

# Executive Summary

## AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

### 1. Introduction

The Annual Action Plan (AAP) is submitted to the U.S. Department of Housing and Urban Development (HUD) on an annual basis and serves as the formal application for the use of Community Development Block Grant (CDBG) entitlement funds received by the City of Flagstaff. The Annual Action Plan identifies available resources, annual goals, projects, and activities for the Program Year, beginning July 1, 2024, and ending June 30, 2025.

The City of Flagstaff Annual Action Plan describes allocations for the Community Development Block Grant program for the coming year – Program Year 2024, the fourth year of the 2021-2025 Consolidated Plan. The Consolidated Plan guides the allocation of funds over the five-year period and addresses the goals and priorities identified by the community. New activities selected for funding were determined through a Notice of Funding Available and proposal process and the submission of the Annual Action Plan was approved by the Flagstaff City Council. The CDBG program generally provides for a wide range of eligible activities, all for the benefit of low and moderate-income City of Flagstaff residents, as outlined in the sections below.

### 2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The Community Development Block Grant program is provided through the US Department of Housing and Urban Development (HUD) Office of Community Planning and Development. Due to its size and composition, the City of Flagstaff is classified as an 'Entitlement Community'. This means that Flagstaff does not apply for the CDBG program, but is allocated CDBG funds at a level based on a HUD formula involving population and demographics.

To receive CDBG funds, every five years the City must complete a Consolidated Plan and annually an Annual Action Plan, based on the Consolidated Plan that details the uses of funds. The Housing and Community Development Act of 1974 created the CDBG program with three primary objectives against which HUD evaluates the Consolidated Plan and the City's performance. Congress' primary objective for CDBG is to improve communities, principally for low and moderate-income persons by:

- Providing Decent Housing,
- Providing a Suitable Living Environment, and
- Expanding Economic Opportunities.

The Annual Action Plan defines the one-year activities in relationship to the five-year goals and objectives of the Consolidated Plan covering Program Years 2021-2025, submitted to HUD on May 15, 2021. The Annual Action Plan provides a brief description of the programs and projects of the City of Flagstaff in Program Year 2024, as well as funding announcements for the CDBG program.

The City of Flagstaff's Five-Year Consolidated Plan for Program Years 2021-2025 outlines specific steps for the community as it works to meet the housing and community development needs of low-and moderate income and special needs households. As part of the consolidated planning process the City conducted a comprehensive housing and community development Needs Assessment and Market Analysis. With these assessments and additional community data along with public and stakeholder input collected the City identified four priority needs and established 11 activity goals for meeting these community needs in the five years covered by the Consolidated Plan.

#### **Identified High Priority Needs and Activity Goals Established**

- **Support neighborhood revitalization and public facilities and infrastructure improvements especially in established target areas including:**

1. Neighborhood revitalization including Neighborhood Facility and Infrastructure Improvements (3,000 people)
2. Public Facilities Improvements (100 people)
3. Acquisition for Affordable Housing (100 people)

- **Support public services and economic opportunities for low-and moderate income persons including:**

1. Services to Meet Basic Needs (300 people)
2. Workforce Development (15 people)
3. Housing Stabilization Services (50 households)

- **Support services and projects addressing homelessness including:**

1. Service and Facility Operating Support (1,500 people)
2. Increase Shelter Beds/Units (15 beds/units)

- **Support the development, accessibility, and preservation of decent affordable housing including:**

1. Rehabilitation of owner and/or renter households/units (20 units)
2. Development of owner and/or renter affordable housing units (3 units)
3. Housing Assistance for owner and/or renter households (50 households)

### 3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

In the context of limited CDBG and leverage funding, the City made significant progress towards investing in housing and public and supportive services for vulnerable populations. Since the COVID-19 global pandemic starting in 2020 and with impacts continuing to the present year, more households are desperately needing relief programs and the City and its partner agencies have stepped in to provide a variety of services, many aimed to serve people at risk of or experiencing homelessness. Significant progress was also made towards providing economic opportunities and a large number of individuals benefitted from non-congregate shelter, homeless services outreach, homeless youth educational services and the development and expansion of permanent supportive housing.

Moderate progress towards increasing the availability and affordability of housing for owners and renters was also made due to few opportunities to invest in additional housing. The City continued to make progress towards strengthening coordination and delivery of resources, operating the City of Flagstaff Public Housing Authority and City Housing Sections in one department, and maintaining a high level of involvement with the Coconino County Continuum of Care and Flagstaff Front Door for Coordinated Entry.

Throughout the past Program Year, the City was able to continue to take advantage of public service cap waivers for projects responding to the Coronavirus. These projects provided coordinated entry, outreach and non-congregate shelter for thousands of individuals and families experiencing homelessness. Waivers allowing for subsistence payments for up to 6 months for low-income households were used to provide funding for eviction prevention for 52 households, preventing 145 individuals from becoming homeless.

Funds were used to provide paid apprenticeships for domestic violence victims experiencing homelessness, allowing them to gain skills in sewing production and obtain full time employment in the industry. Additionally, 37 children from 19 households received scholarships for childcare from the Boys and Girls Club, allowing their guardians to work or search for work without the burden of childcare costs.

The City is proud of the past Program Year and will continue to utilize viable resources to improve the quality of life in the Flagstaff community. In all, a total of 1,334 individuals were beneficiaries of CDBG services during the 2022 Program Year. 100% of households benefitted by CDBG funds from the City of Flagstaff were low-moderate income with the vast majority earning less than 30% of the Area Median Income.

The City strives to utilize CDBG funds in target neighborhoods; however, the actual distribution of funds to target areas depends on the number and type of proposals received. The target neighborhoods

include Flagstaff's historic settlements and are characterized by the widespread need for housing rehabilitation; dilapidated structures and under-utilized sites; as well as water and sewer line replacement. Neighborhood Infill programs, revitalization efforts, and planning processes are now being implemented in all target neighborhoods, as the market and funding allows. CDBG allocations for Program Year 2023 included 44% of CDBG funding for public facility improvements in the Southside Target Neighborhood.

#### **4. Summary of Citizen Participation Process and consultation process**

Summary from citizen participation section of plan.

A draft of the Annual Action Plan was available on-line at the City's website for a 30-day comment period beginning March 5, 2024, and ending April 5, 2024. A public hearing was held during the April 9, 2024, during the City Council work session, to recommend activity allocations for the Program Year 2024 Entitlement. The public and stakeholders were encouraged to attend and offer comments or to submit written comments directly to Council. At the City Council Meeting held April 16, 2024, final decisions on the funding allocations for selected proposals were received and submission of the Annual Action Plan approved by City Council.

Notice of public meetings were published at one week prior to each meeting in the Arizona Daily Sun, a newspaper of general circulation and to members of the local Continuum of Care. The Continuum of Care has developed an extensive mailing and email list that includes over 300 people who represent organizations that serve homeless and at-risk households, mainstream service and housing agencies, community development organizations, civic leaders, etc. This list is used to regularly inform these agencies of planning efforts, funding opportunities, changes in policy and practice or any other information that agencies may find useful. Notifications were also published on the City of Flagstaff Housing social media and web pages.

Emails and notices provided information about the topic of the forum or meeting, location, and how comments could be submitted if the person(s) was unable to attend. The forums and meetings were held in handicapped accessible locations with some held as hybrid offering both in person and in person attendance. Accommodations for those with hearing and special language needs were made on an as needed basis when at least twenty-four-hour notice was provided to the City.

The City of Flagstaff Housing Commission serves as an advisory board to City Council; makes recommendations with respect to housing policies, needs, and programs in Flagstaff; and furnishes the Council with information through the Housing Director. Two representative members of the Housing Commission took part in the official ranking of applications for the 2024 Program Year. Additional staff presented the recommendations at the March 28, 2024, Housing Commission meeting and the commission voted unanimously to forward the recommendations to City Council with a recommendation to approve.

With the 2021 Consolidated Plan, the City added additional public participation to its Citizen Participation Plan. This includes two meetings with target neighborhoods residents in partnership with A League of Neighborhoods (including Southside Community Association, La Plaza Vieja Neighborhood Association and Sunnyside Neighborhood Association).

In September 2022, A League of Neighborhoods (ALN) and City staff from Housing, Capital Improvements, Transportation, Code Enforcement, Planning, and Parks and Recreation held an open house for residents from target neighborhoods to provide an overview of the CDBG program, the 5 year Capital Improvement Plan and the internal process for identifying projects in target areas that may be eligible to be funded with CDBG dollars. The residents and neighborhood association members provided a wealth of feedback regarding area needs and priorities. Applicable City Commissions were also encouraged to attend. As part of the Annual Action Plan process, City staff also hosted a meeting for target neighborhood residents in January 2024 to discuss projects proposed by the City for potential CDBG funding for the upcoming Program Year.

## **5. Summary of public comments**

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

No comments were received.

## **6. Summary of comments or views not accepted and the reasons for not accepting them**

No comments were received.

## **7. Summary**

The City of Flagstaff conducted public outreach and accepted applications and public comment related to funding recommendations/allocations that meet the priority needs and established 5-year goals and objectives in following priority areas:

- neighborhood revitalization, public facilities, and infrastructure,
- public services and economic opportunities,
- addressing homelessness, and
- decent affordable housing.

The table below summarizes planned CDBG activities and the priority level and 5-year numeric goal for each. Activities that might be targeted to special populations are indicated. The table is designed to meet HUD requirements.

<b>Activity</b>	<b>Special Population</b>	<b>Priority Level</b>	<b>1-Year Goal</b>	<b>5-Year Goal</b>
Public Facility Improvements	Homeless	High	500 Individuals	100 Individuals
Increase Shelter Beds	Homeless	High	103 Shelter Beds/Units	15 Shelter Beds/Units
Services to Meet Basic Needs	Elderly	High	120 Individuals	300 Individuals
Service and Facility Operating Support	Homeless	High	500 Individuals	1,500 Individuals

**Table 1 - 2024 Annual Action Plan and Five-Year Consolidated Plan Goals**

DRAFT COPY

DRAFT COPY

DRAFT COPY

## PR-05 Lead & Responsible Agencies – 91.200(b)

### 1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	FLAGSTAFF	City of Flagstaff Housing Section

Table 1 – Responsible Agencies

### Narrative (optional)

The City's Housing Section is the HUD "lead agency" for the CDBG Consolidated Plan and Annual Action Plan. The Housing Section is part of the City's Community Development Division. In addition to Housing, the Community Development Division includes the Planning and Development services sections.

The Housing Section works to address the shortage of affordable housing with a number of programs and tools. In addition to administration of the CDBG program, the Housing Section performs four primary functions.

- 1) Research and Planning. Key to this focus area is the identification and maintenance of data pertinent to housing in Flagstaff and nationally, the creation and implementation of plans, the location and review of best practices and additional tools being used in other communities, and project specific planning.
- 2) Policy. The development and subsequent implementation of policy initiatives is critical to the success of the City of Flagstaff's overall housing and economic development goals. In general, policy development and implementation are designed to enhance City program effectiveness, identify gaps or underserved groups, and enhance the private sector's ability to provide market based solutions.

3) Housing Programs and Development. This focus area encompasses programmatic areas, as well as the implementation of previous planning efforts, resulting in the creation of housing opportunities.

4) The Flagstaff Housing Authority owns and manages 265 units of low-income public housing, administers 342 Section 8 Housing Choice Vouchers, 106 VASH Vouchers for Veterans, 40 Mainstream vouchers for households with a disabled adult, 29 Emergency Housing Vouchers and 3 Foster Youth Initiative (FYI) Vouchers for youth aging out of the State foster care system. The Housing Authority also manages Clark Homes, a Section 8 new construction development with 80 units of low-income housing and provides twelve Section 8 Certificates for the seriously mentally ill, in partnership with the Guidance Center. There are currently more than 150 landlords participating in the City's Rental Voucher Programs.

### **Consolidated Plan Public Contact Information**

Kristine Pavlik, Housing and Grants Administrator

City of Flagstaff

211 West Aspen Avenue

Flagstaff, AZ 86001

928-213-2749

[Kristine.Pavlik@flagstaffaz.gov](mailto:Kristine.Pavlik@flagstaffaz.gov)

The City of Flagstaff UEI is 000000000

DRAFT COPY

DRAFT COPY

## **AP-10 Consultation – 91.100, 91.200(b), 91.215(I)**

### **1. Introduction**

In developing the 2024 Annual Action Plan, the City consulted with agencies providing services related to housing, social services, elderly persons, disabled persons, persons with HIV/AIDS, children experiencing neglect, and individuals and families impacted by homelessness.

A draft of the Consolidated Plan was made available on-line at the City's website starting March 5, 2024. A public hearing was held on April 9, 2024, with City Council. The public and stakeholders were encouraged to attend and offer comments or to submit written comments.

Additional consultation took place with the Coconino County Continuum of Care, a group of organizations providing services to homeless individuals and families as well as with resident of CDBG identified target neighborhoods through two outreach meetings held in September 2022 and January 2024.

With the development of Flagstaff's Consolidated Plan in 2021, the Citizen Participation Plan was updated to include 2 public meetings specific to outreach in target neighborhoods. The first is held in the late summer/early fall and is used to gather citizen feedback on concerns citywide as well as provide information about City funding avenues and project selection processes. The second is held during the City's Annual Action Plan process and is specific to target neighborhoods identified in the CDBG Annual Action Plans and Consolidated Plan. City staff will provide information about possible internal projects that may request CDBG funding.

Many of the ongoing concerns of citizens in Flagstaff are related to wildfires and flooding. The City continues to work with United Way of Northern Arizona to provide resources for residents impacted by flooding and fire resources. City Staff regularly attends and participates in VOAD meetings (Volunteers and Organizations Active during Disasters) and continues to apply for grants for flood mitigation.

Lastly, the City of Flagstaff has created a Broadband Infrastructure Master Plan and meets regularly with community partners like Coconino County, Northern Arizona University, and the Flagstaff Unified School District. The City of Flagstaff has allocated approximately \$3 million for fiber projects this year.

### **Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I))**

The City has developed an extensive mailing and email list that includes over 150 people that represent organizations that serve homeless and at-risk households, mainstream service and housing agencies, community development organizations, civic leaders, etc. This list is used to regularly inform these

agencies of planning efforts, funding opportunities, changes in policy and practice or any other information that agencies may find useful.

The City of Flagstaff participates in the local Continuum of Care as a member organization and on the Executive Committee. The Continuum of Care has developed an extensive mailing and email list that includes over 300 people who represent organizations that serve homeless and at-risk households, mainstream service and housing agencies, community development organizations, civic leaders, etc. This list is used to regularly inform these agencies of planning efforts, funding opportunities, changes in policy and practice or any other information that agencies may find useful. The City also encourages engagement through the City of Flagstaff – Housing Facebook Page.

In developing the 2024 Annual Action Plan, the City consulted with agencies providing services related to housing, social services, elderly persons, disabled persons, persons with HIV/AIDS, children experiencing neglect, and individuals and families impacted by homelessness. Agencies participating in the Annual Action Plan public meeting were:

1. Catholic Charities of Northern Arizona
2. Coconino County Health and Human Services
3. City of Flagstaff Housing Section
4. City of Flagstaff Water Services
5. Flagstaff Shelter Services
6. City of Flagstaff Capital Improvement and Engineering
7. Housing Solutions of Northern Arizona
8. Salvation Army
9. Threaded Together
10. Boys and Girls Club of Flagstaff
11. Community Assistance Teams of Flagstaff
12. DNA People's Legal
13. Habitat for Humanity

The City Housing Section works with coordinated entry, various agencies, committees along with City and County departments to coordinate resource delivery to eligible households. The City supports developers, when appropriate, that are seeking funding for Low Income Housing Tax Credits and provides support to other projects that will serve Flagstaff's low and moderate-income households.

Activities that serve a special population, including homeless populations, and projects located in target neighborhoods received additional points in the ranking process. The City also gives points to activities that evidence community collaborations including leverage, staffing partnerships, other formal agreements, and letters of support.

**Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.**

The City participates with the Coconino County Continuum of Care (managed by the Arizona Department of Housing), including working groups, sub-committees, and advisory groups around specific homeless and at risk-populations. These meetings bring together shelter providers, prevention providers, housing providers and agencies that deliver prevention, rapid re-housing, emergency and transitional shelter services and permanent supportive housing opportunities. City of Flagstaff staff participate on the Executive Committee.

The City has participated on the Point-In-Time (PIT) steering committee for the seven years and worked with Northern Arizona University to assist in developing the survey instrument for the Balance of State Continuum of Care. In addition, City Staff leads the Flagstaff Project Homeless Connect steering committee and the System Design Steering committee.

City staff has been instrumental in the creation of Front Door Coordinated Entry. The System Design Steering committee has created a single point of entry for coordinated assessment in the Flagstaff area, known as Front Door. Since January 2017, accessing housing and services has been dramatically simplified for those in crisis. When members of the community identify themselves to be in a housing crisis, they can access community services by entering the Front Door Program.

**Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS**

The City of Flagstaff is not an ESG grantee.

**2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction’s consultations with housing, social service agencies and other entities**

DRAFT COPY

**Table 2 – Agencies, groups, organizations who participated**

1	<b>Agency/Group/Organization</b>	Flagstaff Shelter Services, Inc.
	<b>Agency/Group/Organization Type</b>	Housing Services - Housing Services-homeless
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Flagstaff Shelter Services offers homeless individuals shelter and supportive services and is focused on chronically homeless individuals, many of whom have serious psychiatric or substance abuse issues. Flagstaff Shelter Services provides all individuals experiencing homelessness with coordinated entry know as Flagstaff's Front Door. The agency was consulted through public meetings, the public comment period and one on one technical assistance.

**Identify any Agency Types not consulted and provide rationale for not consulting**

All major agencies, including social service, housing, and health agencies; other government agencies; planning organizations; and business and civic leaders, providing a full range of public services in and around the City of Flagstaff were contacted to request comments. No specific agency or agency type was excluded. All agencies are offered the opportunity to have input into the Consolidated Plan and Action Plan through stakeholder meetings, public meetings, e-mail, and written input. No specific agency types were identified as not consulted.

**Other local/regional/state/federal planning efforts considered when preparing the Plan**

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Arizona Department of Housing	The City's Consolidated Plan identifies addressing homelessness as a priority need.

**Table 3 – Other local / regional / federal planning efforts**

**Narrative (optional)**

The City Housing Section works with Coconino County and various City and County departments to coordinate resource delivery to eligible households. The City works with the State’s homeless and special needs staff and the local Continuum of Care to support as many targeted activities as CDBG funding will allow. The City supports developers, when appropriate, that are seeking funding for LIHTC and other projects that will serve Flagstaff’s low and moderate income households. The City participates with the Coconino County Continuum of Care (managed by the Arizona Department of Housing), including working groups, sub-committees, and advisory groups around specific homeless and at risk-populations. These meetings bring together shelter providers, prevention providers, housing providers and agencies that deliver prevention, rapid re-housing, emergency, and transitional shelter services, as well as permanent supportive housing opportunities. Flagstaff City staff participate on the Executive Committee. City staff also lead the Point-in-Time steering committee, the Homeless Connect steering committee and sit on the systems design steering committee.

DRAFT COPY

## **AP-12 Participation – 91.105, 91.200(c)**

### **1. Summary of citizen participation process/Efforts made to broaden citizen participation**

#### **Summarize citizen participation process and how it impacted goal-setting**

The City of Flagstaff makes funding allocations based on community priorities and input. Priorities are determined by City Council and through input provided by the public, both in the planning and application processes.

Investments are allocated based on City Council's determination. Proposals for eligible activities are solicited through a formal Request for Proposals (RFP) process, which is open to qualified external organizations and City sponsored projects. Submitted proposals are evaluated and ranked, and a summary of the evaluation is presented to City Council for its review and consideration in making final funding decisions. A review committee consisting of City staff and external members determines a score for each proposal and makes recommendations to City Council based on the following priorities: City Council annual CDBG priorities, 5-year Consolidated Plan and eligible CDBG funding. The need for funds and the demand for the project are demonstrated; Geographic areas designated as target neighborhoods due to a disproportionate concentration of low income and minority populations; Projects that meet the previous criteria and address the Primary, National and Consolidated Plan Objectives of the CDBG program; and Projects that demonstrate the capacity to provide timely, compliant, and sustainable benefits to the community.

Activities that will serve a special population, including homeless populations, and projects located in target neighborhoods receive additional points in the ranking process. The City also gives points to activities that evidence community collaborations including leverage, staffing partnerships, other formal agreements, and letters of support.

The consultation and public participation process for the development of this year's Annual Action Plan consisted of five public meetings, a request for proposal process, and an invitation for written comment. Forums and meetings were conducted to solicit information on housing and community development needs and to elicit public comment on planned activities. The draft Annual Action Plan was made available for public comment from March 5, 2024, to April 5, 2024.

### **Citizen Participation Outreach**

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Meeting	Non-English Speaking - Specify other language: Spanish  Persons with disabilities  Non-targeted/broad community				

Table 4 – Citizen Participation Outreach

DRAFT COPY

## Expected Resources

### AP-15 Expected Resources – 91.220(c)(1,2)

#### Introduction

The City of Flagstaff Annual Action Plan describes allocations for the Community Development Block Grant program for the coming year – Program Year 2024, the fourth year of the 2021-2025 Consolidated Plan. These allocations fund activities to address goals from the primary Consolidated Plan areas: Affordable Housing, Homelessness, Community Development, Neighborhood Revitalization, Economic Opportunities, Public Services, Fair Housing and Citizen Participation. The amount of CDBG funding received by the City of Flagstaff varies from year-to-year is

based on the federal budget. The City expects to receive between \$510,000 and \$615,000 each year during the next five years.

The 2024 Program Year CDBG Entitlement is currently unknown. The City of Flagstaff is estimating \$535,000. In addition, the City is utilizing \$142,00.00 in CDBG Program Income and \$45,313.00 in de-obligated past years funds in combination with the 2024 Entitlement for a total of \$722,313.00 available to allocate.

Additional federal funds to address goals were made available for public housing and programs addressing the needs of people experiencing homelessness. State government, local general funds and private resources are occasionally secured by the City or by local agencies for a variety of uses.

As of the date of submission of the Program Year 2021 Annual Action Plan, a portion of CDBG funds from previous program years is currently unspent. However, these funds have been allocated to projects in the corresponding Annual Action Plans and will not be reallocated to different activities. Previous years' funds are not accounted for in this Annual Action Plan.

In Program Years 2019 and 2020 the City of Flagstaff received CDBG-CV funds provided by the CARES (Coronavirus, Aid, Relief and Economic Security) Act. These funds were allocated in the 2019 Annual Action Plan completing two substantial amendments. A portion of the CDBG-CV funds remain unspent yet allocated to projects that prevent, respond to and/or prepare for Coronavirus. These funds will not be reallocated to different activities and are not accounted for in the PY 2021 Annual Action Plan.

**Anticipated Resources**

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	535,000	142,000	45,313	722,313	843,913	The 2024 Program Year CDBG Entitlement is currently unknown. The City of Flagstaff is estimating \$535,000. In addition, the City is utilizing \$142,00.00 in CDBG Program Income and \$45,313.00 in de-obligated past years funds in combination with the 2024 Entitlement for a total of \$722,313.00 available to allocate.

Table 1 - Expected Resources – Priority Table

**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

Federal funds will leverage possible additional resources to rehabilitate and/or develop affordable housing for renters or owners, to provide services to vulnerable populations including people experiencing homelessness, people living in poverty, and other people with special needs. When funding has matching requirements, match may be satisfied through local fundraising by nonprofit organizations, State Housing Trust Funds, and City General Funds. \$457,551 federal, state, and local funds will leverage 2021 CDBG projects

**If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

The City of Flagstaff utilizes CDBG funds to improve public facilities and infrastructure in low- and moderate-income neighborhoods, specifically the Sunnyside, Pine Knoll, La Plaza Vieja and Southside target neighborhoods. The City relies on the Council adopted and voter ratified Flagstaff Regional Plan 2030 as well as Neighborhood Specific Plans for La Plaza Vieja and Southside to guide area needs and project allocations for public facilities and infrastructure such as sidewalk improvements, recreation improvements and more. These Neighborhood Specific Plans were developed in partnership with the corresponding neighborhood associations and extensive public involvement.

The City owns several parcels that may be suitable for future affordable housing or public facility development. The use of City-owned land is determined by the City Council as opportunities arise.

The City intends to reposition and redevelop its public housing in order to increase the inventory of public and private affordable housing for renters and, potentially, homeowners throughout the City. The City's vision is to create vibrant, attractive, and diverse mixed-income communities that include a mix of rental units to house families, as well as units specifically designed for the elderly and other groups with special needs. The City's goals are to reposition its public housing portfolio, through RAD and other options allowed by HUD in order to stabilize funding, modernize properties, and increase the number of affordable housing units. The City shall maintain ownership control and management of all properties in accordance with Federal regulations and subject to HUD approval.

### **Discussion**

The Community Development Block Grant program is provided through the US Department of Housing and Urban Development (HUD) Office of Community Planning and Development. Due to its size and composition, the City of Flagstaff is classified as an 'entitlement community'. This means that Flagstaff does not apply for the CDBG program, but is awarded CDBG funds at a level based on a HUD formula involving population and demographics. In order to receive CDBG funds, the City must complete a Consolidated Plan every five years and an Annual Action Plan, based on the Consolidated Plan that details the uses of funds. Congress' primary objective for CDBG is to improve communities, principally for low and moderate income persons by:

1. Providing Decent Housing,
2. Providing a Suitable Living Environment, and
3. Expanding Economic Opportunities.

The amount of CDBG funding received by the City varies from year-to-year based on the Federal Budget. The City expects to receive between \$510,000 and \$650,000 year during each of the next five years. The Annual Action Plan describes City allocations for the CDBG program during the coming year. These allocations fund activities to address goals for the primary Consolidated Plan areas: Affordable Housing, Homelessness, Community Development, Special Needs and Citizen Participation.

The City of Flagstaff continues to receive periodic Program Income from previous homebuyer assistance and owner occupied housing rehabilitation programs. In PYs 2019 and 2020 the City received an unprecedented amount of Program Income due to the favorable housing market and interest rates in the City of Flagstaff. Those funds will be allocated in this Annual Action Plan. Should the City receive additional Program Income in excess of an amount that could make it difficult for the City to remain timely, a mid-year allocation and amendment to the Annual Action Plan will be considered.

Additional federal funds to address goals are made available for public housing and programs addressing the needs of people experiencing homelessness. State government, local general funds and private resources are sometimes secured by the City or by local agencies for a variety of uses.

DRAFT COPY

DRAFT COPY

DRAFT COPY

## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives

#### Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Services to Meet Basic Needs	2021	2025	Non-Housing Community Development	Citywide	Public Services and Economic Opportunities	CDBG: \$25,000	Public service activities other than Low/Moderate Income Housing Benefit: 120 Persons Assisted
2	Service and Facility Operating Support	2021	2025	Affordable Housing Public Housing Homeless Non-Homeless Special Needs Non-Housing Community Development	Citywide	Public Services and Economic Opportunities Addressing Homelessness	CDBG: \$30,000	Public service activities other than Low/Moderate Income Housing Benefit: 500 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	Increase Beds/ Units for Homeless	2021	2025	Affordable Housing Homeless	Citywide	Revitalization, Public Facilities & Infrastructure Addressing Homelessness	CDBG: \$302,113	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 400 Households Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 400 Beds Homelessness Prevention: 103 Persons Assisted
4	Public Facilities	2021	2025	Non-Homeless Special Needs Non-Housing Community Development	Sunnyside Citywide	Revitalization, Public Facilities & Infrastructure Addressing Homelessness	CDBG: \$502,113	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 500 Persons Assisted Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 400 Households Assisted Homeless Person Overnight Shelter: 400 Persons Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 103 Beds

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	Planning and Administration	2021	2025	Affordable Housing Public Housing Homeless Non-Homeless Special Needs Non-Housing Community Development Administration and Planning	Citywide	Revitalization, Public Facilities & Infrastructure Public Services and Economic Opportunities Addressing Homelessness Decent Affordable Housing	CDBG: \$126,000	Other: 1 Other

Table 2 – Goals Summary

### Goal Descriptions

1	<b>Goal Name</b>	Services to Meet Basic Needs
	<b>Goal Description</b>	Public service projects may include Pandemic Response, Homeless/AIDS Patients Programs, Senior Services, Services for Persons Disabilities, Legal Services, Youth Services, Transportation Services, Substance Abuse Services, Services for Employment Training, Crime Awareness/Prevention, Fair Housing Activities, Tenant/Landlord Counseling, Child Care Services, He Services, Mental Health Services, Screen for Lead Poisoning, Subsistence Payments, Food Banks, Etc
2	<b>Goal Name</b>	Service and Facility Operating Support
	<b>Goal Description</b>	CDBG funds will be used for costs associated with the operation of programs for the homeless or for AIDS patients, such as administration, salaries, utilities, maintenance, and insurance.
3	<b>Goal Name</b>	Increase Beds/ Units for Homeless

	<b>Goal Description</b>	Funds will be used to increase Overnight Emergency Shelter, Transitional and Supportive Housing Beds for homeless and chronic homeless individuals/households. Projects include acquisition, construction, conversion of buildings, or rehabilitation of temporary shelters and transitional housing for the homeless, including victims of domestic violence, dating violence, sexual assault or stalking, disaster victims, runaway drug offenders, and parolees.
4	<b>Goal Name</b>	Public Facilities
	<b>Goal Description</b>	
5	<b>Goal Name</b>	Planning and Administration
	<b>Goal Description</b>	CDBG funds will be used for expenses related to administering the program, preparing planning documents and reports, fair housing activities, and other eligible expenses.

DRAFT COPY

# Projects

## AP-35 Projects – 91.220(d)

### Introduction

The strategies listed in this plan address the third-year allocation of the 2021-2025 Consolidated Plan for the City of Flagstaff in Program Year 2024. The City will be allocating funds to local agencies/ subrecipients to carry out projects and manage funds with City of Flagstaff oversight. Projects align with the priority needs of the community: Revitalization, Public Facilities and Infrastructure, Public Services & Economic Opportunities, Addressing Homelessness, Develop and Preserve existing Affordable Housing.

Through the 2024 CDBG process, the City of Flagstaff Housing Section received 6 external Community Development Block Grant proposals and 1 internal request for CDBG funds for the 2024 Program Year.

The City received its official Program Year 2024 Entitlement allocation from HUD in March 2024. This year's allocation is \$541,191, slightly higher than the previous year. In addition, the City of Flagstaff is able to include program income and prior year de-obligated funds to increase funding available for allocation. These additional funds equal \$199,588.50. Therefore, an estimated grand total of \$740,779.50 is available for CDBG eligible projects for the 2024 Program Year, through the Annual Action Plan. The proposed allocation takes into consideration administrative costs and the City's financial impacts by including the estimated indirect rate of 10%.

Recommendations were discussed at a public hearing and City Council Work Session on April 11, 2024. Resolutions approving the allocations and submission of the Annual Action Plan were approved by the City Council at a public hearing and City Council Meeting on May 2, 2024. The following table identifies approved projects for 2024 Program Year with a budget of \$740,779.50

### Projects

#	Project Name
1	Public Facility Improvements
2	Services to Meet Basic Needs - Senior Nutrition Program
3	Affordable Housing - Acquisition
4	Service and Facility Operating Support - Mobile Shower and Outreach Bus
5	Administration, Planning and Indirect

Table 3 - Project Information

**Describe the reasons for allocation priorities and any obstacles to addressing underserved needs**

For Program Year 2024, the City issued a Notice of Funding Available (NOFA) and request for proposals for CDBG eligible activities. Proposals are evaluated based on CDBG eligibility and funding criteria (for example: benefit of ratio of dollars per person, percent of leverage funding, past successful CDBG contract administration, location of the project in a target area, and evidence of community collaborations. At least 70% of CDBG funds must serve low and moderate-income people and not more than 15% may be used for public services. Up to 20% may be used to cover administrative costs, including indirect costs. The largest obstacle to addressing underserved needs is insufficient funding, particularly for public services projects. This City of Flagstaff evaluates past and present projects for efficient and effective use of funds in addressing the high priority needs identified in the Consolidated Plan as well as for the impact on low-and-moderate income City residents.

DRAFT COPY

**AP-38 Project Summary**  
**Project Summary Information**

DRAFT COPY

DRAFT COPY

1	<b>Project Name</b>	Public Facility Improvements
	<b>Target Area</b>	Citywide
	<b>Goals Supported</b>	Planning and Administration
	<b>Needs Addressed</b>	Revitalization, Public Facilities & Infrastructure Public Services and Economic Opportunities Addressing Homelessness Decent Affordable Housing
	<b>Funding</b>	CDBG: \$302,113
	<b>Description</b>	The City of Flagstaff will utilize CDBG funds to support improvements at The Lantern, a hotel shelter owned and operated by Flagstaff Shelter Services. The Lantern provides emergency shelter and transitional housing to individuals experiencing homelessness.
	<b>Target Date</b>	6/30/2025
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	NA
	<b>Location Description</b>	NA
	<b>Planned Activities</b>	Expenses related to administering the program, preparing planning documents and reports, fair housing activities, and other eligible expenses under this category.
2	<b>Project Name</b>	Services to Meet Basic Needs - Senior Nutrition Program
	<b>Target Area</b>	Citywide
	<b>Goals Supported</b>	Services to Meet Basic Needs
	<b>Needs Addressed</b>	Public Services and Economic Opportunities
	<b>Funding</b>	CDBG: \$44,200
	<b>Description</b>	CDBG funds will support program and operational costs for the Senior Nutrition Program, providing hot, nutritious meals to 120-155 elderly individuals experiencing food instability and at risk of malnutrition.
	<b>Target Date</b>	6/30/2025
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	120-155 Elderly Individuals

	<b>Location Description</b>	Citywide
	<b>Planned Activities</b>	<p>Coconino County Health and Human Service’s Senior Nutrition Program provides nutritious meals to 120 to 155 seniors each day. Cooks prepare meals at the Joe C. Montoya Community and Senior Center. Between 40-75 meals are served at the center as a Senior Congregate Meal and 80 Home Delivered meals are packaged and delivered to home-bound, food-insecure elderly individuals in neighborhoods throughout Flagstaff.</p> <p>CDBG funds will cover the salaries of a part-time driver and a part-time nutritional aid. Due to the expiration of ARPA funding, without CDBG support 32% of seniors receiving home-delivered meals will lose services placing them in jeopardy of malnutrition, isolation, and housing instability.</p>
<b>3</b>	<b>Project Name</b>	Affordable Housing
	<b>Target Area</b>	Sunnyside Citywide
	<b>Goals Supported</b>	Rental Development
	<b>Needs Addressed</b>	Addressing Homelessness
	<b>Funding</b>	CDBG: \$200,000
	<b>Description</b>	The City of Flagstaff will utilize CDBG funds to support the acquisition of real property to be used as affordable rentals.
	<b>Target Date</b>	6/30/2025
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	2 Households at initial leaseup
	<b>Location Description</b>	Ponderosa Parkway
	<b>Planned Activities</b>	<p><b>Project Description:</b> HSNA will utilize CDBG funds to acquire two affordable rental units.</p> <p><b>Additional Info:</b> CDBG funds will be used for a downpayment for acquisition of two units.</p>
<b>4</b>	<b>Project Name</b>	Service and Facility Operating Support - Mobile Shower and Outreach Bus
	<b>Target Area</b>	Sunnyside Southside Citywide

	<b>Goals Supported</b>	Services to Meet Basic Needs Service and Facility Operating Support
	<b>Needs Addressed</b>	Addressing Homelessness
	<b>Funding</b>	CDBG: \$25,000.00
	<b>Description</b>	CDBG funds will be used to support the operational costs of the Mobile Shower and Outreach Bus. The mobile showers and outreach bus provides free showers to people experiencing homelessness. Individuals in need can acquire clean clothing, hygiene supplies, food, first aid, PPE, and referrals to local agencies. The bus is parked in different locations around Flagstaff, primarily in Sunnyside and Southside
	<b>Target Date</b>	6/30/2025
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	500 Individuals experiencing homelessness
	<b>Location Description</b>	Citywide
	<b>Planned Activities</b>	<b>Project Description:</b> Community Assistance Teams of Flagstaff operates a mobile showers and outreach bus providing free showers to people experiencing homelessness. Individuals in need can acquire clean clothing, hygiene supplies, food, first aid, PPE, and referrals to local agencies. The bus is parked in different locations around Flagstaff, primarily in Sunnyside and Southside.  <b>Additional Info:</b> CDBG funds will be used to support payroll, program supplies and bus maintenance expenses incurred throughout the program year.
5	<b>Project Name</b>	Administration, Planning and Indirect
	<b>Target Area</b>	Citywide
	<b>Goals Supported</b>	Planning and Administration
	<b>Needs Addressed</b>	Revitalization, Public Facilities & Infrastructure Public Services and Economic Opportunities Addressing Homelessness Decent Affordable Housing
	<b>Funding</b>	CDBG: \$126,000

<b>Description</b>	Expenses related to administering the program, preparing planning documents and reports, fair housing activities, and other eligible expenses under this category.
<b>Target Date</b>	6/30/2025
<b>Estimate the number and type of families that will benefit from the proposed activities</b>	NA
<b>Location Description</b>	NA
<b>Planned Activities</b>	

DRAFT COPY

## AP-50 Geographic Distribution – 91.220(f)

### Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

The City of Flagstaff has identified four target neighborhoods. Target neighborhoods are defined by HUD as those where more than 50% of households have low- to moderate-incomes (80% or less of Flagstaff’s Area Median Income).

- Sunnyside - Census Tract 3, Block Group 2, 3, & 4
- Southside - Census Tract 8, Block Group 1 & 2
- Pine Knoll - Census Tract 8, Block Group 3
- La Plaza Vieja - Census Tract 11.02, Block Group 3.

Together the 8,565 people who live in the target neighborhoods have the following characteristics:

- 6,210 are considered low- and moderate-income.
- 33% are Hispanic or Latino.
- 27% are people of color.
- 50% live in family households.
- 21% have a head of household that is 24 years old or younger.
- 24% own the home they occupy.

Three of these neighborhoods have formed a coalition referred to as the “A League of Neighbors”. The coalition includes the Sunnyside Neighborhood Association, La Plaza Vieja Neighborhood Association, and the Southside Community Association. Associations work hard to improve neighborhoods with grass-roots efforts in safety improvements, beautification, job development, and community spirit. These resident-driven 501(c)3 organizations work collectively and advocate for continual and necessary infrastructure improvements in historic neighborhoods, more local jobs, increasing voter registration, and unity among neighbors.

### Geographic Distribution

Target Area	Percentage of Funds
Sunnyside	0
La Plaza Vieja	0
Southside	0
Pine Knoll	0
Citywide	100

Table 4 - Geographic Distribution

## **Rationale for the priorities for allocating investments geographically**

Proposals are evaluated based on CDBG eligibility and funding criteria (for example: benefit of ratio of dollars per person, percent of leverage funding, past successful CDBG contract administration, location of the project in a target area, and evidence of community collaborations).

The City's four target areas encompass many of the areas of low-income and minority concentration and have been identified as high priority need in all categories. Research has shown that neighborhoods can be a good predictor of health. Therefore, it is imperative to invest funding in areas of opportunity such as, community spaces, open space, quality schools, food, and transportation.

## **Discussion**

The City strives to utilize CDBG funds in target areas; however, the actual distribution of funds to target areas depends on the number and type of proposals that are received. The City of Flagstaff partners with A League of Neighborhoods to identify potential projects and resident-identified needs in target neighborhoods.

# Affordable Housing

## AP-55 Affordable Housing – 91.220(g)

### Introduction

One Annual Action Plan requirement is to provide information on the number of households that will benefit from affordable housing and the types of housing these households will be supported through. The following HUD tables define the City’s goals for the number of households that will be provided housing by housing activity.

Beyond the goals listed below, the City of Flagstaff has created its 10 year Housing Plan, adopted by Council in February 2022. A robust amount of data and public participation went into its formation, including a community housing survey that reached 3,000 respondents, a community forum survey that garnered 327 respondents, and roughly 16.4 hours of public comment, 600 written comments and more than 1,000 volunteer hours from the combined efforts of 80 volunteers in informal working groups.

<b>One Year Goals for the Number of Households to be Supported</b>	
Homeless	900
Non-Homeless	0
Special-Needs	120
Total	1,020

Table 6 - One Year Goals for Affordable Housing by Support Requirement

<b>One Year Goals for the Number of Households Supported Through</b>	
Rental Assistance	0
The Production of New Units	0
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	0

Table 7 - One Year Goals for Affordable Housing by Support Type

### Discussion

Over the coming year a total of 448 households will benefit from PY 2024 CDBG funded projects included in the Annual Action Plan. Public facility improvements include rehabilitation of a domestic violence and youth shelter, supporting 180 individuals experiencing homeless in the first year as well as to improve 30 units of non-congregate, emergency shelter, serving 200 individuals per year. Acquisition of affordable housing units will create 2 new affordable rentals for LMI households and operational

support will support 66 homeless individuals living in transitional housing.

In addition to goals related to CDBG funding, the City of Flagstaff has identified Affordable Housing goals in its 10 year Housing Plan, adopted by Council in February 2022. A robust amount of data and public participation went into its formation, including a community housing survey that reached 3,000 respondents, a community forum survey that garnered 327 respondents, and roughly 16.4 hours of public comment, 600 written comments and more than 1,000 volunteer hours from the combined efforts of 80 volunteers in informal working groups.

The plan is broken into categories of action focused on creating housing options, connecting people to equitable housing solutions, preserving affordable housing, and protecting people from housing discrimination and barriers. Subsidies such as rental assistance and down-payment assistance are included in the plan, but so too are a variety of actionable policy initiative and strategies to be utilized over the next 10 years.

Among the strategies are motives such as “Incentivize the creation of new affordable units,” “Implement a framework for centering equity in proposed and existing housing practices,” “Encourage the adaptive reuse of buildings,” and “Integrate housing into healthcare programs.”

This Plan establishes one overarching goal, supported by two fundamental elements that together will significantly impact housing attainability. The goal will be achieved through the implementation of the policy initiatives and strategies in this document. Implementation of the policy initiatives and strategies will be accomplished by the City of Flagstaff through the budget process, collaboration with City staff, and private, public, and nonprofit partnerships.

Reduce the current affordable housing need in our community by half over the next ten years.

• Element one: Impact at least 6,000 low-to-moderate income Flagstaff residents through a combination of unit creation or subsidy provision.

• Element two: Create or preserve 7,976 housing units by 2031 with a minimum of 10% of them being affordable. This will increase the overall supply of market rate, workforce, and affordable housing occupied by local residents.

The final 10 year Housing Plan can be found at <https://www.flagstaff.az.gov/DocumentCenter/View/72509/Flagstaff-10-Year-Housing-Plan---FINAL-6152022>

## AP-60 Public Housing – 91.220(h)

### Introduction

The Flagstaff Housing Authority owns and manages 265 units of low-income public housing, administers 342 Section 8 Housing Choice Vouchers, 106 VASH Vouchers for Veterans, 40 Mainstream vouchers for households with a disabled adult, 29 Emergency Housing Vouchers, 5 Stability vouchers and 9 Foster Youth Initiative (FYI) Vouchers for youth aging out of the State foster care system. We partner with the Veterans Administration (VA) on the VASH program and with the State Department of Child Safety on the FYI program. The Housing Authority also manages Clark Homes, a Section 8 new construction development with 80 units of low-income housing and provides twelve Section 8 Certificates for the seriously mentally ill, in partnership with the Guidance Center. Currently over 150 landlords participate in the City's Rental Voucher Programs.

The City of Flagstaff Housing Authority is working toward increasing affordable opportunities in the community. The City of Flagstaff Housing Authority has received Board and City Council approval to use funding for a Security Deposit Assistance Program which has now been implemented.. The City of Flagstaff Housing Authority is exploring implementation of a Landlord Portal to provide greater access by our Landlord partners. An improved method of identifying potential Mainstream eligible households on the HCV waiting list (through self identification using our online application platform) to facilitate timely and compliant issuance of these vouchers. Vouchers and continues to work with DCS and community partners to identify additional potentially eligible Foster Youth. The City of Flagstaff Housing Authority has identified community partners to assist youth with some costs. Regular meetings with the CoC are being held and lease up is well underway. A Housing Navigator has been hired to accomplish this goal.

While chronically underfunded by HUD for capital needs, the public housing units are in good repair. The Housing Authority follows a system of ensuring that all major systems are well maintained. The Housing Authority develops a 5-year Plan, updated, and submitted to HUD on an annual basis, to identify the capital needs of public housing developments and the methods by which living conditions will be improved for public housing residents. The City of Flagstaff Housing Authority has been utilizing Capital Fund Grant to rehabilitate aging infrastructure and create greater accessibility. Units are being taken offline for modernization at turnover to facilitate the process.

### Actions planned during the next year to address the needs to public housing

The City intends to reposition and redevelop its public housing in order to increase the inventory of public and private affordable housing for renters and, potentially, homeowners throughout the City. The City's goals are to reposition its public housing portfolio, through RAD and other options allowed by HUD in order to stabilize funding, modernize properties, and increase the number of affordable housing units to create vibrant, attractive, and diverse mixed-income communities that include a mix of rental units to house families, as well as units specifically designed for the elderly and other groups with special needs. A Bond issue for affordable housing was passed by voters in November, 2022. \$5,000,000 is earmarked to redevelop city owned housing to create additional affordable rental units.

The City intends to reposition and redevelop its public housing in order to increase the inventory of public and private affordable housing for renters and, potentially, homeowners throughout the City. The City's goals are to reposition its public housing portfolio, through RAD and other options allowed by HUD in order to stabilize funding, modernize properties, and increase the number of affordable housing units to create vibrant, attractive, and diverse mixed-income communities that include a mix of rental units to house families, as well as units specifically designed for the elderly and other groups with special needs.

Explore the possibility of becoming a Moving to Work (MTW) agency to streamline operations, provide better service, reduce Applicant and Resident administrative burdens, reduce administrative costs and better meet local housing needs. A letter of interest with HUD for MTW Cohort 1 has been filed, and if not selected for this cohort, we will continue to investigate participation in later MTW cohorts.

The City of Flagstaff Housing Authority has updated the Language Assistance Plan and currently in the implementation phase. Translation of Vital Documents has been completed by a contracted third party translation service. The same third party has been retained for on call translation and interpretation services.

CFHA shall continue to maintain practices which encourage low crime rates in its developments. This will be accomplished by continuing to contract with the Flagstaff Police Department to have a full-time officer assigned to our developments.

Work is completed on revising the ACOP and Admin Plan for HOTMA Compliance which are currently in comment phase. No implementation date is currently available due to lack of necessary HUD Forms and IT resources. The goal of the revisions is to simplify reporting for Residents and Participants which will result in more stable rents and fewer instances of failure to report; simplification of verification procedures which will benefit Residents, Participants and Staff; and simplification of Rent Calculation which will result in better understanding by Residents, Participants and Staff.

CFHA shall continue to maintain practices which encourage low crime rates in its developments. This will be accomplished by continuing to contract with the Flagstaff Police Department to have a full-time officer assigned to our developments.

The CFHA Board of Commissioners, Executive Director and Staff shall speak to civic, religious and fraternal groups periodically to explain how important public housing is to the community.

29. Maintain our web page so that the public has access to information regarding our programs and history.
30. Provide web-based access to the application and recertification processes.
31. Make periodic presentations to the City Council regarding the need for expansion of the housing stock for low-income families. Flagstaff is a high cost area with a low wage base.
32. Participate in the local Continuum of Care to improve partnerships and communication with affordable housing/homelessness prevention stakeholders.

Goal Six is ongoing. A change in web-based application tools has been implemented to improve the quality and usability for the Applicants. Web-based recertification process is not being pursued at this time based on the quality and usability of the products available, as well as Resident concerns with technology identified during the modified procedure during Covid 19.

Goal Seven: Investigate and pursue redevelopment expansion of affordable housing.

Objectives:

33. Participate in and support local groups dedicated to affordable housing.
34. Complete and issue an RSOQ for a RAD development partner

35. Investigate use of alternative funding sources such as National Housing Trust Fund Low-Income Tax Credits, HOME funds, etc. for financing affordable housing redevelopment and expansion.

Partner with local nonprofits to investigate the possibility of obtaining special purpose vouchers and/or provide project-based vouchers.

37. Organizational efficiencies, new management structure, salary savings.

### **Actions to encourage public housing residents to become more involved in management and participate in homeownership**

The Housing Authority has multiple goals and objectives created to increase resident involvement including providing maintenance and repair training prior to occupancy; continuing resident education; partnering with the Boys and Girls Club of Flagstaff, Tynkertopia (a STEAM educational program) and the City Recreation Department to provide free on-site programs; resident meetings, barbeques, and newsletters to help residents with education, employment, job training and youth services. Utilize the Siler Homes Activity Center as a base for various resident services

24. Work toward expanding staff knowledge of and relationships with community programs, family and youth services and activities to include job related training and career developments to allow them to provide accurate and appropriate referrals.

25. Seek to continue to work with our community partners to provide youth activities and drug prevention programs.

26. Continue to contract with the Flagstaff Police department to have a full-time officer assigned to our developments to promote Community based policing to minimize criminal and drug activity This program has been extremely successful over the years.

27. Continue to partner with Head Start to provide early childhood education at our sites.

The City of Flagstaff Housing Authority has updated the Language Assistance Plan and currently in the implementation phase. Translation of Vital Documents has been completed by a contracted third party translation service. The same third party has been retained for on call translation and interpretation services.

The City Housing Authority produces a monthly newsletter for public housing residents. Newsletter content includes food and utility assistance, library programming, free tax assistance information, healthcare marketplace information, regular deadlines for rent and recertification submission, public

notice regarding policy changes, and countless other resources.

**If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance**

Flagstaff's Housing Authority is a high performing PHA. The City of Flagstaff Housing Authority has maintained its rating of High Performer a

**Discussion**

The Flagstaff Housing Authority owns and manages 265 units of low-income public housing, administers 342 Section 8 Housing Choice Vouchers, 106 VASH Vouchers for Veterans, 40 Mainstream vouchers for households with a disabled adult, 29 Emergency Housing Vouchers and 3 Foster Youth Initiative (FYI) Vouchers for youth aging out of the State foster care system. We partner with the Veterans Administration (VA) on the VASH program and with the State Department of Child Safety on the FYI program. The Housing Authority also manages Clark Homes, a Section 8 new construction development with 80 units of low-income housing and provides twelve Section 8 Certificates for the seriously mentally ill, in partnership with the Guidance Center. Currently over 150 landlords participate in the City's Rental Voucher Programs.

While chronically underfunded by HUD for capital needs, the public housing units are in good repair. The Housing Authority follows a system of ensuring that all major systems are well maintained. The Housing Authority develops a 5-year Plan, updated, and submitted to HUD on an annual basis, to identify the capital needs of public housing developments and the methods by which living conditions will be improved for public housing residents.

The City intends to reposition and redevelop its public housing in order to increase the inventory of public and private affordable housing for renters and, potentially, homeowners throughout the City. The City's goals are to reposition its public housing portfolio, through RAD and other options allowed by HUD in order to stabilize funding, modernize properties, and increase the number of affordable housing units to create vibrant, attractive, and diverse mixed-income communities that include a mix of rental units to house families, as well as units specifically designed for the elderly and other groups with special needs.

## **AP-65 Homeless and Other Special Needs Activities – 91.220(i)**

### **Introduction**

The City is not a direct recipient of Emergency Solutions Grant funds from HUD yet invests a significant amount of financial and staff resources in addressing the needs of people experiencing homelessness and people with special needs in the City of Flagstaff. This section describes the City's one-year goals and actions for reducing and ending homelessness.

### **Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including**

#### **Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

Continuum of Care (C of C) members and participants in the Front Door coordinated entry program may apply for CDBG funds to assist street outreach, but with limited public service dollars, local agencies choose to apply for support in prevention and diversion programs. There are currently three nonprofit organizations that conduct outreach services, two of which only serve veterans. Funded programs are highly encouraged to participate in coordinated entry through the Front Door and the C of C's individual assessment plan (VI-SPDAT) if not already involved.

#### **Addressing the emergency shelter and transitional housing needs of homeless persons**

The City and Coconino County's Continuum of Care members recognize the critical nature of Housing First and permanent supportive housing. ***In the 2022 Point in Time Count 1,862 individuals, including children, were experiencing homelessness in Coconino County.*** The high cost of housing throughout the county and state, combined with a 20% employment rate among individuals experiencing homelessness means that these individuals and families may require a longer stay in shelter or transitional housing.

**Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were**

## **recently homeless from becoming homeless again**

The City will continue to support agencies that provide emergency and transitional housing to the extent allowable under the CDBG program. In the 2024 Program Year, agencies will receive funds to improve and rehab existing emergency and transitional shelters as well as provide housing case management and services for homeless individuals. The City and Continuum of Care members recognize the critical nature of Housing First and permanent supportive housing, yet the large number of homeless individuals and families, the high cost of housing, and a 20% employment rate among homeless individuals means that homeless individuals and families may require a longer stay in transitional housing. The City will also continue its active participation in the Coconino County Continuum of Care.

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.**

The 2024 Program Year CDBG entitlement allocations include funds for the improvement and rehabilitation emergency shelters and transitional housing as well as housing case management services for individuals living in transitional housing.

Community leadership is committed to bringing a higher level of coordination of services to those experiencing homelessness in our community. The Front Door is a collaborative project serving as a “front door” to those experiencing homelessness. Front Door is a diversion program and provides a single point of entry into the shelter and housing system to streamline services, reduce shelter stay and length of time that individuals and families are homeless, increase program utilization and eliminate the need for households in crisis to “service hop.”

The City will continue to support agencies that provide emergency and transitional housing to the extent allowed under the CDBG program. The City will also continue its active participation in the Coconino County Continuum of Care.

## **Discussion**

The City is an active participant in the local Continuum of Care and staff members participate in multiple committees and lead the annual point-in-time count (conducted for the Arizona Rural Continuum of Care.) The City will continue to implement VASH Vouchers for Veterans experiencing homelessness as well as Foster Youth Initiative Vouchers.

## **AP-75 Barriers to affordable housing – 91.220(j)**

### **Introduction:**

Affordable housing barriers are regulatory, process, or financial systems that make it harder for developers to create affordable housing. Barriers to affordable housing development can occur at many levels – local, state, and federal government, as well as related industries, such as the real estate, insurance, and finance industries.

HUD defines a regulatory barrier as "a public regulatory requirement, payment, or process that significantly impedes the development or availability of affordable housing without providing a commensurate health and/or safety benefit." To identify potential local public barriers to affordable housing development, the City completed HUD's Regulatory Barriers checklist.

### **Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment**

Limited land and the current shortage in housing supply, relative to demand, are the primary reasons housing costs are high in Flagstaff. A significant increase in housing supply is necessary to keep pace with current and projected housing demands. Strategies around affordable housing are incomplete when the focus is solely on increasing supply without giving attention to increasing density, establishing building innovation and cost saving practices, preserving affordable housing stock that already exists in the Flagstaff community and reviewing City codes, processes, and fees to determine whether modification, reductions, or elimination would facilitate cost saving housing development strategies.

Zoning has a profound impact on housing location and type, but it can also impact cost and affordability. In addition to regulating where housing can be built, the Flagstaff zoning codes regulate other elements such as lot sizes, number of bedrooms, lot coverage, parking, and setbacks, all of which can impact the cost of development and overall housing supply. Currently, 58% of land in Flagstaff is zoned for Single-family residential, which allows for single-family homes and accessory dwelling units on each property. R1N also allows duplexes. These are low-density zones generally capped between 1 and 7 dwelling units per acre. In addition, 5.6% of land is zoned industrial, 12% is Public Open Space and 10% is Public Facilities. Approximately 14% of the land within the city allows for medium or high-density housing to be constructed, either through the commercial zoning categories as mixed-use or as apartments, condos,

etc.

According to Arizona Housing Coalition, Best Practices Toolkit for Municipalities, overregulation of land use can create barriers to affordable housing supply. Zoning regulations, parking requirements, height restrictions, lengthy permitting processes, City codes and community opposition can contribute to increased development costs. Overregulation can restrict the ability of the developer to offer affordable rents and mortgages. Addressing overregulation and reform of land use policy is therefore a vital strategy to addressing housing affordability.

A prominent barrier to affordable housing development is the State law prohibition on mandatory inclusionary zoning policy. Inclusionary zoning policies are imposed at the local municipal level to require private developers to set aside a certain percentage of their units within new construction projects at an affordable rent. State law determines whether municipal inclusionary housing measures are mandatory or voluntary. In Arizona, as well as Colorado, Idaho, Indiana, Kansas, Texas, Tennessee, and Wisconsin—local governments are prohibited from adopting at least some form of mandatory inclusionary housing (for ownership housing, rental housing, or both). In some cases, courts have determined that statutes limiting rent control also preempt mandatory inclusionary measures for rental housing. Inclusionary housing is a complicated national issue that varies greatly by state, with litigation and new legislation continually shaping the issue. The City of Flagstaff has worked within the confines of state statutes to develop a voluntary program to incentivize the creation of both rental and ownership housing, yet, until such time as our State law is changed, mandatory inclusionary zoning is not a tool available to Arizona's local municipalities for increasing the supply of affordable rental housing. While municipalities cannot supersede this State law regulation, they may mitigate its effects through the creation of policies that incentivize the inclusion of affordable units. Land use policy reform can be critical to encouraging equitable development in response to the Flagstaff's affordable Housing Emergency.

### **Discussion:**

Since the Great Recession, the City has steadily made efforts to increase its capacity for affordable housing development and programs. The development of an Incentive Policy for Affordable Housing (IPAH) in 2009 and the 2011 overhaul of the Flagstaff Zoning Code were two of the biggest efforts to remove barriers to the creation of affordable housing. The IPAH is designed to foster the production of affordable housing units and is intended to reduce the deficit of all types of housing for households earning under 150% of the Area Median Income (AMI). The document incentivizes developers that commit to permanently affordable housing units through the reimbursement of development-related fees. The Flagstaff Zoning Code also implements affordable housing incentives through various

development standards like density bonuses and reductions to parking and natural resource protection.

Another zoning code amendment was approved in 2021 that allows for increased regulatory incentives for developers who deliver 100% affordable projects. This amendment was processed to accommodate the tight external timeline requirements of any current and future Low-Income Housing Tax Credit projects in the City.

In recent years, several zoning code amendments have implemented policies and recommendations from the High Occupancy Housing Specific Plan, which was adopted in 2018. The intent of that Plan was to identify areas of the city where high density residential projects are encouraged, and what development standards, features, and amenities are desired in those projects. An example of a recent code amendment included an exemption from a use permit requirement for projects that meet certain affordable housing requirements.

Throughout 2021 City staff led an extensive public outreach effort to create a community-focused housing plan, one that offers goals and implementation strategies to improve access to housing and to increase the supply of housing across the entire housing continuum. This effort originated as a response to the City's declared Housing Emergency in December 2020. City Council approved the Plan in February 2022 and over the next ten years, staff will work to advance housing opportunities for all Flagstaff residents. The Plan is a foundational framework for establishing work programs, prioritizing staff work and allocating the necessary funding for its implementation. The Plan establishes policy initiatives and strategies that will be accomplished through the budget process, collaboration with City staff, and private, public, and nonprofit partnerships.

A major policy initiative identified in the 10-Year Housing Plan was to explore regulatory efficiency and cost-saving practices by hiring an independent consultant to review City codes, processes, and fees to determine whether modifications, reductions, or eliminations would facilitate cost-saving housing development strategies. In Fall 2022 Housing staff started working to implement this strategy alongside Sustainability and Planning & Development Services staff. In March 2024, the City put out a Request for Statement of Qualifications for a consultant to conduct a thorough analysis of the City's codes and development processes for compatibility with the City's recently adopted 10-Year Housing and Carbon Neutrality Plans. Once selected, the consultant will work with staff to identify code and policy changes that will lead to more affordable development overall. One of the outcomes of this analysis will include a revised Incentive Policy for Affordable Housing.

Going forward, the City's Incentive Policy for Affordable Housing, Flagstaff Zoning Code, Regional Plan, and other planning documents will need to consider how to incorporate the policy initiatives and strategies identified in the 10 Year Housing Plan.

The City of Flagstaff published a NOFA for \$5 million in Rental Incentive Bond Program (RIBP) funds on February 2nd. A Ranking Committee comprised of two Housing

Commissioners and a selection of internal City staff evaluated the two received eligible applications. The Committee recommended that both applications receive the full funding amount requested.

Foundation for Senior Living, a non-profit Low Income Housing Tax Credit developer, submitted two funding applications for a two-phased redevelopment of an entire downtown block located at 320 N. Humphreys Street. Each phase is considered a separate project with separate financing efforts currently underway. San Francisco Square (Phase 1) requested \$1,680,000 and Aspen Lofts (Phase 2) requested \$1,650,000.

On March 19th, staff brought the funding recommendations to Council for their consideration and approval. Council approved both award amounts, totaling \$3,330,000. Funding will be provided as two 50-year forgivable loans, which will be drafted and brought to Council for their approval at a future meeting. These forgivable loans will assist in the creation of 139 new 100% affordable Low Income Housing Tax Credit units in downtown Flagstaff. The San Francisco Square Apartments will serve seniors earning up to 80% of the Area Median Income (AMI) and consists of 60 one-bedroom and 10 two-bedroom units. The Aspen Lofts Apartments will serve individuals and families up to 60% AMI and consists of 37 one-bedroom, 19 two-bedroom and 13 three-bedroom units.

Per the adopted RIBP, the remaining \$1,667,000 in Program funds will be made available for a subsequent NOFA process. Dates for the next round have not been determined.

## **AP-85 Other Actions – 91.220(k)**

### **Introduction:**

On December 1st, 2020, Flagstaff City Council declared a Housing Emergency for the City of Flagstaff and resolved to prioritize affordable housing within City operations to create safe, decent, and affordable housing for all community members. Flagstaff City Council directed staff to create a single, comprehensive community-facing document to summarize the city's immediate and long-term needs and strategies to improve housing affordability. Flagstaff's 10-Year Housing Plan was presented to the Housing Commission on January 27. The Plan was approved unanimously by Housing Commissioners. Flagstaff City Council unanimously adopted the Plan on February 15, 2022.

This Plan defines the Housing Emergency in Flagstaff and provides policy initiatives and strategies that the City will implement to address the Housing Emergency. As the City implements the 10-Year Housing Plan, the goal is to substantially increase housing subsidies for our neighbors that are unable to afford housing in Flagstaff and to increase the number of available and affordable housing options for Flagstaff residents at all income levels.

The City continues to establish goals related to the use of CDBG funds and has also established HUD-required strategies to improve the delivery system, address lead-based paint hazards, reduce the incidence of poverty, and address barriers to affordable housing development. The City has continued to perform HUD-required program monitoring for all sub-recipients.

### **Actions planned to address obstacles to meeting underserved needs**

The development and subsequent implementation of policy initiatives are critical to the success of the City of Flagstaff's overall housing and economic development goals. In general, policy development and implementation are designed to enhance City program effectiveness, identify gaps or underserved groups, and enhance the private sector's ability to provide market-based solutions. At present, the greatest obstacle to meeting underserved needs is insufficient funding. The City addresses this obstacle by prioritizing CDBG projects that provide leverage funding to meet the needs of a larger number of

people.

Although the City has several Housing planning documents, when declaring the Housing Emergency, Flagstaff City Council directed staff to create a single, comprehensive community-facing document to summarize the city's immediate and long-term needs and strategies to improving housing affordability.

This Plan defines the Housing Emergency in Flagstaff and provides policy initiatives and strategies that the City will implement to address the Housing Emergency. As the City implements the 10-Year Housing Plan, the goal is to substantially to increase housing subsidies for residents that are unable to afford housing in Flagstaff and to increase the number of available and affordable housing options for Flagstaff residents at all income levels.

### **Actions planned to foster and maintain affordable housing**

The City of Flagstaff 10 Year Housing Plan establishes one overarching goal, supported by two fundamental elements that together will significantly impact housing attainability. The goal will be achieved through the implementation of the policy initiatives and strategies in this document. Implementation of the policy initiatives and strategies will be accomplished by the City of Flagstaff through the budget process, collaboration with City staff and private, public, and nonprofit partnerships.

**The overarching goal of the 10 Year Housing Plan is to reduce the current affordable housing need in our community by half over the next ten years.**

- Element one: Impact at least 6,000 low-to-moderate income Flagstaff residents through a combination of unit creation or subsidy provision.
- Element two: Create or preserve 7,976 housing units by 2031 with a minimum of 10% of them being affordable. This will increase the overall supply of market rate, workforce and affordable housing occupied by local residents.

The following are all policy initiatives and strategies intended to preserve and increase the supply of affordable housing in Flagstaff, as determined through the public engagement process for Flagstaff's 10 Year Housing Plan. This list will be updated annually based on current actions the City is taking to

implement the Housing Plan.

- Incentivize the creation of affordable units through various programs and mechanisms.
- Update the Regional Plan policies to support increased density related to affordable housing.
- Create a dedicated funding source for affordable housing in Flagstaff.
- Amend the Flagstaff Zoning Code to facilitate the development of all housing types.

The City of Flagstaff continues to partner with and support developers of affordable housing:

In February 2024 one of the City's non-profit partners, Housing Solutions of Northern Arizona (HSNA), confirmed funding from the Arizona Department of Housing to construct an affordable rental project on City property in Sunnyside. The State grant requires that the rental units serve households experiencing homelessness, victims of domestic violence or households under 30% AMI for a period of 15 years. Last year HSNA and the City signed a 'lease option,' which offered City land toward the project and enabled HSNA to pursue funding. Staff has begun drafting a ground lease – which will allow HSNA to build on the property and manage the rental units.

In March 2024 City Council approved a resolution granting a standby loan of \$100,000 to Foundation for Senior Living for their 2024 Low Income Housing Tax Credit application. The commitment of local funds earns developers points toward their tax credit applications, which are due to the Arizona Department of Housing in early April. Foundation for Senior Living is proposing a 70-unit affordable rental development for seniors on the site of the old St Mary's Catholic School in downtown Flagstaff.

In April 2024 City Council approved the allocation of \$397,000 in American Rescue Plan Act Local Recovery Funds for gap funding for the construction of Lake Mary Villas, a 76 unit Low Income Housing Tax Credit project.

In April 2024, City Council approved \$1,900,000 in American Rescue Plan Act Local Recovery Funds for projects that provide Housing Assistance in response to the negative economic impacts of the COVID-19 pandemic. All of the projects receiving funding provide housing assistance to low-and-moderate income

households in the City of Flagstaff.

### **Actions planned to reduce lead-based paint hazards**

Distribute lead poisoning and lead hazard information to participants in federally funded programs and to any interested resident.

The City follows a multi-pronged approach to reduce lead hazards, integrating the following actions into housing policies and procedures:

1. Rehabilitation Projects. The City follows strict HUD guidelines for testing and abatement of lead-based paint and other hazardous substances and requires compliance from its contractors and subcontractors. Any structure built before 1978 that is proposed for rehabilitation under federal programs, is tested for lead-based paint. Notices and requirements regarding testing and removal of lead-based paint are provided to program participants, contractors, and project sponsors. The City has licensed contractors who are available to perform limited abatement and/or removal procedures if lead-based paint is present. Full abatement services are contracted with licensed contractors located outside of the City.
2. Section 8 Housing Choice Vouchers. The PHA inspects prospective dwellings constructed prior to 1978 that will have a child under the age of six residing therein, for compliance with EPA and HUD Lead Based Paint rules and regulations. The inspection includes visual inspections for chipped, peeling, chalking and deteriorated interior and exterior paint. Clearance testing may be performed after remediation by the property owner, to assure a lead-safe environment.
3. Public Education. Lead hazard information is distributed to participants in homeownership and rental programs.

### **Actions planned to reduce the number of poverty-level families**

The City will reduce the number of poverty level households by providing CDBG public services resources to local agencies that provide social supports, and eviction and foreclosure prevention. The City will also fund programs to rehabilitate housing units owner-occupied by households living at or below the poverty level to support these households in retaining quality, safe housing. Households living below the poverty level will also be made aware of the various local services available that provide an economic safety net and opportunities for increased earnings.

### **Actions planned to develop institutional structure**

The City of Flagstaff has well-developed and experienced institutional infrastructure for the delivery of housing and community development programs. The Housing Section works closely with nonprofit organizations to ensure that CDBG funds reach the neediest Flagstaff residents and neighborhoods. Organizations must annually apply for CDBG funds for eligible activities. The City also works closely with

and is a member of the Coconino County Continuum of Care.

In 2019, City Council added a new chapter to the Flagstaff City Code, creating a Housing Commission. The Housing Commission consists of thirteen citizens, with twelve members appointed by the City Council and one representative from the Flagstaff Housing Authority Board of Commissioners. It serves as an advisory board to City Council; makes recommendations with respect to housing policies, needs, and programs in Flagstaff; and furnishes the Council with information through the Housing Director.

The 10-Year Housing Plan was adopted by the Flagstaff City Council on February 15, 2022, after many months of community outreach and involvement. The Plan was created in response to the Council declared Housing Emergency and recognizing the need for a single, comprehensive community-facing document summarizing the City's immediate, short-term, and long-term needs and strategies to improve housing affordability. The Housing Section looks forward to continuing the invaluable work outlined in the 10-Year Housing Plan. A one-time 2022 Progress Report summarizing progress made since February 2022, as well as a one-time 18-Month Implementation Plan outlining strategies in progress from January 2024 through June 2024, were presented to City Council in February 2024. Implementation Plans and Progress Reports will continue to be produced and shared publicly on an annual basis.

### **Actions planned to enhance coordination between public and private housing and social service agencies**

A Housing Navigator is a person who works intensively with high-need clients, often those with high housing barriers including mental health issues, homelessness, past evictions etc. The main responsibility of the position is assisting clients with obtaining and maintaining housing. This includes lots of one-on-one client and landlord interaction and, when necessary, mediation. The Housing Navigator also works on landlord recruitment for all voucher programs, a long-established need.

While one-time funding has been allocated by HUD related to the EHV program, on-going funded has been requested to fund the Housing Navigator position on a permanent basis through the general fund. Funding through the GF will allow the position to not be bound to one program or another, allowing for the work to occur where the greatest need is and facilitate stronger partnerships with local agencies. This will also allow federal funds to be directed to direct client services were possible.

The City has developed an extensive mailing and email list that includes over 300 people who represent organizations that serve homeless and at-risk households, mainstream service and housing agencies, community development organizations, civic leaders, etc. This list is used to regularly inform these agencies of planning efforts, funding opportunities, changes in policy and practice or any other

information that agencies may find useful.

The Flagstaff Community has implemented a Coordinated Entry System for those experiencing homelessness, known as the Front Door. The Front Door Specialist conducts an assessment using The Vulnerability Index – Service Prioritization and Decision Assistance Tool (VI-SPDAT). The Front Door collaboration has united the Flagstaff community and the local Continuum of Care to fast track those in crisis to the best program to end that crisis.

On a weekly basis, a cadre of service providers meet for the Case Conferencing Team Meeting. Each case manager is representing his or her own agency that has signed the Service Provider Memorandum of Understanding (MOU). The purpose of this meeting is to have a real-time discussion of each person or family on the community waitlist and to utilize scores from the VI-SPDAT to ensure fast and appropriate referrals to end homelessness for those on the list.

The Front Door is a cost-effective strategy; that prioritizes a community conversation about how the systems function together, where the gaps in services exist, and how to answer the need. No longer will those in crisis be forced to go from shelter to shelter to access services.

**Discussion:**

Affordable, accessible, and decent housing is of critical importance to a community's health and viability. The Housing Plan will consolidate existing housing documents and augment with an additional planning effort to create a 10-year plan that seeks to define the housing emergency in Flagstaff and to provide policies and strategies to reduce the emergency. The Housing Plan will help identify needs, create an existing list of affordable housing, identify the affordable housing units underway, engage partners, and compile research on best practices. Altogether, these components will help identify specific policies and educational and advocacy strategies that can be implemented within our community to substantially increase the number of affordable housing units. As the City implements Flagstaff's 2022 Housing Plan, the goal is to substantially increase the number of available and affordable housing options for all Flagstaff residents at all income levels.

## Program Specific Requirements

### AP-90 Program Specific Requirements – 91.220(l)(1,2,4)

**Introduction:**

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

#### Community Development Block Grant Program (CDBG) Reference 24 CFR 91.220(l)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	142,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
<b>Total Program Income:</b>	<b>142,000</b>

#### Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	100.00%

The City of Flagstaff has allocated \$142,000 in current and previous year Program Income for use during the 2024 Program Year. The City of Flagstaff continues to receive periodic Program Income from previous homebuyer assistance and owner occupied housing rehabilitation programs. In PYs 2019, 2020 and 2021, the City received an unprecedented amount of Program Income due to the favorable housing market and interest rates in the City of Flagstaff. Should the City receive additional Program Income in excess of an amount that could make it difficult for the City to remain timely, a mid-year allocation and amendment to the Annual Action Plan will be considered.

The purpose of the LASS+CAP project is to understand what land is available within the Flagstaff city limits for development and redevelopment/infill and the existing barriers. It also serves to analyze City development codes and processes to identify what works well and where the barriers are to meeting the City's housing and sustainability goals and policies. The outcome of the analysis is to identify priority sites for residential development and to list prioritized, recommended code changes.

Overview: Flagstaff's growth in population, coupled with a housing crisis that has limited housing choice and affordability and a climate crisis that is disrupting weather patterns and threatening communities, has exemplified the need to better plan and coordinate internally and externally. The City's housing emergency, as well as the increased threats of wildfire, flooding, drought, and other climate impacts, has presented a vital need for Flagstaff to better understand the extent of land that is available in Flagstaff for housing development, the barriers that exist to developing new housing, and the changes that can be made to the City's development code and processes to encourage and increase the supply of new housing while recognizing the City's Carbon Neutrality Plan goals. This work supports several City housing and climate goals in the City's 10-Year Housing Plan, Carbon Neutrality Plan, and other documents while acknowledging the tensions between other community assets and values. The Land Availability and Suitability Study and Code Analysis Project (LASS+CAP) is a multi-pronged initiative to address critical long-term planning and resilience needs. There are two components to this project: the Land Availability and Suitability Study (LASS) and the Code Analysis Project (CAP).

1. The purpose of the LASS is to understand what land is available within the Flagstaff city limits and peripheral areas for development and redevelopment/infill and the barriers that exist.
2. The Code analysis portion of the project will analyze City codes applied to development projects and will identify what works well and identify the barriers to meeting the City's housing and climate goals and policies. The LASS and the CAP are being completed concurrently. The LASS is a land inventory study to identify what lands are left to develop or redevelop as residential and identifying the opportunities and/or barriers for their development or redevelopment. While the LASS includes both privately and publicly owned lands, the study does not make commitments or obligations for any of the parcels identified, rather this is a data snapshot to understand how much land is potentially available to meet our residential needs. Any private property owner whose property has been included in the inventory is welcome to reach out to staff to discuss the project in more detail. The CAP is a code analysis looking at all development codes and processes to ensure all are working towards our housing and sustainability goals. While being done concurrently, the LASS is a standalone document representing technical data from a point in time that will inform the CAP project, as well as the Regional Plan Update, regarding scenario planning and policy setting. This effort is being completed in partnership between Community Development's Planning and Development Services and Housing Sections, the Sustainability Division, and the Transportation Engineering Section. It will provide a much-needed base for high-level coordination between numerous other City Divisions/Sections such as Fire, Building Safety, Economic Vitality, Water Services, PROSE, in addition to the primary City partners, and Mountain Line. Land Availability and Suitability Study The draft LASS report

was completed using the following methodology: Establishing a preliminary buildable land inventory for the City of Flagstaff and peripheral areas in the project's study area; Determining which areas are buildable by applying screening criteria to the study area based on environmental constraints; and Identifying and assessing "opportunity sites" from the resulting net buildable land inventory. These are sites that present unique opportunities for the creation of housing. Through the Land Availability and Suitability Study, the consultant has established the following key findings about Flagstaff's land availability: Flagstaff and the peripheral areas that make up the LASS area contain approximately 8,125 acres of vacant land spread across 2,242 parcels. Of this land area, approximately 6,735 acres are residentially zoned. The study area also contains approximately 5,399 acres of underutilized land spread across 1,822 parcels. These lands contain minimal structures that have a low enough improvement Full Cash Value (FCV) to suggest that economic forces could encourage their redevelopment for a greater or higher value use, such as housing. In total, the study area contains approximately 7,062 acres of vacant buildable land and approximately 4,865 acres of underutilized buildable land. These lands represent the lands most likely to develop or redevelop in the future. Approximately 13% of the vacant land within the study area is environmentally constrained by stream corridors, wetlands, steep slopes, and floodplain or floodways. These lands may not be conducive to development or redevelopment, including for housing. The most common environmental constraints in Flagstaff are steep slopes and floodplains and floodways. This analysis considered steep slopes as any slope 25% or greater, which impacted nearly 7% of the study area's land. However, Flagstaff currently regulates development on slopes 17% or steeper through the Resource Protection Overlay, which represents a significant barrier to housing development on sites that may be able to support development. As the LASS+CAP project team continues to evaluate code section modifications that, if implemented, could result in greater residential yield, the steep slope provisions of the Resource Protection Overlay may offer such an opportunity. Floodplain and floodway areas impact over 4% of the study area land. It is likely that this number will be reduced through the eventual construction of the Rio de Flag Flood Control Project. Nonetheless, floodplain and floodway within Flagstaff currently presents a significant challenge to the development of housing in the study area's vacant parcels. In general, Flagstaff has a significant amount of buildable land within its city limits and in its immediate periphery that can be used for the development of housing. However, much of it will require being rezoned to a higher density zoning designation and is lacking the necessary infrastructure to support higher density development. It is expected that this analysis will help inform both the CAP and the Regional Plan update by identifying the areas that could most benefit from additional density and infill, among other changes that could positively impact housing yield. For example, the CAP may recommend zoning code or development review process changes that impact the density allowed in different zoning districts or when Water Sewer Impact Analyses (WSIA) or Traffic Impact Analyses (TIA) are required. Some observations of note include: Currently, only individual Opportunity Site redevelopment on the smallest of downtown or Southside sites may not trigger WSIA's, and even then, this only applies if existing infrastructure appears to be sufficient to meet new development needs. Any larger developments will all require WSIA's. Currently, most of the higher opportunity level sites will require TIA's. Developers in the community have noted that this can be a lengthy and expensive process with difficult-to-

predict mitigation. Changes to how the City manages traffic information and TIA processes could improve the likelihood and affordability of more significant housing development projects. Some of the largest sites that may become entirely new development areas tend to be zoned Rural or Estate Residential, which leads to very spread-out development that only serves high income groups. Whether these sites are currently owned by other public entities or private owners, the next steps in Table 25 of the LASS report recommend the City investigate ways to help encourage at least some areas within these large sites have higher density. The draft LASS document will help provide specific locations and examples of where significant housing opportunities exist and therefore serves as a resource for considering when, where and how future code amendments, zone changes, collaborative development planning and master planning efforts will make the most impact in the City.

**Code Analysis Project – Code Diagnostic** The Code Analysis Project is a multi-phase project that will identify code barriers, provide opportunities to remove barriers, and recommend code revisions that will support the achievement of the Flagstaff Carbon Neutrality Plan and Housing Plan goals. The Project will be completed through three deliverables including a code diagnosis, exploration of concept code changes, and then a final report with recommendations. All phases of this project will be presented to supporting Commissions (Planning & Zoning, Housing, Sustainability, and Transportation). This three-prong approach will allow staff in conjunction with City Council to identify smaller code changes that may be processed prior to the final recommendations. The draft Code Diagnostic is the first deliverable in the Code Analysis Project which is attached for Commission and Council review. The scope of the Code diagnosis, concepts, and recommendations addresses the following codes and any other identified affected codes, standards, policies, or plans as identified by the City: Fire Code Engineering Design Standards and Specifications for New Infrastructure Zoning Code General Plans and Subdivisions Public Ways and Property Building Regulations Transportation Impact Analysis Manual Incentive Policy for Affordable Housing Additionally, an Equity and Displacement Vulnerability Assessment was conducted to assist with identifying code barriers. The consultants prepared a demographic and spatial analysis of the city to assess which neighborhoods are more vulnerable to the potential negative impacts of Code changes in accelerating gentrification and residential displacement. Each code barrier was reviewed as follows: Relevant Goal/Policy: Identify all of the relevant goals/policies that the code provision presents a barrier to meeting. Magnitude and Impacts: Evaluate the magnitude of the barrier and discuss the specific impact it has on the ability of the City to meet its policy goals. The Consultant Team will coordinate to use a consistent method for evaluating the magnitude of a barrier. The magnitude of the barrier may vary depending on the policy goal. If so, that variation will be identified. The barriers were graded on the following scale: Critical Barrier: Code provisions that render it physically or economically infeasible to develop a project that contributes to the City's housing and/or climate goals. These code provisions generally are barriers independent of other standards or requirements and apply broadly to many types of developments or locations. Major Barrier: Code provisions that significantly reduce the feasibility of developing a project that contributes to the City's housing and climate goals. The degree to which these provisions are barriers may be contingent on other standards or requirements and the barrier may apply to a narrower range of development types of locations. Minor Barrier: Code provisions that may have a limited negative impact on the

feasibility of developing a project that contributes to the City's housing and climate goals. The degree to which these provisions are barriers may be contingent on other standards or requirements and the barrier may apply to a narrower range of development types or locations. Please note that the attached draft does not adequately address the cascading climate barriers identified in the Key Outcomes for each code barrier identified. Additional work is necessary to refine how the climate barriers identified in the Carbon Neutrality Plan will be addressed in the final draft of this report. Co-Benefits: Identify areas, where relevant, reducing or removing a code barrier may have co-benefits or synergistic impacts on both housing and climate goals. Tensions: Additionally, identify any potential tensions or trade-offs between policy goals that may arise as part of the assessment of code barriers. The consultant team identified two types of conflicts: Housing/Climate Tensions: Removing the barrier would advance one of the City's two primary goals but may constrain the ability to meet the other policy goal. Tensions with Other Policy Goals: Removing the barrier may have a negative impact on the City's ability to meet other policy goals. For example, reducing minimum parking requirements may reduce the cost of housing development, but may also impact neighborhood livability. Feasibility of Alternatives: The consultant team, along with staff, will determine and discuss whether there are alternative regulations or standards that are reasonably feasible for the City to implement. Feasibility includes physical, legal, or economic feasibility. Specific alternatives will not be proposed at this stage. By including all the above information for each code barrier, the City Council will be able to make more informed decisions and prioritize the most critical barriers to achieving housing and climate goals. Project Outreach These draft reports and a presentation were presented to the larger city staff steering committee, and the Housing, Sustainability, Transportation, and Planning and Zoning Commissions. At the time of this staff report, only feedback from the Steering Committee meetings was available and is discussed in the attached memo (Attachment A). Additional feedback from the respective commissions and Council will be incorporated into the draft reports before finalizing.

The purpose of the LASS/CAP project is to understand what land is available within the Flagstaff city limits for development and redevelopment/infill and the barriers that exist, and to analyze City development codes and processes to identify what works well and where are the barriers to meeting the City's housing and sustainability goals and policies. The outcome of the analysis is to identify priority sites for residential development, as well as a list of prioritized, recommended code changes.

The last few months have been spent collecting GIS data, compiling development codes and processes, and building a policy matrix. We have also identified Technical Advisory Committees, comprised of internal City staff from multiple Divisions/Sections, for both the LASS and the CAP. This has been critical work for building the base for which the next steps will rely on and now we can roll up our sleeves and really get to work! Below is a list of

what we will be working on this month.

- Developer and construction cost interviews: the consultant team will be meeting with members of our development and construction community to understand what is working well and what barriers our development codes and processes have on development projects. Additionally, they will be meeting with key firms to better understand construction costs and funding in Flagstaff.
- The Technical Advisory Committee for the LASS has two meetings scheduled. The first meeting will be to go over criteria and how to provide input on identified properties. The second meeting will be to further refine available sites and to prioritize opportunity sites for residential development.
- Continued code and process analysis.
- Updates to the Housing and Sustainability Commissions.
- Preparing for November 14, 2023, City Council work session to provide project update and preliminary LASS findings.

Proposition 442 – authorizing the use \$20 million dollars of general obligation bonds for “Creating Rental and Ownership Opportunities for Residents of Flagstaff” was approved by the voters in the November 2022 General Election. Proposition 442 identified four affordable housing spending categories, including “incentivizing the private sector to incorporate affordable rental housing into new developments.”

In 2022, the Mayor and City Council adopted the Housing Emergency Declaration (Res. No. 2020-66) and the 10-Year Housing Plan (Resolution No. 2022-03) which commits the City to increasing the number of affordable and long-term housing options for Flagstaff residents at all income levels. This resolution is intended to clarify City Council priorities for City-owned lands available for development. The adoption of this resolution would set policy for Council to prioritize affordable housing on city-owned properties made available for development.

RESOLUTION NO. 2024-11 A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL PRIORITIZING THE DEVELOPMENT OF AFFORDABLE HOUSING FOR FLAGSTAFF RESIDENTS AT A RANGE OF INCOME LEVELS AS DETERMINED BY CURRENT NEEDS ON LANDS OWNED BY THE CITY OF FLAGSTAFF THAT ARE MADE AVAILABLE FOR DEVELOPMENT, AND PROVIDING FOR EXCEPTIONS; PROVIDING FOR REPEAL OF CONFLICTING RESOLUTIONS, AND ESTABLISHING AN EFFECTIVE DATE. RECITALS: WHEREAS, the Mayor and City Council of the City of Flagstaff wish to establish affordable housing as a priority for residential development on lands available for development owned by the City; and WHEREAS, in 2022 the Mayor

and City Council of the City of Flagstaff have adopted the Housing Emergency Declaration (Res. No. 2020-66) and the 10-Year Housing Plan (Resolution No. 2022- 03) which commit the City to increasing the number of affordable and long-term housing options for Flagstaff residents at all income levels; and WHEREAS, in 2022 the Mayor and City Council of the City of Flagstaff have committed that in the event a City-owned building or property is being vacated by the City, that the Housing Section first have the opportunity to evaluate the property and determine the feasibility of repurposing or developing in a manner that supports increasing the number of available and affordable housing units (Resolution No. 2022-52); and WHEREAS, the 10-year Housing Plan includes Policies: Create 4: Amend the Flagstaff Zoning Code to facilitate the development of all housing types and Create 4.3 Explore adding affordable housing as an allowed use in the Public Facilities (PF) zone.” All housing types are needed in Flagstaff and "affordable housing" is not a land use type. However, this resolution is intended to clarify that for the purpose of city land zoned PF, any residential development should be affordable and made available to permanent Flagstaff residents; and WHEREAS, the City of Flagstaff owns properties located in desirable locations for residential development with access to employment, community amenities, walkable neighborhoods and transit options; and WHEREAS; the City of Flagstaff owns properties required for city operations, amenities for the public including parks and open space, and land necessary to complete essential city functions; and WHEREAS, the provision of affordable and safe housing units supports sustainability, equity, and health systems in the City of Flagstaff. RESOLUTION NO. 2024-11 PAGE 2 ENACTMENTS: NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS: SECTION 1. All land owned by the City and determined to be available for development will first be considered for housing prior to consideration of other uses. Affordable housing for a range of income levels shall be prioritized over market rate housing. Affordable housing units shall be maintained as affordable through such mechanisms as land trust, deed restrictions, development agreements, or other similar agreement, and shall be monitored for on-going compliance. Housing units developed on city-owned land shall provide long-term ownership or rental opportunities for permanent Flagstaff residents. SECTION 2. City-owned land available for development does not include sites necessary for core city functions, including but not limited to existing parks, land identified for futu

On November 8, 2022, the City of Flagstaff voters approved two ballot measures to issue General Obligation Debt.

- Proposition 441 authorizes \$57,285,000 in General Obligation debt to be issued and used for investing in City of Flagstaff wildfire suppression, stormwater flood mitigation and wastewater treatment infrastructure. The initial debt issuance will be for up to \$30,000,000.
- Proposition 442 authorizes \$20,000,000 in General Obligation debt to be issued and used for creating rental and homeownership opportunities for residents of Flagstaff. The initial debt issuance will be for up to \$10,000,000.

The Flagstaff City Council adopted Resolution No. 2022-52 on November 1, 2022. This resolution states that the Mayor and City Council require if a City-owned building or property is being vacated by the City, that the Housing Section first have the opportunity to evaluate the property. This evaluation would be to determine the feasibility of repurposing or developing the property in a manner that supports increasing the number of available and affordable housing units, including but not limited to: converting to municipally operated

Affordable Housing; seeking a public-private partnership; or exploring shared equity models of development. Many City-owned properties are located within the PF zone, which does not currently permit the residential uses that are encouraged by this resolution. This amendment proposes to make these uses permitted within the PF Zone to support this resolution.

There are currently 181 parcels located within the PF zone. The City owns 40% of all the parcels within the PF zone. Northern Arizona University owns 29% of the properties within the PF zone and is not required to comply with the City's Zoning Ordinance. Flagstaff Unified School District owns 9% of the parcels within the PF zone and other governments or quasi-public agencies (APS, museums, County, Unisource, and Lowell) own 12% of all the parcels. The remaining 10% of all the PF zoned parcels fall under private ownership

HOUSING IMPACT STATEMENT PZ-23-00136 RESIDENTIAL USES IN THE PUBLIC FACILITY (PF) ZONE

Pursuant to ARS 9-462.01 (J) a Housing Impact Statement shall be considered by the City Council prior to adopting a Zoning Code Text Amendment regarding the impact of the amendment on the following:

1. A general estimate of the probable impact on the average cost to construct housing for sale or rent within the zoning districts to which the zoning text amendment applies. The proposed amendment does not directly impact the average cost to construct housing for sale or rent within the PF zone as residential uses are not currently permitted. This amendment will allow the construction of housing with the intention of increasing affordable housing units within the community. This amendment has the potential to reduce development costs and fees affiliated with rezoning a property.
2. A description of any data or reference material on which the proposed zoning text amendment is based. Flagstaff's 10-Year Housing Plan was used as reference material for the development of this proposed text amendment. This plan includes a specific strategy to allow the development of affordable housing in the Public Facility (PF) zone. Affordable housing is not a specific land use and is only possible with the inclusion of residential land uses within this zoning category.
3. A description of any less costly or less restrictive alternative methods of achieving the purpose of the proposed zoning text amendment. Residential uses are not currently permitted in the Public Facility (PF) Zone. The principal behind this ordinance is to allow housing as a permitted use granting greater opportunity for additional housing resources with the Flagstaff community. The alternative includes requiring lands currently owned by government and quasi-governmental agencies to rezone property to allow for residential uses which can be time consuming and cost restrictive.

Presentation and discussion regarding the Rental Incentive Bond Program (RIBP), a program that will incorporate affordable rental housing into new developments. This program will utilize general fund dollars (\$5,000,000) resulting from the voters approving Proposition 442 in November 2024.

## **INFORMATION:**

The RIBP will utilize general obligation bond funds, as approved by Flagstaff voters in the November 2022 election. This program will have a minimal financial impact to the city's general fund.

**Policy Impact:**

This program is being established to utilize general obligation bond funds approved by the voters for the purpose of incentivizing the private sector to incorporate affordable rental housing into new development. This program will replace the existing Incentive Policy for Affordable Housing document (IPAH).

**Connection to PBB Priorities/Objectives, Carbon Neutrality Plan & Regional Plan:**

**10-Year Housing Plan:**

- Create housing options for households at all income levels and family sizes occupied in the community.
- Create 1: Incentivize the creation of affordable units through various programs and measures.
- Protect people from housing discrimination and remove housing barriers.
- Protect 2: Ensure affordable housing is a part of every Flagstaff neighborhood and is a part of any development or redevelopment.

**PBB Priority:**

Livable Community: Actively support attainable & affordable housing through City projects and programs.

**Carbon Neutrality Plan:**

- HA-1: Create housing options for households at all income levels and family sizes occupied in the community.
- HA-2: Connect people to equitable housing solutions.
- HA-4: Protect people from housing discrimination and remove housing barriers.

**Regional Plan:**

- Goal LU.9. Focus reinvestment, partnerships, regulations, and incentives on development in the region.
- Goal NH.3. Make available a variety of housing types at different price points, to provide housing for all economic sectors.
- Policy NH.3.1. Provide a variety of housing types throughout the City and region, including single-family, multi-family, and accessory dwelling units, to expand the choices available to meet the financial and lifestyle needs of our diverse population.
- Policy NH.3.3. Increase the availability of affordable housing for very low-income populations through effective funding mechanisms.
- Policy NH.3.5. Encourage and incentivize affordable housing.

**Has There Been Previous Council Decision on This:**

Yes, City Council placed Proposition 442 on the ballot for the November 2022 election with the title "Incentivizing the Private Sector to Incorporate Affordable Rental Housing in New Development".

**Background/History:**

## Housing Bond Background

Proposition 442 – authorizing the use \$20 million dollars of general obligation bonds for “City of Flagstaff Opportunities for Residents of Flagstaff” was approved by the voters in the November 2022 election. The City identified four affordable housing spending categories, including incentivizing the private sector to convert existing housing into new developments as one of the identified purposes. Provided below is language from the ballot publicity pamphlet:

### Ballot Language:

“To create rental and homeownership opportunities for residents of Flagstaff, shall the City of Flagstaff issue and sell general obligation bonds in a principal amount up to \$20,000,000 for the purpose of

- redeveloping City owned housing to create additional affordable rental units;
- repurposing existing available buildings into rental units;
- **incentivizing the private sector to incorporate affordable rental housing into new developments;**
- expanding the homebuyer assistance program? “

From the City of Flagstaff Information Pamphlet, below is the language specific to the program: Incentivizing the Private Sector to Incorporate Affordable Rental Housing in New Developments

“Funding will be utilized to incentivize private developers, including non-profits, to incorporate affordable rental units into new developments. This investment is anticipated to create an estimated 400-500 new rental units in Flagstaff, in addition to the market rate units in the new developments.

The proceeds of the bonds may be used for any and all costs relating to such projects, including but not limited to engineering, acquiring, administering, improving, constructing, reconstructing, and equipping such projects and appurtenances or land related thereto.”

A working group of Housing Commission members and Housing staff developed the RIBP. The 13-member Housing Commission has membership reflective of specific professional categories. The initial membership was comprised of commissioners representing the following professional categories: City Builder, Developer, Low-Income Housing Expert and Real Estate Professional.

The draft program was reviewed by the Housing Commission at the September 28, 2023, meeting. In response to public feedback, the Commission voted unanimously to forward the draft RIBP to City Council with recommendations reflective of recommended changes and allowing for technical and conforming changes to the program.

## Program Overview

The RIBP will provide loans to eligible developers of rental housing choosing to provide a new

new rental developments in Flagstaff\ serving households at or below 80% area median income. One of the critical elements of the Program is to leverage bond funding to the greatest extent possible to serve the largest number of rental units, including affordable.

The RIBP calls for a competitive application process through a Notice of Funding Availability. Efforts will be made to make the application and award process as simple and expeditious as possible for applicants while maintaining the necessary safeguards surrounding expenditure of public money.

The five-page document outlining the RIBP contains the following sections:

- Funding Background
- Program Creation and Administration
- Program Description
- Program Eligibility (including eligible applicants)
- Submittal Requirements
- Ranking Committee and Award Process
- Compliance

### **Key Considerations:**

The overarching goal of this program is to assist in the creation of 400 – 500 new affordable rental units. This goal will be considered during the award process.

A NOFA process will ensure that bond funds are maximized and leveraged with other funding sources.

By staff's estimate, there are currently more than ten unbuilt affordable rental development projects in various stages of pre-development that could be eligible for these funds.

### **Community Benefits and Considerations:**

City Council has declared a Housing Emergency and this funding will be used to assist in the creation of 400 – 500 new affordable rental units in Flagstaff. As documented in the 10-Year Housing Plan, the need for increased affordable housing is significant. Nearly half (47%) of Flagstaff residents are low-income, earning no more than \$55,350 annually. In the rental market, 65% of households that fall within or below the moderate-income level could benefit from affordable housing that is considered affordable.

### **Community Involvement:**

Proposition 442 was placed on the November 2022 ballot via a public process and was approved by voters. The RIBP was created and recommended by the City of Flagstaff Housing Commission for approval.

### Housing Bond Background

Proposition 442 – authorizing the use \$20 million dollars of general obligation bonds for “City of Flagstaff Opportunities for Residents of Flagstaff” was approved by the voters in the November 2022 election. The City identified four affordable housing spending categories, including incentivizing the private sector to convert existing housing into new developments as one of the identified purposes. Provided below is language from the ballot publicity pamphlet:

#### Ballot Language:

“To create rental and homeownership opportunities for residents of Flagstaff, shall the City of Flagstaff issue and sell general obligation bonds in a principal amount up to \$20,000,000 for the purpose of:

- redeveloping City owned housing to create additional affordable rental units;
- repurposing existing available buildings into rental units;
- **incentivizing the private sector to incorporate affordable rental housing into new developments;**
- expanding the homebuyer assistance program? “

From the City of Flagstaff Information Pamphlet, below is the language specific to the program: Incentivizing the Private Sector to Incorporate Affordable Rental Housing in New Developments. “Funding will be utilized to incentivize private developers, including non-profits, to incorporate affordable rental units in new developments. This investment is anticipated to create an estimated 400-500 new rental units in Flagstaff, in addition to the market rate units in the new developments.

The proceeds of the bonds may be used for any and all costs relating to such projects, including but not limited to engineering, acquiring, administering, improving, constructing, reconstructing, and equipping such projects and appurtenances or land related thereto.”

A working group of Housing Commission members and Housing staff developed the RIBP. The Housing Commission has membership reflective of specific professional categories. The working group was comprised of Commissioners representing the following professional categories: Real Estate Developer, Low-Income Housing Expert and Real Estate Professional.

The draft RIBP was reviewed by the Housing Commission at the September 28, 2023, meeting. At the meeting, the Commission voted unanimously to forward the draft RIBP to City Council with a recommendation. The Commission recommended changes and allowing for technical and conforming changes to be made by City Council. At a subsequent work session Council discussed the draft Program and provided feedback for the final draft.

### Program Overview

The RIBP will provide loans to eligible developers of rental housing choosing to provide a new rental development in Flagstaff serving households at or below 80% area median income.

One of the critical elements of the Program is to leverage bond funding to the greatest extent possible to fund the largest number of rental units, including affordable.

The RIBP calls for a competitive application process through a Notice of Funding Availability made to make the application and award process as simple and expeditious as possible while maintaining the necessary safeguards surrounding expenditure of public money.

The five-page document outlining the RIBP contains the following sections:

- Funding Background
- Program Creation and Administration
- Program Description
- Program Eligibility (including eligible applicants)
- Submittal Requirements
- Ranking Committee and Award Process
- Compliance

**The attached RIBP document includes changes requested by Council at the October 12, 2021 meeting:**

- **Clarifying language about the NOFA process being repeated if there are remaining units.**
- **Moved ‘acquisition’ from Eligible Uses of Program Funds to Ineligible Uses**
- **Clarifying language about funds being made available after Council approval of associated documents.**

**Additionally, after consulting with city staff, the timeframe requirement for an award will be extended by 6 months, from 18 to 24 months. Providing this additional time for a project to move through the development process will increase developers’ opportunity for success in meeting F**

### **Key Considerations:**

The overarching goal of this Program is to assist in the creation of 400 – 500 new affordable rental units. This goal will be considered during the award process.

A NOFA process will ensure that bond funds are maximized and leveraged with other funding sources.

By staff’s estimate, there are currently more than ten unbuilt affordable rental development projects in progress that could be eligible for these funds.

### **Community Involvement:**

City Council has declared a Housing Emergency and this funding will be used to assist in the creation of 400 – 500 new affordable rental units in Flagstaff. As documented in the 10-Year Housing Plan, the need for increased affordable housing is significant. Nearly half (47%) of Flagstaff residents are low-income, earning no more than \$55,350 annually. In the rental market, 65% of households that fall within or below the moderate-income level could benefit from affordable housing that is considered affordable.

### **Expanded Options and Alternatives:**

Proposition 442 was placed on the November 2022 ballot via a public process and was approved. The RIBP was created and recommended by the City of Flagstaff Housing Commission for approval.

The EAH program was designed to provide all eligible City of Flagstaff employees with the opportunity of providing funds toward the down payment on a home. The goals of the EAH Program were to provide a benefit but to also promote recruitment and retention of City of Flagstaff employees. The EAH program is a part of HSNA. To date, the program has opened the doors to homeownership for thirty (30) first-time homebuyers, all employees of the City of Flagstaff. The program has proven to be a successful tool to recruit and retain employees in Flagstaff.

The City's Homebuyer Assistance Program (CHAP) was originally created with General Fund dollars to assist Flagstaff households up to 115% AMI that were mortgage ready but made more than 80% of their income from Federal funds. CHAP, briefly called MIHAP (Middle Income Housing Assistance Program), was a program designed to aid households above the 80% AMI population. Currently, given housing costs combined with the limited amount of assistance CHAP provides, the purchasing power of mortgage-ready households falls below market pricing.

Current contract with HSNA began November 2018 with a one-year term and an option to renew for two additional terms. The last renewal was issued November 2022 and will expire in November 2023.

On September 28th, 2023, Staff presented the recommended changes and contract amendments to the Housing Commission. The Housing Commission approved a motion to forward the program changes to the City Council with a recommendation to approve.

### **Key Considerations:**

The growing disconnect between housing costs and the limited amount of assistance currently provided makes the program ineffective without additional assistance and subsidy programs. All the households currently served are under 80% AMI and required additional subsidy such as the purchase of land trust homes or other forms of assistance, excluding the very households the program was created to serve. Considering the current housing market and assistance amounts, the purchasing power of mortgage-ready households falls far below market pricing. The proposed changes will return the program to serving the intended population.

### **Community Involvement:**

EAH focuses on a stable local workforce and a healthy economy. Employee-assisted housing programs support employee retention, neighborhood revitalization, and community relations.

Mortgage lenders, realtors, employers, social service agencies and the community at large benefit from the success of housing assistance programs; again, providing stability for our community.

With the recommended changes and contract amendment, remaining funds are available for CHAP loans, assuming the maximum amount of assistance is required. To date the EAH program has provided assistance to 34 Flagstaff employees with loans averaging \$8,328 per household. From November 2018 to the present, the program has provided assistance totaling \$521,250 to 34 first time homebuyers. All City of Flagstaff housing loans are repaid by the borrower, either by the longer owner occupied or is refinanced with cash-out. The Housing Section conducts an annual audit of all loans to ensure compliance.

DRAFT COPY