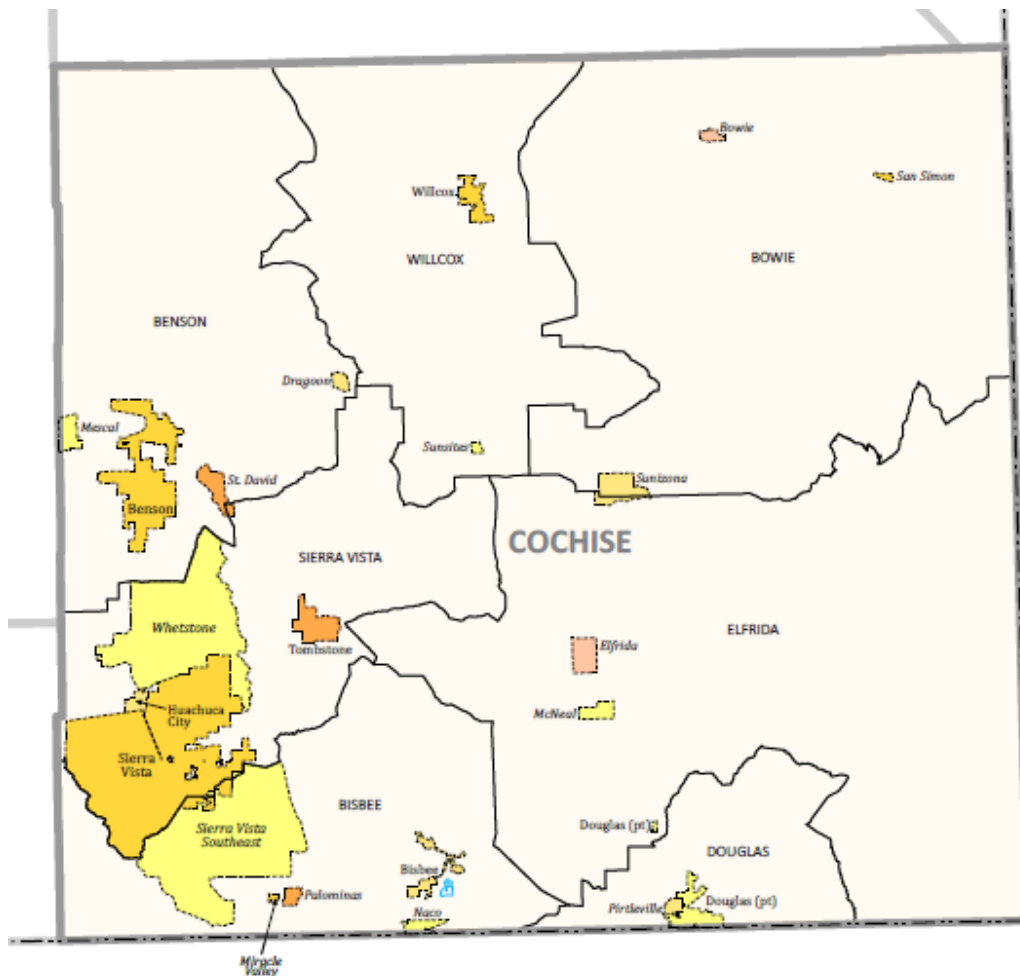


Cochise County Affordable Housing Plan Preliminary Scope of Work

Prepared by Elliott D. Pollack & Company

The following are our initial suggestions for a scope of work for the Affordable Housing Plan. We anticipate conferring with county staff to finalize the scope of work and fee. Below are the key elements of the approach followed by a more detailed description of each task.

- Our effort will be to develop a regional approach to the affordable housing issues facing Cochise County that primarily focuses on the individual housing needs of six municipalities in the county (excluding Bisbee) and potentially some of the unincorporated communities in the county to be determined with the assistance of county staff. The following map shows the major municipalities in the county and unincorporated Census Designated Places (CDPs) where 2023 data should be available and seven Census County Divisions (CCDs) which are much larger in size.



Our primary issue is how best to approach the housing study for those unincorporated communities and areas of the county. The CDPs and incorporated communities account for about 82% of the population of the county according to the U.S. Census, leaving about 21,500 persons in the unincorporated parts of the county outside the CDPs. About 60% of the Cochise County population is found in incorporated communities.

We have also investigated the option of using zip codes for data collection. However, zip code boundaries are not consistent with municipal boundaries, and it appears some zip codes may actually include land outside the county boundaries.

Our initial thoughts are to provide an evaluation of six incorporated communities in the county excluding Bisbee. As an optional approach, we could also study the three largest CDPs that would include Sierra Vista Southeast, Whetstone, and Pirtleville or any combination of other CDPs that the county desires. We understand that the original SOQ for the housing study mentioned Bowie and San Simon for analysis, however these communities are quite small in population and may not yield any significant results. The remaining CDPs would be included in analysis of the unincorporated area as a whole. We would appreciate the staff's thoughts on this suggestion given your knowledge of the individual needs of the unincorporated areas.

Community	Population in Occupied Units	
Sierra Vista city, Arizona	43,054	
Sierra Vista Southeast CDP	14,163	
Douglas city, Arizona	12,930	
Benson city, Arizona	5,303	
Bisbee city, Arizona	4,631	
Willcox city, Arizona	3,217	
Whetstone CDP, Arizona	2,840	
Pirtleville CDP, Arizona	1,869	
Huachuca City town, Arizona	1,806	
Mescal CDP, Arizona	1,601	
Naco CDP, Arizona	1,176	
St. David CDP, Arizona	1,112	
Tombstone city, Arizona	1,022	
Miracle Valley CDP, Arizona	734	
Sunsites CDP, Arizona	660	
Bowie CDP, Arizona	399	
Palominas CDP, Arizona	278	
San Simon CDP, Arizona	253	
McNeal CDP, Arizona	228	
Dragoon CDP, Arizona	227	
Sunizona CDP, Arizona	211	
Elfrida CDP, Arizona	131	
Total in CDPs & cities	97,845	81.9%
County	119,401	
Unincorporated areas	21,556	18.1%

Source: ACS 5-Year Estimates

We have also considered whether it is possible to divide the county into two or three corridors stretching from north to south. Unfortunately, we don't believe the data from the census could be used efficiently for a corridor analysis.

- We will include an economic analysis of Cochise County which outlines its strengths and weaknesses relative to the state-wide economy as well as the impact of affordable housing on the economy.
- We will include one-on-one interviews with up to ten stakeholders regarding the status of the housing market in the county. We would look to the County and city/town staffs to assist with providing a list of persons who should be interviewed.
- We anticipate one public meeting would be held during the course of the study, probably in Sierra Vista. A second public meeting would be held at the conclusion of the study for a presentation to the Board of Supervisors.
- We will develop an education program as required by the ADOH grant to provide information on what "affordable" housing is and the types of housing that may help improve affordability in the county.
- We will conduct an analysis of the County's zoning ordinance, the General/Comprehensive Plan, and other policy documents to determine where they could be improved to eliminate barriers to affordable housing.
- The Project Team will develop a Housing Investment and Implementation Strategy that will address housing investment by the county, other local governments, employers, and non-profit organizations for affordable housing needs throughout the region. The use of CDBG funds, Home Funds, USDA housing programs, and other resources from the state and federal governments will be a focus of the Implementation Strategy.

In summary, we believe it is important to develop a regional approach to the housing assessment which focuses on the incorporated areas of Cochise County but also addresses the housing needs of unincorporated areas which may be quite different. It will also be important to involve representatives of the towns and cities in the housing study to gain their buy-in to the process and findings. We are willing to work with the county and the municipalities to attain that goal.

The following is a summary of our proposed Scope of Work.

Task 1: Housing Needs Assessment

The purpose of this task is to evaluate the affordable housing needs of Cochise County. The Housing Needs Assessment task will evaluate the local housing market and regional economy and make a determination of the factors affecting housing values and rents and housing needs across all housing types including affordable, workforce, and market rate housing. This initial task will focus on (1) the incorporated communities and (2) the unincorporated area as a whole with the option of including some CDPs in more detailed analysis.

Sub-Task 1.1 – Data Collection and Analysis

This task will research all housing data sources and collect all available data on the selected incorporated communities and unincorporated area. Much of the collection of demographic, economic, and housing data required for the Assessment will come from the U.S. Census and U.S. Bureau of Labor Statistics. This analysis will utilize the latest Census 2023 housing and demographic profiles where available. To supplement this data, the Cochise County Assessor’s office may be contacted for its housing database which provides up-to-date information on housing sales, ownership trends, and other data that may be needed for the study. Additional data may be collected from subscriptions available to this firm from Costar and ALN.

Demographic Analysis: The most recent demographic data for Cochise County and its incorporated communities will be collected and evaluated in terms of household income, family and household size, age, tenure (renter and owner), and education levels. The various income levels of households relative to the Area Median Income (AMI) will be identified including extremely low, low and moderate-income as well as those with incomes above 80% of AMI. Market rate housing options will also be evaluated.

Forecasts: Forecasts of population and employment growth for Cochise County will be collected and evaluated. The future demand for housing in the region will be determined over the next 10 years based on the relationship between housing production and growth. Population estimates from the Arizona Office of Economic Opportunity show that Cochise County lost population after the Great Recession, likely due to the decline in tourist visits, but since 2018 has started growing again. Forecasts indicate population growth through 2040 will be modest with only 2,800 new residents, an increase of about 175 persons on average per year.

OPTIONAL ANALYSIS

In conjunction with County staff, we would identify unincorporated communities that may be subject to more detailed analysis of demographic and housing conditions. This analysis is not included in the proposed fee schedule.

Sub-Task 1.2 – Economic Analysis

Housing is an economic development element that must be addressed to ensure a healthy economy. Our analysis will evaluate the economic health of Cochise County through available economic data that includes occupations, wage levels, employment and unemployment trends, commuting patterns, major employers, and forecasts for employment growth. The Cochise County employment base will be compared to Arizona’s economy through a location quotient analysis which identifies the strengths and weaknesses of a local area. Another important component of this analysis is commuting trends. Census data provides a variety of information on commuting patterns that will assist in determining where employees might commute from for work in the county.

Task 1.3 – Outreach

- The Project Team is willing to interact with representatives of incorporated communities in the county to evaluate demographic and housing conditions. Monthly meetings could be scheduled with those representatives.
- One-on-one interviews will be held with up to ten local government and business leaders to assess the housing market and the factors affecting affordability. Interviews would be conducted virtually. County staff would provide a list of persons to be interviewed.
- Two public meetings would be held during the study. One would be held in Sierra Vista during the study. The second meeting would be held at the conclusion of the study with a presentation to the Board of Supervisors.

OPTIONAL OUTREACH

With the assistance of the County, an affordable housing website could be hosted on the County’s platform. The website could include:

- A schedule of public meetings.
- Informational flyers on the definition of “affordable” housing including the various terms that are often misunderstood such as attainable housing, workforce housing, missing middle housing, and affordable housing.

Task 1.4 – Housing Market Demand & Gap Analysis

The housing market analysis task consists of two subtasks that evaluate the rental and ownership markets for the six incorporated communities and the County’s unincorporated areas. The initial effort is to collect all available housing information from the American Community Survey (ACS) and the U.S. Census. Data from the Cochise County Assessor may be critical for this effort.

A housing affordability assessment will be prepared for (1) each of the six cities and towns that are the subject of the study, (2) the unincorporated area, and (3) a county-wide summary.

Note: The City of Benson is already included in this analysis; a separate fee for the Benson housing assessment is not required.

The analysis will evaluate the Cochise County housing stock and the county jurisdictions of multi-family units, single family homes, and mobile home units from the standpoint of vacancy rates, values and rents, age and similar data (if available). Historical trends in the housing stock over the past five years will be identified and evaluated including housing permit activity as available.

Within this task, an inventory will be conducted of any federal or state-supported affordable housing projects or units in the region, particularly LIHTC and USDA assisted units. While funding for such projects in the rural parts of Arizona is limited, subsidized housing is an important component for addressing housing needs.

Census data is typically not an accurate indicator of housing values and rents. A download of housing data from the County Assessor, if available, will provide a better understanding of the type, value, and age of housing in the county.

The analysis of the housing market will focus on the character of the inventory:

- Type of units
- Rents and values
- Vacancies
- Units or subdivisions in the pipeline
- Market-rate and subsidized apartment units
- Overcrowding
- Lack of plumbing facilities
- Cost burden
- Other factors that may be derived from the American Community Survey of the U.S. Census.

A gap analysis will be prepared as part of the Housing Needs Assessment for each jurisdiction and county-wide. The “gap” is the number of households within each income range that are burdened by housing costs (paying more than 30% of income on housing). The “gap” typically occurs at the lower end of the income range where there are more households than affordable units. For these households to find housing in a community, they must pay more than 30% of their income toward shelter or live in substandard and/or overcrowded conditions. The analysis will be conducted for both ownership and rental housing.

The analysis will result in determining for each selected jurisdiction:

- **Existing Housing Need:** Based on available data, existing housing needs will be identified across all income levels including housing cost-burden, overcrowding, and lack of plumbing facilities. Estimates will be developed for ownership and rental housing in the community, specifically addressing:
 - Affordable housing for low and moderate-income households with incomes less than 80% of area median income (AMI).
 - Workforce housing for those households with incomes between 80% and 120% of AMI.
 - Market rate housing that will be available for households earning more than 120% of AMI
- **Projected Housing Demand:** Based on forecasted population growth, an estimate will be developed on future demand for housing and the need for a mix of unit types to address the housing cost burden and other factors affecting affordability.

A Housing Needs Assessment report will be prepared summarizing the findings and conclusions on the Cochise County housing market for those individual cities and towns, and the unincorporated area. The Assessment will address:

- Housing availability by rents and values by type: low and moderate-income households, workforce households, and market rate.
- Historical trends in rents and values.
- Income-qualifying standards for homeownership at various income ranges, including a focus on critical personnel such as firefighters, police, and teachers.
- The demand for housing over the next ten years based on population and employment forecasts.
- The “gap” – the number of households that are burdened by housing costs.

Deliverable: A draft Housing Needs Assessment report encompassing the six identified municipalities, the unincorporated areas of the County, and a county-wide summary will be submitted to the County for review and comment. Upon completion of the review, a final report will be issued.

OPTIONAL TASK

A Housing Needs Assessment could be prepared for selected unincorporated communities identified by County staff. This analysis is not included in the proposed fee schedule.

Task 2 – Housing Initiatives to Reduce Housing Barriers

Barriers to housing production can take various forms. A community’s land use controls, impact fees, and building standards can inhibit various types of housing. Likewise, the rural areas of the state may face high construction costs due to the lack of labor and other housing resources.

This task will focus on evaluation of Cochise County’s land use controls, impact fees, and development review procedures to identify any restrictions or barriers that may affect the development of affordable housing. General/Comprehensive Plans will be reviewed for policies and strategies that affect housing production matters along with a review of the County’s density standards for multi-family and affordable housing. The result of this task is to identify barriers to housing development that could be modified to address affordability.

ADDITIONAL TASK

The Project Team will evaluate affordable housing barriers for the City of Benson. A separate fee is included in this scope of work related to this analysis.

Deliverable: A summary report on affordable housing barriers will be submitted to the County for review and comment including the City of Benson. Upon completion of the review, a final report will be issued.

Task 3: Housing Investment & Implementation Strategy

Sub-Task 3.1 Cochise County Housing Investment Strategy

Based on the preceding analysis and evaluation, current housing trends and conditions will be identified and enumerated. Strengths and weaknesses of the housing market will be noted; findings and conclusions will be outlined. Reputable forecasts will be used to estimate the demand for housing within Cochise County over the next ten years.

Arizona has statutory limitations on the type and range of strategies that can be implemented for affordable housing. However, several communities in the state have instituted affordable housing strategies that have improved the range of housing available to their residents. These and other strategies will be identified in the sub-task.

An important element of promoting affordable housing in a community is incentives which may include a wide variety of offsets against the cost of development. Incentives are often a major focus of strategies that can be implemented at the local level.

The Housing Investment & Implementation Strategy will take into account any previous work undertaken by the County and its communities to address the housing affordability issue. The initiatives/strategies that may prove most fruitful for the community will be identified, considering the cost of the strategies, policy determinations of the County administration, and the local resources available to implement the strategies. The recommended strategy will also consider the individual housing needs of the six incorporated communities and provide options for implementation.

- Recommendations to address the housing gap for workforce and low and moderate-income households.
- A Strategy that addresses the resources and funding that may be required to generate investment in housing by the County, other local governments, employers, and non-profit organizations for affordable housing needs throughout the region. Gap financing is often required to bridge the divide between residential construction costs and affordable rents. The use of CDBG funds, Home Funds, and other resources from the state and federal governments are often used to fill the gap. USDA housing programs are a further resource that will be available in the region.
- Potential sources of revenue for the County will be identified to address the affordability issue and how they might be deployed.
- Incentives the County may promote to generate new housing development.
- Modifications to County codes, policies, and adopted plans to promote affordable units.
- Strategies to guide County policy to remove barriers where necessary and adopt programmatic changes.

Implementation strategies will also consider public, non-profit, and market-rate opportunities for the development of affordable housing. Those opportunities may include:

- Local or County programs and agencies that are available to address the affordable housing issue and, in particular, workforce housing.
- State programs available from the Arizona Department of Housing including the Home Plus Mortgage Loan Program, Pathway to Purchase Down Payment Assistance Program, and Low Income Housing Tax Credit Program.
- Multi-Family Mortgage Revenue Bonds available from the Arizona Industrial Development Authority.
- Other funding sources and partners such as non-profit agencies that may assist in the development of affordable housing and/or provide counseling on housing and household budgeting.
- Identifying developers who may show interest in developing affordable housing.
- Identifying potential funding sources for both operational and capital (development) purposes.

The strategies will also consider direct actions the County can undertake to address the affordability gap. These actions may include:

- Identifying sites that may be suitable for affordable housing development.
- Identifying county or city-owned excess land that may be suitable for housing purposes.
- Establishing a Community Land Trust (CLT) that would assist in the development of affordable and workforce housing. CLTs are one of the primary techniques used across the U.S. to reduce the cost of housing while maintaining affordable housing over the long term.

The Implementation Strategy will prioritize actions to be taken by the County over the five-year Implementation Plan, recognizing the limited resources that may be available.

Deliverable: A draft Five-Year Housing Investment and Implementation Strategy Cochise County will be submitted to the Development Services Department for review and comment. Upon completion of the review, a final report will be issued. The Project Team will consult with County staff on the timing of a public meeting that may be required to gain adoption of the Plan.

All deliverable documents will be combined into one report format for distribution to the public.

Sub-Task 3.2: Douglas Housing & Economic Development Alignment

We understand the City of Douglas has requested certain tasks that are beyond the initial scope of this county-wide analysis. The following is an individual scope of work for Douglas.

- **Workforce Housing Needs:** An analysis of the workforce housing needs will be prepared taking into account existing and future border security, logistics, and manufacturing employment.

- **City-Owned Land & Redevelopment Opportunities:** With the assistance of city staff, the Project Team will evaluate the potential use of (1) underutilized or city-owned properties that could be used for affordable housing and (2) Downtown buildings that may be suitable for adaptive reuse as housing. This analysis could take into account Opportunity Zones and Qualified Census Tracts.
- **Infrastructure:** With the assistance of city staff, the Project Team will evaluate any infrastructure improvement needs for potential identified sites for affordable housing. Improvements may include streets and water and sewer utilities. Floodplain areas will need to be identified as well.
- **Incentives & Partnership Strategies:** As part of the Cochise County Housing Assessment, a variety of incentives and strategies will be evaluated relative to the resources of the County. As an additional task, specific recommendations will be developed for Douglas as part of this analysis, taking into account the resources of the city, current incentives that may already be in place, and approaches that reflect the needs of the city given its strategic location.

Deliverable: A draft Housing & Economic Development Alignment report will be prepared for Douglas and Cochise County for review and comment. Upon completion of the review, a final report will be issued.

Task 4: Education Plan

In consultation with the staff of the County, an Education Plan will be developed to include the following elements:

- Prepare summary fliers/brochures outlining the status of housing affordability in Cochise County.
- Summarize the topline conclusions and findings of the Affordable Housing Plan and Implementation Plan through presentation materials that can be posted on the County's website.

Deliverable: A draft Education Plan will be submitted to the County for review and comment. Upon completion of the review, a final report will be issued.

Task 5: Adoption of Housing Plans

The Project Team will work with the County to ensure adoption of the Affordable Housing Plan and the Housing Investment and Implementation Strategy. All documents will be submitted to the Development Services Department for review and comment. Reports will focus on implementation strategies for both unincorporated and incorporated areas of the County by city/town. A work session with the County Board of Supervisors will be scheduled to present the Plan and its findings.

Reporting and Budget Requirements

- Monthly progress meetings will be held with Cochise County and representatives of the incorporated communities.

- No more than 50% of the budget shall be used for the Housing Needs Assessment.
- At least 50% of the budget shall be used to create action items and implementation strategies.

Estimated Professional Fee

The professional fee for the Cochise County Affordable Housing Plan, including additional scope for the cities of Benson and Douglas, is \$175,400 plus an estimated \$2,000 in reimbursable expenses for travel and purchase of any data. Reimbursable expenses will be charged at cost and only upon approval of Cochise County.

Professional Fee Affordable Housing Plan Cochise County								
Responsibility	Elliott D. Pollack and Company			Shiela D. Harris	Logan Simpson	Total Hours	Total Fees	% of Total Fees
	Project Manager	Senior Economist	Statistician	Housing Economist	Land Use Policy			
Hourly Rate	\$200	\$175	\$125	\$150	\$175			
Tasks								
Task 1: Housing Needs Assessment						420	\$68,500	39.1%
Sub-Task 1.1: Data Collection & Analysis	32	60	80	4	4	180	\$28,200	16.1%
Sub-Task 1.2: Economic Analysis	16	24	24	-	-	64	\$10,400	5.9%
Sub-Task 1.3: Outreach: Interviews & Public Meetings	24	12	-	12	12	60	\$10,800	6.2%
Sub-Task 1.4: Housing Market Demand & Gap Analysis	28	36	32	12	8	116	\$19,100	10.9%
Task 2: Housing Initiatives to Reduce Housing Barriers						144	\$25,100	14.3%
Sub-Task 2.1: Cochise County Barrier Analysis	24	20	16	4	40	104	\$17,900	10.2%
Sub-Task 2.2: Barrier Analysis for Benson	8	4	-	-	28	40	\$7,200	4.1%
Task 3: Housing Investment & Implementation Strategy						346	\$61,400	35.0%
Sub-Task 3.1 Cochise County Housing Investment Strategy	90	72	-	32	32	226	\$41,000	23.4%
Sub-Task 3.2 Douglas Housing & Economic Development Alignment	32	40	24	8	16	120	\$20,400	11.6%
Task 4: Education Plan	32	24	-	8	24	88	\$16,000	9.1%
Task 5: Adoption of Housing Plan	8	16	-	-	-	24	\$4,400	2.5%
Total Hours	294	308	176	80	164	1,022		
Total Fees	\$58,800	\$53,900	\$22,000	\$12,000	\$28,700		\$175,400	100.0%
Reimbursable Budget							\$2,000	
Total Professional Fee							\$177,400	

We look forward to further discussing the scope of work with County staff.