

18-MONTH REPORT

FOR THE 10-YEAR
HOUSING PLAN

January 2023 - June 2024



CITY OF
FLAGSTAFF

<https://www.flagstaff.az.gov/4553/10-Year-Housing-Plan>

18-Month Report for the 10-Year Housing Plan

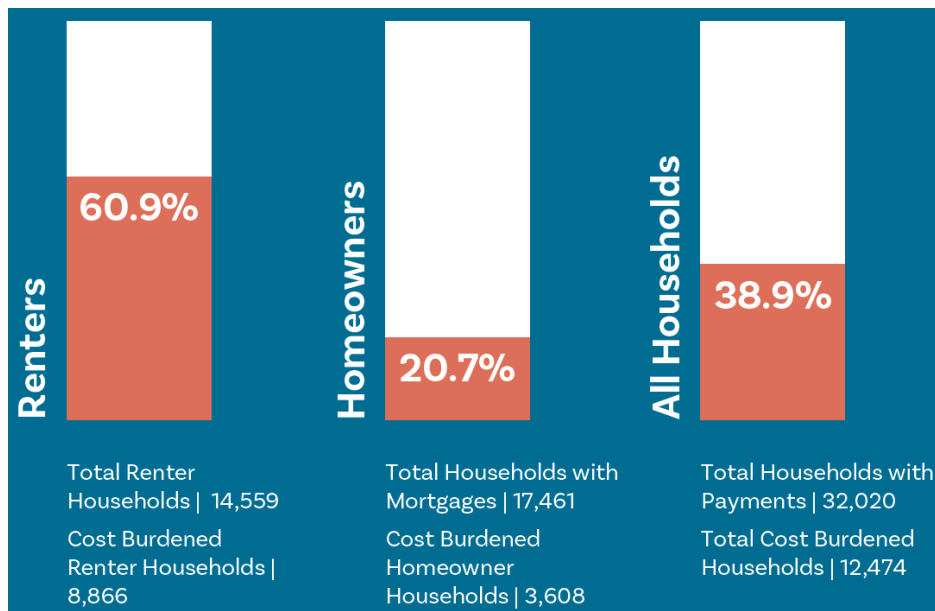
Introduction

The [10-Year Housing Plan](#), approved and adopted by the Flagstaff City Council on February 15, 2022, aims to improve housing affordability and reduce the [Housing Emergency](#). To achieve the plan's overarching goal, 13 robust policy initiatives and 58 comprehensive strategies provide a foundational framework for establishing housing programs, prioritizing staff work, and allocating necessary funding for implementation.

This is the second report published after the adoption of the Plan. The first report was the [2022 Progress Report](#), which covered the first 10 months of progress after the Plan's adoption. This unique 18-Month Report corresponds to the one-time [18-Month Implementation Plan](#), which outlines nine strategies that were carried out between January 2023 and June 2024. Subsequent reports and implementation plans will encompass the 12-month fiscal year.

Housing Market Conditions

The 10-Year Housing Plan was written to be a living document with a clear scope of work, but flexible in its approach. The 58 strategies outlined in the Plan are conceptual and will evolve based on market conditions, community housing needs, and budgetary constraints.



In 2023, according to Housing Solutions of Northern Arizona's [2023 Flagstaff Community Affordable Housing Needs Assessment](#), 38.9% (28,690 residents) of all Flagstaff households with payments, were housing cost-burdened. A household is considered housing cost-burdened when they pay more than 30% of their monthly, pre-tax income toward housing expenses.

According to the report, between 2013 and 2023, Flagstaff's Area Median Income (AMI) increased by 46.5%, while the median home sales price rose by almost 136% to \$625,000. The average family of four can only afford a home with a purchase price of \$311,917. During the same period, the Fair Market Rent for a 2-bedroom unit increased by 51.5% to \$1,863 per month, which, as per the report, is still unaffordable for a single parent with two children.

What Can Flagstaff Families Afford?	Retiree on Fixed Income	Minimum Wage Service Industry	Single Parent with 2 children	Family of 4 people	Young married couple
Number in Household	1	1	3	4	2
Estimated Household Income	\$19,110	\$34,944	\$65,450	\$90,900	\$87,360
% of Area Median Income	30%	55%	80%	100%	120%
Affordable Rent	\$478	\$874	\$1,636	\$2,273	\$2,184
Affordable Home Purchase Price ⁶	\$41,969	\$101,554	\$216,062	\$311,917	\$298,446
Downpayment & Closing Costs ⁶	\$2,684	\$6,494	\$13,817	\$19,947	\$19,086

In Flagstaff, a typical family consisting of two adults and two children was projected to spend an additional \$824 for housing of a similar type compared to Phoenix. The report concluded that Flagstaff's housing expenses surpassed the national average by 34.8%, while the overall cost of living exceeded the national average by 14.1%.

The 2023 market conditions continue to demonstrate a persistent need for housing across all income levels in Flagstaff.

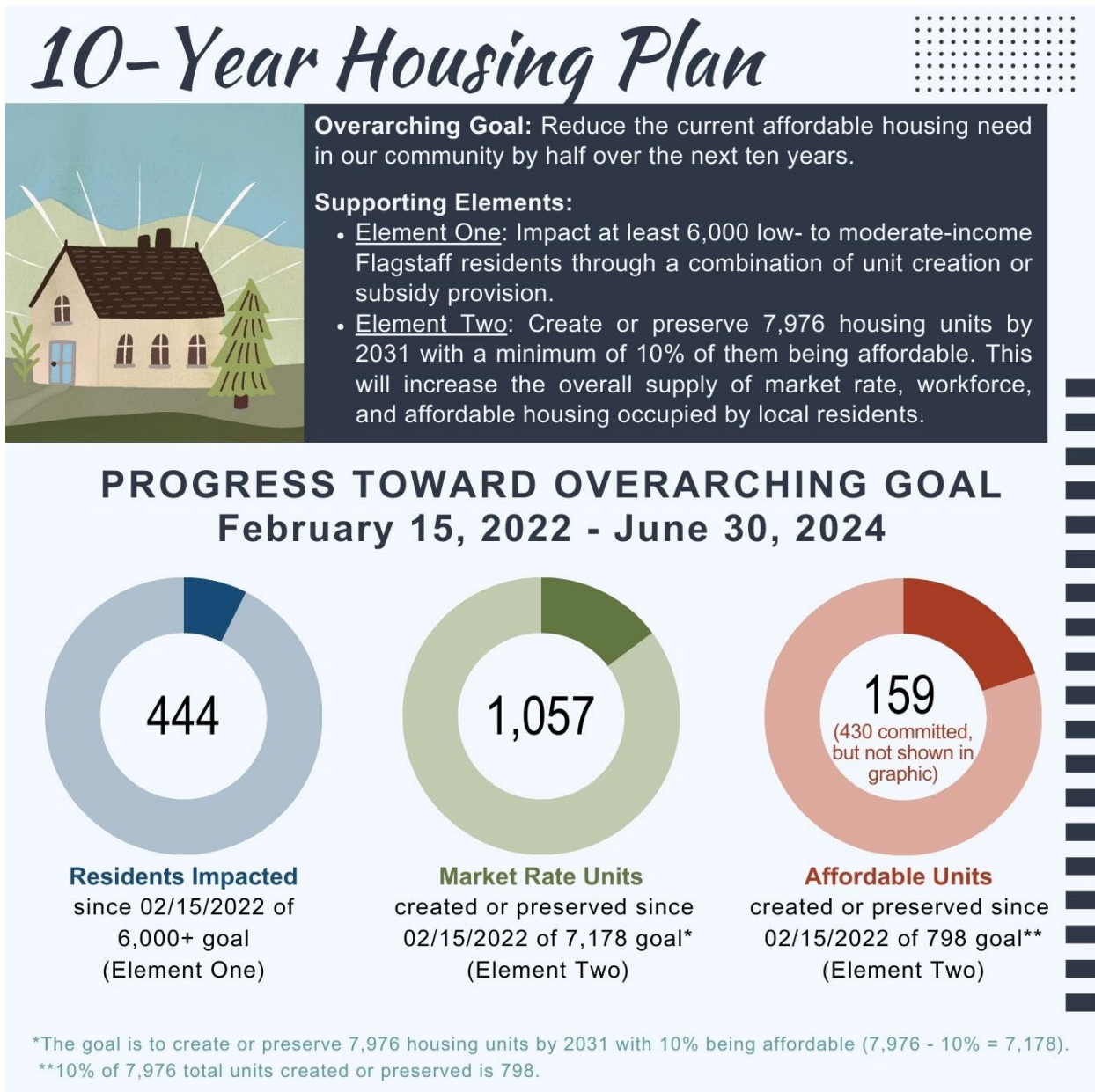
2023-2024 Highlights



Overarching Goal and Element Progress

The graphic below serves as a tool for reporting progress toward the Plan’s overarching goal and supporting elements. The Plan, annual reports, implementation plans, and the graphic can be accessed on the [10-Year Housing Plan webpage](#). The graphic is updated quarterly in January, April, July, and October to incorporate data from the preceding three months.

In prior annual documents, data was tracked from January 2023. However, because the 10-Year Housing Plan was approved and adopted on February 15, 2022, the graphic and all relevant documents were changed to begin data tracking from that date.






Key to the graphic’s data:

- **Residents Impacted** = The number of households or residents that received a subsidy during a reporting period.
- **Market Rate Units** = The number of delivered market-rate units that received a final building inspection as reported in the Building Finals Report.
- **Affordable Units** = The number of delivered affordable units that received a final building inspection as reported in the Building Finals Report.
- **Committed Affordable Units** = The number of affordable units committed by a developer in a Development Agreement or an approved site plan or plat. This number is subject to change as commitments and development agreements are amended between the first approval and final construction of units.



Strategy Progress






This section offers an update on the progress of the strategies outlined in the 10-Year Housing Plan. While percentages have been used in previous reports and implementation documents to assess progress, due to the inherent subjectivity of percentage-based metrics, the following graphic representations will be utilized in this and future reports and implementation plans:

-  = strategies that have been **completed**
-  = strategies **in progress**
-  = strategies that have **not been started**


COMPLETED STRATEGIES

The following strategies were identified in a previous implementation plan and have been completed:



Strategy	Strategy Description	Status	Status Comments
Create 3.1	Present 2022 Bond Measure to Council and Community for consideration for additional funding to be leveraged with local, state, and federal dollars.	 Completed	A Bond Measure was presented to City Council and approved by Flagstaff voters in November 2022, providing \$20,000,000 to create rental and homeownership opportunities for Flagstaff residents.
Create 4.3	Explore adding affordable housing as an allowed use in the Public Facilities (PF) Zone.	 Completed	Strategy completed through the adoption of Resolution No. 2024-05 and Ordinance No. 2024-03 by City Council on March 19, 2024 to allow residential uses (single-family, duplex, and multi-family dwellings) as a conditional use in the Public Facility (PF) Zone .

Create 5.1	Hire an independent consultant to review City codes, processes, and fees to determine whether modifications, reductions, or eliminations would facilitate cost-saving housing development strategies.	 Completed	City staff requested funding to hire a consultant through the fiscal year 2022-2023 City budget cycle. Following procurement, Cascadia Partners was hired, completing this strategy. The Land Availability and Suitability Study + Code Analysis Project (LASS+CAP) is anticipated to be completed in fiscal year 2025.
Create 5.3	Create a dedicated team within Planning and Development Services specifically for affordable housing projects.	 Completed	This strategy’s intended outcome was achieved by adding capacity to the Inter-Departmental Staff (IDS) review process with a new Housing Planner position in 2023. This position, along with the Housing Planning Manager, is dedicated to assisting new affordable residential development through the IDS process. Additionally, the entire IDS team underwent a comprehensive recharter in 2022 to enhance internal lines of communication and streamline project reviews, resulting in improved outcomes for all development applications.
Connect 1.2	Create housing navigator or advocate positions to assist both landlords and housing-challenged populations in securing and maintaining housing.	 Completed	A Housing Navigator position was created and hired. The position was requested as an ongoing budget item through the City’s regular 2024-2025 budget process and granted effective 7/1/2024.
Connect 2.3	Explore reviewing member composition of the Housing Commission and Housing Authority Board to ensure racial and economic diversity reflective of the Flagstaff community and present to Council for input.	 Completed	After considering various approaches, the City of Flagstaff’s Legal team, City Clerk’s office, and Housing staff completed the strategy with the following actions: <ul style="list-style-type: none"> • A question was added to the Boards & Commissions application about how applicants contribute to the City’s commitment to diversity. • Template language was incorporated into Staff Summaries to encourage Council to consider diversity when making appointments. • Boards & Commissions liaisons were provided with a marketing guide to improve outreach to diverse populations. • The City Clerk’s office reminds Council members to consider diversity when reviewing applications and appointing commission members.
Protect 2.1	Create and maintain an Affordable Housing Impact Statement.	 Completed	The strategy was completed through the City of Flagstaff’s compliance with A.R.S. § 9-462.01 . The statute requires City Council’s consideration of a housing impact statement with each zoning ordinance or zoning text amendment to discuss how the proposed amendment might affect

housing construction costs. Furthermore, Housing staff are tracking the number of housing units demolished to collect data on the net loss of housing stock. Since the inception of the 10-Year Housing Plan, 85 units have been demolished in Flagstaff and replaced with 204 units, moving Flagstaff closer to achieving the target of creating or preserving 7,976 housing units.

Protect 3.2	Examine and update, if needed, the City of Flagstaff’s Housing Limited English Proficiency (LEP) Plan.	 Completed	The Housing Section updated its original Language Access Plan (LAP) to incorporate data and further reduce barriers for persons with limited English proficiency. The LAP was revised on September 1, 2023, following a 30-day public comment period during which no feedback was received. The City of Flagstaff Housing Authority’s LAP is updated regularly.
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The following strategies were not identified in a past implementation plan but were implemented as opportunities arose during the reporting period:

Strategy	Strategy Description	Status	Status Comments
Create 4.1	Review and amend the Planned Residential Development (PRD) standards and process to address barriers for infill development and allow for more flexibility in development options, building types, and lot configurations.	 Completed	The strategy was completed through Zoning Code updates after Resolution No. 2023-57 and Ordinance No. 2023-28 were adopted by City Council at the December 5, 2023 Council meeting.
Protect 3.4	Support local social service networks in establishing a home share program inclusive of features like peer support and conflict resolution.	 Completed	Extensive research and analysis were conducted to identify potential homesharing programs that complement existing housing models in the Flagstaff community. This strategy was completed through the creation of a Homesharing Resources webpage on the City’s website. The webpage includes information on homesharing platforms, comparable rental resources, and a link to the City’s Fair Housing webpage.

STRATEGIES NOT YET COMPLETED

The two strategies below were identified in a past implementation plan and have not yet been completed:

Strategy	Strategy Description	Status	Status Comments
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Protect 2.4

Implement a public outreach campaign to educate the community about the critical role affordable housing plays in a thriving community, create a groundswell of support for affordable housing, and combat community opposition to housing and affordable housing.



In Progress

This strategy is underway and will remain so throughout the full implementation period of the 10-Year Housing Plan. Since 2022, Housing staff have engaged in extensive community outreach using various methods, including radio, social media, and interviews with local newspapers. Staff continues actively seeking and leveraging community outreach opportunities to advance this strategy in the coming year. Additionally, the Housing Section anticipates a rebranding following the City of Flagstaff’s logo update in spring 2025 and incorporating Housing’s updated identity in ongoing efforts to educate the community about the critical role affordable housing plays in a thriving community.

Preserve 2.2

Acquire and rehabilitate already built properties for affordable housing projects when financially feasible.



In Progress

This strategy is largely dependent on collaboration with private development partners as opportunities arise. Prop 442 provides \$3 million in funding for this purpose. A framework for this program is planned to be completed in fiscal year 2025.

Housing Resources and Community Efforts

In future endeavors, it’s important to consider existing housing resources and community efforts. Within the reporting period, the Housing Section and community partners have continued to create, administer, and manage various programs to support residents at all income levels:

- **Community Housing Programs:**

- Affordable Homeownership Program: Offers permanently affordable homes through a 99-year renewable ground lease or a deed restriction document.
- Affordable Rental Housing: Supports Low Income Housing Tax Credit (LIHTC) development.
- American Rescue Plan Act (ARPA): Designates \$1.9 million in one-time federal funds to support COVID-19 pandemic relief by funding projects that enhance community resilience, address disparities in disproportionately affected communities, create and preserve stable and affordable housing, and prevent eviction.
- Homeless Shelter and Services Funds (HSSF): Provides \$840,000 in one-time funds from the Arizona Department of Housing (ADOH) for shelter and services for unsheltered individuals.
- Community Development Block Grant (CDBG): Administers annual entitlement funds from the Department of Housing and Urban Development (HUD) to build stronger and more resilient communities.
 - Program Year 2023 Entitlement: \$541,191.00
 - Program Year 2024 Entitlement: \$588,146.00
- Fair Housing: Provides resources and education to the community to affirmatively further fair housing and combat discrimination based on race, color, religion, sex (including gender identity and sexual orientation), disability, familial status, or national origin.

- Homebuyer Assistance Programs: Offers city-funded financial assistance for down payment and closing costs to qualifying households.
 - Employer Assisted Housing (EAH) Program: Provides up to \$20,000 in homebuyer assistance for City of Flagstaff employees (*increased from \$10,000 in 2023*).
 - Community Homebuyer Assistance Program (CHAP): Offers up to \$40,000 in homebuyer assistance to qualifying households (*increased from \$15,000 in 2023*). The program will be expanded with funds from Prop 442 in fiscal year 2025.
- Incentive Policy for Affordable Housing (IPAH): Encourages the creation of affordable housing units through financial and zoning code incentives.
- Rental Incentive Bond Program (RIBP): Incentivizes developers to build affordable housing with bond funding. \$3.33 million of \$5 million distributed in March 2024.
- **Housing Authority Programs:**
 - Clark Homes: Provides 80 one- to four-bedroom units for low-income households.
 - Housing Choice Vouchers: Offers 523 Section 8 vouchers for low- to moderate-income households, including veterans, disabled individuals and families, victims of domestic violence and abuse, trafficking victims, youth aging out of the foster system, and individuals with serious mental illness.
 - Low Income Public Housing: Provides 265 one- to five-bedroom units for low-income households.

More information about housing resources, community efforts, and the Housing Section's 2023-2024 Year in Review can be found on the [Housing Section's webpage](#).

Legislative Efforts

The 10-Year Housing Plan outlines that substantial barriers to the availability of affordable housing across all income levels are deeply rooted in state and federal policies, which impede municipalities' efforts to make equitable changes. The Flagstaff City Council, along with organizations such as the Arizona Housing Coalition, have been steadfast in advocating for legislation to address housing unaffordability both locally and at the state and national levels.

Conclusion

Since the 10-Year Housing Plan was adopted in February 2022, 10 out of 58 strategies have been completed, with substantial progress made on several others, including those related to the Regional Plan and the LASS+CAP process. The 2024-2025 Implementation Plan outlines 15 additional strategies to be undertaken within that fiscal year. The remaining strategies will be addressed in the coming years and prioritized annually in the Implementation Plans presented to the Housing Commission and City Council each spring.