

NOTICE AND AGENDA

**HOUSING COMMISSION
THURSDAY
FEBRUARY 22, 2024**

**HYBRID MEETING
MICROSOFT TEAMS MEETING
FLAGSTAFF AQUAPLEX
1702 N. FOURTH ST.
1:00 P.M.**

ATTENTION

ATTEND IN-PERSON MEETINGS AT THE AQUAPLEX, LOCATED AT 1702 N FOURTH ST. OR JOIN VIRTUALLY BY CLICKING ON THE LINK BELOW.

[Click here to participate in the online meeting](#)

The public can submit comments to AFisher@Flagstaff.gov. Public comment will be emailed to Housing Commissioners and will be read at the meeting by a staff member.

1. Call to Order

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the Commission and to the general public that, at this regular meeting, the Commission may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the City's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).

2. Roll Call

NOTE: One or more Commission Members may be in attendance telephonically or by other technological means.

ERIC BROWNFIELD
TYLER DENHAM
KEVIN DOBBE
KAREN FLORES

SANDI FLORES
JACQUIE KELLOGG
DEVONNA MCLAUGHLIN
MOSES MILAZZO
CORY RUNGE

ROSS SCHAEFER
SEAN SLAWSON
GLENN SLIVERS
HAYLEY ZOROYA

3. LAND ACKNOWLEDGMENT

The Housing Commission humbly acknowledges the ancestral homelands of this area's Indigenous nations and original stewards. These lands, still inhabited by Native descendants, border mountains sacred to Indigenous peoples. We honor them, their legacies, their traditions, and their continued contributions. We celebrate their past, present, and future generations who will forever know this place as home.

4. Public Comment

At this time, any member of the public may address the Commission on any subject within their jurisdiction that is not scheduled before the Commission on that day. Due to Open Meeting Laws, the Commission cannot discuss or act on items presented during this portion of the agenda. To address the Commission on an item that is on the agenda, please wait for the Chair to call for Public Comment at the time the item is heard.

5. APPROVAL OF MINUTES

- A.** Consideration and Approval of Minutes: Housing Commission Meeting, January 25, 2024
Approve the minutes from the January 25, 2024 Housing Commission meeting.

6. ACTION AND DISCUSSION ITEMS

- A.** Vote for two (2) Housing Commission representatives to attend Regional Plan draft chapter review meetings.
- B.** Overview and Discussion: Flagstaff Home Buying Market and Bond-Funded Homebuyer Assistance Program
Receive an overview of the Flagstaff home buying market and discuss possible options for the Bond-Funded Homebuyer Assistance Program.

7. GENERAL BUSINESS

None

8. INFORMATIONAL ITEMS TO/FROM COMMISSION MEMBERS, STAFF, AND FUTURE AGENDA ITEM REQUESTS

- A.** Update from Housing Authority Liaison
- B.** Update from Housing Commissioners and Other Informational Items
- C.** Update from Housing Staff

9. ADJOURNMENT

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on _____, at _____ a.m./p.m. This notice has been posted on the City's website and can be downloaded at www.flagstaff.az.gov.

Dated this _____ day of _____, 2024.

Adriana Fisher, Housing Program Manager



Housing Commission

5. A.

From: Adriana Fisher, Housing Program Manager

DATE: 02/22/2024

SUBJECT: Consideration and Approval of Minutes: Housing Commission Meeting, January 25, 2024

STAFF RECOMMENDED ACTION:

Approve the minutes from the January 25, 2024 Housing Commission meeting.

Executive Summary:

Minutes of Commission meetings are the requirement of Arizona Revised Statutes and, additionally, provide a method of informing the public of discussions and actions taken by the Housing Commission.

Attachments

DRAFT January 25, 2024 Meeting Minutes

DRAFT MEETING MINUTES

**HOUSING COMMISSION
THURSDAY
JANUARY 25, 2024**

**HYBRID MEETING
MICROSOFT TEAMS MEETING
FLAGSTAFF AQUAPLEX
1702 N. FOURTH ST.
1:00 P.M.**

1. Call to Order

Chair Devonna McLaughlin called the meeting to order at 1:01 pm

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the Commission and to the general public that, at this regular meeting, the Commission may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the City's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).

2. Roll Call

NOTE: One or more Commission Members may be in attendance telephonically or by other technological means.

ERIC BROWNFIELD - present in person
TYLER DENHAM - present in person
KEVIN DOBBE - present in person
KAREN FLORES - present in person

SANDI FLORES - absent
JACQUIE KELLOGG - present virtually
DEVONNA MCLAUGHLIN - present in person
MOSES MILAZZO - present virtually
CORY RUNGE - present in person

ROSS SCHAEFER - present virtually, left at 2:28 PM
SEAN SLAWSON - present virtually
GLENN SLIVERS - present virtually, left at 2:28 PM
HAYLEY ZOROYA - present virtually, arrived at 1:07 PM

OTHERS PRESENT:

Adriana Fisher, Housing Program Manager
Sarah Darr, Housing Director
Justyna Costa, Assistant Housing Director
Kristine Pavlik, Housing & Grants Administrator
Jennifer Mikelson, Housing Planning Manager
Marissa Molloy, Housing Specialist
Jessica Watson, Housing Planner
Khara House, Council Liaison

3. LAND ACKNOWLEDGMENT

The Housing Commission humbly acknowledges the ancestral homelands of this area's Indigenous nations and original stewards. These lands, still inhabited by Native descendants, border mountains sacred to Indigenous peoples. We honor them, their legacies, their traditions, and their continued contributions. We celebrate their past, present, and future generations who will forever know this place as home.

Read by Commissioner Denham

4. **Public Comment**

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No public comment.

5. **APPROVAL OF MINUTES**

- A. Consideration and Approval of Minutes: Housing Commission Meeting, December 6, 2023
Approve the minutes from the December 6, 2023 Housing Commission meeting.

Moved by Karen Flores, **seconded by** Eric Brownfield to approve the minutes from the December 6, 2023 regular Housing Commission meeting.

Vote: 11 - 0 - Unanimously

6. **ACTION AND DISCUSSION ITEMS**

- A. Bond-Funded Homebuyer Assistance Program Initial Discussion and Brainstorming
Discuss and Brainstorm the Bond-Funded Homebuyer Assistance Program

Ms. Sarah Darr, Housing Director, gave a broad overview of market conditions, the current Homebuyer Assistance Program, and next steps for the Bond-funded program. She then asked for the Housing Commissioners to provide input. Commissioners discussed the following:

- Interest rate buy down
- ADU rental income for eligibility
- Forgiveness of down payment assistance
- Mortgage buy-down assistance and monthly subsidies
- Purchase of existing units to create permanently affordable homes
- Purchase prior to foreclosure
- Treating different types of debt differently for debt-to-income eligibility
- Taking payments rather than larger payoffs at the end of the loan
- Limiting price of housing to a reasonable amount
- Explore including all types of homes, including mobiles homes
- Carefully consider maximum AMI
- Working with employers to leverage employer assisted housing program with Bond funds

7. **GENERAL BUSINESS**

None

8. **INFORMATIONAL ITEMS TO/FROM COMMISSION MEMBERS, STAFF, AND FUTURE AGENDA ITEM REQUESTS**

- A. Update from Housing Authority Liaison

Commissioner Milazzo gave an update on last week's Flagstaff Housing Authority Board meeting.

B. Update from Housing Commissioners and Other Informational Items

Chair McLaughlin informed the Housing Commissioners that City Council will be hearing text amendment changes to the zoning code to allow for residential and public facilities zoning on Tuesday, February 6th. Ms. Justyna Costa, Assistant Housing Director, noted that this was a strategy on 10-Year Housing Plan.

C. Update from Housing Staff

Ms. Adriana Fisher, Housing Program Manager, and Ms. Sarah Darr gave an update on how staff summaries for City Council agenda items will relate to the 10-Year Housing Plan. Chair McLaughlin asked who will write the summaries. Ms. Sarah Darr answered. Commissioner Flores asked for an update on the timeframe for the Land Availability and Suitability Study (LASS) and Code Analysis Project (CAP). Ms. Jennifer Mikelson, Housing Planning Manager, provided it. Ms. Mikelson gave an update on the recently approved Rental Incentive Bond Program and requested participation from one to two Housing Commissioners for the raking committee. Ms. Kristine Pavlik gave an update on the recent Community Development Block Grant public meetings and the upcoming process. She asked for volunteers from the Housing Commission to participate in the raking committee. Ms. Sarah Darr gave an update on the Homeless Shelter and Services Funds received from the Arizona Department of Housing.

9. ADJOURNMENT

Chair Devonna McLaughlin adjourned the meeting at 2:56 pm.

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Dated this _____ day of _____, 2024.

Adriana Fisher, Housing Program Manager



Housing Commission

6. B.

From: Adriana Fisher, Housing Program Manager

DATE: 02/22/2024

SUBJECT: Overview and Discussion: Flagstaff Home Buying Market and Bond-Funded Homebuyer Assistance Program

STAFF RECOMMENDED ACTION:

Receive an overview of the Flagstaff home buying market and discuss possible options for the Bond-Funded Homebuyer Assistance Program.

Executive Summary:

Housing Commissioners will hear from three presenters:

- Karen Flores, local lender and Housing Commissioner
- Gary Nelson, local broker and member of the Northern Arizona Association of Realtors
- Devonna McLaughlin, local housing counselor and Housing Commissioner

Collectively, the presentations will create a common foundational knowledgebase for the Housing Commission regarding home buying and home buying elements to inform coming discussions regarding the programming of 7 million in Bond funding designated for homebuyer assistance.

Attachments

Lender Presentation

Broker Presentation

Housing Counselor Presentation

HOME OWNERSHIP IN FLAGSTAFF





AGENDA

- Overview of the mortgage process
- How interest rates work and their impact on a buyer's qualification
- Where are interest rates going in the short and long term
- What challenges do lenders see buyers facing now and in the future

INTRODUCTION

- ❖ Been in mortgage industry 27 years
- ❖ Started career in the Valley - Moved to Flagstaff in 1996
- ❖ Loan Officer, Mortgage Branch Manager, Mortgage Trainer
- ❖ Committee Member, Board Member for the Northern Arizona Association of Realtors.
- ❖ HAP Committee Member for Housing Solutions of NAZ.



OVERVIEW OF THE MORTGAGE PROCESS

1. A Buyer is required to get prequalified with a lender before they can make an offer on a home.
2. Once pre-qualified, the buyer shops for a home with a Realtor.
3. Once the buyer has an accepted contract, the formal loan process starts.
4. Once the loan process is complete, the buyer closes and moves into the home!



THE PREQUALIFICATION PROCESS

Prequalification is:

- A calculation of the home price a buyer can afford
- A determination of what loan programs a buyer qualifies for
- A determination of what properties a buyer can qualify for



YOUR
LENDER WILL
ASK FOR THE
FOLLOWING
DOCUMENTS.



PAYROLL CHECK STUBS - 30 DAYS

If paid monthly, provide 2 consecutive months



TAX RETURNS - 2 YEARS: 1040S, W2S, 1099

If applicable, provide corporate returns



ASSETS - 2 MONTHS MOST RECENT BANK STATEMENTS



COPY OF PHOTO ID



CREDIT CHECK

Your lender will need your name, home address, date of birth, and Social Security number

*Self-employed borrowers may need to provide additional documentation

WHAT DO LENDERS LOOK AT WHEN QUALIFYING A BUYER?

Credit

- Tri-merge credit report
- Look at the credit scores, view number and types of accounts (revolving/installment)
- Are there any late payments, collections, judgments, past bankruptcy
- Joint and individual debts
- *Is buyer in a position to buy now based on credit?*



740+

Excellent. Leads to premium rates and loan programs.



680 - 739

Very good. Creates ease in obtaining new credit.



640 - 679

Can suggest a second look from some lenders and may require added documentation.



639 & lower

Fair/challenging.
May be difficult to obtain financing.
Unless VA or FHA financing is secured.

Credit Score *quick guide*

Bonus Credit Tips

Ways to Improve Your Credit Score

- ▶ Pay all bills on time
- ▶ Don't apply for too many credit lines
- ▶ Don't max out credit cards
- ▶ Hang on to older credit lines

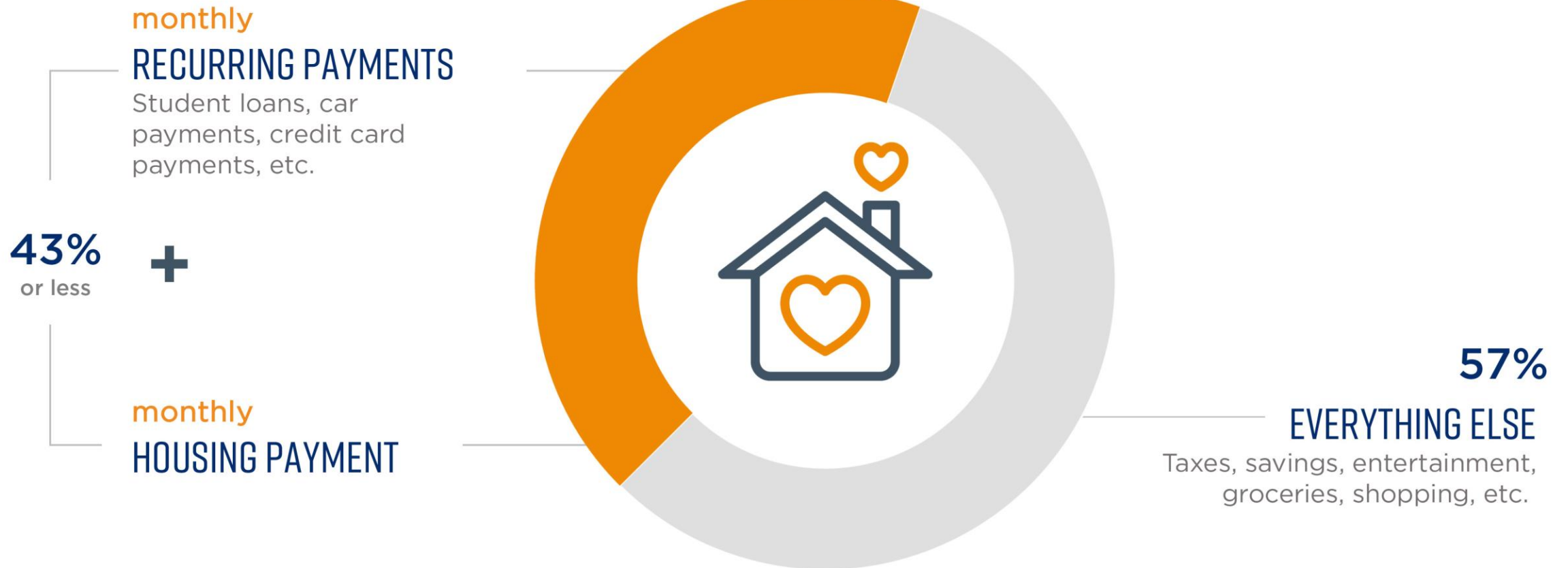
WHAT DO LENDERS LOOK AT WHEN QUALIFYING A BUYER?

Income

- How is they buyer paid? Salary, hourly, commission, self employed.
- Is their income stable and consistent?
- Do they have a 2 year work and/or school history?
- *Is buyer in a position to buy now based on income?*

Debt *to* Income (DTI)

This is the ratio of your monthly debt against your income. Typically the lower your DTI, the more financing options you have.



what makes up your
Monthly Payment?

▶ TAXES

Yearly property taxes

▶ HOA FEES (HOMEOWNER'S ASSOC.)

Monthly payment to your building or community for maintenance and improvements

▶ HOMEOWNER'S INSURANCE

Individual protection for the unit

▶ PMI (PRIVATE MORTGAGE INSURANCE)

Protects lenders against loss if borrower defaults (only paid if putting less than 20% down)

WHAT DO LENDERS LOOK AT WHEN QUALIFYING A BUYER?

Assets

- Does the buyer have any money of their own in a checking, savings, investment, retirement account?
- Do they have a family member that can help them with a gift?
- Do they meet the criteria to do down payment assistance?
- *Is buyer in a position to buy now based on assets?*

LOAN PROGRAM COMPARISONS

Conventional

- 3% down if FTHB
- 5% down if MFH
- Min credit score 620
- Max loan of \$766,200
- Max DTI 50/50
- Seller can cover 3% of purchase price in closing costs

FHA

- 3.5% down
- Min credit score 600
- Max loan of \$525,550
- Seller can cover 6% in closing costs

USDA

- 0% down
- Min credit score 640
- No max loan amount
- Max income of \$110,650 (1-4 people)
- Max DTI of 29/41
- Seller can cover 6% in closing costs

VA

- 0% down
- Min credit score 600
- No max loan amount
- Max DTI
- Seller can cover 4% of purchase price in closing costs

CLOSING COSTS

2-5% OF YOUR
PURCHASE
PRICE



- | | |
|-------------------------|---------------|
| • Home inspections | \$350-1000 |
| • Appraisal | \$550-850 |
| • Homeowner's insurance | \$800+ |
| • Lender fees | \$1500-2000 |
| • Other loan fees | \$250+ |
| • Title company fees | \$2000-\$4000 |

THE MORTGAGE PROCESS ONCE A BUYER HAS AN ACCEPTED OFFER



INTEREST RATES....



[This Photo](#) by Unknown Author is licensed under [CC BY-SA](#)

WHAT ARE THE RATES WE HEAR ABOUT ON THE NEWS?

Fed funds rate

The rate at which banks borrow money and that directly impacts

- ✓ Credit cards
- ✓ Car loans
- ✓ Equity loans/lines
- ✓ Depository accounts
- ✓ CD's



HOW DO MORTGAGE RATES WORK?

- **Mortgage rates are determined by the bond market.**
- **A bond is issued to raise capital without giving up ownership. And there are different types of bonds - mortgage, corporate, and treasury bonds.**
- **A mortgage bond is a collection mortgages, known as mortgage-backed securities.**
- **When a mortgage is issued for a borrower to purchase a home, the lender sells the mortgage in the secondary market to an aggregator.**
- **These aggregated mortgages are pooled together and sold to investors.**

WHAT DRIVES MORTGAGE RATES?

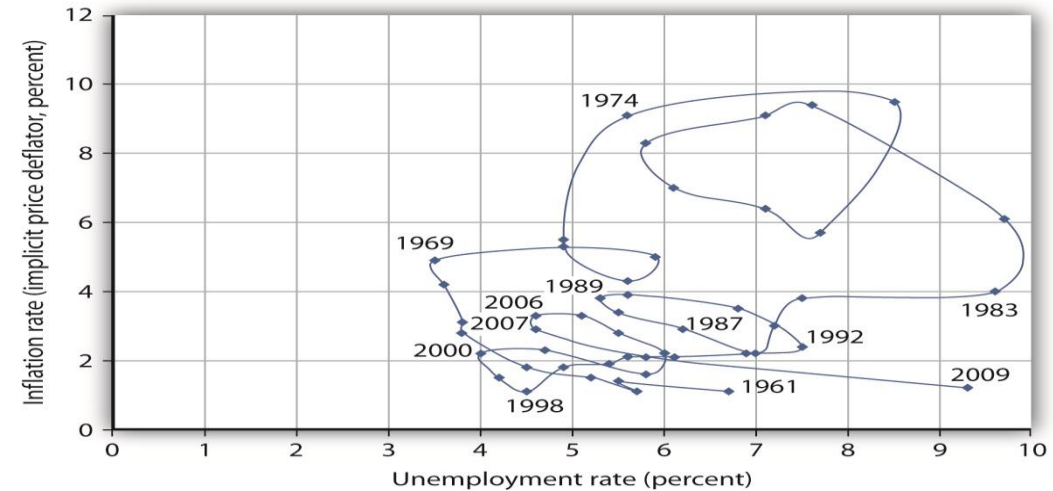
State of the economy

- Inflation
- Recession



Economic Reports- 50 to 80 reports and events every month

- Employment
- Housing
- Manufacturing and Shipping
- Consumer price index and Personal Consumption
- Retail Sales
- Consumer confidence
- Other country's economic conditions/decisions



Credit quality/risk of default



WHY ARE RATES SO HIGH RIGHT NOW?



Market Odds on Fed Cut

Upcoming Fed meetings	Fed Funds Futures cut odds
January 31	7%
March 20	68%
May 1	94%
June 12	100%
July 31	100%
September 18	100%
November 7	100%
December 18	100%

56% chance of 50bp

91% chance of 50bp, 53% 75bp

WHAT CAN THE AVERAGE BUYER IN FLAGSTAFF AFFORD?

What can someone at today's rates afford?

\$70,000/year \$5833/mo.

No monthly debt

Credit score of 725

(Conventional loan max DTI is 50% which means total payment has to be less than \$2916)

\$370,000 purchase price with 3% down (\$11,100) at 7.25% =

P&I	\$2448
HOI	80
Taxes	178
Mtg Ins	<u>194</u>
Total Pmt.	\$2901

If rates were at 6% - max purchase price = \$410,000 and monthly payment of \$2900

If rates were at 5% - max purchase price = \$450,000 and monthly payment of \$2902

What if they have monthly debt?

\$70,000/year \$5833/mo.

\$400 monthly debt

Credit score of 725

(Conventional loan max DTI is 50% which means total payment has to be less than \$2516)

\$315,000 purchase price with 3% down (\$9,4500) at 7.25% =

P&I	\$2084.
HOI	80.
Taxes	152.
<u>Mtg Ins</u>	<u>166.</u>
Total Pmt	\$2482.

If rates were at 6% - max purchase price = \$355,000 and monthly payment of \$2503

If rates were at 5% - max purchase price = \$390,000 and monthly payment of \$2505

What about a Condo?

\$70,000/year \$5833/mo.

\$400 monthly Debt

Credit score of 725

(Conventional loan max DTI is 50% which means total payment has to be less than \$2516)

\$315,000 purchase price with 3% down (\$9,4500) at 7.50% =

P&I	\$2084.
HOI	80.
Taxes	152.
HOA	200.
Mtg Ins	<u>166.</u>
Total Pmt	\$2482.

If rates were at 6% - max purchase price = \$328,000 and monthly payment of \$2515

If rates were at 5% - max purchase price = \$360,000 and monthly payment of \$2513

Teacher or Police Officer making \$50,000/year

\$50,000/year \$4167/mo.

No debt

Credit score of 725

(Conventional loan max DTI is 50% which means total payment needs to be less than \$2083)

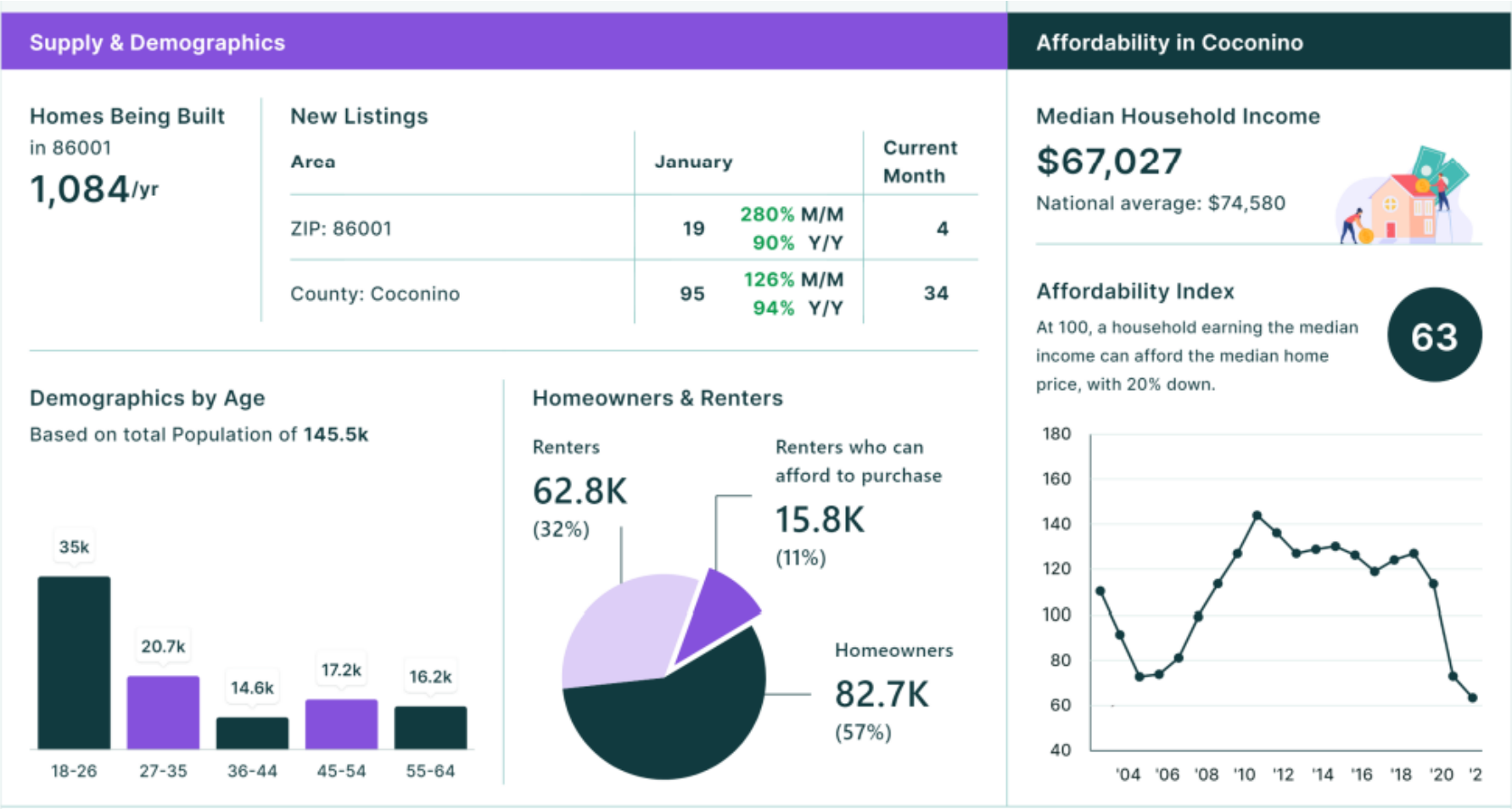
\$245,000 purchase price with 3% down (\$7,350) at 7.50% =

P&I	\$1662	
HOI	50	
Taxes	62	
HOA	173	<i>(Only potential option is a condo)</i>
<u>Mtg Ins</u>	<u>128</u>	
Total Pmt.	\$2075	

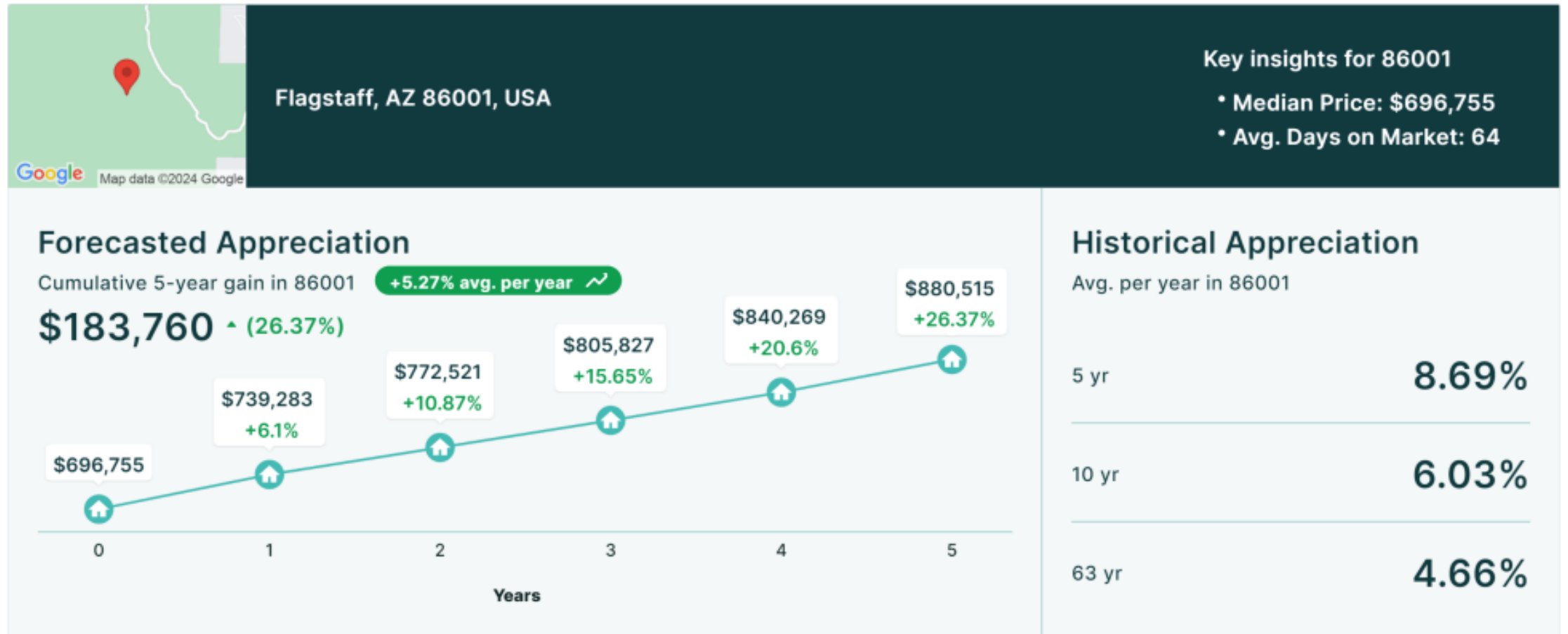
If rates were at 6% - max purchase price = \$280,000 and monthly payment of \$2068

If rates were at 5% - max purchase price = \$310,000 and monthly payment of \$2072

FLAGSTAFF SUPPLY AND AFFORDABILITY



FLAGSTAFF HOME APPRECIATION



WHAT'S THE BIGGEST ROADBLOCK FOR BUYERS THAT HAVE THE INCOME TO QUALIFY?



DOWN PAYMENT ASSISTANCE OPTIONS

- **Home Plus – State program**

- Income limit \$126,351
- Standard DTI requirements
- Up to 5% in assistance when rates are lower
- Higher interest rate to pay for assistance
- Fees eat up 2-3% of the assistance
- Most buyers still need closing cost assistance so need seller concessions

- **Lender paid FHA DPA**

- No income limit
- Standard DTI requirements
- 2 to 3% in assistance
- Higher interest rate to pay for assistance
- Most buyers still need closing cost assistance so need seller concessions

- **Housing Solutions**

- Restrictive income limits
- Restrictive DTI requirements
- Assistance based on a match of buyer's funds
- No increase to the interest rate

CURRENT AND FUTURE CHALLENGES FOR BUYERS IN FLAGSTAFF

- Wages/job options, and cost of living make it difficult to save
- Current inflation causing people to increase credit card debt
- Income/DTI limits on local DPA programs exclude buyers that just need help with down payment/closing costs
- Homeowner's insurance premiums increasing significantly
- Inventory is low and will continue to remain low
- Rates will eventually come down
 - *Lower rates and continued low inventory means seller can be picky on what offers they chose.*
 - *Sellers won't cover closing costs.*
 - *Bidding wars increase property values and push buyers out of the market*



The Flagstaff Real Estate Market :

BY THE NUMBERS . . .

Gary Nelson

- Delegated Broker –
 - Realty Executives of Flagstaff
- President, Arizona Realtors – 2022
- National Association of Realtors, Board
- Arizona Association of Realtors, Board
- Lifelong Flagstaff Resident



Housing Statistics:

- National
- Arizona
- Local

Elliot Eisenberg, Economist:

“While existing home sales are very weak, home prices keep rising. The Case-Shiller National Index was up 5.1% Y-o-Y in November, up from 4.7% Y-o-Y in October. Similarly, the FHFA Index saw home prices rise 6.6% Y-o-Y in November, up from 6.3% in October.

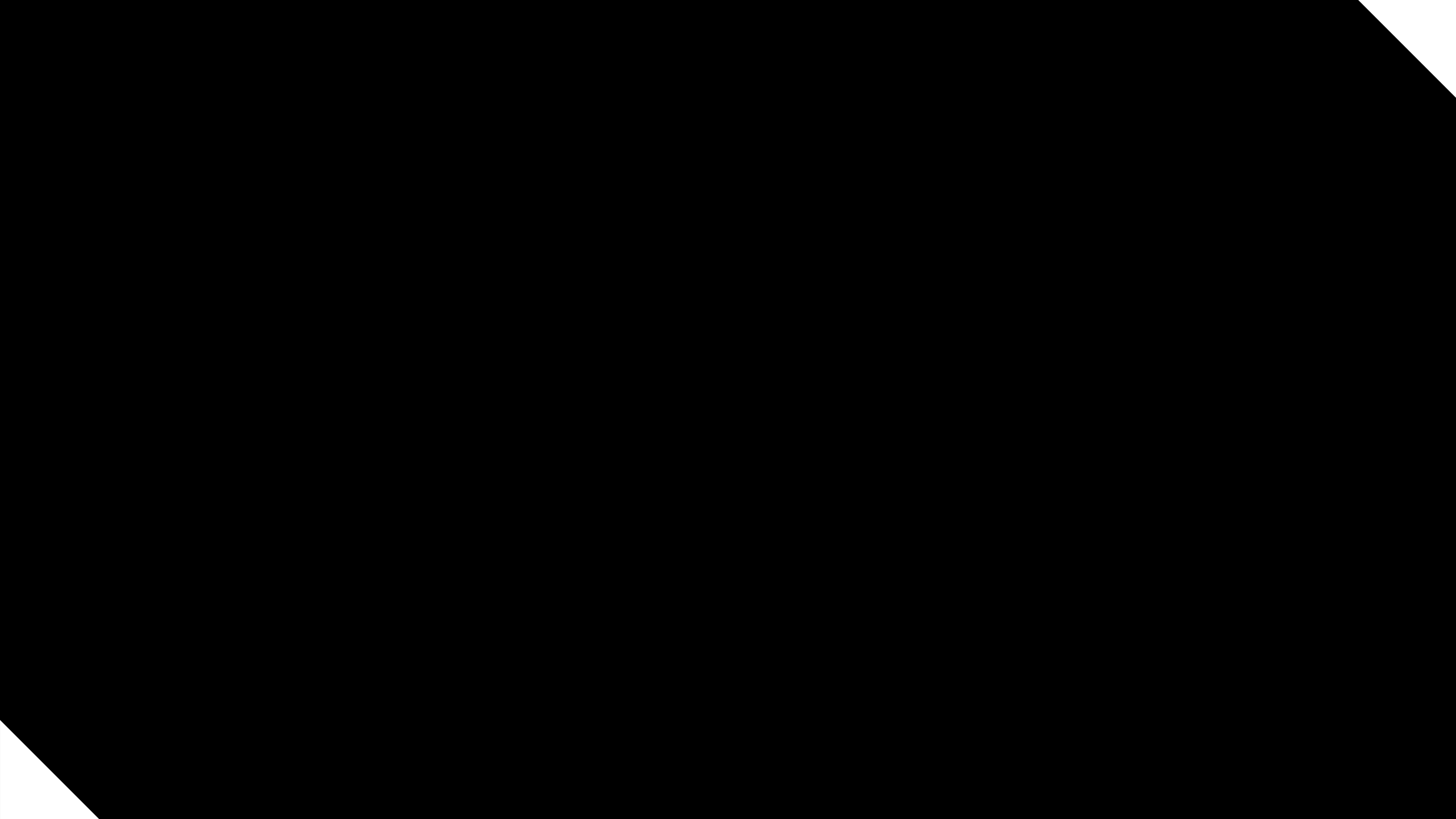
“Moreover, the single-family mortgage seriously delinquent rate was just 0.55% in November, well below pre-pandemic lows and at rates last seen late in the Housing Boom.”

Elliot Eisenberg, Economist:

“While the Fed didn’t lower interest rates after today’s meeting, it suggested that cuts are on the way.

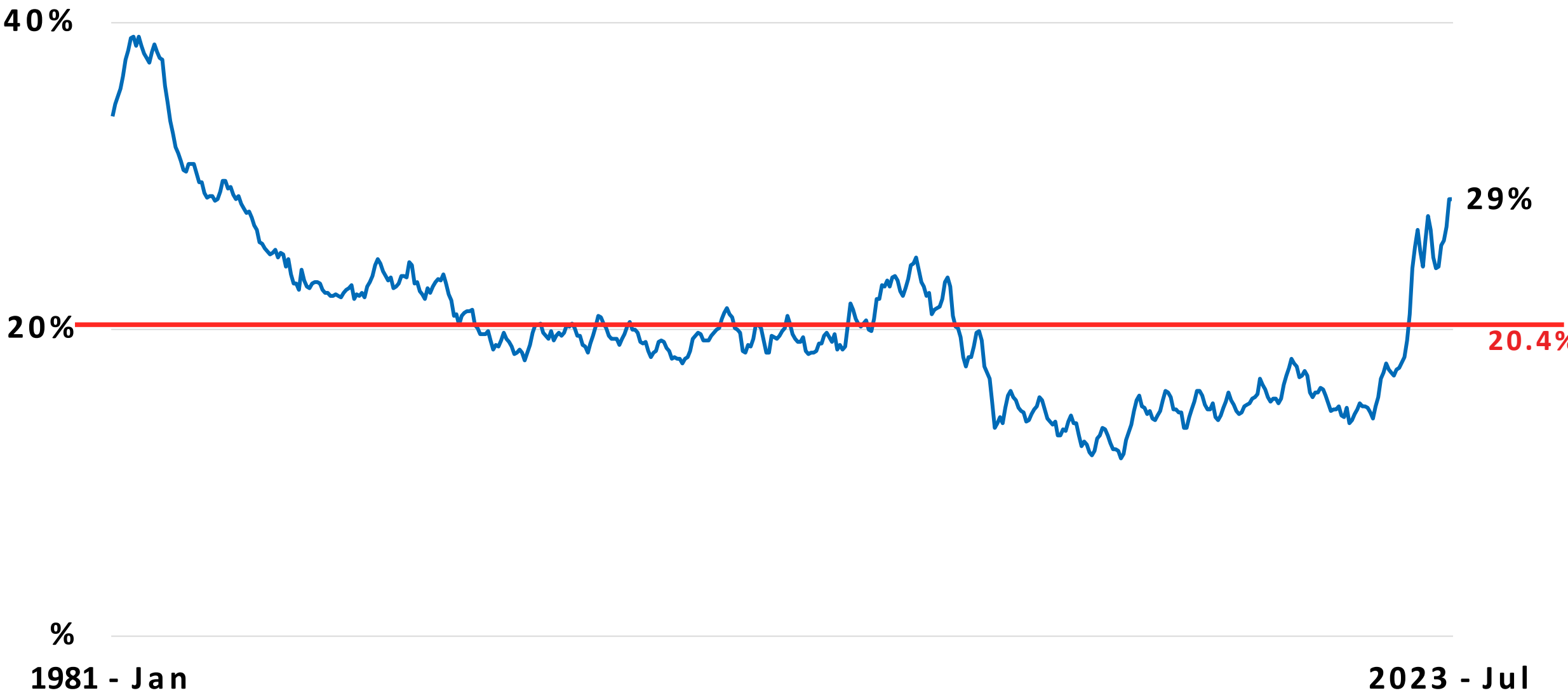
“However, by reiterating that he wants to see continued declines in inflationary pressures before the Fed cuts rates, Powell gave markets no indication that cuts were imminent and simultaneously has provided the Fed with strategic ambiguity as to when it will start cutting rates.

“A June cut remains my base case.”



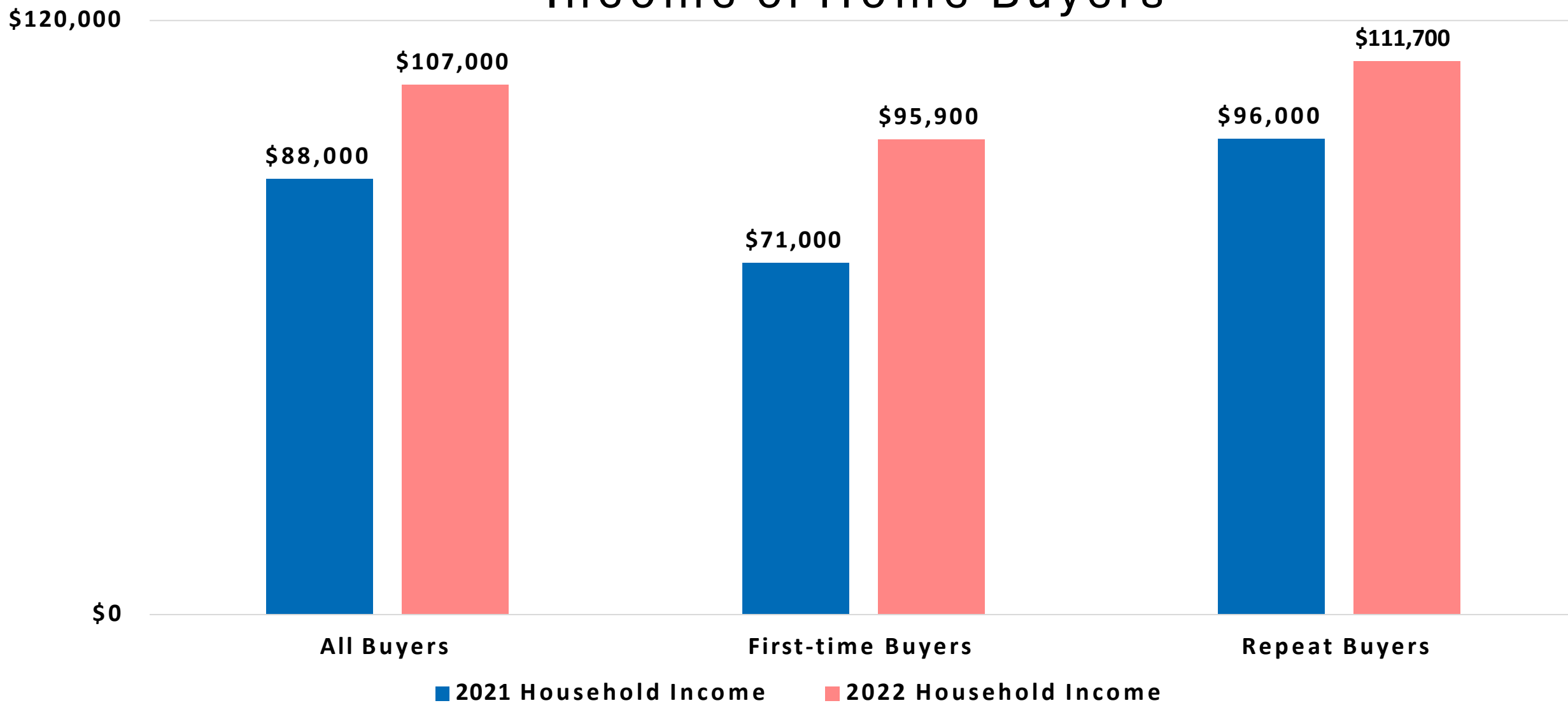
The Housing Market

NAR Housing Affordability: Payment as Percent of Income



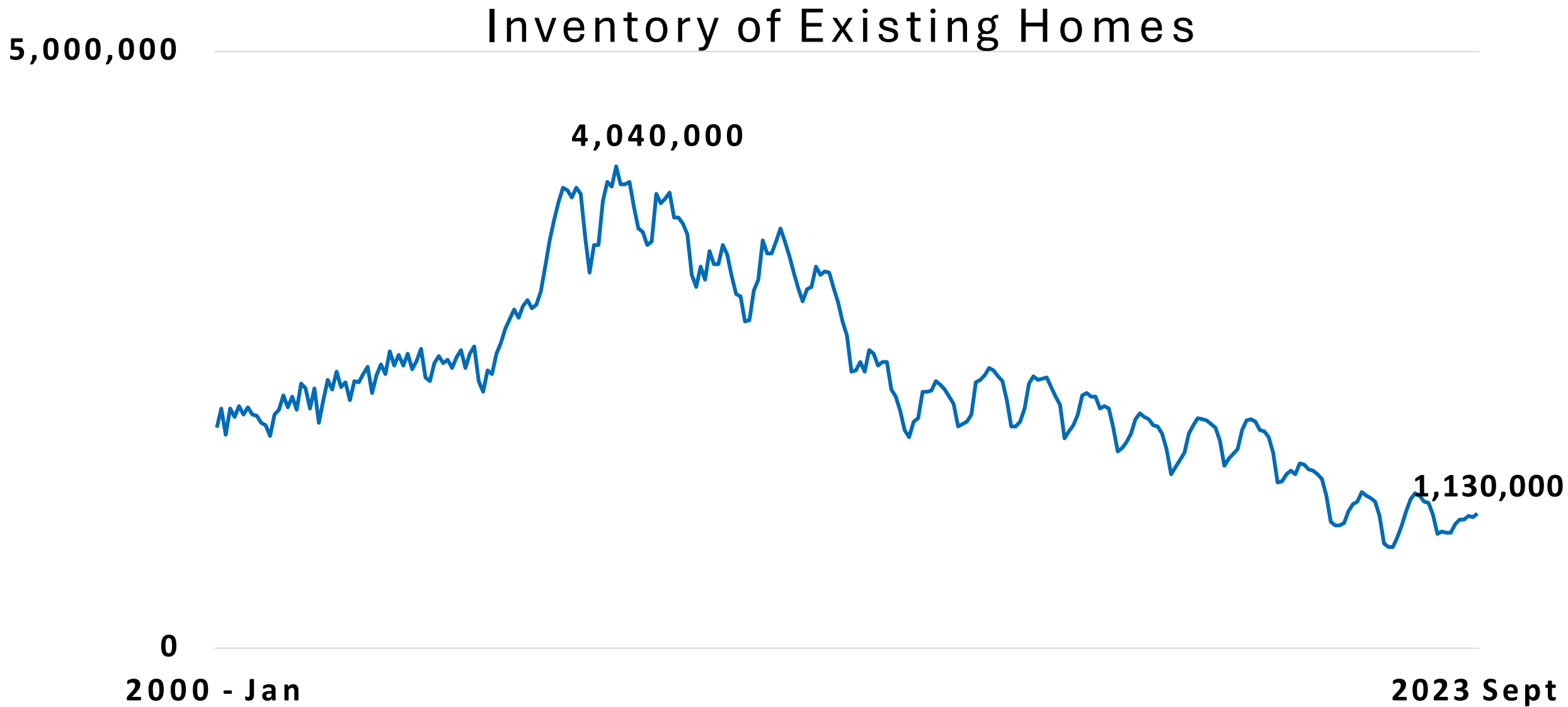
Source: Housing Affordability Index
<https://www.nar.realtor/research-and-statistics/housing-statistics/housing-affordability-index>

Income of Home Buyers

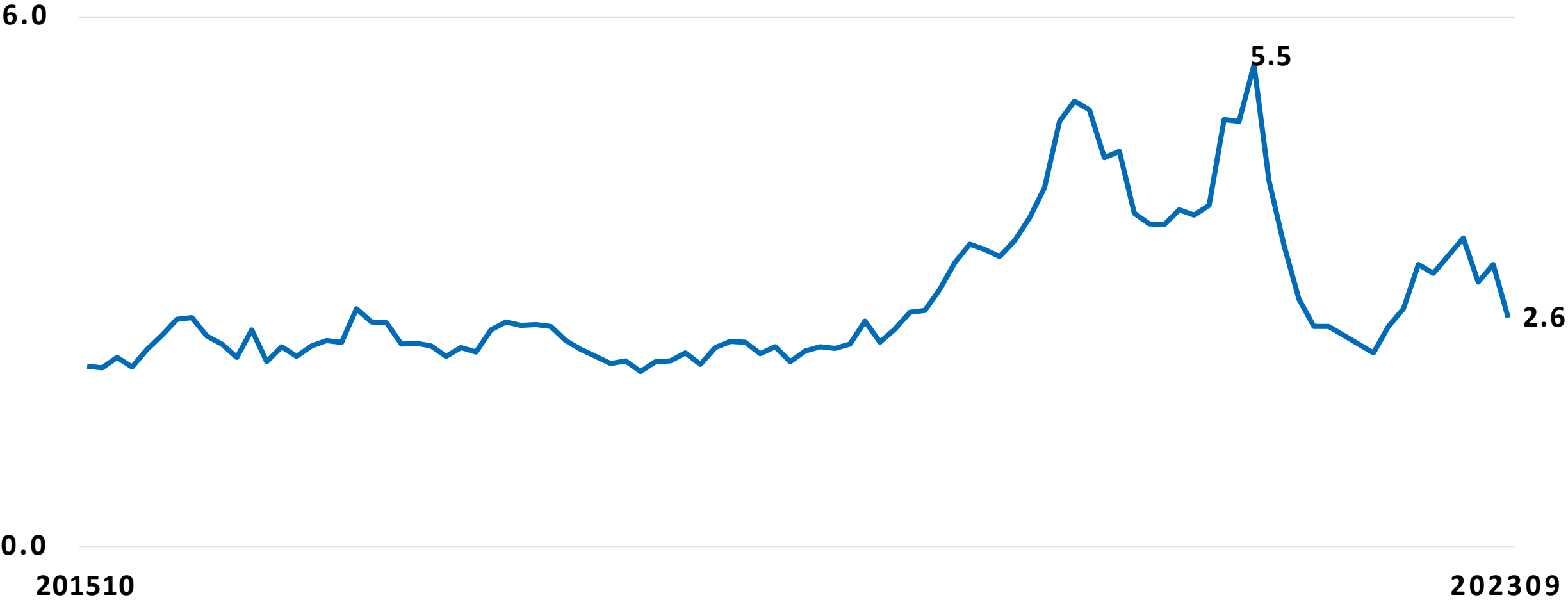


Source: Profile of Home Buyers and Sellers

www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers



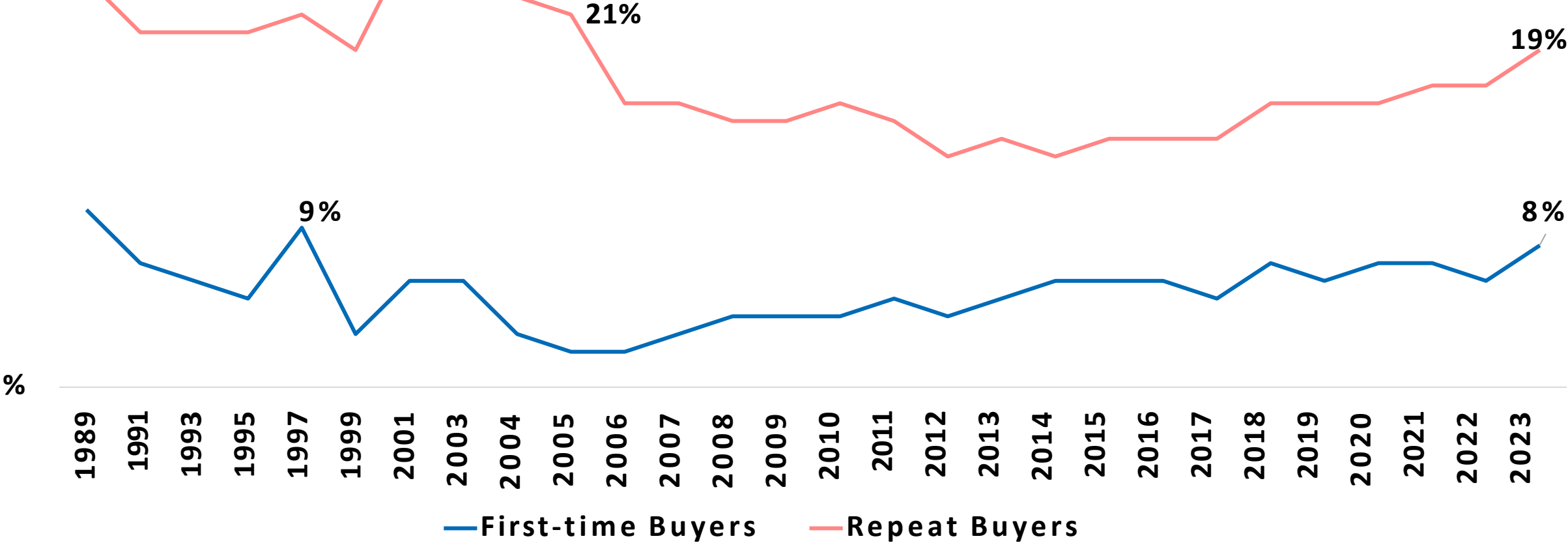
Average Number of Offers Received on Most Recent Sale



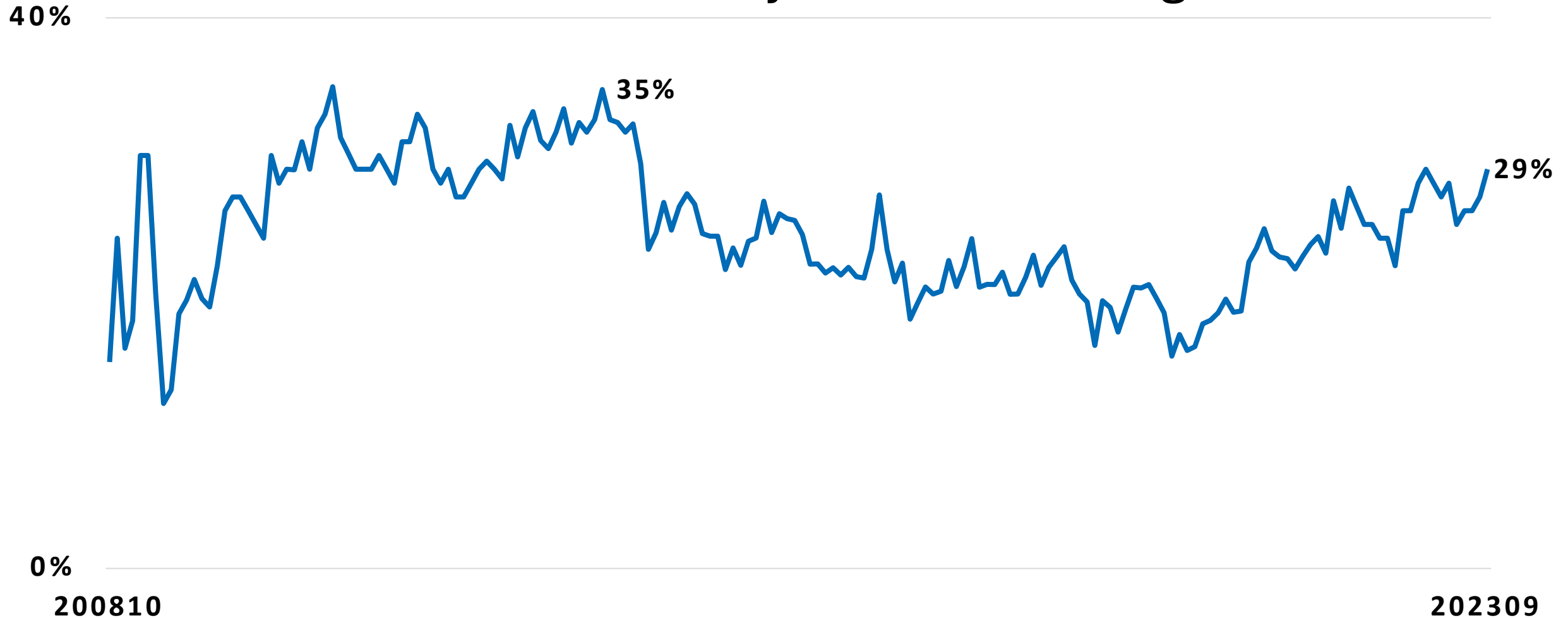
Source: REALTORS® Confidence Index: www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index

Median Downpayment Among Buyers

30%



All Cash Buyers Trend Higher



Share Distressed Sales (Foreclosures/Short Sales)



Why Real Estate Matters

Median Net Worth

\$450,000

\$396,200

\$0

\$10,400

Homeowner

Renter

Source: Board of Governors of the Federal Reserve System, The 2022 Survey of Consumer Finances <https://www.federalreserve.gov/econres/scfindex.htm>

THE ECONOMIC IMPACT OF A TYPICAL HOME SALE

in the United States

The real estate industry accounted for **\$4.1** trillion or **16.3%** of the gross state product in 2022.

TOTAL ECONOMIC IMPACT

\$120,500

Income generated from
real estate industries



+

Expenditures related
to home purchase



+

Multiplier of housing
related expenditures



+

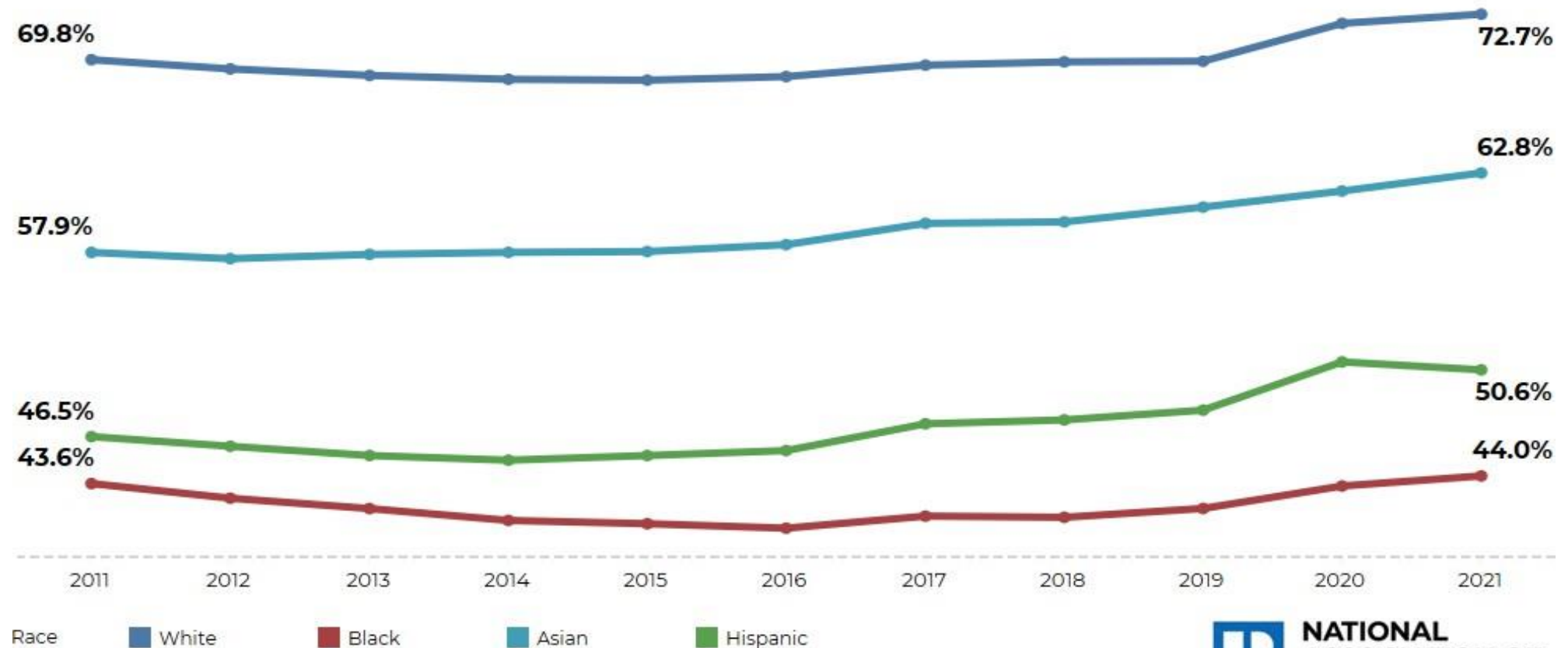
New home
construction



But we've left folks behind...

Homeownership Rates by Race

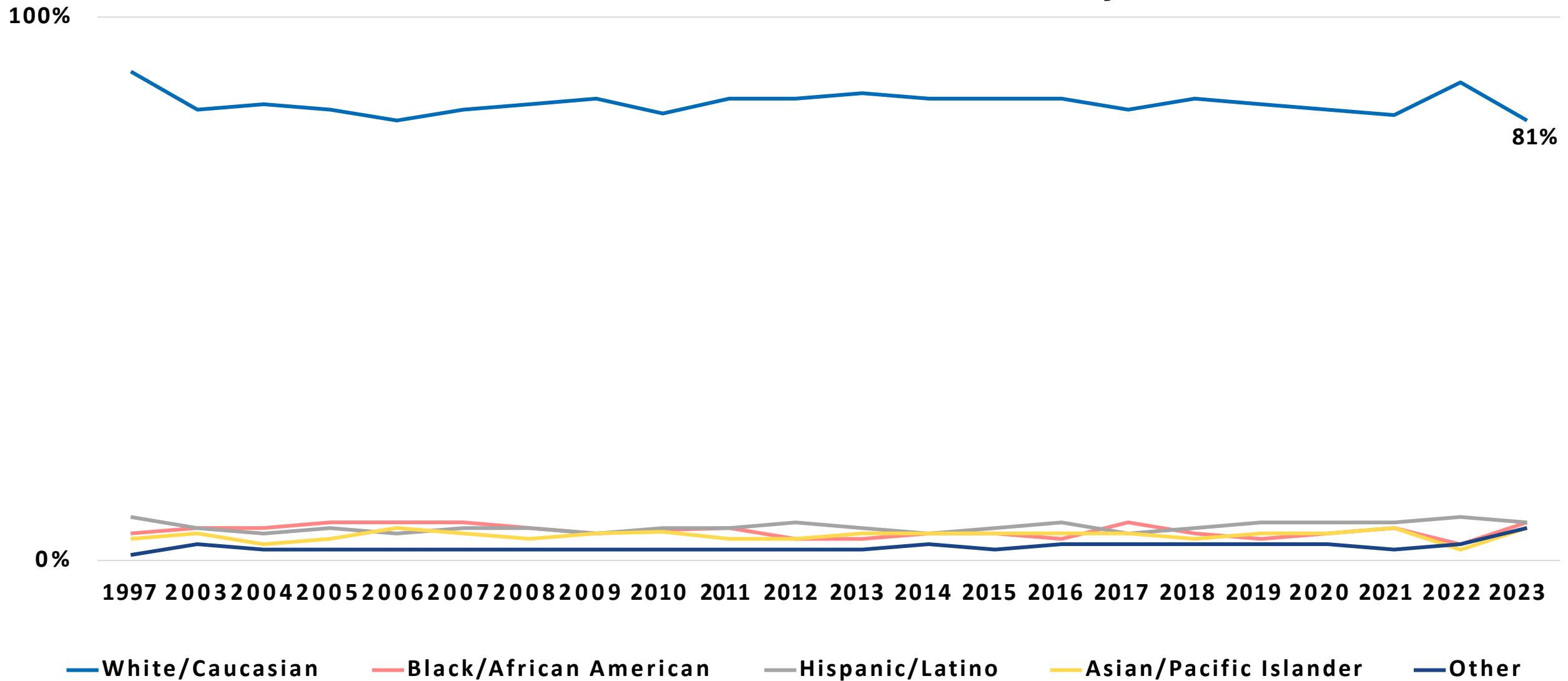
Homeownership rates by race (2011-2021)



Source: NAR calculations of ACS PUMS data



Race of Recent Home Buyers

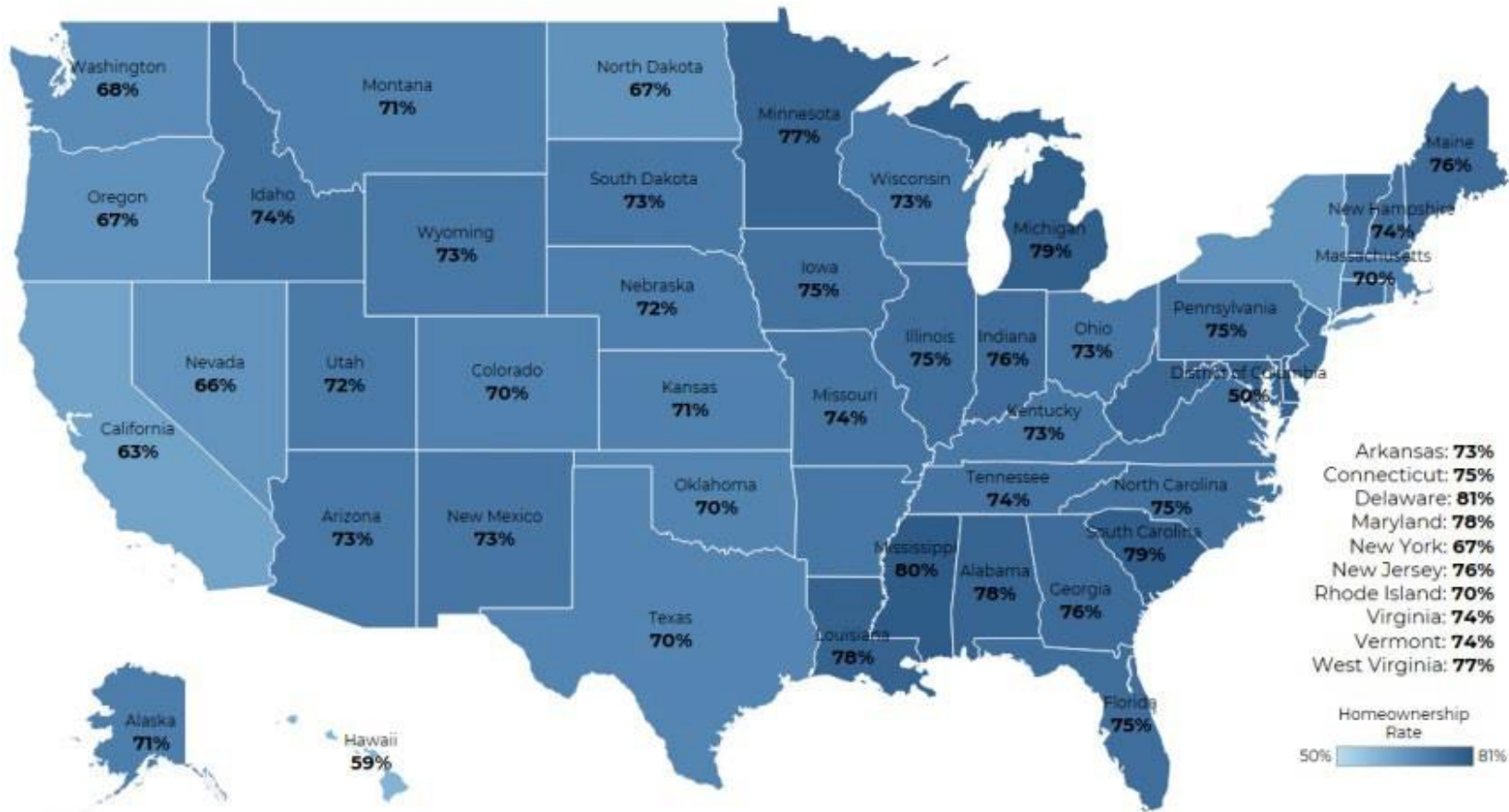


Source: Profile of Home Buyers and Sellers

www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers

Homeownership Rate for White Americans

by state

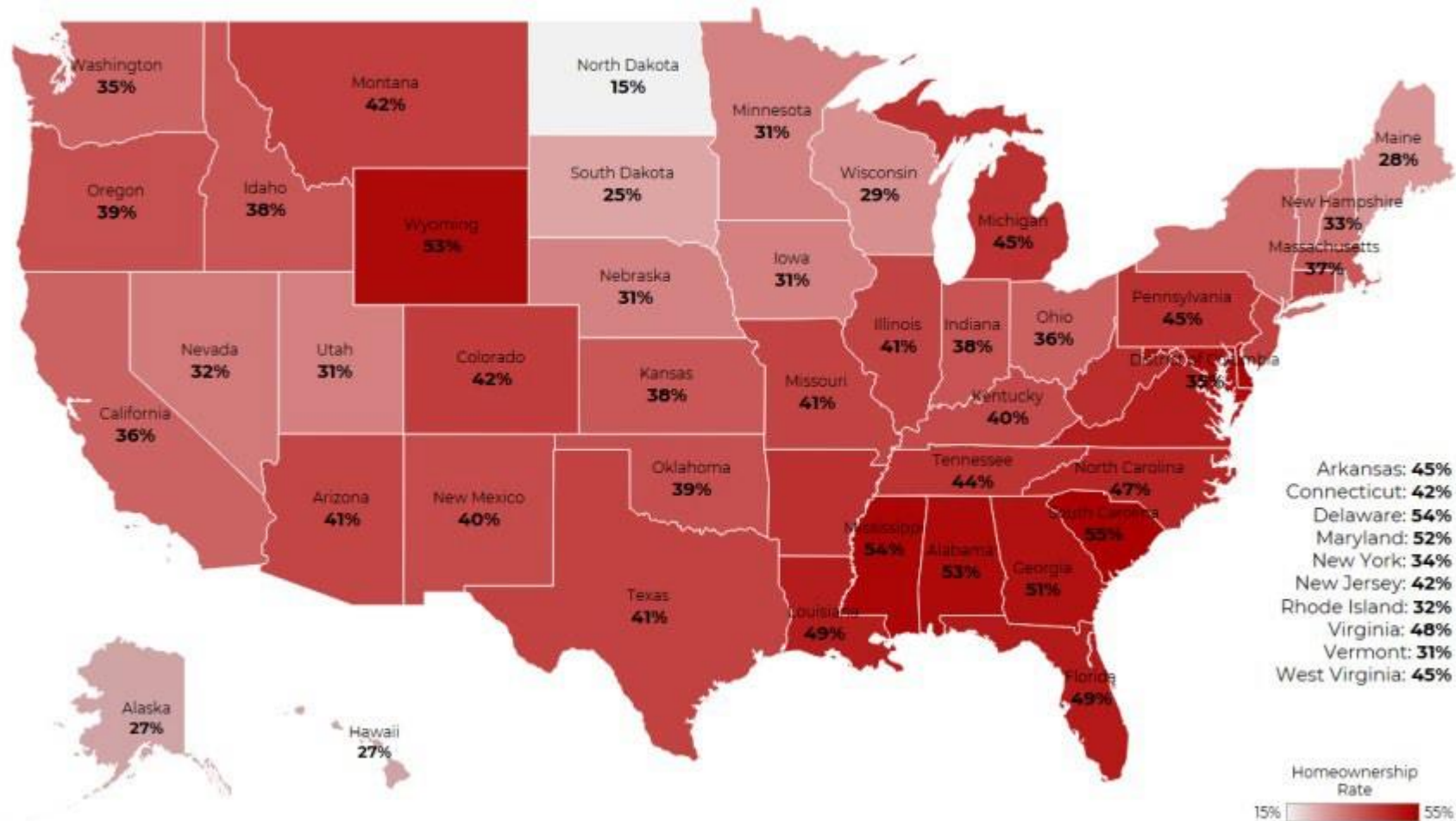


Source: NAR calculations of ACS PUMS data

**NATIONAL
ASSOCIATION OF
REALTORS®**

Homeownership Rate for Black Americans

by state

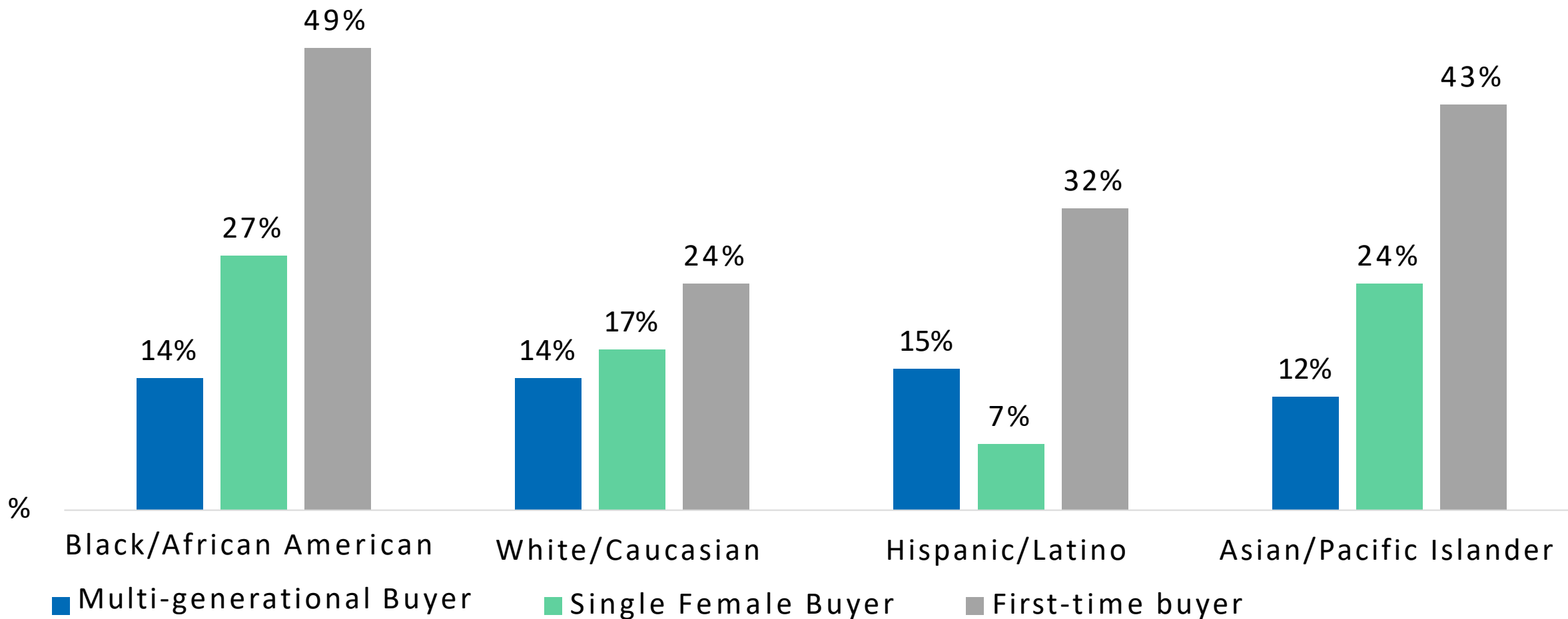


Source: NAR calculations of ACS PUMS data



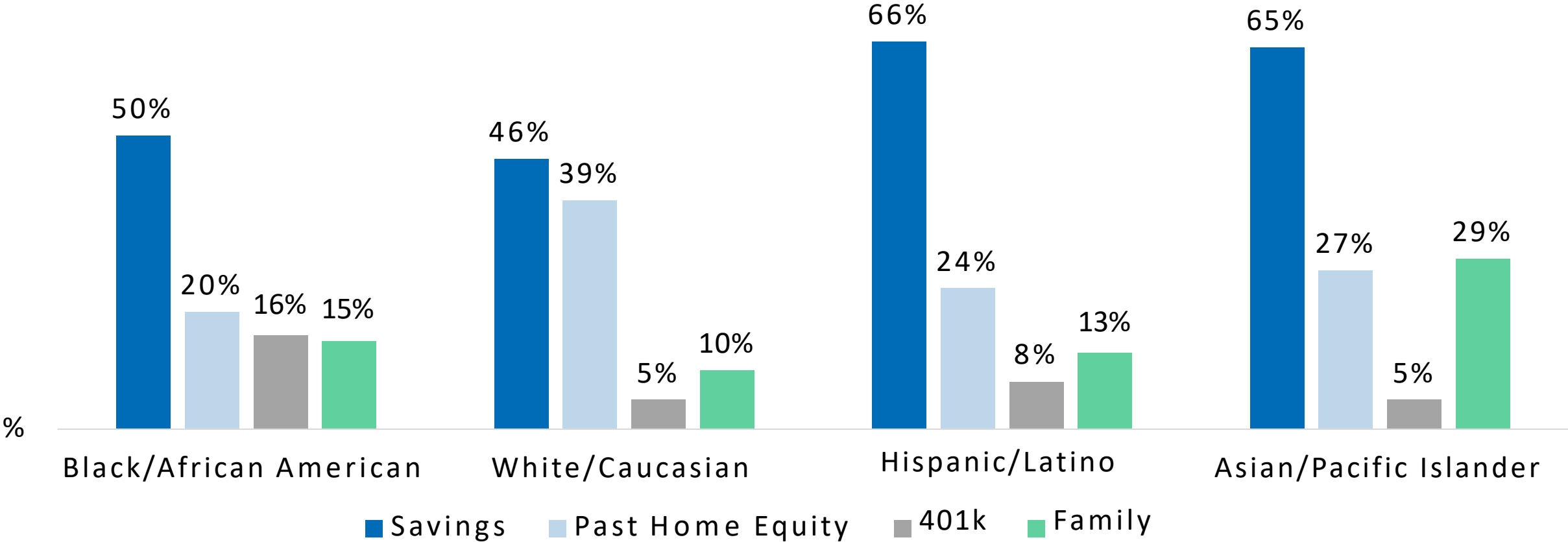
60%

Home Buyer Demographics By Race



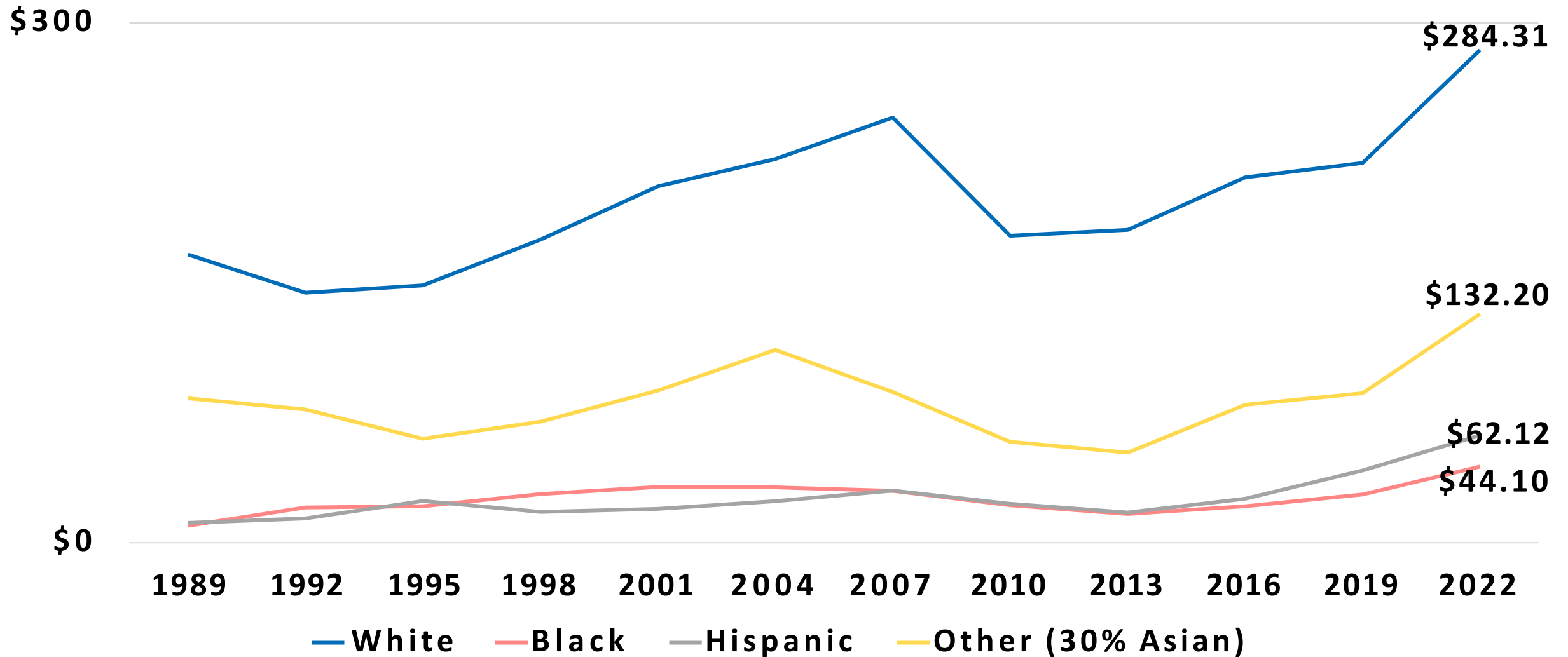
100%

Downpayment Source By Race



Median Net Worth by Race 1989-2022

(2022 \$ in Thousands)



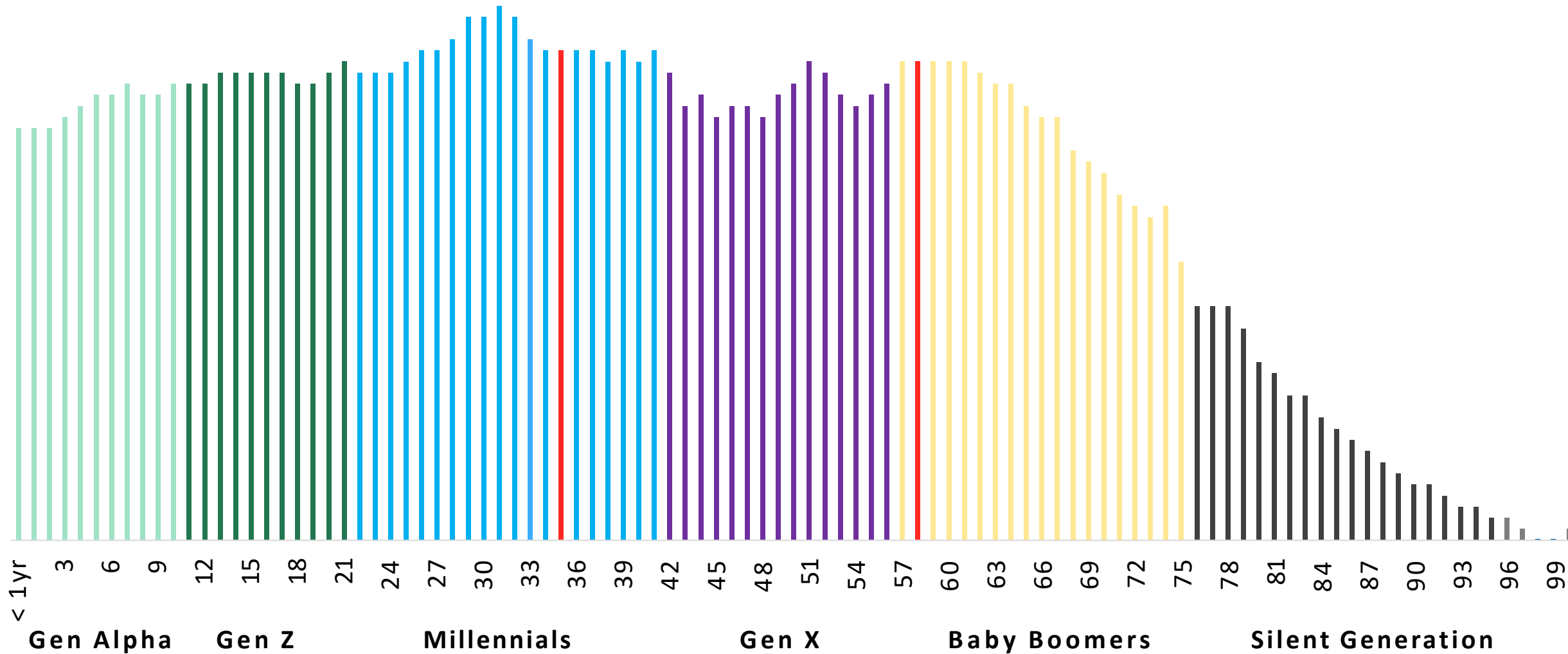
Source: Board of Governors of the Federal Reserve System, The 2022 Survey of Consumer Finances <https://www.federalreserve.gov/econres/scfindex.htm>

Generational Warfare

U.S. Population by Age (in millions)

5

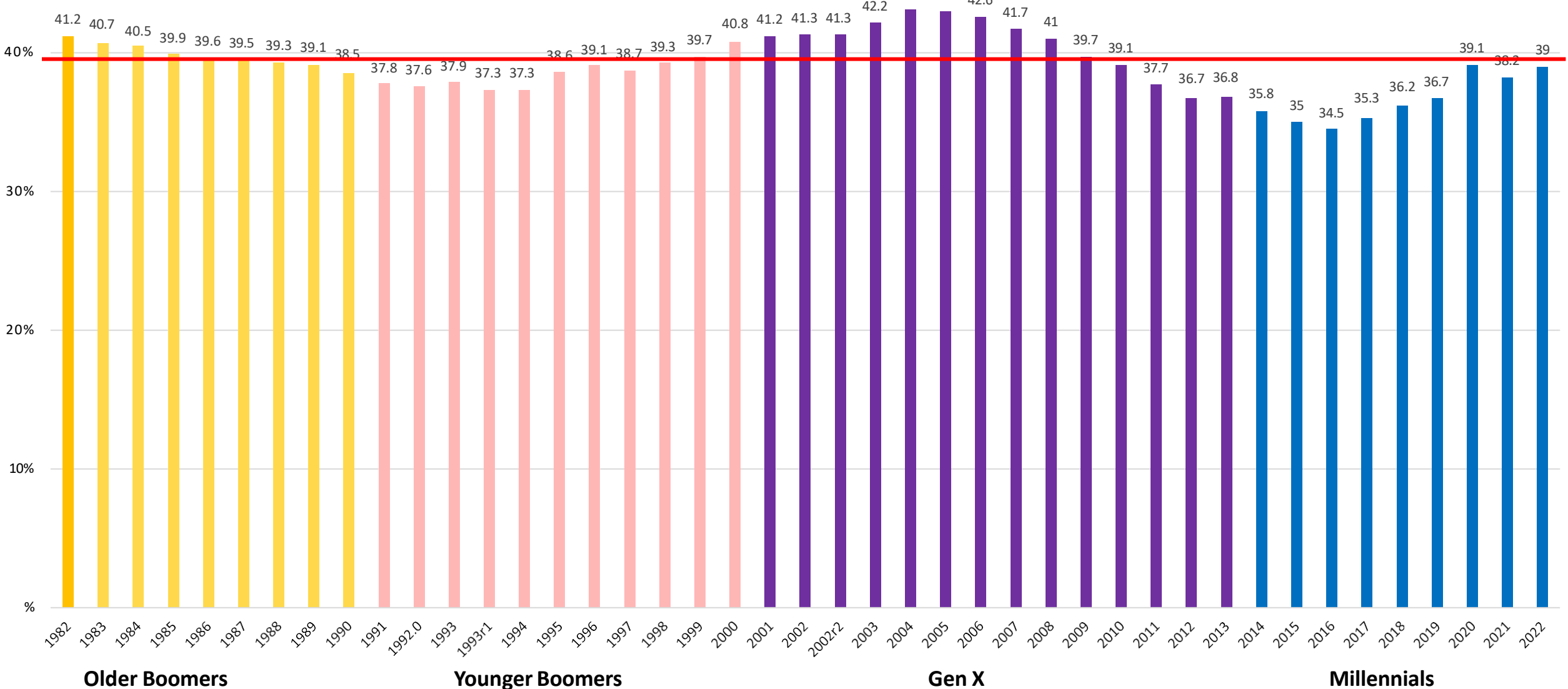
0



Source: Millennials Still Underperforming Amid Gains in Homeownership Rate

www.nar.realtor/blogs/economists-outlook/millennials-still-underperforming-amid-gains-in-homeownership-rate

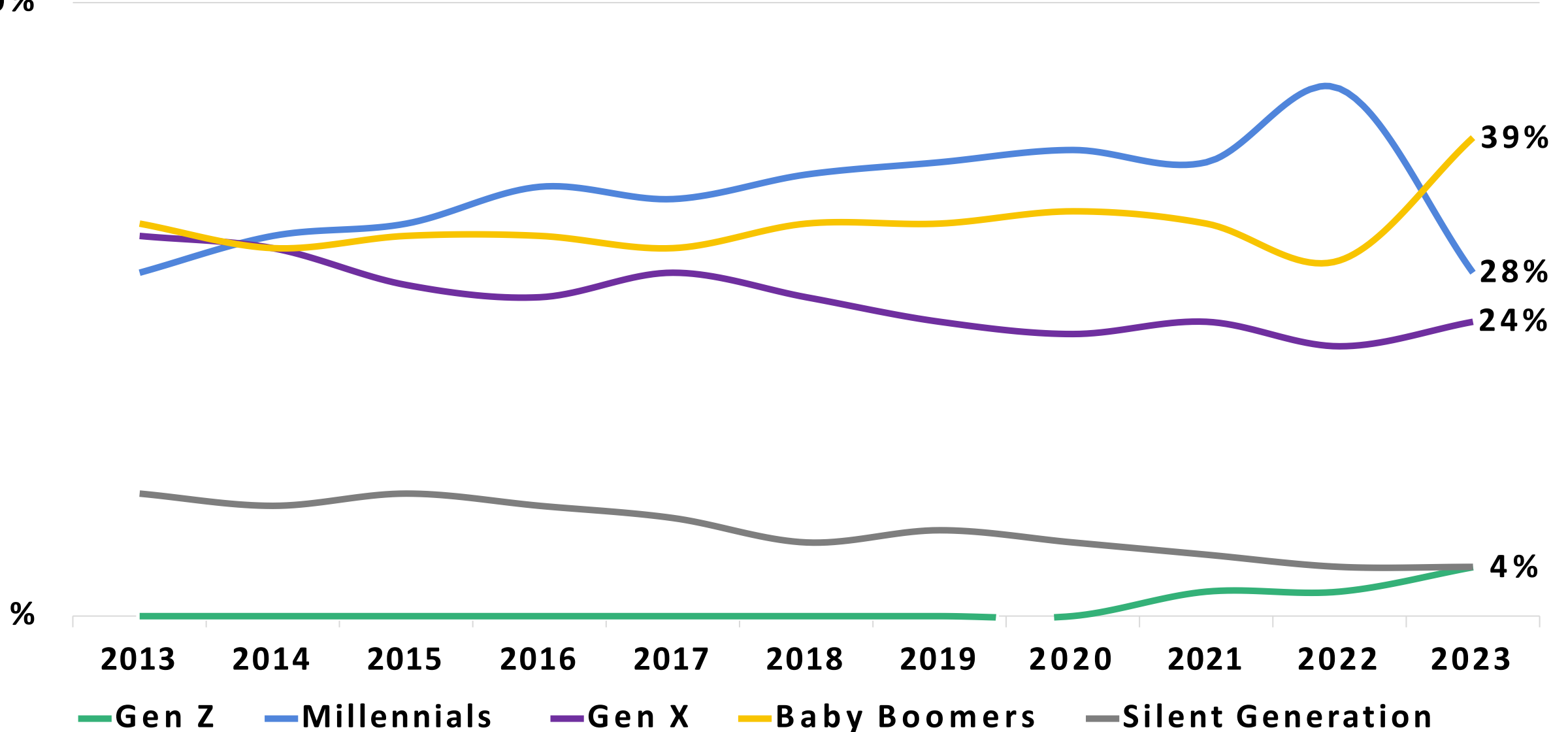
Homeownership rate for those under the age of 35



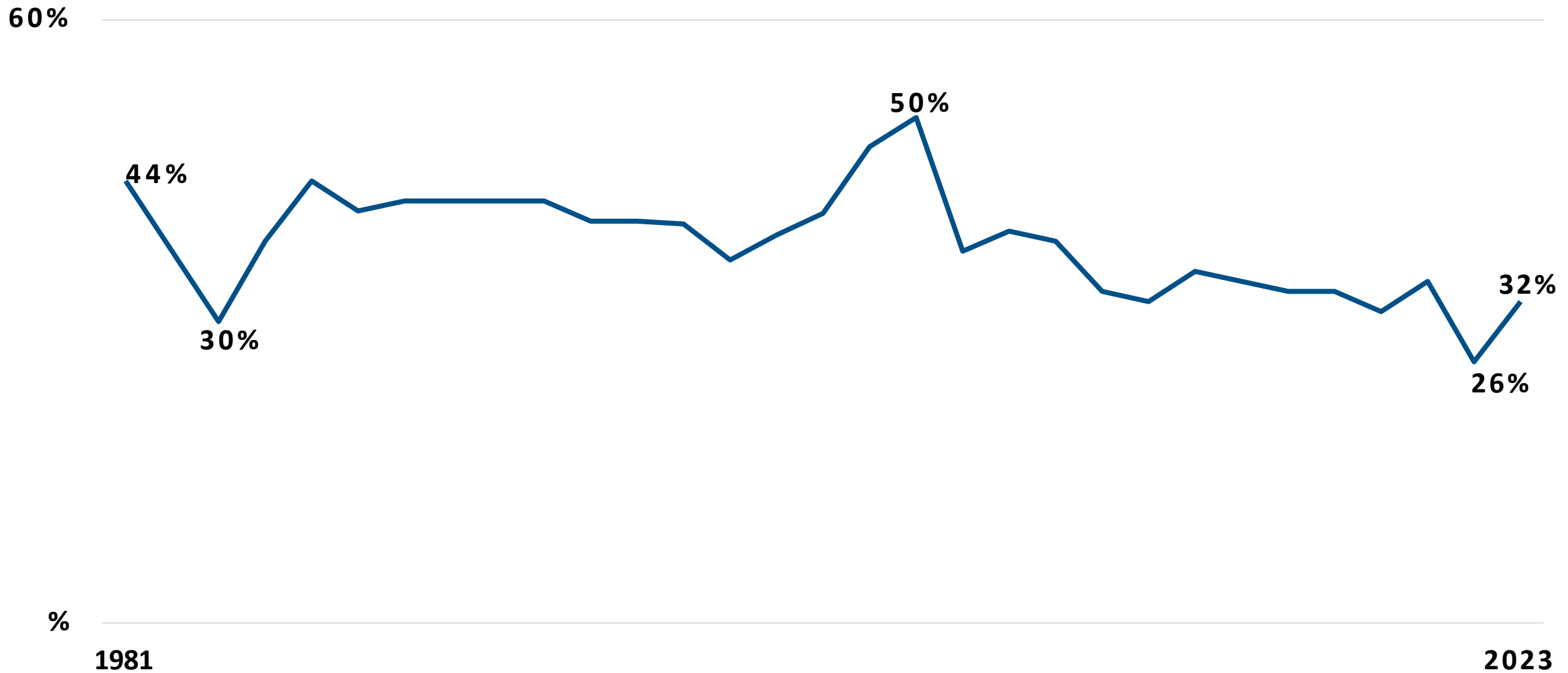
U.S. Census Data, NAR Calculations

Share of Home Buyers in Each Generation 2013-2023

50%



First-time Buyers



Source: Profile of Home Buyers and Sellers

www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers

Demographic Shift

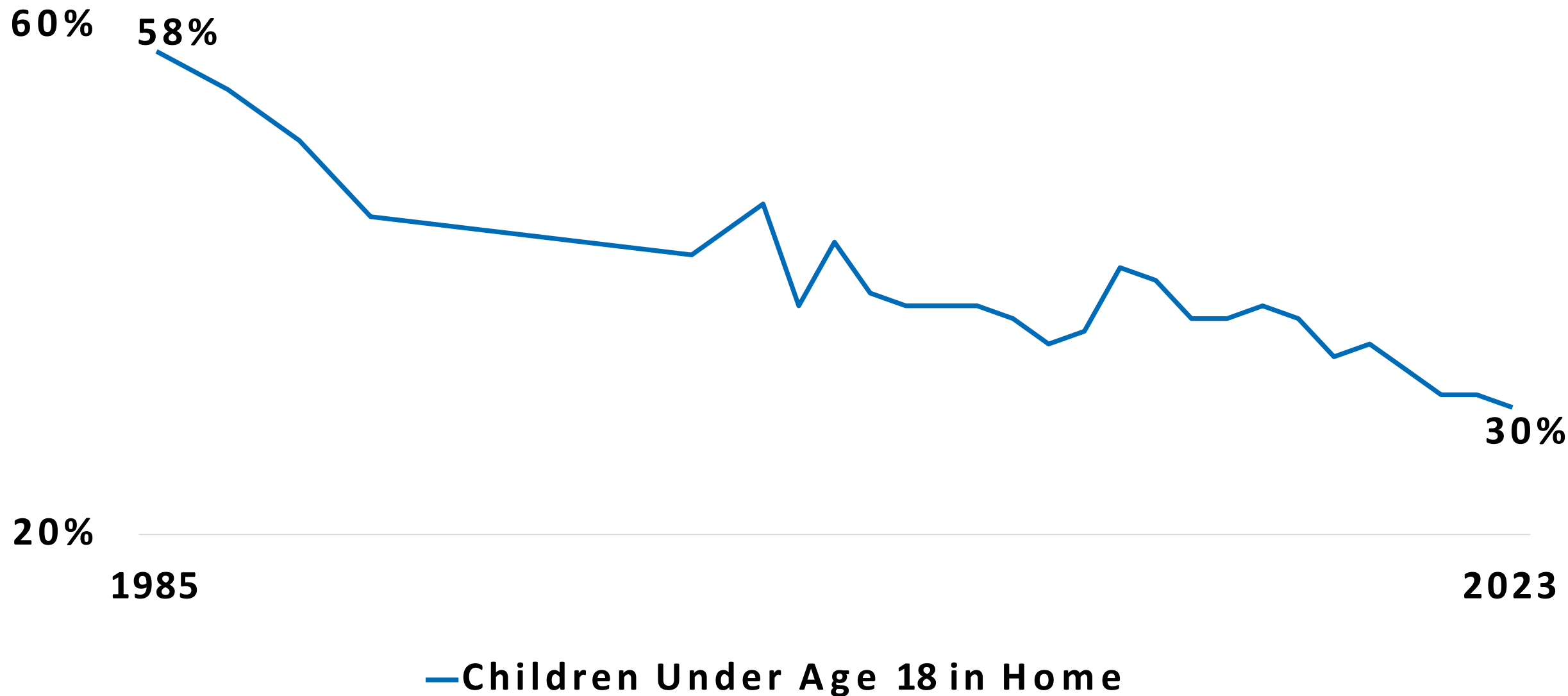
First-time Buyers: Household Composition

	1985	2023
Married Couples	75%	52%
Single Women	11	19
Single Men	9	10
Unmarried Couples	4	16
Other (roommates)	0	3

Source: Profile of Home Buyers and Sellers

www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers

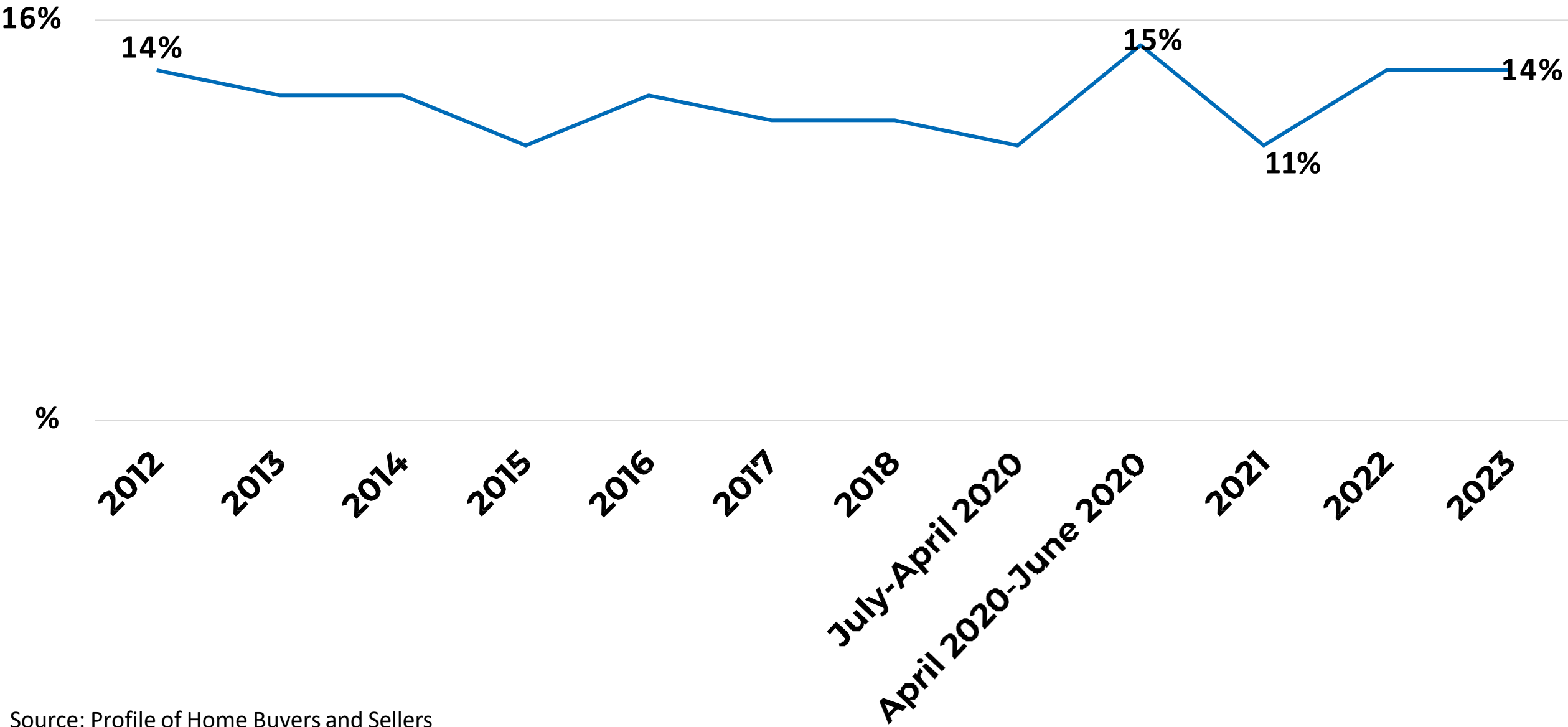
Baby Bust Among Buyers



Source: Profile of Home Buyers and Sellers

www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers

Multi-Generational Home Buyers Trends Up

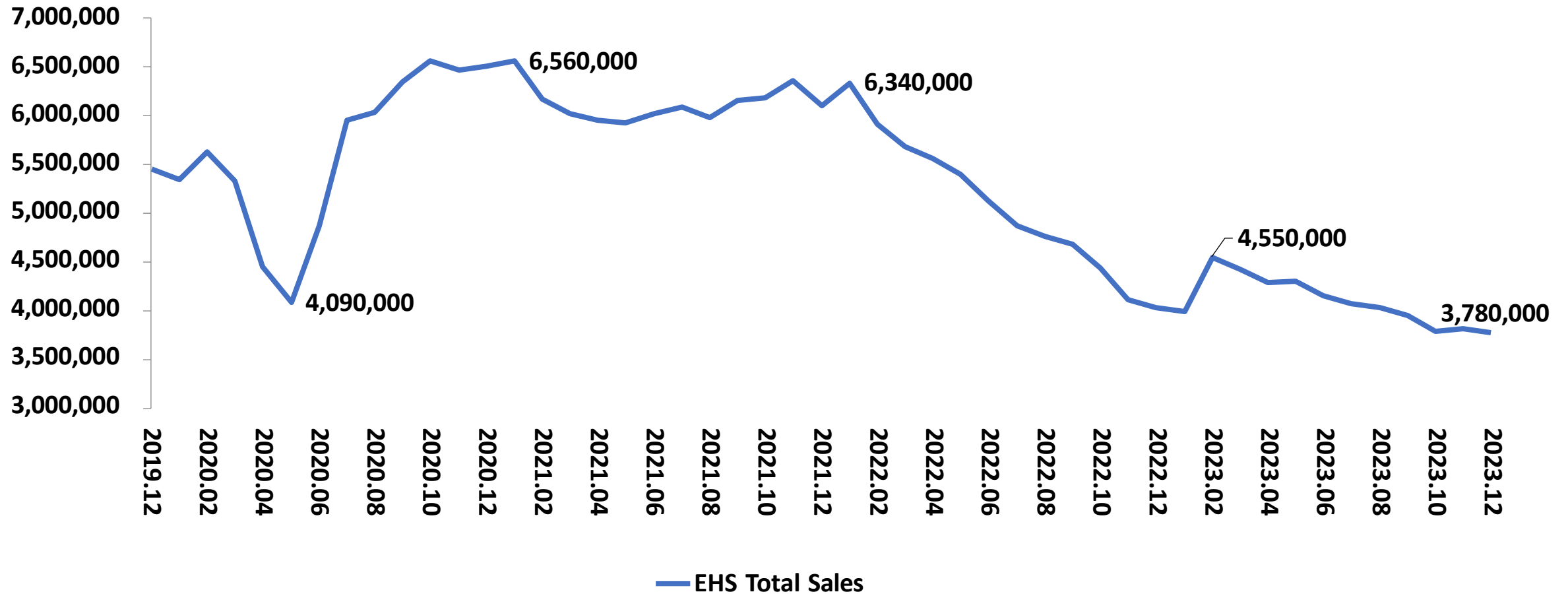




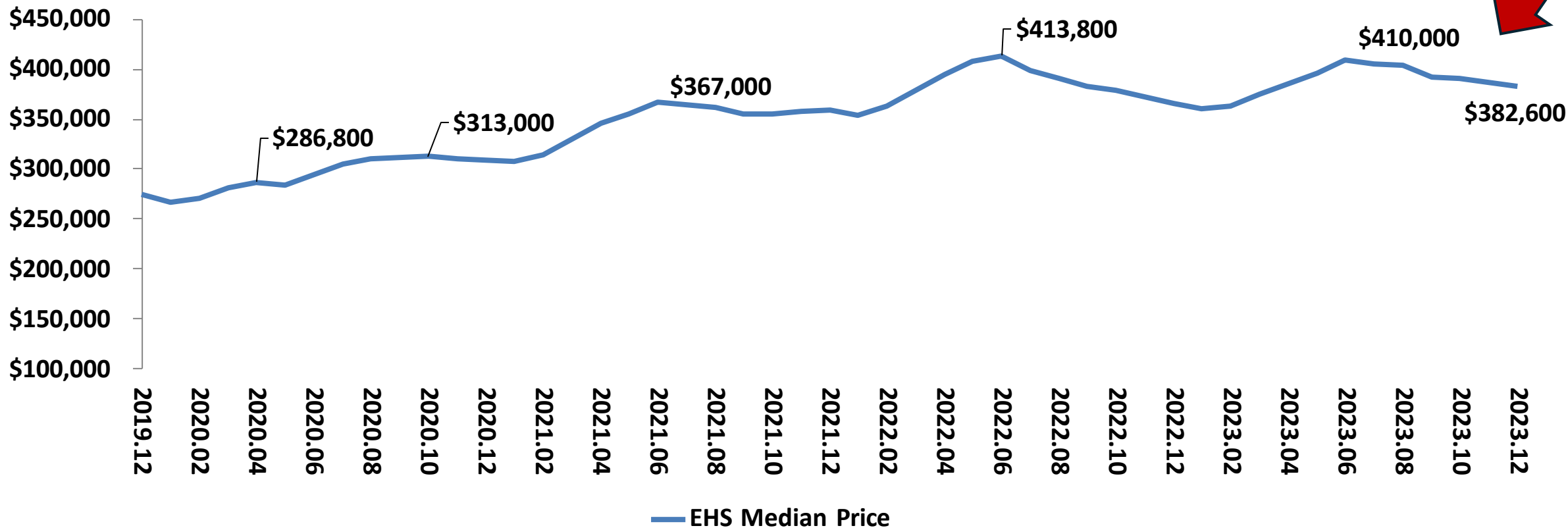
National

HOUSING
SALES STATS

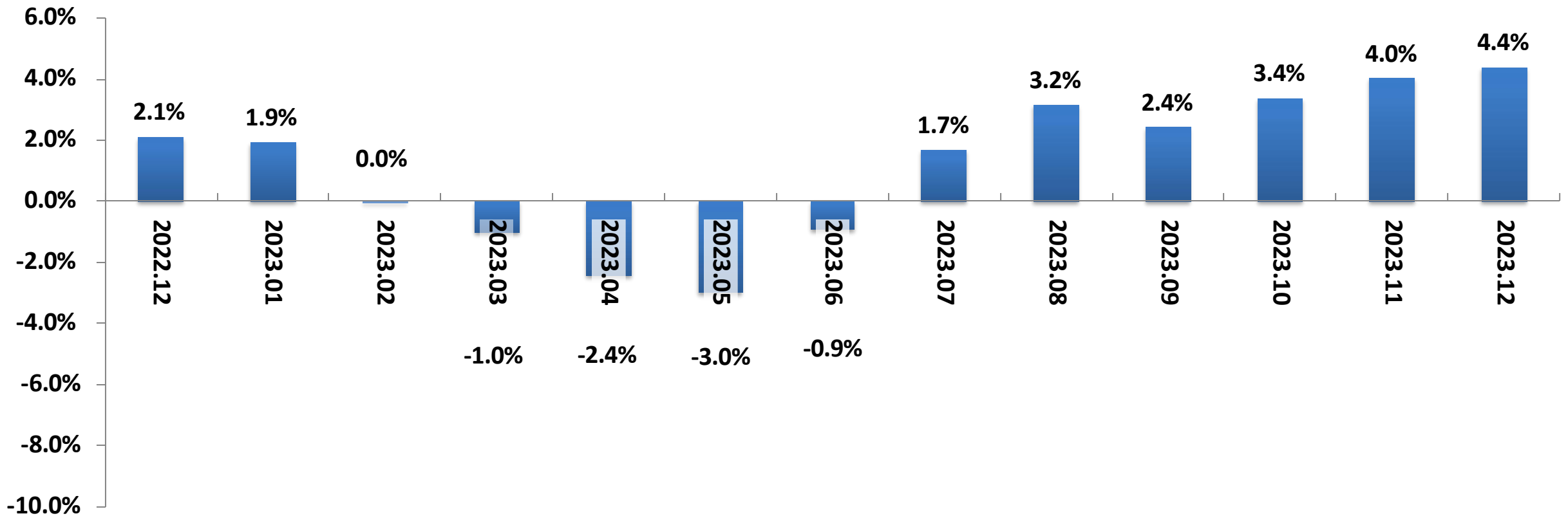
Total Existing Home Sales, SA Annual Rate



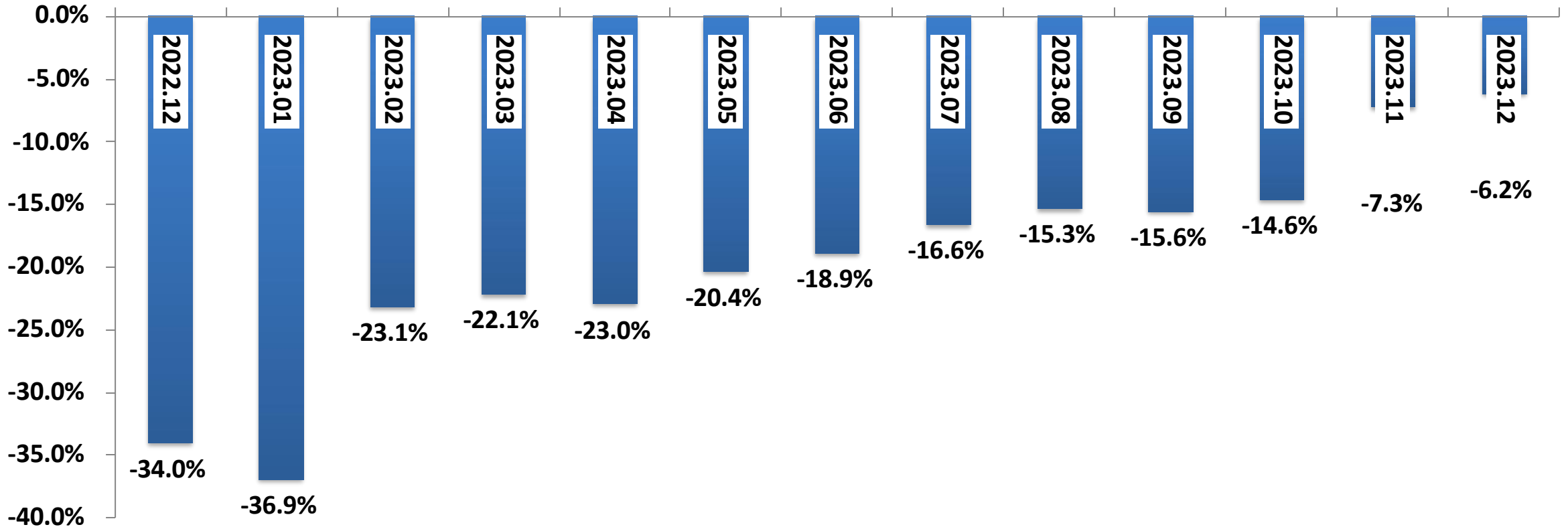
Median Price of Existing Home Sales



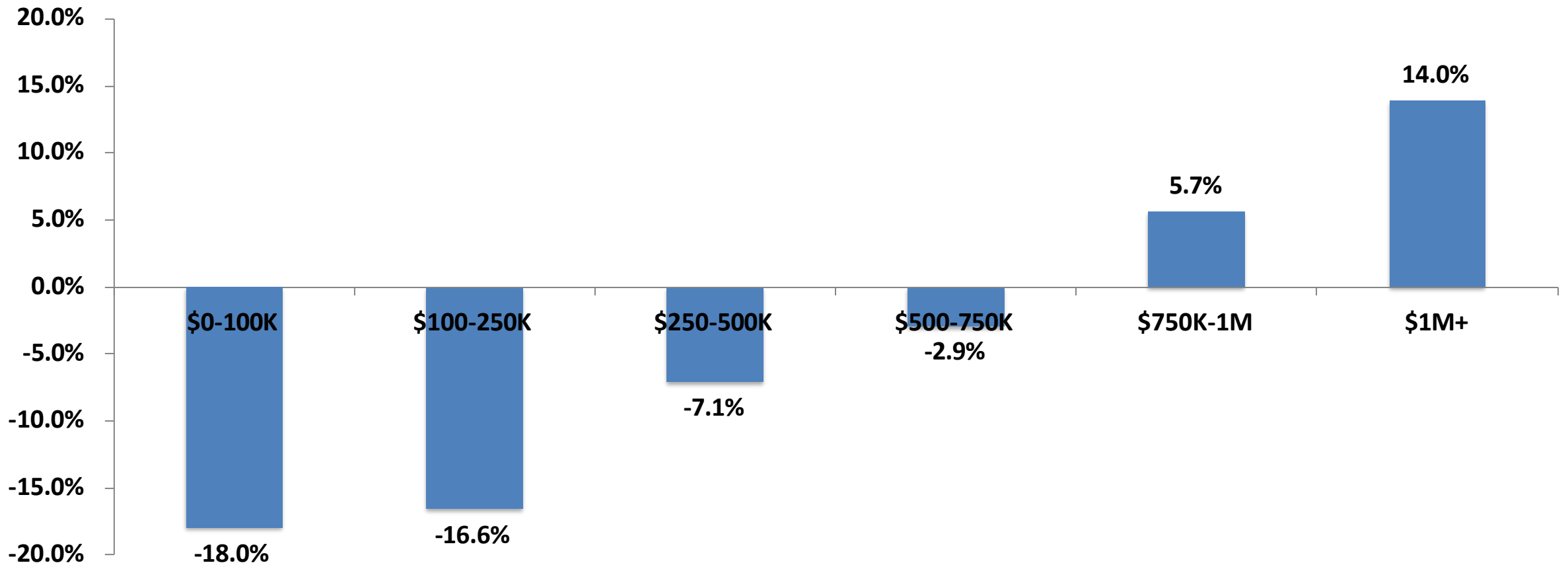
Existing Home Sales Median Price, Percent Change Year-Over-Year



Total Existing Home Sales, Percent Change Year-Over-Year



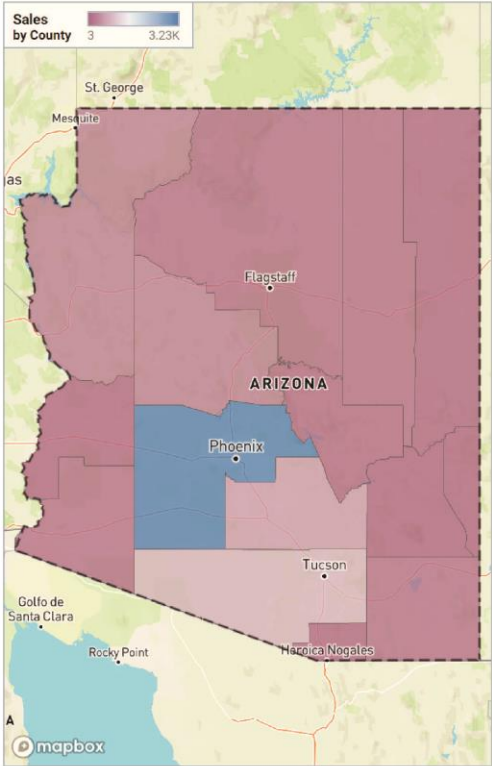
Percent Change in Sales From a Year Ago by Price Range





Arizona

HOUSING SALES
STATS



LISTINGS

Up from
previous month



State

32,640

01/23

34,474

01/22

25,617

01/21

26,055

YOY
change

↓ -5.4%

MEDIAN SALES PRICE

Down from
previous month



State

\$345,385

01/23

\$316K

01/22

\$323K

01/21

\$269K

YOY
change

↑ 9.2%

SALES

Down from
previous month



State

5,540

01/23

6,003

01/22

9,725

01/21

9,899

YOY
change

↓ -7.7%

INVENTORY

Seller's
market



State

3.95 months

6 months = Balanced
market

YOY
change

↑ 12.9%

PRICE RANGE
STATISTICS

Listings Trends

- More than 5% increase (YOY)
- More than 5% decrease (YOY)

Listing Price Range	Listings (Jan.)	Sales in Previous 12 Months	Months of Inventory
Below \$125,000	833	1,747	5.7
\$125,000 – \$249,999	2,471	8,308	3.6
\$250,000 – \$374,999	6,826	26,321	3.1
\$375,000 – \$499,999	8,302	28,770	3.5
\$500,000 – \$624,999	4,346	12,669	4.1
\$625,000 – \$749,999	2,879	7,768	4.4
\$750,000 – \$874,999	1,638	4,140	4.7
\$875,000 – \$999,999	1,306	2,748	5.7
\$1M – \$1.99M	2,508	4,967	6.1
\$2M and up	1,531	1,668	11



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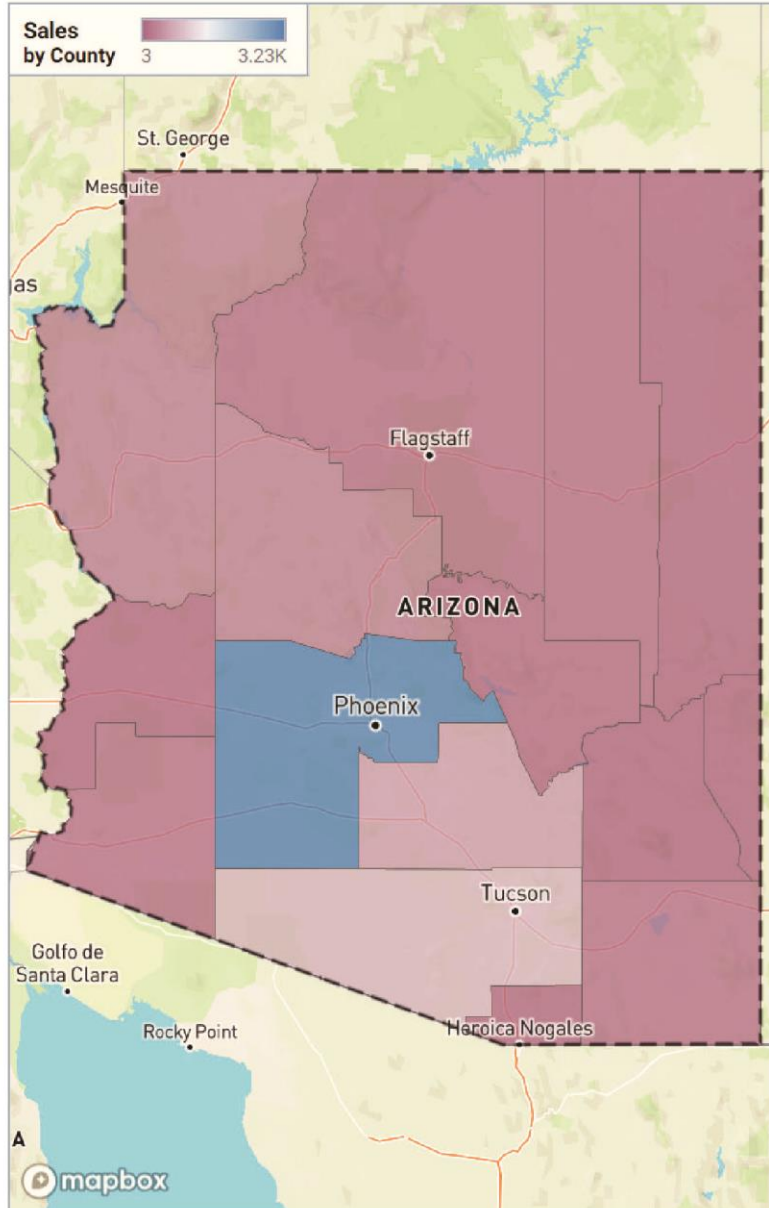
Contact: ARIZONA REALTORS®
Business Technology and Communications
Phone: (602) 248-7787
Email: support@aaronline.com

FOR MORE INFO:

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HOUSING REPORT

Arizona – Jan. 2024



LISTINGS

Up from
previous month



State **32,640**

01/23	01/22	01/21
34,474	25,617	26,055

YOY change **↓ -5.4%**

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Inventory

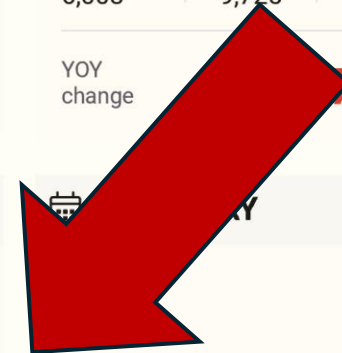
Down from
previous month

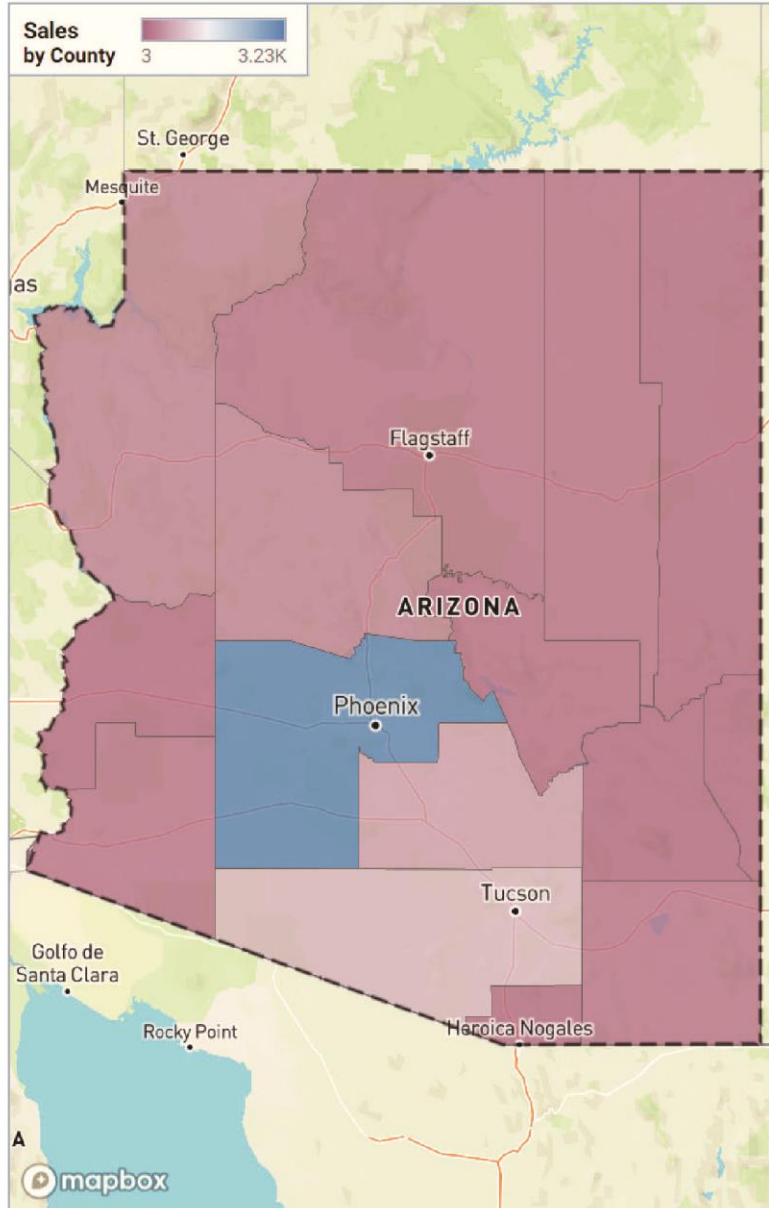


State **3.95 months**

6 months = Balanced market

YOY change **↑ 12.9%**





HOUSING REPORT

Arizona – Jan. 2024

LISTINGS

Up from
previous month



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Inventory

Seller's
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PRICE RANGE STATISTICS

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Flagstaff

HOUSING
SALES STATS

Market Trends for Flagstaff, Arizona

Single Family + Condo/Townhouse/Apt.

January 2024

Market Type



Key Details

Months of Inventory	List to Sold Price %	Median Days in RPR	Median Sold Price
2.19	97.4%	48	\$674,750
↓ 14.45% Month Over Month	↑ 0.29% Month Over Month	↑ 2.13% Month Over Month	↓ 0.77% Month Over Month

January 2024 Sold Listings

Flagstaff, Arizona

Single Family + Condo/Townhouse/Apt.

Median Sold Price

\$674,750

↓ 0.8% Month over Month



November 2023 Sold Public Records

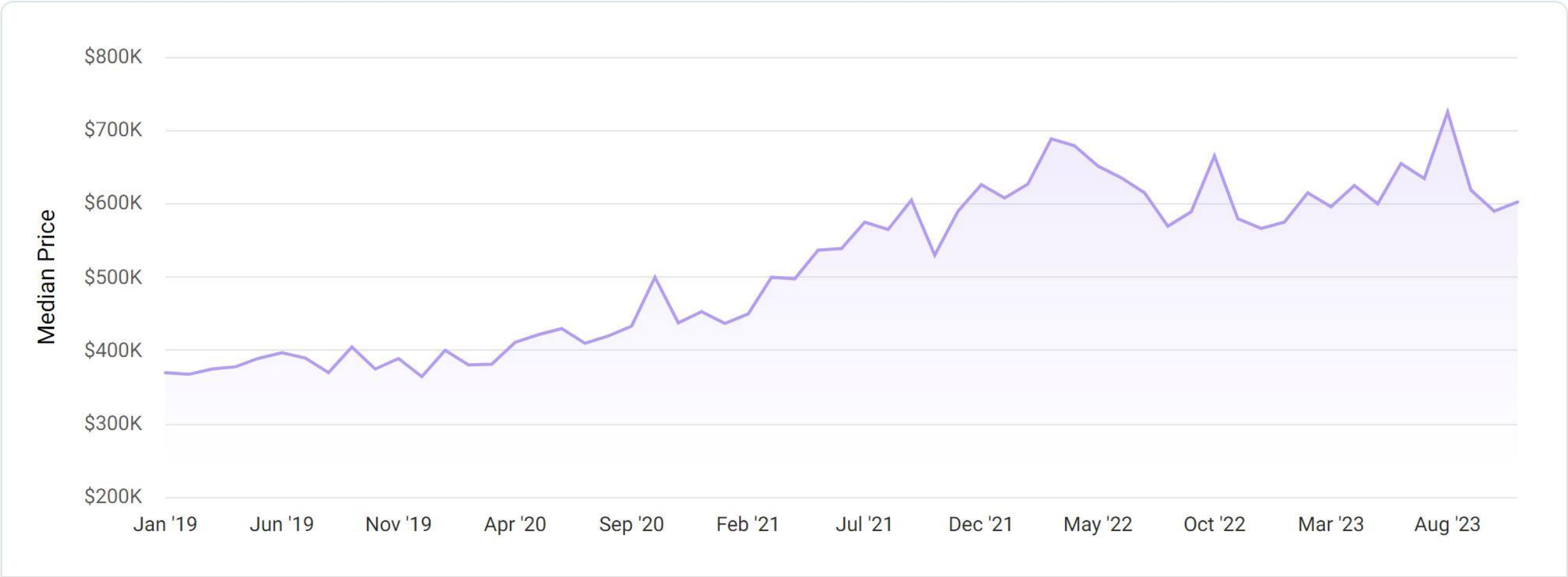
Flagstaff, Arizona

Single Family + Condo/Townhouse/Apt.

Median Sold Price

\$602,500

↑ 2.1% Month over Month



January 2024 Months Supply of Inventory

Flagstaff, Arizona

Single Family + Condo/Townhouse/Apt.

Months Supply of Inventory

2.19

Last Month Change

-14.5%

12 Month Change

+30.4%



Market Statistics

January 2024



NORTHERN ARIZONA
ASSOCIATION OF
REALTORS®

Residential

▼ Bellemont, Flagstaff, Munds...

Compare to Same Month Prior Year ☒ Prior Month

Median Sales Price

\$602,000



-6.4%



65



-12.2%

Closed Sales

Active Inventory



47.1%



250

Median Days on Market

82



-10.4%



Median Sold \$/SqFt

-0.4%



\$3334

New Listings



163



106.3%

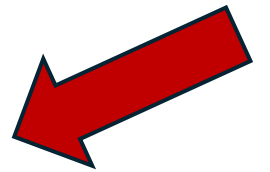
Percent change compares results from December 2023 to January 2024

Data provided by NAZMLS. ©2024 [Domus Analytics](#)



Straight out of the MLS:

- In 2023, for “Flagstaff”, all residential types:
- 1,163 sales
- Average square feet: 1,969
- Average \$ / Sq. Ft: \$384
- Average Sales Price: \$780,273
- Median Sales Price: \$628,000
- Single Family Median Sales Price: \$735,500



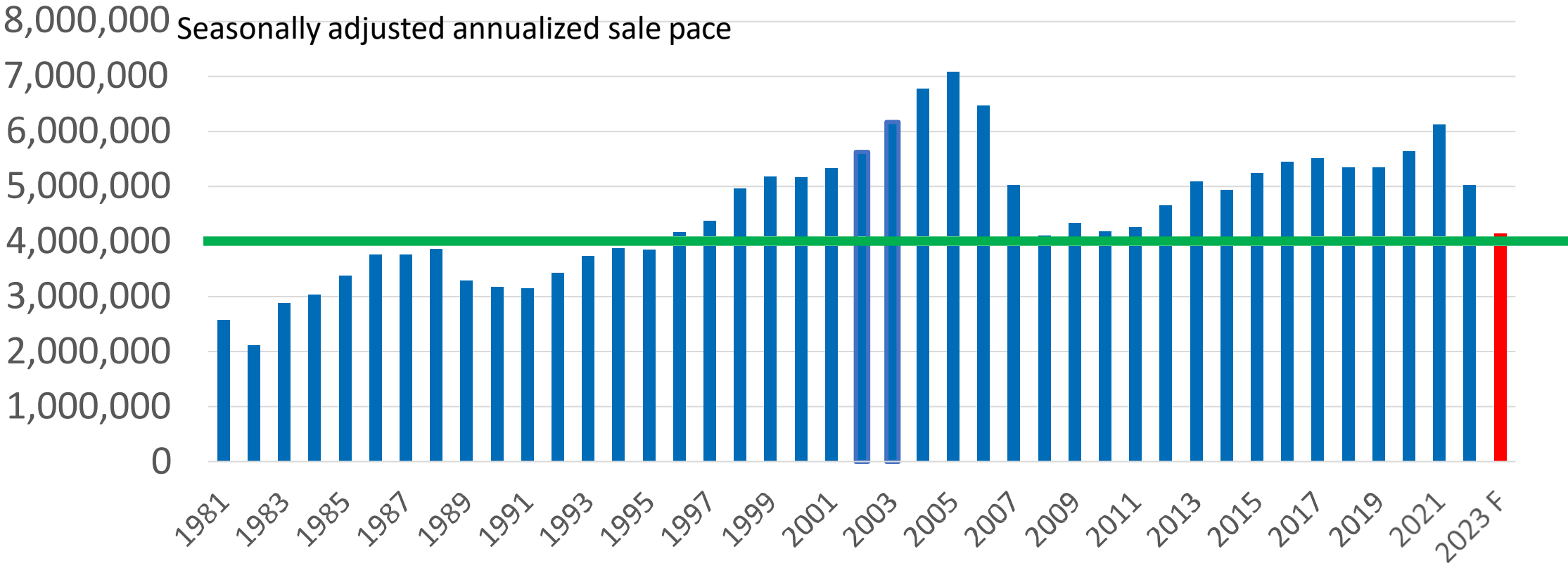
A satellite image of Earth showing North America and surrounding weather patterns. The image is a composite of satellite data, showing cloud cover and landmasses. The title "The Forecast" is overlaid in a large, white, serif font. Below it, the text "NATIONALLY AND LOCAL" is overlaid in a smaller, white, serif font. The background is a dark blue/black gradient, suggesting a night sky or a deep space background.

The Forecast

NATIONALLY AND LOCAL

Annual Existing-Home Sales: An 18% Decline.

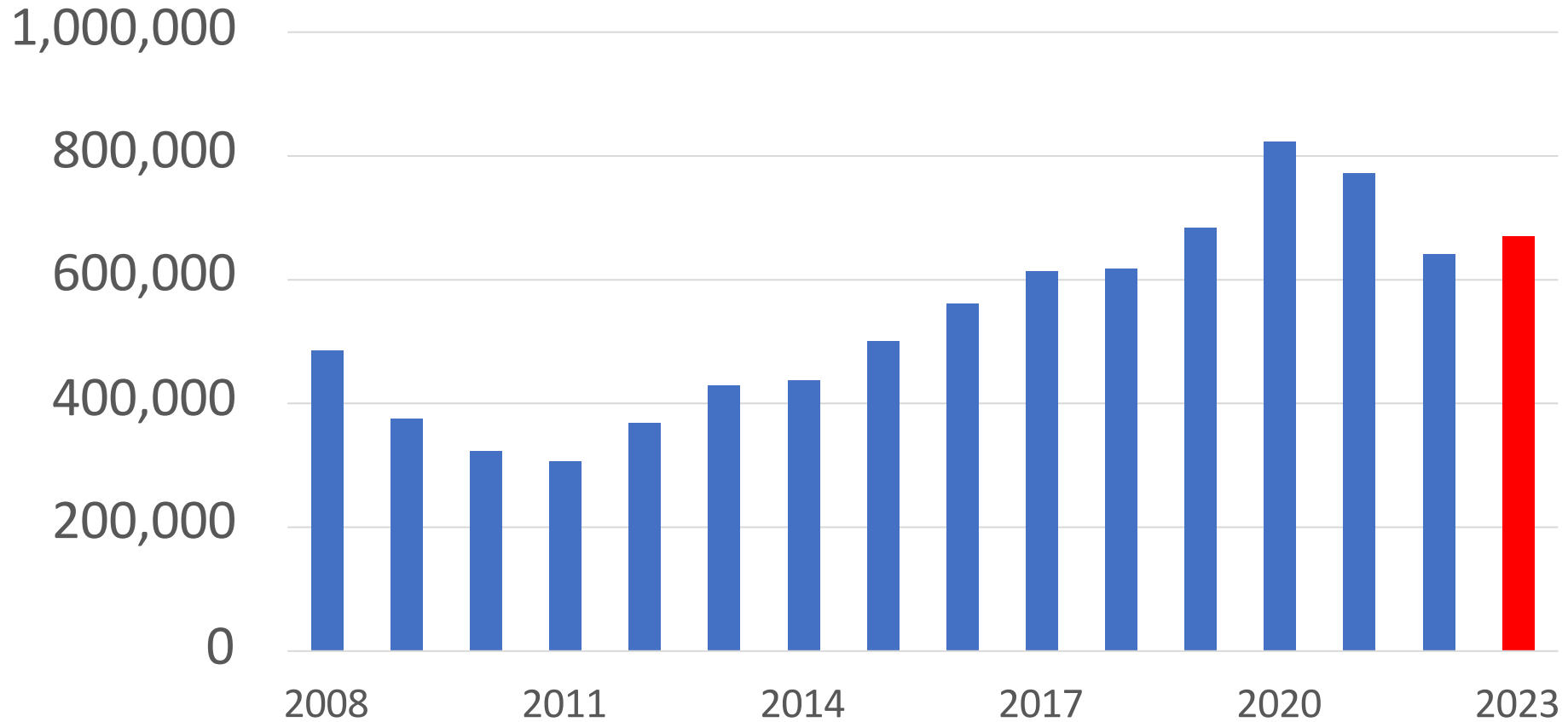
On track for the worst year since 2008 or since 1995



Source: NAR

New Home Sales Up 4.5% year-to-date to October

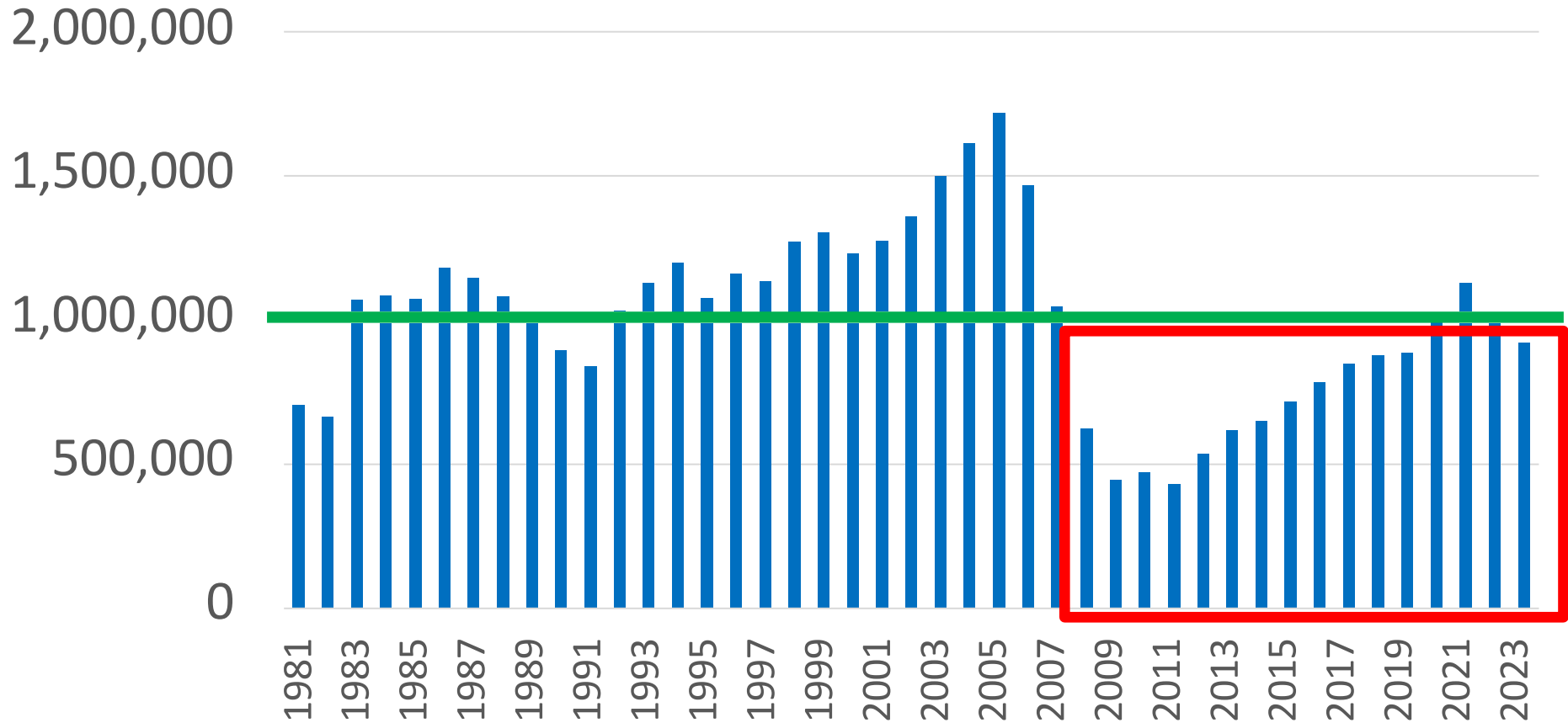
On track for the 3rd or 4th best year since 2008 foreclosure year



Source: NAR forecast and HUD

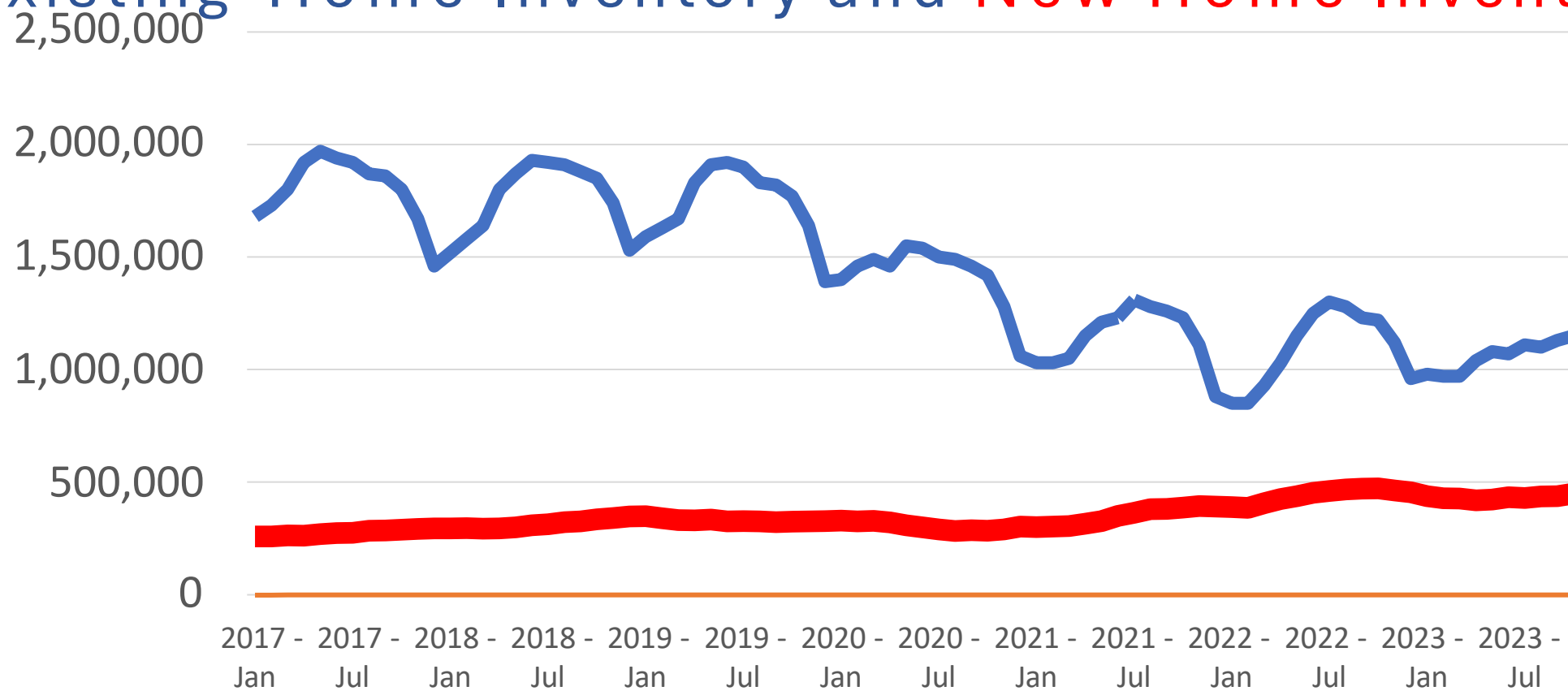
Single-family Housing Starts

Trying to return to normal after a decade of underproduction



Source: NAR forecast and HUD

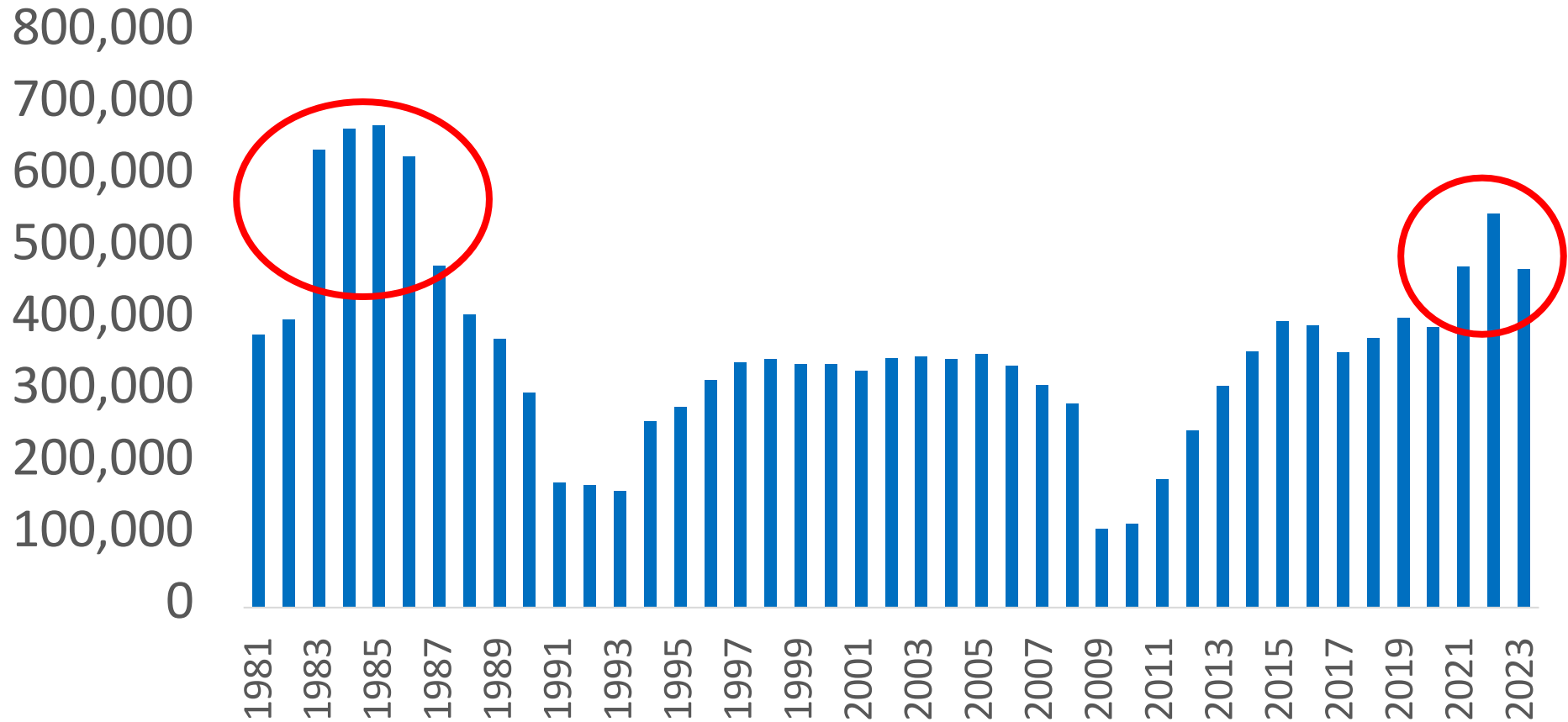
Existing-Home Inventory and New Home Inventory



Source: NAR and HUD

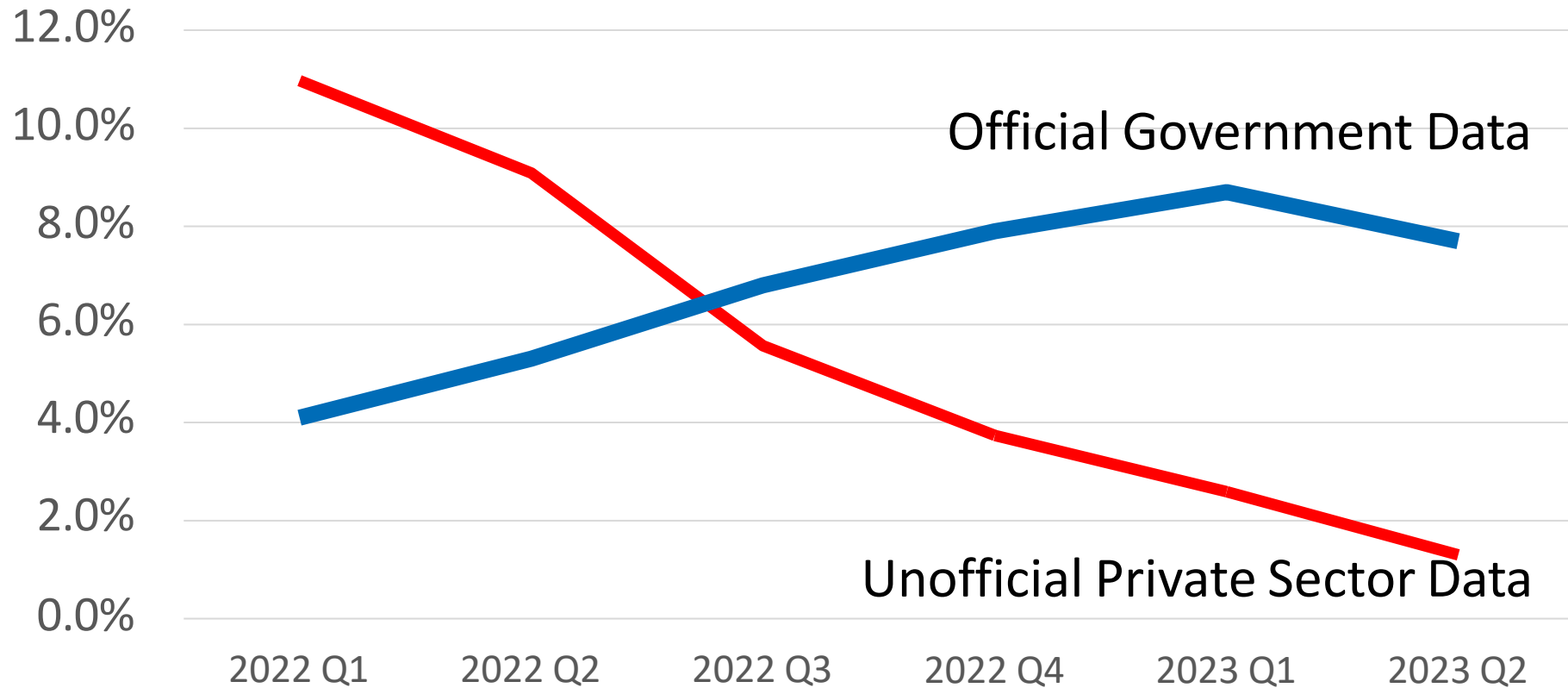
Multifamily Housing Starts

3 years of cyclical highs



Source: NAR forecast and HUD

Rent Growth Softening?



Source: BLS and CoStar

First-time Homebuyer Down Payment

Down Payment	% of Home Price
0%	16% of buyers
1% to 5%	22% of buyers
6% to 10%	16% of buyers
11% to 20%	20% of buyers
More than 20%	26% of buyers

Source: NAR

First-time Homebuyer Challenges

Hardest Part of Buying (more than one answer permitted)	% of First-time buyers
Finding the Right Property	61% of buyers
Saving for Down Payment	38% of buyers
Understanding the Process	38% of buyers
Paperwork	23% of buyers
Getting a Mortgage and Appraisal	17% of buyers

Source: NAR

Where we are going:

The real estate market is not going to crash.

Where we are going:

Interest rates will probably remain “high” through June with gradual drops afterward.

Where we are going:

Flagstaff will continue to be highly desirable
and maintain a strong economy.

Where we are going:

Flagstaff home prices are almost double
the median sales price for the State.
That will continue.

Where we are going:

Compared to other “mountain towns” of the intermountain west, Flagstaff is a bargain.

Where we are going:

There will be continued pressure from second-home Buyers and most will have cash.

Investors too.

Where we are going:

Nothing new in the way of “affordable” new construction.
Ever.

Where we are going:

Rents will continue with a downward trend.

Where we are going:

There is huge pent-up demand from Buyers waiting for interest rates to drop and inventory to increase.

Where we are going:

If (or more accurately, when) interest rates drop into the 5's, demand will surge and prices will skyrocket.

Where we are going:

This may be the cheapest real estate market you will see in your lifetime.

Where we are going:

The people in this room can make a difference in this community by literally helping people get their foot in the door.

Gary Nelson

- Realty Executives of Flagstaff
 - 15 E. Cherry Ave., Suite 202
 - Flagstaff, AZ 86001
 - 928-600-4279
 - gary@garynelsongroup.com



Affordable Housing:

Pre-Purchase Client Information

FEBRUARY 2024



Down Payment/Closing Cost Assistance

- HSNA is a HUD-approved housing counseling agency.
 - Certified every three years
 - Adopted national standards for housing counseling and education
 - Three HUD-certified housing counselors
- Provide pre-purchase, rental, financial literacy, foreclosure mitigation and post-purchase housing counseling to residents in Coconino, Mohave and Yavapai counties
- Volunteer Housing Assistance Programs (HAP) Committee comprised of lenders, title agency representatives help to advise and design programs

Down Payment/Closing Cost Assistance

Pre-Purchase Housing Counseling Demand in 2023:

- HSNA provided pre-purchase housing counseling to 92 households interested in purchasing a first home in Flagstaff, AZ.
 - 85 households currently live in the greater Flagstaff area (Flagstaff, Bellemont, Williams)
 - 7 households live in other parts of the state, but are interested in moving to Flagstaff (Kayenta, Pinon, Lakeside, Gilbert, Mesa)
- 65 households first sought pre-purchase housing counseling in 2023. 27 households began housing counseling services in 2021 or 2022.

Down Payment/Closing Cost Assistance

Pre-Purchase Housing Client Demographics (2023):

- Average Household Income = \$60,528
 - Lowest income = \$17,112 & Highest income = \$175,920
- Average Household AMI Percentage = 84%
 - 24 households under 50% AMI
 - 40 households between 50-80% AMI
 - 25 households between 80-100% AMI
 - 32 households above 100% AMI

Down Payment/Closing Cost Assistance

Pre-Purchase Housing Client Demographics (2023):

- Average Household Size = 2.4 persons
 - 32 households = 1 person
 - 43 households = 2 persons
 - 23 households = 3 persons
 - 23 households = 4+ persons

Down Payment/Closing Cost Assistance

Pre-Purchase Housing Client Demographics (2023):

- Household Race/Ethnicity:
 - African American = 4.1%
 - American Indian = 19%
 - Asian = 1.7%
 - Caucasian = 67.8%
 - Other/Multi Racial = 4.1%
 - Did not Disclose Race = 3.3%
 - Hispanic = 17.4%

Down Payment/Closing Cost Assistance

Pre-Purchase Housing Client Demographics (2023):

Outcome/Readiness	
- Purchased w/ assistance	13.0% (12 households)
- Purchased w/out assistance	5.4% (5 households)
- Decided not to pursue homeownership	28.3% (26 households)
- Homeownership not feasible (purchase power, debt, credit, savings)	12.0% (11 households)
- Client preparing for homeownership (improving savings, reducing debt, etc.)	33.7% (31 households)
- Actively pursuing home-purchase	7.6% (7 households)

Down Payment/Closing Cost Assistance

Recent Home Purchase Scenarios:

- Household composition: two adults, both employed full-time in Flagstaff (Food Service/Education)
- Household income: \$93,662.95
- Household AMI: 111%
- Flagstaff resident: 10 years
- Purchase price: \$343,000 for manufactured home in Christmas Tree
- Loan info: 30-year FHA loan for \$298,000. Interest Rate = 7.75%
- Seller credit = \$0
- Monthly payment (PITI) = \$2,470.21 (Housing Ratio = 31.62%)
- Debt-to-Income Ratio = 45% (Clients have \$1,046.22/mo. In debt)
- Client contribution = \$17,447
- Received \$40,000 in CHAP assistance

Down Payment/Closing Cost Assistance

Recent Home Purchase Scenarios:

- Household composition: two adults, both employed full-time in Flagstaff (Car dealer/Dental office)
- Household income: \$88,222
- Household AMI: 105%
- Flagstaff resident: 26 years
- Purchase price: \$339,000 for single-family home in Sunnyside
- Loan info: 30-year conventional for \$298,500. Interest Rate = 6.875%
- Seller credit = \$11,000
- Monthly payment (PITI) = \$2,248.07 (Housing Ratio = 30.58%)
- Debt-to-Income Ratio = 31.53% (Clients have \$70/mo. In debt)
- Client contribution = \$5,006.72
- Received \$40,000 in CHAP assistance

Down Payment/Closing Cost Assistance

Recent Home Purchase Scenarios:

- Household composition: two adults, both employed full-time in Flagstaff (City of Flagstaff)
- Household income: \$134,721
- Household AMI: 160%
- Flagstaff resident: 27 years
- Purchase price: \$376,000 for a manufactured home in Kachina Village
- Loan info: 30-year FHA loan for \$362,230. Interest Rate = 7.75%
- Seller credit = \$0
- Monthly payment (PITI) = \$3,024.54 (Housing Ratio = 26.94%)
- Debt-to-Income Ratio = 34.94% (Clients have \$898/mo. In debt)
- Client contribution = \$11,851
- Received \$20,000 in EAH assistance

Down Payment/Closing Cost Assistance

Our Impact:

- Since 1999, HSNA has:
 - Provided financial assistance to 452 households (1,175 people), purchasing a first home in Northern Arizona.
 - We have administered \$8.3 million in financial assistance, leveraging \$69 million in first mortgage financing and \$3.7 million in homebuyer contributions.
 - 38% of first-time homebuyers were female-headed households.
 - Average AMI = 82.4% since inception
 - Average AMI last fiscal year = 117.6%
 - Average income last fiscal year = \$86,582

Down Payment/Closing Cost Assistance

What's Working:

- Interest in home purchase and first-time homebuyer assistance programs remains high.
- Households have support and tools to become home-purchase ready; they can work on improving credit, reducing debt and saving for down payment.
- Dual-income households have additional buying power and more options to make purchase a reality in our community.
- We've seen significant increase in program interest since assistance levels were increased in the fall. More people are coming to us to learn about assistance and see if they qualify.

Down Payment/Closing Cost Assistance

Challenges:

- We can't control the market.
 - Interest rates remain higher than they have been in since the Great Recession – this makes borrowing more expensive and limits buying power.
 - Inventory remains relatively low, especially in lower price ranges.
- Lower-income households under 80% AMI struggle to afford to purchase homes in our market, as their buying power is limited by income.