



City of Prescott

Workforce Housing Committee

October 2, 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 (Excused)
Randy Goodman - Member
Luther Kraxberger - Member
Anthony Teeters - Member (Excused)
Arnold Urias - Member

3. DISCUSSION & ACTION ITEMS

- A. Approval of Minutes from the September 4, 2024 Workforce Housing Committee Meeting.

MOTION BY MEMBER KRAXBERGER TO APPROVE SEPTEMBER 4, 2024 MINUTES; SECONDED BY VICE CHAIR KENNEDY: (5 - 0)

- B. Presentation, Discussion & Possible Action Regarding the City of Prescott Workforce Housing Policy.

Staff Liaison Amber Fraser gave an overview of possible policy headers.

Member Kraxberger wanted to know if there would be a policy to address barriers and remove them or reduce them.

Ms. Fraser said they will be addressed in a couple areas.

Chair Rocha added modification of development standards under incentives. He discussed his preference to have revitalization and infill incentives.

Member Urias would like the revitalization and infill to be its own section.

Member Kraxberger stated that it can be mentioned in community outreach as well to educate the public on the benefits.

Chair Rocha stated that the infill incentives are clear, but the revitalization may

demand much more detail. He asked if it should be included in the policy and the housing manager could take it from there.

Member Urias wants it to stay as a header as it can be a large instrument to address negativity.

Ms. Fraser said that it doesn't have to be voted on.

Vice Chair Kennedy stated it would be best to be fluid for the time being.

Chair Rocha asked for Zoning to be moved under incentives.

Planning Manager George Worley said most of those were incentives.

Chair Rocha asked if employee incentives had any input.

Ms. Fraser said it could be for city employees or education for the workforce as a whole.

Member Urias stated that it needs to abide by fair housing laws.

Chair Rocha said it could be City employee incentives and education.

Member Kraxberger said that discussions could happen with employers to see what options may be used to assist with downpayment assistance, or other options to get the workforce into housing rather than having turnover.

Chair Rocha stated that the headers covered most items for an outline.

C. Presentation & Discussion Regarding Water Policy and Workforce Housing.

The Water Department staff was not in attendance due to a scheduling issue so Chair Rocha requested that the water policy discussion be brought back to the November meeting.

D. Presentation & Discussion Regarding Fees, Fee Schedules, and Permit Review Timeframes.

Mr. Worley reviewed different options of fees and fee schedules and the possibility of a model plan process.

Chair Rocha stated that the committee should discuss the fees and the timeframes. He reviewed the different costs regarding the 8 units. He asked if impact fees were reimbursable. He stated that if the developer follows through on housing, could the City reimburse the fees.

Deputy City Attorney Matt Podracky said that it wasn't likely for them to be rebate-able.

Chair Rocha stated that fees could be waived or discounted if projects fall under workforce housing. He asked if funds could be diverted to a workforce housing fund.

Mr. Worley stated that the City doesn't charge any fees that are intended to be profit. All fees are reimbursement or to pay for staff time and processing. He stated that if anything was discounted, the money would come from the General Fund. He stated that all fees have to be paid for by someone.

Mayor Pro Tem Cantelme stated that any workforce housing projects could be brought to Council to have the City pay the fees but either the developer or the taxpayer pays the fees.

Chair Rocha stated that there has to be give and take to accomplish and stimulate workforce housing. He stated if the developer pays part of the fees and the City absorbs the other part, then it's a partnership. He stated that he understands that it has to be paid but that the lack of workforce housing is also a taxpayer burden.

Mayor Pro Tem Cantelme stated that from a builder's perspective, the best thing a city can do is expedite the process. She stated that time is money and reducing time is the best thing the City could do.

Vice Chair Kennedy stated that both are needed from a reduction of time and a reduction of time. She stated that the community will pay if workforce housing isn't addressed. She recommended a sliding scale for incentives.

Mayor Pro Tem Cantelme stated that there are stings to all government money.

Member Urias stated that the expense cannot just disappear, but they are working at a disadvantage. He stated that there isn't an economic study of what it's costing the City to not have a workforce. He asked if there could be an economic study about the cost of moving funds from one account to another and to determine the cost for each workforce.

Member Kraxberger stated that the developer could pay the whole fee up front and if they do what they say then they can get some funds back, but if they don't do what is expected, then they won't. It would incentivize the developer. He stated that the police and fire impact fees are minimal compared to the other departmental fees.

Mr. Podracky stated that the City could incentivize the General Fees but not the Impact Fees.

Member Goodman stated that his project was a 10-year project. He stated that the City could finance the fees over a period of time. He stated that the City doesn't need to pay the fees but they could finance them over time.

Chair Rocha stated that the fees could be deferred rather than waived or discounted. He stated that it could be an incentive and a scale to push out the paying of the fees until later.

Member Goodman stated that his project was 100% financed through the bank, and he looked at whether the developer was the one to finance and charge interest for 10 years. He stated that there would need to be cash to be able to accomplish it.

Mayor Pro Tem Cantelme discussed a project by the developer Mr. Lafferty and that his project was about 10% below market. She recommended the committee watch the videos on his projects.

Mr. Worley stated that Mr. Lafferty is willing to come speak to the Workforce Housing Committee but that he would be going in front of Council on the 22nd of October.

Mayor Pro Tem Cantelme stated that there have been artificially low impact fees since 2017. She stated that it didn't create workforce housing.

Chair Rocha stated that in a strong market, no one will touch workforce housing. He stated the difference between then and now is that the committee is trying to create a whole incentive packet. He stated that the impact fees didn't incentivize workforce housing. He stated that there is a sliding scale, deferring, and looking at other options. He stated that the deferred is a smart way to keep projects in check.

Member Kraxberger and Vice Chair Kennedy liked the idea.

Mr. Podracky stated that deferring could work for the General Fees but not Impact Fees.

Chair Rocha stated that the deferred scaling method would be all non-impact fees. He stated the impact fees could be due as far out as possible per statute.

Mr. Podracky stated that it could be based on time of permit and certificate of occupancy.

Mayor Pro Tem Cantelme stated that it was at the time of permit and that the loans could be structured down into parts.

Member Goodman stated that by deferring it would incentivize the developer to keep workforce housing.

Member Urias asked if there would be a balloon clause that they would have to pay back everything if they deviate.

Mayor Pro Tem Cantelme stated that it could be based on the grants.

Mr. Worley stated that LHTC funding is now holding participants to a 30-year timeframe but that the City could structure something similar for a different timeframe.

Chair Rocha stated that there will be contracts to hold everyone accountable.

Mayor Pro Tem Cantelme discussed a fund manager situation that would fulfill a 30-year hold.

Chair Rocha asked if the committee wanted to create the scale today. He stated if 20% plus of the project is workforce then they get a 10-year deferral and 10-20% would get a 5-year deferral.

Vice Chair Kennedy stated that looking at other municipalities' policies and bringing information back to the next meeting would be best.

Member Goodman reviewed how his project was going to be deferred.

Chair Rocha stated that the scale could be based on a percentage of a project. He stated that if a certain percentage was workforce housing, then they could defer the non-impact fees for 5 or 10 years.

Member Goodman asked why it would be different for a large project versus a small project. He stated if any project was broken out into 5 payments over 10 years, then it could be done for large or small projects.

Chair Rocha stated that there should be an incentive for a bigger project to do more.

Member Kraxberger stated that they were both saying the same thing, that each project, regardless of size, would have a percentage of workforce housing and would get a scale based on their percentage.

Chair Rocha stated that it would likely encourage a developer to build more.

Member Urias stated that he feels strongly that the door is being left open for a developer to introduce private units. He stated the unintended consequence is that 80% could be at market value. He stated that the goal should be to have 100% of projects be workforce housing.

Member Goodman stated that he is very careful about how much people pay, since neighbors talk to each other. He stated that it needs to be workforce or not.

Chair Rocha stated that LHTC works in percentages but that he understood that the hope would be 100%, but it is harder to incentivize. He stated that if they only incentivize 100% workforce housing projects, there wouldn't be anything built. He stated that having 20% built is better than having nothing built.

Mayor Pro Tem Cantelme stated that it sounds like Chair Rocha and Member Goodman are talking about two different things. She stated that all different

types of options are necessary. She recommended a financial advisor come in to the committee.

Mr. Worley stated that it's important to try not to reinvent the wheel when other areas are working towards the same thing.

Chair Rocha asked if the committee would like to look at other municipalities and bring them back to the committee.

Member Urias stated that looking at other committees and fine-tuning what others are doing to fit this area would be best.

Mr. Podracky reviewed what the timeframes are for fees.

Chair Rocha moved on from fees to review times.

Member Kraxberger stated that he likes single family ownership and increasing supply of single family ownership will help with demand. He stated that from the workforce housing developer standpoint, the time can be challenging. He stated that a pre-approved plan could be approved in 9 days, but his goal is to see what can be done for the workforce housing developer to help fast track the development plan. He stated that there have been steps in the process that have taken 6–24 months.

Mr. Worley stated the entitlement process is much longer than the permit review time.

Member Kraxberger stated that reducing the entitlement process is what he would like to work on.

Chair Rocha asked about the timeframe for a 10-lot subdivision and what fees associated with that timeframe would be.

Mr. Worley stated that the timeframe is set by meeting times and local code as well as state statute. He reviewed the process and what extended the timeframe. He stated that the timeframes can be set by the amount of review that must be done, and they could be reduced if the projects are given to the City in an easy way for the City to review them. He stated that the design is being looked at closely to make sure it won't cost the taxpayers a lot of money in the future.

Member Goodman stated that the developers don't get funding until they get a permit. He stated there is no interest on the bank loan because they won't approve the loan until the developer has a permit, so if the permit process could be sped up it would help with funding.

Member Kraxberger stated that what Member Goodman stated is the time frame issues he's been discussing.

Chair Rocha asked what an appropriate review time during the entitlement phase would be.

Mr. Worley stated that development side projects have similar timeframes to the examples. He stated that the timeframe to get to the review is how long it takes staff to actually get to that specific project and sitting in a queue, not the actual review. He stated the only options would be to add staff or move projects up and would move other projects down. He stated that including pre-prepared components would save time.

Member Goodman stated that he suggested moving workforce projects to the front, and it would initially upset people, but they would get used to it.

Mr. Worley stated that that would be the best option to address the time issues.

Chair Rocha stated that moving it up to the top of the line and adding timeframes for staff review to be done would be beneficial. He stated that this is uncomfortable but if things don't change then nothing will change, including more workforce housing. He stated that if the City were to tighten their review times then it would be clear to developers where they need to address their times.

Mayor Pro Tem Cantelme asked if the City had a spec sheet to go out to developers.

Mr. Worley stated that there is a list that is the engineering standards, but there aren't pre-approved plans for engineering.

Mayor Pro Tem Cantelme stated that one of the issues is that blueprints are given to the City that don't follow the standards, so they have to be kicked back. She stated that developers need to make sure to follow the engineering standards given by the City.

Mr. Worley stated that it's partly the fault of different areas of the state having different standards, so developers have to adjust everywhere they go.

Member Goodman stated that the City has a handout for everything. It's not something that can be boiler-plated, but the engineers need to adapt specific sites to City standards.

Mr. Worley stated that if it's a larger project, it will go through the Pre-application process where staff will direct further on where to find the requirements.

Member Goodman stated that pushing it to the front of the line should be the incentive.

Vice Chair Kennedy stated when there's full staffing that would help too.

Chair Rocha asked what the ideal timeframe would be.

Mr. Worley said you can't pick a specific timeframe for every project because every project is on a different scale.

Mayor Pro Tem Cantelme stated that if it's repetitive, then it's reviewed and permitted once it would get easier.

Chair Rocha stated that if a project is going to be reproduced, there is an option to turn the first project or house it into a model project so that it only gets faster.

Mayor Pro Tem Cantelme asked how fast a site plan review could take.

Mr. Worley stated as a whole a few weeks but much shorter for staff time.

Chair Rocha stated that other entities have turnaround timeframes.

Mr. Worley stated that the timeframe would be different for a 100 lot versus a 30 lot.

Chair Rocha asked if any threshold could be put on.

Mr. Worley stated that he could talk to other departments to see if a timeframe could be discussed.

Member Goodman stated that timeframes are challenging for if staffing shortages occur or other issues that could lead to lawsuits.

Member Urias stated it was an invitation for litigation.

Vice Chair Kennedy asked if an "on average" timeframe.

Mr. Worley stated that they could work to create an average timeframe. He stated if outsourcing occurs that it will extend the timeframe.

Member Kraxberger stated discretionary comments such as wanting an extra water line had been an issue for time on his projects. He stated that in workforce housing projects, they could remove discretionary comments and that those projects could be strictly by the code.

Chair Rocha stated that they would move the project up and if it meets the code, it's done and needs to be streamlined. He stated that with his projects, 50% or more is extended regarding discretionary comments.

Member Kraxberger stated that his projects followed engineering codes, but the City wanted discretionary items to save money for the city in the future.

Mayor Pro Tem Cantelme asked if staff was doing that because staff should not be doing that.

Mr. Worley stated that he is not familiar with that, and it does not happen in building or planning.

Member Kraxberger stated that it's in engineering and that staff has to sign off. He stated that the particular employee that did that is no longer with the City, but

it's something the City should look at to make sure it does not occur.

Chair Rocha stated that it is usually regarding what could happen in the future, not based on the current code.

Mayor Pro Tem Cantelme stated that if it's not in code, then the developer should be able to say no.

Chair Rocha stated that it needs to be added to the list.

Member Goodman stated that they don't want to get so un-discretionary that the City ends up with a 'ghetto.'

Member Kraxberger stated that the project he's thinking of and future projects need to be simple housing. They don't need to be a ghetto, but they need to be simple.

Member Goodman stated that it needs to be appealing to the public.

Chair Rocha stated that the cost of building only continues to go up and that the engineering standards need to be clear, and the code needs to be the code. He stated that the workforce housing projects need to be moved up to the front of the line and the code needs to be black and white.

Member Kraxberger stated that, from his experience, it's all been discretionary.

Chair Rocha stated that in the policy it needs to say that workforce housing projects need to be moved to the front of the line in every area.

Member Kraxberger stated that there needs to be teeth in the policy to hold developers accountable.

Mr. Worley stated that they will likely set up a different application process that will have it in writing that the developer is being held accountable and that there will be a contractual agreement.

Member Goodman stated that it is important that workforce housing stays in the workforce.

Member Kraxberger stated that deed restrictions or workforce housing restrictions need to sunset.

Chair Rocha stated that those are items that will be discussed in depth in future agendas.

Audience Member Howard Mechanic stated that the impact fees and other fees could be paid by the City and the City gets paid back over a period of time, and it should be based on a percentage of workforce.

- E. Presentation & Discussion Regarding Code Revisions for Accessory Dwelling Units (ADU).

Ms. Fraser stated that the committee isn't going to be able to change anything in the Accessory Dwelling Unit (ADU) language, but they can bring notes to the Planning and Zoning meeting or send them to staff.

Mr. Worley stated that the code change had to go to Planning and Zoning and then to Council.

Vice Chair Kennedy asked when it would go to Council.

Mr. Worley stated it would be the next available Council meeting after the Planning and Zoning Meeting.

Member Urias stated that he would like to have item D regarding utilities changed.

Mr. Worley stated that it is the code regarding guest quarters, and it helps prevent them being rented out illegally. He reviewed that the state made it to where vacation rentals could not be denied, so the code change would just allow for long term rental as well but mandating an additional water meter would be a discouragement.

Mayor Pro Tem Cantelme asked how similar the ADU code was to the Phoenix code.

Mr. Worley stated that Phoenix took it much further to discourage short-term rentals, but City staff is waiting to see if it causes a lawsuit.

Mayor Pro Tem Cantelme stated that there are building codes that aren't addressed.

Mr. Worley stated that setbacks and height are already addressed by criteria in place.

Vice Chair Kennedy asked if someone wanted separate water meters, could the code say it is up to the discretion of the property owner.

Mr. Worley stated that it isn't a problem as long as it isn't mandated, but adding separate utilities could increase impact fees for the property owner, but the property owner could do sub-metering.

Chair Rocha stated that the code itself is in the hands of Planning and Zoning Commission but the committee should see if there is anything they see that could be leveraged to encourage workforce housing. He stated that the Workforce Housing Committee could recommend for workforce ADU's to have flexibility on things like tandem parking. He stated that they could also be expedited, and fees deferred to help in this case as well. He stated he is concerned about the enforcement but that it's doable with a full-time person.

Mayor Pro Tem Cantelme asked for clarification on the parking.

Chair Rocha stated that additional parking shouldn't be mandatory if it's a workforce housing ADU.

Mr. Worley stated that the zoning aspect will look at how many parking spots a property already has and if they already have adequate parking, they won't make the property owner add more.

Member Urias discussed the Fannie Mae and Freddie Mac processes for financing and how meters and construction type could come into the discussion.

Mr. Worley stated that site built and modular are generally allowed and that there are overlay districts, and that would depend on the criteria of the zoning.

Mayor Pro Tem Cantelme asked if it needed to be on a slab.

Mr. Worley stated it doesn't have to be, but it depends on zoning requirements.

Member Goodman stated that zoning will affect meters and what APS will and will not do regarding meters.

Mr. Worley stated that ADU zoning is only for single family units, so it may have issues depending on zoning with meters.

Chair Rocha stated that APS doesn't usually look that deep into the zoning.

Member Goodman stated that they are only talking about single family.

Mayor Pro Tem Cantelme stated that sub-metering can be done for electric and water.

Chair Rocha stated that there are multifamily lots that are not manufactured home zoning. He stated that the Planning and Zoning Commission should look at specific overlay districts. He stated that the ADU's should only need to be expected to look similar to the primary residence but the construction should be flexible.

Mr. Worley stated that under the proposal, they haven't discussed whether it's a manufactured home or not. He stated it could come back later.

Mr. Mechanic asked if there was a lawsuit in Phoenix yet.

Mr. Worley stated that there hasn't been a lawsuit yet.

Mayor Pro Tem Cantelme stated it has been challenged in court.

Mr. Mechanic stated that there is a concern about vacation rentals. He stated that there isn't anything requiring someone to live on the property full-time.

F. Presentation & Discussion Regarding Community Outreach and Communications.

Vice Chair Kennedy stated that the committee is getting into the depths of the work, and it's important to start getting into the community and building community excitement. She suggested a virtual town hall in November to get the community up to speed on what has been done so far.

Chair Rocha stated that he would support that and get feedback and an understanding of the bigger pain points.

Vice Chair Kennedy asked if anyone had read the General Plan draft yet.

Mr. Worley advised the committee about Participate Prescott.

Vice Chair Kennedy stated that she was surprised by some of the verbiage.

Chair Rocha asked how far into the comment period it is.

Mr. Worley stated it had just started.

4. **UPDATES**

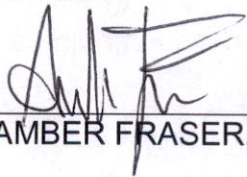
A. Staff Announcements & Discussion Regarding Future Agenda Items.

Ms. Fraser gave an overview of what will be discussed at the upcoming Council meeting, an update on the housing needs assessment, and future agenda items.

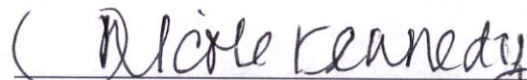
5. **ADJOURNMENT**

Chair Rocha adjourned the meeting at 12:10pm

ATTEST:



AMBER FRASER, Staff Liaison


JONATHAN ROCHA, Chair

Nicole Kennedy, vice chair