



City of Prescott

Workforce Housing Committee

April 2, 2025 | 10:00 AM
201 N. Montezuma Street
Council Chambers, 3rd Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Chair Kennedy called the meeting to order at 10:22am.

2. ROLL CALL

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

3. DISCUSSION & ACTION ITEMS

- A. Approval of Minutes from the March 5, 2025 Workforce Housing Committee Meeting.

MOTION BY VICE CHAIR KRAXBERGER TO APPROVE MARCH 5, 2025 MINUTES; SECONDED BY MEMBER GOODMAN: PASSED (4 - 0)

- B. Presentation & Discussion with the City of Flagstaff Regarding Workforce Housing Policies.

Member Goodman asked a list of questions to Jennifer Mikelson from the City of Flagstaff.

Ms. Mikelson reviewed how the City of Flagstaff attracts builders to do workforce housing projects and that some of the main attractions are incentives and city-owned land. She discussed the importance of council support.

Chair Kennedy asked Ms. Mikelson to elaborate on the bonds that they have used in Flagstaff.

Ms. Mikelson discussed the bond and the process of the citizen-led committee. She said a lot of the bond funding went to down payment assistance and other programs for affordable housing. She discussed adaptive reuse activity and redevelopment of public housing units.

Member Goodman asked how Ms. Mikelson how workforce housing is addressed when a project is brought to their planning department.

Ms. Mikelson discussed how she coordinates with the planning department and the processes developed to address housing with projects that come forward. She discussed that Flagstaff has support and policies that support affordable housing.

Member Goodman stated that he thought that every time a project is brought to planning, staff mention the incentives in Flagstaff.

Ms. Mikelson stated that it is in the initial notes on projects that there are incentives for affordable housing projects, and it is also mentioned in pre-application meetings.

Member Goodman asked about incentives for city-owned properties in Flagstaff.

Ms. Mikelson stated that projects can use zoning incentives if it's on city-owned properties but they have to use caution with the gift clause. She stated that it has been an extended period of time since they went into an agreement with a developer on a city-owned property.

Member Goodman asked where funding comes from.

Ms. Mikelson stated that it comes from their general obligation bond.

Member Urias asked if their bond came out of the general fund.

Ms. Mikelson stated it was a voter approved bond to fund the incentive policy they have.

Member Urias asked about adaptive reuse of properties and how the city is working on processes regarding adaptive reuse and workforce housing such as working through code compliance on properties in violation and encouraging them to sell for workforce housing.

Ms. Mikelson stated they have not worked with code compliance to target specific properties to encourage the owner to sell the property for workforce housing rather than address violations. She reviewed other reuse projects they have worked on.

Member Goodman asked where the funds come from for reimbursing fees.

Ms. Mikelson stated that the reimbursement is from the general fund and it's an annual budget process to request the necessary funds.

Member Goodman asked if they encouraged smaller workforce housing projects.

Ms. Mikelson stated that they do but it depends on the project and zoning.

Member Goodman asked at what point do they require the workforce part of a project be completed.

Ms. Mikelson stated that, if it's rental, then it's normally an apartment style but the delivery of those units are determined in a plan with staff.

Member Goodman asked how long workforce units are required to remain workforce.

Ms. Mikelson stated they are required to remain workforce or affordable for 30 years to be consistent with LIHTC programs.

Chair Kennedy asked Ms. Mikelson to elaborate on their tiered system.

Ms. Mikelson elaborated on the system and incentives as well as the challenges. She said the tiered system has been complicated, and they plan to look at updating the tiered system to be simpler. She recommended separating ownership from rental categories due to different income levels for each.

Chair Kennedy asked Ms. Mikelson to send what she would recommend as changes to their system to the staff liaison and why she recommends the policy.

Ms. Mikelson stated she could send the documents that come from their code and their policy.

Member Goodman asked how the city monitors and enforces the housing remaining workforce for 30 years.

Ms. Mikelson reviewed their development agreement process with a biannual report requirement to verify the income levels of the workforce housing units and the rents being charged. She stated that having staff is required for overseeing the process and compliance period. She stated that there is a reliance on property management companies to provide the information.

Member Goodman asked if the agreement is attached to the deed if it's sold.

Ms. Mikelson said it differs between rental and ownership projects. She said they don't deed restrict rental properties and the affordable housing requirement is put into the development agreement.

Member Goodman asked Ms. Mikelson to discuss how they address density changes and approval processes.

Ms. Mikelson reviewed the process for density changes and identifying the density bonus incentives in the code.

Member Goodman asked what the city does to give more units on the same lot.

Ms. Mikelson stated the details are determined during the planning process. She stated that the zoning code has to be calibrated so the incentives are feasible given other code requirements. She stated she will send the zoning code to the committee.

Chair Kennedy asked Ms. Mikelson how they are working with a community land trust if they are partnering with one.

Ms. Mikelson stated that their community land trust is in-house and operated by the city but they do partner with a nonprofit to look into eligibility and they administer the downpayment assistance loans.

Chair Kennedy asked if it was Housing Solutions of Northern Arizona.

Ms. Mikelson confirmed.

Member Goodman asked about their full-time staff.

Ms. Mikelson stated that there are several full-time staff in their housing department. She stated that half of the staff address federal housing programs such as HUD and Section 8 Vouchers and the other half works on CDBG and working with developers to get affordable housing.

Member Goodman asked where the salaries come from.

Ms. Mikelson stated that the funding comes from CDBG funding or federal funds but that her position is from the general fund.

Chair Kennedy stated that our city has CDBG but discussed the target AMI for workforce housing.

Member Urias asked for clarification on how they address short term rentals through the processes working with property management companies.

Ms. Mikelson stated that some of the newer projects have agreements to prohibit leases shorter than 30 days within the development agreements.

Member Urias asked how that is enforced and if it is by staff or the property management company.

Ms. Mikelson stated that it would be both and there would be coordination necessary but the city would do most of the compliance work. She said it would likely be a future issue that they would have to be aware of and address.

Vice Chair Kraxberger asked how the timeframe works for an ownership project.

Ms. Mikelson stated that there is a 99-year ground lease on ownership homes to keep the home affordable from one sale to the next. She stated that ground leases or deed restrictions would work, and it could depend on the unit type. She stated there is an equity cap that would keep the home affordable.

Chair Kennedy asked about challenges that they have encountered in Flagstaff.

Ms. Mikelson reviewed the different challenges and how they collect data and

reporting. She discussed the benefits of partnering with non-profit organizations. She stated that data collection will depend on the funds used for programs and projects. She stated that annual reports are their standard, but there are quarterly reports for their housing plan. She said that amending programs can be challenging within the city and having a non-profit run the programs offers more flexibility.

Chair Kennedy asked if there are any programs Ms. Mikelson would recommend or any to avoid.

Ms. Mikelson stated that their CDBG coordinator would be better to speak to programs since it's a smaller, more experimental environment.

Chair Kennedy stated that the committee would like as much information from her as possible on what she would have done differently.

Ms. Mikelson stated that zoning code can be challenging and having someone experienced with them can help shed light on needed adjustments. She stated that once funding is obtained, working through the code and program design are the most challenging aspects.

Chair Kennedy stated her appreciation of Ms. Mikelson's information and time. She asked if there were any public comments or questions for Ms. Mikelson.

Member Goodman discussed density bonuses and how to implement it.

Chair Kennedy discussed using density bonuses and looking at examples.

Member Goodman stated that he would be the liaison between Planning and Zoning and the committee.

Chair Kennedy discussed working through code and updating code.

Staff Liaison Fraser stated that any changes in policy or code must go through Council.

Chair Kennedy stated that the committee should have a future goal of updating code.

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

Ms. Fraser reviewed the timeline for the policy and the options the committee had to continue forward.

Chair Kennedy asked why the policy needed to come to the May 27 Council Study Session.

Ms. Fraser discussed that the Council had requested it come early this year at their Council retreat in December to see what the committee had been working

towards. Ms. Fraser discussed that bringing it in May, even if it's as a draft, would allow Council to provide direction on the policy so the committee could focus on what items the Council would like to move forward with.

Vice Chair Kraxberger discussed the importance of incorporating items from Flagstaff into the policy prior to it going to the Council.

Chair Kennedy discussed scheduling a special meeting in April to continue working on the draft.

Member Goodman asked who would be attending the May meeting.

Ms. Fraser stated that it would ideally be the committee presenting since it is their policy, but all committee members were encouraged to attend.

Chair Kennedy discussed available dates for a special meeting.

Ms. Fraser stated she would follow up with an email to schedule the special meeting for either April 17th or 24th.

4. UPDATES

- A. Staff Announcements & Discussion Regarding Future Agenda Items.
Ms. Fraser reviewed staff updates to include the moving of council chambers to the first floor and the Yavapai County Workforce Development Board.

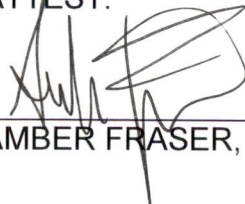
Member Urias discussed the committee outreaching into the community.

5. ADJOURNMENT

Chair Kennedy adjourned the meeting at 11:46am.


NICOLE KENNEDY, Chair

ATTEST:


AMBER FRASER, Staff Liaison