

City of Prescott  
**Workforce Housing Committee**



February 5, 2025 | 10:00 AM  
201 N. Montezuma Street  
Council Chambers, 3rd Floor  
Prescott, AZ 86301

**MINUTES**

1. **CALL TO ORDER**

Vice Chair Kennedy called the meeting to order at 10:03am.

2. **ROLL CALL**

Jonathan Rocha - Chair (Resigned Effective February 5, 2025)  
Nicole Kennedy - Vice Chair  
Mike Fann - Member  
Randy Goodman - Member  
Luther Kraxberger - Member (Excused)  
Anthony Teeters - Member  
Arnold Urias - Member

**DISCUSSION & ACTION ITEMS**

3.

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

**MOTION BY MEMBER FANN TO APPROVE DECEMBER 4, 2024 MINUTES;  
SECONDED BY MEMBER TEETERS: PASSED (5 - 0)**

B. Presentation & Discussion Regarding the City of Prescott Workforce Housing Policy.

Staff Liaison Fraser reviewed the timeline for the workforce housing policy and reviewed changes previously requested.

Member Goodman requested that small businesses be included in the list of workforce.

Chair Kennedy requested the sections be simplified all together due to the definition being previously stated in the policy.

Ms. Fraser asked whether anyone had comments on developer qualifications.

Member Goodman noted that he had marked the requirement of a minimum of 25% of units dedicated to workforce housing and whether this percentage was overly restrictive and if it was what the committee had agreed upon.

Chair Kennedy responded by emphasizing the need for a robust discussion on

incentives and the sliding scale system, pointing out inconsistencies in the language, particularly in relation to different starting percentages. She suggested that the committee collectively determine how these figures should be structured before moving forward.

Ms. Fraser clarified that staff review would be necessary to finalize certain aspects. She proposed that the committee first decide which concepts they wanted to retain, after which staff could ensure consistency with other jurisdictions. She stressed the importance of committee feedback to determine which provisions should be kept or eliminated before delving into the specifics.

Member Goodman expressed concerns that requiring 25% workforce housing might render projects unfeasible for developers. He suggested a system where incentives increase with the percentage of workforce housing units, rather than imposing a rigid threshold.

Ms. Fraser agreed, stating that the percentage requirement could be removed from the initial developer qualifications section and instead be incorporated into later sections discussing fees and eligibility.

Chair Kennedy then directed the discussion to eligibility under Section 1B, proposing that income limitations be clarified using a chart similar to the one in Gorman's LIHTC booklet, as it visually presents the breakdown for different household sizes. She noted the importance of annual updates but felt such a chart would provide valuable clarity. She also raised concerns about the residency requirement, questioning whether the language should focus solely on employment status within Yavapai County, rather than the specific location of residence.

Member Goodman agreed, pointing out that if a person moved into workforce housing in Prescott, they would naturally reside there, making the residency requirement somewhat redundant.

Chair Kennedy questioned enforceability related to financial stability requirements for developers. She asked whether the city should engage in verifying financial stability, project experience, and commitment to design and affordability standards or if this was beyond their scope.

Ms. Fraser responded that such provisions could be removed.

Community Development Director Chelsea Walton noted that staff required clear direction on what elements the committee wanted to retain before further investigation. She mentioned that the proposed fee schedule from Flagstaff did not align with Prescott's existing fees and would need adjustments. She clarified that financial scrutiny of developers might only be necessary when the city was entering into partnerships and providing incentives.

Member Goodman then brought up the topic of performance and completion bonds, suggesting that such requirements might already ensure financial responsibility, thus negating the need for additional financial reviews.

Ms. Walton confirmed that current bonding requirements already cover public infrastructure, but additional scrutiny could be applied to workforce housing projects depending on their funding structure and partnership arrangements.

Council Liaison Cantelme supported the inclusion of completion bonds, stating that they serve as a guarantee for project completion and prevent developers from defaulting before workforce housing units are completed.

Member Goodman echoed this concern, explaining that without such safeguards, developers could complete market-rate units first and abandon the workforce housing component due to financial constraints.

Member Urias explained that construction loans now use a validation process instead of traditional builder qualifications, ensuring developers have no pending litigation that could impact financial stability. While vetting is necessary to prevent risks, he cautioned that it should be handled carefully to avoid discouraging potential developers.

Council Liaison Cantelme agreed that bonding companies assess financials before issuing bonds.

Deputy City Attorney Matt Podracky pointed out that bonding requirements already exist in the city's general engineering standards, typically covering 10% of the overall project cost. He emphasized that development agreements for city-partnered projects might warrant deeper financial reviews, but general projects were already adequately covered.

Chair Kennedy then addressed development fee incentives, expressing concern that language stating fee reductions were subject to city funding availability and council discretion created too much uncertainty. She suggested eliminating that provision to ensure clarity and consistency.

Member Fann supported her concern, noting that the phrase "may waive fees" already provided flexibility without the additional provision.

Ms. Fraser confirmed that certain fee waivers, such as impact fees, would require council approval regardless.

Mr. Podracky added that budget limitations would naturally govern fee reductions and would be outlined in policies active at the time of application.

Member Goodman stressed the need for consistency in how incentives were applied across different projects to maintain fairness among developers.

Ms. Walton emphasized the importance of a clear review process to determine eligibility for incentives, reiterating that flexibility should be built into the policy rather than rigidly defining every detail.

Member Fann stressed that development agreements should remain flexible to

encourage workforce housing without overly restrictive policies.

Member Teeters emphasized that incentives should align with the city's budget at the time of application, cautioning against rigid policies that could deter developers.

Council Liaison Cantelme supported a case-by-case approach, advocating for a sliding scale where incentives match the percentage of workforce housing in a project, ensuring financial sustainability.

Chair Kennedy shifted the discussion to project duration requirements for workforce housing. She referenced LIHTC's 30-year requirement and asked whether the committee preferred a set timeframe or one tied to development agreements.

Member Goodman raised concerns about imposing long-term requirements that might deter developers, suggesting that greater incentives be offered for longer commitments.

Ms. Walton explained that development agreements typically outline project obligations and do not change frequently. She agreed that incentives could be structured to reward longer commitments.

Council Liaison Cantelme recommended tying incentives to project completion rather than issuing them upfront to prevent developers from later amending agreements to remove workforce housing commitments.

Chair Kennedy proposed setting a 20-year minimum with additional incentives for longer commitments.

Member Goodman felt that 20 years might be too long but agreed that a baseline should be established.

Chair Kennedy discussed the waiver and reimbursement tables and discussed that they were not clear and a sliding scale would allow for more flexibility.

The committee requested an example project to look at actual fees.

Member Goodman stated that he would speak with Flagstaff about their fee waivers and reimbursements and how it has worked for their jurisdiction.

Ms. Fraser read comments provided by Member Kraxberger due to his absence. The comment was regarding reviews of plans and efficiencies to expedite that process.

Ms. Walton addressed his concerns and that, once Council direction has been provided, it will be up to Community Development to make sure they meet Council's standards.

Ms. Fraser reviewed the section regarding timely reviews on both the City's side

and developer's side. She then moved the discussion to density bonuses.

Council Liaison Cantelme warned that density changes required zoning adjustments, which could be a lengthy process.

Ms. Walton clarified that while density bonuses could be incorporated into planned area developments, zoning changes required council approval and could not be streamlined without policy changes.

Ms. Fraser suggested broadening the language to allow for modifications at the council's discretion rather than defining exact mechanisms.

Member Fann agreed, suggesting that the policy should maintain flexibility to avoid unnecessary hurdles.

Member Urias made a suggestion to change, "the City will allow," to, "The City will consider."

Mr. Podracky agreed that a simple change would leave it up to Council discretion.

Council Liaison Cantelme asked when the policy needed to be ready for recommendation by.

Ms. Fraser reviewed the timeline but that it would be going to Council on May 27, 2025 for a study session and that Council would need time prior to the meeting to review the document. She then discussed that the section regarding water policy would be held for a future meeting and reviewed additional sections of the policy.

Member Urias asked that Accessory Dwelling Units (ADUs) not be discussed at the moment due to some changes in the legislation that may be coming.

Member Goodman expressed concern with timeframes that the committee would ask developers to keep housing affordable for a timeframe but doesn't give options on how to do so.

Member Fann stated that it could be addressed in development agreements and that the developers could tell the City how they will accomplish that.

Chair Kennedy raised concerns about enforceability, specifically how a clawback provision would work if a developer altered the original intent of providing workforce housing within the designated timeframe. She referenced Section 6B on developer accountability and asked for clarification on when and how such provisions could be enforced.

Ms. Walton responded that legal review would be necessary but emphasized that developers should take responsibility for maintaining affordability. She cautioned against overly prescriptive requirements and suggested that developers should outline their own compliance mechanisms, such as recorded

agreements with the county, to ensure long-term affordability.

Member Goodman proposed that the city provide a list of pre-approved mechanisms, such as deed restrictions, to prevent developers from proposing ineffective solutions. He warned against leaving too much flexibility, which could lead to complications or unintended loopholes.

Mr. Podracky addressed different forms of enforcement mechanisms.

Chair Kennedy moved the discussion to employee incentives.

Member Urias suggested speaking with Yavapai County regarding their incentives.

Ms. Fraser stated that the section was written to give direction to Human Resources to actually look into each section for feasibility for our jurisdiction.

Chair Kennedy asked about the Home of My Own Program and how to implement it for Prescott.

Council Liaison Cantelme and Ms. Walton stated that it is in progress and that it is currently with Legal for review but will need some adjustment to local codes.

Ms. Walton discussed the new Chief Building Official and aspects of the policy that would relate to his position.

Ms. Fraser read additional comments from Member Kraxberger and the committee requested he address his comments at the next meeting where he is able to elaborate.

Mr. Podracky informed the committee that Legal will look closely at the entire policy and will create boilerplate agreements once it is approved.

Ms. Fraser reviewed the section regarding real property.

Member Fann discussed an open space topic that was discussed at a prior Council meeting.

Ms. Walton clarified that it was designated spaces that would be affected.

Ms. Fraser provided a brief update on the hiring of a consulting firm in regards to a section mentioning designated staff.

Member Fann stated that this issue needs a full time designated employee.

Ms. Fraser moved on to staff updates.

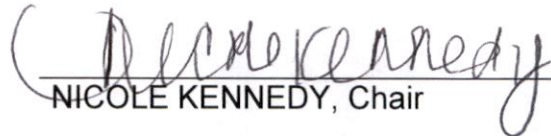
#### **4. UPDATES**

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

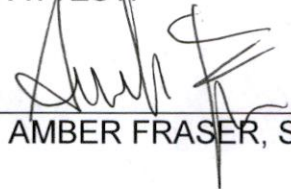
Ms. Fraser provided an update about the committee nominating a new Vice Chair at the next meeting, the hiring of a housing consultant, and a review of the workforce housing forum in January.

5. **ADJOURNMENT**

The meeting was adjourned at 12pm.

  
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NICOLE KENNEDY, Chair

ATTEST:

  
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AMBER FRASER, Staff Liaison