



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
Nicole Kennedy - Member
Randy Goodman - Member
Anthony Teeters - Member
Luther Kraxberger - 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.

Planning Manager George Worley gave a presentation regarding city-owned land and vacant land and the incumbrances 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 Planning Manager Worley continued his presentation.

Community Development Director Chelsea Walton discussed properties within the city and infrastructure on properties.

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

Planning Manager 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.

Planning Manager 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.

Planning Manager 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 McInnes asked how many workforce housing properties could fit on the parcel.

Planning Manager 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.

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

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

Planning Manager 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.

Planning Manager 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 Planning Manager Worley on a project concept.

Planning Manager Worley discussed some larger properties that have topographic issues.

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

Planning Manager 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.

Community Development Director 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 of 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.

Community Development Director 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.

Planning Manager 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.

Community Development Director 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.

Planning Manager 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.

Planning Manager 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.

Community Development Director 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.

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

Planning Manager 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.

Community Development Director 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.

Community Development Director 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.

Planning Manager 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.

Planning Manager 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.

Planning Manager 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.

Planning Manager 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.

Community Development Director 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.

Planning Manager 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.

Planning Manager 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.

Community Development Director 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.

Planning Manager 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.

Community Development Director 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

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

Staff Liaison 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.

Staff Liaison 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.

Planning Manager Worley clarified how the funds must be spent.

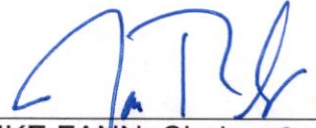
Council Liaison Cantelme asked for the contract for the grant to be sent out to the committee for them to see the details.

Staff Liaison 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.



MIKE FANN, Chair

Jon Rocha, Vice Chair

ATTEST:



AMBER FRASER, Staff Liaison