

City of Prescott

City Council - Study Session



May 27, 2025 | 1:00 PM
201 N Montezuma Street
City Council Chambers, 1st Floor
Prescott, AZ 86301

AGENDA

The following Agenda will be considered by the **Prescott City Council** at its **Study Session** pursuant to the Prescott City Charter, Article II, Section 13. Notice of the meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02. One or more members of the Council may be attending the meeting through the use of a technological device.

Viewing & Participation

This meeting may be viewed on Channel 64, Facebook Live or on the City's website: [City of Prescott Live Meeting Feed](#)

Public comments for Council may be submitted through the City website: [Public Comment Form](#)

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **DISCUSSION**
 - A. Presentation & Discussion Regarding Workforce Housing Policy from the Workforce Housing Committee.
 - B. Presentation & Discussion Regarding Regional Water Challenges from Mark Holmes and Gary Beverly.
4. **ADJOURNMENT**

Upon a public majority vote of a quorum of the City Council, the Council 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 5/22/25 at 12:00 p.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 27 Study Session
DATE: May 27, 2025
DEPT: City Manager
ITEM #: 3.A
SUBJECT: Presentation & Discussion Regarding Workforce Housing Policy from the Workforce Housing Committee.

ITEM SUMMARY

This item is for staff to present the workforce housing policy is being brought to Council by the Workforce Housing Committee for review and direction.

BACKGROUND

The Issue:

The City of Prescott is facing a growing workforce housing gap. Rising home prices and rental rates have significantly outpaced local wage growth, leaving many essential workers, such as teachers, public safety personnel, healthcare providers, and service industry employees, unable to afford to live where they work. This affordability issue has created recruitment and retention challenges for local employers, increased commuting from surrounding areas, and strained regional transportation infrastructure.

Historical Context and Data:

Between 2017 and 2023, the median home price in Prescott increased from approximately \$310,000 to over \$515,000, a rise of more than 65%, according to data from the Northern Arizona Association of Realtors. During the same period, average wages in Yavapai County increased by only 18%. As of 2023, a household would need to earn over \$150,000 annually to afford a median-priced home in Prescott without being cost-burdened, while the median household income remains under \$70,000. Rental prices have followed similar trends, with two-bedroom apartments averaging over \$1,800/month, making it difficult for middle-income earners to secure housing.

This issue is not unique to Prescott but is especially acute due to the city's aging housing stock, limited land availability, and increasing demand from retirees and remote workers relocating to the region.

Workforce Housing Committee Analysis:

In response, the City formed the Workforce Housing Committee, which has met regularly since its establishment to study the issue. The committee reviewed best practices from similar municipalities such as Flagstaff and Tucson, engaged local stakeholders, and analyzed data on housing availability, cost, and barriers to development.

The committee found that key barriers to workforce housing include:

- Limited availability of land zoned for medium- to high-density housing
- High development costs and limited financial incentives
- Community resistance to certain types of housing (e.g., apartments, duplexes)
- Lack of a formal City policy or coordinated strategy to support workforce housing

The committee has developed a draft Workforce Housing Policy to guide the City's response. This

policy outlines potential tools such as zoning reforms, targeted incentives, public-private partnerships, and ongoing stakeholder engagement to support housing affordability and availability for the local workforce.

Conclusion:

Prescott’s workforce housing shortage is a structural issue with wide-reaching implications for the City’s economic vitality, municipal service delivery, and community well-being. Without proactive measures, the problem is likely to worsen, affecting Prescott’s ability to maintain a diverse and stable workforce.

Recommendation:

Staff and the Workforce Housing Committee recommend that Council review and provide feedback on the draft Workforce Housing Policy. Specifically, the committee seeks:

- Endorsement of the overall policy direction
- Input on priority areas or tools the City should explore further
- Clarification on areas the Council does not wish the committee to pursue

Adopting a clear and actionable workforce housing policy will enable the City to pursue strategic partnerships, apply for external funding, and signal a commitment to supporting those who serve and sustain the Prescott community.

FINANCIAL IMPACT

There is no fiscal impact associated with this item at this time.

RECOMMENDED ACTION

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

ATTACHMENTS

1. Workforce Housing Policy Draft for Council Review



2025

Workforce Housing Policy

Effective Date: Month Day, Year

Acknowledgements

Prescott, Arizona, a picturesque city nestled in the heart of Yavapai County, boasts a rich history, stunning natural beauty, overall excellent quality of life, and a vibrant, active, and engaged community. However, the availability of affordable and attainable workforce housing is a critical issue requiring urgent attention.

For this reason, in November 2022, the Prescott City Council established the standing Workforce Housing Committee with the purpose of researching, reviewing and proposing recommendations to Council regarding attainable housing options and solutions for the workforce of Prescott. The City of Prescott extends its gratitude for the time and work provided by Committee Members: Mayor Pro Tem Cantelme (Council Liaison), Chairman Jonathan Rocha, Vice-Chair Nicole Kennedy, Member Mike Fann, Member Randy Goodman, Member Luther Kraxberger, Member Anthony Teeters, and Member Arnold Urias. The City would also like to extend its gratitude to all the City staff members who provided recommendations and feedback to create and improve the policy, and to make its implementation effective.

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Section 1: Introduction

In many communities, middle-income workers such as teachers, firefighters, police officers, and healthcare professionals face significant challenges in finding attainable housing in or near the communities in which they work. This issue arises from a combination of stagnant wages and rising housing costs, which often force these essential workers to live far from their jobs, leading to longer commutes and increased traffic congestion.

The goal of a workforce housing policy is to create and maintain housing that is affordable for these critical workers, ensuring they can live in the communities they serve. This policy not only supports the well-being of these workers but also contributes to the overall economic stability and social cohesion of the community.

By implementing a comprehensive workforce housing policy, the City of Prescott can foster a more inclusive and sustainable environment where all members of our workforce have access to safe and affordable housing.

The Committee's Mission is to plan and preserve workforce housing solutions to promote a healthy and vibrant community for all.

The Committee's Vision is to facilitate housing solutions to attract and retain quality employees and lead to improved service delivery and quality of life for our residents and workforce.

The City of Prescott defines the workforce as:

Using HUD and ULI definitions plus local statistics, research, and demographics, the City of Prescott defines the "workforce" as: those that earn about 60%-120% of the area's median income. Based on Prescott's current area median income (FY24)¹ of \$85,300 for a family of four, this scale would start at \$51,180 and go to \$102,360. Workforce includes those employed in occupations vital to a community's functioning across areas like education (teachers), healthcare (nurses), public safety (police officers and firefighters), construction, and other key services.

The City of Prescott defines workforce housing as:

Workforce housing refers to residential properties, such as apartments or homes, that are designed to be affordable for individuals and families. This is different from a direct government subsidized housing program. The goal is to offer housing that is no more than 30% of household gross income, including utilities.

¹ [FY 2024 Income Limits Documentation System - Median Income Calculation for Prescott Valley-Prescott, AZ MSA](https://www.huduser.gov/portal/datasets/il/il2024/2024MedCalc.odn)
<https://www.huduser.gov/portal/datasets/il/il2024/2024MedCalc.odn>

Section 1.a: Community Outreach

Workforce housing plays a crucial role in creating diverse, vibrant, and sustainable communities. Without addressing the Workforce Housing issue, recruitment and retention of quality service providers will continue to decline. Prescott residents will experience longer waiting times, reduced service levels, and, in some cases, must go outside of the area for services. Costs of local services may increase. Prescott may experience less diversity in its population, and service providers may become disconnected from the community.

The City of Prescott will conduct ongoing community outreach to gather input and foster collaboration among stakeholders, including residents, businesses, developers, and housing advocacy groups. Regular opportunities for public engagement will be held to engage the community and incorporate their feedback into housing strategies. This may include, but is not necessarily limited to, regular Workforce Housing Committee meetings.

Section 1.b: Eligibility

The Workforce Housing Policy aims to provide attainable housing options for individuals who contribute to the local economy and community but are unable to find adequate housing in the current market. This Policy outlines eligibility criteria for both the workforce and developers seeking to participate in the incentive options.

Eligible Workforce

Workforce includes those employed in occupations vital to a community's functioning across areas like education, healthcare, public safety, construction, and other key services. The goal is to provide housing for residents who are integral to the functioning of the City, but struggle to secure housing due to rising housing costs.

A. Income Limitations

Generally, based on HUD and ULI definitions plus local statistics, research, and demographics, the City of Prescott defines workforce as those that earn about 60%-120% of the area's median income. For example:

- A family of four earning between \$51,180 and \$102,360 annually (FY24) may qualify for workforce housing.

B. Residency Requirements

Eligible workforce applicants must be employed full-time within Yavapai County.

Eligible Developers

To ensure that workforce housing is developed in a timely, efficient, and responsible manner, the following criteria apply to developers seeking to participate in the program:

A. Developer Qualifications

Eligible developers may include, but are not necessarily limited to:

- For-profit real estate developers with experience in single family, multi-family or mixed-use residential development.
- Non-profit organizations focused on workforce housing development, including community development corporations (CDCs) and housing trust funds.
- Public-private partnerships between local government entities and private developers.
- Governmental entities working jointly on workforce housing.
- Developers must post financial assurances and commit to providing housing that meets the building standards and affordability requirements outlined by the City of Prescott.

B. Project Scope and Location

Eligible development projects must meet the following criteria:

- **Project Type:** Projects must include rental or homeownership units for the eligible workforce population as defined above. This can include multi-family complexes, single-family homes, or mixed-use developments.
- **Location:** Projects must be located within the City of Prescott, with a focus on areas close to public transit, employment centers, schools, and other community amenities.
- **Design and Density:** Developments must adhere to City zoning regulations and density standards.

C. Affordability Requirements

Developers must agree to maintain affordability for a minimum period of 20 years (or as stipulated by City guidelines), ensuring that rents or home prices remain within the prescribed limits for workforce households. Minimum period may be waived or adjusted by the Council as they deem appropriate.

D. Compliance with Local Codes

Developers must comply with all applicable local building codes, environmental regulations, and sustainability standards. Preference may be given to developers who incorporate green building practices or energy-efficient features into their projects.

These eligibility guidelines for workforce housing are designed to support the smart growth of Prescott while ensuring that the housing needs of the local workforce are met in a sustainable and inclusive manner. The program prioritizes both access to workforce housing and the creation of vibrant, thriving communities that contribute to the City's long-term prosperity.

Section 2: Incentive Programs

To encourage the development of workforce housing, the City will implement various incentive programs.

Section 2.a: Development Fee Incentives

Fee Waivers and Reimbursements

The City of Prescott may waive or reimburse the following fees, on a case-by-case basis, for developments that qualify under the Workforce Housing Program:

- Building Permit Fees
- Planning and Zoning Fees
- Other development-related fees as determined by the City
- Fee waivers and reimbursements are provided on a sliding scale, with greater waivers for projects that serve lower AMI levels. The following parameters apply:
 - Lower AMI Levels: Developments that serve households earning closer to 60% of the AMI will qualify for the highest percentage of fee waivers and reimbursements.
 - Higher AMI Levels: Projects serving households earning closer to 120% of the AMI will qualify for lower waivers and reimbursements.

Eligibility and Restrictions

- Fee waivers and reimbursements are only available for developers who meet the criteria for the Workforce Housing Program, and who do not have outstanding issues related to the following:
 - Code Violations: Any property owner with unresolved building code violations will not be eligible for fee waivers or reimbursements.
 - Outstanding City Debts: Fee waivers are not available to developers with overdue debts to the City, including unpaid taxes or licensing fees.
 - Accessibility Violations: Developers with unresolved accessibility issues on past or current projects are also ineligible for fee reductions.

Deferral of Development Fees (Impact Fees) for Market-Rate Units

The City of Prescott may allow the deferral of Development Fees, specifically impact fees, for a workforce housing development project that is part of a Development Agreement pursuant to Arizona Revised Statute Section 9-500.05 and the Development Agreement spells out the collection of impact fees at time of issuance of a Certificate of Occupancy pursuant to Arizona Revised Statute Section 9-463.05(10). The impact fees for these market-rate units may be deferred until the unit reaches the Certificate of Occupancy stage. This deferral option is designed to incentivize mixed-income developments that include significant portions of workforce housing.

By offering fee waivers, reimbursements, and deferrals, the City of Prescott seeks to make it financially feasible for developers to include workforce housing in their projects, supporting the growth and vitality of Prescott while meeting the needs of residents.

Fee Reimbursement

% Workforce Units (of Total)	Fee Reimbursement Percentage
10%	25%
20%	50%
30%	75%
40%+	100%

Eligible Fees Include:

- Zoning Fees
- Subdivision Fees
- Site Plan Fees
- Building Plan Review, Permit, and Inspection Fees
- Utilities Department Fees

The percentage of total fees, not including development impact fees, will be reimbursed after workforce housing units are completed. Development impact fees may be paid by the City if approved by the Council on a case-by-case basis.

[Section 2.b: Prioritization and Expedited Review](#)

The City of Prescott is committed to prioritizing workforce housing developments as part of its broader strategy to ensure attainable housing options are available for residents. To facilitate timely and efficient development, workforce housing projects will be eligible for expedited review throughout the post-entitlement planning and permitting process. The City aims to streamline these projects, ensuring they progress through approval stages more quickly than conventional development projects.

Prioritization and Expedited Review

Workforce housing developments will be prioritized in the City’s planning and permitting processes. City staff will work closely with applicants to fast-track reviews, inspections, and approvals. The goal is to expedite the review process while ensuring compliance with all relevant regulations. A timeline for review will be negotiated and included in a development agreement. For example, city management can direct the Community Development Department to implement a one-time red line review.

Development Types and Review Process

For the following types of developments, the applicant and City staff will jointly establish an expedited review timeline:

- Multi-Family Developments
- Mixed-Use Developments
- Site Plans
- Single-Family Subdivisions

Review timelines for workforce housing units may be reduced by up to 50% compared to conventional development timelines. If the developer wishes to include market-rate units in the expedited review process, they must commit to providing more than 20% workforce units within the development. In this case, the City will encourage the submission of like units in a block submittal to further streamline the process.

Incentives and Commitments

Applicants are encouraged to commit to workforce housing incentives by the time of Preliminary Plat approval. The Community Development Director or designee will assess requests for exceptions to this timeline on a case-by-case basis.

Shared Responsibility for Timely Review

While the City is committed to expediting the review process, the speed of review depends significantly on the quality of the applicant's submittals and their responsiveness throughout the process. Developers must promptly address corrections, respond to comments, and ensure timely compliance with City requirements. Expedited review may be discontinued if the developer fails to meet these responsibilities.

Requirements for Expedited Review

To qualify for expedited review through the entitlement process, applicants must submit a Workforce Housing Proposal signed by the Community Development Director or designee, certifying the developer's commitment to workforce housing. This proposal must be attached to the development submittal for it to be eligible for expedited processing.

Additionally, for Engineering and Development Services Reviews, the applicant must include a copy of the Workforce Housing Certification Letter from the Housing section at the time of Final Plat or Site Plan approval. This certification ensures that the project is committed to the workforce housing goals and meets all required standards.

Compliance with Building Codes

All new buildings must comply with the building codes in effect on the day the building permit application is submitted. A copy of the Workforce Housing Certification (provided by the Housing section) must accompany each permit application for workforce units. All related documents and applications can be retrieved at the Community Development front counter.

By prioritizing workforce housing and streamlining the development process, the City of Prescott aims to address the growing demand for workforce housing while supporting developers in meeting the community's needs. This expedited process is designed to encourage the timely delivery of workforce housing projects, helping to build a stronger, more sustainable Prescott.

Section 2.c: Modification of Code Requirements

To address the need for workforce housing, the City of Prescott recognizes the importance of creating a flexible regulatory environment that encourages developers to pursue workforce housing projects. As part of this effort, the City may modify certain code requirements to reduce barriers and incentivize the construction of workforce housing. These modifications will provide greater flexibility while ensuring that developments align with community goals and maintain the city's character.

Key modifications include:

- **Density Bonuses:** The City may allow increased residential density in designated areas for developments that include a significant percentage of workforce housing units. These density bonuses will enable developers to build more units per acre than typically allowed under current zoning regulations. Examples of this may include changes to the Land Development Code that provide for density bonuses.
- **Fee Waivers and Reductions:** As discussed in Section 2.a
- **Expedited Review Process:** As discussed in Section 2.b
- **Reduced Parking Requirements:** Developments that meet workforce housing criteria will be eligible for reduced parking requirements. This measure will lower development costs, particularly for projects located near public transportation or within walking distance of key employment centers.
- **Height and Setback Flexibility:** The City may grant variances for building height and setbacks for workforce housing projects in certain areas, particularly in mixed-use or infill development zones. This flexibility will maximize the use of land while maintaining appropriate buffers and respecting neighborhood contexts.

By incorporating these modifications to existing code requirements, the City of Prescott aims to create a more supportive environment for the construction of affordable workforce housing, helping to meet the housing needs of our local workforce while preserving the character and livability of our community.

Section 2.d: Zoning

The City of Prescott recognizes zoning as a powerful tool to incentivize workforce housing. By offering targeted zoning incentives, the City seeks to encourage developers to integrate workforce housing into new developments and expand housing options for moderate-income

workers. Key zoning incentives include the promotion of diverse housing types, increased density allowances, and streamlined processes for qualifying projects.

Key strategies include:

- **Accessory Dwelling Units (ADUs):** The City will support and encourage the development of accessory dwelling units (ADUs) on residential properties to increase housing options. Zoning regulations will be modified to allow ADUs by right in most residential zones, with reduced requirements for parking, setbacks, and lot size. This will enable homeowners to create additional workforce housing units in established neighborhoods without significant changes to community character.
- **Workforce Housing Types:** Zoning will accommodate a variety of housing types, including factory-built, manufactured, and site-built, duplexes, townhomes, small-scale multifamily units, and mixed-use developments, particularly in areas near employment centers, transit, and services. This diversification of housing types will provide more affordable options for the City's workforce while promoting neighborhood diversity.
- **Density Bonus Program:** To further incentivize workforce housing, the City may offer density bonuses in exchange for including a percentage of workforce housing units in residential developments. Developers who voluntarily dedicate a portion of their units to workforce housing may be permitted to build at higher densities than typically allowed under current zoning laws. This increase in allowable units can improve the financial viability of projects that serve moderate-income residents. Examples of this may include changes to the Land Development Code that provide for density bonuses.
- **Voluntary Workforce Housing Inclusion:** The City will promote voluntary workforce housing inclusion by offering flexible zoning regulations for developers who incorporate workforce housing into their projects. These incentives may include relaxed height restrictions, reduced parking requirements, or modified setback standards, particularly in areas designated for higher-density or mixed-use developments. By opting into this program, developers can benefit from streamlined approval processes and additional project flexibility.
- **Project Qualifications:** For a project to qualify for workforce housing zoning incentives, a defined percentage of the units must be affordable to households earning between 60% and 120% of the Area Median Income (AMI). Developers will be required to maintain affordability for a minimum of 20 years, ensuring that the benefits of workforce housing are long-lasting and accessible to local workers.

By using zoning as an incentive, the City of Prescott seeks to foster innovative housing solutions, encourage private sector participation, and increase the availability of affordable workforce housing. These measures aim to support local economic stability, reduce commuting times for workers, and strengthen Prescott's overall quality of life.

Section 2.e: Water Policy

The City of Prescott recognizes that access to water resources is a critical factor in the development of new housing projects, including workforce housing. To support the development of attainable housing for local workers, the City will offer specific water policy incentives aimed at reducing water-related costs and streamlining access to water resources for qualifying workforce housing developments. These incentives will align with the City's broader water management goals while promoting sustainable growth.

Key water policy incentives include:

- **Water Allocation Prioritization:** Workforce housing developments that meet the City's criteria will be prioritized for water allocation within the City's available water resources. By giving priority to these projects, the City aims to ensure that developers can secure the necessary water rights and connections to proceed with construction in a timely manner.
- **Reduced Water Fees:** To encourage the construction of workforce housing, the City will offer reductions or waivers for certain water fees for projects that dedicate a defined percentage of units to workforce housing. This reduction in upfront costs will improve the financial viability of workforce housing projects, supporting their successful completion.
- **Water Efficiency Incentives:** Developments that incorporate advanced water-saving technologies or sustainable landscaping practices will be eligible for additional incentives. These may include further fee reductions or expedited permitting processes. By promoting water-efficient designs, the City aims to balance housing growth with long-term water conservation goals.
- **Streamlined Water Permitting Process:** Workforce housing developments will benefit from an expedited water permitting process. This streamlined approach will reduce delays and simplify the approval of necessary water infrastructure for qualifying projects. The City's expedited process will help accelerate the timeline for bringing workforce housing units to market.
- **Workforce Housing Water Policy Reference:** Developers and stakeholders are encouraged to refer to the Workforce Housing section of the City of Prescott's Water Policy for detailed guidance on the specific water-related incentives available to workforce housing projects. This section outlines all relevant water use standards, resource allocation processes, and sustainability requirements that apply to workforce housing developments.

By integrating water policy incentives into the City's workforce housing strategy, Prescott seeks to promote workforce housing solutions while ensuring responsible water management practices. These incentives are designed to reduce financial and regulatory barriers, making it easier for developers to contribute to the City's workforce housing supply.

Section 2.f: Employee Incentives

The City of Prescott is committed to fostering a stable and thriving workforce by addressing the housing needs of its employees. To support this goal, the City's Human Resources Department will actively explore and implement incentives related to workforce housing, aimed at enhancing the recruitment and retention of qualified employees who contribute to the success and well-being of our community.

The City recognizes that access to affordable, high-quality housing plays a significant role in attracting and retaining skilled employees. As part of this commitment, the Human Resources Department will focus on the following strategies:

- **Employee Housing Assistance Programs:** The City will explore potential programs that provide direct assistance to employees seeking housing within Prescott. This may include down payment assistance, rental subsidies, or housing stipends for employees who meet specific criteria, particularly those in key public service roles.
- **Partnerships with Workforce Housing Developers:** The City will seek to collaborate with developers and community organizations to reserve a portion of workforce housing units for City employees. These partnerships aim to create priority access to workforce housing options that are conveniently located near employment centers and city services.
- **Housing Education and Resources:** The Human Resources Department will continue to provide resources and information to employees on available workforce housing opportunities, housing assistance programs, and pathways to homeownership. These efforts will help employees navigate the housing market and access options that meet their needs.
- **Exploring Additional Incentives:** The City will actively explore and identify new opportunities and incentives that can further support employees in securing housing. This may include evaluating the feasibility of employer-assisted housing programs, advocating for expanded housing benefits, and integrating housing support into the City's overall benefits package.
- **Boosting Employee Recruitment and Retention:** By offering workforce housing incentives, the City aims to improve its ability to recruit and retain highly qualified employees, particularly in roles critical to public service and community development. Providing employees with stable and attainable housing options strengthens the City's workforce and ensures that those who serve the community can also live and thrive within it.

The City of Prescott will continue to prioritize workforce housing as a key component of its overall employee recruitment and retention strategy, ensuring that City employees have access to housing solutions that support their long-term success and connection to the community.

Section 2.g: Pre-Approved Plans Program

The City of Prescott will establish a Pre-Approved Plans Program to support the timely and cost-effective development of workforce housing. This program, modeled after successful initiatives like Yavapai County's *Home of My Own* program, will offer a selection of pre-approved housing designs and layouts tailored to meet workforce housing needs. By providing developers and builders with streamlined design options, the City aims to reduce development costs, expedite project timelines, and promote the construction of workforce housing units.

Key features of the Pre-Approved Plans Program include:

- **Selection of Pre-Approved Designs:** The City will curate a variety of workforce housing designs, including options for single-family homes, duplexes, townhomes, and small multifamily units. These designs will adhere to local building codes and design standards, providing developers with ready-to-use plans that meet workforce housing requirements.
- **Expedited Review Process:** Projects using pre-approved designs will benefit from an expedited permitting and review process. Since the plans have already undergone pre-approval, builders and developers can bypass the typical review process for design compliance, significantly reducing the time needed to start construction.
- **Cost Savings for Developers:** By offering pre-approved plans, the City aims to reduce architectural and design costs for workforce housing projects. Developers and builders will be able to select from a range of affordable, high-quality designs without incurring the expense of custom architectural services, lowering overall project costs.
- **Adaptability for Different Lot Sizes and Needs:** The pre-approved plans will be adaptable for various lot sizes and configurations, making them suitable for infill projects, mixed-use developments, and traditional neighborhood settings. This flexibility ensures that the designs can accommodate the diverse needs of workforce housing projects throughout the city.
- **Sustainability and Efficiency:** The pre-approved housing designs will incorporate modern building practices and materials to promote energy efficiency and sustainability. This not only benefits residents by lowering utility costs but also aligns with the City's long-term environmental and housing goals.
- **Design Compatibility:** All pre-approved designs will be developed with Prescott's character in mind, ensuring that new workforce housing developments blend seamlessly into existing neighborhoods and contribute to the city's aesthetic and architectural standards.

By implementing the Pre-Approved Plans Program, the City of Prescott aims to simplify the workforce housing development process, incentivize builders to pursue workforce housing projects, and ensure that new housing is both cost-effective and of high quality. This program

will contribute to the City's efforts to increase the availability of workforce housing while maintaining the charm and livability of Prescott's communities.

Section 3: Revitalization, Infill, and Expanded Footprint

The City of Prescott is committed to encouraging the revitalization of underutilized areas and supporting infill development to address the growing need for workforce housing. By focusing on the redevelopment of existing sites and encouraging higher-density, mixed-use projects in strategic areas, the City aims to create workforce housing opportunities while enhancing the vibrancy and sustainability of established neighborhoods.

Key incentives for revitalization and infill development include:

- **Priority for Infill Projects:** The City will prioritize workforce housing projects located on vacant, underdeveloped, or underutilized sites within the city’s existing urban areas. By encouraging the reuse of land and buildings, the City aims to reduce sprawl, leverage existing infrastructure, and promote more efficient land use. These projects will receive expedited permitting and consideration for additional incentives.
- **Financial Incentives for Revitalization:** Workforce housing projects that involve the rehabilitation of existing buildings or the redevelopment of blighted or distressed properties will be eligible for financial incentives. These may include reduced fees, tax abatements, or access to grant funding for infrastructure improvements. These incentives are designed to make revitalization projects more financially attractive to developers.
- **Zoning Flexibility for Infill Sites:** Infill development that includes a workforce housing component will be eligible for flexible zoning standards, such as reduced minimum lot sizes, increased building heights, and modified parking requirements. This flexibility will allow developers to maximize the potential of infill sites, particularly in areas where higher densities are appropriate and desirable.
- **Mixed-Use Development Encouragement:** To create vibrant, walkable communities, the City will incentivize mixed-use developments that combine workforce housing with commercial, retail, or public spaces. Such projects will be encouraged in designated revitalization districts, downtown areas, and near transit hubs, contributing to both housing affordability and economic development.
- **Public-Private Partnerships for Infill Housing:** The City will seek to form public-private partnerships to facilitate workforce housing development in infill areas. These partnerships may include land acquisition assistance, infrastructure support, or coordination with community development organizations to advance workforce housing projects that benefit both developers and the community.
- **Sustainability and Historic Preservation:** Workforce housing projects that incorporate sustainable building practices or that preserve and restore historic properties as part of their revitalization efforts will be eligible for additional incentives. These may include green building certifications, energy efficiency grants, or special zoning variances to accommodate preservation goals.

By focusing on revitalization and infill development, the City of Prescott aims to create new workforce housing opportunities in well-established neighborhoods, reduce development pressure on open spaces, and promote a sustainable, resilient community. These efforts will help ensure that workforce housing is available in areas with access to jobs, services, and transportation, while also enhancing the city's economic vitality.

Section 4: Funding

To support the development and expansion of workforce housing in Prescott, the City will employ a diverse range of funding strategies designed to leverage public, private, and philanthropic resources. These funding mechanisms will help bridge financial gaps, making workforce housing projects more feasible and sustainable. The City will focus on the following funding approaches:

- **Voluntary Financial Contributions and Donations:** The City will create avenues for voluntary financial contributions from individuals, businesses, and organizations interested in supporting workforce housing initiatives. These contributions, which can include monetary donations, land donations, or materials, will be used to fund workforce housing projects, offset development costs, or provide down payment assistance to qualified homebuyers. Contributors may be recognized publicly, fostering a sense of community involvement in solving Prescott's housing challenges.
- **Debt Issue:** The City may consider issuing debt in furtherance of workforce housing.
- **Grant Funding Opportunities:** The City will actively pursue state, federal, and private grant funding to support workforce housing development. This may include applying for housing-related grants from the U.S. Department of Housing and Urban Development (HUD), the Arizona Department of Housing, and other relevant agencies. Grant funding will be used to directly support the construction of new workforce housing units, infrastructure improvements, and rehabilitation of existing properties for workforce housing.
- **Grant Distribution and Pass-Through Programs:** The City will serve as a facilitator for distributing grant funds to local developers, non-profit organizations, and housing agencies engaged in workforce housing projects. As a grant pass-through entity, the City will apply for large-scale grants and distribute funds to eligible projects that meet workforce housing criteria. This ensures that local initiatives have access to financial resources while maintaining accountability and compliance with grant conditions.
- **Workforce Housing Trust Fund:** The City will explore the establishment of a Workforce Housing Trust Fund specifically earmarked for workforce housing. This fund could be supported through voluntary contributions, a portion of development fees, or other dedicated revenue streams. The trust fund would provide a stable, ongoing source of funding to support workforce housing projects, including land acquisition, construction, and down payment assistance programs.
- **Public-Private Partnerships (P3):** The City will seek to create public-private partnerships (P3s) that leverage private investment in workforce housing development. These partnerships could involve financial contributions, land use agreements, or shared resources between the City and private developers. The City will also explore opportunities for low-interest loans or other financial incentives to encourage private-sector investment in workforce housing projects.

- **Incentives for Philanthropic Support:** The City will encourage philanthropic organizations and community foundations to support workforce housing efforts through donations and grant-making. The City will work to develop relationships with local and national foundations that have an interest in workforce housing, workforce development, and community sustainability.

By employing these diverse funding strategies, the City of Prescott aims to create a robust financial foundation for workforce housing development. This approach will reduce financial barriers for developers, increase the availability of attainable housing for local workers, and ensure that Prescott's workforce housing policy has the long-term financial backing necessary to meet the community's housing needs.

Section 5: Real Property

The availability and strategic use of real property play a crucial role in supporting the development of workforce housing in the City of Prescott. By leveraging both City-owned and privately held properties, the City aims to increase the supply of attainable housing for local workers. This approach will involve making surplus City-owned properties available for workforce housing projects, as well as working collaboratively with private property owners to encourage the development of such housing.

- **City-Owned Property**

The City of Prescott will identify and make surplus, vacant City-owned properties available for workforce housing development. These properties, which have no designated uses or purposes such as infrastructure or essential public services, will be prioritized for projects that align with the community's workforce housing needs. The City will focus on the following strategies:

- **Property Inventory:** The City will conduct an ongoing review and inventory of its property holdings to identify parcels that are vacant, underutilized, or surplus. Properties that are suitable for workforce housing development, particularly those in proximity to employment centers, transportation, and essential services, will be considered for repurposing.
- **Prioritizing Community Needs:** The City will prioritize workforce housing projects that address pressing community needs, such as housing for essential workers, public safety personnel, and moderate-income families. Projects that demonstrate long-term affordability, sustainability, and alignment with the City's housing goals will be given preference.
- **Disposition and Public-Private Partnerships:** Surplus City-owned properties may be offered through competitive processes to developers who commit to creating workforce housing. Public-private partnerships (P3s) will be encouraged, allowing the City to partner with developers to bring these projects to fruition. Additionally, the City may offer long-term leases or discounted sales prices to incentivize development on these sites.

- **Private Property**

The City of Prescott will work collaboratively with private property owners to explore opportunities for the development of workforce housing on privately held land. By offering technical assistance and potential incentives, the City seeks to encourage the private sector to contribute to addressing workforce housing shortages. Key approaches include:

- **Technical Assistance:** The City will offer technical assistance to private property owners and developers interested in pursuing workforce housing projects. This support may include guidance on zoning regulations, site feasibility assessments, and navigation through the City's permitting processes. The goal is to reduce the

complexities of development and provide property owners with clear pathways to participate in workforce housing efforts.

- **Incentives for Private Development:** To encourage private property owners to develop workforce housing, the City will explore offering incentives such as density bonuses, expedited permitting, reduced development fees, and flexible zoning options. These incentives aim to make workforce housing projects more attractive and financially feasible for private landowners and developers.
- **Partnership Opportunities:** The City will actively seek opportunities to facilitate partnerships between private property owners and housing developers. By connecting interested property owners with developers who have experience in workforce housing, the City can help foster collaborations that lead to successful housing projects.

By utilizing both City-owned and private property, Prescott aims to increase the availability of workforce housing, reduce development barriers, and meet the growing housing needs of its workforce. This dual approach will allow for more strategic and efficient use of land, ensuring that the City's workforce housing goals are met while maintaining community values and sustainability principles.

Section 6: Implementation and Monitoring

To ensure the success of Prescott’s workforce housing policy, the City will establish a comprehensive approach to implementing and monitoring workforce housing initiatives, incentives, and programs. This approach will involve dedicated staff, clear accountability for developers, and the creation of educational resources for both the workforce and developers. These efforts will ensure that workforce housing projects meet community needs and are completed efficiently and with high standards.

Section 6.a: Workforce Housing Designated Staff

To effectively manage workforce housing initiatives, the City will designate staff responsible for coordinating and overseeing the implementation of workforce housing programs. These staff members will play a critical role in:

- **Program Coordination:** Designated workforce housing staff will ensure that various initiatives, including financial incentives, zoning modifications, and pre-approved housing plans, are integrated and aligned with the City’s broader housing goals.
- **Developer and Stakeholder Support:** Staff will serve as the primary point of contact for developers, builders, and property owners interested in workforce housing projects. They will provide guidance on incentives, assist with permitting processes, and facilitate communication between stakeholders and City departments.
- **Monitoring and Reporting:** The designated staff will be responsible for tracking the progress of workforce housing projects, ensuring that initiatives are meeting their intended goals. Regular reports will be provided to City leadership and the community on the status of projects, funding allocation, and program effectiveness.

Section 6.b: Developer Accountability, Project Quality, and Timeframes

Ensuring accountability and maintaining high standards for workforce housing projects is critical to their long-term success. The City will implement measures to ensure that developers meet their commitments and that projects adhere to quality and completion deadlines:

- **Developer Accountability:** Developers who receive incentives or assistance from the City will be required to meet specific performance benchmarks, including delivering a defined percentage of workforce housing units, maintaining affordability standards, and adhering to environmental and design guidelines. Regular progress reviews will be conducted to ensure compliance. Where a developer proposes to utilize a third-party entity to manage long-term affordability, a separate development agreement with the City may also be required to clarify the management, use, and oversight of the affordable components. Any such restrictions would be recorded with the Final Plat or Site Plan.
- **Phased Inclusion of Workforce Housing:** To ensure equitable distribution of workforce housing units throughout development, each phase of a project must include an equal percentage of the required workforce housing units. Developers are prohibited

from deferring the construction of workforce housing until the final phases of the project. This phased approach ensures that workforce housing is integrated consistently from the start, preventing any delays or concentration of workforce units at the end of the development. Failure to meet this requirement may result in penalties or the revocation of previously granted incentives.

- **Quality Standards:** Workforce housing developments will be required to meet or exceed established quality standards for construction, sustainability, and livability. This includes the use of durable materials, energy-efficient designs, and maintaining aesthetic compatibility with surrounding neighborhoods.
- **Project Timeframes:** To prevent delays, developers will be required to adhere to agreed-upon project timelines. The City may impose penalties or revoke incentives if significant project delays occur without valid cause. Conversely, developers who complete projects ahead of schedule may be eligible for additional incentives.
- **Deed Restrictions:** To help ensure that workforce housing units remain affordable for the duration established by the City, the use of deed restrictions or affordability covenants may be considered as a condition of receiving incentives.

To enforce developer accountability, the City of Prescott may implement the following penalties for developers who fail to meet performance benchmarks, quality standards, project timeframes, or deliver the agreed-upon percentage of workforce housing units:

- **Revocation of Incentives:** Developers who do not meet the required benchmarks could lose access to the incentives initially granted, such as density bonuses, reduced fees, or expedited permitting. The City could revoke these benefits either partially or entirely.
- **Fines or Penalties:** Financial penalties could be imposed for failing to meet deadlines or delivering the agreed percentage of workforce housing units. These fines could escalate depending on the extent of non-compliance or delays.
- **Withholding Occupancy Permits:** The City could withhold final occupancy permits until the developer meets the agreed-upon workforce housing requirements. This would prevent developers from completing or selling units until they comply.
- **Claw Back Provisions:** Developers could be required to repay any financial incentives, grants, or fee reductions they received if they fail to deliver the required workforce housing units.
- **Project Completion Bonds:** The City will require developers to post a bond or financial guarantee at the start of the project, ensuring funds are available to complete the workforce housing units. If the developer fails to deliver, the City will use the bond to complete the work.
- **Disqualification from Future Projects:** Developers who consistently fail to meet performance benchmarks could be barred from participating in future workforce housing projects or receiving incentives on future developments within the City.

These consequences would serve as strong deterrents, ensuring that developers remain accountable to their commitments and contribute to the City's workforce housing goals.

Section 6.c: Workforce Housing Educational Guidebooks

To support both the workforce and developers in understanding and navigating workforce housing initiatives, the City will develop and distribute comprehensive educational guidebooks tailored to their specific needs.

- **Workforce Housing Guidebook for the Workforce:** This guidebook will provide information for residents seeking workforce housing, including eligibility criteria, available housing options, and how to apply for housing assistance programs. It will also educate residents about the benefits of workforce housing and how it supports the community's long-term sustainability and growth.
- **Developer Guidebook:** A separate guidebook will be created for developers, providing a clear overview of the City's workforce housing incentives, zoning modifications, design requirements, and available pre-approved plans. The guidebook will also outline the steps to access financial support, water incentives, and technical assistance, along with the accountability standards that developers must meet to qualify for these programs.

By implementing a structured approach to monitoring, accountability, and education, the City of Prescott aims to ensure the effective delivery of its workforce housing policy. This strategy will help build trust with the community and developers, increase housing availability, and contribute to the economic and social health of Prescott.

Section 7: Definitions

To ensure clarity and consistency in the City of Prescott's workforce housing policy, the following key terms and their definitions are provided. These definitions will serve as a reference for stakeholders, developers, and residents involved in workforce housing initiatives.

- **Accessory Dwelling Unit (ADU):** A secondary housing unit located on the same lot as a primary residence. ADUs can be used as rental housing or additional living space, and they provide an option for increasing workforce housing without significant new construction.
- **Area Median Income (AMI):** The midpoint of household incomes in a specific geographic area, as determined annually by the U.S. Department of Housing and Urban Development (HUD). AMI is used to set eligibility thresholds for workforce and affordable housing programs.
- **Deed:** A deed is a legal document signed by the seller of the property that transfers the title of the property from the seller to the buyer.
- **Deed Restriction:** A deed restriction is a restriction or requirement that must be met by both the buyer and the seller before the property can be transferred to the buyer. Affordability controls provide that the property can only be rented or sold to households that meet the income eligibility criteria identified. Many municipalities use deed restrictions to enforce affordability controls.
- **Density Bonus:** An incentive that allows developers to build more units than typically permitted under current zoning regulations in exchange for providing a certain percentage of workforce housing units within their development.
- **Developer Accountability:** The set of expectations and performance benchmarks that developers must meet when receiving incentives or assistance from the City. This includes delivering a certain percentage of workforce housing units, adhering to project quality standards, and meeting agreed-upon timeframes.
- **Grant Pass-Through Programs:** Programs in which the City receives grant funds from state or federal sources and distributes them to local developers, non-profits, or housing agencies for workforce housing projects.
- **Infill Development:** The process of developing vacant or underutilized land within already developed urban areas. Infill development is encouraged to maximize existing infrastructure, reduce urban sprawl, and provide housing closer to jobs, services, and transportation.
- **Mixed-Use Development:** A development that combines residential, commercial, and/or retail spaces within a single property or district. Mixed-use developments are often encouraged in workforce housing projects to create walkable, vibrant communities with convenient access to amenities.
- **Pre-Approved Plans Program:** A City initiative that provides developers with a selection of pre-approved housing designs and layouts, specifically designed for workforce housing. This program expedites the permitting process and reduces architectural design costs for developers.
- **Project Timeframes:** The scheduled period during which a developer is expected to complete certain phases of a workforce housing project. Failure to meet timeframes may result in penalties or the revocation of incentives.

- **Public-Private Partnership (P3):** A collaborative agreement between a public entity, such as the City of Prescott, and a private developer or organization to finance, build, or manage a workforce housing project. These partnerships are often used to pool resources and reduce costs for workforce housing developments.
- **Surplus City-Owned Property:** City-owned land that is vacant or underutilized, with no current or future designated uses such as infrastructure or public services. The City may make surplus property available for workforce housing projects that align with community needs.
- **Voluntary Financial Contributions:** Monetary donations from individuals, businesses, or organizations aimed at supporting workforce housing programs and developments. These contributions may fund housing assistance programs, development subsidies, or housing project costs.
- **Workforce:** Generally, based on HUD and ULI definitions plus local statistics and research, the City of Prescott defines workforce as those that earn about 60%-120% of the area's median income. Workforce includes those employed in occupations vital to a community's functioning across areas like education (teachers), healthcare (nurses), public safety (police officers and firefighters), construction, and other key services.
- **Workforce Housing:** Workforce housing refers to residential properties, such as apartments or homes, that are designed to be affordable for individuals and families. This is different from a directly government-subsidized housing program. The goal is to offer housing that is no more than 30% of their gross household income, including utilities. The policy prioritizes and coordinates a vetting process to identify those with the greatest need.
- **Workforce Housing Trust Fund:** A dedicated fund used to support the development and preservation of workforce housing. Contributions to the fund may come from voluntary donations, development fees, or other sources of revenue.



TO: MAYOR AND CITY COUNCIL
AGENDA: May 27 Study Session
DATE: May 27, 2025
DEPT: City Clerk
ITEM #: 3.B
SUBJECT: Presentation & Discussion Regarding Regional Water Challenges from Mark Holmes and Gary Beverly.

ITEM SUMMARY

This item was requested by Mayor Goode for Mark Holmes and Gary Beverly to provide a presentation to the Council regarding regional water issues.

BACKGROUND

None.

FINANCIAL IMPACT

There is no fiscal impact associated with this item at this time.

RECOMMENDED ACTION

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

ATTACHMENTS

None