

**ATTENTION**

**IN-PERSON AUDIENCES AT HOUSING COMMISSION MEETINGS HAVE BEEN SUSPENDED UNTIL FURTHER NOTICE**

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

The public can submit comments that will be read at the dais by a staff member to [LBloom@Flagstaffaz.gov](mailto:LBloom@Flagstaffaz.gov)

**NOTICE AND AGENDA**

**HOUSING COMMISSION  
THURSDAY  
August 27, 2020**

**VIRTUAL MICROSOFT TEAMS MEETING  
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, June 25, 2020  
Approve the minutes of the June 25, 2020 Housing Commission Meeting.

**5. GENERAL BUSINESS**

- A.** City of Flagstaff, Recovery Roundtable - Update and Resources Regarding Arizona's Eviction Moratorium. Please see video at <https://youtu.be/t3Lpq-MYqhc>.

**6. DISCUSSION ITEMS**

**A. Discussion and Input: Review of Flagstaff's Regional Plan**

Discussion and Input

**B. Discussion and Input: Review Incentive Policy for Affordable Housing**

Discussion and Input

**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](http://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:** 08/27/2020

**SUBJECT: Consideration and Approval of Minutes:** Housing Commission Meeting, June 25, 2020

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### **STAFF RECOMMENDED ACTION:**

Approve the minutes of the June 25, 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.

### **Connection to PBB Key Community Priorities/Objectives & Regional Plan:**

Not Applicable

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### **Attachments**

June 25 DRAFT Minutes

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ATTENTION

IN-PERSON AUDIENCES AT HOUSING COMMISSION MEETINGS HAVE BEEN SUSPENDED UNTIL FURTHER

**DRAFT MEETING MINUTES**

**HOUSING COMMISSION  
THURSDAY  
JUNE 25, 2020**

**VIRTUAL MICROSOFT TEAMS MEETING  
211 WEST ASPEN AVENUE  
1:00 P.M.**

**1. Call to Order**

Chair Nicole Ellman called meeting to order at 1:01pm.

**2. Roll Call**

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

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

CATHERINE ESQUIVEL - Absent  
KAREN FLORES - Present  
KHARA HOUSE - Present  
CHRIS KEMMERLY - Absent  
DEVONNA MCLAUGHLIN - Present

MOSES MILAZZO - Absent  
ERIN O'LOUGHLIN - Present  
TAD RIGGS - Absent

**OTHER STAFF PRESENT:** Affordable Housing Project Manager Leah Bloom, Housing Director Sarah Darr, Deputy City Manager Shane Dille, Housing Specialist Adriana Fisher, Community Development Director Dan Folke

**COUNCIL LIAISON PRESENT:** Councilmember Jim McCarthy

**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.*

No members of the public present for public comment.

**4. APPROVAL OF MINUTES**

- A. Consideration and Approval of Minutes:** Housing Commission Meeting, May 28, 2020.  
Approve the minutes of the May 28, 2020 Housing Commission Meeting.

**Moved by** Khara House, **seconded by** Erin O'Loughlin to approve the minutes of the May 28, 2020 Housing Commission Meeting.

**Vote:** 9 - 0 - Unanimously

**5. DISCUSSION ITEMS**

**A. Discussion and Input: Mountain Line Bus Rapid Transit Project**

**Discussion and Input**

Presentation provided by Ms. Bizzy (Elizabeth) Collins, Transit Planner for Mountain Line.

Commissioners asked clarifying questions, expressed concerns about, made recommendations for, and discussed the following items:

- proposed cross-sections
- current transit routes
- transit community goals
- availability of transit to low-income individuals/families and near social services
- reconfiguration of bus lanes for increased safety for pedestrians and bicyclists
- funding sources for project

Ms. Collins answered questions and Commissioners thanked her for her presentation.

Commissioners invited Ms. Collins to involve them in future downtown transportation connector conversation and planning. Chair Ellman stated transit could be brought up again in the “Informational Items to/from Commission Members...” section of the agenda.

**B. Discussion and Input: Review of Flagstaff's Climate Action and Adaptation Plan**

**Discussion and Input**

Informational presentation provided by Ms. Jenny Niemann, City of Flagstaff Sustainability Section's Climate and Energy Specialist. Question asked by Commissioner Eric Davis regarding expectations from Housing Commission, which was answered by Ms. Niemann.

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

Ms. Leah Bloom specified the Housing Commission will take a break in July and reconvene meetings in August. At that point, Ms. Sara Dechter, City of Flagstaff Comprehensive Planning Manager, will provide a presentation about the Regional Plan. Additionally, the Housing Commission will consider work concerning the Affordable Housing Incentive Policy.

Commissioners expressed interest in:

- Mountain Line's planning for underserved areas and interest in seeing an increase in transit timing and service from east to west sides of town. Requested an update from NAIPTA in August or September about the planning process. Ms. Bloom emailed Ms. Collins to obtain future agenda items.
- How COVID-19 is impacting the Flagstaff housing market. They'd like to look at affordable housing options and how low income and homeless populations have been impacted. Additionally, they requested data of individuals who took advantage of the moratoriums on rent and mortgages, how they stand now, and data about moratorium on evictions during COVID19.
- Collaborating with sustainability and requested continued discussion about how we could think more intersectional about housing and climate change, especially when discussing possible new housing developments.

Commissioners also:

- Thanked Council Liaison Jim McCarthy for providing a summary of the last Housing Commission's meeting to Council on behalf of Housing Commissioners.

- Discussed adding an “a” option for “agree” or “d” option for “disagree” in the Teams’ chat during meetings to express agreement or disagreement with comments. Ms. Sarah Darr followed up with information about Open Meeting Law, and after, it was decided that Chair Ellman will read off names of Commissioners who agree or disagree.
- Shared news about Foundation for Senior living receiving Low Income Housing Tax Credits to re-develop the St. Mary’s property downtown, which will lead to additional affordable housing units for seniors.
- Asked if meetings would be conducted virtually through the end of the year. Ms. Bloom stated she doesn’t have an answer, but it’ll be a consensus with Commissioners about their comfort level moving forward with meetings. The City of Flagstaff is also working on re-entry plan. Ms. Bloom will provide updates as necessary.

## **7. ADJOURNMENT**

Meeting adjourned at 2:29pm by Chair Ellman.



## Housing Commission

6. A.

**Co-Submitter:** Sara Dechter, AICP, Comprehensive Planning Manager  
**From:** Leah Bloom, Affordable Housing Advancement Project Manager  
**DATE:** 08/27/2020  
**SUBJECT:** Discussion and Input: Review of Flagstaff's Regional Plan

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### STAFF RECOMMENDED ACTION:

Discussion and Input

### Executive Summary:

Presentation by Sara Dechter, AICP, Comprehensive Planning Manager (City of Flagstaff)

### Connection to PBB Key Community Priorities/Objectives & Regional Plan:

Not applicable.

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### Attachments

Regional Plan Presentation

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1



# Flagstaff Regional Plan



## Regional Plan History

- **1977 – Flagstaff’s first General Plan adopted**
- **1987 – First General Plan to incorporate land use maps**
- **2001 – Regional Land Use and Transportation Plan (City and County)**
- **2014 – Flagstaff Regional Plan 2030: Place Matters**



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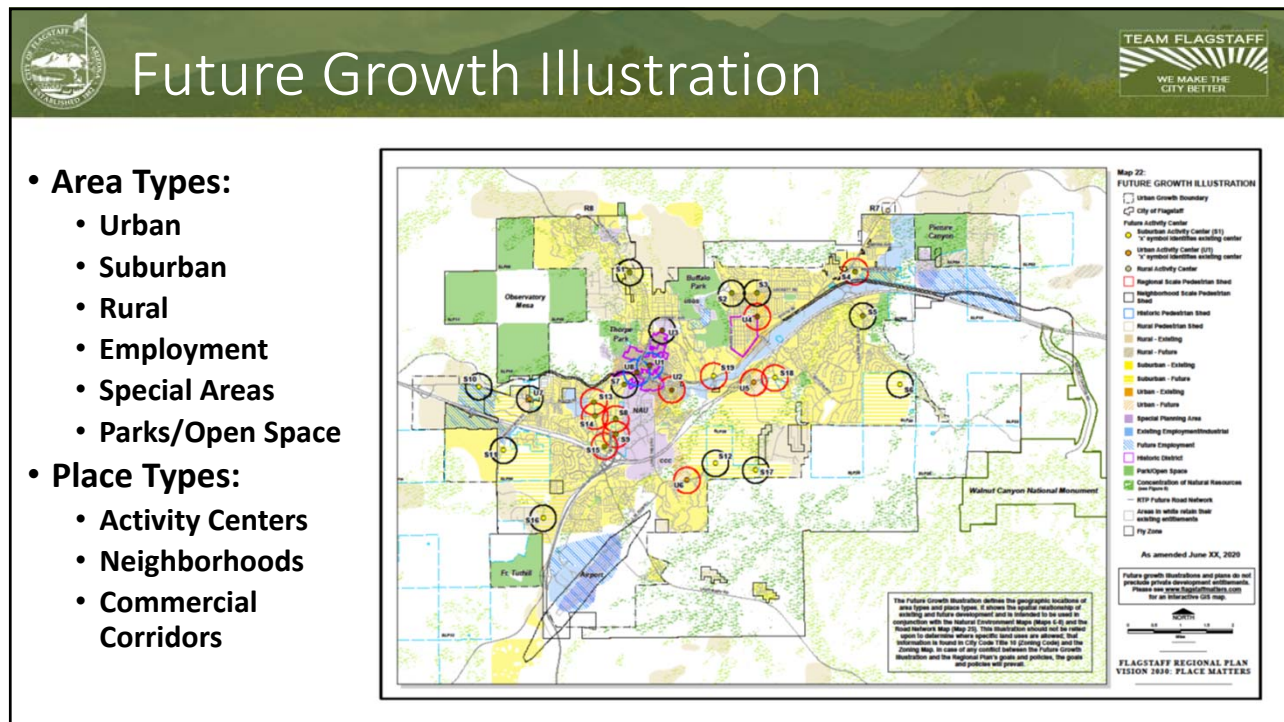




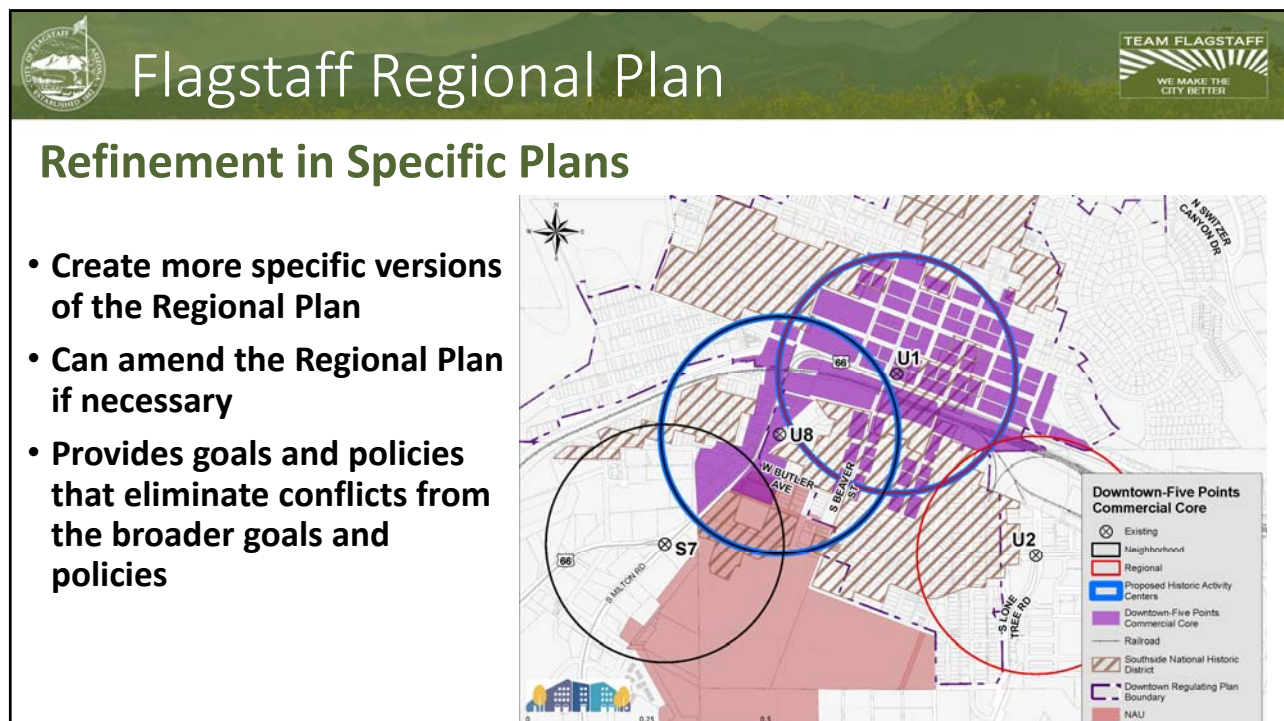
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## Uses of a Specific Plans



### A Specific Plan can...

- Provide a roadmap for City-community relationship
- Refine the Regional Plan's area and place types
- Influence rezoning requests and Zoning Code updates
- Identify new projects for capital improvement programming
- Offer well thought out concepts and early insight into public participation for other projects
- Support grant applications and partnership strategies

### A Specific Plan cannot...

- Change existing entitlements without further action
- Commit City resources or preempt decisions of the current or future Council
- Compel a private property owner to develop a particular use or type of building.
- Influence applications that are already



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## What do these Plans say about Housing?




### Regional Plan


- Stabilization of a neighborhood's identity and maintain cultural diversity
- Preserve existing housing
- Create a variety of housing types at different price points
- Increase the availability of affordable housing
- Reduce and renovate substandard housing units
- Address accessibility
- Eliminate homelessness



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# What do these Plans say about Housing?

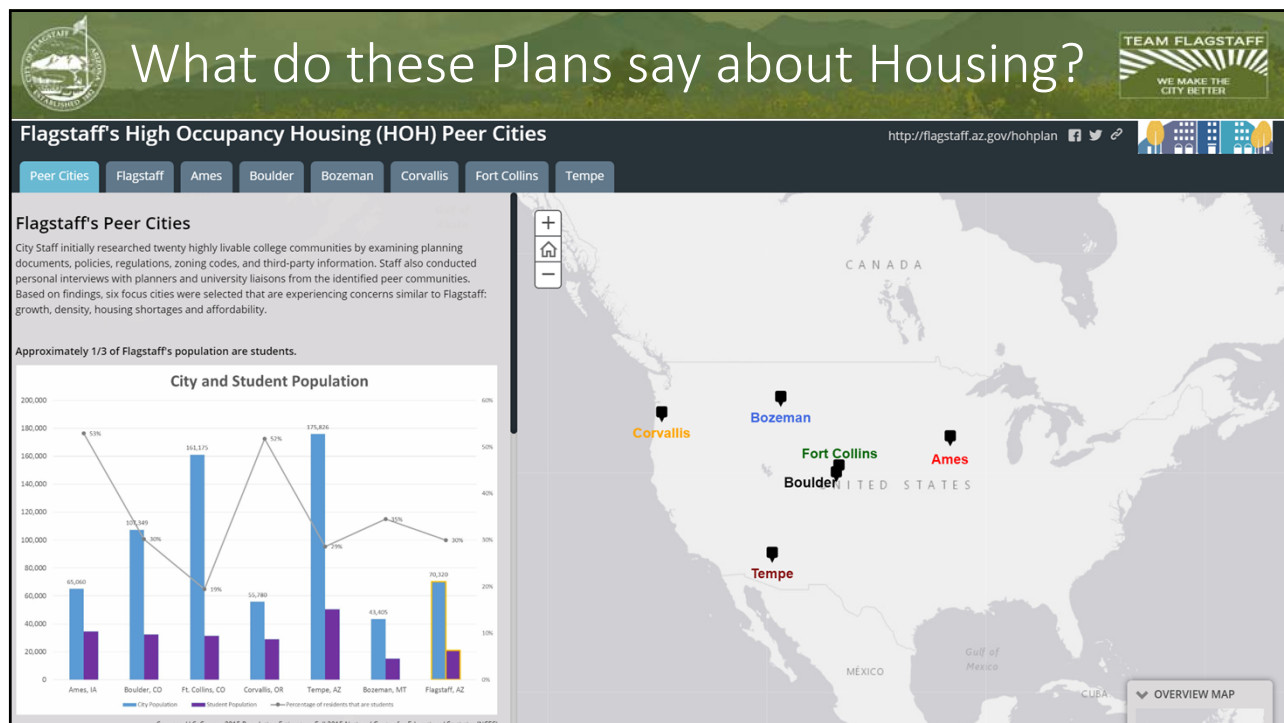


## High Occupancy Housing

- HOH.9.1. Pursue affordable housing opportunities in HOH buildings because of their access to work, transit opportunities and services to meet the daily needs of residents.
- HOH.9.2. Provide more effective incentives in the Zoning Code to favor housing affordability and sustainability in a way that expands their use in HOH developments.
- Set a base residential density for mixed-use development in all or certain commercial zones and only allow densities above the base with certain thresholds of affordable housing contribution.




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## What do these Plans say about Housing?




### Neighborhood Plans


- La Plaza Vieja
  - Promote the City's Owner-Occupied Housing Rehabilitation Program
  - Support efforts to establish a pilot rehabilitation program for rental housing in La Plaza Vieja.
  - Welcome affordable housing projects
- Southside Plan
  - Identifies potential sites for affordable housing
  - Retaining existing housing stock
  - Allowing for small lots to have multi-family clusters and small apartments similar to historic patterns.




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## What have we heard about affordable housing?



- Diversify location of affordable housing
- High percentage of rental properties in some neighborhoods
- Limitations of using federal funds
- State law preventing inclusionary zoning
- Land value inflation from high occupancy housing
- Parking requirements and/or lack of requirements



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## Regional and Specific Plan resources



- Regional Plan: [www.flagstaffmatters.com](http://www.flagstaffmatters.com)
- High Occupancy Housing Plan: [www.flagstaff.az.gov/hohplan](http://www.flagstaff.az.gov/hohplan)
- La Plaza Vieja Plan: [www.flagstaff.az.gov/laplazavieja](http://www.flagstaff.az.gov/laplazavieja)
- Southside Plan: [www.flagstaff.az.gov/southsideplan](http://www.flagstaff.az.gov/southsideplan)
- Regional Plan Annual Report:  
[www.flagstaff.az.gov/3313/Annual-Reports](http://www.flagstaff.az.gov/3313/Annual-Reports)



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## Flagstaff Regional Plan



### ***Housing Commission Comments, Questions and Discussion***



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## **Housing Commission**

**6. B.**

**Co-Submitter:** Jennifer Mikelson, Housing Analyst

**From:** Leah Bloom, Affordable Housing Advancement Project Manager

**DATE:** 08/27/2020

**SUBJECT:** Discussion and Input: Review Incentive Policy for Affordable Housing

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### **STAFF RECOMMENDED ACTION:**

Discussion and Input

### **Executive Summary:**

Presentation by Jennifer Mikelson, Housing Analyst (City of Flagstaff)

### **Connection to PBB Key Community Priorities/Objectives & Regional Plan:**

Not applicable

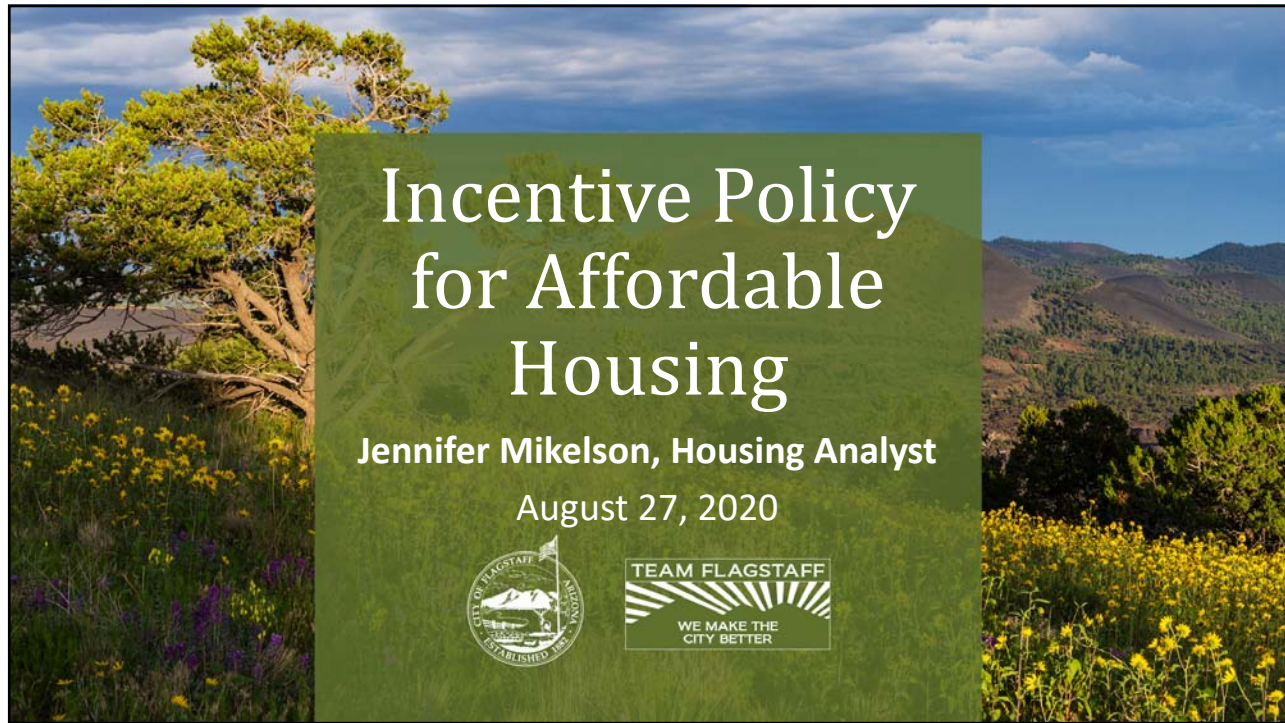
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### **Attachments**


IPAH Presentation

Incentive Policy for Affordable Housing


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1



## Purpose




Overview of Incentive Policy for Affordable Housing (IPAH)

- Regulatory Incentives
- Policy Incentives


```
graph TD; IPAH[IPAH] --> RI[Regulatory Incentives]; IPAH --> PI[Policy Incentives];
```

2






## Terms Defined




<p><b>AMI</b> = Area Median Income  <i>100% AMI for a family of 4          = \$75,200</i></p> <p><b>CLTP</b> = Community Land Trust Program</p> <p><b>IH</b> = Inclusionary Housing</p> <p><b>IPAH</b> = Incentive Policy for Affordable Housing</p> <p><b>LIHTC</b> = Low Income Housing Tax Credit</p>	<p><b>'Affordable Housing', as defined in IPAH:</b></p> <p>Housing or shelter that is developed or re-developed for households earning no more than <u>150%</u> of the AMI for ownership and no more than <u>100%</u> AMI for rentals. In order to avoid being cost burdened, households should not spend more than <u>30%</u> of their gross income on housing.</p>
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## What does AZ state law allow?




"This section does not limit the authority of a city or town to adopt or enforce a land use regulation, general or specific plan provision or condition of approval creating or implementing an incentive, density bonus or other voluntary provision or condition designed to increase the supply of moderate or lower cost housing"


*ARS § 9-461.16, 2016*

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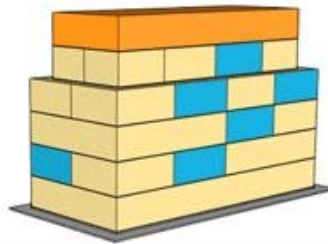
# What is Inclusionary Housing?





**5 Stories - 58,000 square feet**

58 Market-Rate Units  
No Affordable Units




**6 Stories - 66,000 square feet**



10% Inclusionary Requirement  
14% Density Bonus  
60 Market-Rate Units  
6 Affordable Units


*Inclusionary Housing Explained: <https://inclusionaryhousing.org/>*

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INCENTIVE POLICY FOR AFFORDABLE HOUSING





PREPARED BY:  
CITY OF FLAGSTAFF'S HOUSING SECTION  
COMMUNITY DEVELOPMENT DIVISION  
OCTOBER 2009

## IPAH History

- Original Set-Aside Policy (2001)
- Council-directed replacement of the original Set-Aside Policy
- Adopted 2009
- Informed by:
  - 2005 Community Housing Policy Task Force
  - 2006 Comprehensive Plan
  - 2008 NEXUS Study
- Predated 2 important rewrites:
  - 2011 Flagstaff Zoning Code
  - 2014 Flagstaff Regional Plan 2030

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## Affordability Standards

IPAH offers a menu of incentives depending on what income is served



### 10% Minimum Contribution

#### Income Limits

- 150% AMI for ownership
- 100% AMI for rentals

#### Period of Affordability

- 99 yr. restrictions on ownership
- 30 yr. restrictions on rental

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## Zoning Code (Regulatory) Incentives




- Flagstaff Zoning Code adopted in 2011
- Appendix 6 incorporates the IPAH
- Section 10-20.30 Affordable Housing Incentives
  - Density Bonus
  - Resource Protection Reduction
  - Landscaping Reduction
  - Parking Reduction
  - Building Standards Adjustment

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# Regulatory Incentives Menu




**Table 10-30.20.040.A: Number of Incentives**

Number of Incentives	Category 1 <sup>1</sup> Permanent Affordability (% of Affordable Units)	Category 2 <sup>1</sup> Permanent Affordability (% of Affordable Units)	Category 3 <sup>1</sup> Permanent Affordability a and Sustainable Building – Division 10- 30.70 (% of Affordable Units)	Category 4 <sup>1</sup> One-time Affordability (% of Affordable Units)
1	10%	10%	10%	10%
2	11%	12%	12%	
3	12%	14%	14%	
4	13%	16%	16%	
5 or more	14% or more	20% or more	20% or more	


**End Notes**

<sup>1</sup> The income ranges associated with Categories 1 through 4 shall be determined by the Council in the most recently adopted IPAH document (see Appendix 7 (Additional Information on Affordable

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# Policy Incentives



***IPAH incentivizes developments that commit to permanently affordable housing units.***

***Incentives:***

1. Deferral of development fee payments
2. Fee and permit payment
3. Expedited Review
4. Zoning code incentives
5. In-lieu contributions

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# Funding



Current balance = \$229,901

Reserved funds = \$53,260

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**Approximate balance =  
\$176,641**

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## Accomplishments

Ownership = 64

Rental = 213

**Total Units = 277**



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## What does the IPAH do well?



- Having an affordable housing incentive policy at all
- Legally binding documents
- CLTP in place to accept permanent ownership units
- Wide range of incomes allowed, beyond 80% AMI
- Less prescriptive

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## What has changed?



- Funding
- Emphasis on permanent affordability
- Expedited review
- Regional Plan & Zoning Code



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## What are our opportunities?



- Clear statement that all rezoning cases are encouraged to contribute a minimum of 10% affordable units
- Broader focus on all types of affordability
- Align the IPAH with current Zoning Code and Regional Plan

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## Opportunities – cont'd



- Align incentives with available resources
- Standardize affordable rents
- Collective knowledge base

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# Next Steps

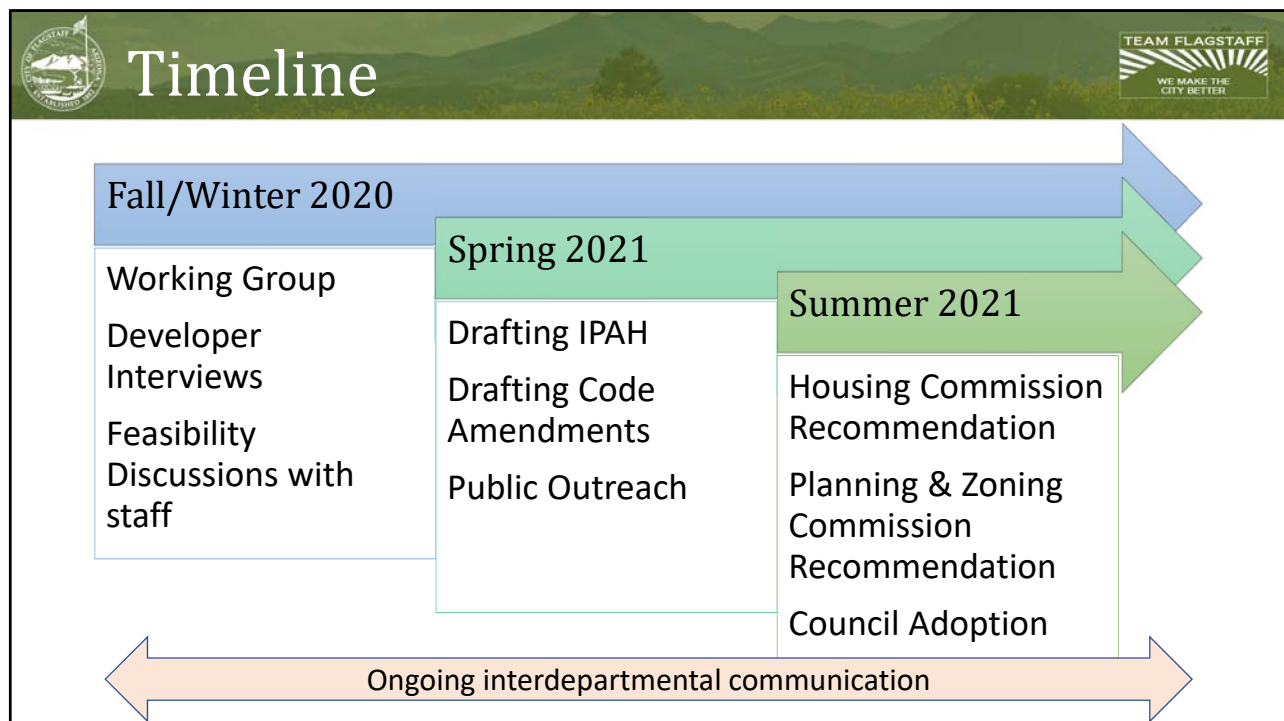


## Fall/Winter 2020

- Working Groups
- Developer/Builder Interviews
- Feasibility with Planning & Engineering



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# Thank You

Jennifer Mikelson  
jmikelson@flagstaffaz.gov  
(928) 213-2744



# INCENTIVE POLICY FOR AFFORDABLE HOUSING



PREPARED BY:  
CITY OF FLAGSTAFF'S HOUSING SECTION  
COMMUNITY DEVELOPMENT DIVISION  
OCTOBER 2009

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## 1. OVERVIEW

Decent, safe and affordable housing has been established by the City Council at one of its top priorities. The City Council has adopted policies that aim to further the goal of housing that is affordable within Flagstaff. The Incentive Policy for Affordable Housing (IPAH) incentivizes developments that commit to permanently affordable housing units. If a developer desires to take advantage of the incentives offered under the IPAH document, they would need to provide rental and/or ownership opportunities that have resale and rent restrictions placed on the units for the intended affordable housing population. This document provides a detailed description of the incentives offered to developers wishing to assist the community in addressing the need for affordable housing in Flagstaff.

In addition, the 2001 Regional Land Use and Transportation Plan established a series of goals and strategies to guide the development of decent and affordable housing. Further emphasizing the need for decent housing for the community, the 2005 Community Housing Policy Task Force, the 2006 Comprehensive Plan, and the 2008 Community Housing and Sustainability NEXUS Study (NEXUS Study) all put forth strategies to aid in the preservation and development of attainable housing. Specifically, it was recommended that the 2001 Affordable Housing Set-Aside Policy be updated to reflect the market changes and to further incentivize the development and preservation of housing that is attainable to citizens of Flagstaff.

The City of Flagstaff Incentive Policy for Affordable Housing (IPAH), formerly known as the Affordable Housing Set-Aside Policy is designed to foster the preservation and production of affordable housing units designed for those who live in Flagstaff. Encouraging the preservation and production of permanently affordable units and facilities intended for the Flagstaff community will assist in narrowing the deficit of all types of housing for households earning up to 150% of the Area Median Income (AMI). Affordable housing in Flagstaff must meet the needs and applicable regulations of the federal government, Arizona Revised Statutes, the City of Flagstaff, and all other appropriate regulating entities.

The City of Flagstaff will continue to work with developers and builders of single-family, multi-family, and mixed-use developments that voluntarily choose to meet the IPAH criteria. As this is a defined need within the community, as delineated in the 2008 NEXUS Study, City staff encourages developers to review the incentives presented within this document, which support the creation of affordable housing within residential and mixed-use developments.

IPAH designates the Housing Section as the lead agency on housing policy issues and to foster partnerships with neighborhoods, non-profit housing providers, and the home-building industry to develop, finance, rehabilitate, relocate, and implement IPAH in the City of Flagstaff.

IPAH allows for incentives to be provided to the developer to create permanently affordable units within a development that meet the definition of Affordable Housing; thus requiring the Housing Section to catalogue additional incentives that may be advantageous to all parties identified during the review, construction, and

inspection of housing developments and it requires collaborations among City divisions in implementing these suggested improvements.

The City of Flagstaff's Incentive Policy for Affordable Housing seeks to:

- Provide viable incentives to stimulate the development of permanently affordable housing.
- Provide viable incentives to stimulate the rehabilitation and redevelopment of permanently affordable housing.
- Provide viable incentives to stimulate the development of permanently affordable housing on vacant and redeveloped lots in new and existing neighborhoods.

## 2. DEFINITIONS

**Affordability Controls:** Affordability controls are mechanisms used to ensure that the sale or rental prices of the set-aside units stay attainable to households making a certain percentage of Area Median Income (AMI). These controls remain in effect for a specified period of time.

**Affordable Housing:** Affordable Housing is defined as housing or shelter that is developed or re-developed for households earning no more than 150% of the AMI for ownership and no more than 100% AMI for rentals. In order to avoid being cost burdened, households should not spend more than 30% of their gross income on housing.

**Affordable Residential Uses:** "Affordable Residential Uses" in the City of Flagstaff's Zoning Code (LDC) should be replaced by the term Affordable Housing.

**Area Median Income (AMI):** Area Median Income is an income level determined by the United States Department of Housing and Urban Development based on a variety of factors and representing wages and earnings in the community. Area Median Income is relative to family size and community dynamics. The chart, as referenced in Exhibit A, will be updated by the Housing Section Staff on an annual basis, as published by HUD.

**Covenant:** A covenant is a type of contract in which the covenantor makes a promise to a covenantee to do or not do some action. In real property law, the term real covenant is used for conditions tied to the use of land. A "covenant running with the land" imposes duties or restrictions upon the use of that land regardless of the owner.

**Deed:** A deed is a legal document signed by the seller of the property that transfers the title of the property from the seller to the buyer.

**Deed Restriction:** A deed restriction is a restriction or requirement that must be met by both the buyer and the seller before the property can be transferred to the buyer. Affordability controls provide that the property can only be rented or sold to households that meet the income eligibility criteria identified. Many municipalities use deed restrictions to enforce affordability controls.

**Density Bonus:** A density bonus is a developer incentive. It is a percentage of units that the municipality permits the developer to construct above and beyond what the zoning designation for that piece of property would otherwise allow.

**Developer Incentives:** Developer incentives, such as density bonuses, expedited permit processes, fee waivers, and resource reductions are given to developers to either encourage them to build affordable units within a development, or to compensate them for selling/renting the units below market to designated income populations.

**Development Fee:** A Development Fee is broadly defined as any fee paid to the municipally associated with the development of a project within Flagstaff, including Impact Fees.

**Expedited Permit Process:** An expedited permit process allows a municipality to review and process a developer's application for building permits, zoning permits, and other permits, on a faster time schedule than usual. Expedited permit process is offered to a developer, if that developer includes affordable units within a development.

**Fee Waiver:** The City may waive certain municipal fees for developers, such as building permits, and entitlement fees, in exchange for the construction of a certain number of affordable units as part of the proposed development.

**Housing Set-Aside:** A housing set-aside in a development agreement provides for a developer to receive incentives for development in exchange for the "set aside" of a percentage of the total units to be affordable to designated income populations. For example, a 10% set-aside means a developer would provide one affordable unit for every ten market-rate units within a proposed development in exchange for density bonuses, expedited permitting, fee waivers or reimbursement, flexible design standards, or financial offsets. The affordable units shall be distributed proportionally throughout the development and phases (where applicable) and appropriately designed and integrated with market-rate units throughout the development. Thirty percent (30 %) of affordable units must be delivered in the first phase and the remainder of the units must be delivered proportionally based on years of build-out and phasing.

**Income-Targeting:** The income target is the household income level targeted to benefit from the pricing of the affordable units. Income level targeting is determined by looking at the needs and demands within the community. For example, a municipality may determine there is a need for housing for moderate-income level

households, such as public safety employees, and thus income targeting would produce affordable units to the designated income populations.

**Income-Tiering:** Income-tiering is when categories of income levels are produced for which affordable units must be appropriately priced. For example, a municipality may decide that the affordable units in a development must be attainable for households that earn between 50% and 80% of AMI.

**In-lieu of Attainable Housing Contribution:** The City may permit a developer to make a fee in-lieu or cash payment, instead of constructing affordable units within the proposed development. Usually these payments are deposited in a housing trust fund or a similar restricted fund for the construction of other affordable units elsewhere within the City.

**Market Rate:** The market rate is the price that a residential unit would sell or rent for on the open real estate market without any subsidies or price restrictions.

**Period of Affordability:** The period of affordability is the length of time a unit is required to be sold or rented at a price affordable to the income level determined by the municipality. Periods of affordability are usually outlined and enforced through affordability controls, such as deed restrictions or covenants.

**Permanent Affordability:** Permanent Affordability is divided into two categories: rental and ownership. If a development participates in the voluntary Incentive Policy for Affordable Housing (IPAH) options for rental units, the period of affordability requirement is enforced for no less than 30 years and is subject to renewal. If a development participates in IPAH options for ownership units, the permanent affordability requirement for ownership is enforced at 99-years and is renewable.

**Price Point:** The price point is the price, or range of prices, a developer determines a unit would sell or rent for on the open market, based on design, location and size.

**Rental Unit:** A rental unit is a unit owned by one party and then leased to another.

**Resale Restriction:** A resale restriction is a requirement on the title of the property that must be met before the property is sold to another owner. Resale restrictions are used as an affordability control tool; for example, the sale of a unit might be restricted unless the new owner meets certain requirements outlined in associated documents.

**Right of First Refusal:** The right of first refusal prevents the sale of a residential property until a designated party has been offered the opportunity to purchase the property first. For example, if a municipality has the right of first refusal, then an affordable unit cannot be sold unless the municipality has been offered the opportunity to purchase the property first.



**Second Mortgage Lien:** A second mortgage lien is a claim or charge on a property for payment on a debt that is second in priority to the first mortgage. Some municipalities use second mortgages to enforce affordability controls, so if the owner attempts to sell the affordable unit to ineligible households, the municipality can enforce the lien and recapture the property.

**Workforce Housing:** “Workforce Housing” in the City of Flagstaff’s Zoning Code (LDC) should be replaced by the term Affordable Housing.

**Workforce Housing Project:** “Workforce Housing Project” in the City of Flagstaff’s Zoning Code (LDC) should be replaced by the term Affordable Housing.

**Zoning Code:** The City of Flagstaff currently operates under a zoning ordinance known as the Land Development Code (LDC). References in this document are made to the Zoning Code, as the LDC is undergoing a substantial re-write and will most likely be renamed. A zoning code divides a municipality into districts and outlines a set of enforceable regulations regarding the structure, design, and use of buildings within each district.

### **3. IPA H STANDARDS**

**3.1** As part of Council’s housing policy goals, the Housing Section will be provided the opportunity to propose development and/or redevelopment as Affordable Housing for City-owned surplus property, where Council deems appropriate, except for land with a current, adopted Master Plan.

**3.2** Incentive Policy for Affordable Housing initiatives involves an application and certification process. IPA H is available for rental and owner-occupied new construction and rehabilitated housing or shelter that meets the IPA H standards.

**3.3** The proposed development or redevelopment will comply with the City of Flagstaff Zoning Code, the Regional Transportation and Land Use Plan, adopted Building Codes for the City of Flagstaff, Engineering Standards, and all mandatory sustainability measures adopted by City Council.

**3.4** Developers of residential or mixed use developments that voluntarily provide a minimum of ten percent (10%) affordable housing units seeking rezoning of any kind or other discretionary land use approval will be able to benefit from the incentives offered by IPA H. Additionally, if the developer provides affordable housing in a district that permits residential uses then all regulatory, procedural, and program incentives in this Policy are applicable, provided that the developer complies with all other regulations of the districts. This Policy also allows utilization of all applicable procedural and program measures for residential development and redevelopment that is within the Established districts, provided that ten percent (10%) or more of units are affordable. In any event, utilization of any of the incentives is optional.



**3.5** A variety of housing types, mixed income and affordable housing developments are encouraged throughout the City and within each neighborhood. Mixed-income means that the development includes at least 10% affordable housing units that are preserved as permanently affordable. Affordable housing that must comply with other federal, state, or local preservation time periods shall also be considered to meet the permanent affordability standards.

**3.6** The housing units created for sale under IPAHA must be owner-occupied. The eligible household must occupy the housing unit until the time of re-sale. Housing units created for rent under IPAHA must have households be income certified on an annual basis.

**3.7** The City, or an agency designated by the City, will certify Eligible Buyers and Eligible Renters in accordance with the income qualification rules of the Federal HOME program or other reasonable standards, which take into account income, family size, assets and other economic circumstances. Certification of Eligible Households shall apply to all subsequent households for the permanent affordability period. Failure to meet this requirement will be considered a breach of contract. Contract terms are outlined within individual development agreements.

**3.8** The affordable units shall be distributed proportionally throughout the development and phases (where applicable) and appropriately designed and integrated with market-rate units throughout the development. Thirty percent (30 %) of affordable units must be delivered in the first phase and the remainder of the units must be delivered proportionally based on years of build-out and phasing.

**3.9** Grandfather Clause: Opportunities to utilize IPAHA may be available for projects that have not received final platting or site plan approval and that offer a minimum of ten percent (10%) affordable housing. The owner/developer/applicant is responsible for all modifications to plans and initiating the benefits of the incentives.

**3.10** If a developer is considering permanently preserving housing stock that had an expiring period of affordability, they may take advantage of any incentives that are applicable to their application. The developer must also meet all other applicable requirements in order to receive IPAHA incentives.

**3.11** The owner/developer/applicant or others acting on behalf of the development entity may be required to execute an agreement, restrictive covenants, or other binding restrictions that run with the land in order to insure Permanent Affordability, in accordance with IPAHA standards.

**3.12** Developments providing permanent affordable housing located within the City of Flagstaff Urban Growth Boundary 1 and 2 (as defined in the 2001 Land Use and Transportation Plan or its successor) will be eligible for IPAHA, as long as the development contains one of the following:

**3.12.1** Transit Access - The proposed project must have a bus route located within 1/2 mile of the development by the time of eighty percent (80%) of completion; OR

**3.12.2** The development must secure acceptance from Staff for a strategy to provide access to alternative transit. This strategy could include vanpool, park-n-ride, FUTS trail access, or service plans for seniors and persons with disabilities. It could also include direct access to several land uses that service residential customers, such as food sales, banking, general retail and other key services (Activity Centers); OR

**3.12.3** The development must present documentation from NAIPTA that future service plans will establish a bus route located within previously defined distances to the site and funding must be identified for this route.

**3.13** Design Standards apply to multi-family and mixed-use developments. These standards may be found or referenced within the City of Flagstaff Zoning Code.

**3.14** Because the number of fee waivers and reimbursement opportunities are limited on an annual basis, as are the resources for expedited review, there is a first-come, first-served policy. Once a project receives Development Review Board (“DRB”) approval, resources may be set-aside for the applicable incentives at this time. If a project does not receive Final Plat or Site Plan approval within twelve (12) months of DRB approval, the funds will be allocated to the next available project.

**3.15** Other Requirements:

**3.15.1** Developers wishing to exercise the incentives within IPAH must have site control of the land/lots located within the city limits of Flagstaff. If the desired zoning is not in place, the applicant must also provide and meet all other applicable requirements in order to receive IPAH incentives.

**3.15.2** Single-family units on infill lots receiving fee waivers must be completed, sold, and occupied within twenty-four (24) months of the execution of a contract, development agreement, or other binding restriction with the City or an approved third party. Multi-family, mixed-use and single-family units within a new subdivision’s defined phase must be completed, sold, and/or occupied within thirty-six (36) months of the execution of a contract, development agreement, or other binding restriction with the City or an approved third party.

**3.15.3** If a developer is planning to utilize a third party entity to provide permanent affordability within a given project, the developer and its representative must enter into a development agreement that clarifies the management, use, and oversight of the affordable components. This agreement is in addition to a deed restriction or affordability covenant to be recorded with the Final Plat or Site Plan.

**3.16** Covenants must be in place as a written agreement that is recorded with the deed of the property. Covenants will apply to all future owners of the property or for a specified time period. The affordability covenant allows the agency with oversight to enforce the affordability controls. The covenants require that a

property only be sold or rented to households that meet the income eligibility criteria. Covenants should run with the land, or bind each successive owner of the land.

**3.17** In order to transfer the right of use to another qualified household, a deed restriction is put in place. These deed restrictions provide that the property can only be rented or sold to households that meet the income eligibility criteria identified. Deed restrictions such as these, with regard to affordability, are restrictions or requirements that must be met by both the buyer and the seller before the property can be transferred.

## **4. IPAHA PROCESS**

In order to begin the voluntary housing incentive process, an applicant should contact their staff representative to have a preliminary discussion about the project. A City representative will be the single point of contact and will be working in collaboration with a member of the Housing Section on the identified project. Staff will meet with the applicant to discuss potential incentives and benefits of IPAHA Housing Incentives. Once there is interest in pursuing incentives, the “Affordable Housing Proposal” application should be returned to the staff representative. This application is available on-line at [www.flagstaff.az.gov/housing](http://www.flagstaff.az.gov/housing) or at the front counter of the Community Development Division.

For Multi-Family, Mixed-Use, site plans, and single-family subdivisions, staff and the applicant establish the IPAHA review timeline as well as initial incentive opportunities for the project. The applicant has until Preliminary Plat approval to commit to IPAHA incentives. There may be exceptions to this timeframe and both the Housing Manager and the Planning Director will evaluate them on a case-by-case basis.

At the time a unit is ready to receive a Certificate of Occupancy (C of O), the IPAHA applicant must demonstrate compliance with the approved pricing structure and covenants. Compliance is established through a meeting with a member of the Housing Section who will review the necessary documents. In addition, the party selected to review income verification data throughout the affordability period, including initial occupancy, will be contacted by the Housing Section to determine initial compliance.

The Final Plat or Site Plan shall identify the affordable units/lots and shall contain a notice, approved by the City that the deed to the affordable units/lots is subject to the terms of the development agreement, affordability covenant, and deed restrictions. The development agreement and affordability covenant shall provide that if the developer is not in compliance with the terms and conditions of the development agreement and other application regulations, the City reserves the right to withhold building or occupancy permits until the developer is in full compliance with the terms and conditions of the development agreement and/or other applicable regulations.

## **5. IPAHA INCENTIVES**

### **5.1 Fee Waivers**

The City of Flagstaff may waive certain Building Permit and Planning fees for developments that the Community Development Director certifies as an IPAH development. The City may also permit the reimbursement of fees tied to Development Fees (Impact Fees). Fee waivers and reimbursements are subject to a sliding scale based on the AMI served by the developer. The lower the AMI served, the greater the waiver and reimbursement percentages. All fees are subject to funding availability and funding may not be available when a project is approved.

The following pages provide the list of fees that may be waived or reimbursed for IPAH developments and the sliding scale of waivers and reimbursements based on the AMI served within the project.

Please note that fee waivers are *not* available for owners with outstanding Code violations, City tax or licensing violations, or violations on accessibility issues on units or projects with which the owning entity is affiliated. Fee waivers are also not available for owners with outstanding or overdue debts to the City.

## **5.2 Defer Development Fees (Impact Fees) for Market Rate Units**

Development Fees, specific to Impact Fees, may be deferred until the unit is at certificate of occupancy stage. This option is available for all market-rate units that are constructed with twenty percent (20%) or more affordable housing units within the development.

### 5.3 IPAH Fees Eligibility List

City Department		Fee Type	Reimbursement or Waiver
Community Development			
	Zoning Fees	Rezoning Application Fees	25% Reimbursement
		General Plan Amendment	25% Reimbursement
	Subdivision Fees	Developer Master Plan	50% Reimbursement
		DRB Concept Plan Submittal	Reimbursed
		Preliminary Plat Submittal	Waiver/Reimbursed
		Final Plat Submittal	Waiver
	Site Plan Fees	DRB Site Plan (Formal) Submittal	Waiver
		Concept Plan	Reimburse
		P&Z Review/ Approval	Waiver
	Building Plan Review, Permit, and Inspection Fees	Building Permit Deposit Fees	Excluded
		Building Permit Fees	Waiver
		Plan Check Fees	Waiver
		Public Improvement Permit Fees	Waiver
		Plan Review Engineering	Waiver
		Over-the-Counter Permit Fees (standalone)	Excluded
		Development Fee (Impact Fees)	Reimburse
Utilities Department		Development Fee (Impact Fees)	Reimburse

Waiver and Reimbursement Scale (based on AMI served) for project providing **up to 20%** Affordable Housing

AMI Served	Percentage Waived or Reimbursed
60% AMI or Below	100%
61 – 80% AMI	75%
81 – 125% AMI	25%

Waiver and Reimbursement Scale (based on AMI served) for project providing **greater than 20%** Affordable Housing

AMI Served	Percentage Waived or Reimbursed
Below 80% AMI	100%
80 - 125% AMI	75%
126 - 150% AMI	25%

If a developer designs and constructs units that meet all mandatory and voluntary energy code expectations within an IPAH development (minimum of 20% affordable units), the developer may receive a 100% waiver and/or reimbursement for all units.

#### 5.4 Expedited Review

IPAH developments are eligible for expedited review throughout the post-entitlement planning process, which is typically faster than the review time for a conventional development project. City staff will work with applicants to usher projects through review and inspection as quickly and efficiently as possible, on a timeline to be negotiated in a development agreement.

For Multi-Family, Mixed-Use, site plans, and single-family subdivisions, the applicant and staff must establish an IPAH review timeline as well as initial incentive opportunities for the project. Review timelines may be reduced by fifty percent (50%) for the affordable housing units within the development. In order to process the expedited review timelines, the applicant must commit a minimum of ten percent (10%) affordable units. If the developer wishes to have market-rate units qualify for expedited review, the developer must provide greater than twenty percent (20%) affordable housing units and will then be encouraged to submit like units under a block submittal.

The applicant has until Preliminary Plat approval to commit to IPAH incentives. There may be exceptions to this timeframe and both the Housing Manager and the Planning Director will evaluate them on a case-by-case basis.

The speed of the review also depends to a significant degree on the quality of the applicant's submittals and performance. Providing corrections, responding to comments, and ultimately securing an approval in a timely manner is a shared responsibility of both staff and the applicant. Expedited review may be discontinued if the applicant's design team fails to respond to comments in a timely manner.

In order for an applicant to obtain an expedited review (barring statutory requirements) through the entitlement process, a copy of the Affordable Housing Proposal signed by the Housing Manager certifying the developer's commitment to affordable housing, must be attached to the submittal.

In order for an applicant to obtain an expedited Engineering and Development Services Review, the permit for each affordable unit must contain a copy of the IPAH Certification Letter from the Housing section that is provided at time of Final Plat or Site Plan approval. All new buildings must comply with all codes in effect on the day the building permit application was filed. Building permit applications and other information can be retrieved at the Community Development front counter or at <http://flagstaff.az.gov/index.aspx?nid=494>.

## **5.5 Regulatory Incentives - Planned Affordable Option**

Regulatory incentives are located within the City of Flagstaff's Zoning Code under the "Planned Affordable Option" and provide a commitment to a minimum of ten percent (10%) affordable housing units.

**5.5.1** Density Bonuses and Flexible Design Standards for selected zoning districts have been incorporated into the current Zoning Code, under the "Planned Affordable Option". (See Table 10-04-002-0003 in City of Flagstaff's Zoning Code).

**5.5.1.1** If Density Bonuses are used, the applicant may be allowed up to 50% of the bonus density to be market rate and the other 50% to be affordable - making sure that no less than 10% of the overall project is dedicated to affordable housing.

**5.5.1.2** Minimum Open Space Ratios (OSR) have been reduced for selected zoning districts in the "Planned Affordable Option" of the current Zoning Code.

**5.5.1.3** Minimum site areas have been reduced for selected zoning districts, which are identified in the "Planned Affordable Option" in the current Zoning Code.

**5.5.2** Ten to twenty percent (10 - 20%) reduction in slope and forest resources protection levels in the Zoning Code commensurate with the percentage of affordable housing units provided (e.g., 10% affordable = 10% resource reduction in slope and forest protection, 12% = 12%, etc.), to a maximum of

twenty percent (20%). A minimum of ten percent (10%) affordable housing units must be provided to be eligible.

**5.5.3** In applicable districts, a project may receive a double counting of 50% of the resources that overlap (trees/slopes/floodplain), if the project provides up to 20% affordable housing. If the project provides greater than 20% affordable housing, then all resources that overlap may be double counted.

#### **5.5.4 Parking Incentives:**

**5.5.4.1** Tandem Parking may be permitted as an incentive to satisfy two (2) parking spaces, so long as the parking does not extend into the Right-of-Way or defined set-backs.

**5.5.4.2** Reduction of parking requirements - The incentive, as calculated in the Zoning Code, allows for a reduced count in necessary parking spaces based on the number of affordable housing units provided within a development.

**5.5.4.3** Shared Parking - If a project includes affordable housing within mixed-use and infill developments, shared parking with non-competing uses is provided as an incentive (e.g. office space that operates during a typical work day hours and residential development). A Parking Demand Study may be needed to identify shared parking options.

### **5.6. Land Donation – Tax Deduction**

Applicants may receive a tax deduction (IRS Publication 526) if land on which the units are built is dedicated to the City of Flagstaff. This allows long term administration of the permanent affordable units under the City of Flagstaff Community Land Trust Program. Any developer considering this option should consult with a tax professional to determine eligibility for a tax deduction.

If the developer chooses to work with a 3<sup>rd</sup> party on affordable housing efforts, they will need to review their process and procedures for land donations.

### **5.7. Public Improvement Districts**

Public Improvement Districts are currently permissible in Arizona. Public infrastructure and related items may be available as an incentive to produce affordable housing in Flagstaff.

### **5.8. In-lieu of Affordable Housing Contribution**

In specific circumstances, where the development is unable to provide lots that are financially feasible to construct affordable housing, the City may permit the developer to use incentives within IPAH and provide a comparable land or financial donation in order to provide affordable housing in other locations within Flagstaff. Opting to put forth a financial contribution must not be an incentive unto itself; it should accurately reflect the true cost of land for purchase and ultimate development for affordable housing.



## APPENDIX A - Area Median Income for Flagstaff, AZ MSA

2014 HUD Area Median Income (AMI) Guidelines								
FAMILY SIZE								
%AMI	1	2	3	4	5	6	7	8
30%	\$ 12,500	\$ 14,300	\$ 16,100	\$ 17,850	\$ 19,300	\$ 20,750	\$ 22,750	\$ 23,600
50%	\$ 20,850	\$ 23,800	\$ 26,800	\$ 29,750	\$ 32,150	\$ 34,550	\$ 36,900	\$ 39,300
60%	\$ 25,020	\$ 28,560	\$ 32,160	\$ 35,700	\$ 38,580	\$ 41,460	\$ 44,280	\$ 47,160
80%	\$ 33,350	\$ 38,100	\$ 42,850	\$ 47,600	\$ 51,450	\$ 55,250	\$ 59,250	\$ 62,850
90%	\$ 36,477	\$ 41,688	\$ 46,899	\$ 52,110	\$ 56,279	\$ 60,448	\$ 64,616	\$ 68,785
100%	\$ 40,530	\$ 46,320	\$ 52,110	\$ 57,900	\$ 62,532	\$ 67,164	\$ 71,796	\$ 76,428
115%	\$ 46,610	\$ 53,268	\$ 59,927	\$ 66,585	\$ 71,912	\$ 77,239	\$ 82,565	\$ 87,892
125%	\$ 50,663	\$ 57,900	\$ 65,138	\$ 72,375	\$ 78,165	\$ 83,955	\$ 89,745	\$ 95,535
150%	\$ 60,795	\$ 69,480	\$ 78,165	\$ 86,850	\$ 93,798	\$ 100,746	\$ 107,694	\$ 114,642