - Member
Luther Kraxberger - Member

3. DISCUSSION & ACTION ITEMS

- A. Approval of January 3, 2024 Workforce Housing Meeting Minutes.
Recommended Action: MOVE to approve minutes as presented
MOTION BY MEMBER KRAXBERGER TO APPROVE JANUARY 3, 2024 MINUTES; SECONDED BY MEMBER KENNEDY: PASSED (7 - 0)
- B. Approval of January 17, 2024 Workforce Housing Committee and City Council Joint Study Session Meeting Minutes.
Recommended Action: MOVE to approve minutes as presented
MOTION BY MEMBER KRAXBERGER TO APPROVE JANUARY 17, 2024 MINUTES; SECONDED BY VICE CHAIR ROCHA: PASSED (7 - 0)
- C. Presentation & Discussion Regarding Workforce Housing Developments.
Recommended Action: This item is for discussion only. No formal action will be taken.
Staff Liaison McInnes introduced Ben Snyder and Travis Hess from the Pronghorn Group to discuss workforce housing developments.

Mr. Hess provided an overview of their company, previous projects, and their role in providing attainable housing for the workforce. He discussed the incentive of expediting the processes for community builders. He discussed the impact of housing on recruiting and retaining the workforce. He discussed patents in process for their company and the products that they have found to work best for workforce housing.

Member Goodman asked if the company had considered what may happen in the future sale of the homes to future buyers and controlling the prices.

Mr. Hess stated that they are working to figure out how to make it work to keep the costs affordable, so the next homeowner isn't priced out.

Mr. Snyder discussed their financial incentives division that has looked into financial programs and one option is a tax credit program that is state-enforced and controlled. He discussed their prior processes to prevent investors from purchasing their homes and turning them into rentals, and they have worked through CC&Rs to address that. He discussed that affordable housing isn't a way for developers to make a profit so many of them don't work on affordable housing. He discussed their organizations process to address the whole process and that they aren't motivated by profit in this process. He discussed legislation that is being discussed at the legislature allowing for smaller square footage to be allowed which would adjust the zoning laws. He stated that everyone knows there is a problem but no one knows exactly how to solve it.

Member Urias asked them for clarification or elaboration on the tax credits and CC&Rs and how they would be used to reduce rental activity and how they are overcoming compliance and potential accusations of discrimination.

Mr. Snyder stated that the tax credit process is already built and that there is already a precedence set to prevent discrimination. He stated that CC&Rs take some creativity to not violate any laws but to control rents and manage it and that it's a work in progress. He said its very complex to address those questions.

Member Goodman asked if they could provide the committee with tasks that a municipality could do to entice organizations like theirs to come to our area.

Vice Chair Rocha stated that the committee is interested to hear the pain points that their organization has been through and if they could provide those to the committee to see how the committee can work to help address those issues.

Mr. Hess stated that the biggest issue they run into is zoning and how long the review process can be. He stated that time is money so delaying the project or extended processes can hurt a construction timeline. He mentioned that the committee has talked about building no-fail packets that have been previously approved and the company just fills in the blanks and that is a process that can help with the issues. He stated that impact fees and staff suggestions also create delays that in turn can cause an increase in rent. He stated that they will provide the committee something palatable that people and Council can get behind.

Vice Chair Rocha discussed their master plan communities and he asked if they can go to the municipalities with their 7 or 8 different plans and ask the municipalities to review them ahead of time to try to expedite the process.

Mr. Snyder said that they can't do a "plan in a can" on the project they are currently working on because they are below the minimum square footage and they are not on lots that are small enough to make it work.

Mr. Hess stated that they take the master plan submitted and go through the process of getting the permits pulled for the actual project but in the process of

doing so they can only submit five at a time so the process is very slow.

Vice Chair Rocha asked if the fact that they don't fit into the confines of what municipalities are used to is possibly causing some of the issues on the review process. He asked if they could go to a municipality to come up with a prepackaged packet, like a model home plan type of process, and make sure it fits into the code and so the municipality already knows what it consists of.

Mr. Snyder gave an example of how lobbying can affect efficiency in government processes. He stated that they have started to create a certification program where they go to a municipality with a new product and they can reach out to have it certified by a third party to help approve changes faster.

Member Goodman asked if their organization has a process for public outreach and education.

Mr. Hess stated that they are hiring another marketing firm to assist in their reach but right now it's a lot of word-of-mouth based off of their Chino Valley project. He stated that they do have material that has assisted them with their Chino project and Baja project that they can provide the community. He stated that they are updating their website to track what the community is looking for as well. He stated that they are focusing on how to get the community around that these projects have a positive impact.

Mr. Snyder stated that they had the workforce, teachers and firefighters, come in and speak to Council.

Vice Chair Rocha asked what the timeframe has been so far on the Baja project.

Mr. Hess stated that initially the project was supposed to be a three story walkout apartment of 156 units but the company's owners made the decision to address workforce housing so the density was reduced to 139 units. He stated it's been almost two years since that change and five months of it was going through suggestions and code reviews. He stated that the unit that is currently there was up in about 45 days. He stated the other units will be similar concepts.

Mr. Snyder stated that initially they considered modulars and manufactured units but they felt the site built was less expensive than modular.

Member Kennedy asked if there was another model they mentioned was twice the size of the 356 square footage.

Mr. Hess stated that the units twice that size would be the townhouse which is a little over 700 square feet. He stated they are looking at expanding the products based on the real goal behind Baja in general which is to make it a repeatable method so they can take it to other municipalities and see if they can duplicate it within codes of other municipalities. He said they could then look at areas that municipalities have and determine a timeline and a cost to provide a quick turnaround.

Member Kennedy asked how many units of the Baja development were townhomes.

Mr. Hess stated that it is spread out so in phase one there would be eight townhouses, eleven duplexes, and twenty-two singles so that the only ones sharing a wall would be the duplexes. He stated that if there is a demand in phase one for townhouses they can change the amount of townhouses without increasing the density and it wouldn't change the actual site plan.

Member Kennedy stat that they did a great job on the Chino Valley project and that there was a lot of thought put in to every piece of the project.

Chair Fann asked if the Baja project is permitted as a multifamily plat.

Mr. Snyder said that was correct.

Chair Fann asked if they would be going through a master meter or individual meters for electric and water.

Mr. Snyder stated that the Baja project is individual meters for the homes and there is some difficulty in converting it the way they plan to in the future.

Chair Fann stated that they are still at market rates but they are getting to a point of affordability by the product their providing being well below in size than the market.

Mr. Snyder discussed their investors and that they are forming a 5013c to work in conjunction. He stated that they are working with municipalities who want to provide them land and how they can work through their 5013c to receive that land and build more affordable housing.

Mr. Hess stated that they are for profit but this project is not as great of a return as other projects. He stated that this is a long term goal and it will take 10 to 20 years to make back their investment. He stated that with a non-profit they'll be able to go after grants to help decrease rents.

Council Liaison Cantelme asked if they have a track record in other municipalities.

Mr. Hess stated that Chino was the first project they started in workforce housing and that Baja will be the second one. He stated that the difference is that the school district in Chino owns that land and they utilized a grant to pay for it.

Council Liaison Cantelme asked if they'll have to keep a certain amount as renters and sell some but that they'll hold it for a while and that the profit will come from the tax breaks. She also asked if they were being marketed as mini homes.

Mr. Hess stated they are not marketing them as tiny homes. He stated that the want of a larger home is being replaced by the need of what someone can afford

and what is comfortable. He stated that in the process is also innovation to create communities that don't rely on city water or septic and they can be stand alone and fully off the grid to help decrease costs.

Council Liaison Cantelme asked if he thought people didn't want small.

Mr. Hess stated that it's not about want and that it's new but has what people need. He stated that they tried to create a space that felt larger.

Council Liaison Cantelme asked if they thought they wouldn't have success if the project was marketed as tiny homes.

Mr. Snyder stated that their marketing team is looking at how they want to market it but that they've stayed away from tiny homes at this point but they are small homes. He asked if anyone had hear about the bill going forward to address zoning laws that are causing issues for tiny homes.

Council Liaison Cantelme stated that he had read about it and that smaller, more affordable options would be beneficial to the workforce and for the retirement community living on social security. She asked if they would also be controlling vacation rentals through CC&Rs.

Mr. Snyder stated that there are laws and case law regarding Airbnb's and restricting what limitations can be put on them.

Council Liaison Cantleme stated that the industry has gone crazy for the time. She asked if they were doing everything site built or if they were doing a mixture of pre-fab and site built.

Mr. Snyder stated they started out with modular but determined that was not a good solution so they pivoted to site built.

Mr. Hess stated that site built can be built faster with a better quality for less money. He stated that they want to provide a product and A-Z solutions.

Council Liaison Cantleme stated that a big issue in communities is parking and it appeared that their community provided a lot. She asked how many spaces per unit.

Mr. Snyder stated that they have gone over the parking requirements for this project.

Mr. Hess stated that they tried to get as close to two per unit as possible.

Chair Fann stated that the bill they were previously discussing was House Bill 2570 and it is for communities larger than 70,000 so it probably wouldn't apply to Prescott but could be something to emulate if it's not required. He stated one of the challenges has been impact fees for water and sewer and if it's a condo then it needs help from the municipality. He asked if there was any further questions to add.

Mr. Hess stated that they are happy to keep working with the committee on solutions.

Chair Fann asked if they could provide actionable items that the committee can work on to help developers on workforce housing.

Mr. Snyder asked if the committee had a site they could start studying at this time.

Chair Fann stated that they did not but they have had previous discussions about city-owned property and discussions with current land owners and developers but a specific site has not been identified.

Member Kraxberger stated that the committee could use actionable items on timing, zoning and fees that the committee and look at implementing and recommending to the city to streamline processes.

Vice Chair Rocha discussed the importance of public education and asked if their actionable items could include their educational aspects to help give the full picture from municipalities, to the workforce, to developers.

Staff Liaison McInnes asked for Mr. Snyder and Mr. Hess to send him any documentation and he will provide it to the committee.

Chair Fann asked when the Baja units would be going vertical.

Mr. Hess stated in the next two or three weeks.

Chair Fann asked if the existing one-off unit was something that the committee could tour.

Mr. Hess said that it is open to a tour and it could be an example used in future projects.

Chair Fann asked for a tour to be set up by staff.

Member Goodman stated that he looks forward to a partnership between the private and public since the private also has a lot of resources and he'd like to stay in touch with them as thoughts and ideas come forward.

Mr. Snyder said that this is their hometown and their priority as well.

- D. Discussion & Possible Action Regarding the Workforce Housing Committee's Recommendations to City Council.

Recommended Action: MOVE to approve forwarding the Workforce Housing Committee recommendations to Council as written

Staff Liaison McInnes reviewed the updates and revisions from the Council/Committee joint meeting in January.

Chair Fann stated that all of the corrections requested were made and reviewed

the motions for recommendation to Council.

Staff Liaison McInnes stated that the committee could motion to send all of the recommendations to Council or they could approve them independently.

Chair Fann asked everyone was good with sending all of them.

Staff Liaison McInnes pointed out the recommended committee action in the packet.

Chair Fann clarified that this would be to approve all five.

Staff Liaison McInnes confirmed that it was for all five.

MOTION BY VICE CHAIR ROCHA TO APPROVE RECOMMENDATIONS TO CITY COUNCIL; SECONDED BY MEMBER URIAS: PASSED (7 - 0)

Staff Liaison McInnes asked if the committee would prefer the motions be put on the next March agenda or in April.

Member Kennedy stated that sooner is better and there would be a wider variety of an audience.

Member Kraxberger stated that there would be more exposure which would be better.

Chair Fann deferred to staff on their recommendation but doesn't want the item to get lost in a full agenda.

Community Development Director Walton stated that it is a bigger agenda but this would be a positive note and that the following Council meeting would likely be just as busy.

Chair Fann stated that due to the consensus from Council at the joint work session he feels that it could start on the consent agenda and then if Council wanted to pull it they could.

Community Development Director Walton stated that it was up to the committee but that this was an opportunity for the committee to have a platform to tell their good story and let the community know what they are doing.

Member Teeters stated that he felt thirst would be better.

Member Goodman stated that he feels that the committee has had good momentum and he doesn't want to see that stop.

Community Development Director Walton then asked who would be speaking on behalf of the committee.

Member Goodman recommended Member Kennedy due to how well she

addressed the General Plan Committee.

Community Development Director Walton asked for the whole committee to try to attend for this item.

Member Kennedy stated that she is available and would appreciate the committee's support.

Chair Fann stated that he is available as well.

Staff Liaison McInnes confirmed that they will be on the March 26, 2024 Voting Agenda for Council.

E. Discussion Regarding Future Agenda Items.

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

Staff Liaison McInnes introduced the next item.

Vice Chair Rocha stated that he would like to look more at City-owned property.

Member Kraxberger also asked that they discuss what strings would be attached to each property.

Chair Fann stated that guidance from the City would be appreciated as well.

Staff Liaison McInnes stated that he'd appreciate the committee prioritizing items as well as providing information to him to go and begin outreach.

Vice Chair Rocha asked when the next meeting is and that once Council approves the recommendations he'd like the committee to start prioritizing the agenda items for April so they can start working on the workforce housing policy.

Community Development Director Walton stated that an agenda item for the next meeting could be to go through the goal list and prioritize and discuss what staff can address and research as well. She recommended assigning tasks and moving forward with goals.

Member Goodman stated that he wants to get moving on goals and actionable items.

Chair Fann stated that the stakeholders should get together and discuss what can be brought to the table.

Member Kennedy asked for a summary on who each stakeholder is for those who haven't heard of them all.

Vice Chair Rocha asked that their product be included as well or what their organization does.

Staff Liaison McInnes asked if there was anyone on the list that the committee would like hear from sooner than later.

Member Goodman asked for Habitat for Humanity to come speak.

Community Development Director Walton stated that Habitat for Humanity has been very interested in possible partnership with the City and putting tangible products out in the community so they would be a better partner for when the committee looks at a tangible product.

Member Kennedy stated that the Flagstaff Habitat for Humanity is working on innovative things as well so having theirs and our local Habitat working together would be beneficial.

Member Goodman stated that having Habitat involved could lead to more positive public perception.

Community Development Director Walton stated that Goodwill has a branch called Thrive that is keyed in on workforce attainable housing as well and they could come speak in the future.

Council Liaison Cantleme stated that it will take a combination of different things.

Member Kennedy asked when the committee should be hearing back about the grant proposal.

Staff Liaison McInnes stated that they should hear back by the end of April.

Member Urias stated that there was a lack of response to the survey last year and that the committee could have tasks divided up so the members can start reaching out to the community.

Staff Liaison McInnes stated that Flagstaff has been successful due to their grassroots momentum and the involvement from the community.

Community Development Director Walton stated that the committee is the champions for the community. She stated that emails are easy to ignore but phone calls and personal connections have a greater affect. She stated that once Council approves the communication plan then the committee will start formally utilizing that plan for outreach.

Staff Liaison McInnes stated that he will continue to work on outreach and bringing different resources in to speak to the committee.

Member Kraxberger requested looking at how to make processes more efficient regarding timing, zoning, and fees and including the community in streamlining processes.

Chair Fann stated that there should be a review of codes and processes to see what can be streamlined while also making sure that the beneficiaries of that streamlining is workforce.

Member Kraxberger stated that consequences should be included.

Member Goodman requested that George Worley be invited to that discussion.

Council Liaison Cantelme stated that the City is looking at public safety and that adjusting impact fees may affect them so the committee should pick and choose which processes they look at financially.

Member Kraxberger stated that he agreed and timing is something that could be looked at to help workforce builders financially.

Council Liaison Cantelme stated that they should look at a program similar to the Yavapai County A Home of My Own Program to help with timing. She stated that Community Development is also functioning on fewer people and so they have limitations.

Community Development Director Walton stated that these were all good points and part of the goal lists for the committee to review further.

Vice Chair Rocha stated that A Home of My Own city-program should be tailored to community builders to streamline with strings attached and making sure that things aren't overpromised. He stated that it's a complicated process and deed restrictions may be the route to go to make sure they remain attainable.

Council Liaison Cantelme stated that for community builders they should be able to bring five models in for approval and be able to use those five models for their full project.

Member Goodman stated that staff will have to sit down and see what is realistic.

Vice Chair Rocha agreed and that the committee and staff should work with developers on streamlining the permitting process.

Staff Liaison McInnes reviewed topics for upcoming meetings to include: prioritizing the goal list, process and code discussion with Community Development, mapping and zoning and identifying opportunity areas for manufactured homes and identifying properties.

Member Goodman requested the tour of Pronghorn's unit.

4. UPDATES

A. Announcements & Updates from City Staff.

Staff Liaison McInnes discussed the General Plan Committee meeting on March 27th.

Member Goodman asked if Chief Building Official Ryan Greene was leaving the City.

Community Development Director Walton confirmed that he will be leaving in May.

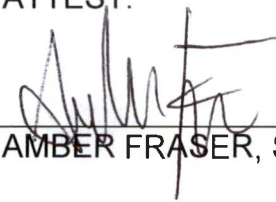
5. ADJOURNMENT

Chair Fann adjourned the meeting at 11:51am.



MIKE FANN, Chair

ATTEST:



AMBER FRASER, Staff Liaison