



City of Prescott Workforce Housing Committee

September 4, 2024 | 10:00 AM
201 N. Montezuma Street
Council Chambers, 3rd Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

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

2. ROLL CALL

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

3. DISCUSSION & ACTION ITEMS

- A. Approval of Minutes from the July 3, 2024 and August 7, 2024 Workforce Housing Committee Meetings.

MOTION BY VICE CHAIR KENNEDY TO APPROVE JULY 3, 2024 AND AUGUST 7, 2024 MINUTES; SECONDED BY MEMBER TEETERS: PASSED (6 - 0)

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

Staff Liaison Amber Fraser gave an overview for the Committee to keep in mind ideas from the concept that may work for an overall policy. She then discussed that the Committee needs to keep conflict of interest in mind with the concept.

Deputy City Attorney Matt Podracky explained the details of where conflict of interest could come into play with the concept.

Chair Rocha stated that the Committee should keep mental notes of what could be applied to the policy, such as water and fees and such. He stated to send any ideas to the staff liaisons.

Mayor Pro Tem Cantelme stated that the Committee could ask the Council to cover the impact fees.

Member Goodman gave an overview of the project and that there has to be a way to attract developers. He stated that there are issues making the

project financially viable and what are the benefits for the developer. He asked if the property could be used solely for city employees, could the city lease the property, and be able to manage the property. He stated that currently it's not attractive to developers because they won't make a profit.

Mayor Pro Tem Cantelme stated that Gorman has been able to achieve a model similar to this project, but they make money. She stated that there are many grants to cover projects and profits. She stated that the workforce housing issue is a national issue. She stated that with the grants, there are strings attached, but Gorman has been able to harness those grants.

Member Goodman asked if the Committee wanted to create a pre-approved packet for a developer.

Mayor Pro Tem Cantelme stated that Gorman has their own layouts that could be used. She stated that the Committee needs to prioritize what they can do. She stated that the Committee should be working on items that can be brought to the Council.

Chair Rocha stated that the value of the project is to look at the project and determine overlying recommendations of what could be changed to become incentives for workforce housing. He stated that project is within the range of the workforce housing definition, though not in the bottom range. He stated that the project should be used to add to a policy. He asked if the project included hard and soft costs.

Member Goodman stated that it doesn't include soft costs and that a developer would use them as a write-off. He stated that the whole reason he did the project was to create a clear path for recruitment and then revenue stream for down payment assistance.

Chair Rocha asked if Goodman was looking for a city managed program. He stated that task would be a lot of work that would be best for a full-time employee due to how much detail it would need.

Member Fann stated that the project shows how much the numbers are crunched, it won't be done unless through grants, philanthropy, donations, or other supplemental income.

Member Goodman asked what incentives could be offered for developers to want this project. He stated that he doesn't see an avenue for this project unless the government writes a check for \$200,000.

Chair Rocha stated that the Committee can recommend policy and that's what the Committee should be looking at. He asked Fann what recommendations he had for funding.

Member Fann stated a trust fund for a 501c3 that people trust to put their money into.

Chair Goodman stated that the project has a 10-year timeframe and that, after 10 years, the developer could sell it at market value.

Member Kraxberger asked if the city could contribute to a 501(C)(3).

Chair Rocha asked if funds were obtained through grants by the city, if they could be given to the 501(C)(3).

Mayor Pro Tem Cantelme stated that she had never heard that the city wanted to become a landlord. She stated that the Committee needs to look at policy. She stated that the project is a great view to the public of what it takes to build workforce housing. She stated that there are policy savings that the City can do.

Member Goodman stated that there would be some attraction to the project if it was available for developers.

Mayor Pro Tem Cantelme stated that the Committee doesn't need to reinvent projects because other companies are already doing them.

Member Goodman stated that from previous presentations, time is what hurts many projects. Member Goodman stated that the Committee could work on the project to make it available.

Planning Manager George Worley stated that Community Development already has model plans, or model site plans, for developers that they have used for over a decade. He stated that this project could be treated as a Home of Your Own project so it becomes pre-approved. He said it's a scaled project of six homes that could be approved.

Member Goodman stated that it being approved would take time off of the project.

Mayor Pro Tem Cantelme asked if a small planned area development came in, would it be reasonable to give them a benefit of a 180-day turnaround. She asked if that would be a realistic option.

Mr. Worley said the question is too broad as it would depend on the location and size of the project but that Community Development could work with developers. The city is only one third of the timeframe, two thirds is on the developer and their responsiveness. He stated a model plan has been part of their toolbox for a decade.

Mayor Pro Tem Cantelme stated that developers could put in their plans before they get funding so it takes less time.

Member Goodman stated that there would be no land cost in a venture with the city in this project. He stated it is already engineered and designed.

Mr. Worley stated it could be a model plan.

Member Goodman stated that the review time could be reduced if it's approved. He stated that he hasn't heard if Council would be willing to work on this and then it would be how to get the word out to developers.

Chair Rocha stated that the model plan works well for subdivisions. He stated that multifamily is challenging because they don't always fit the same on every property. He said it's hard to put a set timeframe, but it could be recommended to Council that ask for when items are received from engineers, the city would have a limited time to respond back with comments and that workforce housing reviews are prioritized.

Member Goodman stated that there needs to be an explanation to developers of why they were bumped.

Mr. Worley stated that it could be organized that workforce housing could be moved up the list as it's first-come-first-serve currently. He stated that even a complicated plan review only takes two weeks on the city side and that the longer time is the back and forth with the developer.

Ms. Fraser stated that there are methods of granting to 501c3s.

Mr. Podracky stated that the gift clause comes into play, and it must be clear that there is public benefit and then what the benefit is to the city.

Mr. Worley stated that a lot of money is spent on hiring and training fire and police and he asked if that would be a benefit.

Mr. Podracky stated that it would have to be looked at and the benefit to the city needs to be equitable to what is given. He gave an example from Phoenix where they invested a lot of money, and they only received a few parking spots in return. The city needed a quantifiable benefit.

Member Goodman asked if it could be considered if it was part of the recruiting packet.

Mr. Podracky stated that the gift clause infiltrates everything now.

Chair Rocha discussed how the school district project had to cross that bridge as well. He asked if Member Goodman's project would be able to be used for donations if two of the units were used for the city.

Mr. Podracky stated that it's possible, but the school district project was different than this project.

Chair Rocha discussed how there may be incentives and that city donations could be for specific projects, not just in general to a 501(C)(3).

Mr. Podracky stated that it's a soft yes that can be looked at more in detail in the future. He stated that the Committee should be creating large policy ideas to bring for Council. He stated that a policy could be written for land use and to

identify property for development, both city and private development. He stated that the city could decide to not charge certain fees for workforce housing projects or in some cases the city could pay for impact fees. He stated that these are policy discussions that could come from the project being discussed.

Chair Rocha stated that a 501c3 and land trust takes it out of control of the Committee so the policy would help integrate the 501c3 and the City on workforce housing. He stated more and more workforce housing related grants are being located by different entities. He said that a full-time person is something that can be controlled by the city regarding workforce housing.

Mayor Pro Tem Cantelme stated that the gift clause is a big item when it comes to taxpayer money. She stated that there could be a long hold on a property for the City to recover taxpayer money.

Member Goodman stated that the property would appreciate, and it would be easy for the developer to pay the city back.

Mayor Pro Tem Cantelme stated that it would need to be clearly documented to show that the city is getting paid back.

Member Goodman stated that this discussion is what he was hoping for when it comes to the project.

Member Kraxberger stated it is just making it pencil, which is the challenge.

Member Goodman stated that there would be ways for the project to pay for itself.

Member Fann stated that the city is going in a direction that is counter to workforce housing. He stated that the city is becoming more unaffordable. He stated that everyone needs to chip in, or it's a waste of time. He stated that if someone wants a seat at the table, they need to contribute financially. Member Fann stated that if projects are going to help his retention, then he would be more willing to contribute.

Chair Rocha stated that the Committee's ask may be uncomfortable because it will be a big ask.

Member Fann stated that there are benefits that would justify the gift or donation and it would just need to be written to make it clear that it's not a gift.

Vice Chair Kennedy asked if it would be helpful for the Committee to have a rough budget of how the numbers were created for the project.

Chair Rocha asked for a fee list for this specific project by the next meeting.

Mr. Worley stated that they could work with engineering to try to get the fees by the next meeting.

Chair Rocha asked if there was further.

Member Goodman stated that he appreciated the opportunity.

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

Ms. Fraser gave an overview of the timeline to have a draft provided by March and approved by the Committee in April to take to Council.

Chair Rocha asked if members could send ideas and concepts to staff liaisons for documentation.

Ms. Fraser stated that the Committee can send ideas at any time, and she will keep track of them and start putting them into a policy format.

Member Teeters stated that it should be approved by the Committee in chunks.

Member Fann stated that working through it will allow the Committee to see how much needs to be contributed by the city.

Chair Rocha stated that the next steps are determining what needs to be written in a policy.

Member Kraxberger stated that it needs to be weighed on if the city is going to waive fees, then what is the developer going to do to contribute as well.

Chair Rocha stated that this would be the bulk of the conversation. He stated that Legal is working on the enforceability side, so the city can feel comfortable moving forward.

Ms. Fraser stated that coming up with headers for a policy would be helpful.

Member Goodman stated the Committee needs to know what the city plans to do with their land and if the city would be willing to use city-owned land.

Vice Chair Kennedy stated that she would like the ADU wording this fall. She also would like more discussion about public outreach.

Chair Rocha asked for Ms. Fraser to send out what reoccurring topics have been discussed on what could be considered headers.

Ms. Fraser stated she could do that.

4. UPDATES

A. Staff Announcements and Discussion Regarding Future Agenda Items.

Member Fann asked if the Council needs to adopt a definition of what workforce housing is.

Mr. Podracky stated that they should do that.

Ms. Fraser stated a workforce housing definition was approved by Council.

Member Fann stated that the definition should include a firm definition for rentals and ownership and that there is no wiggle room and that there is no one that can skirt the requirements to avoid paying fees.

Mr. Podracky stated he feels the current definition that was approved by Council is tight and that the Committee could discuss this further at a future meeting.

Chair Rocha stated that the definition does give an idea to the developer of where their pricing needs to fit.

Member Fann stated that there needs to be more detail when it comes to ownership versus rental.

Mr. Podracky stated that it could be added to a future agenda.

Member Goodman stated that he used the definition for his project.

Vice Chair Kennedy stated that each year the Committee could adjust the range.

Member Kraxberger stated that there are things that could be put into the policy to extend workforce housing.

Chair Rocha asked for the definition and square footage to be discussed in a future agenda.

Mayor Pro Tem Cantelme stated that HUD has adjusted their definitions too, but if things get too defined, it can get restrictive. She stated single income versus double income should be considered.

Chair Rocha stated policy headers should be on the next agenda.

Vice Chair Kennedy requested community outreach be on a future agenda as well.

Chair Rocha asked for fees, review time, and fee schedules to also be added.

Ms. Fraser asked for requests for agenda items to be brought to the meetings rather than just requested to staff as it's the Chair and Vice Chair that sets the agenda.

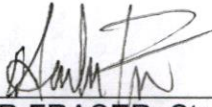
5. ADJOURNMENT

Adjourned at 11:23am.



JONATHAN ROCHA, CHAIR

ATTEST:



AMBER FRASER, Staff Liaison