

# Adaptive Reuse Bond Program

September 2, 2025

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# Prop 442 – approved Nov. 2022

*“Creating rental and  
homeownership  
opportunities for  
residents of Flagstaff”*



- Redevelop City-owned housing to create additional rental units - \$5M
- **Repurpose existing buildings into rental units -\$3M**
- Incentivize private sector to incorporate affordable rental units - \$5M
- Expand the Homebuyer Assistance Program -\$7M



# Purpose of Funding

## Repurposing Existing Available Buildings into Rental Units (~\$3M)

*“Funding in this area will allow the City of Flagstaff to partner with private developers, non-profits included, to repurpose existing and available buildings and spaces into rental opportunities for the residents of Flagstaff. Housing units are not the only community benefit this activity will provide. In addition to the creation of an estimated 75 rental units, currently vacant space in Flagstaff will transition to occupied homes.”*



# Program Development

## **Fall 2024**

Research  
Stakeholder  
Interviews

## **Winter 2024**

Program Drafted  
Initiated Code  
Amendment

## **Spring 2025**

Code Amendment  
Collaboration  
Housing Commission  
Work Session

## **Summer 2025**

Code Amendment  
Hearings Begin  
Housing Commission  
Recommendation



# Priorities for this Program

- ✓ Allow for a variety of projects to meet different housing needs
- ✓ Allow funds to be used for acquisition and renovation
- ✓ Simple and fast non-competitive application process
- ✓ Award funds on a per-unit cost basis to meet 75-unit goal
- ✓ Remove zoning uncertainties; permit affordable residential use in commercial buildings by-right

# Pass/Fail Evaluative Criteria

## Project Details

- ✓ Property Eligibility
- ✓ Eligible Uses
- ✓ Ineligible Uses
- ✓ 30-Year Affordability Period
- ✓ 80% Area Median Income Limit
- ✓ Affordable Rent Methodology





# Pass/Fail Evaluative Criteria

## Cost Per Affordable Unit

- ✓ Applications requesting \$40,000 or less per affordable unit will be eligible for funding.

## Other Funding Sources

- ✓ Additional funding sources beyond City Program funds are required and will be evaluated for project viability, sustainability, and other metrics.



# Application Process



- Funding will be available on a first come, first served basis until all program funds have been awarded
- Applications will be reviewed for eligibility by staff:
  - Applications must pass all evaluative criteria to receive a recommendation for full funding
  - Notices of eligibility for funding will be provided within 30 days of application date



# Loan Terms



- Loan documents require approval by City Council
- Loan secured against property via promissory note and deed of trust and is subordinate to first mortgage financing
- No interest or principal payments required during 30-year term
- Compliance period begins at issuance of certificate of occupancy
- Loan may be forgiven after 30 years of compliance
- Affordable units must be available within 24 months of notification of award

# Next Steps

- Application for funding will be posted to Housing's website
- Eligibility reviews will be made on a first come, first served basis
- Awards will be brought back to Council for approval



# Thank you

