



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

Director 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.

Director 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 Podracky said it varies across the country.

Chair Rocha asked if the improvement plan included employees.

Director 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.

Director 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.

Director 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.

Director 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.

Deputy City Attorney 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.

Deputy City Attorney 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.

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

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

Director 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.

Director 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.

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

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

Director 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.

Director 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.

Director 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.

Director 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 Director 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.

Director 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.

Deputy City Attorney 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.

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

Deputy City Attorney 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.

Director 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 has to 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 have to 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.

Director 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 have to 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.

Director 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 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 Fraser stated that they needed to return to the agendized 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.

Director 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.

Director 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.

Director 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.

Director 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.

Director 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.

Director 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.

Director 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.

Director 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.

Planning Manager George 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.

Howard Mechanic from the audience 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.

Staff Liaison Fraser reviewed upcoming topics.

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

Planning Manager Worley said option A is the closest to meeting code.

Member Goodman stated Sandy 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.

Deputy City Attorney 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 past experience was included in the project.

Deputy City Attorney Podracky stated that they were off topic.

4. UPDATES

A. Staff Announcements.

Chair Rocha moved to staff updates.

Staff Liaison 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.

Staff Liaison McInnes stated that all three bid companies are being interviewed.

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

Staff Liaison McInnes gave an overview.

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

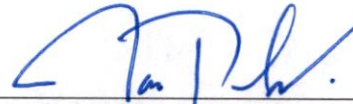
Chair Rocha asked when the assessment would be done.

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

Staff Liaison Fraser gave an overview of future term limits.

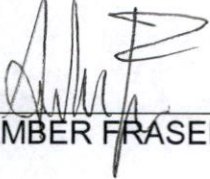
5. **ADJOURNMENT**

Chair Rocha adjourned the meeting at 11:37am.



JON ROCHA, Chair

ATTEST:



AMBER FRASER, Staff Liaison