

City of Prescott
CDBG Citizens Advisory Committee



May 21, 2025 | 1:30 PM
201 N. Montezuma Street
Council Chambers, 1st Floor
Prescott, AZ 86301

AGENDA

The following Agenda will be considered by the **CDBG Citizens Advisory Committee** at their meeting to be held **May 21, 2025**. Notice of this meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02.

1. CALL TO ORDER

2. ROLL CALL

3. DISCUSSION & ACTION ITEMS

A. Approval of Minutes from the April 23, 2025 CDBG Citizen Advisory Committee Meeting.

Recommended Action: MOVE to approve the minutes as presented

B. Presentation & Discussion Regarding Program Year 2025 Annual Action Plan Allocation Adjustments.

Recommended Action: MOVE to approve the adjusted Program Year 2025 CDBG allocation amounts as presented (or as amended) and forward to City Council for final approval

C. Presentation & Discussion Related to the Review and Potential Action on the 2025-2029 Consolidated Plan Draft.

Recommended Action: MOVE to approve the 2025-2029 Consolidated Plan Draft to be submitted for the 30-day public comment period prior to City Council consideration on June 24, 2025

4. UPDATES

A. Staff Announcements

5. ADJOURNMENT

Upon a public majority vote of a quorum of the Board, the Board may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

- (1) Discussion or consideration of personnel matters (A.R.S. §38-431.03(A)(1));
- (2) Discussion or consideration of records exempt by law (A.R.S. §38-431.03(A)(2));
- (3) Discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03(A)(3));
- (4) Discussion or consultation with the city's attorneys regarding the city's position regarding

contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid litigation (A.R.S. § 38-431.03(A)(4));

(5) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03(A)(5));

(6) Discussion, consultation or consideration for negotiations by the city or its designated representatives with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city (A.R.S. §38-431.03(A)(6));

(7) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03(A)(7)).

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on 5/19/25 at 11:00 a.m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

Sarah M. Siep

Sarah M. Siep, City Clerk



TO: MAYOR AND CITY COUNCIL
AGENDA: May 21 CDBG Citizens Advisory Committee Meeting
DATE: May 21, 2025
DEPT: Community Development
ITEM #: 3.A
SUBJECT: Approval of Minutes from the April 23, 2025 CDBG Citizen Advisory Committee Meeting.

ITEM SUMMARY

This item is for the approval of meeting minutes from the April 23, 2025, CDBG Citizens Advisory Committee Meeting. Staff recommends approving the minutes as presented.

BACKGROUND

None.

FINANCIAL IMPACT

There is no fiscal impact associated with this item.

RECOMMENDED ACTION

MOVE to approve the minutes as presented

ATTACHMENTS

1. April 23, 2025 CDBG Citizens Advisory Committee Meeting Minutes

City of Prescott
Citizen Advisory Committee

April 23, 2025 | 1:30pm
201 N. Montezuma Street
3rd Floor Conference Room
Prescott, AZ 86301



MINUTES

1. CALL TO ORDER

Chair Suttles called the meeting to order at 1:30 p.m.

2. ROLL CALL

Chair Mary Ann Suttles
Vice Chair Janie Evans
Member Jinger Cutting
Member Betsy Howe (excused)
Member Jim Howell
Member John Paris
Member Debbie Savoini

3. DISCUSSION & ACTION ITEMS

A. Approval of Minutes from March 19, 2025, CDBG Citizen Advisory Committee Meeting.

MOTION BY MEMBER HOWELL TO APPROVE THE MINUTES AS PRESENTED; SECONDED BY MEMBER CUTTING: PASSED (7 - 0)

B. Presentation, Discussion, & Identification of Community Needs and Priorities for the 2025-2029 Consolidated Plan.

Michael McInnes, City CDBG Coordinator, presented information regarding the development of the 2025-2029 Consolidated Plan. He explained that the five-year plan will begin July 1, 2025, and run through June 30, 2030. He noted they are currently in the "Identify Needs and Priorities" phase of the planning process.

Mr. McInnes shared results from a stakeholder survey conducted at the February 18th Continuum of Care (CIP) meeting, which included representatives from numerous community organizations including the City of Prescott, Catholic Charities, U.S. VETS, Prescott Unified School District, Arizona Complete Health, Northland Cares, Stepping Stones, Yavapai College, CYMPO, CCJ, Solari, Agape House, American Red Cross, Hope House, Polara, Head Start, Applejacks Ranch, Prescott Public Library, Prescott Area Shelter Services (PASS), and NACOG.

The survey results showed:

1. **Critical Community Needs:** Affordable housing was overwhelmingly identified as the most critical need, followed by public transportation, workforce housing, rental assistance, and utility assistance.
2. **Priority Housing Types:**
 - 1st: Affordable rental units
 - 2nd: Emergency shelter beds
 - 3rd: Affordable homeownership opportunities
 - 4th: Transitional housing units
3. **Potential Solutions:** Various stakeholder suggestions included rent controls, building more apartment complexes, allowing alternative housing types (tiny homes, RVs), converting hotels to affordable housing, working with nonprofits, and addressing barriers like high application fees for rentals.
4. **Supportive Services Priorities:**
 - 1st: Transportation assistance
 - 2nd: Elder care
 - 3rd: Childcare
 - 4th: Food banks
5. **Unaddressed Needs:** Stakeholders identified additional needs including workforce development, mental healthcare access, pet assistance for homeless individuals, and substance abuse services.

Mr. McInnes also shared a video presentation from a housing consultant working on a housing needs assessment for Prescott and Prescott Valley, highlighting key findings:

- The median age in Prescott is 60 years old, creating challenges with workforce availability
- Housing costs have increased significantly, with single-family homes up 37% and condos up 54% since 2020
- A household with \$69,000 annual income can only afford a \$240,000 home with a 10% down payment
- Many essential workers like teachers can only afford \$1,200 in rent, below the current average
- Nearly half of households are paying more than 30% of income on housing, and 28% are spending more than 50%
- Population growth through 2040 is expected to add 6,200 residents, requiring approximately 3,200 housing units
- "Missing middle" housing types (duplexes, townhomes, cottage courts) could help address affordability issues

Member Cutting noted the median home price in Prescott has reached \$830,000, with Prescott Valley at approximately \$680,000-\$690,000 and Chino Valley at \$654,000. She shared a personal example of a Prescott police officer who, as a first-time homebuyer, is facing a \$500,000 price point.

Mr. McInnes informed the committee that a housing survey is available on the "Participate Prescott" website for community input.

After the presentation, Mr. McInnes distributed a draft survey for committee members to complete and return by May 2nd. The survey will help identify CDBG funding priorities for the 2025-2029 Consolidated Plan.

Discussion followed, with key points including:

Member Paris expressed concern that \$250,000 in annual CDBG funding is insufficient to make a significant impact on housing needs and suggested continuing to support various nonprofits that provide essential services.

Member Howell discussed his experience with Accessory Dwelling Units (ADUs) in San Diego, noting potential issues with misuse. He also identified short-term rentals as a major factor limiting affordable housing availability.

Member Howe suggested focusing on quality-of-life issues and organizations with strong volunteer bases. She proposed creating a standardized background check system to help renters avoid paying multiple application fees.

A significant portion of the discussion centered on whether to focus CDBG funding on one large project versus multiple smaller projects:

Member Cutting suggested exploring the possibility of focusing funds on a major renovation project, potentially rehabilitating an older building for affordable housing, and collaborating with contractors who might provide discounted services for such an initiative.

Mr. McInnes explained that CDBG allows the option of using four- or five-years' worth of funding (approximately \$1 million) for a single large project, which could make a more substantial impact on housing needs.

Chair Suttles noted that shifting to a large project approach would mean phasing out funding to nonprofits that typically receive CDBG support year after year and questioned how to balance that transition.

Member Paris expressed strong concerns about consolidating funds for a single project, stating: "I was extremely proud of what we did because of what little amount of money we had and how many groups we could help that will recognize it."

Member Howell added historical context, noting, "I worked in an organization that did that very thing. They said, no more nonprofits, we're going to do some other things. And the council killed it. They said, you go back and deal with your nonprofits."

Members discussed finding a middle ground by potentially encouraging nonprofits to submit housing-focused projects, with Member Cutting asking, "How can we help those nonprofits with that housing issue?"

Member Howe suggested that if housing becomes the primary focus, some previously funded projects like park bathrooms might not qualify, despite their quality-of-life benefits.

Mr. McInnes noted that focusing on housing might naturally reduce the number of applications, as many current recipients provide services unrelated to housing.

Member Paris expressed concern that \$250,000 in annual CDBG funding is insufficient to make a significant impact on housing needs and suggested continuing to support various nonprofits that provide essential services.

Member Cutting proposed focusing on the top three needs identified in the survey: housing, transportation, and food assistance.

Chair Suttles asked if nonprofits could be encouraged to submit housing-related project applications that would fit within the committee's funding limitations.

Mr. McInnes explained several options for making a larger impact with CDBG funds:

1. Potentially using 4-5 years' worth of funding (approximately \$1 million) for a single significant housing project
2. Expanding the Minor Home Repair Program by increasing the \$5,000 limit or adding a no-interest loan component
3. Continuing partnerships with nonprofits focused on housing issues (CCJ, Agape House, PASS)
4. Using funds for public facility improvements that benefit low-income areas

The committee agreed to complete the priority survey and return it to Mr. McInnes by May 2nd.

4. STAFF UPDATES

Mr. McInnes provided the following updates:

- The annual CDBG allocation amount has not yet been received from HUD; delays are expected
- The Consolidated Plan will be completed by June 1st and open for public comment for one month before going to City Council
- Starting next month, committee meetings will be held in the new Council Chambers on the first floor of City Hall
- The Workforce Housing Committee will present a draft policy to City Council at their May 27th study session

5. ADJOURNMENT

There being no further business to discuss, Chair Suttles adjourned the meeting at 2:45 p.m.

Mary Ann Suttles, Chair

ATTEST:

Michael McInnes, Staff Liaison



TO: MAYOR AND CITY COUNCIL
AGENDA: May 21 CDBG Citizens Advisory Committee Meeting
DATE: May 21, 2025
DEPT: Community Development
ITEM #: 3.B
SUBJECT: Presentation & Discussion Regarding Program Year 2025 Annual Action Plan Allocation Adjustments.

ITEM SUMMARY

This item is for the Committee to review and approve adjusted allocation amounts for the Program Year 2025 CDBG Annual Action Plan based on the updated HUD estimated allocation of \$275,024, which is a 10% increase from the previous estimate of \$250,000.

BACKGROUND

The City of Prescott recently received notification from the U.S. Department of Housing and Urban Development (HUD) with an updated estimated allocation of \$275,024 for the Community Development Block Grant (CDBG) Program Year 2025. This represents an increase of \$25,024 from our previous working estimate of \$250,000 that was used during initial project selection and funding recommendations.

As part of the Annual Action Plan process, the City is required to specify how CDBG funds will be allocated among eligible activities. The Citizen Advisory Committee previously made funding recommendations for specific projects and programs based on the \$250,000 estimate. These recommendations now need to be adjusted to account for the additional funding available.

The additional \$25,024 presents an opportunity to enhance support for previously recommended projects or potentially fund additional qualified projects that may have been excluded or underfunded in the initial allocation process. Administrative costs, which are capped at 20% of the total allocation, will also increase proportionally from \$50,000 to \$55,004.80.

All adjustments must continue to align with the priorities and goals established in the City's 2025-2029 Consolidated Plan and meet CDBG eligibility requirements. Any recommendations made by the CAC will be incorporated into the draft Annual Action Plan that will be presented to City Council for approval before submission to HUD.

FINANCIAL IMPACT

There is no fiscal impact associated with this item.

RECOMMENDED ACTION

MOVE to approve the adjusted Program Year 2025 CDBG allocation amounts as presented (or as amended) and forward to City Council for final approval

ATTACHMENTS

None



TO: MAYOR AND CITY COUNCIL
AGENDA: May 21 CDBG Citizens Advisory Committee Meeting
DATE: May 21, 2025
DEPT: Community Development
ITEM #: 3.C
SUBJECT: Presentation & Discussion Related to the Review and Potential Action on the 2025-2029 Consolidated Plan Draft.

ITEM SUMMARY

This item is for staff to present the current draft of the 2025-2029 Consolidated Plan for CAC review and discussion. Focus will be on CAC survey results and next steps for Con Plan completion (Strategic Plan and First Year Annual Action Plan). While formal approval is not anticipated at this meeting due to ongoing development needs, committee input is essential to guide further refinement before submission to HUD in July 2025.

BACKGROUND

The City of Prescott is required to submit a new 5-Year Consolidated Plan to the U.S. Department of Housing and Urban Development (HUD) to continue receiving Community Development Block Grant (CDBG) funds. The Consolidated Plan identifies community needs, establishes priorities, and outlines strategies for addressing those needs over the next five years (2025-2029).

The draft Consolidated Plan has been developed based on:

- Data analysis from the recent Prescott Housing Needs Assessment
- Public input gathered through community surveys and workshops
- Consultations with service providers and the Continuum of Care
- Previous CAC meetings and discussions of community priorities

Per HUD CPD Notice 25-2, the City's Plan is due 60 days from the allocation announcement, making the deadline Sunday, July 13, 2025 (effectively Friday, July 11, 2025). However, there is flexibility, as plans can be submitted until the statutory deadline of August 16, 2025.

At this stage, the draft requires additional refinement before it can be finalized for City Council approval and submission to HUD. This meeting provides an opportunity for the CAC to review progress to date, identify any gaps or concerns, and provide direction on further development needed.

FINANCIAL IMPACT

There is no fiscal impact associated with this item.

RECOMMENDED ACTION

MOVE to approve the 2025-2029 Consolidated Plan Draft to be submitted for the 30-day public comment period prior to City Council consideration on June 24, 2025

ATTACHMENTS

1. May 21st, 2025 CAC Meeting PPT

2. Prescott 5-Year Consolidated Plan (2025-2029)
3. Prescott Housing Needs Assessment



May 21st, 2025

Citizens Advisory Committee

MICHAEL MCINNES



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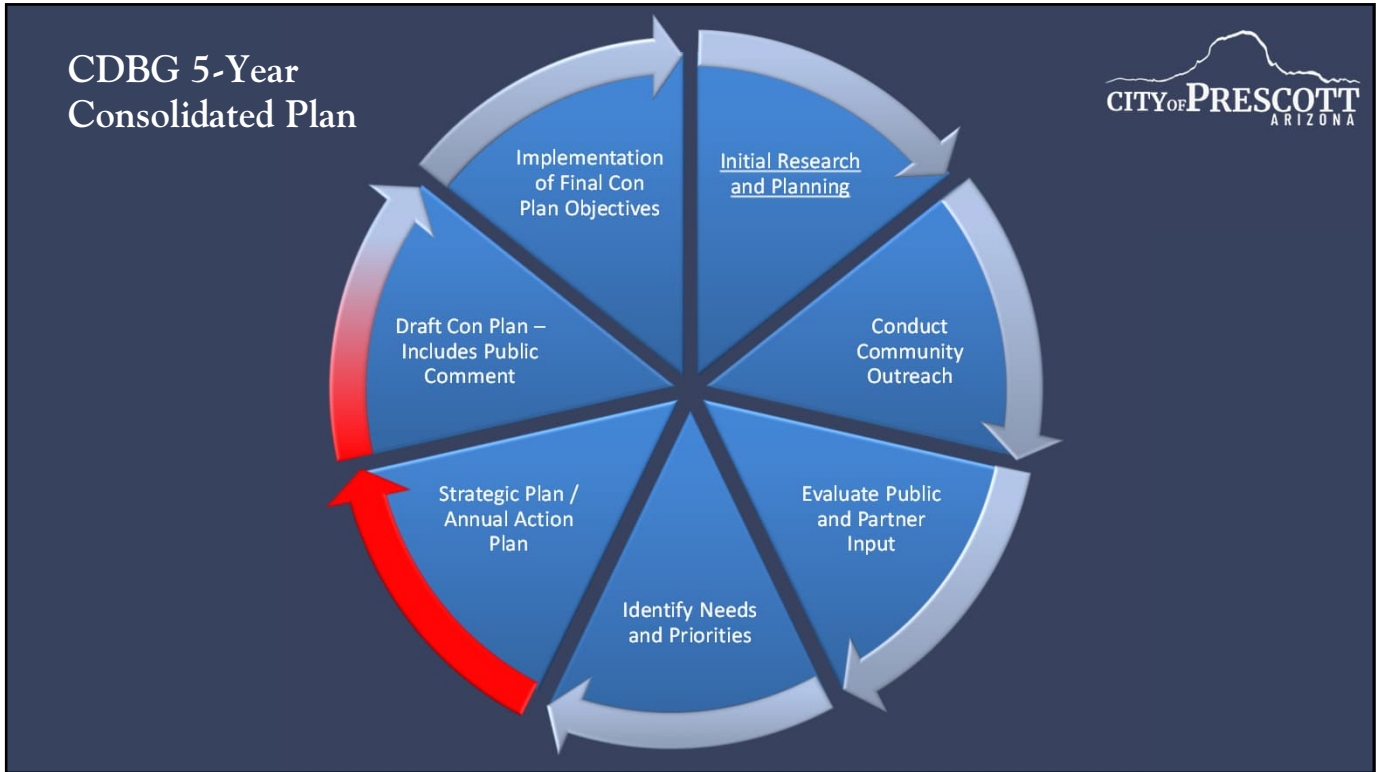


Agenda

- Approve the Minutes from the April 19th, 2025, CAC Meeting
- Annual Action Plan HUD Allocation Adjustments
- Draft Consolidated Plan Discussion and Approval
- Staff Announcements



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CDBG Program Year 2025 HUD *Estimated* Allocation Amount:

\$275,024

New Breakdown:

Administration	20%	\$	55,005
Public Service	15%	\$	41,254
Construction	65%	\$	178,766
Totals	100%	\$	275,024

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PY 2025 Adjusted Awards



Public Service		
Organization	Request	Funding Amount
PWC	\$ 20,000.00	\$ 20,000.00
New Horizons	\$ 15,000.00	\$ 15,000.00
Diaper Bank	\$ 5,392.00	\$ 5,392.00
Total	\$ 40,392.00	

Construction Balance	\$ 178,766.00
Added balance from Public Service	\$ 862.00
Total Construction Balance	\$ 179,628.00

\$41,254 (15% cap)
minus
\$40,392

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PY 2025 Adjusted Awards



Construction Projects		
Organization	Request	Funding Amount
ADA Bathroom	\$ 75,000.00	\$ 50,000.00
Meals on Wheels	\$ 23,430.00	\$ 15,500.00
Boys and Girls	\$ 100,000.00	\$ 35,000.00
Agape House	\$ 24,800.00	\$ 22,750.00
Cupboard	\$ 25,000.00	\$ 25,000.00
Launch Pad	\$ 30,605.10	\$ 16,750.00
Public Works	\$ 100,000.00	\$ -
Totals	\$ 378,835	\$ 165,000.00

\$179,628 (total construction balance)
minus
\$165,000 (pre-allocation balance)
equals
\$14,628 to allocate

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Top Priorities by Category (Based on CAC Survey)



Housing Needs:

- . Workforce housing development/support (Average: 4.2)
- . Accessibility improvements for seniors/disabled (Average: 3.4)
- . Maintenance/rehabilitation of existing owner-occupied housing (Average: 3.0)

Public Facilities/Infrastructure:

- . Improvements to facilities serving vulnerable populations (Average: 3.8)
- . ADA accessibility improvements to public spaces (Average: 3.4)
- . Neighborhood infrastructure in LMI areas (Average: 3.0)

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Top Priorities by Category (Based on CAC Survey)



Public Services:

- . Transportation services for elderly and disabled residents (Average: 4.8)
- . Senior services (Average: 3.5)
- . Mental health services (Average: 3.2)
- . Basic needs assistance for low-income families (Average: 2.8)

Homelessness:

- . Emergency shelter facilities/improvements (Average: 4.5)
- . Transitional housing facilities/improvements (Average: 3.8)
- . Homelessness prevention services (Average: 3.0)

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Highest & Lowest Overall Priorities



Highest Overall Priorities:

1. Transportation services for elderly and disabled (4.8)
2. Emergency shelter facilities/improvements (4.5)
3. Workforce housing development/support (4.2)
4. Transitional housing facilities/improvements (3.8)
5. Improvements to facilities serving vulnerable populations (3.8)
6. ADA accessibility improvements (3.4)
7. Accessibility improvements for seniors/disabled (3.4)
8. Senior services (3.5)

Lowest Overall Priorities:

1. Employment/job training services (1.0)
2. Open space/recreational facilities (1.75)
3. Energy efficiency improvements (1.8)
4. Homeownership assistance (2.0)

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Key Themes from CAC Members' Open-Ended Responses:



Housing Objectives:

- . Senior housing support and accessibility
- . Workforce housing development
- . Rental assistance and application fee help
- . Transitional housing support

Public Facilities/Infrastructure Objectives:

- . Transportation infrastructure
- . ADA compliance improvements
- . Senior facilities expansion
- . LMI neighborhood improvements

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Key Themes from CAC Members' Open-Ended Responses:



Public Services Objectives:

- . Transportation for medical appointments
- . Food security (food banks, meals on wheels)
- . Home repair assistance
- . Basic needs for low-income families

Homelessness Objectives:

- . Family-focused emergency shelter
- . Facility improvements
- . Prevention services
- . Transitional housing support

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Implementation Approaches from CAC Input



- Focus on high-impact projects serving the most people
- Enhance partnerships with existing organizations
- Maximize impact by supporting volunteer-staffed programs
- Establish clear prioritization framework for funding decisions
- Expand outreach to identify smaller nonprofits for funding
- Consider larger projects with multi-year impacts
- Track progress with regular reviews and comprehensive metrics
- Coordinate with animal shelters to address pet-related housing barriers

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Discussion Questions



- Do the priorities identified in the survey align with your observations of community needs?
- Are there critical needs that may be underrepresented in the survey results?
- How can we best implement the highest-priority service (transportation for elderly/disabled)?
- What partners should be engaged for the workforce housing initiatives?
- What is the appropriate balance between emergency shelter improvements and homelessness prevention?

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Discussion Questions



- How should we allocate the limited public services funding (15% cap) among competing priorities?
- Are there specific populations or geographic areas that should receive targeted focus?
- Which specific City infrastructure projects should be prioritized to address the needs identified in the survey? (parks, sidewalks, etc.)
- What specific outcomes would indicate success for each priority area?

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Staff Announcements

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Executive Summary

ES-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The City of Prescott, Arizona, receives an annual allocation of Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). The City's Community Development Department is responsible for preparing the Consolidated Plan and administering the CDBG program to address local community development needs.

According to the 2020 U.S. Census, Prescott has a population of 45,827. The most current population estimates from the U.S. Census Bureau (July 2024) place the population at approximately 48,224. The city has experienced moderate growth of about 1.5-2% annually in recent years.

Prescott is distinguished by its aging demographic profile, with a median age of 60.3 years compared to 38.8 years for Arizona overall, according to the U.S. Census Bureau. Approximately 40.5% of residents are aged 65 or older, while only 11.2% are under the age of 18. The city is also home to 5,496 veterans, representing a significant portion of the population. This demographic reality presents both opportunities and challenges that influence the City's

approach to community development, particularly in addressing the needs of elderly residents, veterans, and families with children who make up a smaller but vital segment of the community.

The Five-Year Consolidated Plan provides the framework for the use of CDBG funding received by the City of Prescott from HUD for the five-year period beginning July 1, 2025, and ending June 30, 2029. The Program Year 2025 CDBG allocation is \$275,024 based on HUD's FY2025 Community Planning and Development Formula Program Allocations, with an estimated \$1,375,000 over the five-year period (assuming consistent funding levels). CDBG funds must be used to benefit low- and moderate-income households and neighborhoods. Eligible CDBG activities fall into three federally designated categories:

1. Decent Housing
2. A Suitable Living Environment
3. Economic Opportunity

2. Summary of the objectives and outcomes identified in the Plan Needs Assessment Overview

The 2025-2029 Consolidated Plan identifies several key priorities based on data analysis and community input, particularly from the City's Citizen Advisory Committee (CAC). The plan's primary objectives and outcomes include:

Transportation Services:

- Provide essential transportation assistance for elderly and disabled adults through partnerships with local organizations
- Improve access to medical appointments and essential services
- Enhance mobility options for LMI residents

Housing Support Services:

- Continue and expand the Minor Home Repair Program to improve housing quality for LMI homeowners, with a target of assisting 8-12 homes annually
- Focus on accessibility improvements for seniors and disabled residents
- Support initiatives to increase workforce housing options
- Develop or enhance rental assistance programs

Public Facilities Improvements:

- Enhance accessibility of public spaces through ADA improvements
- Support facilities serving vulnerable populations, particularly senior centers
- Fund improvements to community service facilities benefiting LMI neighborhoods

Homelessness Support:

- Improve emergency
- Shelter and transitional housing facilities

- Fund homelessness prevention services
- Support programs facilitating transitions to permanent housing
- Prioritize solutions for homeless families

Basic Needs Assistance:

- Fund food assistance programs, particularly meal delivery for seniors
- Support mental health services for vulnerable populations
- Provide essential supplies and services to low-income households

These objectives will be implemented through a partnership-focused approach, comprehensive tracking and monitoring systems, targeted public awareness campaigns, and strategic prioritization of resources based on impact, feasibility, and cost-effectiveness.

3. Evaluation of past performance

The City of Prescott has made significant progress on the goals established in the 2020-2024 Consolidated Plan. Key accomplishments include:

Public Services: The City successfully implemented transportation assistance programs for elderly and disabled residents through partnerships with People Who Care and New Horizons Disability Empowerment Center. These programs consistently met or exceeded their targets for persons served throughout the plan period. Additional services included basic needs assistance through Community Counts' Wrapped in Love Diaper Bank and workforce development initiatives through Yavapai Big Brothers Big Sisters and The Launch Pad. Youth mentoring and employment programs through The Launch Pad, Yavapai Big Brothers Big Sisters, and Arizona Serve have been particularly effective, providing valuable job skills and career development opportunities for LMI youth in the community.

Housing and Facilities: The Minor Home Repair Program has been a consistent success, helping low-income homeowners maintain safe and decent housing. The rehabilitation of transitional housing facilities, including Agape House and Prescott Area Shelter Services (PASS), has significantly improved living conditions for homeless families, women, and children. PASS has enhanced its capacity to serve homeless women and children, while Agape House has strengthened its transitional housing program for families experiencing homelessness, providing both shelter and comprehensive support services to help families achieve stability and self-sufficiency. Additional facility improvements include progress on NAZCARE's New Hope Wellness Center and the remodeling of the former Officer's Quarters at Prescott VA in partnership with US VETS, which will provide housing for formerly homeless veterans.

Community Development: A standout achievement was the completion of the Community Nature Center's ADA trail, which enabled nearly 4,000 low-income residents, including those with disabilities, to benefit from recreational and educational programs. The City has also

successfully expanded partnerships with non-profit organizations, government agencies, and private entities through active participation in the Collective Impact Partnership.

Economic Development: The Prescott Cares program, funded with CDBG-CV dollars, provided critical support to small and micro businesses during the COVID-19 pandemic, helping to retain jobs and stabilize the local economy. Job creation and workforce development initiatives have shown positive results, particularly in supporting youth employment opportunities through programs like Project Launch at The Launch Pad and Arizona Serve of Prescott. These programs have created pathways to employment for underserved youth while providing valuable community services.

While most goals were met or exceeded, some construction and rehabilitation projects experienced delays due to coordination challenges, permit requirements, and impacts of the COVID-19 pandemic. These experiences have informed the City's approach to managing complex projects for the upcoming five-year period, including the adoption of phased implementation strategies and improved project coordination.

Based on these past performances, the 2025-2029 Consolidated Plan will continue successful initiatives while addressing areas where needs remain unmet or have evolved.

4. Summary of citizen participation process and consultation process

The City of Prescott's 2025-2029 Consolidated Plan was developed through an extensive citizen participation process engaging diverse stakeholders and following HUD requirements. The process was guided by a 7-member Citizens' Advisory Committee (CAC) appointed by the Mayor and approved by City Council.

Our comprehensive approach included:

- **Professional Housing Needs Assessment:** A scientific study conducted by Elliott D. Pollack & Company (completed May 2025) that surveyed residents from March to May 2025, showing 46.6% of renters and 21.0% of homeowners spend more than 30% of income on housing. The survey collected responses from approximately 193 Prescott residents with 70% of renter respondents indicating they paid more than 30% of their income on housing.
- **Public Comment Period:** A draft of the Consolidated Plan was available on the City's website for a 30-day public comment period from May 25, 2025, to June 24th, 2025, with printed copies available at City Hall and the Prescott Public Library
- **Public Hearings:** Formal hearings were held with the Citizens Advisory Committee on November 20, 2024, and with City Council on June 24, 2025, to present findings and recommendations, providing citizens opportunities to comment on all aspects of the Plan

- Community Needs Workshop: Hosted a CDBG Needs Assessment Workshop (November 2024) gathering input from city departments, housing providers, and service organizations serving vulnerable populations
- Workforce Housing Forum: Conducted a specialized forum (January 2025) to address workforce housing challenges and potential solutions, with participation from employers, residents, and housing stakeholders
- Continuum of Care Consultation: Engaged the Collective Impact Partnership (February 2025) with 20+ organizations participating, including housing providers, government agencies, mental health services, veterans' services, and healthcare providers
- Community Survey: Collected input from 29 service organizations identifying affordable housing as the top community need, followed by public transportation
- Media Outreach: Appeared on local radio station KYCA (January 10, 2025) to discuss the Consolidated Plan and application period for the PY25 Annual Action Plan
- Additional Outreach: Utilized newspaper notices, social media, direct emails, and targeted distribution of materials to reach diverse community members

Key priorities consistently identified through this process included affordable housing development and rehabilitation, transportation services for elderly and disabled residents, homelessness prevention, support for vulnerable populations, and mental health services for low-income residents.

This multi-faceted approach ensured the 2025-2029 Consolidated Plan reflects both quantitative data and qualitative community input, creating a strong foundation for addressing Prescott's needs over the next five years.

5. Summary of public comments

Note: Public comments are still being received and processed through June 24th, 2025. The following represents preliminary feedback received to date.

Public comments received during the development of the 2025-2029 Consolidated Plan consistently highlighted several key concerns:

1. The need for affordable housing options, particularly for the local workforce and seniors on fixed incomes
2. The importance of transportation services for elderly and disabled residents
3. The need for continued support of public services addressing basic needs, especially for vulnerable populations
4. The desire for improved accessibility in public facilities and community spaces

5. The importance of addressing homelessness through both emergency services and prevention efforts

These comments directly informed the priorities and goals established in the Consolidated Plan, ensuring that CDBG resources address the most pressing community needs as identified by residents.

6. Summary of comments or views not accepted and the reasons for not accepting them

All comments received during the public participation process were considered in the development of the 2025-2029 Consolidated Plan. No comments were explicitly rejected. While not all suggested projects or activities could be included as priorities due to funding limitations and regulatory constraints, all feedback was valued and informed the planning process.

Some comments suggested activities that fall outside the scope of CDBG funding, such as large-scale infrastructure projects or services that do not primarily benefit LMI populations. These suggestions, while not incorporated into the Consolidated Plan, have been shared with relevant City departments for consideration in other planning efforts.

7. Summary

The 2025-2029 Consolidated Plan represents the City of Prescott's strategy for addressing community needs through the strategic use of CDBG funds over the next five years. Based on demographic analysis, market conditions, and extensive community input, the plan focuses on providing transportation services, improving housing conditions, enhancing public facilities, addressing homelessness, and supporting essential public services.

Prescott's unique demographic profile – with 40.5% of residents aged 65 or older compared to the state average of 18.6% – significantly influences the plan's priorities, particularly the emphasis on transportation and senior services. Additionally, the housing affordability challenges faced by 29.2% of households in the city shape the plan's approach to housing initiatives.

Through continued partnerships with local service providers, strategic investments in community assets, and ongoing engagement with residents, the City of Prescott aims to create measurable improvements in the quality of life for low and moderate-income residents while fostering a more inclusive and vibrant community for all.

The Process

PR-05 Lead & Responsible Agencies 24 CFR 91.200(b)

1. Describe agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	Michael McInnes	City of Prescott, Community Development Department

Table 1 – Responsible Agencies

PR-10 Consultation – 91.100, 91.110, 91.200(b), 91.300(b), 91.215(I) and 91.315(I)

1. Introduction

A draft of the 2025-2029 Consolidated Plan was made available on the City's website and at designated public locations in accordance with the City's Citizen Participation Plan. Public hearings were held to gather input and discuss the Plan development. The public and stakeholders were encouraged to attend and offer comments or to submit written comments.

In developing the 5-year Consolidated Plan, the City conducted several CAC public meetings, surveys, and focus groups to identify priority needs that may be addressed with CDBG funds. The City's established seven-member Citizens' Advisory Committee (CAC), appointed by the Mayor and approved by City Council, continues to play a central role in Consolidated Planning activities, making recommendations to the City Council on 5-year priorities and annual CDBG projects. In accordance with the City's Citizen Participation Plan, residents were offered at least three opportunities to participate in the development of the Consolidated Plan via Public Hearings, which were published in the Daily Courier 15 days prior to the scheduled hearings.

The City went beyond its usual outreach to gain resident feedback by promotion of the survey and program on local radio, FB Live, an email blast to constituents, and local advertisements. Additionally, the City utilized an external consultant to produce a comprehensive Housing Needs Assessment to inform the development of the Consolidated Plan and ensure that housing strategies were based on current, accurate data about the community's needs.

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I)).

The City of Prescott actively works to enhance coordination among various service providers in the community. Through regular communication, collaborative meetings, and information sharing, the City facilitates partnerships that improve service delivery to low and moderate-income residents.

Key coordination activities include:

1. Working closely with the Collective Impact Partnership, which serves as the area's Continuum of Care organization, to address homelessness and housing needs through regular meetings and collaborative planning efforts.
2. Consulting with the Citizens' Advisory Committee (CAC) to gather input on community needs and priorities for CDBG funding.
3. Maintaining communication with local assisted housing providers to identify and address affordable housing needs in the community.

4. Collaborating with health and mental health service providers, including Polara Health and NAZCARE, to coordinate supportive services for vulnerable populations.
5. Participating in community forums and coalitions that address social and economic issues affecting low and moderate-income residents.
6. Using the City's communication channels to share information about available services and resources with both service providers and residents.
7. Coordinating with local economic development initiatives to promote job opportunities and workforce development for low and moderate-income individuals.

These coordination efforts help ensure that limited resources are used effectively and that services complement each other rather than duplicate each other, resulting in a more comprehensive approach to addressing community needs.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

The City participates actively with the Collective Impact Partnership, which serves as the area's Continuum of Care. This participation includes regular meetings with service providers and community-based organizations that deliver prevention, rapid re-housing, emergency shelter services, and housing opportunities.

The City's efforts to address homelessness include:

1. Regular consultation with homeless service providers to identify emerging needs and coordinate responses
2. Supporting transitional housing facilities, including Agape House and Prescott Area Shelter Services (PASS), which provide improved living conditions for homeless families, women, and children
3. Coordination with US VETS to address veteran homelessness through the remodeling of the former Officer's Quarters at the Prescott VA
4. Supporting prevention services to help individuals and families at risk of homelessness maintain stable housing
5. Funding support for organizations providing essential supplies and services to homeless and at-risk populations

Through these collaborative efforts, the City works to ensure that resources are used effectively to address the needs of homeless individuals and families in the community.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies and procedures for the administration of HMIS

The City of Prescott is not an ESG grantee

PR-15 Citizen Participation – 91.105, 91.115, 91.200(c) and 91.300(c)

Summary of citizen participation process/Efforts made to broaden citizen participation. Summarize citizen participation process and how it impacted goal-setting

The City of Prescott implemented a comprehensive citizen participation process for the development of the 2025-2029 Consolidated Plan in accordance with 24 CFR 91.105(e)(1) and the City's Citizen Participation Plan. The process included multiple outreach methods designed to gather input from a broad range of community stakeholders, with special emphasis on reaching low- and moderate-income residents, minorities, persons with disabilities, and organizations serving vulnerable populations.

A seven-member Citizens' Advisory Committee (CAC) appointed by the Mayor and approved by City Council has guided the development of the Consolidated Plan. This committee meets regularly to review CDBG program performance and provide recommendations on funding priorities.

Needs Assessment

NA-05 Overview

Prescott is a historic city situated at an elevation of 5,400 feet in the mountains of north central Arizona. Located in a basin surrounded by the Prescott National Forest, the city enjoys a temperate four-season climate with few extremes of temperature or precipitation. The natural environment is rich with rock outcroppings, unique topographical features, abundant vegetation, wildlife, and riparian areas. Prescott encompasses approximately 44.9 square miles of land and serves as the county seat of Yavapai County.

Established as a town and Territorial Capital of Arizona in 1864, Prescott retains its unique historic atmosphere with approximately 800 structures listed in the National Register of Historic Places. The city's traditional downtown, centered around the courthouse plaza, remains a vibrant hub for tourism, retail, government services, and cultural activities. Though no longer the state capital, Prescott continues to be an economic, cultural, educational, and political center for the region.

According to the U.S. Census Bureau, Prescott has a population of 48,224 people as of July 1, 2024. The city is the second largest community in Yavapai County behind Prescott Valley, and has experienced a 5.1% population increase since April 2020. Prescott is known for its significant retirement community, with 40.5% of residents over age 65 compared to the statewide average of 18.6%. This demographic profile creates unique housing and service needs for the community.

Prescott serves as a healthcare, educational, and cultural hub for the region. The Northern Arizona VA Health Care System is headquartered in Prescott, and Yavapai Regional Medical Center West provides comprehensive healthcare services. Three higher education institutions—Embry-Riddle Aeronautical University, Yavapai College, and Prescott College—contribute significantly to the local economy and cultural environment. Major employers include healthcare facilities, educational institutions, local government, and manufacturing companies like Sturm Ruger.

A comprehensive housing market analysis and needs assessment reveals significant housing affordability challenges in Prescott. Approximately 29.2% of all households experience housing cost burden, spending more than 30% of income on housing costs. This burden falls disproportionately on renters, with 46.6% of renter households cost-burdened. Housing prices have risen dramatically since 2019, with single-family home prices increasing by 63%, significantly outpacing income growth. The median value of owner-occupied housing units stands at \$528,500, well above what is affordable for many working households.

The 2025 Prescott Housing Needs Assessment identified several priority needs that will inform the strategic focus of this Consolidated Plan:

- Affordable housing development and rehabilitation
- Transportation assistance for elderly and disabled residents
- Public facility improvements serving vulnerable populations
- Basic needs services including food assistance and healthcare access
- Homelessness prevention and supportive services
- Economic development opportunities for low-income residents

Key barriers to addressing these needs include rising development costs, water resource constraints, limited funding tools, and the need for increased coordination among service providers. The following sections provide detailed analysis of these needs and barriers to inform the strategic priorities for the 2025-2029 Consolidated Plan.

Housing Market Analysis

MA-05 Overview

The housing market in Prescott has undergone significant changes in recent years, with dramatic increases in housing costs creating substantial challenges for low and moderate-income households. This market analysis provides an assessment of Prescott's housing market conditions, employment trends, and public facilities and services that directly impact the city's capacity to address affordable housing and community development needs.

Prescott's housing inventory is comprised of 25,807 units according to the 2023 American Community Survey 5-year estimates, with 22,751 of those units (88.2%) occupied on a year-round basis by permanent residents. The city has a slightly higher percentage of single-family detached units (67.1%) than the state average (64.1%), and a lower percentage of multifamily units (12.6%) compared to the statewide average (16.3%). Approximately 8.5% of the city's housing units are seasonal, reflecting Prescott's appeal as a destination for second homes and vacation properties.

The homeownership rate in Prescott stands at 68.1%, which is slightly higher than the statewide average of 67.0%. However, housing affordability has become a significant issue, with the median value of owner-occupied housing reaching \$528,500 as of 2023. Since 2019, the average single-family home price has increased by 63%, the average condo/townhome price has risen by 71%, and manufactured home prices have seen similar increases. This rapid price escalation, coupled with rising mortgage interest rates, has pushed homeownership out of reach for many working households.

The rental market in Prescott has experienced similar trends. The median gross rent is \$1,304 according to Census data, and the average market-rate apartment rent reached \$1,535 per month in 2024. The current apartment vacancy rate of 6.2% indicates a relatively stable market, but the inventory of affordable rental units remains insufficient to meet demand. Only 224 Low Income Housing Tax Credit (LIHTC) units are currently available in the city, though additional affordable units are in the development pipeline.

Prescott's economy is built on a variety of industries including healthcare, education, manufacturing, government, media, and tourism. Major employers in the city include Yavapai Community Hospital Association, Yavapai County Government, Sturm Ruger Company, Yavapai College, and Embry-Riddle Aeronautical University. Despite having a diverse employment base, Prescott faces workforce challenges related to its demographic

profile, with a labor force participation rate of just 42.4% compared to the statewide average of 60.1%.

Commuting patterns indicate that more than 16,400 workers travel to Prescott for employment, while approximately 11,400 Prescott residents leave the city for work each day. This pattern underscores the regional nature of the labor market and the need for housing solutions that account for these commuting realities.

According to the 2025 Prescott Housing Needs Assessment, the city is projected to add approximately 6,198 residents between 2024 and 2040, creating demand for approximately 3,195 additional housing units. Based on current income distributions, approximately 1,154 of these units will need to be affordable rental housing for households earning less than \$50,000, and another 1,104 units will need to target workforce ownership housing for households earning between \$50,000 and \$100,000.

The primary barriers to affordable housing development in Prescott include rising construction costs, water resource constraints, and limited funding mechanisms. The 2025 Housing Needs Assessment identifies several potential housing solutions including small lot and attached ownership development, moderate and higher-density rental products, accessory dwelling units, manufactured homes, and subsidized housing programs targeting 40%-100% AMI households.

This market analysis, combined with the needs assessment, provides the foundation for the strategic approach outlined in the 2025-2029 Consolidated Plan, focusing CDBG resources on addressing the most critical housing and community development needs in Prescott.

Strategic Plan

MA-05 Overview

The 2025-2029 Consolidated Plan establishes a comprehensive strategy for the City of Prescott to effectively utilize Community Development Block Grant (CDBG) funding to address the most pressing community development needs. This strategic plan is informed by extensive data analysis, community input through the Citizens' Advisory Committee (CAC), and findings from the 2025 Prescott Housing Needs Assessment.

Prescott's unique demographic profile—with 40.5% of residents aged 65 or older compared to the state average of 18.6%—significantly shapes the strategic priorities outlined in this plan. Additionally, the city's housing affordability challenges, with 29.2% of

all households experiencing housing cost burden, create an urgent need for targeted interventions to improve housing quality and accessibility.

The strategic vision for the 2025-2029 period focuses on five core priority areas: transportation services for vulnerable populations, housing support services, public facilities improvements, homelessness support, and basic needs assistance. These priorities directly respond to the needs identified through extensive community consultation and quantitative analysis.

The City anticipates receiving approximately \$275,024 in CDBG funding annually, with an estimated total of \$1,375,000 over the five-year period. These funds will be strategically allocated to maximize impact in addressing the identified priorities.

Needs Assessment Summary

The 2025 Prescott Housing Needs Assessment identified significant housing affordability challenges in the community. Single-family home prices have increased by 63% since 2019, with the median value of owner-occupied housing units now standing at \$528,500. This dramatic rise in housing costs has outpaced income growth, creating barriers to homeownership for many working households.

Rental housing affordability remains a critical concern, with 46.6% of renter households classified as cost-burdened (spending more than 30% of income on housing). The median gross rent of \$1,304 and average market-rate apartment rent of \$1,535 per month in 2024 exceed what is affordable for many service industry workers and fixed-income seniors.

The CAC survey results consistently identified affordable housing as the top community need, followed by public transportation services, particularly for elderly and disabled residents. Mental health services, homelessness prevention, and basic needs assistance were also highlighted as significant priorities.

Based on growth projections, Prescott is expected to add approximately 6,198 residents between 2024 and 2040, creating demand for approximately 3,195 additional housing units. Of these, approximately 1,154 units will need to be affordable rental housing for households earning less than \$50,000, and another 1,104 units will need to target workforce ownership housing for households earning between \$50,000 and \$100,000.

Strategic Approach

The City of Prescott will implement a strategic approach characterized by:

1. **Partnership-Focused Implementation:** Leveraging existing relationships with non-profit organizations, housing providers, and service agencies to maximize the impact of limited CDBG resources
2. **Aging-in-Place Support:** Prioritizing services and housing rehabilitation efforts that enable seniors to remain in their homes safely and with dignity
3. **Balanced Investment Strategy:** Allocating resources across both immediate needs (public services) and long-term solutions (housing and facilities)
4. **Regional Coordination:** Working with neighboring jurisdictions and regional entities to address housing and transportation challenges that transcend municipal boundaries
5. **Evidence-Based Decision Making:** Using data from the Housing Needs Assessment and ongoing program evaluations to guide resource allocation and program design

This approach will maximize the impact of CDBG resources while addressing the most critical needs of Prescott's low and moderate-income residents.

Anticipated Outcomes

Through the implementation of this strategic plan, the City of Prescott aims to achieve the following outcomes by 2029:

1. Improved mobility and access to essential services for elderly and disabled residents
2. Enhanced housing quality and safety for low-income homeowners
3. Increased capacity of facilities serving vulnerable populations
4. Reduced homelessness through prevention and supportive services
5. Improved access to basic needs assistance for low-income households

These outcomes align with HUD's primary objectives for the CDBG program: providing decent housing, a suitable living environment, and expanded economic opportunities for low and moderate-income persons.

Community Assets and Market Conditions

Prescott possesses significant community assets that will support the implementation of this strategic plan. The city's strong network of non-profit organizations, active civic engagement, and collaborative approach to problem-solving provide a solid foundation for addressing community needs.

The city serves as a healthcare, educational, and cultural hub for the region. Major employers include the Northern Arizona VA Health Care System, Yavapai Regional Medical Center West, three higher education institutions (Embry-Riddle Aeronautical University, Yavapai College, and Prescott College), and manufacturing companies like Sturm Ruger.

However, market conditions present challenges to achieving housing affordability goals. Primary barriers include rising construction costs, water resource constraints, limited multifamily development sites, and the competitive disadvantage faced by workforce housing when compared to higher-end residential development.

Conclusion

The 2025-2029 Consolidated Plan represents a strategic roadmap for addressing Prescott's most pressing community development needs. Through targeted investments in transportation services, housing support, public facilities, homelessness prevention, and basic needs assistance, the City aims to improve the quality of life for low and moderate-income residents while creating a more inclusive and resilient community for all Prescott residents.

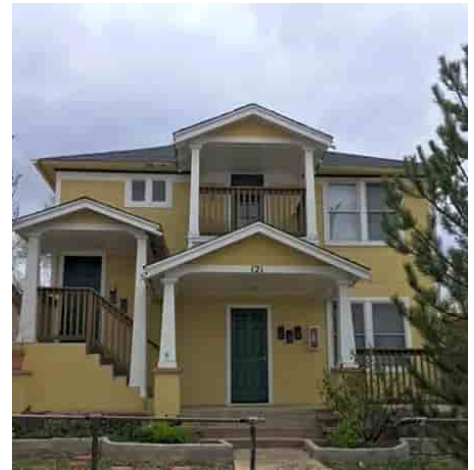
This plan reflects both the community's immediate needs and long-term vision, with a particular focus on supporting Prescott's significant elderly population and addressing the housing affordability challenges that impact residents across the income spectrum. Through effective implementation of this strategic plan, the City of Prescott will maximize the impact of CDBG resources while leveraging additional community assets to create meaningful change.

First Year Annual Action Plan

AP-15 Expected Resources – 91.220(c)(1,2)

Housing Needs Assessment

City of Prescott, Arizona



Prepared for:
City of Prescott

Prepared by:



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5111 North Scottsdale Road, Suite 202
Scottsdale, Arizona 85250

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Executive Summary

The City of Prescott commissioned the preparation of a comprehensive Affordable Housing Needs Assessment to address a perceived shortage of affordable housing in the community. The purpose of the Assessment is to determine the status of the local housing market and how the City's housing market is responding to the needs of current and future residents.

Independent research conducted for this report focused on historical and current housing trends, local demographics, and economic factors such as industry employment and commuting trends. The affordability "gap" for the community - the shortage of units that are needed to provide affordable housing for all segments of the population - was calculated from Census data and housing market data collected for the study. Affordability is determined by using the standard that no more than 30% of a household's income is devoted to housing costs.

Demographic Characteristics of Prescott Population

According to the Arizona Office of Economic Opportunity (OEO), Prescott had a population of 48,082 people as of July 2024. The city is the second largest community in Yavapai County, behind Prescott Valley. Since 2010, Prescott grew at a compounded annual rate of 1.4%, slightly faster than the county's growth rate of 1.3%. The city captured 20% of the county's population growth since 2010.

The population of Prescott has a median age of 60.3 years and a smaller average household size than the statewide average. A significant portion of the population of the city is retired. The prime working cohort in Prescott between the ages of 20-65 represents 44.9% of the population compared to 56.8% for the state. An adequate labor force is needed to provide services to the community including critical services such as police and fire protection. These facts could inhibit Prescott's economic growth.

The median household income in Prescott at \$69,151 in 2023 is higher than the county median but approximately 10% below the state median income. Renter households in Prescott have a median income of \$49,838, lower than the county and state median incomes.

The population forecast for Prescott suggests it will grow to more than 51,380 people by 2030 and to more than 54,280 people by 2040, an increase of 12.9% or 6,198 people. The city is forecasted to capture about 16% of the population increase of Yavapai County by 2040 and remain the second largest municipality in the county.



The above population forecast translates into demand for 3,195 housing units or an average of 213 units per year over the next 16 years. In the last few years, permitting has exceeded these levels with significant construction of duplex and apartment units.

Prescott Housing Demand 2025-2040					
	2025	2030	2035	2040	Total
Population Change	723	2,575	1,577	1,323	6,198
Housing Unit Demand	373	1,327	813	682	3,195
Unit Average/Year		265	163	136	213
Sources: AZ Office of Economic Opportunity, ACS 5-Yr Estimates					

Prescott Economy

Given its size, Prescott has a broad economy that is built on a variety of industries including manufacturing, government, media (publishing and entertainment), health care, and telecommunications. The city’s unemployment rate stood at 4.5% as of March 2025, slightly above the state-wide average of 4.0%. This level of unemployment is an indicator of full employment both locally and across the state. The labor force participation rate for Prescott of 42.4% is well below the state average. Age and retirement trends can reduce the labor force participation rate. The percentage of the Prescott population over the age of 65 stands at 40.5% compared to 18.6% for the state which affects the participation rate.

In order for an economy to operate efficiently, it must have employees to provide for the daily needs of its residents as well as the employment needs of its businesses. Despite Prescott’s employment growth over the past decade, the data suggests that more than 16,400 workers travel to Prescott for work. Another 11,400 of the City’s residents in the workforce leave the community each day for work.

A forecast prepared by the Arizona Office of Economic Opportunity (OEO) between 2023 and 2029 suggests that Prescott’s employment base will decline by 540 jobs. While Prescott’s employment growth has been modest since 2013, it has been positive, growing at a compounded annual rate of 0.46%. The OEO forecast appears unreasonable given the city’s assets including its industrial base near the airport. A growth forecast prepared for this study suggests the city’s employment base will increase by 1,777 jobs between 2025 and 2040 to a total of 26,502 jobs.



Housing Market Dynamics

Prescott's housing inventory is comprised of 25,807 units according to the 2023 American Community Survey 5-year estimates with 22,751 of those units (88.2%) occupied on a year-round basis by permanent residents.

Prescott has a slightly higher percentage of single-family detached units, and a lower percentage of multifamily units compared to the state. The Census reports 12.6% of all housing units in Prescott are considered apartments or multifamily (buildings with five or more units in a building) compared to 16.3% statewide. Recent multifamily development may not be reflected in the U.S. Census data.

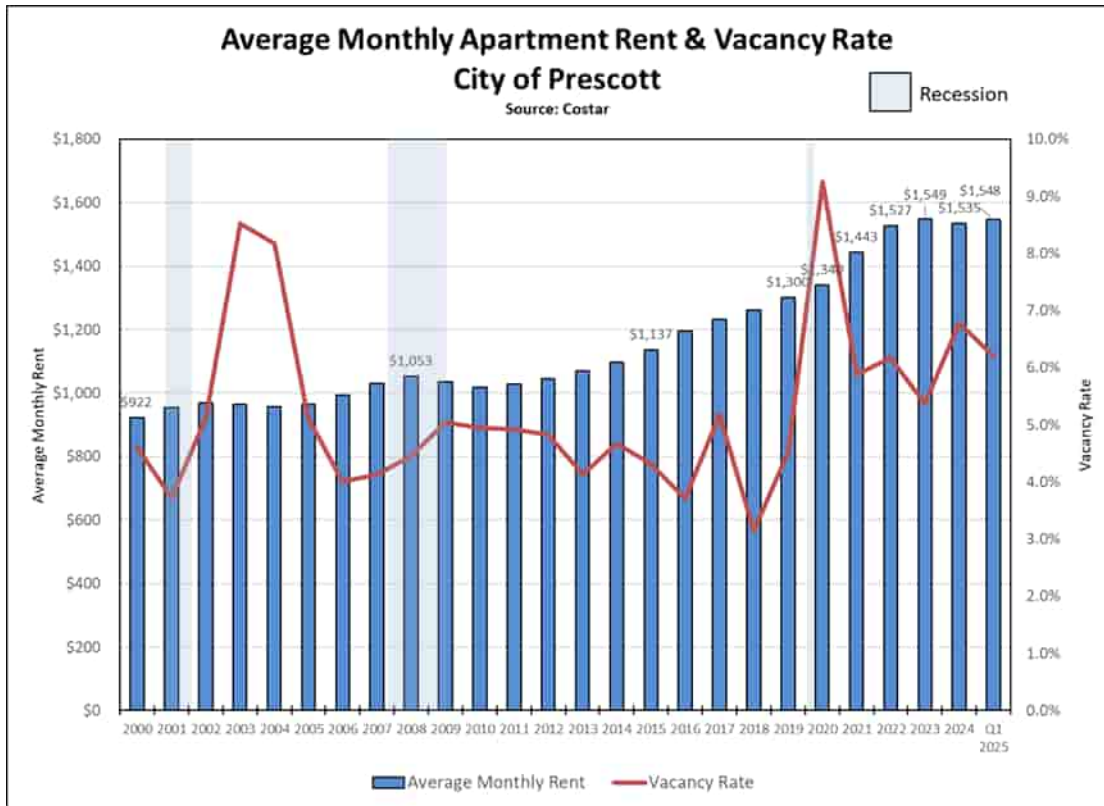
Residential building permit activity has been extremely strong since 2015 reaching a peak of 692 units in 2018. Single family permit activity has been stable over the last few years although there was a sharp drop in 2022 and 2023. Despite the rise in mortgage interest rates and new home prices, 2024 was a strong year. Permits for apartments have also been strong since 2018. Based on this construction activity, growth in Prescott is on pace to meet or exceed OEO's projected population growth over the next five years and beyond.

Apartment Inventory

The City's inventory of traditional market-rate apartment complexes of 1,647 units is comprised of medium sized complexes, the largest being 200 units in size. Missing from the inventory are complexes known as Built-To-Rent (BTR) which have become popular in the last ten years. However, one BTR complex is now under construction and nearing completion. The vacancy rate for traditional apartment units in the first quarter of 2025 is estimated at 6.2% which is close to the normal stabilized rate for the market of about 7%. This vacancy rate indicates the market is stabilized and at equilibrium. The average rent for a market-rate unit in the city in 2024 was \$1,535 per month for an average 808 square foot unit. The average rent ticked up slightly to \$1,548 in the first quarter of 2025.

In addition to the market-rate apartment inventory, there are three affordable complexes totaling 224 units including one senior complex. Another 437 units in four properties are under construction. The pipeline of future multifamily complexes includes 160 units that have been permitted for construction and another 1,278 units, mostly traditional apartments, in the planning stage. Given the current economic and capital markets environment, the timing of when the planned properties may come to market is uncertain.

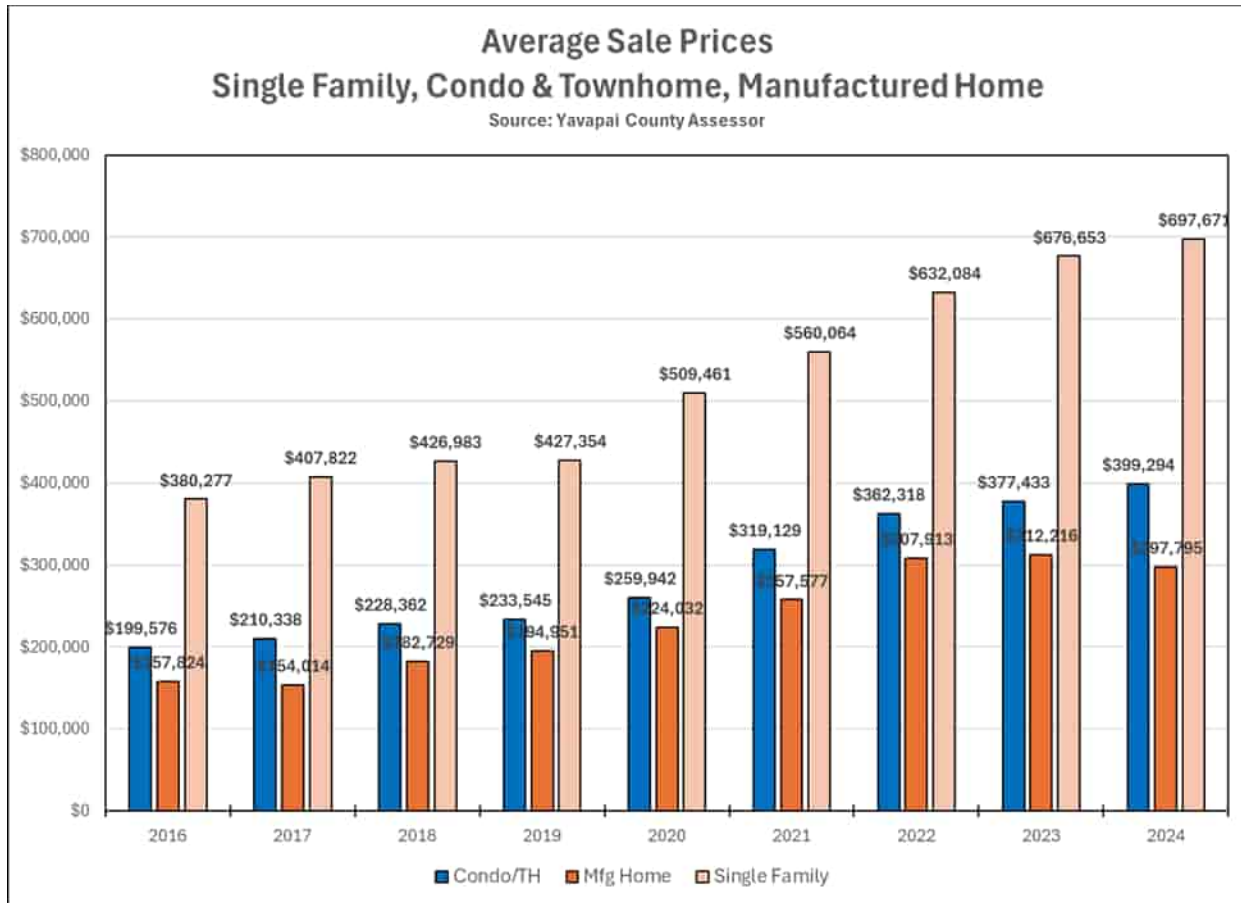




Ownership Housing Market

The price of housing in Prescott has increased dramatically over the past five years. The average single family home price has risen by 63% since 2019 (pre-pandemic) and condo/townhome properties have increased by 71%. That’s an increase of \$270,000 for a single family home and \$103,000 for a condo/townhome. Mobile or manufactured homes also increased by a similar amount. Much of that increase occurred in 2021 and 2022 when single family prices jumped by 25%. The number of home sales peaked in 2021 at 2,158 sales but have since fallen to 1,148 in 2024, a 41% decline due to high mortgage interest rates and rising construction costs.





Mobile and manufactured homes are the most affordable housing option with an average price of \$298,000 in 2024. However, the availability of units may be limited with only 60 sales in 2024. Condos and townhomes may also offer some options for more affordable units. About two-thirds of the 121 sales in 2024 occurred at a price under \$400,000 with an average price of \$317,000 and an average age of the unit at 35 years. Additionally, 29 sales were for units priced under \$300,000. Limited inventory is an issue for those searching to purchase a home.

Based on the city median household income of \$69,151, with a 10% down payment and a 6.6% loan, the maximum house value the typical Prescott household can afford is \$243,000. In 2024, out of 1,147 home sales (including condos, townhomes, and manufactured homes), only 76 (6.6%) sold for less than \$300,000. The household income required to afford a housing unit at various price ranges is shown on the following table for the loan plus property taxes, home insurance, and private mortgage insurance. A home or unit with an average price of \$300,000 requires an income of \$80,500.



Prescott 2024 Housing Sales & Required Income											
Price Range	SF Sales	Condo Sales	MH Sales	Total Sales	% of Total	Loan Pmt		Total Pmt		Required Income	
						Min	Max	Min	Max	Min	Max
Less than \$200,000	4	1	10	15	1.3%		\$1,150	\$0	\$1,343	\$0	\$53,709
\$200,000-\$300,000	17	28	16	61	5.3%	\$1,150	\$1,724	\$1,343	\$2,014	\$53,709	\$80,563
\$300,000-\$400,000	51	49	29	129	11.2%	\$1,724	\$2,299	\$2,014	\$2,685	\$80,563	\$107,417
\$400,000-\$500,000	157	22	5	184	16.0%	\$2,299	\$2,874	\$2,685	\$3,357	\$107,417	\$134,272
\$500,000-\$600,000	214	10		224	19.5%	\$2,874	\$3,449	\$3,357	\$4,028	\$134,272	\$161,126
\$600,000-\$700,000	156	3		159	13.9%	\$3,449	\$4,024	\$4,028	\$4,700	\$161,126	\$187,980
\$700,000-\$800,000	127	7		134	11.7%	\$4,024	\$4,598	\$4,700	\$5,371	\$187,980	\$214,835
\$800,000-\$900,000	73			73	6.4%	\$4,598	\$5,173	\$5,371	\$6,042	\$214,835	\$241,689
\$900,000-\$1,000,000	49			49	4.3%	\$5,173	\$5,748	\$6,042	\$6,714	\$241,689	\$268,543
\$1,000,000+	118	1		119	10.4%	\$5,748		\$6,714	\$0	\$268,543	\$0
Number of Sales	966	121	60	1,147	100.0%						

Barriers to Affordable Housing

Overall, the City of Prescott has an abundance of land that can accommodate future population estimates for the foreseeable future. The zoning code and General Plan support residential uses including affordable housing. The primary barriers to affordable housing are the cost of development, water resources, and an anti-growth sentiment.

According to a recent survey of Prescott residents conducted from March to May 2025 concerning affordable housing, 70% of renters indicated they paid more than 30% of their income on housing. Some of the barriers to affordable housing noted by survey respondents were the lack of affordable for-sale units, low wages, and the lack of a down payment. Most felt rents are too high.

Overall, the affordable housing barriers in Prescott are limited to a few issues. The city has available land within its boundaries and future annexation areas to accommodate the projected population growth through 2040. The General Plan supports residential uses, including affordable housing. While the city’s Land Development Code (LDC) may require some amendments to bring it into conformance with the Plan, the ordinance is not considered a significant barrier to affordable housing. The primary barriers to affordable housing in Prescott are the cost of development, water resources, and an anti-growth sentiment.

Housing Affordability Gap

The housing affordability gap is the difference between the rents or housing values in a community and the ability of households to afford those rents or values. **Housing affordability affects low- and moderate-income households the most, including many critical service occupations such as teachers, police, firefighters, nurses, and service workers.**



The following table outlines the housing cost burden for renters in Prescott which totals approximately 3,380 households or 46.6% of all renters. An estimated 27.9% of renter households pay more than 50% of their incomes on housing or 2,026 households. These households are considered severely rent burdened. This latter rent burden is well above the county and state averages.

Renter Housing Cost Burden						
Gross Rent as % of Household Income						
	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Total:	7,256		28,846		923,559	
Less than 10.0 percent	164	2.3%	1,342	4.7%	35,020	3.8%
10.0 to 14.9 percent	546	7.5%	2,677	9.3%	70,637	7.6%
15.0 to 19.9 percent	828	11.4%	2,413	8.4%	104,368	11.3%
20.0 to 24.9 percent	1,086	15.0%	4,031	14.0%	115,422	12.5%
25.0 to 29.9 percent	751	10.4%	3,742	13.0%	102,684	11.1%
30.0 to 34.9 percent	550	7.6%	1,933	6.7%	80,245	8.7%
35.0 to 39.9 percent	351	4.8%	1,411	4.9%	62,372	6.8%
40.0 to 49.9 percent	453	6.2%	2,470	8.6%	83,870	9.1%
50.0 percent or more	2,026	27.9%	5,979	20.7%	207,164	22.4%
Not computed	501	6.9%	2,848	9.9%	61,777	6.7%
Total Spending More Than 30%	3,380	46.6%	11,793	40.9%	433,651	47.0%
Total Spending More Than 50%	2,026	27.9%	5,979	20.7%	207,164	22.4%

Source: ACS 2023 5-year estimate

For owner occupants, the housing cost burden is consistent with the statewide average. An estimated 3,257 owner households in Prescott or 21.0% fall into this category. Of that amount, 1,523 households are considered severely rent burdened (9.8%).



Owner Housing Cost Burden						
Homeowner Housing Cost as % of Household Income						
	Prescott Valley		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Occupied housing units:	14,212		80,054		1,873,231	
Less than 10.0 percent	3,509	24.7%	21,750	27.2%	482,151	25.7%
10.0 to 14.9 percent	2,478	17.4%	12,996	16.2%	341,879	18.3%
15.0 to 19.9 percent	2,180	15.3%	12,016	15.0%	295,596	15.8%
20.0 to 24.9 percent	1,509	10.6%	7,660	9.6%	208,141	11.1%
25.0 to 29.9 percent	1,063	7.5%	5,584	7.0%	134,621	7.2%
30.0 to 34.9 percent	622	4.4%	3,795	4.7%	89,783	4.8%
35.0 to 39.9 percent	381	2.7%	2,519	3.1%	59,715	3.2%
40.0 to 49.9 percent	695	4.9%	3,469	4.3%	72,363	3.9%
50.0 percent or more	1,719	12.1%	9,637	12.0%	167,545	8.9%
Not computed	56	0.4%	628	0.8%	21,437	1.1%
Total Spending More Than 30%	3,417	24.0%	19,420	24.3%	389,406	20.8%
Total Spending More Than 50%	1,719	12.1%	9,637	12.0%	167,545	8.9%

Source: ACS 2023 5-year estimate

The total housing affordability gap for Prescott under this methodology is 6,637 households, or approximately 29.2% of total households. Renters are the most cost-burdened households in the city on a percentage basis. The housing burden for renters at different incomes is outlined below.

- Housing cost burden falls on the lowest income households. There are 1,085 renter households earning less than \$20,000 who are burdened by rent and 777 owner households who are similarly burdened. These households are most appropriately housed in public housing units, typically owned by a government entity or non-profit, or subsidized with vouchers, with rents set at 30% of the household’s income.
- There are 2,127 renter households in the city earning between \$20,000 and \$50,000 per year and 72% of them, or 1,524 households, are burdened by housing costs. This group could be served by Low Income Housing Tax Credit projects or other government subsidized housing programs targeting 30%-60% AMI households. Excluding population growth, there is still a need for 1,300 subsidized units for this income group.
- The third group of households, representing 1,565 renter households, earn between \$50,000 and \$75,000. About 32% of these households or 506 households are burdened by housing costs. Most of these households would likely qualify for workforce housing units targeting 60%-100% AMI. Additionally, a portion of these households at the higher end of the range could be candidates for homeownership assistance programs. With interest rate relief, a portion of these households could affordably purchase homes in the low \$300,000 range.



- The final group of 1,918 households earn \$75,000 or more with about 14% burdened by housing costs. Market rate apartments are affordable to this group of households. There are also many options among new and resale homes that would be affordable, especially if mortgage interest rates decline.

A further source of demand for affordable housing is households who are separated or divorced or where a spouse has died. Those households have much lower incomes relative to married couple families. In particular, households headed by a female head of household have a median income of less than \$47,000.

In summary, an estimated 6,637 households in Prescott, or approximately 29.2% of total households are burdened by housing costs, spending more than 30% of their income on housing. This number includes 3,380 renters who are burdened the most on a percentage basis and 3,257 owners. Owners have more options to resolve their housing cost issue by selling their home and moving to a lower cost unit or renting. Renters by comparison have fewer options. While there are few opportunities for homeownership for households who earn less than \$50,000, a target for first-time homeownership could be the renter households who earn between \$50,000 and \$75,000.

Prescott has an inventory of 224 affordable LIHTC units that provide some benefit to low- and moderate-income households. Housing choice vouchers are also available across Yavapai County from the Arizona Public Housing Authority. The number of vouchers that are directly used in Prescott is unavailable. However, vouchers for the county are fully committed with a long waiting list. Resources available to low- and moderate-income households are limited and do not fully address housing need.

Future Housing Demand

Prescott is expected to grow by 6,198 people between 2024 and 2040. This will create demand for at least 3,195 housing units. Taking into account a 5% vacancy rate, total housing demand should approach 3,355 units.

Following from the gap analysis, the following table outlines the future demand for housing by today's income range. Rental housing demand, much of which could be in the form of subsidized units, will be driven by households with less than \$50,000 in income. Total demand is estimated at 1,154 units by 2040. Another 1,104 units of ownership housing will be needed for critical service employees who earn between \$50,000 and \$100,000. This population may need support



to acquire housing that is within their reach. At today’s interest rate, the households in this income category could afford a home ranging from \$200,000 to \$350,000.

Prescott Forecasted Housing Demand By Income			
Income Range	Households	%	Housing Target
Less than \$25,000	547	16.3%	Rental Housing
\$25,000 to \$34,999	292	8.7%	Rental Housing
\$35,000 to \$49,999	315	9.4%	Rental Housing
Total	1,154	34.4%	
\$50,000 to \$74,999	661	19.7%	Ownership Housing
\$75,000 to \$99,999	443	13.2%	Ownership Housing
Total	1,104	32.9%	
\$100,000 to \$149,999	500	14.9%	
\$150,000 to \$199,999	248	7.4%	
\$200,000 or more	349	10.4%	
Total	1,097	32.7%	
Total Units	3,355	100.0%	
Source: AZ OEO, Elliott D. Pollack & Co.			

Conclusions

Over the last five years, housing in the city of Prescott has experienced declining affordability conditions, similar to that occurring across Arizona. In total, about 29.2% of households in the community are currently burdened by their housing costs, including 46.6% of all renters. The city is projected to experience moderate growth for the foreseeable future, and affordability challenges will continue. Solutions are needed for current residents and to plan for the housing needs of future residents.

Prescott is in a strong position to address the affordability needs of its growing community. Employment forecasts suggest that the City’s economy will continue to expand and could bring more high wage jobs. These jobs will have a multiplier effect, creating multiple lower wage jobs as a result. Prescott should be strategic about the types of housing units it approves to support current and future residents, especially necessary service workers.

Residential land is available in the city to accommodate future growth. A variety of housing types should be encouraged. However, addressing the housing affordability issue will not be successful unless higher density housing products are introduced to the community to offset the cost of land and construction. Incentives and affordable housing policies to attract such housing are an important element. While this report does not provide an overall strategy, suggested options for higher density housing products include the following.



- Small lot and attached ownership development, including courtyard complexes, will allow more residents who earn less than \$100,000 the opportunity for homeownership.
- Moderate and higher-density rental products, such as single-family rentals (BTRs), traditional apartments, townhomes, or duplexes placed in strategic areas can provide affordable opportunities for households earning between \$50,000 and \$75,000.
- Accessory dwelling units (ADUs) on existing lots provide affordable rental options while providing income to the property owner. We understand an ADU may not be rented separately from the principal dwelling unit on the lot under the requirements of the LDC.
- Manufactured or modular homes are now being developed on permanent foundations with enhanced design features by developers. Manufactured homes can be an affordable ownership option for Prescott.
- Subsidized housing programs targeting low-income and workforce wage households (40%-100% AMI) for multi-family housing will continue to be demanded in Prescott to support service providers who are currently burdened by housing costs. Even after new apartment communities are completed in the coming year, there will still be a large gap of need at this income level.



1.0 Background and Methodology

The City of Prescott commissioned the preparation of a comprehensive Affordable Housing Needs Assessment to address a perceived shortage of affordable housing in the community. The purpose of the Assessment is to determine the status of the local housing market and how the city's housing market is responding to the needs of current and future residents. The Assessment is designed to assess changes in the city's resident population and the impact of employment growth of the community over the last ten years.

Several key steps were required to prepare this Assessment. Independent research within this report focused on historical and current housing trends, local demographics, and economic factors such as industry employment and commuting trends.

The Housing Assessment also identifies the affordability gap for the community - the shortage of units that are needed to provide affordable housing for all segments of the population. Affordability is determined by using the standard that no more than 30% of a household's income is devoted to housing costs¹. The U.S. Census provides an estimate of the number of cost-burdened owner and renter households that are paying more than 30% of their income on housing. This essentially identifies the size of the housing gap. To determine the affordability gap, data from a variety of sources are evaluated including the U.S. Census, the American Community Survey, and private data vendors which are subscribed by this firm.

Data from the U.S. Census for the city of Prescott is limited due to its population of less than 65,000 people in 2023. The primary data source is the American Community Survey (ACS) 5-year estimates which are based on 60 months of collected data that describes the average characteristics of that five-year time period. By comparison, one-year estimates for 2023 are available for cities with a population of more than 65,000 people but are considered to have a larger margin of error than five-year estimates. The 2020 decennial census data is also readily available. This report relies on the 2023 ACS five-year estimates plus data that comes from private vendors such as Costar and Lightcast reports.

¹ The US Department of Housing and Urban Development defines "affordable housing" as housing for which the occupant is paying no more than 30% of gross income. "Attainable housing," also referred to as Workforce Housing, is defined as housing that costs no more than 30% of the gross incomes of households earning 80% to 120% of the area median income.



2.0 Demographic Characteristics of Prescott Population

2.1 Population Attributes

According to the Arizona Office of Economic Opportunity (OEO), Prescott had a population of 48,082 people as of July 2024. The city is the second largest community in Yavapai County, behind Prescott Valley. Since 2010, Prescott grew at a compounded annual rate of 1.4%, slightly faster than the county’s growth rate of 1.3%. The city captured 20% of the county’s population growth since 2010.

Yavapai County Population Change 2010-2024					
Place	2010	2015	2020	2024	2010-2024 Change
Camp Verde	10,900	11,504	12,147	12,390	1,490
Chino Valley	10,844	11,294	13,113	13,915	3,071
Clarkdale	4,100	4,078	4,426	4,964	864
Cottonwood	11,226	11,263	12,048	12,658	1,432
Dewey - Humboldt	3,899	3,993	4,369	4,584	685
Jerome	441	453	464	459	18
Prescott	39,825	42,143	45,985	48,082	8,257
Prescott Valley	38,832	41,216	46,991	51,532	12,700
Sedona*	7,183	7,126	7,137	7,197	14
Wickenburg*	0	17	899	1,665	1,665
Unincorporated Balance of County	83,669	85,095	89,494	94,322	10,653
Yavapai County Total	210,919	218,182	237,073	251,768	40,849

Note: *Yavapai County population only
Source: Arizona Office of Economic Opportunity

Population estimates only include permanent residents of the communities and do not account for the seasonal population. The table to the right provides an estimate of the Prescott seasonal population for

Seasonal Housing Units & Seasonal Population			
	Prescott	Yavapai County	Arizona
Housing Units			
Seasonal Units	2,198	9,419	172,996
Total Units	25,807	124,032	3,142,443
% Seasonal Units	8.5%	7.6%	5.5%
Potential Seasonal Population			
2023	4,264	20,533	439,410

Source: ACS 2023 5-year estimate

2023. According to the U.S. Census, Prescott has 2,198 seasonal housing units, likely increasing the population of the city by nearly 4,300 persons for six to nine months of the year. Prescott has



a higher percentage of seasonal housing than the state. Seasonal residents can provide important economic benefits to the city by increasing retail sales and paying property taxes for their residences. For Prescott, that impact appears modest.

The population of Prescott has a median age of 60.3 years and a smaller average household size than Arizona. These factors suggest a significant portion of the population of the city is retired.

Age & Average Household Size			
	Prescott	Yavapai County	Arizona
Median Age	60.3	55.0	38.8
Average household size	1.94	2.18	2.54
Owner-occupied unit	2.00	2.19	2.60
Renter-occupied unit	1.84	2.15	2.41
Source: ACS 2023 5-year estimate			

Prescott’s population is influenced by a slightly lower percentage of the population under the age of 20 compared to the county and a much higher population over 65 years of age than the state. The prime working cohort in Prescott between the ages of 20-65 represents 44.9% of the population compared to 56.8% for the state. An adequate labor force is important for new employers searching for an available workforce. These facts could inhibit Prescott’s economic growth.



Population by Age						
	Prescott		Yavapai County		Arizona	
	People	%	People	%	People	%
Total	46,744		241,656		7,268,175	
Under 5 years	1,441	3.1%	9,087	3.8%	399,499	5.5%
5 to 9 years	1,328	2.8%	9,838	4.1%	437,862	6.0%
10 to 14 years	1,400	3.0%	11,565	4.8%	469,948	6.5%
15 to 19 years	2,670	5.7%	12,184	5.0%	481,492	6.6%
20 to 24 years	2,395	5.1%	10,395	4.3%	488,741	6.7%
25 to 29 years	1,825	3.9%	10,830	4.5%	503,268	6.9%
30 to 34 years	1,944	4.2%	11,015	4.6%	495,399	6.8%
35 to 39 years	1,652	3.5%	11,871	4.9%	464,248	6.4%
40 to 44 years	1,257	2.7%	10,059	4.2%	448,633	6.2%
45 to 49 years	1,865	4.0%	11,112	4.6%	422,418	5.8%
50 to 54 years	2,249	4.8%	13,003	5.4%	427,012	5.9%
55 to 59 years	3,162	6.8%	16,926	7.0%	431,854	5.9%
60 to 64 years	4,642	9.9%	22,893	9.5%	447,867	6.2%
65 to 69 years	4,757	10.2%	24,190	10.0%	411,573	5.7%
70 to 74 years	5,768	12.3%	24,373	10.1%	367,428	5.1%
75 to 79 years	4,113	8.8%	16,317	6.8%	266,581	3.7%
80 to 84 years	2,165	4.6%	8,761	3.6%	163,500	2.2%
85 years +	2,111	4.5%	7,237	3.0%	140,852	1.9%
Under 20 years	6,839	14.6%	42,674	17.7%	1,788,801	24.6%
65 years+	18,914	40.5%	80,878	33.5%	1,349,934	18.6%

Source: ACS 2023 5-year estimate

The educational attainment of Prescott residents is well above the county and statewide averages with 41.1% of the population over the age of 25 having bachelor’s degrees or higher. The number of adults with at least a high school diploma is consistent with county and state averages as is those with associate’s degrees.

Educational Attainment						
	Prescott		Yavapai County		Arizona	
	Persons	%	Persons	%	Persons	%
Population 25 years and over	37,510		188,587		4,990,633	
Less than 9th grade	419	1.1%	4,224	2.2%	232,566	4.7%
9th to 12th grade, no diploma	1,028	2.7%	9,926	5.3%	311,962	6.3%
High school graduate	7,328	19.5%	46,739	24.8%	1,171,693	23.5%
Some college, no degree	9,513	25.4%	53,494	28.4%	1,187,823	23.8%
Associate's degree	3,808	10.2%	18,378	9.7%	459,127	9.2%
Bachelor's degree	8,620	23.0%	32,658	17.3%	999,535	20.0%
Graduate or professional degree	6,794	18.1%	23,168	12.3%	627,927	12.6%
High school graduate or higher	36,063	96.1%	174,437	92.5%	4,446,105	89.1%
Bachelor's degree or higher	15,414	41.1%	55,826	29.6%	1,627,462	32.6%

Source: ACS 2023 5-year estimate



Of the 22,751 households in Prescott, about one-half are married-couple households and 46% considered non-family households. This latter category consists of single person households with another 5.6% cohabitating couples. Approximately 10,400 households are single person families where the spouse is not present, either through divorce, death of the spouse, or another reason. An estimated 739 of those single person households are living with children. Single person households often present the most demand for affordable housing since they depend largely on one income. Female householders without a spouse are at most risk to the lack of affordable housing.

Households By Type						
	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Total households	22,751		108,900		2,796,790	
Married-couple household	11,084	48.7%	53,811	49.4%	1,313,901	47.0%
With children of the householder under 18 years	1,539	6.8%	10,770	9.9%	476,095	17.0%
Cohabiting couple household	1,278	5.6%	8,043	7.4%	230,611	8.2%
With children of the householder under 18 years	204	0.9%	2,485	2.3%	76,683	2.7%
Male householder, no spouse/partner present	4,355	19.1%	19,101	17.5%	520,511	18.6%
With children of the householder under 18 years	129	0.6%	734	0.7%	38,745	1.4%
Householder living alone	3,459	15.2%	14,448	13.3%	357,324	12.8%
65 years and over	1,589	7.0%	7,778	7.1%	120,282	4.3%
Female householder, no spouse/partner present	6,034	26.5%	27,945	25.7%	731,767	26.2%
With children of the householder under 18 years	610	2.7%	2,520	2.3%	128,427	4.6%
Householder living alone	4,733	20.8%	19,106	17.5%	410,297	14.7%
65 years and over	2,971	13.1%	12,657	11.6%	213,433	7.6%

Source: ACS 2023 5-year estimate

The median household income in Prescott at \$69,151 in 2023 is higher than the county median but approximately 10% below the state median income. Renter households in Prescott have a median income of \$49,838, lower than the county and state median incomes. The incomes cited on the table below indicate substantial demand for affordable rental housing at various income levels.



Households By Income						
	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Occupied Units	22,751		108,900		2,796,790	
Less than \$10,000	1,342	5.9%	5,445	5.0%	137,043	4.9%
\$10,000 to \$14,999	592	2.6%	3,812	3.5%	81,107	2.9%
\$15,000 to \$24,999	1,775	7.8%	8,712	8.0%	170,604	6.1%
\$25,000 to \$34,999	1,979	8.7%	9,148	8.4%	192,979	6.9%
\$35,000 to \$49,999	2,139	9.4%	13,939	12.8%	304,850	10.9%
\$50,000 to \$74,999	4,482	19.7%	19,493	17.9%	475,454	17.0%
\$75,000 to \$99,999	3,003	13.2%	15,899	14.6%	380,363	13.6%
\$100,000 to \$149,999	3,390	14.9%	16,988	15.6%	506,219	18.1%
\$150,000 to \$199,999	1,684	7.4%	7,187	6.6%	251,711	9.0%
\$200,000 or more	2,389	10.5%	8,168	7.5%	296,460	10.6%
Mean income (dollars)	\$100,538		\$88,106		\$104,138	
Median income (dollars)	\$69,151		\$66,106		\$76,872	
Homeowner Median	\$82,261		\$74,009		\$91,561	
Renter Median	\$49,838		\$50,824		\$54,757	
Source: ACS 2023 5-year estimate						

Despite household incomes being lower than the state, median incomes in Prescott have been growing but at a pace slightly slower than that of the county and state since 2018. Median household income increased by 28.0% from 2018 through 2023 versus 36.8% for the state. Average incomes in Prescott also grew more quickly than the state at a pace of 39.9%. This indicates Prescott is attracting higher income households, which is boosting the average income numbers.



Household Income 2018 - 2023			
	Prescott	Yavapai County	Arizona
Median Income			
2018	\$54,037	\$50,180	\$56,213
2019	\$55,734	\$52,451	\$58,945
2020	\$58,562	\$53,329	\$61,529
2021	\$61,090	\$56,170	\$65,913
2022	\$66,330	\$62,430	\$72,581
2023	\$69,151	\$66,106	\$76,872
2018-2023			
% Change	28.0%	31.7%	36.8%
Average Income			
2018	\$71,861	\$65,629	\$77,221
2019	\$76,387	\$68,419	\$80,779
2020	\$85,615	\$70,548	\$84,380
2021	\$86,659	\$74,262	\$89,693
2022	\$96,801	\$83,305	\$98,569
2023	\$100,538	\$88,175	\$104,138
2018-2023			
% Change	39.9%	34.4%	34.9%
Source: 2018-2023 ACS 5-year estimate			

2.2 Population Forecast

Population estimates and projections have been gathered from the Arizona Office of Economic Opportunity (AZ OEO). The latest forecasts were published by OEO in 2023 and do not reflect the official annual population estimates for the past two years. Therefore, the OEO forecast used for this analysis has been benchmarked to the official 2024 population estimate.

Since 2020, the city has grown by an average annual rate of 1.1%, about one-half the rate of growth in Prescott Valley. Prescott has experienced an increase of about 500 people per year. The population forecast for Prescott now suggests it will grow to more than 51,380 people by 2030 and to more than 54,280 people by 2040, an increase of 12.9% or 6,198 people. The city is forecasted to capture about 16% of the population increase of Yavapai County by 2040 and remain the second largest municipality in the county. By comparison, Prescott Valley is forecasted to capture 23.7% of the county’s growth through 2040.



2023-2040 Population Forecast												
Place	Actual					Forecast						
	2020	2021	2022	2023	2024	2025	2030	2035	2040	2024-2040 Change	% Change	% of County's Growth
Camp Verde	12,147	12,216	12,430	12,495	12,390	12,597	13,630	14,667	15,719	3,329	26.9%	8.8%
Chino Valley	13,113	13,429	13,662	13,833	13,915	14,205	15,349	16,179	16,910	2,995	21.5%	8.0%
Clarkdale	4,426	4,563	4,792	4,920	4,964	5,035	5,392	5,749	6,112	1,148	23.1%	3.0%
Cottonwood	12,048	12,185	12,296	12,688	12,658	12,823	13,373	13,669	13,906	1,248	9.9%	3.3%
Dewey - Humboldt	4,369	4,440	4,488	4,550	4,584	4,649	4,882	5,029	5,158	574	12.5%	1.5%
Jerome	464	467	467	463	459	459	461	463	464	5	1.2%	0.0%
Prescott	45,985	46,826	47,450	47,697	48,082	48,805	51,380	52,957	54,280	6,198	12.9%	16.5%
Prescott Valley	46,991	47,998	49,069	50,122	51,532	52,681	57,284	60,702	63,734	12,202	23.7%	32.4%
Sedona*	7,137	7,178	7,228	7,245	7,197	7,255	7,393	7,396	7,378	181	2.5%	0.5%
Wickenburg*	899	1,028	1,255	1,511	1,665	1,884	3,190	4,563	5,937	4,272	256.6%	11.3%
Unincorporated Area	89,494	90,843	92,252	93,375	94,322	95,910	101,795	105,669	108,995	14,673	15.6%	39.0%
Yavapai Total	237,073	241,173	245,389	248,899	251,768	256,302	274,127	287,044	289,438	37,670	15.0%	

Source: AZ Office of Economic Opportunity

The above population forecast translates into a significant demand for housing over 16 years totaling 3,195 units or an average of 213 units per year. In the last few years, permitting has exceeded these levels with significant construction of duplex and apartment units. However, even single-family permits have exceeded the estimated future demand outlined below. This indicates the forecast may be conservative or permit activity could be impacted by seasonal residents who are not considered permanent residents in the population estimates and forecasts produced the Arizona Office of Economic Opportunity.

Prescott Housing Demand 2025-2040					
	2025	2030	2035	2040	Total
Population Change	723	2,575	1,577	1,323	6,198
Housing Unit Demand	373	1,327	813	682	3,195
Unit Average/Year		265	163	136	213

Sources: AZ Office of Economic Opportunity, ACS 5-Yr Estimates



Residential Building Permits					
City of Prescott					
Year	1-unit Units	2-units Units	3-4 units Units	5+ units Units	Total
2010	53	-	4	46	103
2011	87	-	-	-	87
2012	144	-	-	-	144
2013	234	-	-	-	234
2014	204	-	-	-	204
2015	278	4	-	160	442
2016	339	4	-	-	343
2017	322	8	-	5	335
2018	359	12	12	309	692
2019	434	4	-	104	542
2020	387	-	12	22	421
2021	383	2	-	76	461
2022	219	14	-	-	233
2023	221	4	-	148	373
2024	411	10	-	18	439

Source: U.S. Census Bureau



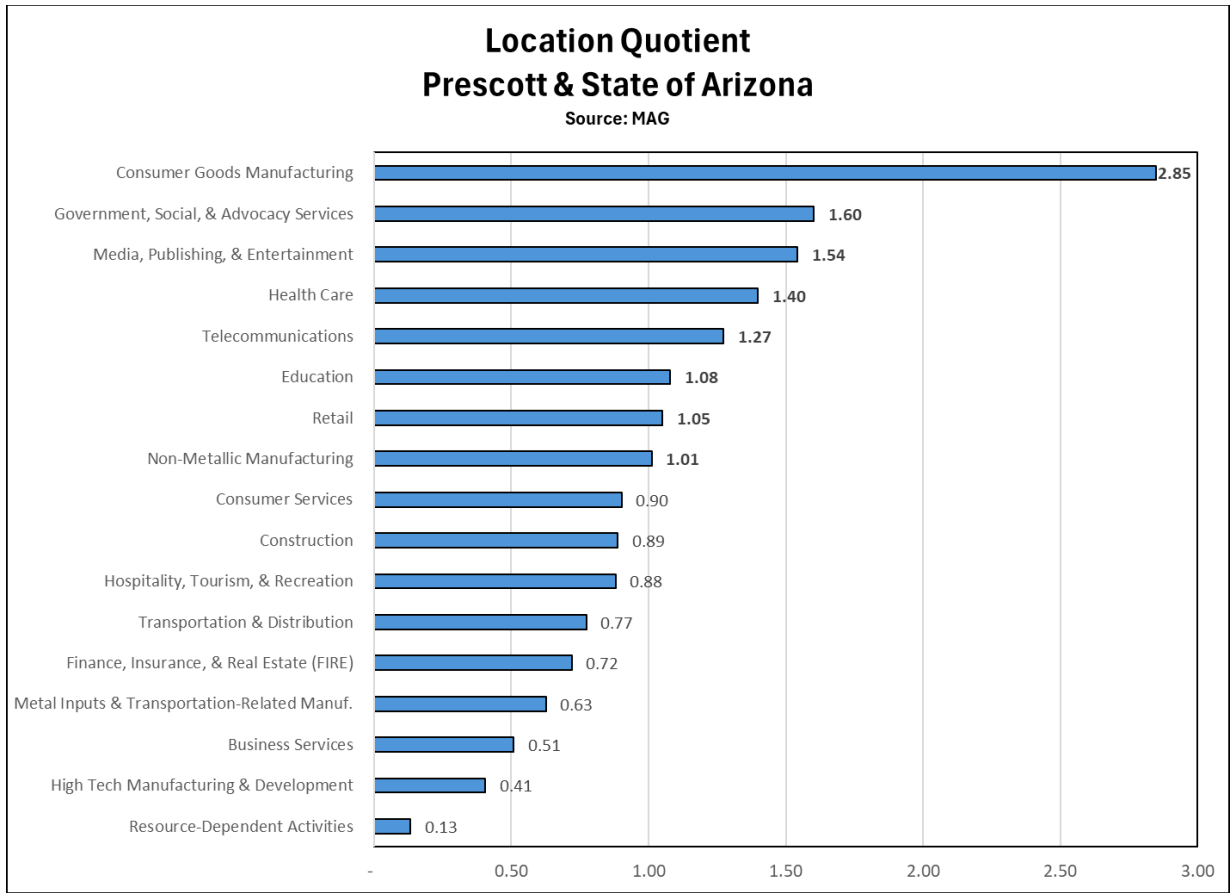
3.0 Prescott Economy

Given its size, Prescott has a broad economy that is built on a variety of industries including manufacturing, government, media (publishing and entertainment), health care, and telecommunications.

The strengths and weaknesses of a local economy can be illustrated by a very simple metric known as the “Location Quotient” or LQ. LQ compares the percentage of jobs in each industry in a community to a larger economy, such as the state. An LQ over 1.0 indicates that a particular industry has a greater presence in the local economy compared to the state – hence a strength of the local area. An LQ less than 1.0 shows the potential weaknesses of an economy.

As shown on the following chart, Prescott’s primary economic strengths are in Consumer Goods Manufacturing (2.8 LQ), Government (1.6 LQ), Health Care (1.6 LQ), Media, Publishing & Entertainment (1.5 LQ), and Telecommunications (1.3 LQ). Other industries with above average LQs include Education and Retail. Industries that are lagging in the city include Business Services, FIRE, High Tech Manufacturing, and Transportation-Related Manufacturing.





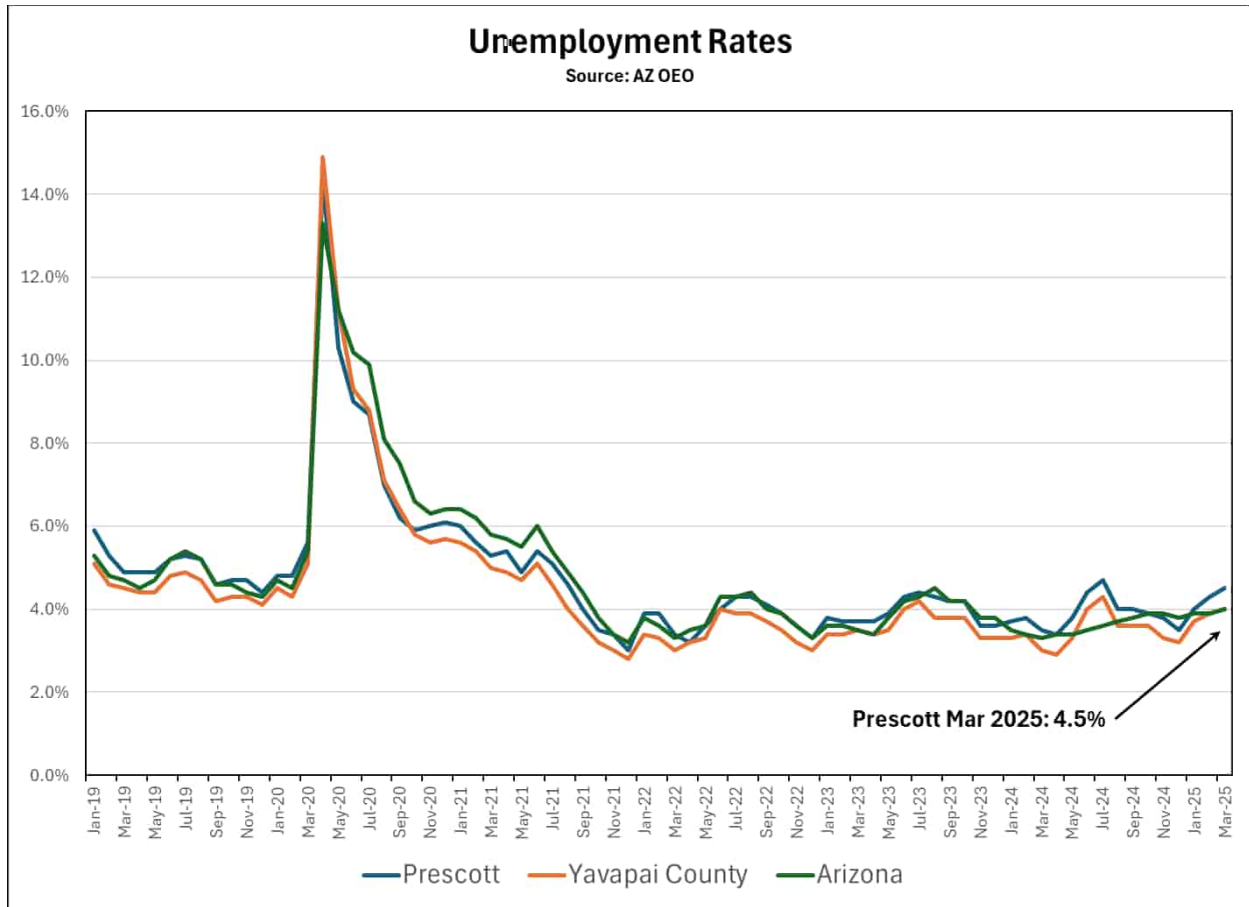
The list of major employers in the city shows that the local economy is heavily weighted towards Health Care, Education, Consumer Goods Manufacturing, and Government. Major private employers that contribute to high LQs in the local economy include Sturm Ruger, Embry Riddle, and Fann Contracting.



Major Employers		
Employer	Employees	Industry
Yavapai Community Hospital Association	1,780	Health Care
Yavapai County Government	1,410	Government, Social, & Advocacy Services
Sturm Ruger Company Inc	800	Consumer Goods Manufacturing
Yavapai County Community College District	660	Education
City of Prescott	510	Government, Social, & Advocacy Services
Prescott Unified School District 1	510	Education
Embry Riddle Aeronautical University Inc	500	Education
Fann Contracting	280	Construction
United States Department of Veterans Affairs	270	Government, Social, & Advocacy Services
Dillards	250	Retail
USDA Forest Service	250	Government, Social, & Advocacy Services
State of Arizona	230	Government, Social, & Advocacy Services
The Evangelical Lutheran Good Samaritan Society	220	Health Care
Frys Food Stores	210	Retail
Costco Wholesale	200	Retail
Empire Southwest	200	Transportation & Distribution
Walmart	200	Retail
Old Dominion University	160	Education
United States Postal Service	160	Transportation & Distribution
Lowes	150	Retail
Prescott College Inc	150	Education
Yavapai West Guidance Clinic	150	Health Care
Safeway	140	Retail
Source: MAG		

Prescott’s unemployment rate stood at 4.5% as of March 2025, slightly above the state-wide average of 4.0%. This level of unemployment is an indicator of full employment both locally and across the state. Unemployment in the City has been very stable since the end of 2021 and the recovery from the pandemic. Historically, the City’s unemployment level tracks closely with state levels. The City’s unemployment rate hit 14.4% in April 2020 but recovered to 6.0% by November of that year.





The labor force participation rate for Prescott of 42.4% is well below the state average. Labor force participation is often correlated with educational attainment. However, even though Prescott’s labor force participation rate is low, the percentage of residents in Prescott over the age of 25 with a bachelor’s degree and higher is 41.1% compared to the statewide average at 32.6%. This likely reflects the educational institutions situated in the city and a highly educated retired population.

Labor Force Participation 2023			
	Prescott	Yavapai County	Arizona
Population 16 year and over	42,149	209,074	5,862,117
Civilian Labor Force	17,870	100,945	3,522,511
Employment	17,041	96,693	3,340,327
Unemployment	829	4,252	182,184
Labor Force Participation Rate	42.4%	48.3%	60.1%
Source: ACS 2023 5-year estimate			

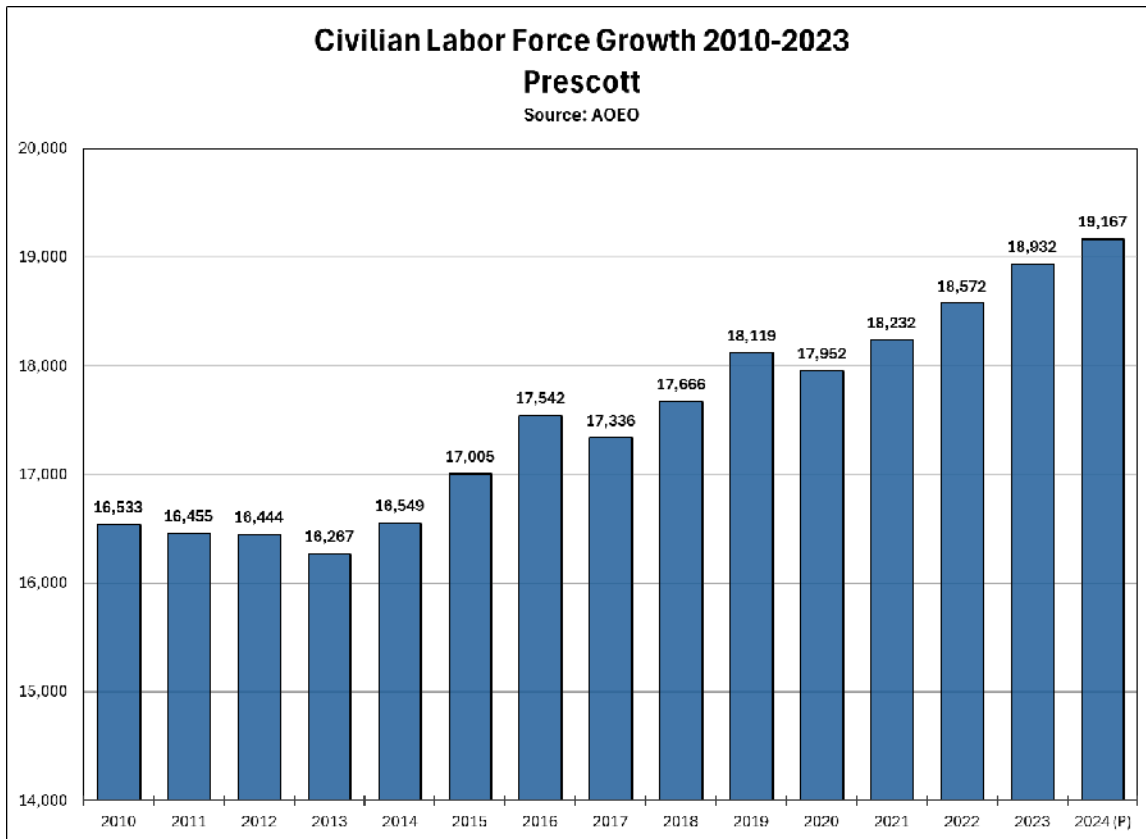


Age and retirement trends can also reduce the labor force participation rate. The percentage of the Prescott population over the age of 65 stands at 40.5% compared to 18.6% for the state which affects the participation rate. Currently, the participation rate across the country is also declining as baby boomers retire. The U.S. rate hit 67.2% in 2000; today the participation rate stands at 62.5%.

The labor force participation rate is a useful measurement for employers. The higher the rate is, the healthier the economy. This means more people are working and contributing to the economy with their wages, which translates into more retail sales tax revenue for a city. Additionally, a higher labor force participation rate may mean there are more people actively seeking employment than in the past, and employers could have more hiring options for open positions. Prescott likely depends on other communities in the Quad City area for a workforce.

The City's labor force has increased by 18% since 2013 at the low point after the Great Recession according to the Arizona Office of Economic Opportunity. At the same time, the city's population increased by 18% since 2013 as well. Therefore, employment in Prescott has kept pace with population growth.





3.1 Commuting

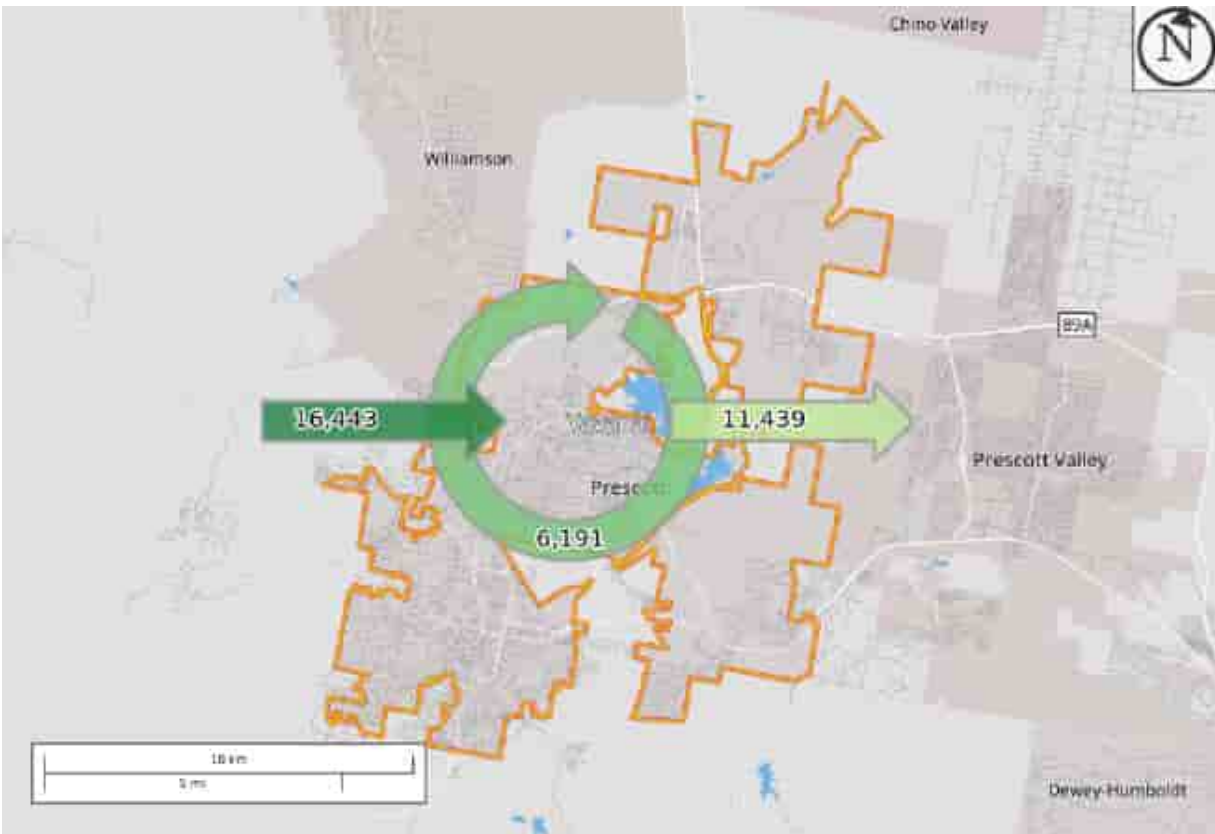
In order for an economy to operate efficiently, it must have employees to provide for the daily needs of its residents as well as the employment needs of its businesses. The availability of affordable housing for those workers is essential without forcing those employees to commute long distances to work. Affordable housing is an important economic development issue for Prescott’s continued growth and financial wellbeing.

While Prescott’s employment base has grown over the past decade, data from the U.S. Census indicates there is substantial commuting into the city. For instance, the data suggests that more than 16,400 workers travel to Prescott for work. Another 11,400 of the City’s residents in the workforce leave the community each day for work. At the same time, 6,190 people live and work in the city. The top locations for workers leaving Prescott include Prescott, Phoenix, and Prescott Valley. The top cities for workers commuting to Prescott for employment include Prescott Valley, Chino Valley, and Phoenix. A more balanced housing market in the city could help to reduce commuting for some of these workers.



City of Prescott Commuting					
Where Employees Working in Prescott Live			Where Residents of Prescott are Working		
Community	Jobs	%	Community	Jobs	%
Prescott	6,191	27.4%	Prescott	6,191	35.1%
Prescott Valley	4,347	19.2%	Phoenix	3,257	18.5%
Chino Valley	1,301	5.7%	Prescott Valley	1,468	8.3%
Phoenix	955	4.2%	Scottsdale	631	3.6%
Williamson	592	2.6%	Chino Valley	513	2.9%
Paulden	457	2.0%	Chandler	509	2.9%
Flagstaff	378	1.7%	Flagstaff	389	2.2%
Verde Village	254	1.1%	Glendale	368	2.1%
Dewey-Humboldt	250	1.1%	Tempe	300	1.7%
Cottonwood	225	1.0%	Mesa	260	1.5%
All Other Locations	7,684	33.9%	All Other Locations	3,744	21.2%

Source: US Census On The Map



3.2 Employment Forecast

A forecast prepared by the Arizona Office of Economic Opportunity (OEO) between 2023 and 2029 suggests that Prescott’s employment base will decline by 540 jobs. While Prescott’s employment growth has been modest since 2013, it has been positive, growing at a compounded annual rate of 0.46%. The OEO forecast appears unreasonable given the city’s assets including its industrial base near the airport. By contrast, a forecast from the Central Yavapai Metropolitan Planning Organization (CYMPO) suggests Prescott’s employment base will grow slowly to 27,941 jobs by 2045.

The forecast prepared for this study uses the compounded annual growth rate of 0.46% through 2040. This conservative growth rate results in a 2040 employment base of 26,502 jobs or an increase of 1,778 jobs between 2025 and 2040. This forecast is lower than the CYMPO forecast.

Prescott Employment Forecast 2020 - 2040						
	2020	2025	2030	2035	2040	2025-2040 Change
Jobs	23,788	24,724	25,303	25,895	26,502	
Change		937	579	592	606	1,778
% Change from 2025		3.9%	2.3%	2.3%	2.3%	7.2%
Population	45,985	48,805	51,380	52,957	54,280	
Change		2,820	2,575	1,577	1,323	8,295
% Change from 2025		6.1%	5.3%	3.1%	2.5%	17.0%
Jobs to Population Ratio	0.52	0.51	0.49	0.49	0.49	
Source: AZ OEO						

An important indicator of the health of a local economy is the jobs-to-population ratio. A target for the jobs ratio is 0.50 meaning there was one job for every two residents. Very few cities other than the largest with a significant employment base reach this ratio. The ratio for Prescott in 2025 is estimated at 0.51 indicating it has a robust economy relative to its population. Due to the modest growth forecasted for the future, the jobs-to-population ratio is expected to decline slightly to 0.49. Prescott’s population is expected to grow faster than its employment base but will still maintain a healthy ratio of jobs to its population.



4.0 Housing Market Dynamics

Prescott’s housing inventory is comprised of 25,807 units according to the 2023 American Community Survey 5-year estimates with 22,751 of those units (88.2%) occupied on a year-round basis by permanent residents.

Prescott has a slightly higher percentage of single-family detached units, and a lower percentage of multifamily units compared to the state. The Census reports 12.6% of all housing units in Prescott are considered apartments or multifamily (buildings with five or more units in a building) compared to 16.3% statewide. Prescott also has a lower percentage of mobile homes than the county and the state. The outstanding statistic about the Prescott housing market is the percentage of duplex, triplex, and four-plex units in the city, which represent 8.0% of all housing units. Statewide, only 4.6% of housing units are in the duplex to four-plex category. Most of these units in Prescott were built during the early years of the community in its central area although modern duplex buildings can be found in newer subdivisions.

Units in Structure						
	Prescott		Yavapai County		Arizona	
	Units	%	Units	%	Units	%
Total:	25,807		124,032		3,142,443	
1, detached	17,319	67.1%	83,199	67.1%	2,015,127	64.1%
1, attached	1,412	5.5%	4,162	3.4%	160,484	5.1%
2	597	2.3%	2,936	2.4%	42,026	1.3%
3 or 4	1,477	5.7%	3,633	2.9%	104,684	3.3%
5 to 9	944	3.7%	3,253	2.6%	114,410	3.6%
10 to 19	440	1.7%	1,031	0.8%	121,050	3.9%
20 to 49	642	2.5%	1,675	1.4%	79,589	2.5%
50 or more	1,215	4.7%	2,407	1.9%	196,018	6.2%
Mobile home	1,512	5.9%	20,479	16.5%	297,155	9.5%
Boat, RV, van, etc.	249	1.0%	1,257	1.0%	11,900	0.4%
Traditional Apartment Units	3,241	12.6%	8,366	6.7%	511,067	16.3%

Source: ACS 2023 5-year estimate

Recent multifamily development may not be reflected in the U.S. Census data.

An estimated 3,056 units in Prescott are considered vacant or 11.8% of the total inventory. Vacant units are classified in several ways including units that are in the process of being sold or rented and those used for seasonal or recreational purposes. Seasonal housing comprises 71.9% of all vacant units in the city or 8.5% the total housing inventory, a higher ratio than found in the



state. This could add another 4,300 people to the population of the city during the summer months. Some of the vacant seasonal units could be short-term rentals, but the Census does not track this type of rental housing.

Housing Vacancy Status						
	Prescott		Yavapai County		Arizona	
	Units	%	Units	%	Units	%
Total Housing Units	25,807		124,032		3,142,443	
Total Occupied Units	22,751	88.2%	108,900	87.8%	2,796,790	89.0%
Total Vacant Units	3,056	11.8%	15,132	12.2%	345,653	11.0%
For rent	270	8.8%	1,344	8.9%	52,788	15.3%
Rented, not occupied	43	1.4%	185	1.2%	12,150	3.5%
For sale only	10	0.3%	499	3.3%	19,787	5.7%
Sold, not occupied	69	2.3%	517	3.4%	13,138	3.8%
For seasonal, recreational, or occasional use	2,198	71.9%	9,419	62.2%	172,996	50.0%
For migrant workers	-	0.0%	31	0.2%	899	0.3%
Other vacant	466	15.2%	3,137	20.7%	73,895	21.4%
Seasonal Units as Percent of Total Units	8.5%		7.6%		5.5%	

Source: ACS 2023 5-year estimate

Prescott’s mix of owner-occupied units and renter-occupied units is consistent with the statewide average. Compared to Yavapai County, Prescott is more urbanized with a higher percentage of rental units.

Tenure						
	Prescott		Yavapai County		Arizona	
	Units	%	Units	%	Units	%
Total occupied units	22,751		108,900		2,796,790	
Owner occupied	15,495	68.1%	80,054	73.5%	1,873,231	67.0%
Renter occupied	7,256	31.9%	28,846	26.5%	923,559	33.0%

Source: ACS 2023 5-year estimate

Homeownership has been robust in the city, growing markedly since 2015 after the Great Recession caused a huge dislocation of owners. Homeownership now stands at 68%, above the level found in 2000 and above the statewide average.

Homeownership			
	Prescott	Yavapai County	Arizona
2000	65.2%	73.4%	68.0%
2010	67.8%	72.5%	67.4%
2015	65.1%	69.9%	62.8%
2020	70.1%	72.6%	65.3%
2023	68.1%	73.5%	67.0%

Source: Decennial Census 2000; ACS 5-year estimate

The inventory of occupied single-family housing in Prescott totals 15,495 units according to the 2023 U.S. Census. Approximately 13.0%



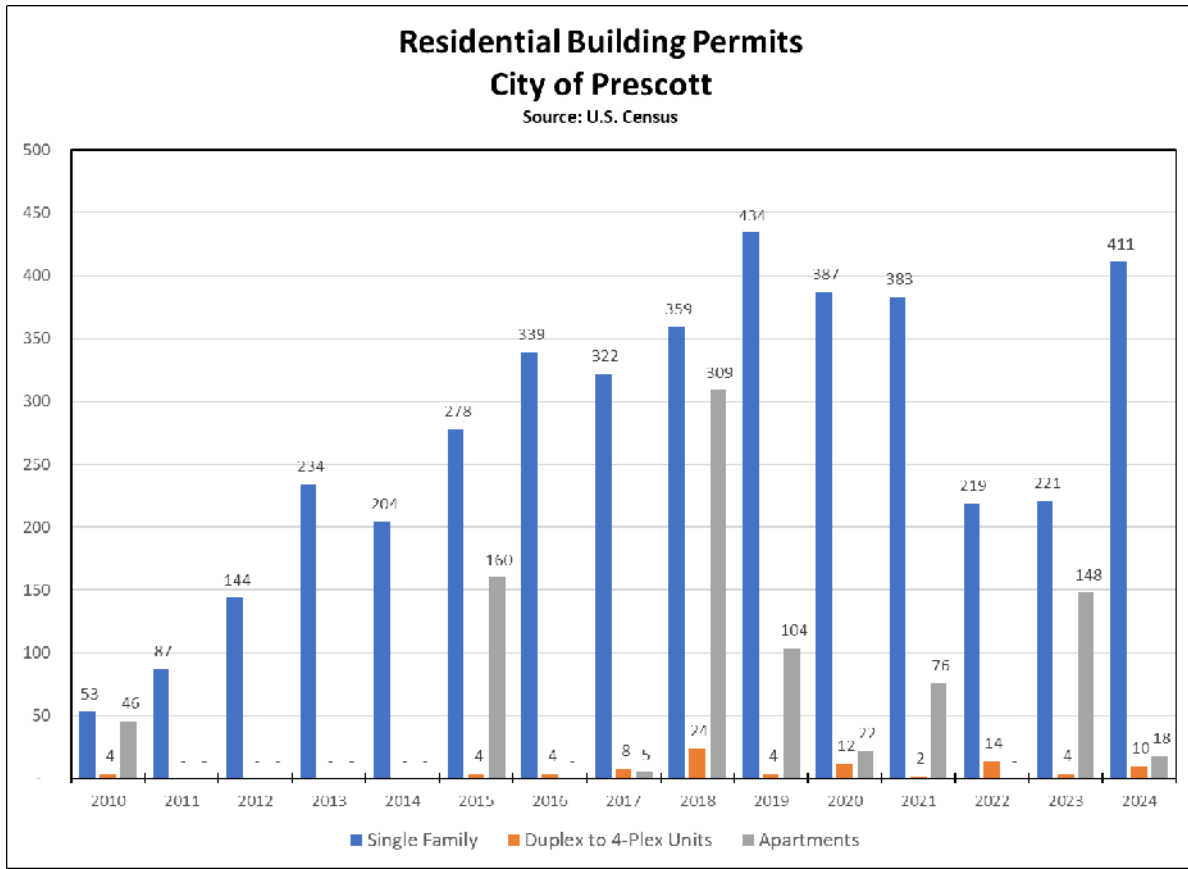
of those homes or 2,007 single family homes are rented, lower than the statewide average of 16.1%. The Census also reports that of the 7,256 rental units in the city, 28% are single family homes versus an average of 32% for the state. The city also has 1,075 units that are classified as occupied “one unit attached” which are townhomes or condo. About 25% of these units are rented compared to 33% for the state which indicates high homeownership in Prescott among these types of units.

Tenure by Occupied Units in Structure						
	Prescott		Yavapai County		Arizona	
	Units	%	Units	%	Units	%
Total	22,751		108,900		2,796,790	
Owner-occupied housing units:	15,495	68.1%	80,054	73.5%	1,873,231	67.0%
1, detached	13,393	86.4%	63,263	79.0%	1,540,834	82.3%
1, attached	804	5.2%	1,938	2.4%	95,592	5.1%
2	18	0.1%	100	0.1%	3,554	0.2%
3 or 4	101	0.7%	221	0.3%	12,973	0.7%
5 to 9	254	1.6%	379	0.5%	12,431	0.7%
10 to 19	-	0.0%	26	0.0%	6,315	0.3%
20 to 49	9	0.1%	9	0.0%	5,760	0.3%
50 or more	-	0.0%	18	0.0%	11,827	0.6%
Mobile home	862	5.6%	13,505	16.9%	175,325	9.4%
Boat, RV, van, etc.	54	0.3%	595	0.7%	8,620	0.5%
Renter-occupied housing units:	7,256	31.9%	28,846	26.5%	923,559	33.0%
1, detached	2,007	27.7%	9,859	34.2%	297,696	32.2%
1, attached	271	3.7%	1,614	5.6%	47,677	5.2%
2	533	7.3%	2,566	8.9%	33,175	3.6%
3 or 4	1,285	17.7%	3,178	11.0%	80,528	8.7%
5 to 9	601	8.3%	2,337	8.1%	88,830	9.6%
10 to 19	321	4.4%	886	3.1%	97,475	10.6%
20 to 49	572	7.9%	1,490	5.2%	61,851	6.7%
50 or more	1,048	14.4%	2,084	7.2%	162,554	17.6%
Mobile home	423	5.8%	4,170	14.5%	50,493	5.5%
Boat, RV, van, etc.	195	2.7%	662	2.3%	3,280	0.4%

Source: ACS 2023 5-year estimate

Residential building permit activity has been extremely strong since 2015 reaching a peak of 692 units in 2018. Single family permit activity has been stable over the last few years although there was a sharp drop in 2022 and 2023. Despite the rise in mortgage interest rates and new home prices, 2024 was a strong year. Permits for apartments have also been strong since 2018. Based on this construction activity, growth in Prescott is on pace to meet or exceed OEO’s projected population growth over the next five years and beyond.





4.1 Apartment Inventory

An inventory of traditional market rate apartment complexes was conducted for this study. The inventory was prepared for complexes with 20 or more units from CoStar. The inventory outlined in the following table may not include all apartment units in smaller apartment developments but is the best information available.

The City’s inventory of traditional market-rate apartment complexes of 1,647 units is comprised of medium sized complexes, the largest being 200 units in size. Missing from the inventory are the complexes known as Built-To-Rent (BTR) which have become popular in the last ten years. However, one BTR complex is now under construction and nearing completion known as The Havenly on Granite Dells Parkway. BTRs are typically single or duplex units, mostly single story, and built at a density of about 11 to 12 units per acre. Comparatively, traditional two to four-story apartment complexes are built at densities greater than 20 units per acre. BTR units typically have a rent premium of 20% over traditional apartment complexes because of the lower density and higher land cost per unit.



The vacancy rate for traditional apartment units in the first quarter of 2025 is estimated at 6.2% which is close to the normal stabilized rate for the market of about 7%. This vacancy rate indicates the market is stabilized where the supply matches demand. The introduction of new complexes will likely increase vacancies. The average rent for a market-rate unit in the city in 2024 was \$1,535 per month for an average 808 square foot unit. For the first quarter of 2025, the average rent ticked up to \$1,548. The newest complex built in 2024 is Cala Luxury Apartments with an average rent of \$2,600 per month.

Market Rate Apartment Inventory City of Prescott							
Property Name	Address	Units	Year Built	% Vacant	Avg SF	Avg Rent	Rent/SF
Cortez Circle	601 S Cortez St	38	1961	4.6%	857	\$797	\$0.93
Carleton Terrace	315 E Carleton St	32	1972	4.7%	695		
Country Club Circle	355 Country Club Cir	60	1979	1.7%	936	\$1,339	\$1.43
Yavapai Apartments	218 S McCormick St	28	1980	0.0%	485	\$752	\$1.55
623-629 Dameron Dr	623-629 Dameron Dr	22	1982	4.0%	795	\$865	\$1.09
Holiday Lodge	1141 E Gurley St	30	1982	4.7%			
1306 E Butterfield Rd	1306 E Butterfield Rd	27	1983	4.7%	598	\$1,015	\$1.70
Prescott Woodlands Apa	824 W Gurley St	131	1985	4.0%	863	\$1,239	\$1.60
140 Bradshaw Dr	140 Bradshaw Dr	24	1987	4.7%			
Creekside Apartments	610 S Granite St	30	1987	3.7%	525	\$868	\$1.65
Prescott View Apartment	3161 Willow Creek Rd	72	1988	3.1%	718	\$1,606	\$2.24
Willow Ridge Apartment	1205 Sandretto Dr	134	1989	0.3%	745	\$1,429	\$1.92
799 Sanctuary Rd	799 Sanctuary Rd	20	1989	4.7%	896		
The Pines at Prescott	1053 Sandretto Dr	90	1994	1.8%	1,000	\$1,483	\$1.48
Stetson Condominiums	1206 Stetson Rd	29	1998	3.9%	690	\$1,144	\$1.66
Legacy At Prescott Lakes	1998 Prescott Lakes Pky	150	2000	5.4%	953	\$1,963	\$2.06
Cedar Ridge	337 Robinson Dr	30	2001	3.3%	766	\$1,296	\$1.69
Prescott Lakes	2105 Blooming Hills Dr	124	2003	6.9%	612	\$1,705	\$2.79
620 1st St	620 1st St	21	2019	4.7%	690	\$1,606	\$2.33
The Winfield at the Ranch	3470 Lee Cir	100	2020	9.4%	908	\$2,019	\$2.22
Willow Creek Apartments	3147 Willow Creek Rd	160	2020	15.4%	882	\$1,709	\$1.94
2051 Apartments	2057 Willow Lake Rd	200	2021	9.8%	771	\$1,682	\$2.18
The View Apartments	1668 Iron Springs Rd	28	2021	11.3%		\$1,080	
1130 E Gurley St	1130 E Gurley St	29	2023	4.7%			
Cala Luxury Apartments	1257 White Spar Rd	38	2024	4.7%	1,500	\$2,623	\$1.75
Totals/Averages		1,647		6.2%	808	\$1,535	\$1.93

Source: Costar, Elliott D. Pollack & Co.

In addition to the market-rate apartment inventory, there are three active affordable complexes totaling 224 units including one senior complex. The following table outlines six complexes that were built under the Low Income Housing Tax Credit (LIHTC) program. The complexes that are



shown as shaded on the table all completed their affordable commitments under the LIHTC program and now appear to have converted to market-rate units. The newest affordable family complex is Creekview Village built in 2019 under the LIHTC bond program which offers 4% tax credits.

Low Income Housing Tax Credit (LIHTC) Apartment Inventory											
City of Prescott											
Property Name	Address	Units	Year Built	% Vacant	Avg SF	Avg Rent	Rent/SF	Unit Mix			
								Studios	1-BR	2-BR	3-BR
Willow Ridge Apartments	1205 Sandretto Dr	134	1989	0.3%	745	\$1,429	\$1.92	-	70	64	-
The Pines at Prescott	1053 Sandretto Dr	90	1994	1.8%	1,000	\$1,483	\$1.48	-	-	60	30
Canyon Run Apartments (Senior)	701 White Spar Rd	84	2004	10.0%	690	\$1,385	\$2.01	-	60	24	-
Village Towers (Senior)	1075 Ruth St	60	2000					-	-	-	-
Bradshaw Crossing	125 Bradshaw Dr	92	2008	0.4%	824	\$505	\$0.61	-	46	46	-
Creekview Village Apartments	519 Miller Valley Rd	72	2019	3.3%	1,223	\$1,069	\$0.87	-	-	24	48
Totals/Averages		224		1.2%	1,000	\$753	\$0.75	-	46	70	48

Source: Costar, Elliott D. Pollack & Co.

In addition to the existing apartment complexes listed above, another 437 units in four properties are under construction. Touchmark is an age-restricted property while the other three are all market-rate.

Under Construction Apartments						
City of Prescott						
Property Name	Address	Units	Unit Mix			
			Studios	1-BR	2-BR	3-BR
Under Construction						
Touchmark Phase III	3180 Touchmark Blvd	75				
The Havenly (BTR)	5395 Granite Dells Pkwy	200		85	82	33
Montezuma Heights	609 Bagby Dr	144	-	40	50	54
	836 Valley St	18	-	18	-	-
Total		437				

Source: City of Prescott, Costar, Elliott D. Pollack & Co.

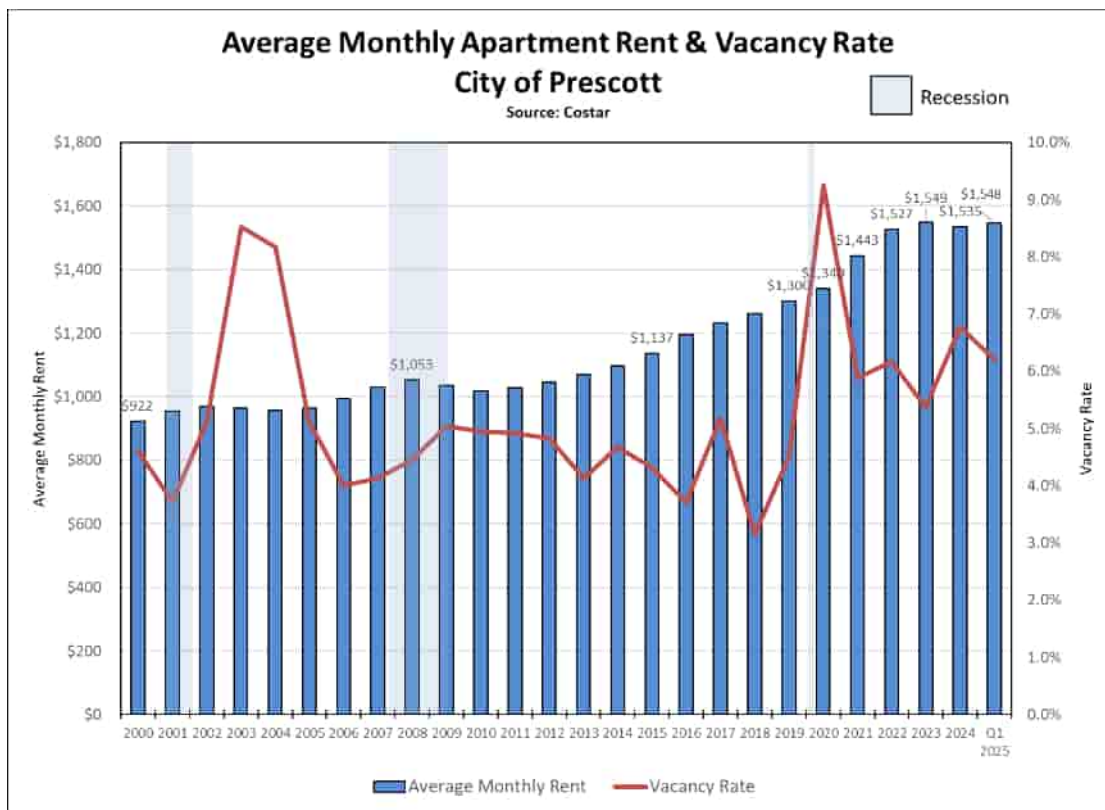
The pipeline of future multifamily complexes shows the 437 units under construction along with 160 units that have been permitted for construction. Another 1,278 units, mostly traditional apartments, are in the planning stage. Given the current economic and capital markets environment, the timing of when the planned properties may come to market is uncertain.



Multifamily Housing Pipeline				
Unit Type	Construction	Permit	Planned	Total
Restricted Units (Independent/Assisted Living, VA)	75	-	80	155
Condo/Townhomes	-	46	-	46
Single Unit BTR	200	-	-	200
Traditional Apartments	162	114	1,198	1,474
Total	437	160	1,278	1,875

Source: City of Prescott

The apartment market is subject to significant fluctuations in vacancy as markets reach a shortage of units, often followed by overbuilding. Vacancy rates in Prescott have been stable except for periods of overbuilding or economic recessions. Since 2006, vacancy rates have been in the 5% range except in 2020 during the pandemic. Average rents for market rate apartments in Prescott leveled off since 2022 at over \$1,500 per month.



The income required to rent the average apartment in Prescott requires an income that is typically more than the household median income for the city (\$69,151) and much higher than the median income for a renter which stands at \$49,838. The following table shows the required



Market Rate Apartments				
Unit Type	Size (SF)	Rent	Rent SF	Required Income*
Studio	555	\$1,394	\$2.51	\$61,746
1 BR	692	\$1,605	\$2.32	\$70,185
2 BR	960	\$1,820	\$1.90	\$78,798
3 BR	1,106	\$1,943	\$1.76	\$83,731

*Required income includes \$150 for utilities.
Source: Costar, Elliott D. Pollack & Co.

income by apartment complex based on 30% of income spent on rent plus \$150 for monthly utilities. The required income ranges from about \$61,700 for a studio apartment to \$83,700 for a three-bedroom unit. These rents are above the ability of a large segment of the population to afford a unit.

By comparison, affordable apartment units require a much lower income ranging from \$24,400 to \$50,800.

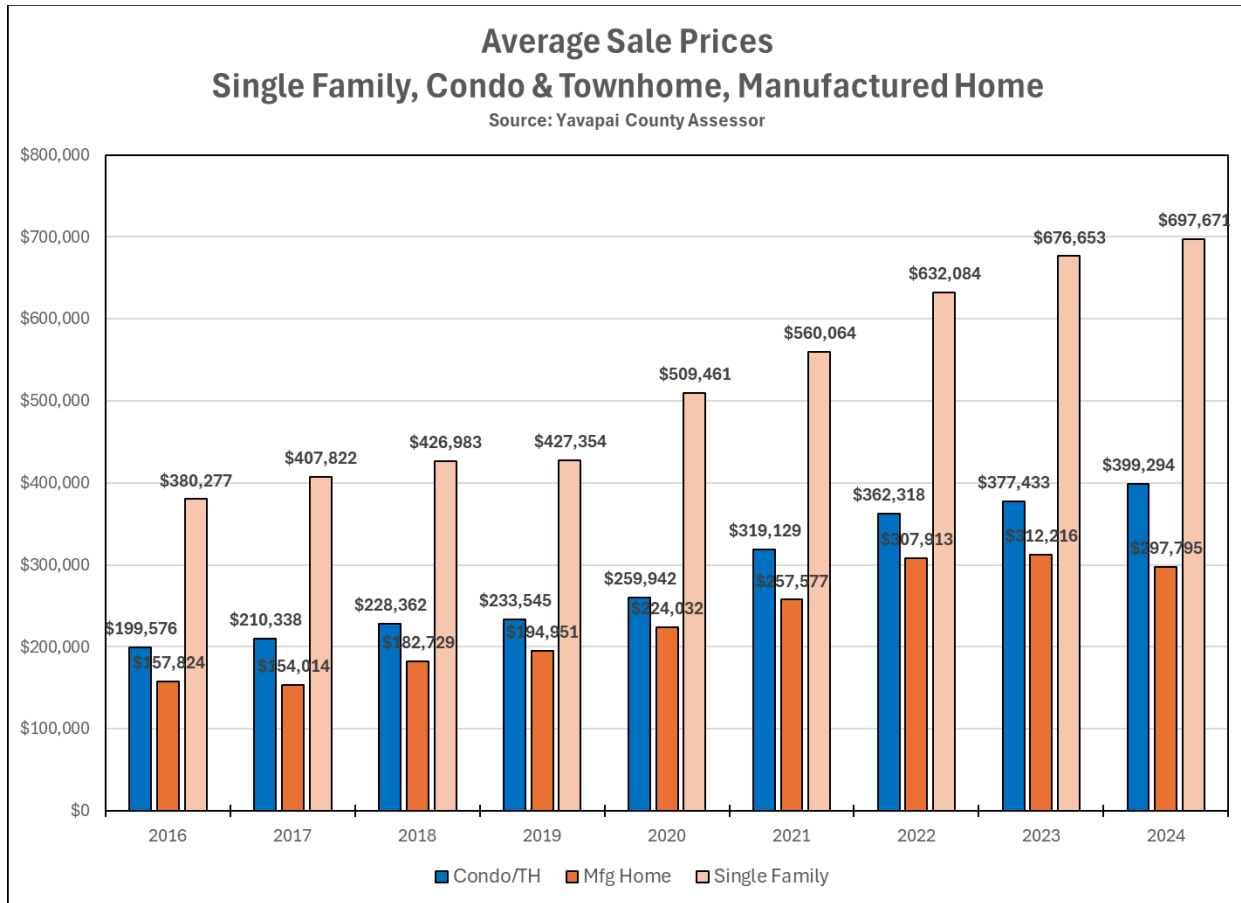
Affordable Apartments				
Unit Type	Size (SF)	Rent	Rent SF	Required Income
1 BR	809	\$460	\$0.57	\$24,400
2 BR	930	\$786	\$0.85	\$37,440
3 BR	1,067	\$1,119	\$1.05	\$50,760

Source: Costar, Elliott D. Pollack & Co.

4.2 Ownership Housing Market

The price of housing in Prescott has increased dramatically over the past five years. The average single family home price has risen by 63% since 2019 (pre-pandemic) and condo/townhome properties have increased by 71%. That’s an increase of \$270,000 for a single-family home and \$103,000 for a condo/townhome. Mobile or manufactured homes also increased by a similar amount. Much of that increase occurred in 2021 and 2022 when single family prices jumped by 25%. The number of home sales peaked in 2021 at 2,158 sales but have since fallen to 1,148 in 2024, a 41% decline due to high mortgage interest rates and rising construction costs.





Mobile and manufactured homes are the most affordable housing option with an average price of \$298,000 in 2024. However, the availability of units may be limited with only 60 sales in 2024. Condos and townhomes may also offer some options for more affordable units. About two-thirds of the 121 sales in 2024 occurred at a price under \$400,000 with an average price of \$317,000 and an average age of the unit at 35 years. Additionally, 29 sales were for units priced under \$300,000. Once again, limited inventory is an issue.

In the single-family category, only 7.5% of all sales or 72 homes were sold for less than \$400,000. Most of these homes are less than 1,500 square feet in size and built 30 to 40 years ago. They may require significant improvements but provide a household a way into the market. Two-thirds of all sales were priced between \$400,000 and \$800,000. Overall, for households looking to enter the ownership market in Prescott, the options are limited due to a small inventory of for-sale properties.



2024 Sales By Price Range City of Prescott							
Price Range	Single Family		Condo/TH		Mfg Home		Total
	Sales	%	Sales	%	Sales	%	
Less than \$200,000	4	0.4%	1	0.8%	10	16.7%	15
\$200,000-\$300,000	17	1.8%	28	23.1%	16	26.7%	61
\$300,000-\$400,000	51	5.3%	49	40.5%	29	48.3%	129
\$400,000-\$500,000	157	16.3%	22	18.2%	5	8.3%	184
\$500,000-\$600,000	214	22.2%	10	8.3%		0.0%	224
\$600,000-\$700,000	156	16.1%	3	2.5%		0.0%	159
\$700,000-\$800,000	127	13.1%	7	5.8%		0.0%	134
\$800,000-\$900,000	73	7.6%		0.0%		0.0%	73
\$900,000-\$1,000,000	49	5.1%		0.0%		0.0%	49
\$1,000,000+	118	12.2%	1	0.8%		0.0%	119
Number of Sales	966	100.0%	121	100.0%	60	100.0%	1,147
Average Price	\$697,671		\$399,294		\$297,795		\$479,866

Source: Yavapai County Assessor

The affordable housing value for Prescott based on the city median income of \$69,151 is shown in the adjacent table. With a 10% down payment and a 6.6% loan, the maximum house value the typical Prescott household can afford is \$243,000. **In 2024, out of 1,147 home sales (including condos, townhomes, and manufactured homes), only 76 (6.6%) sold for less than \$300,000.** Manufactured homes represent an alternative option for moderately priced units, but the quality of those units may vary based on age of the unit.

Affordable Housing Payment Estimator City of Prescott	
	Calculation
House value	\$243,000
Down payment %	10%
Down payment	\$24,300
Mortgage amount	\$218,700
Interest rate	6.89%
Loan term in years	30
% of income devoted to mortgage payment	30.0%
Monthly loan payment (P & I)	\$1,439
Monthly property tax, insurance, PMI	\$294
Total monthly payment	\$1,733
Yearly income required	\$69,307

Sources: EDPCo, Freddie Mac

The household income required to afford a housing unit at various price ranges is shown on the following table. The loan payment column is the mortgage component of a housing payment. The total payment column adds in a factor for property taxes, home insurance, and private mortgage insurance. A home or unit with an average price of \$300,000 requires an income of \$80,500. A \$400,000 unit would require an income above \$107,000. The current interest rate



environment makes it difficult for first time buyers to afford a home, assuming they can contribute a 10% down payment.

Prescott 2024 Housing Sales & Required Income											
Price Range	SF Sales	Condo Sales	MH Sales	Total Sales	% of Total	Loan Pmt		Total Pmt		Required Income	
						Min	Max	Min	Max	Min	Max
Less than \$200,000	4	1	10	15	1.3%		\$1,150	\$0	\$1,343	\$0	\$53,709
\$200,000-\$300,000	17	28	16	61	5.3%	\$1,150	\$1,724	\$1,343	\$2,014	\$53,709	\$80,563
\$300,000-\$400,000	51	49	29	129	11.2%	\$1,724	\$2,299	\$2,014	\$2,685	\$80,563	\$107,417
\$400,000-\$500,000	157	22	5	184	16.0%	\$2,299	\$2,874	\$2,685	\$3,357	\$107,417	\$134,272
\$500,000-\$600,000	214	10		224	19.5%	\$2,874	\$3,449	\$3,357	\$4,028	\$134,272	\$161,126
\$600,000-\$700,000	156	3		159	13.9%	\$3,449	\$4,024	\$4,028	\$4,700	\$161,126	\$187,980
\$700,000-\$800,000	127	7		134	11.7%	\$4,024	\$4,598	\$4,700	\$5,371	\$187,980	\$214,835
\$800,000-\$900,000	73			73	6.4%	\$4,598	\$5,173	\$5,371	\$6,042	\$214,835	\$241,689
\$900,000-\$1,000,000	49			49	4.3%	\$5,173	\$5,748	\$6,042	\$6,714	\$241,689	\$268,543
\$1,000,000+	118	1		119	10.4%	\$5,748		\$6,714	\$0	\$268,543	\$0
Number of Sales	966	121	60	1,147	100.0%						

In summary, the housing market in Prescott may offer limited opportunities for first-time home buyers to enter the market. However, the percentage of homes priced under \$300,000 represents only 6.6% of all sales. Only 18% of all sales are priced under \$400,000 and those homes could be 30 to 40 years old. Essential personnel and service workers earning moderate incomes are likely locked out of the ownership market.



5.0 Barriers to Affordable Housing

According to a recent survey of Prescott residents conducted from March to May 2025 concerning affordable housing, 70% of renters indicated they paid more than 30% of their income on housing. Some of the barriers to affordable housing noted by survey respondents were the lack of affordable for-sale units, low wages, and the lack of a down payment. Most felt rents are too high. These opinions on the obstacles to affordable housing describe important issues affecting housing opportunities in Prescott. Barriers within the housing market itself can be caused by various factors.

Barriers to affordable housing can take many forms. Housing market dynamics – supply and demand - is one barrier. Too few housing units for sale or for rent can cause an increase in prices and rents. That was one result of the pandemic in 2021 and 2022 when the demand for housing outstripped supply. Land and construction costs are additional factors. Construction costs rose during the pandemic due to shortages of labor and materials and have not subsided. Land costs can increase if a community reaches build-out with little available property for development. Zoning and development regulations are additional potential barriers that can increase the cost of construction. Following is an analysis of the potential barriers to affordable housing in Prescott.

Land Availability: The City of Prescott has adequate land area to accommodate residential growth in the future. According to the City’s General Plan 2025 (which is scheduled for adoption in August 2025), based on a growth rate of 2% per year, the city would reach a population of 61,500 by 2035. This forecast estimate is above the OEO estimate outlined in this report of 52,957 in 2035. The General Plan’s growth estimate is tempered by potential changes in economic conditions, the amount of flat, more easily developed ranch land that is annexed, the availability of water, market trends towards low density development, and finite growth boundaries. Regardless of the future economic and housing conditions, Prescott can likely accommodate another 3,000 plus units outlined in this report. From a land availability perspective, future housing development can easily be accommodated over the next 15 years assuming water resources and utility services are available. Overall, land availability is not a barrier to affordable housing in Prescott.

Zoning and Development Regulations: The General Plan 2025 and the City’s land development code (LDC) was evaluated with respect to potential barriers. The General Plan is a comprehensive document that speaks to the need for housing diversity to support the employment needs of the local economy. It outlines a workforce housing strategy that includes education, financial



programs and solutions, community outreach, funding for workforce housing, and establishing a Community Land Trust. It recommends amending the LDC to incentivize ADU construction and to allow the renting of an ADU separately from the principal dwelling unit on the lot. The General Plan land use map provides moderate to high density uses in the central part of the city and mixed-use land uses near the airport that will support a variety of uses and residential densities.

The LDC is a modern document that incorporates the use of a Planned Area Development provision which provides flexibility in the design of unified projects, including mixed residential densities including townhomes, clustered, and patio home units. However, the LDC may need to be updated to recognize the improvement in manufactured home technology as a high-quality option for workforce housing. Updating design guidelines will also promote the introduction of manufactured homes to the community.

Overall, the Prescott General Plan 2025 provides an in-depth analysis of the workforce and affordable housing issues affecting the city, including potential action items and strategies. The City's LDC requires some amendments to bring it consistent with the Plan. The City's zoning and development requirements do not appear to be a significant barrier to the development of affordable housing and, in fact, provides a roadmap for addressing the matter.

Cost of Development: The cost of development of housing is comprised of two primary components: the land cost and the construction cost. The cost of land is typically affected by the price of housing; as prices go up so does the price of land. When there is a slowdown in housing construction, land prices typically adjust as well. Land prices can also be affected by the amount of land available for development. Communities that are near build-out will see prices rise due to the shortage of vacant land. Overall, land costs comprise anywhere between 15% and 25% of the final cost of a housing unit and are basically set by the market price of housing.

Construction costs can be quite variable and are affected by inflation, the supply of materials and labor, and various other economic factors. The pandemic of 2020 illustrated how construction activity and costs can be affected by supply chains and shortages of materials and workers. Data from the Associated General Contractors of American (AGC) indicates that since February 2020, just before the start of the pandemic, through December 2020, construction costs have increased by 36.6%. Comparatively, the consumer price index (CPI) is up 22.0%. Major construction materials that increased substantially over that time span include concrete products (up 39.8%), gypsum products for drywall (up 51.7%), and lumber (up 25.7%). New residential construction overall has increased 33.7% including 32.6% for single family construction and 34.8% for multifamily construction.



As a result, developers of affordable housing have found it increasingly challenging to build housing units that can reach those households most in need. Low Income Housing Tax Credit (LIHTC) complexes often now require numerous capital resources to finance their projects beyond just the tax credits. This may include assistance from cities and counties to finalize the project. For developers who target workforce housing for those households who make too much to qualify for an LIHTC complex (earning between 60% and 100% AMI), the situation is even more difficult because of construction costs. The alternatives for these developers include higher density projects, smaller living units, and assistance in terms of incentives from the local government. Arizona has few tools to assist with workforce housing development other than the Government Property Lease Excise Tax (GPLET) which provides property tax abatement and concessions for the project. Unfortunately, the financial benefits of the GPLET have been reduced by state legislation over the past ten years.

For Prescott and much of Arizona, construction costs will continue to be a major barrier for the development of affordable and workforce housing unless communities are willing to step up with financial incentives and other tools that will help make a project pencil.

Water Resources: Prescott is situated within the Prescott Active Management Area (AMA) which establishes a water management strategy for the area designed to conserve and augment groundwater supplies. Due to overdrafting of the aquifer, regulations were instituted that required new subdivisions in the Prescott AMA to demonstrate they have a 100-year supply of water. Prescott also requires verification of a 100-year supply for all residential and commercial land uses.

According to interviews with stakeholders, water is one of the primary barriers to the development of housing of all types including affordable housing. The effort to prove both legal and physical water can take as long as two years. This increases the cost of housing due to the long delay in approvals.

Anti-Growth Sentiment: There is a significant anti-growth sentiment among residents in the Quad-City area focused on water resources, traffic congestion, crime, and other issues. Prescott is attractive areas for new residents, retirees, and businesses, but some residents would like to see slower growth. Anti-growth sentiments are found in many communities across Arizona as it continues to be one of the fastest growing states in the country. For affordable housing advocates, slow growth attitudes can impact the development of all forms of housing for the local population and workforce.



Summary: Overall, the city of Prescott has available land within its boundaries and future annexation areas to accommodate the projected population growth through 2040. The General Plan supports residential uses including affordable housing. While the LDC may require some amendments to bring it into conformance with the Plan, the ordinance is not considered a significant barrier to affordable housing. The primary barriers to affordable housing in Prescott are the cost of development, water resources, and an anti-growth sentiment.



6.0 Affordable Housing Demand & Forecast

The City of Prescott is forecasted to grow by approximately 6,198 people over the next 16 years based on forecasts from the Arizona Office of Economic Opportunity (OEO). At the current average household size of 1.94 persons per unit, the demand for housing through 2040 totals 3,195 units or an average of 213 units per year. For perspective, residential building permits have averaged much higher levels of permitting since 2016, including a large number of multifamily permits in recent years. The OEO forecast may be conservative but some of the permitting activity may be related to seasonal residents which is not factored into the forecast.

6.1 Housing Affordability Gap

The housing affordability gap is the difference between the rents or housing values in a community and the ability of households to afford those rents or values. Affordability has become an issue over the past five years for many income levels due to rents and values that have increased well above the rate of inflation. At the same time, wages have not kept pace. **Housing affordability affects low- and moderate-income households the most, including many essential occupations such as teachers, police, firefighters, nurses, and service workers.**

There has been much discussion about the term “affordable housing”. “Affordable” is often associated with housing for the lowest income households. “Workforce” or “attainable” housing is often associated with the demand from critical service providers or essential personnel such as police, firefighters, nurses, schoolteachers, and others. In the context of this study, the term “affordable” will apply to all households who are burdened by housing costs or those that can’t find housing due to its cost relative to household income. Affordable housing refers to a continuum of housing demand that affects people from the lowest income levels to those earning above the area median income. A healthy economy and housing market should address all these demand sectors.

As outlined in this report, households are considered burdened by the cost of housing if rent and other housing costs total more than 30% of total household income. For a homeowner, the cost of housing typically includes a mortgage, property taxes, and insurance. For a renter, the cost of housing is rent and utilities. The U.S. Department of Housing and Urban Development also recognizes households that pay more than 50% of income towards housing known as an “severely cost burdened.” Across the country, approximately 29% of all households are considered cost burdened and about 13.4% are severely burdened.



The methodology for estimating the housing affordability gap for Prescott uses data directly from the U.S. Census that shows the number of households spending more than 30% of income on housing.

The following table outlines the housing cost burden for renters in Prescott which totals approximately 3,380 households or 46.6% of all renters. **An estimated 27.9% of renter households pay more than 50% of their incomes on housing or 2,026 households. These households are considered severely rent burdened.** This latter rent burden is well above the county and state averages.

Renter Housing Cost Burden						
Gross Rent as % of Household Income						
	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Total:	7,256		28,846		923,559	
Less than 10.0 percent	164	2.3%	1,342	4.7%	35,020	3.8%
10.0 to 14.9 percent	546	7.5%	2,677	9.3%	70,637	7.6%
15.0 to 19.9 percent	828	11.4%	2,413	8.4%	104,368	11.3%
20.0 to 24.9 percent	1,086	15.0%	4,031	14.0%	115,422	12.5%
25.0 to 29.9 percent	751	10.4%	3,742	13.0%	102,684	11.1%
30.0 to 34.9 percent	550	7.6%	1,933	6.7%	80,245	8.7%
35.0 to 39.9 percent	351	4.8%	1,411	4.9%	62,372	6.8%
40.0 to 49.9 percent	453	6.2%	2,470	8.6%	83,870	9.1%
50.0 percent or more	2,026	27.9%	5,979	20.7%	207,164	22.4%
Not computed	501	6.9%	2,848	9.9%	61,777	6.7%
Total Spending More Than 30%	3,380	46.6%	11,793	40.9%	433,651	47.0%
Total Spending More Than 50%	2,026	27.9%	5,979	20.7%	207,164	22.4%

Source: ACS 2023 5-year estimate

For owner occupants, the housing cost burden is consistent with the statewide average. An estimated 3,257 owner households in Prescott or 21.0% fall into this category. Of that amount, 1,523 households are considered severely rent burdened (9.8%). It should be noted that homeowners typically have more options than renters to address their housing burden. For instance, an owner could sell the home and move to a less costly unit if one is available. Similarly, homeowners could have voluntarily increased their housing costs by taking out a second mortgage or home equity loan on the home. These factors all affect the housing burden of homeowners while renters have limited opportunities to reduce their housing burden beyond seeking a smaller or older unit or moving in with a roommate.



Owner Housing Cost Burden						
Housing Cost as Percent of Household Income						
	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Total owner households	15,495		80,054		1,873,231	
Less than 20.0 percent	9,452	61.0%	46,762	58.4%	1,119,626	59.8%
20.0 to 24.9 percent	1,357	8.8%	7,660	9.6%	208,141	11.1%
25.0 to 29.9 percent	1,266	8.2%	5,584	7.0%	134,621	7.2%
30.0 to 34.9 percent	658	4.2%	3,795	4.7%	89,783	4.8%
35.0 to 39.9 percent	574	3.7%	2,519	3.1%	59,715	3.2%
40.0 to 49.9 percent	502	3.2%	3,469	4.3%	72,363	3.9%
50.0 percent or more	1,523	9.8%	9,637	12.0%	167,545	8.9%
Not computed	163	1.1%	628	0.8%	21,437	1.1%
Total Spending More Than 30%	3,257	21.0%	19,420	24.3%	389,406	20.8%
Total Spending More Than 50%	1,523	9.8%	9,637	12.0%	167,545	8.9%

Source: ACS 2023 5-year estimate

The total housing affordability gap for Prescott under this methodology is 6,637 households, or approximately 29.2% of total households. Renters are the most cost-burdened households in the city on a percentage basis. The housing burden for renters at different incomes is outlined below.

- Housing cost burden falls on the lowest income households. There are 1,085 renter households earning less than \$20,000 who are burdened by rent and 777 owner households who are similarly burdened. These households are most appropriately housed in public housing units, typically owned by a government entity or non-profit, or subsidized with vouchers, with rents set at 30% of the household’s income.
- There are 2,127 renter households in the city earning between \$20,000 and \$50,000 per year and 72% of them, or 1,524 households, are burdened by housing costs. This group could be served by Low Income Housing Tax Credit projects or other government subsidized housing programs targeting 30%-60% AMI households. Prescott has three apartment communities offering subsidized rent to this target population totaling 224 units. Excluding population growth, there is still a need for 1,300 subsidized units for this income group.
- The third group of households, representing 1,565 renter households, earn between \$50,000 and \$75,000. About 32% of these households or 506 households are burdened by housing costs. Most of these households would likely qualify for workforce housing



units targeting 60%-100% AMI. Additionally, a portion of these households at the higher end of the range could be candidates for homeownership assistance programs. Alternatively, market rate apartments are positioned to offer rents affordable to households towards the middle to upper end of the income range. However, additional moderate rent units would need to be developed. With interest rate relief, a portion of these households could affordably purchase homes in the low \$300,000 range.

- The final group of 1,918 households earn \$75,000 or more with about 14% burdened by housing costs. Market rate apartments are affordable to this group of households. There are also many options among new and resale homes that would be affordable, especially if mortgage interest rates decline.

Renter Cost Burden						
Housing Cost as a Percent of Household Income						
	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Renter-occupied housing units:	7,256		28,846		923,559	
Less than \$20,000:	1,145		4,436		122,567	
30 percent or more	1,085	94.8%	3,911	88.2%	113,927	93.0%
\$20,000 to \$34,999:	1,269		3,868		123,065	
30 percent or more	1,062	83.7%	3,238	83.7%	109,901	89.3%
\$35,000 to \$49,999:	858		3,843		130,533	
30 percent or more	462	53.8%	2,532	65.9%	97,037	74.3%
\$50,000 to \$74,999:	1,565		5,632		177,433	
30 percent or more	506	32.3%	1,610	28.6%	82,140	46.3%
\$75,000 or more:	1,918		8,219		308,184	
30 percent or more	265	13.8%	502	6.1%	30,646	9.9%
Zero or negative income	110		310		18,839	
No cash rent	391		2,538		42,938	
Source: ACS 2023 5-year estimate						

Many homeowners are in a similar situation but have more options to alleviate their housing burden. The cost burden for Prescott homeowners is consistent with the county and state averages. The previous summary of housing prospects for renters among the different income groups is the same for owners. The development of housing for low- and moderate-income households, both rental and ownership housing products, would help to alleviate housing burden among a broad range of income levels. Those homeowners with low incomes could then use their equity to move up to newer, better housing.



Owner Housing Cost Burden Housing Cost as a Percent of Household Income						
	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Owner-occupied housing units:	15,495		80,054		1,873,231	
Less than \$20,000:	956		7,094		124,661	
30 percent or more	777	81.3%	5,425	76.5%	98,942	79.4%
\$20,000 to \$34,999:	1,777		9,381		153,271	
30 percent or more	726	40.9%	4,568	48.7%	78,585	51.3%
\$35,000 to \$49,999:	1,281		9,777		169,997	
30 percent or more	529	41.3%	3,674	37.6%	67,957	40.0%
\$50,000 to \$74,999:	2,839		13,525		291,613	
30 percent or more	690	24.3%	3,120	23.1%	80,082	27.5%
\$75,000 or more:	8,479		39,649		1,112,252	
30 percent or more	535	6.3%	2,633	6.6%	63,840	5.7%
Zero or negative income	163		628		21,437	

Source: ACS 2023 5-year estimate

A further source of demand for affordable housing is households who are separated or divorced or where a spouse has died. Those households have much lower incomes relative to married couple families. In particular, households headed by a single person have a median income of \$68,000 and lower. When they live with their own children, the median income for households headed by a male falls to under \$50,000 and for a female head of household to less than \$47,000.

Median Family Income by Type City of Prescott			
	Households	%	Income
Total households	22,751		
<i>Married-couple household</i>	11,084	48.7%	\$96,378
With children of the householder under 18 years	1,539	6.8%	\$114,750
<i>Cohabiting couple household</i>	1,278	5.6%	n/a
With children of the householder under 18 years	204	0.9%	n/a
<i>Male householder, no spouse/partner present</i>	4,355	19.1%	\$68,000
With children of the householder under 18 years	129	0.6%	\$49,483
<i>Female householder, no spouse/partner present</i>	6,034	26.5%	\$66,167
With children of the householder under 18 years	610	2.7%	\$46,932

Source: ACS 2023 5-year estimate

6.2 Summary

An estimated 6,637 households in Prescott, or approximately 29.2% of total households are burdened by housing costs, spending more than 30% of their income on housing. This number



includes 3,380 renters who are burdened the most on a percentage basis and 3,257 owners. As noted previously, owners have more options to resolve their housing cost issue by selling their home and moving to a lower cost unit or renting. Renters by comparison have fewer options. While there are few opportunities for homeownership for households who earn less than \$50,000, a target for first-time homeownership could be the more than 1,500 renter households who earn between \$50,000 and \$75,000.

Prescott has an inventory of 224 affordable LIHTC units that provide some benefit to low- and moderate-income households. Housing choice vouchers are also available across Yavapai County from the Arizona Public Housing Authority. The number of vouchers that are directly used in Prescott is unavailable. However, vouchers for the county are fully committed with a long waiting list. Resources available to low- and moderate-income households are limited and do not fully address housing need.

Affordability Guidelines

HUD income limits for multifamily tax subsidy projects for Yavapai County are based on the area median family income (AMFI) of \$87,300 for 2025. This means a family of four qualifies for an LIHTC complex at an income of \$54,360 (60% of AMFI). Therefore, about 7,300 households out of 22,751 households in the city or 32% (subject to household size) could potentially qualify for a tax subsidy unit.

FY 2025 Multifamily Tax Subsidy Project Income Limits								
Yavapai County, AZ								
Area Median Family Income \$87,300								
% of Median Income	Persons in Family							
	1	2	3	4	5	6	7	8
80%	\$50,750	\$58,000	\$65,250	\$72,500	\$78,300	\$84,100	\$89,900	\$95,700
70%	\$44,400	\$50,700	\$57,100	\$63,420	\$68,500	\$73,580	\$78,700	\$83,740
60%	\$38,040	\$43,500	\$48,900	\$54,360	\$58,740	\$63,060	\$67,440	\$71,760
50%	\$31,700	\$36,250	\$40,750	\$45,300	\$57,950	\$52,550	\$56,200	\$59,800
40%	\$25,360	\$29,000	\$32,600	\$36,240	\$39,160	\$42,040	\$44,960	\$47,840
30%	\$19,020	\$21,750	\$24,450	\$27,180	\$29,370	\$31,530	\$33,720	\$35,880
20%	\$12,860	\$14,500	\$16,300	\$18,120	\$19,580	\$21,020	\$22,480	\$23,920

Source: Department of Housing & Urban Development

Allowable rents for tax subsidy complexes correspond to the size of the households as shown below. For a two-bedroom unit that could accommodate up to four people, rent for a household earning 60% of AMFI would be \$1,222. Clearly market rents in Prescott are above these levels.



FY 2025 Tax Credit Program Allowable Rents Yavapai County						
% of Median Income	0 Bdrm	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	5 Bdrm
60%	\$951	\$1,019	\$1,222	\$1,413	\$1,576	\$1,740
50%	\$792	\$849	\$1,018	\$1,178	\$1,313	\$1,450
40%	\$634	\$679	\$815	\$942	\$1,051	\$1,160
30%	\$475	\$509	\$611	\$706	\$788	\$870
20%	\$317	\$339	\$407	\$471	\$525	\$580

Source: Department of Housing & Urban Development

The chart below shows Yavapai County median wages for a variety of occupations, some of which are considered critical service jobs such as firefighters, teachers, paramedics, and police officers. Beyond these critical service occupations, even waiters, construction laborers, and retail salespersons are important for a functioning economy. The monthly affordable housing cost for each occupation shows that nearly all the occupations would have difficulty affording the market rents in Prescott much less purchase a home as a single income household. The average Prescott apartment rents ranging from \$1,600 and higher are out of reach for most occupations as a single earner household.

Housing Affordability By Occupation			
Occupation	Yavapai County 2023 Median Wage	Monthly Affordable Housing Cost (30% of Income)	Monthly Affordable Rent (Less Utilities)
Retail Salespersons	\$33,886	\$847	\$747
Receptionists and Information Clerks	\$36,094	\$902	\$802
Restaurant Cooks	\$37,432	\$936	\$836
Nursing Assistants	\$38,572	\$964	\$864
Waiters and Waitresses	\$41,273	\$1,032	\$932
Construction Laborers	\$43,233	\$1,081	\$981
Pharmacy Technicians	\$44,675	\$1,117	\$1,017
Paramedics	\$45,446	\$1,136	\$1,036
Elementary School Teachers	\$48,488	\$1,212	\$1,112
Middle School Teachers	\$48,994	\$1,225	\$1,125
Firefighters	\$51,838	\$1,296	\$1,196
Secondary School Teachers	\$53,240	\$1,331	\$1,231
Police and Sheriff's Patrol Officers	\$67,315	\$1,683	\$1,583
Registered Nurses	\$91,166	\$2,279	\$2,179

Prepared by the Arizona Office of Economic Opportunity in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, April 2024



The wage data above does not consider that a household may have two wage earners. However, for single person households, particularly headed by a female head of household or families where only one person works, the availability of affordable housing is a critical need. Census data shows that about 30% of all Prescott households have only one working member while 15% of households have two working members (only 3% of households have three working members). Another 52% have no working members of the household, mostly reflecting retired households (51% of all households in Prescott are headed by a person who is 65 years or older). Affordable housing is critical for those households with one working member and for single person households.

6.3 Future Housing Demand

As noted previously in this report, Prescott is expected to grow by 6,198 people between 2024 and 2040. This will create demand for at least 3,195 housing units. Taking into account a 5% vacancy rate, total housing demand should approach 3,355 units.

Following from the gap analysis, the following table outlines the future demand for housing by today’s income range. Rental housing demand, much of which could be in the form of subsidized units, will be driven by households with less than \$50,000 in income. Total demand is estimated at 1,154 units through 2040. Another 1,104 units of ownership housing will be needed for critical service employees who earn between \$50,000 and \$100,000. This population may need support to acquire housing that is within their reach. At today’s interest rate, the households in this income category could afford a home ranging from \$200,000 to \$350,000.

Prescott Forecasted Housing Demand By Income			
Income Range	Households	%	Housing Target
Less than \$25,000	547	16.3%	Rental Housing
\$25,000 to \$34,999	292	8.7%	Rental Housing
\$35,000 to \$49,999	315	9.4%	Rental Housing
Total	1,154	34.4%	
\$50,000 to \$74,999	661	19.7%	Ownership Housing
\$75,000 to \$99,999	443	13.2%	Ownership Housing
Total	1,104	32.9%	
\$100,000 to \$149,999	500	14.9%	
\$150,000 to \$199,999	248	7.4%	
\$200,000 or more	349	10.4%	
Total	1,097	32.7%	
Total Units	3,355	100.0%	
Source: AZ OEO, Elliott D. Pollack & Co.			



7.0 Conclusions

Over the last five years, housing in the city of Prescott has experienced declining affordability conditions, similar to that occurring across Arizona. In total, about 29.2% of households in the community are currently burdened by their housing costs, including 46.6% of all renters. The city is projected to experience moderate growth for the foreseeable future, and affordability challenges will continue. Solutions are needed for current residents and to plan for the housing needs of future residents.

Prescott is in a strong position to address the affordability needs of its growing community. Employment forecasts suggest that the City's economy will continue to expand and could bring more high wage jobs. These jobs will have a multiplier effect, creating multiple lower wage jobs as a result. Prescott should be strategic about the types of housing units it approves to support current and future residents, especially necessary service workers.

There is an abundance of available residential land available to accommodate future growth. A variety of housing types should be encouraged. However, addressing the housing affordability issue will not be successful unless higher density housing products are introduced to the community to offset the cost of land and construction. Incentives and affordable housing policies to attract such housing are an important element. While this report does not provide an overall strategy, suggested options for higher density housing products include the following.

- Small lot and attached ownership development, including courtyard complexes, will allow more residents who earn less than \$100,000 the opportunity for homeownership.
- Moderate and higher-density rental products, such as single-family rentals (BTRs), traditional apartments, townhomes, or duplexes placed in strategic areas can provide affordable opportunities for households earning between \$50,000 and \$75,000.
- Accessory dwelling units (ADUs) on existing lots provide affordable rental options while providing income to the property owner. We understand an ADU may not be rented separately from the principal dwelling unit on the lot under the requirements of the LDC.
- Manufactured or modular homes are now being developed on permanent foundations with enhanced design features by developers. Manufactured homes can be an affordable ownership option for Prescott.



- Subsidized housing programs targeting low-income and workforce wage households (40%-100% AMI) for multi-family housing will continue to be demanded in Prescott to support service providers who are currently burdened by housing costs. Even after new apartment communities are completed in the coming year, there will still be a large gap of need at this income level.





TO: MAYOR AND CITY COUNCIL
AGENDA: May 21 CDBG Citizens Advisory Committee Meeting
DATE: May 21, 2025
DEPT: Community Development
ITEM #: 4.A
SUBJECT: Staff Announcements

ITEM SUMMARY

This item is for staff to provide updates to the Committee regarding next steps in the 2025-2029 Consolidated Plan process and other timely information for consideration.

BACKGROUND

None

FINANCIAL IMPACT

There is no fiscal impact associated with this item.

RECOMMENDED ACTION

This item is for discussion only. No formal action will be taken.

ATTACHMENTS

None