

City of Prescott

City Council - Special Meeting



March 24, 2026 | 3:00 PM
201 N Montezuma Street
Council Chambers, 1st Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Mayor Rusing called the meeting to order at 3:00 p.m.

2. ROLL CALL

Cathey Rusing - Mayor
Lois Fruhwirth - Mayor Pro Tem
Mary Frederickson - Councilwoman
Ted Gambogi - Councilman
Jim Garing - Councilman
Patrick Grady - Councilman
Jay Ruby - Councilman

3. PROCLAMATIONS

A. Repeat Proclamation for Vietnam War Veterans Day - March 29 (Mayor Request)

Councilman Garing presented the Proclamation.

4. DISCUSSION & POSSIBLE ACTION

A. Presentation, Discussion & Direction Regarding the City's Workforce Housing Strategy and Implementation Plan.

Management Analyst Amber Fraser provided a presentation to the Council regarding a follow-up to the Council's approval of the Workforce Housing Strategy and Implementation Plan and a request for direction for the Workforce Housing Committee.

Council Discussed Priorities:

- * Initiative 1 - Amend the Prescott Land Development Code (LDC) to implement the policy framework
- * Initiative 3 - Prepare Workforce Housing Proposal documentation
- * Initiative 4 - Establish a community land trust (CLT)
- * Initiative 5 - Explore the creation of an infill incentive district
- * Initiative 7 - Explore housing resources for city employees

Councilman Grady echoed comments regarding turning Initiative 4 into a homeownership initiative.

Mayor Rusing asked how much funding is left from the awarded grant, and stated that she does not support putting this plan into city code and believes it should

just be a policy.

Ms. Fraser responded that there is \$75,000 remaining. She added that the consultant has estimated funding for Initiatives 4, 5 and 7 to be approximately \$41,000 so there would still be funding for projects moving forward as well.

Next Steps:

- * Begin drafting the workforce housing section and related LDC updates (consultant)
- * Develop the Workforce Housing Certification form and standardized review process (consultant)
- * Request for Qualifications for a CLT (staff)
- * Outline the framework for an Infill Incentive District (staff and consultant)
- * Continue research and early implementation of employee-focused housing tools (staff)

Ms. Fraser clarified that the city cannot only move forward with Initiative 7 because the funding cannot solely go toward city employees. And informed the Council that any funding not used would have to be returned to the state.

Councilman Grady commented that he feels Initiative 9 (Provide Resources for Implementation of the Workforce Housing Policy Framework) should also be looked at.

Councilman Ruby supported this idea.

Mayor Rusing reiterated her concern about the expense of implementing this plan and stated that she feels city resources should go to Economic Development and not implementation of this. It is not the city's job to be an arm of HUD.

Mayor Pro Tem Fruhwirth added that there are big expenses coming with the budget, and stated that she is not willing to say that the city will be moving forward with this. If there are third party resources that could be used, she would be in favor of that, because she doesn't want to provide additional resources for the plan. She also stated that she is not aligned with establishing a CLT, but is aligned to say the city will work on single-family housing issues.

Councilman Ruby asked if funding for this implementation plan would be coming from the city's general fund. From his perspective, by providing direction to staff, the Council is asking the consultant to refine portions of the initiatives they support and then determine how to implement them. Working through this gives the city and Council tools to approach housing dilemmas and he doesn't believe the city is committing funds at this point beyond the grant funding.

City Attorney Joseph Young responded that anything not covered by the grant would be covered by the General Fund and further stated that costs to update the LDC would be covered and then any adoption of changes would be at the discretion of the Council. Each portion of the implementation would have to be approved by the Council before they become part of the city's law.

Councilman Gambogi commented that this has not been studied enough. He supports workforce housing, but doesn't support it being a one-trick pony. He wants to see more opportunities for students and others who already live here to be able to buy existing housing here.

Councilwoman Frederickson commented that she is concerned with revisions to the LDC when not everyone is on board with these initiatives and, beyond that, she doesn't know about the ability to actually implement any of these initiatives.

Councilman Grady stated that the Council just two weeks ago voted 4-3 to work on this priority and implementation plan, it is an established priority. He agrees with comments regarding budgetary impacts, but there are public/private partnerships that would allow access to non-city funding for these types of programs beyond grant funding. He believes that leftover dollars should be used to look at successful models for those structures. The Council has said this is a priority and the implementation plan has been adopted, so at this point staff needs direction on what initiatives will be explored.

Councilwoman Frederickson responded that she voted to capture the \$75,000 in grant funding but she wasn't voting for it to support everything in this plan.

Mayor Pro Tem Fruhwirth added that she doesn't want to spend thousands of hours on things that aren't going to get done.

City Clerk Sarah Thornhill clarified that the five discussed priorities were what the staff noted general consensus on at the March 10 Voting meeting, and reiterated Councilman Grady's comments that at this point staff needs direction from the whole of Council for what specific initiatives, if any, they would like a continued focus on.

Councilman Gambogi stated that he is not in favor of any of these initiatives.

Member of the public Ken Fidyk addressed the Council and said that city employees should be paid more money so they can live where they want to live. He likes the idea of more economics and more financials being looked at before anything is done.

City Manager Dallin Kimble stated that it would help create a path forward if the Council could come up with three initiatives for staff to begin focusing on. For example:

- * Initiative 1 - specifically how to make decisions around items like today's Item 4.B.
- * Initiative 4 - an amended version focused on home ownership
- * Initiative 7 - focusing on city employees.

These seem to be the ones with the most support, and would allow the city to consider large projects, homeownership as a main focus and keeping staff in mind.

Mayor Pro Tem Fruhwirth stated that she is aligned with the proposal from the

City Manager.

Councilman Grady echoed his support for Mr. Kimble's proposal. He feels it is important to send a message about support for homeownership. He added that this Council needs to stop criticizing what other communities are doing.

Council consensus for Initiatives as outlined by Mr. Kimble, and a request that staff not expend more than what is funded through the grant.

Ms. Fraser added that now that things are implementation focused, staff needs direction regarding the Workforce Housing Committee (WHC).

WHC Options for Ongoing Roles:

- * Continue to meet monthly for updates and input
- * Meet as needed to review projects and programs
- * Meet twice annually, as required by the forming Resolution

Mayor Rusing stated that it seems like their work is likely done.

Councilman Grady recommended holding one additional meeting and getting the group's feedback and updating them on today's meeting.

Ms. Fraser confirmed that the WHC will be convening on April 1 and that is a topic for the meeting.

Ms. Thornhill commented that staff will bring forward a resolution based on Council's discussion to disband the Committee. Council consensus to do so.

This item was for discussion and direction only, no formal action was taken.

- B. Presentation, Discussion & Possible Action Regarding a Development Agreement with Woda Cooper Development, Inc., and City Commitments in Support of the Developer's Low-Income Housing Tax Credit Application, Including Potential Fee Waivers, Infrastructure Participation, or Other City Support.

Community Development Director Chelsea Walton introduced a presentation and overview of the project thus far. Water Service Application (WSA) has gone through the necessary steps and was approved by Water Issues Subcommittee and the Council. Following Council's approval of the WSA, the developer reached out to Mayor Rusing regarding support for their low-income housing tax credit program application and she requested the item be placed on a special meeting agenda before the April 1 deadline. She added that all of the documents included in the packet are drafts and staff needs direction from the Council on how to proceed. Ms. Walton also clarified that there is an existing 2004 Development Agreement (DA) which encumbers a portion of the property, however, the project area is not impacted by the DA. Finally, she stated that a replat will be required prior to permit issuance for the project, which will be processed administratively; and both use and height are allowed under the current zoning.

Mayor Rusing pointed out two typos in the letters for her signature.

Staff can address those before they are signed.

Developer Omer Sarig addressed the Council and thanked them for calling the Special Meeting for consideration of these items that are on an April 1 deadline. He stated that Woda will hire local contractors for construction of the project and will hire local property management as well. He reviewed points from the Housing Needs Assessment which this project will help to address the monthly rent under \$1,248 to avoid cost burden.

Existing Rental Stock in Prescott:

- * 2051 Apartments - \$1,700 for one bedroom
- * Winfield at the Ranch - \$1,749 for one bedroom
- * Havenly Prescott - \$1,825 for one bedroom

Lakeview Grove Proposal:

- * 82 Units - 40 one bedrooms, 23 two bedrooms, 19 three bedrooms
- * 4-story building
- * Amenities - elevator, community room, fitness center, covered benches, grill area and fenced playground
- * 18 workforce housing units planned
 - 12 units for 70% annual median income (AMI)
 - 6 units for 80% AMI
 - Directly supporting local workforce
- * Energy Efficient Community - third party verified sustainability under the ANSI-approved National Green Building Standard (NGBS)

Tenant Selection Process:

- * Attract tenants who will be good neighbors and long-term residents
- * Background check
- * Credit Committee - credit history, landlord references, appeal process

Benefit of Lakeview Grove:

- * Housing Needs Assessment estimates demand for 1,154 households earning at or below \$50,000 annual income by 2040
- * Lakeview Grove will contribute to approximately 7% of the city's goal as soon as 2028

Councilman Grady asked if seniors on social security would still be able to qualify.

Mr. Sarig responded that they would, as they could provide proof of income, they would qualify. He added that the project will contribute to that need as well as workforce housing. The community will not be age restricted. He overviewed the number of units at each level of AMI and said that information could be included in the documents.

Mayor Pro Tem Fruhwirth commented that she appreciated having a breakdown

in the email and in discussion today, and reiterated that she would like to see that in the DA and in the land use restriction agreement.

Mr. Sarig confirmed and added that once the information is submitted, they are committed to those numbers and they are audited and verified annually. He added that Woda is committing to 60 years of affordability rather than the usual 50.

Mayor Rusing commented that there are elements in this proposal that could be incorporated into the Workforce Housing Policy.

Request for City Council:

- * No less than \$100,000 below-market loan (city-supported soft financing)
- * \$50,000 in local fee waivers (building and/or permit fees)
- * Commitments directly improve Arizona Department of Housing scoring for local financial participation

Councilwoman Frederickson asked how it is handled if someone gets qualified and then gets a better job making more money.

Mr. Sarig responded that the program does not prohibit making more money or getting a better job, it is a one-time qualification when the lease is entered into and then the Tenant may continue to renew. These are typically annual leases, and we often see this as a gateway to homeownership.

Councilman Garing stated that this process should be included in the development agreement.

Mr. Sarig responded that can be done, and he added that Woda moves in tandem with HUD for the income limits, rent is priced accordingly with the median income of the county. Rent figures do include utilities (water/sewer/electricity) as well. All common areas are non-smoking.

Member of the public Leslie Contreras addressed the Council in support of the project. She commented that Y-Plan (formerly CYMPO) has been assisting with the application to ensure there is transit within four miles of the project. This is a great thing for the Prescott community.

Councilman Gambogi stated that this is a good example of the marketplace in action.

Mayor Rusing commented that this doesn't cost the taxpayers anything and the Council doesn't have to have an entire department to administer it.

City Attorney Joseph Young noted several changes to the DA:

- * Section 4.1.1 of the D.A. and Section 1.3 of the Land Use Restriction Agreement will be amended to reflect the information: 21 units will be offered at 30% AMI, 43 units at 50% AMI, and 18 at 70-80%
- * Add a sentence to Section 4.1.1 of the D.A. clarifying that the AMI is determined by HUD and updated on an annual basis.

- * Amend Section 10.1 of the D.A. and Section 4.6 of the Land Use Restriction Agreement to add City Attorney to the Notices Section
- * Amend Section 4.1.3 and Section 8.2 of the D.A. and Section 3.1 of the Land Use Restriction Agreement to change the workforce housing commitment from 50 to 60 years
- * Added a new Section 3.7 that the city will amend or terminate the 2004 development agreement as it relates to the Developer's property, and the Developer consents to that action

**MOTION BY COUNCILMAN GAMBOGI TO APPROVE THE DEVELOPMENT AGREEMENT, CITY COMMITMENTS IN SUPPORT OF THE DEVELOPER'S LOW-INCOME HOUSING TAX CREDIT APPLICATION AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT & RELATED DOCUMENTS WITH UPDATES NOTED BY THE CITY ATTORNEY;
SECONDED BY COUNCILMAN GRADY: PASSED (7 - 0)**

5. ADJOURNMENT

There being no further business to discuss, Mayor Rusing adjourned the meeting at 4:42 p.m.

Cathey Rusing

CATHEY RUSING, Mayor

ATTEST:

Sarah M. Thornhill

SARAH M. THORNHILL, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Voting Meeting of the City Council Voting Meeting of the City of Prescott, Arizona held on March 24, 2026. I further certify the meeting was duly called and held and that a quorum was present.

Sarah M. Thornhill

Sarah M. Thornhill, City Clerk