

CITY COUNCIL REPORT

DATE: June 20, 2017

TO: Mayor and Councilmembers

FROM: Mark Landsiedel, Community Development Director
Sarah Darr, Housing Director

CC: Josh Copley, Barbara Goodrich, Leadership Team

SUBJECT: Overview of History and Background for Schultz Pass Meadows
Affordable Housing Parcel and Specific Q&A

This report provides an overview of the history and background for the Schultz Pass Meadows affordable housing parcel and addresses some specific questions recently posed to staff. The resolutions, ordinances, reports, agendas and minutes referenced for this are too lengthy to attach but are available upon request.

Background and History of Schultz Pass Meadows

Schultz Pass Meadows was proposed by Big Corner LLC in 2005 and encompasses two parcels as shown on the attached map: Parcel A is a market rate subdivision and Parcel B was purchased for affordable housing. Parcel B is 3.06 acres and was offered to the City by the developer for \$140,200 for the purposes of affordable housing. In order for the proposed development to move forward, the land needed to be annexed into the City, the Regional Plan land use amended, the Urban Growth Boundary expanded and the parcels rezoned.

In evaluation of the offer to sell Parcel B to the City for affordable housing, preliminary site designs were prepared in-house by Karl Eberhard to demonstrate how up to 26 townhome style units could fit on the property.

As part of the rezoning process, the proposing developer was required to hold a **citizen participation meeting**. This meeting took place on July 18, 2005, and notice of the meeting was sent to all property owners within 300 feet of the proposed project site, plus the following organizations: Cheshire Park Townhouse Owners Association, Linwood Heights Homeowners Association and Friends of Flagstaff's Future. The resulting report is available to review upon request.

In addition to the required ads for the Planning and Zoning Commission public hearings noted below, a full color, full page fold out advertisement was published in the Arizona Daily Sun on October 9 and 19, 2005.

Planning and Zoning Commission held public hearings and considered the following items regarding the proposed Schultz Pass Meadows development on October 11 and November 8, 2005:

- Case PC LUP 05-005 Amending Regional Land Use & Transportation Plan to expand the urban growth boundary and changing land use designation from rural open space to low density residential and from neighborhood commercial to medium density residential - the motion was a tie vote (3-3) resulting from hesitation to bring land designated as Urban Commercial into the Growth Boundary if the pending annexation did not take place.
- Case PC REZ 05-006 Rezoning two properties to single family and medium density residential - the motion was unanimously approved.

Council considered and approved the following items concerning the proposed development of Schultz Pass Meadows:

- **Ordinance 2005-27** Annexing 11 acres
 - First read 12/13/2005
 - Second read and adoption 1/3/2006
- **Ordinance 2005-28** Rezoning the two parcels of land (Housing parcel was rezoned from Urban Commercial to Medium Density Residential)
 - Public Hearing 12/13/2005
 - First read 12/13/2005
 - Second read and adoption 1/17/2006
- **Resolution 2005-124** amending the Regional Plan land use designation for the two parcels
 - Public Hearing 12/13/2005
 - Adopted 1/3/2006
- **Resolution 2005-125** expanding the Urban Growth Boundary
 - Public Hearing 12/13/2005
 - Adopted 1/3/2006
- **Resolution 2006-03** adopting the pre-annexation and development agreement
 - Adopted 1/3/2006
- **Ordinance 2006-05** authorizing the acquisition of real property for housing and public utilities
 - First read 2/21/2006
 - Second read 3/7/2006

Per the Development Agreement, public improvements in the form of curb, gutter, sidewalk with parkways, public sewer and water, telephone, power, and natural gas were provided by the developer on the City's parcel and reimbursed by the City at cost. The City also provided reimbursement for engineering, surveying and testing expenses particular to the improvements on or adjacent to the parcel purchased for affordable

housing. Additionally, the City reimbursed the developer for one-half of the cost of bringing the water lines under Highway 180 and under Schultz Pass Road. Public improvements were completed in spring of 2007. Final cost of all public improvements was \$435,167.

Land Price: \$140,200
Public Imp.: \$435,167
TOTAL: \$575,367

Requirements and recommendations resulting from 2005/2006 public processes

- The stated purpose of the acquisition contained in the Development Agreement (DA) is to develop permanently affordable work force housing – thus any development on the parcel is required to be permanently affordable.
- The DA also states that a gateway entry sign will be installed on the parcel. The sign is currently on the site and will remain.
- In a letter commenting on the regional plan amendment, annexation, growth boundary change, and rezoning for the overall Schultz Pass Meadows development, the Coconino County Community Development Director expressed full support of the annexation and the growth boundary change. Regarding the change in land use designations and zoning, the letter notes that there is a potential conflict placing medium density residential adjacent to very low density residential and states “...but hopefully this can be addressed through fencing, landscaping, and sensitive site design and layout.” The letter also acknowledges that “Highway 180 is one of the most attractive gateways into the City of Flagstaff, so the highest attention to detail needs to be given to the design of this project. It is appropriate that the applicant is willing to accommodate a gateway sign or other feature somewhere on the property. It would also be appropriate to have aesthetically appealing fencing and landscaping along the southern edge of the project adjacent to the highway.”

The developer of the market rate site was required to build a 6-foot-tall, malapai screen wall along Highway 180 and that periphery landscaping be designed to complement the wall and enhance the screening of this development. Any development for affordable housing would also be required to match the screening wall and setbacks for the neighboring market rate parcel.

- Other concerns expressed during the 2005/2006 entitlement process were traffic, impact to the view shed and concerns regarding affordable housing being located in the area. To address some of the view shed concerns, the developer of the market rate parcel agreed to limit the homes backing the already existing Valley Crest subdivision to one story.

- Support for the creation of affordable housing was also expressed throughout the entitlement process.
- Most notable of the traffic concerns during the 2005/2006 public processes surrounding the development of Schultz Pass Meadows was the request for a traffic signal be placed at the intersection of Schultz Pass and 180. During the analysis of the initial development, it was ADOT's opinion that the traffic counts did not warrant a signal at the intersection. In the intervening years, a signal has been installed at this intersection.

Several specific questions related to the current multi-site affordable housing proposal have been asked, these questions and answers are below:

Q: When was the Schultz Pass Meadows property annexed?

A: Ordinance 2005-27 Annexing 11 acres

- *First read 12/13/2005*
- *Second read and adoption 1/3/2006*

Q: When did the Council rezone to the current zoning?

A: Ordinance 2005-28 Rezoning the two parcels of land (Housing parcel was rezoned from Urban Commercial to Medium Density Residential)

- *First read 12/13/2005*
- *Second read and adoption 1/17/2006*

Q: When did the City Council make the decision that it would be used for affordable housing?

A: There is not one decision point, as the parcel was offered for sale to the City of Flagstaff specifically for the purposes of affordable housing as part of the Schultz Pass Meadows entitlement process. The first public discussion of the development overall was the Citizen Participation meeting on July 18, 2005 and use of "Parcel B" for affordable housing was discussed.

Q: How much money did the city spend on the infrastructure?

*A: Land Price: \$140,200
Public Imp.: \$435,167
TOTAL: \$575,367*

Funds utilized for this project were affordable housing funds resulting from the sale of other parcels for affordable housing purposes.

Q: Has a prior Council ever discussed putting this parcel in the land trust?

A: The City of Flagstaff Land Trust Program was created in spring of 2006 and was being designed as Schultz Pass Meadows was going through the entitlement process in winter of 2005/2006. There was discussion of the development being part of the Land Trust Program and, as the focus of the Council at the time was homeownership, it was anticipated that the development would be ownership housing. In the intervening years,

the housing market nationwide changed during the recession, and rental housing in the community has become increasingly needed. Additionally, the funding sources to create ownership housing have largely gone away. It is important to note that land trusts for affordable housing throughout the US provide all types of housing options, including, but not limited to; rental, condos, townhouses, cooperative housing and homeownership. In the specific case of the current three parcels proposed for RFP – staff recognizes that the City of Flagstaff retaining ownership of the land while partnering with a developer for the creation of affordable rental housing would add an additional complicating layer to the financing of development. It is common practice for developers to utilize the land being built upon as collateral for construction financing. If the City retains ownership, the land cannot be utilized in this way, making the financial side of affordable housing development even more complex than it already is.

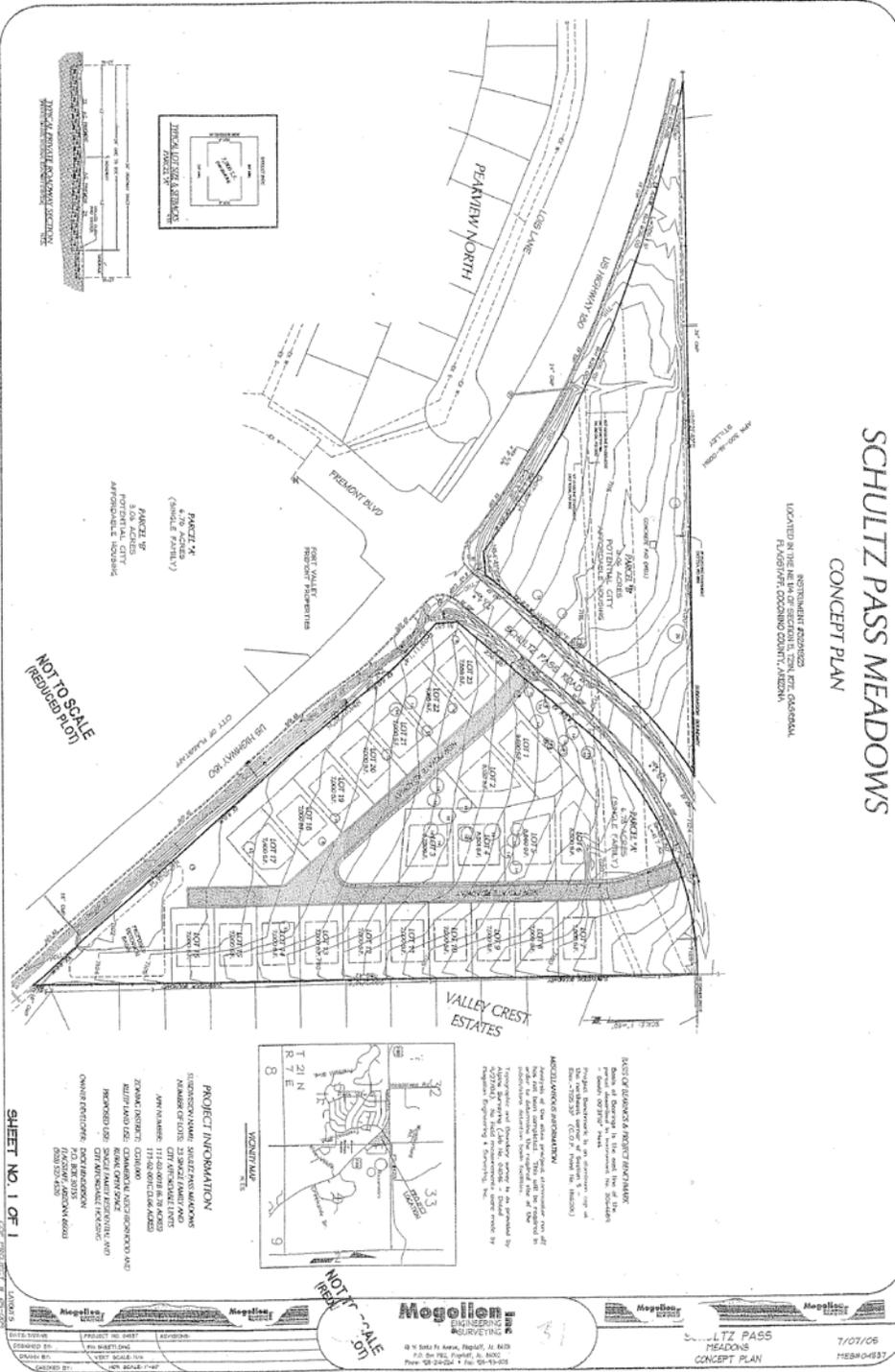
RECOMMENDATION / CONCLUSION

This report is for information only.

SCHULTZ PASS MEADOWS

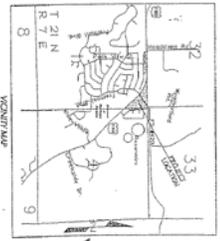
CONCEPT PLAN

RESTORANT PROPOSED
EST. 650-650-0000
LOCATED IN THE AREA OF THE
PEANVIEW NORTH, FLAGSTAFF, COCHISE COUNTY, ARIZONA



NOT TO SCALE
(REDUCED PLOT)

ANALYSIS
FOR THE
POTENTIAL CITY
APPROPRIATE INCREASE



STATE OF ARIZONA'S AGENCY/PLANNING
Division of Planning & Urban Development
has reviewed this plan and the information
provided hereon is in accordance with the
Arizona State Planning Act (ARS 17-101) and
the Arizona State Planning Act (ARS 17-102).
This review is limited to the information
provided and does not constitute a guarantee
of accuracy or a warranty of any kind.
The State of Arizona and its agencies do not
assume any liability for errors or omissions
in this plan or for any consequences arising
therefrom. The user of this plan shall be
responsible for obtaining all necessary
information and for verifying the accuracy
of the information provided hereon.

PROJECT INFORMATION:
PROJECT NAME: SCHULTZ PASS MEADOWS
PROJECT ADDRESS: 111-120-0018 IN 100 ACRES
OWNER: [Name Redacted]
PREPARED BY: [Name Redacted]
DATE: [Date Redacted]

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SCHULTZ PASS MEADOWS
CONCEPT PLAN

7/07/06
115BP-04831

SHEET NO. 1 OF 1