

NOTICE AND AGENDA

**HOUSING COMMISSION
TUESDAY
FEBRUARY 11, 2020**

**COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
1:00 P.M.**

1. Call to Order

2. Roll Call

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

ROSS ALTENBAUGH
KAIJAYLAAN BEATTIE
ERIC DAVIS
MELINDA DEBOER-AYREY
NICOLE ELLMAN

CATHERINE ESQUIVEL
KAREN FLORES
KHARA HOUSE
CHRIS KEMMERLY
DEVONNA MCLAUGHLIN

MOSES MILAZZO
ERIN O'LOUGHLIN
TAD RIGGS

3. 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.

4. APPROVAL OF MINUTES

- A. Consideration and Approval of Minutes:** Housing Commission Meeting, January 23, 2020.
Approve the minutes of the January 23, 2020 Housing Commission Meeting.

5. GENERAL BUSINESS

- A. Presentation and Discussion:** Results from informal working group on Why Prop 422 Did Not Pass?
Discussion and Input

6. **DISCUSSION ITEMS**

- A. **Discussion and Direction:** Review Survey Titled, *Prioritizing Programs for the 2020 Affordable Housing Bond Measure*, Establish 2020 Affordable Housing Bond Measure Priority Projects and Amounts for Council Recommendation

Discussion and Direction Regarding Potential 2020 Affordable Housing Bond:

1. Review Codes of Conduct.
2. Determined recommended funding source for 2020 Affordable Housing ballot measure.
3. Review survey, prioritized projects, and project examples.
4. Establish prioritized projects & recommended amount?
5. Finalize recommendation to Council.

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

8. **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 _____, 2020.

Leah Bloom, Housing Section



Housing Commission

4. A.

From: Leah Bloom, Affordable Housing Advancement Project Manager

DATE: 02/11/2020

SUBJECT: Consideration and Approval of Minutes: Housing Commission Meeting, January 23, 2020.

STAFF RECOMMENDED ACTION:

Approve the minutes of the January 23, 2020 Housing Commission Meeting.

Executive Summary:

Minutes of Commission meeting 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

January 23, 2020 HC Minutes

NOTICE AND AGENDA

**HOUSING COMMISSION
THURSDAY
JANUARY 23, 2020**

**COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
1:00 P.M.**

1. Call to Order

Chair Ellman called the meeting to order at 1:01 PM

2. Roll Call

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

ROSS ALTENBAUGH
KAIJAYLAAN BEATTIE
ERIC DAVIS
MELINDA DEBOER-AYREY
NICOLE ELLMAN

CATHERINE ESQUIVEL
KAREN FLORES
KHARA HOUSE
DEVONNA MCLAUGHLIN
MOSES MILAZZO

ERIN O'LOUGHLIN
TAD RIGGS
VACANT

Melinda Deboer-Ayrey arrived at 1:11PM
Ross Altenbaugh left meeting at 2:10 PM
Eric Davis left meeting at 3:13 PM
Karen Flores left meeting at 3:37 PM

3. 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.

NONE

4. APPROVAL OF MINUTES

- A. Consideration and Approval of minutes:** January 6, 2020
Approval of the minutes.

Moved by Moses Milazzo, **seconded by** Tad Riggs to approve the minutes of January 23, 2020.

Vote: 12 - 0 - Unanimously

5. DISCUSSION ITEMS

- A. Presentation and Discussion:** Development fees
Discussion and Input

6. **GENERAL BUSINESS**

A. **Discussion and Direction:** Presentation of information requested on January 6, 2020 regarding bonding and affordable housing.

Discussion and Direction regarding 2020 bonding:

1. Direction from January 6, 2020 meeting
 1. Questions and possible request for more information on this topic.
 2. Do Commissioners want to proceed in exploring a 2020 ballot measure (bond or sales tax) for improving housing affordability in Flagstaff?
 3. If yes, what type of funding source should be utilized?
 4. If yes, what should the money be utilized for?
2. If Yes, next meeting questions?
 1. Prioritize projects?
 2. How much are we talking about?
 3. Fit projects into recommended amount? ?
 4. Finalize recommendation to Council?

Sarah Darr, Housing Director presented requested information from the January 6, 2020 meeting regarding bonding and affordable housing. The information requested from staff was to help the Commissioners make a recommendation to Council on a 2020 measure.

Commissioner Altenbaugh left the meeting at 2:10 PM

Commissioner McLaughlin, Chief Executive Officer of Housing Solutions of Northern Arizona presented on local, state and federal funding and unique challenges in creating affordable housing in the Flagstaff community through development.

Rebecca Sayers, Parks and Recreation Director provided a Parks and Recreation/ Open Space Priorities Committee (PROS) update.

A call for public comment occurred. Rick Lopez, a Flagstaff citizen spoke on an affordable housing bond topic. Mr. Lopez thanked the Commissioners for volunteering their time, spoke of the history of Flagstaff's housing affordability issue and on the topic of creating a successful 2020 affordable housing bond.

Chair Ellman suggested that the Housing Commission create an Informal Working Group to explore the reasons for why Prop 422 did not pass.

The below Commissioners volunteers to join the working group.

1. Commissioner Kai Beattie
2. Commissioner Melinda Deboer-Ayrey
3. Commissioner Catherine Esquivel
4. Commissioner Karen Flores
5. Commissioner Moses Milazzo

Councilmember McCarthy spoke about lessons learned from 2018 ballot.

Moved by Devonna McLaughlin, **seconded by** Catherine Esquivel to recommend to Council a bond ballot measure in 2020 that would improve housing affordability

Vote: 11 - 0 - Unanimously

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

NONE

8. **ADJOURNMENT**

At 3:33 PM



Housing Commission

5. A.

From: Leah Bloom, Affordable Housing Advancement Project Manager

DATE: 02/11/2020

SUBJECT: Presentation and Discussion: Results from informal working group on Why Prop 422 Did Not Pass?

STAFF RECOMMENDED ACTION:

Discussion and Input

Executive Summary:

Informal Working Group was established on during the January 23, 2020 Housing Commission Meeting. The task of the working group was to explore the reasons for why Prop 422 did not pass. The below Commissioners volunteers to join the working group.

1. Commissioner Kai Beattie
2. Commissioner Melinda Deboer-Ayrey
3. Commissioner Catherine Esquivel
4. Commissioner Karen Flores
5. Commissioner Moses Milazzo

Results from the informal working group will be presented by Commissioner Karen Flores.

Attachments

Informal Working Group - Results on why Prop 422 did not pass

Results on why Prop 422 did not pass by voters

Bond was proposed to City Council in April 2018. Council was divided.

Barotz opposed. She felt it was too open ended. Wanted details. Felt it was vague and lacked accountability of how funds would be spent. Wanted to reduce it to \$10mil. While she wasn't a fan of the bond, she felt it was important the voters have an opportunity to voice their opinion.

Overton opposed. Felt it was bad timing and was not well crafted. Felt it was not the role of the government to solve this issue and that it was too new and outside the box.

Odegard opposed. Felt it was wealth redistribution and that it didn't help the whole community, only a small percentage of individuals.

McCarthy didn't fully support – he supported that we need it, but felt it was too much. Was more comfortable with \$25mil. Thought other projects needed to be considered for bonding in conjunction with Housing Bond.

Putzova – was supportive of it and wanted \$35 million but would be willing to settle for \$25 million

Whelan – was very supportive of it as she had received homebuyer assistance when she purchased her home many years ago. Was adamant about the \$35 million.

Mayor – was very supportive and wanted \$35 million but would support \$25.

Many of the council members were concerned with using the full bonding capacity up with this ballot measure. Of those that were mostly or very supportive of the bond, they agreed the voters should have the ultimate say so.

When it was approved to go to voters, Barotz went to the Chamber of Commerce and told them to oppose it as it would raise taxes. Ultimately the Chamber opposed any ballot measure that could increase sales or property taxes. She was very vocal in opposing it prior to the election.

NAAR (Northern AZ Association of Realtors) decided to remain neutral on the bond.

People felt having an affordable housing bond would encourage and increase growth and make things worse.

People misunderstood the tax implication and thought that our taxes would increase dramatically and then how would we pay for things we really needed as a city?

Others felt we were just throwing money at a problem.

It was so vague as to how the funds would be utilized that people were concerned the funds might be mis-used.



Housing Commission

6. A.

From: Leah Bloom, Affordable Housing Advancement Project Manager

DATE: 02/11/2020

SUBJECT: Discussion and Direction: Review Survey Titled, *Prioritizing Programs for the 2020 Affordable Housing Bond Measure*, Establish 2020 Affordable Housing Bond Measure Priority Projects and Amounts for Council Recommendation

STAFF RECOMMENDED ACTION:

Discussion and Direction Regarding Potential 2020 Affordable Housing Bond:

1. Review Codes of Conduct.
2. Determined recommended funding source for 2020 Affordable Housing ballot measure.
3. Review survey, prioritized projects, and project examples.
4. Establish prioritized projects & recommended amount?
5. Finalize recommendation to Council.

Executive Summary:

See attached for additional information.


Attachments

02.11.20 HC Presentation FINAL


Survey Results




1




Summary of Today




1. Review Codes of Conduct
2. Funding source direction
3. Review survey & prioritized projects
4. Finalize prioritized projects & recommended amount?
5. Review bond timeframe




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Codes of Conduct




- Members of a commission may not use their official title or make any statement as a representative or member of the commission to influence an election, further a personal position, or for personal benefit.
- Under City policy, commission members are not allowed to make unauthorized statements as a representative of the commission unless authorized to do so by a formal action of the commission.





Page 9, Board and Commission Members' Rules and Operations Manual

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Complete & Next Steps





- ✓ Questions and possible requests for more information on this topic.
- ✓ Do Commissioners want to proceed in exploring a 2020 ballot measure for improving housing affordability in Flagstaff?



Next Steps

1. What type of funding source should be utilized?
2. Prioritize Projects - What should the money be utilized for?
3. Shopping Cart - Fit projects into recommended amount?
4. Finalize recommendation to Council

4



Direction on Funding Source



1. Secondary Property Tax

Current rate is 0.8366 per \$100 of Assessed Valuation.
Estimated capacity \$60M under current rate, based on current projection of Assessed Valuations

2. Sales Tax

A rate increase of \$0.001 or 1/10 of a penny would equate to \$.10 **cents** on a \$100 expenditure. This tax rate would bring in \$2 million per year or \$20 million dollars in 10 years.

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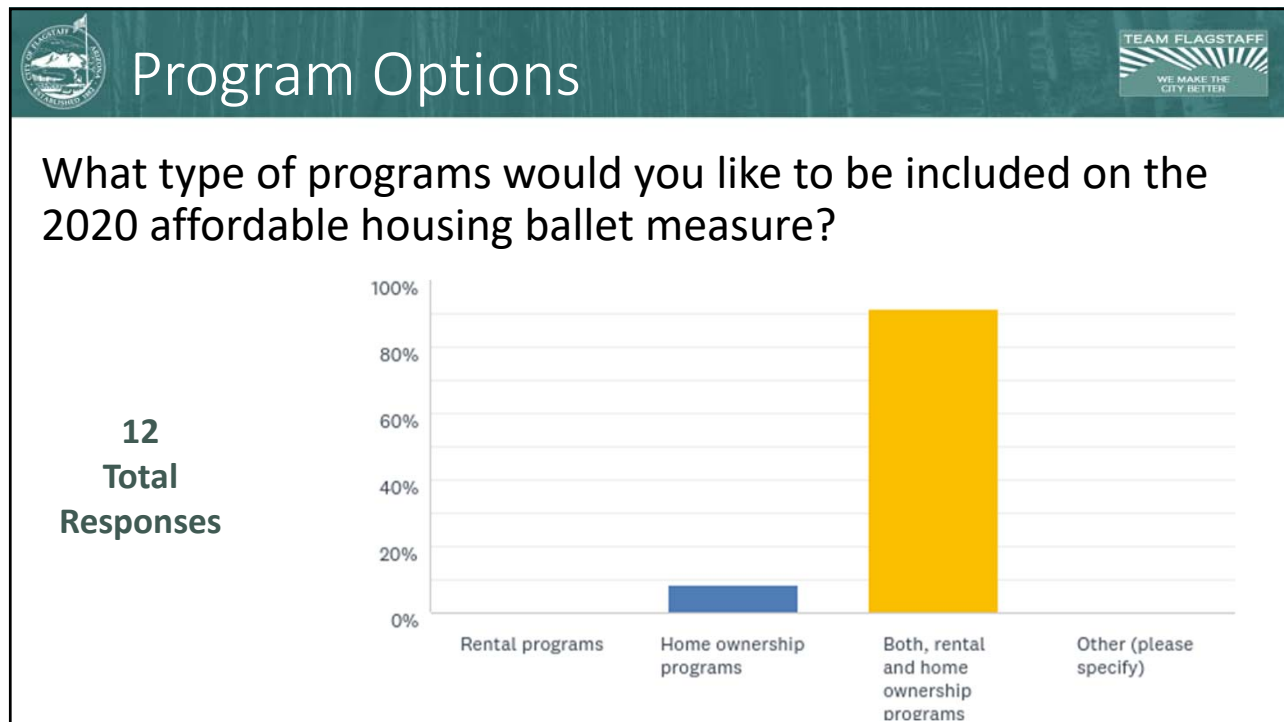


Survey Overview

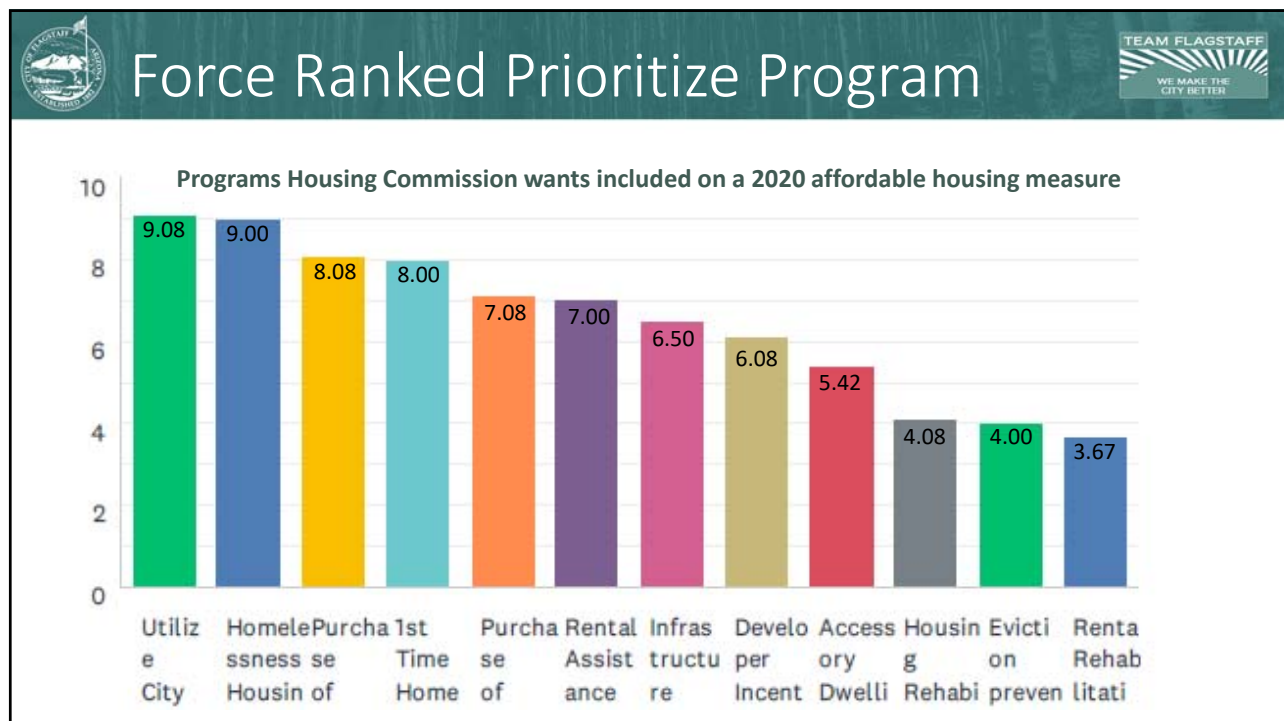


- What was the survey
- Why did we do it
- What were we hoping to accomplish
- Who took it


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7



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Any other Projects?




"A purchasing program that includes but goes beyond down payment assistance: Interest rate assistance? low-credit assistance (not just education)? rent-to-own assistance?"

"Use the bond to build housing for people who don't qualify for HUD Housing programs and cannot qualify for a loan."


"No, I believe we need to **narrow the spectrum of how the bond money would be spent**. I think there is merit to all the listed programs with exception to the ADU one?"

★★★★

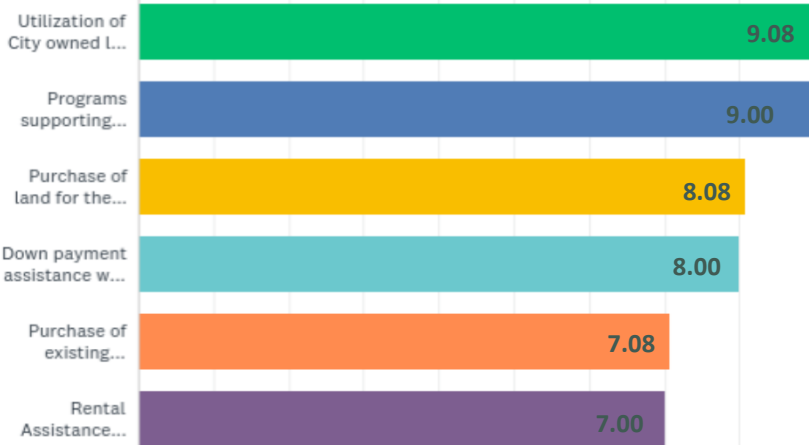
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Top 6 Programs



1. Utilization of City owned land for the creation of affordable housing units
2. Programs supporting community efforts surrounding homelessness and housing stabilization
3. Purchase of land for the creation of affordable housing
4. Down payment assistance w/ first time home buyer education & counseling
5. Purchase of existing housing units to be sold/rented to eligible populations
6. Rental Assistance Programs such as move in assistance



Program	Score
Utilization of City owned land for the creation of affordable housing units	9.08
Programs supporting community efforts surrounding homelessness and housing stabilization	9.00
Purchase of land for the creation of affordable housing	8.08
Down payment assistance w/ first time home buyer education & counseling	8.00
Purchase of existing housing units to be sold/rented to eligible populations	7.08
Rental Assistance Programs such as move in assistance	7.00

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1. Use City Owned Land



Utilization of City owned land for the creation of affordable housing units

\$15 million

To develop approximately 80 rental units

\$5 to 10 million

Money could be leveraged with other funding sources towards the development of housing on City owned land.



BUILDING TYPE 1
NORTH ELEVATION - COLANTHE AVENUE



BUILDING TYPE 1
WEST ELEVATION - SEABIRD STREET



BUILDING TYPE 1
EAST ELEVATION



BUILDING TYPE 2
EAST ELEVATION

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2. Supporting Homelessness



Programs supporting community efforts surrounding homelessness and housing stabilization

\$2 Million

Serve 800 individuals experiencing homeless with move in assistance to housing permanency.

\$2.4 Million

Operational cost of supportive housing services such as Coordinated Entry or wrap-around services.



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3. Purchase Land



Purchase of land for the creation of affordable housing

1805 E Arrowhead Avenue

\$675,000 Zoned HR, Sunnyside location, 0.91 Acres



Source: https://www.zillow.com/homedetails/1805-E-Arrowhead-Ave-Flagstaff-AZ-86004/116143857_zpid/

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4. First Time Home Buyer Assistance



Down payment assistance with first time home buyer education & counseling



\$5 Million

250 first time Flagstaff homebuyers could receive education, housing counseling and up to \$20,000 in assistance.

Number of homebuyers would increase if set up as a revolving loan program.

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5. Purchase Existing Units



Purchase of existing housing units to be sold/rented to eligible populations



922 E Route 66

10,353 SqFt Hospitality Building Offered at \$989,000 at a 7.82% Cap Rate in Flagstaff, AZ

<https://www.loopnet.com/Listing/922-E-Route-66-Flagstaff-AZ/18261986/>

2019 Housing Review (<https://www.realtyexecutives.com/agent/jeff-ross/blog>)

Overall homes prices in in Flagstaff rose 5.4% for the year to a Median Price of \$390,000 **Single**

Family home median prices climbed 7.7%, to \$435,000 with 3.6% more homes sold.

Condominium median price climbed .3% to \$215,750 with -12.8% fewer homes selling.

Townhome median price decreased -3.9% to \$340,000 with -3.8% fewer homes selling.

Manufactured home median price climbed 4.0% to \$251,500 with -1.8% fewer homes selling.

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6. Rental Assistance



Rental Assistance Programs such as move in assistance

FY 2020 FMRs By Unit Bedrooms					
	<u>Efficiency</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Four-Bedroom</u>
FY 2020 FMR	\$964	\$1,024	\$1,266	\$1,653	\$2,003

\$3 million

3,000 households could receive move in assistance and/or eviction prevention with \$1,000 towards rental.



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Successful Bond Tips



- Show that there will be a direct short-term benefit to the voter.
- Educate the voter on long term benefits.
- Demonstrate substantial need and why it reflects community priorities.
- Leave out any “non-essential” items.
- Keep the bond amount being recommended to Council reasonable.



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Here is what
we did

- 6 priorities of 12
- Example Numbers
 - Where did the numbers comes from?
- Priority example
 - Where did the priority project examples come from?

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<div>  <h1>Shopping Cart Example</h1>  </div>			
Priority Number	Amount	Projects	Estimated Community Benefit
1.)	\$5,000,000	Development of affordable housing on City land	A minimum 250 units
2.)	\$2,000,000	Supporting homeless achieve housing permanency	800 households
3.)	\$5,000,000	Purchase of land to create affordable housing	Dependent on fluctuating market conditions & opportunities
4.)	\$5,000,000	Assist first time Flagstaff home buyers	250 first time home buyers
6.)	\$3,000,000	Rental assistance	3,000 renters
Total		\$20,000,000	

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<div>  <h2>Let's Do This!</h2>  </div>	
<ol style="list-style-type: none"> 1. Are there any priorities to eliminate? 2. Are there any priorities to add? 3. What priorities do we want to include in the bond and how much? 	

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Housing Commission's Shopping Cart			
2020 Affordable Housing Bond Projects			
Priority Number	Amount	Projects	Estimated Community Benefit
Total			

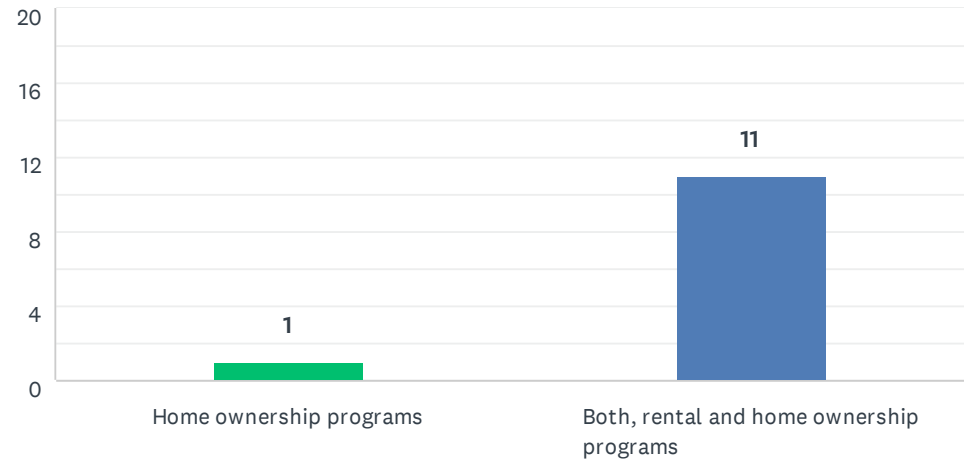
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Timeline 2020	
<ul style="list-style-type: none"> • February 27 – Next Housing Commission Meetings • March 3 – Recommendations to City Council • March – June Preliminary Preparation for Public Outreach • July 7 – Deadline for Council to Call the Election • July – October Preparation of Final Public Outreach and Presentations to Public • August – Finalization of Publicity Pamphlet for Distribution • November 3 – Election Day 	

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Q1 What type of programs would you like to be included on the 2020 affordable housing ballot measure?

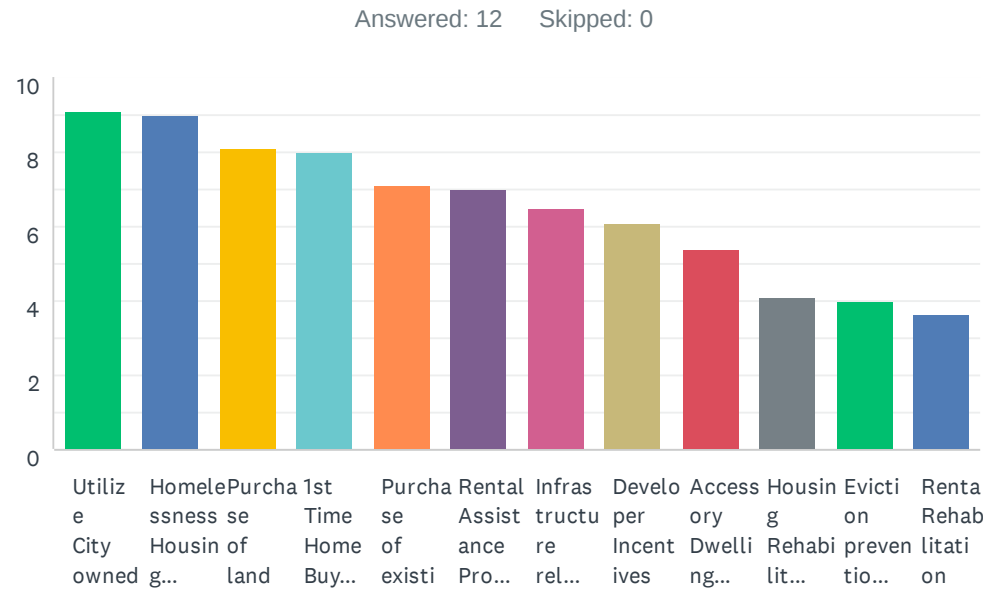
Answered: 12 Skipped: 0



ANSWER CHOICES		RESPONSES	
Home ownership programs (2)		8.33%	1
Both, rental and home ownership programs (3)		91.67%	11
TOTAL			12

BASIC STATISTICS				
Minimum	Maximum	Median	Mean	Standard Deviation
2.00	3.00	3.00	2.92	0.28

Q2 Force rank the below programs you would like to be included in the 2020 affordable housing measure. Number 1 being the highest priority program and 12 being the least priority program. When ranking please consider that multiple projects could apply to your priority programs.



Prioritizing Programs for the 2020 Affordable Housing Bond Measure

	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL	SCORE
Utilize City owned land for affordable housing	16.67% 2	41.67% 5	0.00% 0	8.33% 1	0.00% 0	0.00% 0	16.67% 2	8.33% 1	8.33% 1	0.00% 0	0.00% 0	0.00% 0	12	9.08
Homelessness Housing Stabilization & Supportive Programs	16.67% 2	8.33% 1	25.00% 3	8.33% 1	16.67% 2	16.67% 2	0.00% 0	0.00% 0	8.33% 1	0.00% 0	0.00% 0	0.00% 0	12	9.00
Purchase of land for affordable housing	16.67% 2	16.67% 2	8.33% 1	16.67% 2	0.00% 0	16.67% 2	0.00% 0	0.00% 0	8.33% 1	8.33% 1	8.33% 1	0.00% 0	12	8.08
1st Time Home Buyers - Down Payment Assistance	25.00% 3	8.33% 1	8.33% 1	8.33% 1	0.00% 0	8.33% 1	8.33% 1	16.67% 2	8.33% 1	8.33% 1	0.00% 0	0.00% 0	12	8.00
Purchase of existing housing units to be sold/rented to eligible populations	8.33% 1	0.00% 0	16.67% 2	0.00% 0	25.00% 3	8.33% 1	8.33% 1	25.00% 3	0.00% 0	0.00% 0	0.00% 0	8.33% 1	12	7.08
Rental Assistance Programs	16.67% 2	8.33% 1	0.00% 0	16.67% 2	0.00% 0	0.00% 0	25.00% 3	0.00% 0	16.67% 2	8.33% 1	8.33% 1	0.00% 0	12	7.00
Infrastructure related to affordable housing creation	0.00% 0	0.00% 0	8.33% 1	33.33% 4	16.67% 2	0.00% 0	0.00% 0	8.33% 1	8.33% 1	16.67% 2	0.00% 0	8.33% 1	12	6.50
Developer Incentives	0.00% 0	0.00% 0	16.67% 2	0.00% 0	33.33% 4	0.00% 0	8.33% 1	16.67% 2	0.00% 0	8.33% 1	0.00% 0	16.67% 2	12	6.08
Accessory Dwelling Units (ADU) - Affordable Rental Incentive	0.00% 0	0.00% 0	0.00% 0	0.00% 0	8.33% 1	33.33% 4	16.67% 2	16.67% 2	8.33% 1	0.00% 0	8.33% 1	8.33% 1	12	5.42
Housing Rehabilitation – serving homeowners of a certain AMI	0.00% 0	8.33% 1	8.33% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	8.33% 1	16.67% 2	8.33% 1	50.00% 6	0.00% 0	12	4.08
Eviction prevention	0.00%	8.33%	0.00%	0.00%	0.00%	8.33%	16.67%	0.00%	16.67%	8.33%	16.67%	25.00%		

Prioritizing Programs for the 2020 Affordable Housing Bond Measure

& Mortgage foreclosure assistance	0	1	0	0	0	1	2	0	2	1	2	3	12	4.00
Rental Rehabilitation – serving renters at a certain AMI	0.00% 0	0.00% 0	8.33% 1	8.33% 1	0.00% 0	8.33% 1	0.00% 0	0.00% 0	0.00% 0	33.33% 4	8.33% 1	33.33% 4	12	3.67