

10 Year Housing Plan Update

Leah Bloom, Housing Section





Topics of Discussion

Education

- What is Affordable Housing?
- Housing Emergency Declaration

Flagstaff Needs Assessment

- Local data
- Gap Analysis

Solutions

- Overarching Goal
- Draft Policy Initiatives & Strategies

Project Timeline



WHAT IS AFFORDABLE HOUSING



HOMES FOR ALL FLAGSTAFF RESIDENTS



10-YEAR HOUSING PLAN

CREATE. CONNECT. PRESERVE. PROTECT.





Housing Emergency Declaration

Council declared a housing emergency in December 2020

- Encourage more economically priced housing construction for workforce
- Increase attainable housing opportunities for and occupied by local, residents.
- Explore and support additional local funding resources for the creation of affordable housing units and expansion of programs to improve housing.
- **Foundational framework for establishing work programs, prioritizing staff work and allocating necessary funding for its implementation**



Housing Emergency Declaration

10 Year Housing Plan

- Within nine months a Housing Plan focused on housing development and preservation within the City for the next 10 years will be presented to Council.
- Requires Housing Commission input
- Present to City Council for consideration

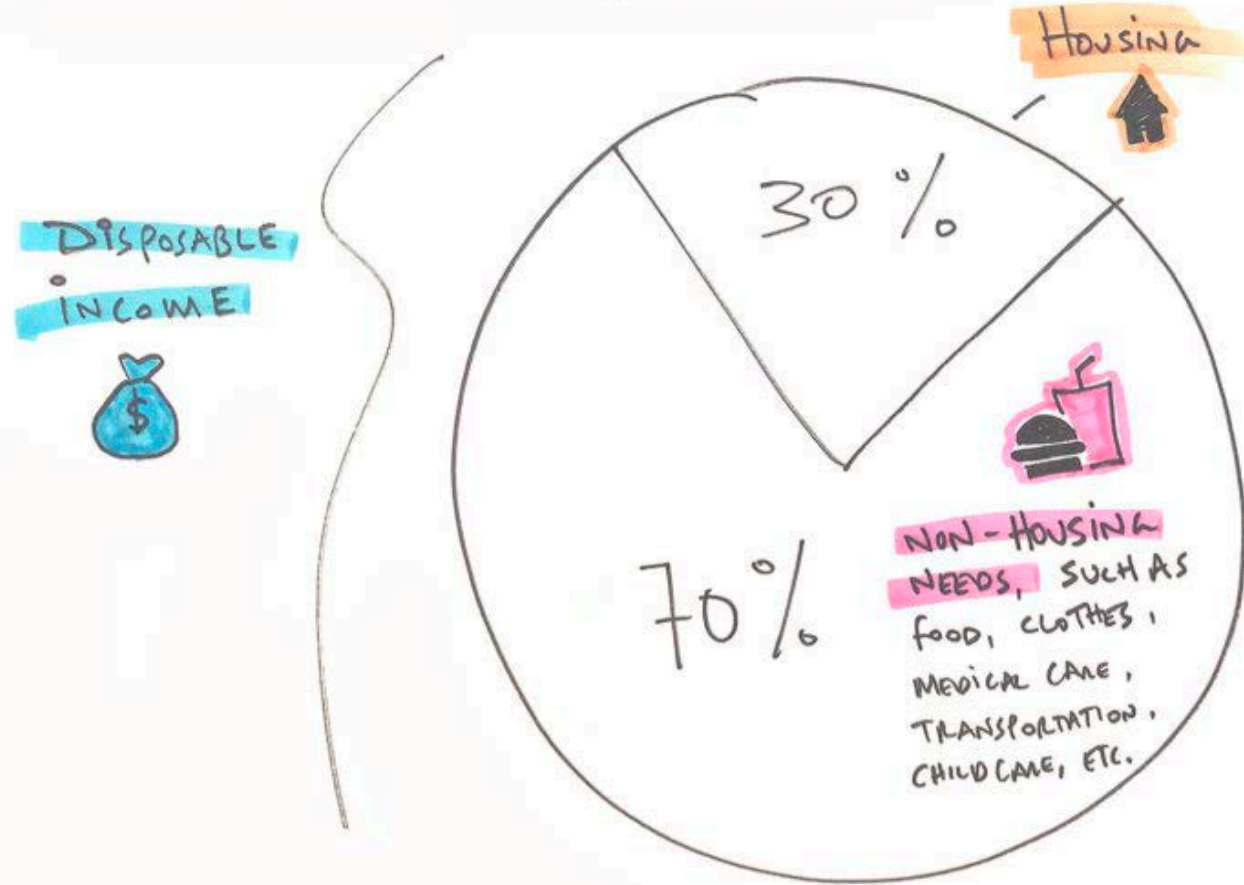


What is “Affordable Housing”?

When a household to pay **no more than 30 percent of annual income on housing and housing related expenses.**

Source: U.S. Department of Housing and Urban Development)

U.S. Department of Housing and Urban Development's definition of affordable housing





Why is affordable housing important?

Communities benefit when citizens of all economic levels are able to secure housing





Program Income Limits

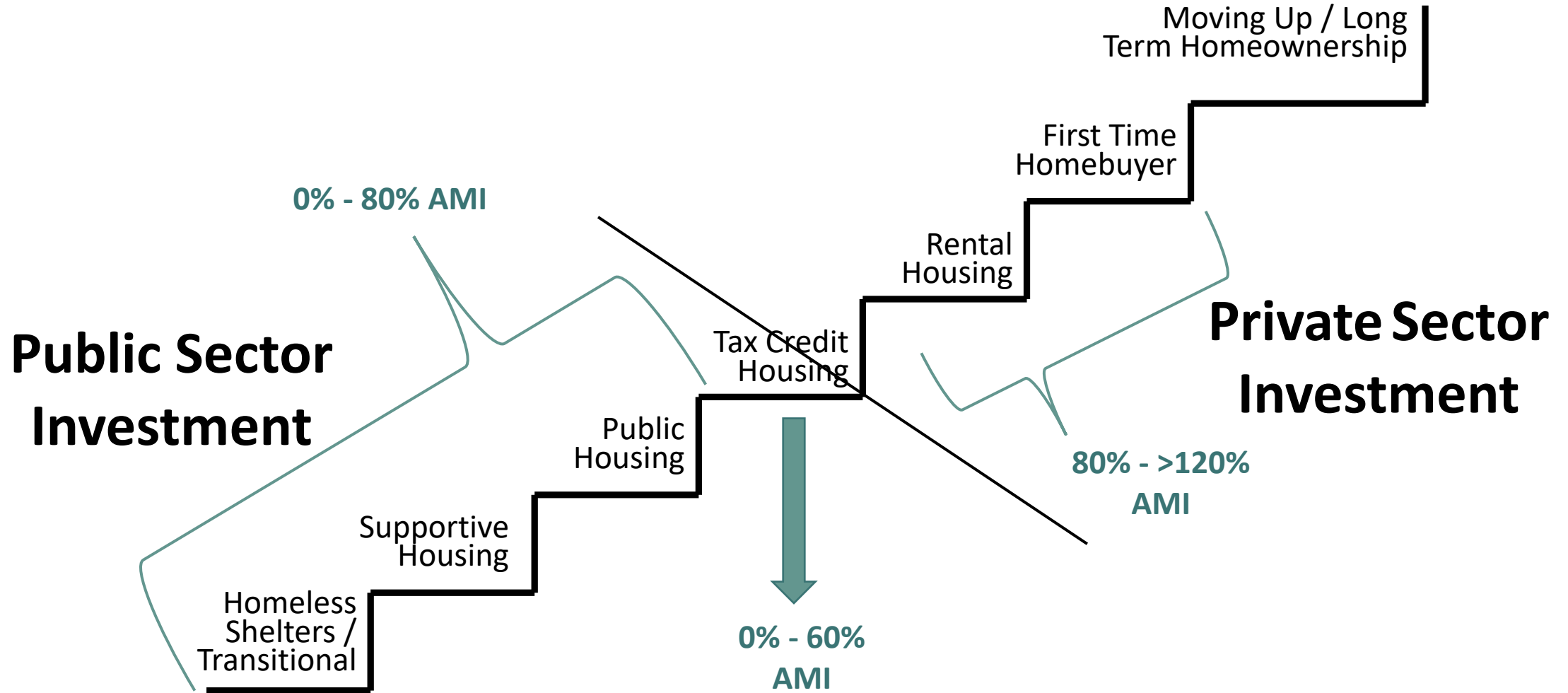
Who qualifies for affordable housing subsidizes? A household's income largely determines what programs they qualify for. These income limits are determined annually by HUD using local income data.

2020 Area Median Income (AMI) Limits for Flagstaff

| Household size | 30% | 50% | 80% | 100% | 125% |
|----------------|----------|----------|----------|----------|-----------|
| 1 | \$15,800 | \$26,350 | \$42,150 | \$52,700 | \$65,875 |
| 2 | \$18,050 | \$30,100 | \$48,150 | \$60,200 | \$75,250 |
| 3 | \$21,720 | \$33,850 | \$54,150 | \$67,700 | \$84,625 |
| 4 | \$26,200 | \$37,600 | \$60,150 | \$75,200 | \$94,000 |
| 5 | \$30,680 | \$40,650 | \$65,000 | \$81,300 | \$101,625 |
| 6 | \$35,160 | \$43,650 | \$69,800 | \$87,300 | \$109,125 |
| 7 | \$39,640 | \$46,650 | \$74,600 | \$93,300 | \$116,625 |



Basic Housing Continuum



FLAGSTAFF NEEDS ASSESSMENT

QUANTITATIVE RESULTS



HOMES FOR ALL FLAGSTAFF RESIDENTS



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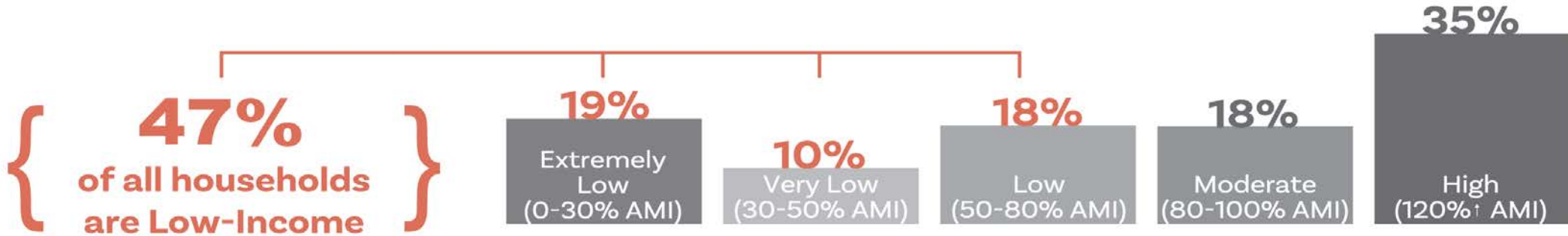




Local Data



City of Flagstaff Income Levels



* US Census 2019 ACS

HUD Flagstaff Area Median Income (AMI) Limits | 2021

| Income Category | AMI % | AMI Income Ranges* |
|------------------|-----------|---------------------|
| Extremely Low | 0 - 30% | \$0 - \$21,960 |
| Very Low | 30 - 50% | \$21,961 - \$34,600 |
| Low | 50 - 80% | \$34,601 - \$55,350 |
| Low to Moderate | 80 - 120% | \$55,351 - \$83,040 |
| Moderate to High | 120% > | \$83,041 > |

* Income ranges based on three person household



Data is from the Council for Community Economic Research 2020 Annual Average Data Report



Local Data



Homeownership | Increasingly Unaffordable

Since 2011, the median sales price of a home rose by **119%**, while Area Median Income rose by only **16%**.

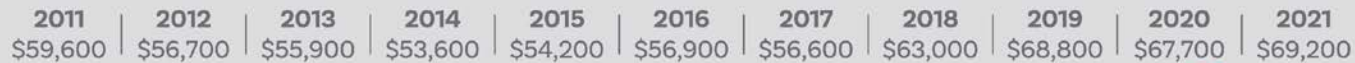
119%

Increase in Median Sales Price ¹



16%

Increase in Area Median Income ²



16%

Increase in Fair Market Rent (2-bedroom) ³



¹ Northern Arizona MLS. Information is deemed reliable, but is not guaranteed. | ² <https://www.huduser.gov/portal/datasets/il.html#2021> | ³ <https://www.huduser.gov/portal/datasets/fmr.html>

Housing Cost Burden Analysis

22,073

Flagstaff Community Members are housing cost burdened.*



All Households

Total Households with Payments | 19,531
Households Cost Burdened | 8,829

45% Cost Burdened



Homeowners

Total Households with mortgages | 7,542
Cost Burdened Homeowners | 2,005

27% Cost Burdened



Renters

Total Renter Households | 11,989
Cost Burdened Renters | 6,824

57% Cost Burdened

* **Cost burdened households** pay more than 30% of their monthly income towards housing.

* US Census 2019 ACS

LOCAL HOUSING GAP ANALYSIS

QUANTITATIVE RESULTS



HOMES FOR ALL FLAGSTAFF RESIDENTS



10-YEAR HOUSING PLAN






CREATE. CONNECT. PRESERVE. PROTECT.





What can Flagstaff Families Afford?

What Can Flagstaff Families Afford?

| Household Type | Retiree on Fixed Income | Service Industry Worker @ \$15/hr. | Single Parent with 2 children | Family of 4 people | Young married couple |
|--|---|---|---|---|---|
| |  |  |  |  |  |
| Number in Household | 1 | 1 | 3 | 4 | 2 |
| Estimated Household Income | \$16,140 | \$31,200 | \$55,350 | \$76,800 | \$73,800 |
| % of Area Median Income | 30% | 58% | 80% | 100% | 120% |
| Max Rent They Can Afford | \$404 | \$780 | \$1,384 | \$1,920 | \$1,845 |
| Max Home Purchase Price They Can Afford * | \$49,000 | \$125,000 | \$248,000 | \$359,000 | \$343,000 |
| \$ Needed for Downpayment & Closing Costs * | \$3,185 | \$8,125 | \$16,120 | \$23,335 | \$22,295 |

* 4.0% interest rate; 30-year term with 3.5% down payment. Assumes 30% housing ratio and that household debt does not impact affordability. Insurance = \$50/mo. Taxes = \$120/mo. No HOA payment. Monthly MI @0.28%.



Method for Affordable Housing Need



- Paired data on the number, size, and income of households in Flagstaff (the demand) with data on the number, size, and cost of housing in Flagstaff (the supply).
- Point in time analysis- These numbers are not meant to direct exact building counts, as it cannot capture the demand pressure from people outside Flagstaff.



GAPS ANALYSIS

MONTGOMERY COUNTY HOMELESS CONTINUUM OF CARE





Affordable/ Subsidized Housing Need

Affordable Housing Need

| | | Income & Household Size | | | | | |
|-----------------------------|------------|-------------------------|----------|----------|----------|-----------|--------------|
| AMI Range | | 1 Person | 2 Person | 3 Person | 4 Person | 5+ Person | |
| Extremely low to low Income | 0 - 30% | -2,236 | -1,582 | -486 | -298 | -273 | 10,916 units |
| | 30 - 50% | -1,072 | -819 | -359 | -247 | -155 | |
| | 50 - 80% | -487 | -1,139 | -491 | -772 | -500 | |
| Low to Moderate Income | 80 - 100% | 212 | 248 | 114 | -366 | -311 | 1,156 units |
| | 100 - 120% | -119 | 1,206 | 2,708 | 247 | -360 | |
| | > 120% | -1,261 | -4,514 | 6,366 | 4,562 | 392 | |

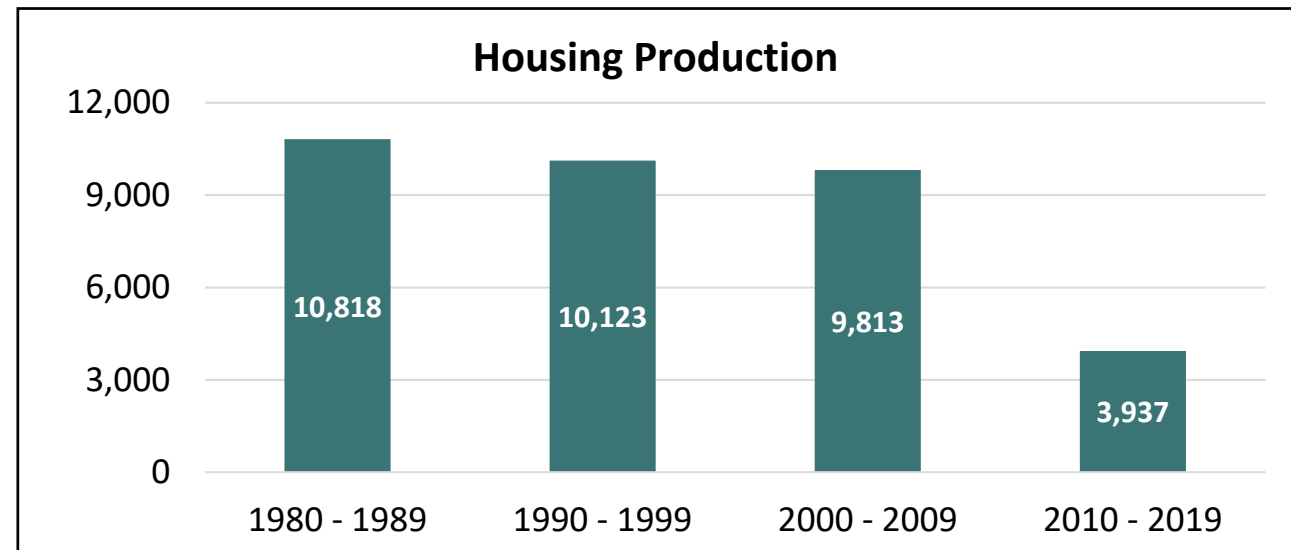
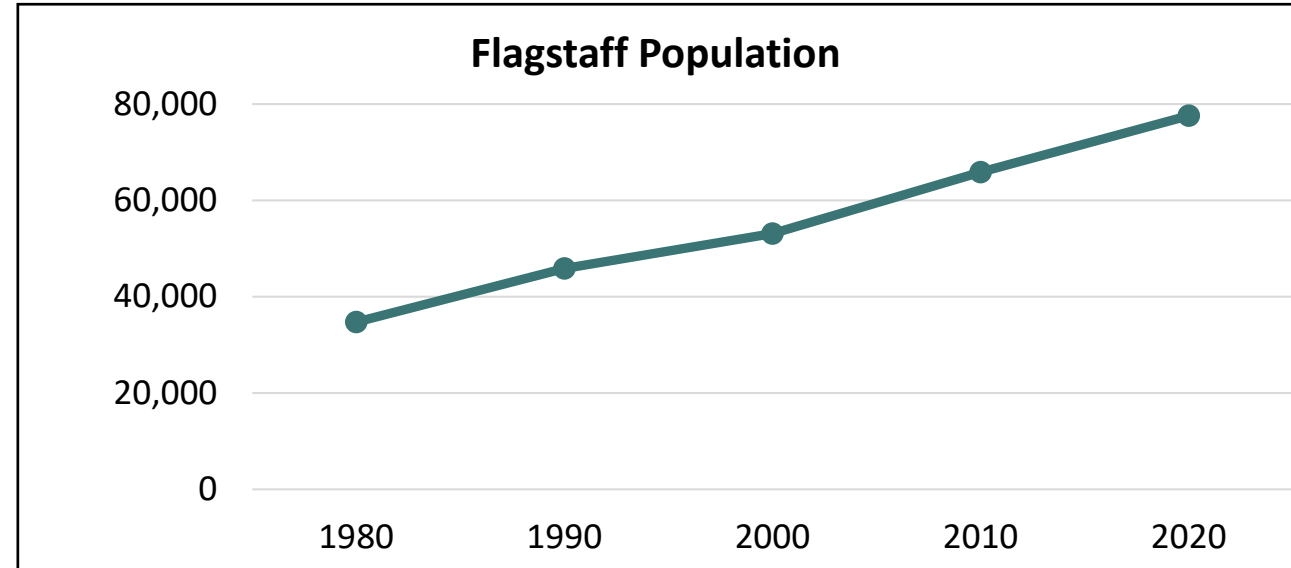
**Total of 12,072
Affordable/Subsidized
Units**



Method for Market-Rate Housing Need



- Declined housing production since 1980 despite a steady population growth.
- Household size has declined for several decades, meaning that more housing units are needed for the same population.
- Conversion of housing to Short Term Rentals (STR) prevents residents from using it.

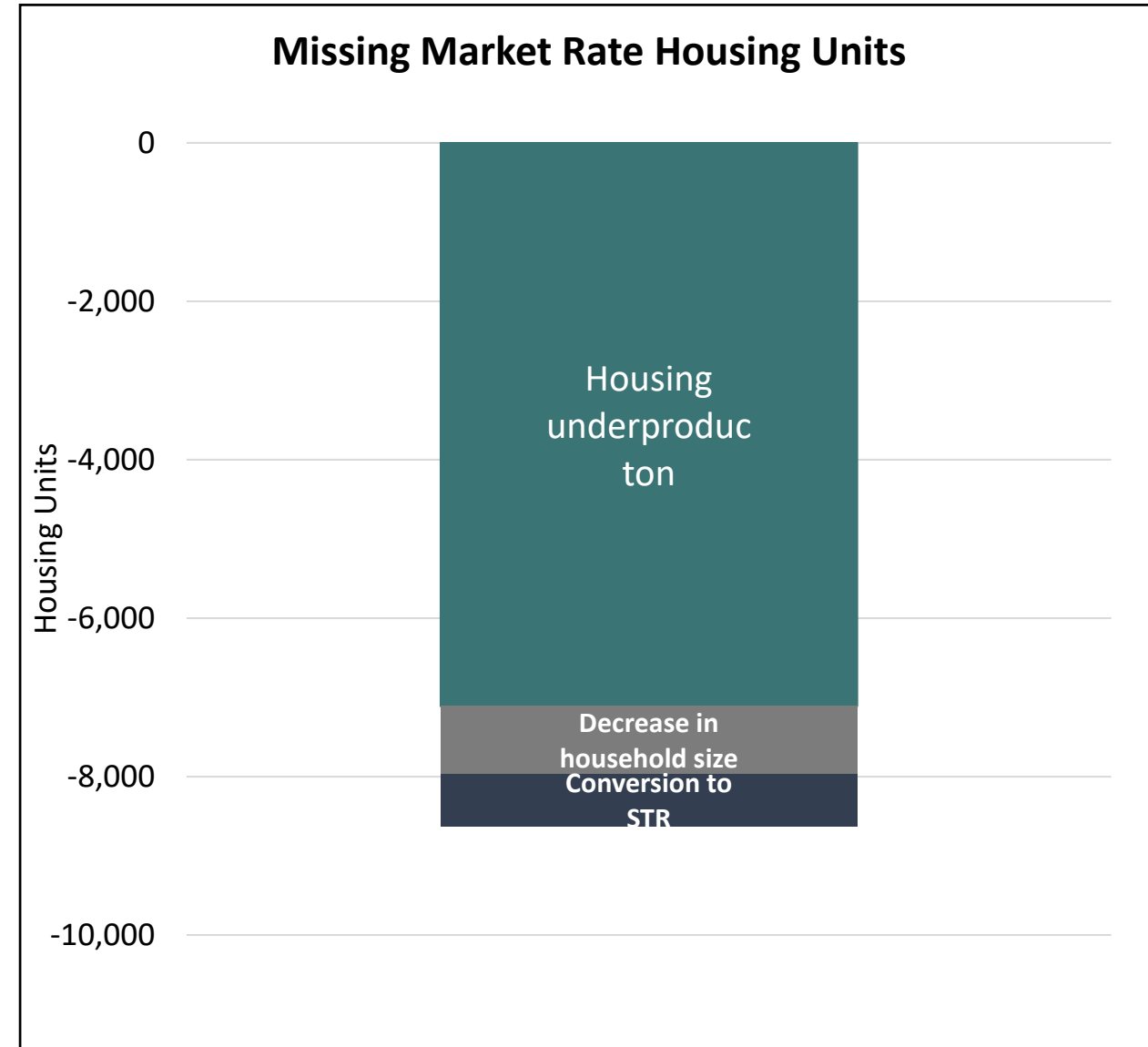




Market-Rate Housing Need

Estimated a market-rate housing gap of 8,622 units.

- 7,113 units from housing underproduction
- 852 units from decrease in household size
- 657 from conversion to Short Term Rentals (STR)





Total Housing Need

Flagstaff currently has an under supply for **20,694** housing units.

- **8,622** market rate
- **12,072** subsidized

20,694 housing units



SOLUTIONS



HOMES FOR ALL FLAGSTAFF RESIDENTS



10-YEAR HOUSING PLAN

CREATE. CONNECT. PRESERVE. PROTECT.





Single Overarching Goal

- Create or preserve XXX homes by 2031, increasing the overall supply of market, workforce and affordable housing occupied by local, residents and to increase housing subsidies for our neighbors in greatest need.

Accomplished by 4 Policy Initiatives

- ❖ Create
- ❖ Connect
- ❖ Preserve
- ❖ Protect





Create housing options for households at all income levels and family sizes occupied by local, residents.

Create housing options for households at all income levels and family sizes occupied by local, residents.

Create 1: Create a dedicated funding source for affordable housing in Flagstaff.

| | |
|-------------------|--|
| Create 1.1 | Present 2022 Bond Measure to Council and Community for consideration for additional funding to be leveraged with local, state and federal dollars. |
| Create 1.2 | Create a fund for the purpose of acquiring land/units for affordable housing in order to be able to respond to opportunities as they arise. |
| Create 1.3 | Identify ongoing resource opportunities for the purpose of assisting households experiencing homelessness, households at risk of becoming homeless, first time homebuyers, and affordable housing targeted to these populations. |
| Create 1.4 | Explore other funding mechanisms for affordable housing developments such as Revitalization district and dedicated sales tax. |



Create housing options for households at all income levels and family sizes occupied by local, residents.



Create 2: Explore building Innovations and cost saving

| | |
|-------------------|--|
| Create 2.1 | Hire an independent consultant to review City codes, processes and fees to determine whether modifications, reductions, or eliminations would facilitate cost saving housing development strategies. |
| Create 2.2 | Explore innovative tools and techniques to limit costs for regional development impacts on individual development projects, such as infrastructure. |
| Create 2.3 | Create a dedicated team specifically for affordable housing projects. |
| Create 2.4 | Establish a simplified entitlement (i.e. rezoning and conditional use permit) and development review process. |
| Create 2.5 | Explore alternative Engineering and Fire requirements to minimize the cost of development without compromising Fire and Life Safety. |
| Create 2.6 | Make pre-approved standard plans available to property owners to reduce planning and review costs. |
| Create 2.7 | Construct and promote net zero or net zero ready affordable housing when funding is available and encourage private developers to do the same. |
| Create 2.8 | Prioritize Capital Improvement Projects that facilitate affordable housing. |



Create housing options for households at all income levels and family sizes occupied by local, residents.



| Create 3 : Ensure that the Regional Plan includes robust affordable housing goals and policies. | |
|--|---|
| Create 3.1 | Update the Regional Plan policies to support increased density related to affordable housing. |
| Create 3.2 | Identify suburban areas that have the existing infrastructure to support greater density and intensity of development. |
| Create 3.3 | During the update of the Regional Plan, revise the Community Character chapter for goals and policies to include cost saving methods that reduce the conflict between affordable housing, historic preservation and urban tuning. |



Create housing options for households at all income levels and family sizes occupied by local, residents.



| Create 4: Amend the Zoning Code to facilitate the development of all housing types. | |
|--|---|
| Create 4.1 | Review and amend the Planned Residential Development (PRD) standards and process to address barriers for infill development and allow for more flexibility in development options, building types, and lot configurations. |
| Create 4.2 | Explore options with appropriate land use and economic studies as necessary that could integrate affordable housing units to be developed in commercial and industrial locations where suitable. |
| Create 4.3 | Explore adding affordable housing as an allowed uses allowed use in the Public Facilities (PF) Zone. |
| Create 4.4 | Review parking standards for all residential development with the goal of reducing the cost of development and increasing the number of dwelling units that may be achieved. |
| Create 4.5 | Evaluate and amend the Resource Protection Overlay standards to ensure that the minimum densities can be met on most sites, including making the requirements for residential sites to be similar to those for a commercial site. |
| Create 4.6 | Evaluate Resource Protection Overlay standards in terms of consistency across zoning district standards and amend it to allow for uniform maximum density allowance. |
| Create 4.7 | Continue to evaluate and amend the current Accessory Dwelling Unit (ADU) zoning code standards with the goal of increasing supply. |
| Create 4.8 | Explore allowing additional flexibility for homeowners and landlords to increase density. |



Create housing options for households at all income levels and family sizes occupied by local, residents.



Create 5: Incentivize the creation of affordable units through various programs and mechanisms.

| | |
|-------------------|--|
| Create 5.1 | Ensure that modifications to the zoning code improve and maintain the effectiveness of the density incentives for affordable housing. |
| Create 5.2 | Update the City's affordable housing incentive policy to implement the goals and policies of the 10 Year Housing Plan. |
| Create 5.3 | Amend the City Code to implement the revised affordable housing incentive policy. |
| Create 5.4 | Explore implementing reduced fees and waivers to incentivize the development of affordable housing. |
| Create 5.5 | Explore in-lieu alternatives to providing affordable housing units (e.g. down payment assistance program, donation of finished lots, in-lieu payment, etc.). |
| Create 5.6 | Explore expedited review as an incentive to developments that provide affordable housing units. |
| Create 5.7 | Explore ways to incentivize employers to offer Employer Assisted Housing (EAH) programs. |
| Create 5.8 | Explore the use of the community land trust model and public/private partnerships to incentivize the development of ownership units that are priced significantly below market rate. |



Connect people to equitable housing solutions.

Connect 1: Implement a framework for centering equity on proposed and existing housing practices, policies and programs.

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| Connect 1.1 | Evaluate housing policies and strategies in City planning documents through an equity lens. |
| Connect 1.2 | Encourage community organizations such as local Continuum of Care to continue to integrate equity into programs and policies. |
| Connect 1.3 | Review member composition of the Housing Commission and Housing Authority Board to ensure racial and economic diversity reflective of the Flagstaff community and present to Council for input. |
| Connect 1.4 | Utilize City resources to educate the community about financing and housing opportunity with an emphasis on assisting low to moderate income households to advance through the housing continuum and to address past racial disparities. |



Connect people to equitable housing solutions.

Connect 2 : Reduce homelessness in the Flagstaff community and seek creative solutions to foster housing permanency for all.

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| Connect 2.1 | Explore the feasibility of a one-stop shop for a 'pre-qualification' letter or document that avoids application fees for rentals. |
| Connect 2.2 | Create housing navigator or advocate positions to assist both landlords and housing challenge populations in securing and maintaining housing. |
| Connect 2.3 | Continue to support and develop Coordinated Entry in meaningful way in providing linkages to healthcare, behavioral health and housing. |

Connect 3: Integrate healthcare into housing programs and housing into healthcare

| | |
|--------------------|---|
| Connect 3.1 | Raise awareness of housing security as a social determinate of health. |
| Connect 3.2 | Encourage neighborhoods, housing types and building practices that increase health. |
| Connect 3.3 | Work in partnership with the community to develop and promote community health measurement data collection into housing services when viable. |



Preserve affordable housing.

Preserve affordable housing.

Preserve 1: Expand efforts to Preserve Existing Housing Stock

- | | |
|---------------------|---|
| Preserve 1.1 | Continue homeownership rehabilitation program and create an affordable rental rehabilitation program with a focus of establishing safe, decent and sustainable housing. |
| Preserve 1.2 | Acquire and rehabilitate already built properties for affordable housing projects when financially feasible. |

Preserve 2: Encourage adaptive reuse

- | | |
|---------------------|---|
| Preserve 2.1 | Explore the use of Low Income Historic Tax Credit in conjunction with Historic Preservation Tax Credit for acquisition and rehabilitation affordable housing where appropriate. |
| Preserve 2.2 | Review the Land Use Goals and Policies in the Regional Plan, Specific Plans, and City Code to remove barriers to adaptive reuse for the creation of affordable housing. |
| Preserve 2.3 | The City's Housing Section and the Sustainability Section will partner to seek and administer grants for housing programs and developments that invest in environmentally friendly, retrofits and upgrades. |



Protect people from housing discrimination and remove housing barriers.



Protect 1: Continue commitments to further Federal and Arizona Fair Housing laws in all housing-related services and programs, support those who seek to reduce barriers to

| | |
|--------------------|--|
| Protect 1.2 | Work with community partners to ease reentry and assess the need for alternative housing models and processes, and create necessary programs that address the systemic and structural barriers to justice impacted citizens. |
| Protect 1.3 | Examine and update if needed the City of Flagstaff's Housing Limited English Proficiency (LEP) Plan. |
| Protect 1.4 | Research ways to provide incentives to landlords who rent to those with any housing voucher or housing barriers such as poor credit, criminal history etc. |
| Protect 1.5 | Support local social service network in establishing a home share program inclusive of features like peer support and conflict resolution. |



Protect people from housing discrimination and remove housing barriers.



Protect 2: Ensure affordable Housing is a part of every Flagstaff neighborhood and work to address disparate impact as part of any development or redevelopment.

| | |
|--------------------|--|
| Protect 2.1 | Create and maintain an Affordable Housing Impact Statement. |
| Protect 2.2 | Evaluate, better understand, and if necessary develop strategies to address the disparate impacts of programs like Crime Free Multi-Housing and other relevant programs and policies. |
| Protect 2.3 | Evaluate, better understand, and if necessary develop strategies to address the disparate impacts of programs like Crime Free Multi-Housing and other relevant programs and policies. |
| Protect 2.4 | Implement a public outreach campaign to educate the community about the critical role affordable housing plays in a thriving community, creating a groundswell of support for affordable housing and combat Not in My Backyard (NIMBY) opposition to housing and affordable housing. |

Protect 3: Continue to lobby and support federal and state legislation to encourage changes

| | |
|--------------------|--|
| Protect 3.1 | Advocate to the State of Arizona to allow greater local control of vacation rentals and second homes. |
| Protect 3.2 | Pursue local and legislative changes that increases the preservation, creation and protection of affordable housing as necessary. |
| Protect 3.3 | Explore expanding State and local fair housing protected classes to include items such as age, source of income, sexual orientation and gender identity. |



Review & Consideration of Approval

Draft Policy Initiatives & Strategies

- Questions?
- Comments?
- Consideration of approval of DRAFT Policy Initiatives and Strategies.



TIMELINE & NEXT STEPS



HOMES FOR ALL FLAGSTAFF RESIDENTS



10-YEAR HOUSING PLAN

CREATE. CONNECT. PRESERVE. PROTECT.





Update & Next Steps

- Writing Draft Document
 - Survey Results – 2,949 respondents
 - Opportunity Mapping – End of Year
- Public Participating & Community Forum For Feedback



Important Dates

| 10 Year Housing Plan Schedule | |
|-------------------------------|--|
| Thursday, August 26, 2021 | Housing Commission Consideration for Approval of DRAFT Policy Initiatives and Strategies |
| Monday, August 30, 2021 | Share Community Forum Survey with Staff |
| Friday, September 3, 2021 | Share Community Forum Survey with Housing Commissioners |
| Tuesday, September 28, 2021 | DRAFT Document to Public |
| Tuesday, September 28, 2021 | Council Presentation Work Session - Council presentation 10 Year Housing Plan DRAFT |
| Wednesday, September 29, 2021 | Send Community Forum Survey out to Community |
| October | NAAR Luncheon Presentation. ECONA Meeting, Chamber, F3 |
| Monday, October 4, 2021 | Community Public Outreach - Vice Mayor |
| Wednesday, October 6, 2021 | All Commission Meeting 5PM |
| Wednesday, October 20, 2021 | Community Public Outreach - Vice Mayor |
| Tuesday, November 2, 2021 | Continuum of Care - Outreach Presentation |
| November TBD | Consideration for approval of the Plan – Housing Commission |
| Tuesday, December 7, 2021 | Consideration for approval of the Plan Council Meeting |

Thank You

Questions

Comments

Feedback



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