



City of Prescott

Workforce Housing Committee

September 4, 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 **September 4, 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 Minutes from the July 3, 2024 and August 7, 2024 Workforce Housing Committee Meetings.

Recommended Action: MOVE to approve minutes as presented

- B. Presentation & Discussion Regarding Member Goodman's Proposed Workforce Housing Project.

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

- C. Presentation & Discussion Regarding Timeline of the Workforce Housing Policy.

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

4. UPDATES

- A. Staff Announcements and Discussion Regarding Future Agenda Items.

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 8/30/24 at 9:00 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: September 4 Workforce Housing Meeting
DATE: September 4, 2024
DEPT: City Manager
ITEM #: 3.A
SUBJECT: Approval of Minutes from the July 3, 2024 and August 7, 2024 Workforce Housing Committee Meetings.

ITEM SUMMARY

This item is for the approval of minutes taken at the July 3, 2024 and August 7, 2024 Workforce Housing Committee Meetings. Staff recommends approving the minutes as presented.

BACKGROUND

None.

FINANCIAL IMPACT

None.

RECOMMENDED ACTION

MOVE to approve minutes as presented

ATTACHMENTS

1. July 3, 2024 WHC Minutes
2. August 7, 2024 WHC Minutes



City of Prescott

Workforce Housing Committee

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

MINUTES

1. CALL TO ORDER

Vice Chair Rocha called the meeting to order at 10:02am.

2. ROLL CALL

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

3. DISCUSSION & ACTION ITEMS

- A. Approval of Minutes from the June 5, 2024 Workforce Housing Committee Meeting, and the June 6, 2024 Workforce Housing Committee Stakeholder Meeting.

MOTION BY MEMBER KENNEDY TO APPROVE JUNE 5 AND JUNE 6 MINUTES; SECONDED BY MEMBER GOODMAN: PASSED (6 - 0)

- B. Presentations & Discussion Regarding Identifying City and Privately Owned Land Within City Limits Suitable for Workforce Housing.

Mr. George Worley gave a presentation regarding city-owned land and vacant land and the encumbrances that affect the parcels. He discussed that staff is asking the committee to direct staff on which parcels to focus on, rather than having staff look at all parcels.

The committee members walked around and viewed large maps showing parcels while Mr. Worley continued his presentation.

Ms. Chelsea Walton discussed properties within the city and infrastructure on properties.

Member Goodman asked about properties that have encumbrances such as water.

Mr. Worley stated that some properties may be able to have

infrastructure and housing but they will take more research. He stated that there can be a focus on infill.

Member Urias asked if GIS staff could provide additional maps with varying layers such as USDA layering and a topography overlay.

Mr. Worley stated that he wasn't sure if GIS had the map overlay data, but they could look into getting that data. He stated that GIS staff does have quite a bit of additional data and are able to assist with creating maps for the committee.

Member Urias stated that the committee should create incentives for revitalization.

Council Liaison Cantelme asked if staff had some parcels in mind.

Mr. Worley stated that there are a few parcels that staff has identified such as the parcel adjacent to the adult center on Rosser Street. He stated that there are about 18 acres on that parcel and that it is under consideration to put a fire station there as well but there are quite a few neighbors. He discussed building workforce housing that mirrors the surrounding properties.

Staff Liaison Michael McInnes asked how many workforce housing properties could fit on the parcel.

Mr. Worley stated fifty to thirty units depending on the type of project.

Council Liaison Cantelme discusses different aspects of the parcel and how many acres are along the street.

Mr. Worley stated that there is access for a potential fire station and that drainage would need to be addressed and shifted around.

Mr. McInnes asked about the retention basin and if it would stay or if it could be turned into a park.

Mr. Worley stated that it could be a multi-use area.

Vice Chair Rocha asked what the City's role would be in a project like this.

Mr. Worley stated that there were quite a few ways to approach it, such as a partnership.

Member Goodman stated that he has been working with Mr. Worley on a project concept.

Mr. Worley discussed some larger properties that have topographic issues.

Vice Chair Rocha asked if they all had buildings on them.

Mr. Worley stated that some have buildings, and some don't. He stated that there is a property on South Alarcon that isn't incumbered by anything. He stated that the property has been vacant since the city acquired it and it is properly zoned for multifamily. He stated that the issue is just determining what the most efficient project is for the property.

Council Liaison Cantelme asked where that parcel was in relation to a proposed apartment concept on Marina Street.

Ms. Walton stated that they will review two other parcels prior to Member Goodman discussing his concept. She reviewed two other parcels, and that continual research is being done to determine if there are any additional incumbrances. She stated that there is an acre and a half off Plaza Dr. and a parcel off of West Leroux. She stated that staff has brought four specific properties to focus on, but staff can continue to explore if the committee would prefer. She stated that the four parcels are already properly zoned and owned by the city.

Council Liaison Cantelme asked if it could be explored if the City could defer holding costs or defer any upfront costs as well as water meters, timing, and such.

Ms. Walton stated that the city doesn't have a lot to leverage but time is money and there could be an expedited permit process and discussion of water.

Council Liaison Cantelme stated that the cost of the land could be a draw at the end of the project which would be a time saver.

Vice Chair Rocha stated that time is money but after talking to colleagues, they are willing to work with the city to extend the time to defer some of the costs. He stated that a partnership could be created to defer the costs for 20 years and the property would be held as workforce for that time frame.

Mr. Worley stated a lot of the property was either bought for infrastructure or donated to the City.

Vice Chair Rocha asked about a specific parcel that looked appropriate.

Member Kraxberger stated that the specific parcel has a lot of boulders. He stated that any small parcels could hold just one house.

Ms. Walton stated that the properties looked at were reviewed for land swap, resell, topographic issues, infrastructure, and zoning. She stated that there are some properties that wouldn't be appropriate for workforce housing but could be sold.

Vice Rocha asked if the committee would like staff to create a list of difficult properties to take to Council.

Mr. Worley stated that two lists could be created. One list of parcels that are compatible for workforce housing and one list of properties that could be sold or used in a land swap. He stated that funds received could be dedicated to workforce housing projects.

Member Kennedy asked if the maps could be color coded to match the lists.

Mr, Worley stated that color coding is an option.

Council Liaison Cantelme asked for properties to be removed from the map that aren't relevant for projects or sale.

Ms. Walton stated that there is one parcel that has open space as well as topographic issues but there is an adjacent parcel that may work but more research needed to be done prior to bringing it to the committee.

Mr. McInnes asked what the zoning was on the Dignity Health parking lot.

Mr. Worley stated that the parking lot is zoned commercial but that the hospital owns two other lots west of the parking lot that are zoned multifamily.

Ms. Walton stated that it would be beneficial if the committee provided parameters to staff on what to focus on. She asked if there was a geographical area or a size they'd like staff to focus on.

Member Kraxberger asked what the reach out would look like.

Ms, Walton stated it would start with research such as if the property is for sale, who owns it, what is the zoning, and things of that nature.

Vice Chair Rocha requested to look at the zoning map again.

Member Kennedy stated that she would like staff to focus on the multifamily.

Mr. Worley stated that staff can focus on multifamily then work out to single family.

Member Urias stated that low hanging fruit should be focused on such as easy to build on parcels.

Council Liaison Cantelme stated that the price would determine the size of the property. She stated that the committee has to determine if they want a \$2 million project or a \$20 million project.

Member Goodman stated that his project would answer a lot of questions.

Vice Chair Rocha stated that they should focus on infill, by right projects. He stated that the committee could identify a few parcels and let the private partners take it from there. He stated that the Rosser Street parcel would be a great project to partner on.

Member Kraxberger stated that there are some parcels that would be good to sell because the neighborhood won't lend to putting workforce housing there but the City could sell the parcels and use the funds on the Rosser parcel. He stated the Plaza property would be good to sell.

Vice Chair Rocha stated that they could sell parcels that can only hold one house and use the funds for a larger project.

Member Urias stated that the City is dirt poor so he isn't sure that giving up property is the right option.

Vice Chair Rocha stated that he keeps thinking about whether it's better to be dirt poor or workforce housing poor.

Council Liaison Cantelme stated that it would still be beneficial to sell parcels and use the funding and it would be wise to identify the most expensive parcel to sell and then to reinvest the funds.

Member Urias stated that it would work as long as parcels were sold at a premium.

Member Kraxberger stated that it would be a PR problem to just build one house on certain parcels.

Vice Chair Rocha stated that funding has been the biggest issue and that selling properties could create that funding.

Council Liaison Cantelme stated that if funds were in the account then there could be angel funds to help with interest rates.

Vice Chair Rocha moved on to the next item.

C. Presentation & Discussion Regarding Possible Tools and Options Related to Workforce Housing.

Mr. Worley and Member Goodman reviewed a project concept for the parcel on Alarcon.

Member Goodman stated that there is a workforce crisis right now and things need to be worked on now. He stated that citizens seem to think that the city is flush with money and they aren't. He stated he was looking for win-win solutions and he has a concept that could be used as a blueprint. He stated that no

developer will make money out of the gate building on Alarcon.

Mr. Worley stated that there is a reinvestment act and he asked Member Teeters to speak to it.

Member Teeters stated that every bank is required to have a reinvestment act plan. He stated that the bank he worked for was open to anything that helped the community and that was a positive presentation to customers. He stated that positive PR is important and the better press banks get helps their business. He stated that he is happy to approach banks on behalf of the committee. He stated that banks just want to be credited with helping rather than it being pointed out which bank contributed certain amounts.

Member Kennedy asked if the funding was to the scope of the community.

Member Teeters stated it depends on the community and the project and what benefit the bank feels they get from it.

Member Goodman stated that he viewed this concept from the position of the builder. He stated that he approached his bank, which is community focused, and asked for a 100% financed project. He stated that the bank was open to it because they know him, but he didn't know if they would for every developer. He stated that six units could be built on the Alarcon property. He stated that the City would partner with a developer where the City puts up the land but the developer gets the funding and builds the project. He stated the developer could build the project with a loan, so he isn't out funding. He stated that when the project is done the City would take a second trustee position on the property and it would remain a workforce housing property and the City would have say and control of the rent for 10 years. He stated the developer wouldn't make money for the 10 years and at the end of that time the developer could sell the property for full market value and the City would be paid off on their trustee. He stated it would be 0% interest. He stated that \$2 million was lost by people leaving the City after being trained. He sees this project as a retention tool. He stated that there would be two single level units in the front and a two story in the back with some sheds along the sides and it would be named after the bank that finances. He stated that taxes would need to be investigated.

Council Liaison Cantelme stated that there could be grant funding gathered for it.

Vice Chair Rocha stated that this would reduce the developer's tax liability for 10 years.

Member Goodman stated that after 10 years the property could convert from workforce housing to fair market value if they choose to. He stated that it could save the city \$2 million by retaining employees. He continued reviewing the financial aspects of his concept.

Member Kraxberger asked about property taxes.

Member Goodman stated he would hire a property management company to

manage the property. He summarized his concept again for the committee.

Council Liaison Cantelme asked if depreciation was factored in. She stated that the project would need to have a forensic audit done for the 10 years.

Member Goodman stated that he needs help with the tax aspects and determining that for the project. He stated it's the right thing to do for a developer and it's a start.

Mr. Worley stated that it is a start, and this could be a practical discussion of what can be done.

Vice Chair Rocha asked what the rent would be.

Member Goodman stated about \$1500 a month to be able to cover maintenance and such but it could be less. He stated the property management company would hold any profit for catastrophic issues or such.

Member Urias asked if the rent covered any depreciation.

Member Goodman stated that it doesn't and that the amount would just cover needs but it couldn't go down to \$1200.

Member Urias asked if it could be done for \$1400 a month, what would the private rent income analysis look like.

Member Goodman stated it would be \$1450 a month which is over a \$1000 a month discount.

Vice Chair Rocha stated it would be an investment.

Member Kraxberger stated that the city would make a 12% profit on their investment.

Council Liaison Cantelme asked what the profit would be.

Member Goodman stated that if they charged \$1500 a month then there would be \$23,000 a year made in profit that would be held in an account.

Council Liaison Cantelme discussed what the tax aspects and asked what taxes would be due.

Member Goodman stated that it would be a no profit project because any profit would be held by the property management company to address issues.

Council Liaison Cantelme stated that they would leverage funds for other projects.

Member Goodman stated it wouldn't be leverage, it would be part of the portfolio. He stated that Legal will have to be part of the discussion.

Member Kennedy asked for clarification on the amounts.

Member Kraxberger stated it's for all six units.

Member Kennedy asked how the committee's role comes into these types of projects.

Ms. Walton stated that Legal will have to evaluate projects prior to the committee recommending anything.

Member Goodman stated that he wants the committee to help further develop the concept.

Member Kraxberger stated it could be an RFP for anyone who is interested.

Vice Chair Rocha stated he didn't want to get too into the weeds at this time and for the purposes of the committee, do they like the idea.

Member Goodman stated that to entice a developer, it would be cheaper because they would save a lot of money because he would be able to build it cheaper.

Mr. Worley stated that the committee can provide guidance for focus to staff.

Vice Chair Rocha thanked Member Goodman for taking the time to work on this concept. He stated that at 100% financing, which doesn't usually exist, but even at 100% financing it doesn't pencil where the workforce needs it to be for rent. He stated that he would like the concept to grow some momentum on how it could be accomplished. He stated that it paints a picture of how much each player has to give to make something happen.

Member Goodman stated that the project will work, just not at \$1200 a month but it could at \$1400 a month.

Vice Chair Rocha stated that unless projects are this complicated, it is going to be extremely challenging to open the doors for any developer to come in.

Member Urias asked how this project can be recreated for future projects. He stated that the other moving piece of the puzzle is the community reinvestment act and could that be leveraged. He stated grants, sweat equity and other variables are involved and the concept could be recreated by a different developer at a different time.

Member Goodman stated that this gets things going.

Council Liaison Cantelme stated that the Fair Housing Act will need to be looked at as well.

Member Goodman asked how to get rid of different classifications at the end of 10 years.

Council Liaison Cantelme stated that there are strings attached.

Member Goodman stated that there would be a contract between the developer and the City for those 10 years and it needs to be clean with no strings attached.

Council Liaison Cantelme stated that there is an apartment complex by Safeway that hit their 20-year mark for LIHTC but they have sent eviction notices that if residents want to stay they would need to pay the market rate.

Member Goodman stated that this is a band-aid, not a fix.

Member Kraxberger stated that the details would be disclosed to the tenants.

Council Liaison Cantelme stated that the tenants weren't disclosed to in their leases.

Mr. Worley stated that there is a lot of private money that doesn't have strings attached.

Member Goodman stated that if each lease is one year for police officers and six units, that's 60 officers that may stay in the area.

Vice Chair Rocha asked if there was consensus to have staff look into contracts, conflict of interest, and such.

The committee agreed that staff should start working towards that.

Vice Chair Rocha discussed the City's water policy and that water is a huge resource. He asked if the committee would like to look further into the water policy. He asked if it needs to be an agenda item or if staff can just start looking into it.

Ms. Walton stated that this would be a conversation for a broader workforce housing policy. She stated it would be beneficial to focus on that component and it could be a future agenda item.

Vice Chair Rocha stated that water is going to come up likely before the committee looks at the policy.

D. Presentation & Discussion Regarding Future Agenda Items.

Member Kennedy asked if the Committee could discuss impact fee increases in the future.

Mr. Worley stated that there is little the city can do to affect them. He stated that you can't waive the impact fee by state law but the city could pay

the impact fee for a developer but it's spending taxpayer dollars on something taxpayers didn't know you'd be spending their dollars on. He stated that there are other fees to look at such as fire inspection fees, building inspection fees and such.

Member Kennedy asked if impact fees could be discussed in detail more at the next meeting.

Ms. Walton stated that Public Works could come speak to their aspects of it as well and there are a lot of moving pieces.

Member Goodman asked how the PUSD project was able to be accomplished.

Vice Chair Rocha stated that now there is a concept, the committee can look into all of the details surrounding that project.

Member Kraxberger stated that this could be the beginning of A Home of My Own program.

Council Liaison Cantelme recommended that the committee watch the study session that the Council had regarding the impact fees.

Member Goodman stated that he is going to put his whole concept on paper for the next meeting.

4. UPDATES

A. Staff Announcements

Mr. McInnes stated that the funding was accepted by Council and there are three bids out for the needs assessment.

Ms. Fraser asked Community Development staff if there were any other housing projects coming up for the committee to attend.

Member Kennedy asked if a full time position was posted for the grant.

Mr. McInnes stated that the needs assessment needs to be done first and once bids come in then it can be determined how much can be put towards a person.

Member Kennedy asked if a bid is received, will the company be the person as well.

Mr. Worley clarified how the funds must be spent.

Council Liaison Cantelme asked for the contract for the grant to be sent out to the committee for them to see the details.

Ms. Fraser stated that once the bids are in, they will be taken to Council

and at that time Council will determine whether we can use the remaining funds for a full-time person

5. ADJOURNMENT

Vice Chair Rocha adjourned the meeting at 11:51am.

ATTEST:

MIKE FANN, Chair

AMBER FRASER, Staff Liaison



City of Prescott

Workforce Housing Committee

August 7, 2024 | 10:00 AM
201 N. Montezuma Street
Council Chambers, 3rd Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Vice Chair Rocha called the meeting to order at 10:00am

2. ROLL CALL

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

3. DISCUSSION & ACTION ITEMS

- A. Approval of Minutes from the July 3, 2024 Workforce Housing Committee Meeting.

The Committee requested that these minutes not be approved until the September meeting to give the Committee time to properly review them.

- B. Appointment of Chair & Vice Chair.

MOTION BY MEMBER KENNEDY TO APPROVE VICE CHAIR ROCHA AS CHAIR; SECONDED BY MEMBER KRAXBERGER: PASSED (5 - 0)

MOTION BY MEMBER KRAXBERGER TO APPROVE MEMBER KENNEDY AS VICE CHAIR; SECONDED BY CHAIR ROCHA: PASSED (5 - 0)

- C. Presentation & Discussion Regarding Various Public Works Topics Impacting Workforce Housing.

Public Works Director Gwen Rowitsch gave an overview of impact fees and how the City can and cannot use them per the Arizona Revised Statute.

Member Goodman asked if impact fees could be reduced.

Ms. Rowitsch said they cannot be adjusted once adopted. She gave the timeline of when they are adopted and examples of impact fees.

Member Goodman asked for clarification on the type of developments they are

applied to.

Ms. Rowitsch stated that the city can partner with a developer on items that will benefit the City but the developer is responsible for their own infrastructure.

Vice Chair Kennedy asked if the Arizona Revised Statute was similar across the country.

Deputy City Attorney Matt Podracky said it varies across the country.

Chair Rocha asked if the improvement plan included employees.

Ms. Rowitsch said it cannot be used for employees but can only be used to pay for infrastructure. She said in the case of police and fire it can also pay for vehicles.

Chair Rocha confirmed that impact fees cannot be waived but in some cases the City can pay the fees.

Ms. Rowitsch stated they can only be deferred for 15 days past the Certificate of Occupancy (CofO).

Member Goodman asked who decides what the money goes to.

Ms. Rowitsch said that the infrastructure improvement plan determines what the fees can pay for, but it does go to Council.

Council Liaison Cantelme stated that the fees are to mitigate the impact of growth, and it saves the community, at large, tax dollars. She discussed the history of impact fees locally and how they have impacted police and fire. She asked if any impact fees were raised in 2019.

Ms. Rowitsch stated that they were raised.

Council Liaison Cantelme stated that they weren't raised as high as they could have been.

Member Goodman stated that the cost to the workforce has to be reduced. He asked if there is a way to collect the fee and then to use the impact fees to help with infrastructure underground on a project.

Council Liaison Cantelme stated funds cannot be transferred.

Mr. Podracky confirmed that the fees are designated for specific projects.

Member Goodman stated that they should look at workforce housing as a benefit to the community.

Mr. Podracky stated that it's likely not possible due to how

regulated the statute is. He stated that impact fees are likely not the creative solution to look at.

Council Liaison Cantelme stated that workforce housing is a need, but police and fire services are a greater need.

Vice Chair Kennedy asked if the overall picture of the city is part of the equation when looking at impact fees.

Director Rowitsch stated that staff does look at all the needs in the 5 to 10 year level and staff has to prioritize what projects they can actually do from the masterplan and that sometimes failing infrastructure and development agreements come first. She stated that it's a very complex evaluation.

Vice Chair Kennedy asked if bigger projects were brought to the City and if they would bring in higher funds to the City, would it impact the amount of impact fees.

Ms. Rowitsch said no, they would still be collected as they need to be to prepare for future impacts.

Member Kraxberger asked if staff could think of something at the city level that could be moved, changed or accommodated for a workforce housing project.

Ms. Rowitsch stated that they should find a piece of land already near infrastructure to not have to pay for water and sewer.

Member Kraxberger asked if there were tasks in the developers process that could be taken off or adjusted to shorten the timelines.

Ms. Rowitsch stated it would be irresponsible for staff to take off tasks and workforce housing should follow the same processes to keep the projects safe. She stated that reviews could be expedited as an incentive. She stated that time is money, and they could save some time, but they don't want to skip steps because they are all for safety.

Member Kraxberger stated that weeks and months cost money and asked if there is a way to do more things in person to get them done quicker.

Ms. Rowitsch stated table-top reviews can be done if Council gives direction.

Member Kraxberger asked if there were other things that could be adjusted.

Ms. Rowitsch stated that having everyone at the table could help move things along but that the process is efficient.

Member Goodman asked if water meter and sewer connection fees were impact fees.

Ms. Rowitsch stated that the City can pay impact fees. She stated that Council can waive tapping fees and water meters fees. She stated that Council can waive any fee but impact fees.

Chair Rocha asked what fees would be associated with a subdivision.

Ms. Rowitsch stated that they would need an engineering permit. They could have a master water meter that has pros and cons.

Chair Rocha asked what fees would be involved with a subdivision project.

Ms. Rowitsch stated that there are inspection fees, fees for physical meters, tax on physical meters, grading fees, plan review fees. She stated they could send a list of a breakdown.

Chair Rocha stated that there is more flexibility with the fees that Director Rowitsch mentioned and that the City could waive or lower. Chair Rocha asked if a list could be sent for a residential subdivision project and that the committee is just trying to make sense of the costs of a unit.

Member Goodman asked if Ms. Rowitsch could come back and use the fee chart regarding his project.

Chair Rocha stated that the list should be an email first, so the committee can start reviewing it early. He stated that the correlation between workforce housing and public safety should be a priority together.

Council Liaison Cantelme stated that the developer should create a template or a model. She stated it's the same concept as the County's Home of My Own. She stated that that is where time-saving can happen.

Member Kraxberger stated that they need to look at the incentives.

Council Liaison Cantelme stated that a list from Community Development should be brought as well with what fees can be adjusted and waived.

Member Kraxberger reviewed some of the fees he found online.

Chair Rocha stated that the fees Member Kraxberger was discussing are more related to Community Development. He stated that Director Rowitsch could provide the fees along with the timeline for each step and what an expedited process could look like. He asked if Community Development could do the same.

Ms. Rowitsch stated that the typical impact fees for a residential, including all five, is \$19,000.

Chair Rocha asked if there had been any Legal audit regarding impact fees that the State has done to make exclusions.

Mr. Podracky stated that it's up to the State and the fix is for people to call their legislature to express concerns and try to get them to review the statute. He stated that there isn't anything in the statute that allows a challenge.

Ms. Rowitsch stated that there are some exceptions, such as if a house burns down or anything that doesn't create an additional demand.

Mr. Podracky stated that it goes back to growth paying for growth.

Council Liaison Cantelme stated that it is a, "pay now or pay later situation." Either developers pay fees now or taxpayers pay them later. She stated that this is why a focus should be placed on infill.

Chair Rocha moved on to Water Policy.

Mr. Rowitsch gave an overview of the Water Policy and how the City approves water and gives priority. She stated that if water is granted through a contract, then that is a priority over anything else, including the Water Policy. She stated that contractual obligations are not held to the Water Policy. She stated that the Water Policy states that if a development wants to connect to water, it must connect to sewer. She stated that the Water Policy isn't applied to every project or person that asks for water. If a request is over the threshold, then they must go to the Water Issues Subcommittee and then Council.

Member Kraxberger asked if a larger workforce housing project came in, could it be considered as the smaller projects are.

Ms. Rowitsch stated that a recommendation could be made to Council to create a new section regarding workforce housing. She reviewed some other routes some projects must go through. She stated that in the past, water was allocated to workforce housing, but workforce housing was never defined at the time, so it was never used. She stated if development agreements are being negotiated that workforce housing should be considered, and the developer could be held accountable for doing so. She discussed some of the complications of these negotiations.

Member Goodman stated that the definition is a one generation definition and if the house is sold then it no longer is workforce.

Ms. Rowitsch stated that it would get the first generation in the door.

Member Kraxberger stated that there should be a component of the solution.

Council Liaison Cantelme stated that, due to different tax breaks, the end time frame could be up to 20 years. She stated that a definition needs to be determined for workforce housing.

Staff Liaison Michael McInnes gave an overview of a project that had a 20-year time

frame but that LHTC is extending time frames for even longer.

Vice Chair Kennedy stated that the committee did create a definition for workforce housing.

Council Liaison Cantelme stated that there is a definition for actual housing projects and the size they need to be.

Chair Rocha stated that for this community, the committee did establish a definition. He stated that HUD should be one of the many options, not the only option.

Staff Liaison Amber Fraser stated that they needed to return to the agenda discussion.

Chair Rocha asked if there was anything additional from Director Rowitsch on the Water Policy.

Vice Chair Kennedy asked what the number was for multifamily.

Ms. Rowitsch stated that for single family homes it's .17-acre feet of water and for multifamily it's .15-acre feet.

Member Kraxberger stated that it is 8 units for single family and 12 units for multifamily.

Chair Rocha stated that private contracts between City and developers are the easiest route, and the third option was adjusting the policy but he asked what the second option was.

Ms. Rowitsch stated the second option would be to codify workforce housing and connect it to the Water Policy. She stated changing code is a more solid way to enforce rules.

Chair Rocha asked about the Prescott Unified School Project.

Ms. Rowitsch gave an overview of the project and the benefits to the city and the school district. She stated that the school had to pay impact fees but every other fee was waived. She stated that they looked at all of the school sites for compatibility and Taylor Hicks was the most compatible due to a sewer main. She stated the time frame was tight, but it was beneficial to all involved.

Vice Chair Kennedy asked what the final cost was after the entire thing.

Chair Rocha stated that the school would have the numbers. He asked what the city covered.

Ms. Rowitsch stated that the city paid for the engineering, construction of all horizontal infrastructure, and service connections to the homes. The school district paid for impact fees and the homes.

Member Goodman asked for the total cost to the city.

Ms. Rowitsch stated it was \$550,000 for the city, not including staff time.

Chair Rocha stated that Kimley-Horn moved very quickly. He asked what the difference was in time savings on this project versus the normal process.

Ms. Rowitsch stated that it would likely have been the following year if they followed the normal process. She stated they did numerous tabletop meetings with Kimley-Horn. She stated even in that process it doesn't happen quickly. She stated it normally would have taken a year rather than the four months it took on this project.

Chair Rocha stated that the project was moved to the front of the line. He stated that leadership was likely the one that moved it to the top.

Ms. Rowitsch stated that Council made it a priority.

Member Kraxberger asked if that process could be applied to all processes, and he asked if online makes everything slower.

Ms. Rowitsch stated that the city has always been moving towards online. She stated that online has expedited different aspects with staff being in different locations. She stated that it's more about the workflow that is coming into the City at one time. She stated that projects are taken as they come in. She stated that the city has different geographical challenges than neighboring communities and that when Council identifies a project as a priority, then staff moves it to the top.

Council Liaison Cantelme stated that if a developer wants to come in, rather than do things online, they can.

Planning Manager George Worley stated that citizens have always been welcome to come in, but in the end, everything goes into the electronic system.

Council Liaison Cantelme asked if a 3rd party review process could be used.

Mr. Worley stated that yes. If a developer hires their own reviewer, it can move faster. He stated it may not be financially viable for smaller projects.

Council Liaison Cantelme stated that this has been done in the past and isn't new.

Chair Rocha asked if there was anything additional. He opened for public comment.

Member of the public Howard Mechanic stated that redevelopment of old properties can help avoid impact fees. He stated that there should be a requirement for

future development to mandate a certain percentage for workforce housing. He stated the committee doesn't have a definition of what kind of structure is workforce housing. He stated square footage and how many bedrooms should be included for what size of family. He stated that a time restriction should be up to 30–40 years. He stated that if the city allots water for workforce housing and restricts other water for other types, it could be an incentive for developers to choose workforce housing.

D. Presentation & Discussion Regarding Future Agenda Items.

Ms. Fraser reviewed upcoming topics.

Member Goodman gave a very brief overview of his project that will be presented in depth in September.

Mr. Worley said option A is the closest to meeting code.

Member Goodman stated Sandy Griffis with YCCA would like to present the idea but he'd like to wait until after the committee takes a look at it.

Chair Rocha stated that he would like to discuss accountability and enforceability. He would like to get Legal's suggestions and opinions about what agreements could be made.

Mr. Podracky stated that it can be agendized.

Member Goodman stated that his project is just a test to see if they can make it work.

Chair Rocha asked if Goodman's experience was included in the project.

Mr. Podracky stated that they were off topic.

4. UPDATES

A. Staff Announcements.

Chair Rocha moved to staff updates.

Mr. McInnes gave an update on the Trust Fund Grant and the collaboration with Prescott Valley on the needs assessment. The next 60 days is when a bid is expected to be selected.

Vice Chair Kennedy asked if all bids have come in.

Mr. McInnes stated that all three bid companies are being interviewed.

Council Liaison Cantelme asked for an overview of the entire grant process so far.

Mr. McInnes gave an overview.

Ms. Fraser stated that they would like to come to council in fall to ask about a person once the bids were received.

Chair Rocha asked when the assessment would be done.

Mr. McInnes stated that it has to be completed by March 2025.

Ms. Fraser gave an overview of future term limits.

5. ADJOURNMENT

Chair Rocha adjourned the meeting at 11:37am.

ATTEST:

JON ROCHA, Chair

AMBER FRASER, Staff Liaison



TO: MAYOR AND CITY COUNCIL
AGENDA: September 4 Workforce Housing Meeting
DATE: September 4, 2024
DEPT: City Manager
ITEM #: 3.B
SUBJECT: Presentation & Discussion Regarding Member Goodman's Proposed Workforce Housing Project.

ITEM SUMMARY

The committee will discuss Member Goodman's proposed concept for feasibility within the City for workforce housing. The committee will also note items from the discussion that they would like to see in a draft workforce housing policy.

BACKGROUND

Member Goodman created a workforce housing concept project that, if feasible, could be replicated. He has worked alongside Community Development to draft layouts that would fit the zoning of certain parcels within city limits.

FINANCIAL IMPACT

None at this time.

RECOMMENDED ACTION

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

ATTACHMENTS

1. Goodman Project

Outline for Six Plex Workforce Complex

1. Property is located at 411 S Alarcon St, Prescott. It is .34 of an acre, cross street E Aubrey. This lot is owned by The City of Prescott.
2. The value of this lot will be established in 2024 and the city will enter into a joint venture with a builder. If not a joint venture the city will hold a trust deed note in second position behind the primary lender. This note is to be held by the city for 10 years with no increase in value with no interest accrued. If the project starts as a joint venture it will change to a trust deed position for the city after construction is complete and C of O is issued.
3. The developer will be responsible for all design, engineering and permitting required to complete construction of the project.
4. The developer will reach out to lending banks they do business with seeking a 100% construction financing loan. Banks are required by the federal government to contribute to the local community they do business in. Rates and points will be a point of consideration and discussion, as the bank will receive recognition as a major partner in this development. For example, I do business with Pinnacle Bank here in Prescott. A permanent sign would be constructed in front of the complex listing all the partners that made this happen. A possible name could be "Pinnacle Bank Courtyard".
5. This project would be geared toward City of Prescott employees with the length of their stay determined by their department heads. The suggestions I have heard is one year with an extension possible based on their situation. This also would be handled by their department head and not the developer/owner. The target rate is \$1,400 to \$1,450 per month. Let's take the case of our police officers, if 6 officers were to live there per year we could provide affordable housing for approx. 60 police officers over a ten-year period. It has been explained to our committee that an officer costs approx. 100k to train to prepare them to hit the streets on their own. We have lost 22 officers over recent years to other agencies because of the costs of housing and seeking a higher wage. That's a net loss to our city of 2.2 million dollars, if this project can help us retain these officers the benefit to the city could easily be in the multi-million dollar range. As I stated earlier the city would be the land trust deed holder and would not see any increase in value or interest on the land loan amount over the ten-year period. The true value would come by way of employee retention and training costs.

6. The developer would seek pricing help from subs and vendors. For example, I would approach my lumber supplier and request the lumber and window package be supplied at cost as their contribution to the project. This would be a strategy I would attempt to use with all my suppliers and vendors. The city would also work with the developer regarding items such as water meters, sewer connections etc. The goal would be to reduce the price per sq ft costs allowing the completed project to rent for the range stated above. For myself I would build the project with no builder fees built into the project. A project of this size could easily have a 200k builder fee attached to it. This could be taken as a donation to the project allowing tax deductions for the builder.
7. Once the project is completed and if the land was a joint venture with the city, the land would then convert to a second trust deed position. The City of Prescott would be in second position on the note thus securing the land value to the city. The developer would convert his financing from a construction loan to a 2-year bridge loan while the property is being vetted. Once the two years is completed and the property is full of renters, long term financing would take the place of the bridge loan. During all these financing changes the city would remain in second position on the note. At no time during the first ten years would the developer be allowed to pull any money from the property by way of re-finance. If any extra money is earned monthly by way of the rents that money would be held in an escrow account for minor or major repairs required. Rents would increase over the ten-year period but would be tied to something like Federal Fund Rate for example.
8. At the end of the ten-year period the developer/owner could then take the property to market value if they choose too as the commitment to workforce housing and The City of Prescott as ended. The land note to the city would then be payment due in full. As I stated earlier no interest would be due on the principle land payment, only the value established ten years earlier.
9. As I have looked deeper into this project construction costs are a problem. Costs would be a problem if you were renting or selling. For example:
 - a. I have calculated building costs at 175.00 per sq ft. Each unit is 1100 sq ft so a total sq footage of 6600 to be built. At 175.00 per sq ft the total build costs are \$1,155,000.00.
 - b. With rents figured at 1,400.00 per unit your monthly income is 8,400.00. With rents at 1,450.00 the monthly gross income would be 8,700.00. The mortgage payment on the build amount at today's bank rates would be 8,613.76 monthly this would leave a short fall in monthly income of -213.76 or in the case of the higher rents appositive of +86.24. Plus property taxes, insurance & maintenance to be paid.

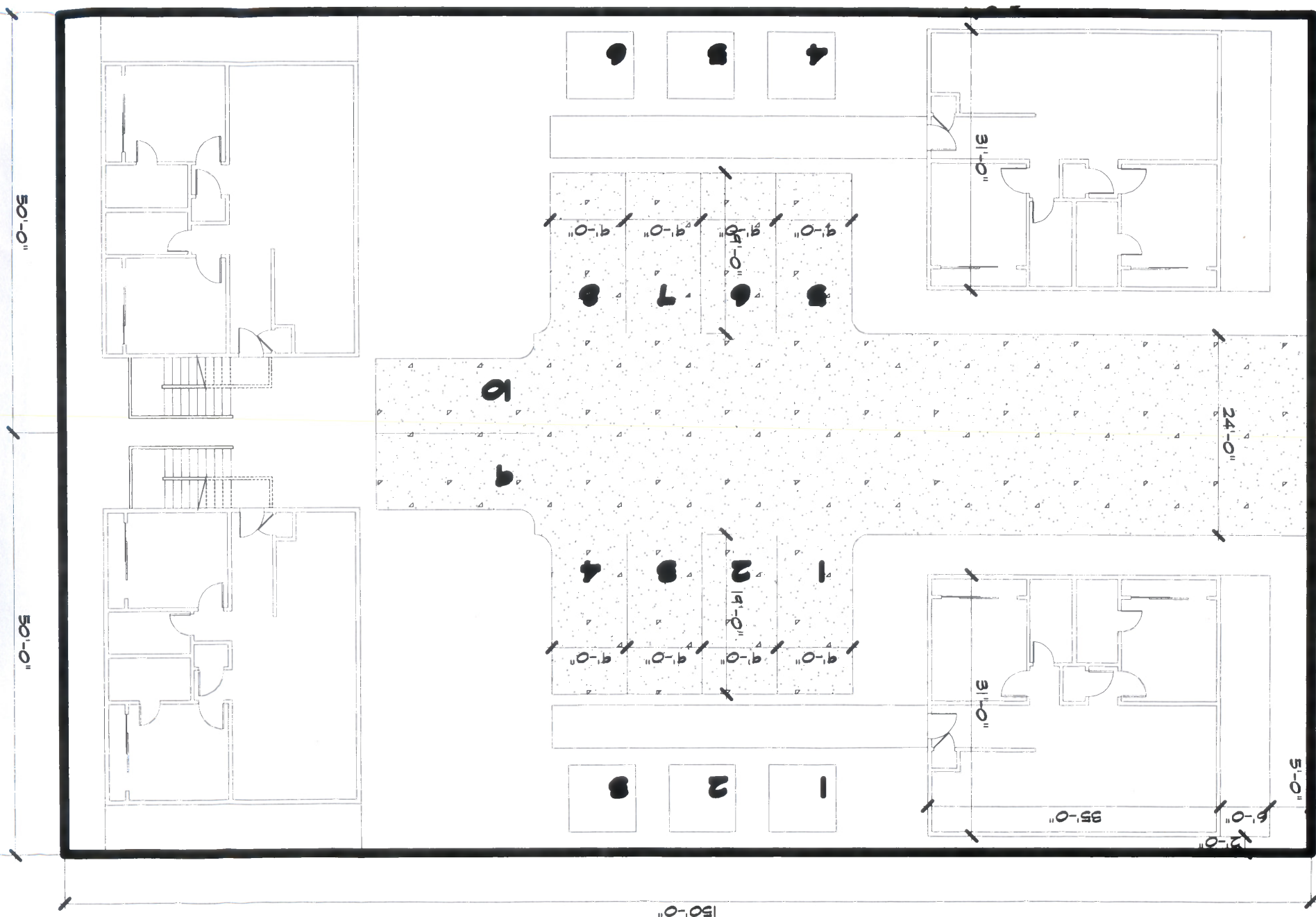
- c. By my math this would require the building costs to be adjusted to 145.00 per sq ft with a total buildout price of \$957,000.00. That would put the project in a short fall of -\$198,000.00. The mortgage payment on this lower amount would be 7,137.12 per month. That could leave a positive cash flow of somewhere between 1,262.88 to 1,562.88. This then would be used to cover other overhead costs. Some of the short fall money could possibly be made up by vender and sub-contractors participation in the project as good will to the community.
- d. Without that I feel the short fall is too large for any developer to take on. Even with the participation by others the project may still fall short finically to make sense.
- e. As a committee this is where we should focus to have any project make sense. The reason I put pen to paper was to see how close I could get to making something work. I have heard a lot about land lease with ownership of the structure placed on the land. This would have to be self-funded by the developer as most lenders won't touch financing on such a deal. In summary you can see we have a real problem to solve, but as smart human beings there is an answer out there.

08/02/24 CONCEPT #2A

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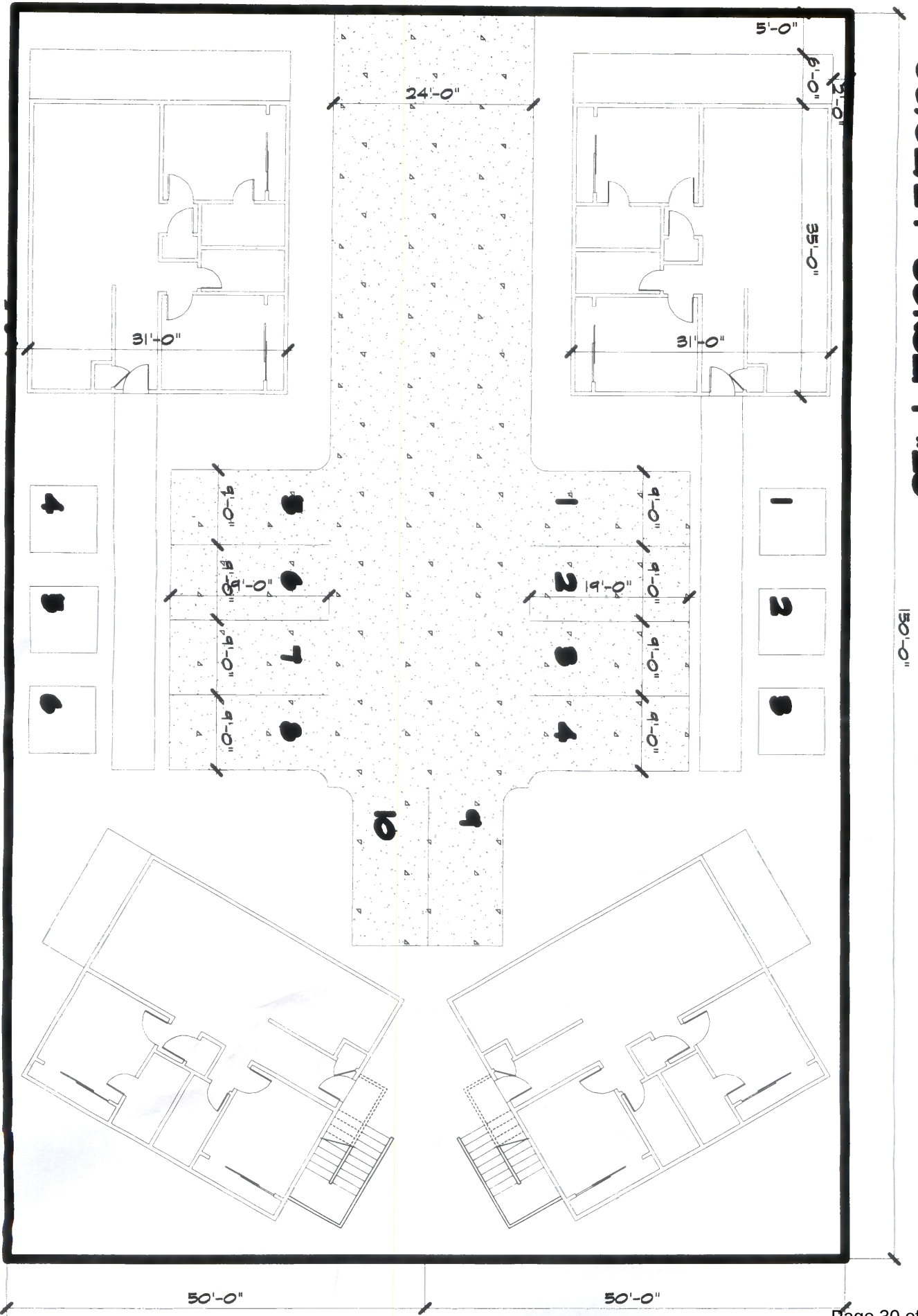
SOUTH ALARCON STREET

08/02/24 CONCEPT #2B



SOUTH ALARCON STREET

08/02/24 CONCEPT #2C





TO: MAYOR AND CITY COUNCIL
AGENDA: September 4 Workforce Housing Meeting
DATE: September 4, 2024
DEPT: City Manager
ITEM #: 3.C
SUBJECT: Presentation & Discussion Regarding Timeline of the Workforce Housing Policy.

ITEM SUMMARY

Staff, Chair, and Vice Chair will review goals and priorities and give an update on workforce housing policy timeline and discussion. The goal deadline for a policy draft for review is March 2025 with a draft ready for approval by April 2025. As the Committee discusses projects and learns more about processes, they can make note of what items they would like in a policy and staff will add information to the draft.

BACKGROUND

One of the goals, approved by Council, of the Workforce Housing Committee is to create a Workforce Housing Policy to provide guides, recommendations, restrictions, and incentives related to workforce housing, along with measures for accountability and enforceability.

FINANCIAL IMPACT

None.

RECOMMENDED ACTION

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

ATTACHMENTS

1. Council Approved WHC Mission, Vision, Workforce Definition, Workforce Housing Definition, Short-Term and Long-Term Goals
2. WHC Collective Goal Priority List



Mission:

Plan and Preserve Workforce Housing Solutions to Promote a Healthy and Vibrant Community for All.

Vision:

Facilitate Housing Solutions to Attract and Retain Quality Employees and Lead to Improved Service Delivery and Quality of Life for our Residents and Workforce.

Workforce Definition:

Generally, based on HUD and ULI definitions plus local statistics and research, we define workforce as those that earn about 60%-120% of the area's median income. Based on our current area median income (FY23) of \$76,000 for a family of four, this scale would start at \$46,020 and go to \$92,040. Workforce includes those employed in occupations vital to a community's functioning across areas like education (teachers), healthcare (nurses), public safety (police officers and firefighters), construction, and other key services.

Workforce Housing Definition:

Workforce housing refers to residential properties, such as apartments or homes, that are designed to be affordable for individuals and families. This is different from a direct government subsidized housing program (the City of Prescott does not have a Housing Authority). 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 greater need. This will provide the target monthly workforce housing rent/mortgage amount of \$1,150 (not including utilities).

Short Term Goals (1-3 years) For Council Consideration:

1. Pursue Match Funding for a Full-Time Workforce Housing Facilitator Position OR Engage a Third Party to act in this role.

Objective 1: Identify Funding Sources (I.e. Stakeholder Contributions, Grants, Matching City funds, etc.)

2. Formalize a Third-Party Stakeholder Organization Group

Objective 1: Hold a Third-Party Stakeholder Meeting in First Quarter 2024. Initial invitees to include Dignity Health, Yavapai College, PUSD, CAFMA, Prescott VA, Prescott Chamber of Commerce, Yavapai County, YCSO, other regional partners, etc.

Objective 2: Gauge Interest and Select Organization Type (i.e. Community Land Trust, Regional Housing Authority, etc.)

3. General Plan Housing Element Draft

Objective 1: Finalize Draft for General Plan Committee Consideration – January 2024

4. Create Two Separate Educational Packets

Objective 1: To Encourage Developers/Builders

Task 1: Meet with Developers, Builders, and Other Entities to Understand Best Practices and Incentives that Encourage Workforce Housing Development

Objective 2: 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

Objective 1: Investigate financial programs including but not limited to Down Payment Assistance, Mortgage Assistance, Rental Assistance and Rent-to-Own Options.

6. Accessory Dwelling Unit (“ADU”) Code Revision

Objective 1: Work with Planning Staff to Propose Code Modification that Encourages and Incentivizes ADU Construction to Increase Supply for Long-Term Rentals that can Serve as Workforce Housing

7. Create a Workforce Housing Policy for Council Consideration

Objective 1: 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)

Objective 2: Research Voluntary Contributions from New Commercial, Residential, and Other Development Projects (i.e. Housing Projects include percentage of Workforce Housing, Landscaping Code Adjustments, Hotels include Housing Options for Employees, or other Contribution)

Objective 3: Revitalization Incentives and Adaptive Reuse Strategy

8. Create a City Program similar to the Yavapai County Home of My Own Program

Objective 1: Meet with Building Division on Feasibility

Objective 2: Research Cost-Benefit to Initiating Program

9. Community Outreach

Objective 1: Create a communications plan including but not limited to:

*Task 1:*an Education Packet with City Communications Office

Task 2: Engage with Local Groups and Clubs Using Standardized Messaging

Task 3: Maintain Neighborhood Integrity with Consistent and Compatible Housing Types

10. Set Up a Fund Account for Workforce Housing

Objective 1: Similar to “Change for the Better;” recommend that Council Direct Staff to Create Account.

Objective 2: 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

Priority	Item	Description
1	2	Form Stakeholder Group
2	1	Pursue Funding
3	9	Community Outreach
4	7	Create Policy for Council Consideration
5	5	Research Financial Program Solutions
6	6	ADU Code Revisions
7	4	Create Educational Packets
8	8	Create Home-of-my-own Program
Complete	3	General Plan Draft
Complete	10	Set Up Fund Account



TO: MAYOR AND CITY COUNCIL
AGENDA: September 4 Workforce Housing Meeting
DATE: September 4, 2024
DEPT: City Clerk
ITEM #: 4.A
SUBJECT: Staff Announcements and Discussion Regarding Future Agenda Items.

ITEM SUMMARY

Staff will provide necessary updates and discuss future agenda items. The committee will also use this opportunity to request the Chair and Vice Chair put certain items on future agendas.

BACKGROUND

None.

FINANCIAL IMPACT

None.

RECOMMENDED ACTION

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

ATTACHMENTS

None