# TOWN OF PRESCOTT VALLEY

## HOUSING POLICY FUND

### IMPACT FEE ASSISTANCE PROGRAM

### 1. Purpose

The Town of Prescott Valley ("Town") establishes the Housing Policy Fund – Impact Fee Assistance Program ("Program") to encourage the development of affordable, attainable, and workforce housing within the Town.

The Program provides financial assistance toward eligible Town development impact fees for qualifying residential units. Assistance is intended to reduce development costs while ensuring that the appropriate development impact fee accounts receive the revenues associated with new development.

Program assistance is subject to available funding and does not constitute an entitlement or guarantee of funding.

This Policy governs only the use of Housing Policy Fund monies for the Impact Fee Assistance Program and does not limit other eligible uses of the Housing Policy Fund authorized by the Town Council.

### 2. Eligibility

The Program is available to qualifying rental and owner-occupied residential developments located within the incorporated limits of the Town of Prescott Valley.

Eligible applicants may include for-profit developers, nonprofit organizations, housing organizations, property owners, and other entities developing qualifying housing.

Eligible developments may include single-family, multifamily, townhome, condominium, mixed-income, and other residential housing types approved by the Town.

To qualify, an assisted housing unit must:

1. Be affordable to a household earning no more than 120% of Area Median Income (AMI), adjusted for household size, using the applicable income limits recognized by the Town;
2. Meet the affordability requirements established by this Policy and the applicable assistance agreement;
3. Be located within the Town of Prescott Valley; and
4. Remain in compliance with all applicable Town codes, development requirements, Central Arizona Fire and Medical Authority (CAFMA) requirements, and Program requirements.

For mixed-income developments, assistance shall apply only to units meeting Program affordability requirements.

## 3. Impact Fee Assistance

Subject to available funding, the Town may provide the following maximum assistance toward eligible development impact fees:

| AMI Level of Assisted Unit | Maximum Assistance |
|---|---|
| 60% AMI or below | 100% of eligible impact fees |
| 61%–80% AMI | 75% of eligible impact fees |
| 81%–120% AMI | 50% of eligible impact fees |

The amount of assistance shall be based upon the affordability level of each qualifying unit.

The maximum Program award shall not exceed $150,000 per development/project, unless a greater amount is specifically authorized by the Town Council.

Assistance shall apply only to Town development impact fees and potentially utility connection charges determined eligible by the Town. Permit fees, review fees, or other development-related charges are not eligible.

## 4. Affordability Period

Units receiving Impact Fee Assistance shall remain affordable for a minimum of twenty (20) years from the date established in the assistance agreement.

Affordability shall be secured through a recorded affordability covenant, deed restriction, development agreement, or other legally enforceable instrument acceptable to the Town.

The restriction shall establish, as applicable:

- Household income eligibility;
- Maximum affordable rent or sales price;
- Occupancy requirements;
- Requirements applicable to resale or transfer;
- Monitoring and reporting requirements; and
- Remedies for noncompliance.

The affordability restriction shall run with the property for the required affordability period and shall be binding upon subsequent owners as provided in the applicable agreement.

The Town may approve a longer affordability period when warranted by the amount of public investment or other characteristics of the development.

## 5. Funding Process

Funding for the Program shall be provided through the Housing Policy Fund or another legally eligible non-development-impact-fee funding source appropriated by the Town Council.

The Town shall determine the amount available for the Program through its annual budget process.

Approved assistance shall be transferred from the Housing Policy Fund or other authorized funding source to the appropriate Town development impact fee account on behalf of the qualifying development.

Program funding is subject to availability. The Town reserves the right to deny, reduce, or condition assistance for any application, including an otherwise

eligible application, based on available funding, project feasibility, alignment with the Town's housing goals, financial considerations, or other factors determined to be in the best interest of the Town. Meeting Program eligibility requirements does not guarantee approval or create an entitlement to funding.

Applications shall generally be considered in the order in which complete applications are received. When requests exceed available funding, the Town may prioritize projects based upon:

- Number of qualifying housing units created;
- Depth of affordability;
- Length of affordability commitment;
- Demonstrated financial need;
- Readiness to proceed;
- Ability to leverage other public or private investment; and
- Advancement of the Town's adopted housing goals and strategies.

## 6. Application and Approval

Applications must be submitted and approved prior to payment of the development impact fees for which assistance is requested.

At a minimum, an application shall identify:

- Applicant and property owner;
- Project location and description;
- Total number and type of housing units;
- Number of units for which assistance is requested;
- Proposed AMI level for each assisted unit;
- Proposed affordability period;
- Estimated eligible development impact fees;
- Project development schedule;
- Other public subsidies or incentives associated with the project; and
- Other information reasonably necessary to determine Program eligibility.

The Housing Administrator and Zoning Administrator, or their designees, shall jointly review applications for Program eligibility.

Applications meeting Program requirements may be administratively approved when the requested assistance is within the Program limits established by this Policy, sufficient appropriated funds are available, and administrative approval is permitted by applicable Town financial policies and law.

An application shall be forwarded to the Town Council when:

1. The requested assistance exceeds $150,000;
2. The applicant requests an exception from a material Program requirement;
3. Council approval is otherwise required by Town policy or applicable law.

## 7. Funding Reservation

Upon approval, the Town may reserve Program funding for the project for up to twelve (12) months.

The applicant must demonstrate reasonable progress toward development approval and construction during the reservation period.

If the project does not receive applicable final plat, site plan, building permit, or other required approval within the established timeframe, the Town may cancel the reservation and make the funds available to another eligible project.

The Housing Administrator and Zoning Administrator may jointly approve a reasonable extension when delays are outside the applicant's control and the project remains viable.

## 8. Payment of Assistance

Impact Fee Assistance shall not be paid directly to the applicant.

At the time eligible development impact fees become due, the Town shall apply the approved assistance on behalf of the qualifying unit or development and transfer the corresponding amount from the Housing Policy Fund or other approved funding source to the appropriate development impact fee account.

The applicant shall be responsible for any development impact fees exceeding the amount of approved assistance.

Assistance shall not be disbursed until all required agreements and affordability restrictions have been executed and, when applicable, recorded.

## 9. Repayment and Noncompliance

Impact Fee Assistance is conditioned upon continued compliance with the affordability requirements established by this Policy and the applicable assistance agreement.

**Code and Regulatory Compliance.** All developments receiving Impact Fee Assistance shall comply with applicable Town codes, ordinances, regulations, and adopted standards, including but not limited to the International Property Maintenance Code (IPMC), building codes, zoning regulations, grading requirements, mechanical and electrical codes, and applicable fire and life safety requirements established CAFMA. Compliance shall be maintained throughout the required affordability period.

One hundred percent (100%) of the Impact Fee Assistance provided by the Town shall be subject to repayment if, before expiration of the required affordability period:

1. An assisted unit is converted to an ineligible use;
2. The affordability restriction is terminated or violated;
3. An assisted unit is sold, transferred, or rented contrary to Program requirements;
4. The applicant fails to construct the qualifying units for which assistance was provided; or
5. The applicant materially violates the assistance agreement.
6. The applicant or property owner fails to correct material or repeated violations of applicable codes or regulations within the timeframe established by the Town or other applicable regulatory authority.

The Town may establish additional remedies, including prorated repayment provisions, through the assistance agreement when appropriate.

Any repayment shall be returned to the Housing Policy Fund or other originating funding source as legally appropriate.

The Town may pursue any additional remedies available under the assistance agreement or applicable law.

## 10. Administration and Monitoring

The Housing Administrator shall administer the Program in coordination with Development Services, Finance, Legal, and other Town departments as necessary.

The Housing Administrator may develop application forms, procedures, affordability calculations, monitoring requirements, and other administrative materials necessary to implement this Policy.

The Town shall maintain records identifying:

- Developments receiving assistance;
- Number of assisted units;
- AMI levels served;
- Amount of assistance provided;
- Development impact fee accounts receiving payment;
- Required affordability periods; and
- Compliance with Program requirements.

Recipients of Impact Fee Assistance shall submit quarterly reports to the Town documenting continued compliance with affordability requirements, applicable Town codes, CAFMA requirements, and other Program conditions. Reports shall be submitted within thirty (30) calendar days following the end of each calendar quarter, in a format prescribed by the Housing Administrator.

## 11. Funding Availability and No Entitlement

All Impact Fee Assistance is subject to annual appropriation and availability of funds.

Approval of this Policy does not obligate the Town Council to appropriate a specific amount to the Program in any fiscal year.

Meeting Program eligibility requirements does not create an entitlement to assistance. The Town may deny or reduce an award based upon available

funding, project characteristics, compliance concerns, or other reasonable Program considerations.

## 12. Compliance With Arizona Law

The Program shall be administered in accordance with applicable Arizona law, including A.R.S. § 9-463.05, Town Code, Town financial policies, and applicable development impact fee requirements.

Program assistance shall be funded from the Housing Policy Fund or another legally eligible source and not from development impact fee revenues.

When assistance constitutes a waiver of a development fee under applicable Arizona law, the Town shall reimburse the appropriate development fee account and provide any notice required by A.R.S. § 9-463.05.

## 13. Effective Date

This Policy shall become effective upon approval by the Prescott Valley Town Council and shall remain in effect until amended or repealed.