
Housing Element Packet #2

To: CAC Members and Alternates
From: Staff
Date: September 8, 2011
Re: Housing Element

ASSIGNMENT:

Please find attached the DRAFT “Housing Element” with proposed Goals and Policies.

- I. Please read, prepare and submit comments upon the draft text of the “Housing Element”
- II. Please read, prepare and submit comments upon the “Proposed Goals and Policies”

For your convenience, we attached the document in both PDF and Word format, so that you may edit directly in the word document, or print a hardcopy and write your suggested edits by hand. It is suggested that you use a bold font or a color that easily distinguishes your edits or recommendations. Also, you should indicate whether or not the goal/policy is “acceptable” or if there is a “need for discussion”.

Please email comments to dbarker@flagstaffaz.gov by the morning of Monday, October 3, 2011.

Based upon your comments, staff will prepare for the October 6, 2011 CAC meeting. The goal is to review and recommend the ‘Housing Element’ goals and policies. Thank you!

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Housing Element - Outline

1. Introduction
2. Relationship to Vision and Guiding Principles
3. Housing - Background Information
4. Goals and Policies

1. Introduction

The Housing Element identifies goals and policies that Flagstaff uses, along with the *Consolidated Plan*, to address and prioritize all of the housing needs and issues in the community. In 1990, the federal government adopted the National Affordable Housing Act. This legislation created some new federal housing programs and consolidated planning and reporting requirements for several programs which are administered by the U.S. Department of Housing and Urban Development (HUD). Beginning in 1995, cities, counties and states were required to develop a five-year *Consolidated Plan* and update it each year with an annual strategy for investing specific HUD funds. The five-year *Consolidated Plan* contains a description of community needs, goals, and priorities in the areas of affordable housing, human services, public facilities, and other programs designed to improve the quality of life for low- and moderate-income residents of the community. The basic premises that led to the *Consolidated Plan* also form the basis for most of the policies in the Housing Element of the *Regional Plan*. While the *Consolidated Plan* is updated annually, the Housing Element is intended to provide long-term guidance for meeting the region's housing needs.

A high priority of the residents is creating more housing and neighborhood diversity for a wide range of households. The Regional Plan promotes neighborhoods that are made up of land use patterns combining a mix of land uses and a variety of housing types. These patterns ensure that commercial areas are accessible by pedestrians and bicyclists, include common areas and activity centers where people can gather, and make open space an integral component. The Regional Plan identifies several areas in the city as appropriate locations for sensitively-designed higher density residential and mixed-use development, either as infill or as redevelopment.



Apartments are convenient to employment centers, shopping and recreation.

The housing market consists of homeowners and renters and the units they occupy. In addition to tenure and occupancy, the three primary elements of the housing market that impact supply and demand are:

1. Variety - the types of housing that are available.
2. Quality - most often defined by age, unit value and whether the unit has complete plumbing or kitchen facilities.
3. Affordability - defined by the percentage of household income that must be spent for housing costs.

A variety of housing types is necessary to meet the diverse housing needs and desires of both owners and renters. Opportunities for movement within a housing market or housing choice are defined by variety. At the same time, housing variety is driven by many factors, including demand for certain types of housing and amenities by households who can afford the desired type and amenities, public policy such as zoning and building requirements, the availability and cost of infrastructure, community character (e.g. rural v. urban), builder experience, and the cost of land and construction.



Single-family homes offer privacy and open space.

The policies in the Housing Element focus on supporting effective programs that develop and/or maintain housing in the community and enlisting diverse funding sources to promote an adequate supply of affordable housing. Implementation of the goals and policies in this element will expand housing opportunities and encourage development that benefits the entire region. Providing safe, decent housing that is not overcrowded and will not overburden a household financially is critical for the well-being of individuals, families, neighborhoods and the community as a whole.



Townhomes conserve natural open space and offer carefree lifestyles.

2. Relationship to Vision and Guiding Principles

The Housing Element promotes a variety of housing types, including an adequate supply of safe, decent, affordable housing for a wide range of households, and therefore acts as a steward for the social and economic vitality for today's citizens and future generations. It also encourages infill, redevelopment and the establishment of mixed-use development in providing housing options. These are all important factors in promoting environmental, economic and social sustainability, in addition to smart growth practices. By addressing the need for quality, affordable housing, the

Housing Element also benefits community health, social equity and opportunity. It is also clear that the availability of decent, affordable housing has economic impacts in our community as business expansion, retention and attraction are often influenced by the housing choice employees have in a community.

3. Background

Providing safe, decent housing that is not overcrowded and will not overburden a household financially is critical for the well-being of individuals, families, neighborhoods, and the community as a whole. Flagstaff's growing population will require an increased emphasis on affordable housing in the future. A number of factors will combine in the coming years to increase demand for affordable housing: 1) a limited supply of land due to being surrounded by publically owned lands; 2) approximately 40% of Flagstaff's households are by definition low-to moderate-income (City of Flagstaff FY 2011-2015 HUD Consolidated Plan, p. 12); 3) Flagstaff is experiencing a consistent but modest rate of population growth; 4) student populations at Northern Arizona University will continue to grow; and 5) housing needs for the elderly will increase tremendously over the next several decades as the baby boom generation moves into the retirement years.

In general, housing in the Flagstaff region has a higher cost and value than comparable housing in other Arizona communities. This is largely due to the moderate climate, recreational opportunities, community amenities and quality of life offered in the region. Flagstaff is also home to Northern Arizona University with an increasing student population, and an attractive destination for the second homeownership market. While this is beneficial for property and resale values, it makes provision of housing for the full spectrum of Flagstaff's citizens, our service workers, seniors on limited incomes, and citizens with special social or physical needs, more difficult.

In addition, land identified for housing development is becoming increasingly limited. The Flagstaff area has a relatively finite amount of developable private land, with more than two-thirds of the area's approximately 48,000 acres of private land already developed. In addition, there are limited opportunities to expand development and build additional housing units. Not only is Flagstaff surrounded largely by publicly-owned land, but the local community desire is to minimize sprawl and focus on infill/redevelopment. Now and in the future, we will need to focus attention on the revitalization and preservation of our more mature housing neighborhoods; seek creative infill development strategies; and, encourage a diversity of housing that accommodates a variety of income levels, households and socioeconomic needs.

Population Growth

Population trends are important indicators of future housing needs. Some important population trends include increases over time in target subpopulations, including the elderly, homeless, single-parent households, and nonfamily households. These growing population segments, which have historically used affordable housing, show the need for a variety of affordable housing options. Steadily increasing student populations at Northern Arizona University and a

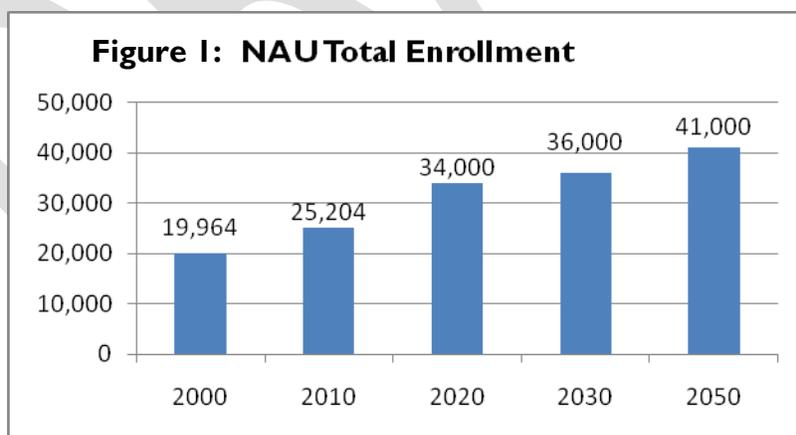
burgeoning second home market have also contributed to unique housing conditions in the Flagstaff Region.

The inter-dependence of the housing market and population growth is readily recognized – without population growth additional housing units are not needed. Flagstaff has been a place of in-migration for several decades, growing by 7,280 people (16%) during the 1990’s and by 12,976 people (24.5%) from 2000 to 2010. Growth during the past decade was fueled primarily by low mortgage rates and liberal financing terms, retirement of baby boomers and investment in second homes. The following table provides population data for Flagstaff, Coconino County, the State of Arizona and the United States between 2000 and 2010, along with population projections for the region out to the year 2050.

Table I: Population Projection by Area										
Year	City of Flagstaff	% Chng.	Coconino Cnty w/in FMPO	% Chng.	FMPO Total	% Chng.	State of Arizona	% Chng.	U.S.	% Chng.
2000	52,894		14,709		67,603		5,130,607		281,424,602	
2010	65,870	24.5%	22,528	53.2%	88,398	23.52%	6,392,017	24.6%	308,745,538	9.7%
2020	77,500	17.7%	26,350	17.0%	103,850	14.88%	NA	NA	NA	NA
2030	87,000	12.3%	29,600	12.3%	116,600	10.93%	NA	NA	NA	NA
2050	106,000	21.8%	36,000	21.6%	142,000	17.89%	NA	NA	NA	NA

Source: Rural Policy Institute

Figure 1, below, provides projected student populations for Northern Arizona University. In 2010, NAU reached an all-time high enrollment of 25,204 students university-wide, with a record 17,529 students attending the Flagstaff campus (nau.edu). Such increases in student populations will add increasing demand for housing units and student housing in Flagstaff, which may further impact cost and availability of housing in the region.



Source: NAU Planning & Institutional Research

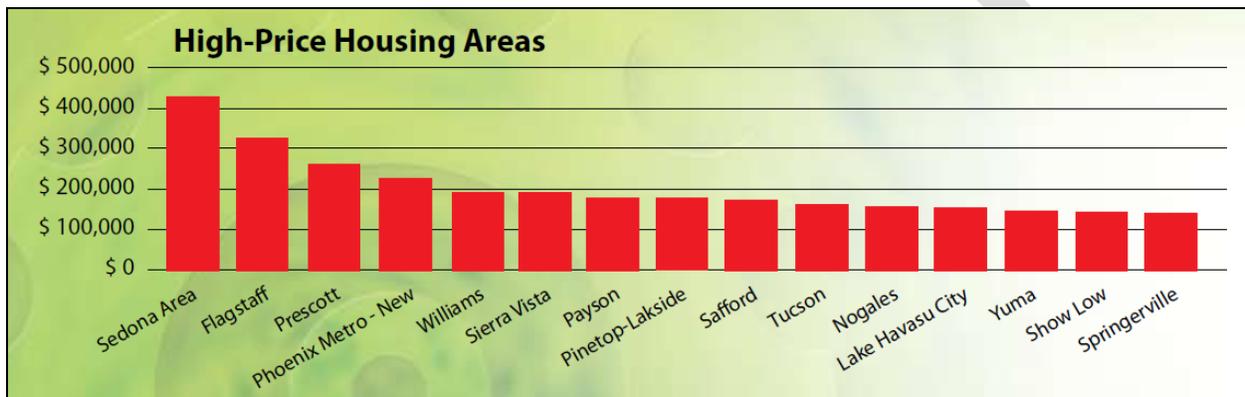
Affordability

Government programs define “cost burden” as paying more than 30% of gross household income for total housing cost (rent or mortgage and utilities); however, this definition is more appropriate to moderate income households than to lower or higher income households. Simply

stated, housing cost burdened lower-income households may have little remaining to pay for the essentials – clothing, food, transportation and child care, while higher income households may choose to pay more for housing. Housing cost burden also has costs to the community and economic development; when housing costs are too high or the quality is poor, employers have difficulty attracting and retaining qualified labor. For major employers, housing affordability is often a factor in location decisions.

According to a 2010 cost-of-living report compiled by the Council for Community and Economic Research, the Flagstaff composite cost of living index was 114.8, or 14.8% higher than the national average. The composite index reflects pricing in six categories: housing, groceries, utilities, transportation, health care and miscellaneous goods and services. This report indicated that housing is the main factor influencing the higher cost of living in Flagstaff, with a composite cost of living index of 148.9%, or 48.9% higher than the national average. This further demonstrates the need for affordable housing policies and programs. Figure 2, below, shows a housing cost comparison between Arizona cities. Note that Flagstaff is only second to the Sedona area in terms of housing price.

Figure 2: Housing Cost Comparison among Arizona Cities



Source: Arizona Department of Housing, “2009: Arizona’s Housing Market ...a glance.”

Approximately half of the households in Flagstaff rent their home, and the proportion of renters and owners has not changed significantly since 1990. Renting is most common among lower income households, whose housing choices are limited. In 2008, there were an estimated 10,908 renter households in Flagstaff. As shown in Table 2, Flagstaff has a higher proportion of renters and a lower homeownership rate than the State of Arizona and the U.S. average; however, this is common in cities with a major university.

Table 2: Tenure, 1990-2007			
Housing and Community Sustainability Nexus Study			
% of Households	1990	2000	2007
Flagstaff			
Owners	50%	48%	51%
Renters	50%	52%	49%
Total	100%	100%	100%
Arizona			
Owners	64%	68%	---
Renters	36%	32%	---
USA			
Owners	64%	66%	---
Renters	36%	34%	---

Source: Housing and Community Sustainability Nexus Study, February 14, 2008

It has been estimated that second homes make up approximately 16% of the total housing stock in Flagstaff (Housing and Community Sustainability Nexus Study, February 14, 2008). The impacts of these seasonal and recreational units are significant. The average household income of second homeowners in Flagstaff is \$280,000 per year, compared to an average of \$59,350 for the year-round population (City of Flagstaff 2011 Analysis of Impediments to Fair Housing Choice). Given the higher income of seasonal occupants, it follows that demand from second home owners has played a significant role in the local housing market.

The following policies support standards and programs for: elimination of substandard dwelling conditions; improvement of housing quality, variety, and affordability; and provision of identification, analysis, and forecasts of current and future housing needs to promote adequate sites for housing. This element makes equal provision for the housing needs of all segments of the community, regardless of race, color, creed, or economic level.

4. Goals & Policies

Goal I: Promote housing opportunity for all economic sectors of the population to ensure a variety of types and price points.

Policy 1: Further housing that is decent, safe and sanitary.

Policy 2: Support on-going funding for community housing non-profit organizations which provide housing services, further the development

of housing stock and promote innovative solutions to attainable housing needs for clients along the housing continuum – from homelessness to homeownership.

Policy 3: Further and advance the establishment of home ownership and affordable rental opportunities for all economic sectors.

Policy 4: Eliminate substandard housing units by conserving and upgrading the existing housing stock.

Policy 5: Maintain and expand governmental relationships to increase resources for the development of affordable housing.

Policy 6: Seek opportunities for and eliminate barriers to adaptive-reuse for affordable housing.

STRATEGIES TO INCLUDE:

1. Continue the expansion of programs (e.g. Owner Occupied Housing Rehab) that provide funds, labor, and/or materials for the upgrade of deteriorating housing units, by addressing health and safety issues.
2. City and county shall seek opportunities to address substandard units, including rentals.
3. With city/county land disposition, priority will be given to non-profit housing developers who provide permanent affordable rental and ownership units.

Goal II. Support and assistance will be given to all new and existing neighborhoods that integrate: a variety of housing types and densities; public amenities and services with close proximity to retail, office and/or employment opportunities.

Policy 1: Encourage accessory dwelling units.

Policy 2: Preserve, enhance and revitalize existing neighborhoods.

Policy 3: Provide incentives for infill development.

Policy 4: Coordinate and encourage community, developer and governmental efforts to provide a variety of types of quality housing and related services to ensure affordable housing options along the housing continuum – from homelessness to homeownership.

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