

AGENDA



**SPECIAL SESSION
HOUSING COMMISSION
TOWN OF CAMP VERDE
PARKS & RECREATION CONFERENCE ROOM
395 South Main Street, Suite #310
TUESDAY, June 3, 2008
at 4:00 P.M.**

As a reminder, if you are carrying a cell phone, pager, computer, two-way radio, or other sound device, we ask that you turn it off at this time to minimize disruption of tonight's meeting.

1. **Call to Order**
2. **Roll Call**
3. **Pledge of Allegiance**
5. **Call to the Public for Items not on the Agenda.**
6. **Discussion, consideration and possible recommendation to Town Council regarding support of League of Arizona Cities & Towns Resolution to urge the State Legislature to enact enabling legislation that would allow local control for each community in Arizona to determine for itself whether or not to require developers to include some affordable housing in new development or redevelopment projects. This resolution was submitted to the League by the City of Sedona.**
7. **Discussion, consideration and possible recommendation to Town Council regarding support of League of Arizona City & Towns Resolution to urge the State Legislature to adopt legislation establishing a uniform property tax assessment methodology for deed-restricted housing created under an affordable housing program that recognizes the limited profits owners of deed-restricted housing can realize. This resolution was submitted to the League by the City of Sedona.**
8. **Call to the Public for Items not on the Agenda.**

There will be no Public input on the following items:

9. **Commission Informational Reports:** Individual members of the Commission may provide brief summaries of current events and activities. These summaries are strictly for the purpose of informing the public of such events and activities. The Commission will take no discussion, consideration, or action on any such item, except that an individual Commission member may request an item be placed on a future agenda.
10. **Staff Report**
11. **Adjournment**

Posted by: _____ Date/Time: _____

Note: Pursuant to A.R.S. §38-431.03.A.2 and A.3, the Council may vote to go into Executive Session for purposes of consultation for legal advice with the Town Attorney on any matter listed on the Agenda, or discussion of records exempt by law from public inspection associated with an agenda item.

The Town of Camp Verde Council Chambers is accessible to the handicapped. Those with special accessibility or accommodation needs, such as large typeface print, may request these at the Office of the Town Clerk.

STAFF REPORT

Housing Commission Meeting

June 3, 2008

Title

6. **Discussion, consideration and possible recommendation to Town Council regarding support of League of Arizona Cities & Towns Resolution to urge the State Legislature to enact enabling legislation that would allow local control for each community in Arizona to determine for itself whether or not to require developers to include some affordable housing in new development or redevelopment projects. This resolution was submitted to the League by the City of Sedona.**
7. **Discussion, consideration and possible recommendation to Town Council regarding support of League of Arizona City & Towns Resolution to urge the State Legislature to adopt legislation establishing a uniform property tax assessment methodology for deed-restricted housing created under an affordable housing program that recognizes the limited profits owners of deed-restricted housing can realize. This resolution was submitted to the League by the City of Sedona.**

Description of Item

Recently the City of Sedona submitted the attached resolutions to the League of Arizona Cities & Towns. Sedona is soliciting the support of Verde Valley communities, and would like Camp Verde to endorse as well. The Town Council is planning to review the draft resolutions on June 11th, hence the reason for a special session. Please see the attached resolutions and Sedona staff reports for additional info. Please be ready to discuss the possible support and or recommendation to council regarding these items.

Attachments

League of Arizona Cities & Towns 2009 Resolution Forms (2 pages), and Sedona Council Agenda Report (6 pages).

Prepared by

Matt Morris

LEAGUE OF ARIZONA CITIES & TOWNS
2009 RESOLUTION FORMAT

Text of Resolution

Urge the State Legislature to enact enabling legislation that would allow local control for each community in Arizona to determine for itself whether or not to require developers to include some affordable housing in new development or redevelopment projects.

Submitted by:
City of Sedona

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A. Purpose and Effect of Resolution

Many cities and towns throughout Arizona have found that the lack of housing affordable to its workforce has a significant effect on the local economy and the community as a whole. The last several years have seen increases in the cost of homes far outstrip increases in wages, and the gap between what people can afford and what homes cost has widened dramatically. Businesses, schools, medical facilities and local governments report difficulties in recruiting and retaining qualified employees, due in part to the lack of affordable housing. Resources available to create affordable housing are limited, and it is important for cities and towns to retain options and to be able to decide how best to address that situation.

B. Relevance to Municipal Policy

Cities and towns in Arizona should have the ability to meet their affordable housing needs in the way that best suits their local situation. Each community faces different challenges in providing affordable housing, and there must be a wide range of tools available. Cities and towns need to have local control over development and redevelopment projects so that jurisdictions can make the best decisions for their communities. Enabling legislation can ensure that local control is maintained.

C. Fiscal Impact to Cities and Towns

D. Fiscal Impact to the State

E. Contact Information

Name: Audree Juhlin Title: Assistant to the Director, Community Development

Phone: 928-204-7107 Email: Ajuhlin@SedonaAz.gov

LEAGUE OF ARIZONA CITIES & TOWNS
2009 RESOLUTION FORMAT

Text of Resolution

Urge the State Legislature to adopt legislation establishing a uniform property tax assessment methodology for deed-restricted housing created under an affordable housing program that recognizes the limited profits owners of deed-restricted housing can realize.

Submitted by:
City of Sedona

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A. Purpose and Effect of Resolution

Cities and towns with affordable housing programs are increasingly focused on ensuring that any affordable housing created remain affordable to the target population for an extended period of time. The initial purchase price of a home created under an affordable housing program is below what the home would sell for at full market price. Owners agree through deed restriction to limit the price at which the homes can be resold to ensure that the homes remain affordable. .

In Arizona there is no standard methodology for assessing deed-restricted housing, and County Assessors individually determine how to assess such properties. Some assess deed-restricted housing using the same market value as surrounding market rate properties, and some create a category of deed-restricted housing that recognizes the below-market sales prices and the significant limitation on profit that the owners can realize. As Assessors change, there is always the possibility that a different assessment methodology could be applied to deed-restricted housing. In cases where deed-restricted housing is sold and resold well below market value but are taxed as if owners are realizing the same gains as any other homeowner, over time taxes can make the home unaffordable, especially in areas with high property values.

B. Relevance to Municipal Policy

Cities and towns with affordable housing programs should be able to rely on taxes being assessed uniformly over time so that the homes are not lost as an affordable housing resource.

C. Fiscal Impact to Cities and Towns

There may be a fiscal impact on a city or town if it levies a property tax.

D. Fiscal Impact to the State

E. Contact Information

Name: Audree Juhlin Title: Assistant to the Director, Community Development

Phone: 928-204-7107 Email: Ajuhlin@SedonaAz.gov

CITY OF SEDONA, ARIZONA
COUNCIL AGENDA COMMUNICATION

MEETING DATE: March 10, 2008
AGENDA ITEM:
TIME TO PRESENT: 15 minutes

SUBJECT: Discussion/Possible action regarding authorizing the Housing Commission to pursue affordable housing legislative strategies and to support continued funding of the State Housing Trust Fund.

DEPARTMENT: Community Development

ACTION REQUIRED:

- Ordinance
- Resolution
- Motion
- Information

BOARD/COMMISSION RECOMMENDATION:

- Approval
- Denial
- None Forwarded

Project/issue relates to Strategic Goals and Priorities ___ or Community Plan ___ or Not Applicable X .

ISSUE:

Communities across the country have developed strategies that produce and protect affordable workforce housing, and the Housing Commission believes some of these strategies could yield affordable housing in Sedona. Some strategies require State legislation in order to be implemented. The City Council is being asked to authorize the Housing Commission to pursue three specific legislative strategies. In addition, the Council is being asked to authorize the Housing Commission to support continued funding for the State Housing Trust Fund.

BACKGROUND:

The Housing Commission has been researching affordable housing initiatives around the country since it was established in 2003. The Housing Commission would like to pursue the following three initiatives used by other communities that they believe have the potential of preserving and increasing affordable housing opportunities in our community. Each of these initiatives would require State legislation to implement.

- 1) Establish a uniform property tax assessment protocol for deed-restricted housing that recognizes the below market sales prices and the long-term limited profits owners can realize.
- 2) Enact enabling legislation that would allow each community in Arizona to determine through home rule whether or not it will require developers to include affordable housing in new developments or redevelopment (inclusionary housing).
- 3) Impose conditions on conversion of rental apartments to condo ownership.

The State Housing Trust Fund has been administered by the Arizona Department of Housing since 1988 for a number of housing programs, including mortgage foreclosure and eviction prevention assistance, homeownership and rental housing development, homeless and domestic violence shelter development, down payment and closing cost assistance for first time homebuyers, and fair housing education. The State Legislature is currently looking to eliminate funding for the Trust Fund to help close the budget deficit.

COMMISSION RECOMMENDATION(S):

The Housing Commission supports this request.

FINANCIAL PERSPECTIVE:

None identified.

PROS & CONS:

Pro:

- Provide additional ways to preserve and create affordable housing in Sedona without local funding

Con:

- Significant opposition can be expected from some groups in the community and state

INTERNAL PROCESS PERSPECTIVE:

NA

CITY ATTORNEY APPROVAL:

CITY MANAGER RECOMMENDATION:

FINANCIAL SERVICES APPROVAL:

MOTION(S):

I move to authorize the Housing Commission to pursue the three affordable housing legislative strategies and to support continued funding for the State Housing Trust Fund.

I move to deny authorizing the Housing Commission to pursue the three affordable housing legislative strategies and to support continued funding for the State Housing Trust Fund.

ATTACHMENTS:

Memo dated March 10, 2008



TO: City Council

FROM: Housing Commission

THROUGH: Jessica Williamson, Associate Planner
Audree Juhlin, Assistant to the Director of Community Development

SUBJECT: Council authorization to pursue affordable housing legislative strategies and to support continued funding of the State Housing Trust Fund

DATE: March 10, 2008

AFFORDABLE HOUSING LEGISLATIVE STRATEGIES

The Housing Commission has identified three strategies that they believe could offer opportunities to create and preserve affordable housing in Sedona. All three require State legislation. Should the Council support these strategies and the necessary legislative initiatives, the Housing Commission would work with the Verde Valley Housing Task Force and other localities, as well as with nonprofit housing development organizations, to approach the Arizona League of Cities and Towns about pursuing future legislation.

Establish a uniform property tax assessment methodology for deed-restricted housing that recognizes the limited profits the owners can realize.

The initial purchase price of a home created under an affordable housing program is below what the home would sell for at full market price. In addition, through deed restriction owners agree to limit the price at which the homes can be resold to ensure that they remain as long-term affordable housing resources.

In Arizona, there is no standard methodology for assessing deed-restricted housing, and we understand that County Assessors are free to determine how to assess those properties. Some Assessors assess deed-restricted housing using the same market value as the surrounding market rate properties, and some create a category of deed-restricted housing that recognizes the below-market sales prices and the significant limitation on profit that the owner can realize on resale. In cases where deed-restricted housing is sold and resold well below market value but are taxed as if their owners are realizing the same gains as any other homeowner, over time taxes can make the home unaffordable to the

March 10, 2008

Housing Legislative Strategies Memo

intended population, especially in areas like Sedona where the cost of market rate homes is high.

While the current Yavapai and Coconino County Assessors value deed-restricted homes based on the below-market sales price and long-term resale restrictions, there is no guarantee that future Assessors would take the same approach. The Housing Commission believes it might be useful to pursue state legislation to require that deed-restricted housing be assessed based on its below market sales price and long-term resale restrictions for the period of affordability.

Sedona's Housing Policy recommends that homes remain affordable for a period of not less than 50 years and that the resale price be affordable to households at the same income level as the original purchaser. Profit is limited by the increase in Area Median Income as determined by the United States Department of Urban Development between the time the home is purchased and the time it is sold.

The Housing Commission does not know whether or not such legislation has been proposed in the past.

Enact enabling legislation that would allow each community in Arizona to decide through home rule whether or not to require developers to include affordable housing in new developments or redevelopments (inclusionary housing).

Arizona statutes do not permit cities and towns to require that developers include some affordable housing in new developments. Other states, such as Wyoming, Massachusetts and California, do have legislation that enables cities and towns to decide whether or not to impose those requirements on new developments. Over 200 jurisdictions nationwide have adopted inclusionary housing as a means of addressing their affordable housing needs.

Cities that have adopted inclusionary housing require that a percentage of new residential units be sold or rented as affordable. The affordability percentage, as well as the targeted income level, the period during which the units must remain affordable, and any incentives, are determined entirely by the locality.

The Arizona State Legislature passed legislation two years in a row prohibiting any jurisdiction from adopting inclusionary housing. Both bills were vetoed by the Governor. In 2006 Flagstaff attempted to get enabling legislation passed to allow inclusionary housing, an effort that did not meet with success.

The Housing Commission believes that allowing cities and towns to decide on their own whether or not to adopt inclusionary housing for their communities could be an effective strategy to create some affordable housing in the State and believes that other Arizona communities are also interested in enacting enabling legislation. Enabling legislation would not impose inclusionary housing on any jurisdiction. Cities and towns would have the option of formally implementing inclusionary housing programs at their discretion.

Impose conditions on conversion of rental apartments to condo ownership.

The State's Uniform Condominium Law currently prohibits jurisdictions from imposing an ordinance or requirement on a condominium that it would not impose on a physically identical development under a different form of ownership. This has been interpreted to mean that jurisdictions cannot impose conditions on conversion of rental apartments to condo ownership. Rental housing is generally the most affordable housing option for a community's workforce. Given the very limited amount of rental apartments in Sedona (only 4% of the City's housing stock is rental apartments as compared to 22% state-wide), and the growing inability of Sedona's workforce to find affordable housing in the community, condo conversions are a serious threat to the community's scarce stock of affordable workforce housing.

Other communities in which condo conversions have impacted the availability of affordable housing have taken a number of different approaches. Some communities have imposed conversion fees and targeted those funds to creating new affordable housing. Other communities, recognizing that households displaced by conversion often cannot easily find other housing in the community, require owners to provide relocation assistance in the form of first and last month rent and security deposit. Some communities have instituted a moratorium on conversions.

Prop 207 could impose significant constraints on the usefulness of this option.

The Housing Commission is asking for City Council authorization to pursue these legislative strategies.

STATE HOUSING TRUST FUND

The State Housing Trust Fund is funded through the proceeds of sale of unclaimed property and develops projects and programs to provide housing opportunities for low- and moderate-income households. Administered by the State Department of Housing since 1988, the Housing Trust Fund is a vital financing source for meeting critical housing needs that are not fundable with federal housing dollars. State Housing Trust Fund dollars leverage private and federal government funding, and have stimulated development in a broad range of housing activities, including mortgage foreclosure and eviction prevention assistance, homeownership and rental housing development, down payment and closing cost assistance for first-time homebuyers, homeless and domestic violence shelter development, and fair housing education.

The State Legislature is looking to eliminate all or part of the funds that support the Housing Trust Fund to help address the budget deficit. The Housing Commission believes that it is unwise to eliminate a program that funds affordable housing initiatives, especially in difficult economic times, and would like to join other jurisdictions and nonprofit housing development groups to urge maintaining funding for the Housing Trust

Fund. The Housing Commission is requesting authorization to support the continuation of the Housing Trust Fund.