



City of Prescott

City Council and Workforce Housing Committee Joint Workshop & Study Session

January 17, 2024 | 10:00 AM
201 N. Montezuma Street
Council Chambers, 3rd Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Chairman Mike Fann called the meeting to order at 10:03 a.m.

2. ROLL CALL

Mike Fann - Chairman
Jon Rocha - Vice Chair
Randy Goodman - Member
Nicole Kennedy - Member
Luther Kraxberger - Member
Anthony Teeters - Member (Excused)
Arnold Urias - Member (Absent)

Phil Goode - Mayor
Connie Cantelme - Mayor Pro Tem
Lois Fruhwirth - Councilwoman
Ted Gambogi - Councilman
Brandon Montoya - Councilman (Excused)
Eric Moore - Councilman (Excused)
Cathey Rusing - Councilmember (Absent)

3. DISCUSSION & ACTION ITEMS

A. Presentation & Discussion Regarding the Workforce Housing Committee's Recommendations to City Council.

Chairman Fann began the discussion and presentation with introductions of the Workforce Housing Committee Members. The group has been meeting for approximately one year, gathering information and would like to solicit feedback from the Council at this point to make sure they are going in the right direction. The Committee wants to address the significant needs of the community, looking for Workforce Housing and affordability for police, fire, teachers, healthcare and all working-class in the community. He added there will be no public comment today, but will take it at their next WHC meeting in February.

Member Kraxberger reviewed the WHC Mission to plan and preserve workforce housing solutions to promote a healthy and vibrant community for all and vision to facilitate housing solutions to attract and retain quality employees and lead to improved service delivery and quality of life for our residents and workforce.

Member Goodman continued with the workforce definition based on US Department of Housing & Urban Development (HUD) and Urban Land Institute (ULI) definitions plus local statistics and research, those that earn about 60-120% of the area's median income and based on the current area median income (FY23) of \$76,000 for a family of four the scale would be \$46,020 to \$92,040. Workforce includes those employed in occupations vital to a community's functioning in areas like education, healthcare, public safety, construction and other key services. He added that he feels those who own and work for small businesses are also critically important.

Councilman Gambogi asked how the 60-120% figure is calculated.

Member Kennedy responded that the HUD and ULI numbers were used to quantify this. She continued with the workforce housing definition which refers to residential properties such as apartments or homes that are designed to be affordable for individuals and families. The goal is to offer housing that is no more than 30% of their household gross income, including utilities, prioritizing and coordinating a vetting process to identify those with the greatest need and this will provide a target monthly workforce housing rent or mortgage amount of \$1,150 (not including utilities).

Mayor Pro Tem Cantelme commented that moving forward it is important to make a big deal out of defining the difference between affordable housing and workforce housing. This is not Section 8 type housing. Additionally, it will be a stepped-process from apartments all the way up to single-family homes.

Member Goodman echoed Mayor Pro Tem Cantelme's comments. The goal is for the workforce to own and have pride of ownership in their own homes.

Councilwoman Fruhwirth asked about workforce comments regarding affordability and if this \$1,150 is in line with those comments.

Chairman Fann responded that it is a bit lower than what they have been hearing, which would hopefully meet the needs of more people. There are organizations that can provide down payment assistance and low income loans, etc so that is something to be looked at as well.

Mayor Pro Tem Cantelme stated that the largest need in the community is at the hospital. They have a need for more than 1,200 units.

Short Term Goals (1-3 years):

- * Pursue match funding for a full time workforce housing facilitator or engage a third party to act in this role - identify funding sources, hopefully through a private-public partnership
- * Formalize a third-party stakeholder organization group - hold a third-party stakeholder meeting in the first quarter of 2024 to include Dignity Health, Yavapai College, PUSD, CAFMA, Prescott Chamber of Commerce, Yavapai County, YCSO; and gauge interest and select organization type

Mayor Goode commented that the technology and quality of manufactured

homes has advanced a great deal over the years and can lower the cost of housing over site-built is significant, and in talking with the small business community there is difficulty in attracting and retaining workers because housing is significantly more here than in other areas where the same job opportunities exist. Would be interested in looking into these broader funding sources that might be available because these are long term issues.

Councilman Gambogi added that Prescott is a community that needs to begin with the end in mind, there is a lot to be gained by integrating thinking related to affordable and workforce housing. These concepts have been part of the General Plan for many years. He added that some of the VA workers might also apply to these areas of need and should be considered as well.

Mayor Pro Tem Cantelme asked about grant funding for a position to meet goal one.

Special Projects Coordinator Amber Fraser commented that this will be on the City Council agenda next Tuesday for approval to apply for a grant.

Councilwoman Fruhwirth stated that she is aware of a number of pieces of property within the city that are owned by the city and could be something that could be used for these needs.

Chairman Fann stated that this has been investigated and will continue to be looked at.

Member Rocha continued with Short Term Goals:

- * General Plan Housing Element Draft - finalize draft for General Plan Committee consideration in January 2024

- * Create Two Separate Incentive Packets - encourage developer/builders, and help the workforce understand their options

Councilman Gambogi commented that there are many initiatives that have been proposed for the General Plan over the years that have not been included or are not favorable to people after the Plan is adopted. Need to make sure that people are truly aware of the Plan and what it entails.

Member Rocha concurred, he added that a Workforce Housing Policy would be the meat of what this group is working on and could be something that would take concepts beyond a guide or General Plan. They are serious about having a community outreach plan related to this as well.

Councilwoman Fruhwirth asked if education could be incorporated into Goal 4 as well as incentives in order to garner more community support. She feels it is important to remember that wording matters.

Member Rocha responded that it could certainly be added.

Councilman Gambogi also suggested opportunities for lease-purchase options in certain areas as well.

Member Rocha added they could look into that. These are generalized ideas at this point, but he agrees that pamphlets and community outreach are critical.

Mayor Pro Tem Cantelme stated that making workforce housing affordable is difficult, but there are incentive programs for builders to do this through tax incentives and zoning revisions, so that is important to promote and look into as well.

Short Term Goals Cont.:

- * Research the best financial program solutions for the city and stakeholders - investigate financial programs including but not limited to down payment assistance, mortgage assistance, rental assistance and rent-to-own options
- * Accessory Dwelling Unity (ADU) Code Revisions - work with planning staff to propose code modification that encourages and incentivize ADU construction to increase the supply of long-term rentals that can serve as workforce housing

Councilman Gambogi encouraged the importance of keeping police and fire staff living in the community so they are invested even more in the community where they work.

Councilwoman Fruhwirth stated that adding more ADU opportunities makes her very nervous, but how the code is written and enforced will be critical.

Chair Fann concurred, this could be a slippery slope but if it is done correctly it could help.

Mayor Goode stated that this would be something that should be added to the City Charter.

Ms. Fraser stated that short-term rentals are already allowed in ADU's per code, so updating that would be helpful.

City Attorney Joseph Young added that the city is limited in its enforcement of Short Term Rentals because that is done at the state level, it would take a great deal of analysis to see if that would trump something being added to the Charter as well.

Mayor Pro Tem Cantelme added that there is importance in making sure that there are requirements and grant assurances in place for these types of programs for stakeholders.

Short Term Goals Cont.:

- * Create a Workforce Housing Policy for Council consideration - research ways to prioritize housing projects within current policies and codes, research voluntary contributions from new commercial and other development projects and revitalization incentive policies
- * Create a city program similar to the Yavapai County Home of My Own Program - meet with building division on feasibility and research cost-benefit to initiating program

Councilman Gambogi asked if the group is considering things beyond new construction.

Chair Fann commented that they have discussed some opportunities with other locations, for example a living-working downtown would be much more vibrant. It is something that is important to look at.

Member Kennedy continued with Short Term Goals:

- * Community Outreach - create communications plan including but not limited to creating an education packet with city communications office and engaging with local groups and clubs using standardized messaging
- * Set up a fund account for workforce housing - similar to change for the better recommend that Council direct staff to create an account and explore ways to seek funding such as donations

Member Kennedy reviewed a report that she previously sent to the WHC members regarding policy solutions to increase the availability of housing, called "Don't Put it Here". Workforce and affordable housing studies show that home values do not automatically decrease surrounding property values, this requires a lot of education for the community. She thanked Community Outreach Manager John Heiney who has been very helpful in putting this type of information together for the Committee. She reviewed some of the key talking points for this including promoting economic growth of the community, encouraging civic participation, maintaining property values, and mitigating traffic and environmental impacts.

Councilman Gambogi thanked Member Kennedy for her well-thought out points. He commented that it is important to be fair to developers and residents with a multi-faceted approach to addressing workforce housing.

Member Kennedy concurred.

Mayor Goode stated that there is a perception problem with the term affordable housing, so it is important to have a consistent message that the focus is workforce housing and not affordable housing. He added that having incentives for master meters in multi-family units would be beneficial as well.

Mayor Pro Tem Cantelme commented on the creation of an overlay to help identify areas where this type of housing should be placed would also be beneficial.

Councilwoman Fruhwirth added that it might be beneficial to also incorporate visual content into the educational materials to help show the community what the options are and would be.

Long Term Goals (3-5 years):

- * Facilitate or partner in creating a tangible product - identify partners and project specifics
- * Create a regional workforce housing strategic plan - using a formalized third-party stakeholder group to create a draft

- * Identify the number of units needed - use data already collected to inform current needs and research future needs, and identify regional partners and solicit feedback on housing units needed now and into the future

Recommended Action for Council at a Future Voting Meeting:

Chairman Fann stated that they don't want to waste time of city resources and so they are looking for direction from the Council by

- * Move to approve the Committee's mission, vision, and definitions
- * Move to approve the Committee's short term and long term goals
- * Move to approve Committee's recommendation to pursue a full-time Workforce Housing Facilitator Position
- * Move to approve Committee's recommendation to create an account in the General Fund
- * Move to approve Committee's Community Outreach Plan

Mayor Pro Tem Cantelme stated that the sooner the Committee, Council and community move forward with this the better, it is clear that next steps are needed and she can't imagine that non-present members of the Council would object to doing this as well.

Councilman Gambogi said that the city doesn't have to do this, it could continue on the way it is but the way it is, isn't working and won't continue to work in the future for our community. This is a good effort and needs to be even more global in it's integration with other entities. He has a problem with the ADU option because the HOA communities could have issues with that, and should start with creating starter homes in areas where there are opportunities.

Councilwoman Fruhwirth stated that she is supportive of this effort, but she reiterated her concerns with the ADU option and feels it needs to be flushed out more.

Mayor Goode commented that he is in support of developing these options for the community, code revisions and legitimate enforcement are important. Funding and grant opportunities are certainly necessary and would like to see the Committee take a look at other opportunities that are being put into place in other jurisdictions in the state. He added that a Regional Plan related to this is critical as well, so that it is Strategic and goes beyond just the city. This is a big ask and a long term commitment, but being able to show the importance of this will help.

Member Goodman commented that the Committee was looking at the ADUs as a quicker solution for public safety staff recruitments, and would hope that a percentage of those could be available for the workforce that is in need. It will take awhile to get a strong Workforce Housing option in place and those could potentially provide a short-term opportunity to fill a need right now.

Community Development Director Chelsea Walton added that the HOA cannot be less restrictive than the city. The code now states that if you have an existing ADU it cannot be rented long term and state allows short term rentals, so the concept was to begin with baby steps like allowing long-term rentals. Staff has already had citizens approach them to ask about this, there is already the impact

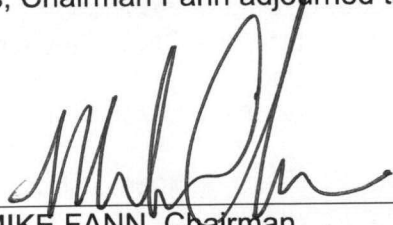
of the short-term rentals, so opening it up to a person who is willing to rent to a traveling nurse or new officer etc is a good thing. There is certainly a lot of research to be done on this topic though.

Chairman Fann thanked Council for their input and will move forward based on this direction and return with more specific recommendations in the future.

This item was for discussion only, no formal action was taken.

4. ADJOURNMENT

There being no further business to discuss, Chairman Fann adjourned the meeting at 11:36 a.m.



MIKE FANN, Chairman

ATTEST:



AMBER FRASER, Staff Liaison
Michael McInnes