



PROPOSITION 422

IMPROVING HOUSING AFFORDABILITY | BALLOT LANGUAGE

To address the high cost of housing in Flagstaff, shall the City of Flagstaff be authorized to issue and sell **general obligation bonds in a principal amount up to \$25,000,000:**

for the purpose of **increasing the number of housing units** affordable for more residents in the City by construction, rehabilitation, redevelopment and acquisition of land for housing units; and the related infrastructure;

for the purpose of **assisting more Flagstaff residents to afford housing** by making loans and grants for the construction, rehabilitation, redevelopment and acquisition of housing units; and the related infrastructure; and

to pay all costs and expenses properly incidental thereto and to the issuance and sale of bonds?

The bonds may be issued in one or more series, will not mature more than 20 years from the date or dates of their issue, will bear interest at a rate or rates not to exceed 10% per annum, and will have such other provisions as are approved by the City Council.

If the bonds are approved, the City Council will create and appoint a Housing Bond Committee to advise the City Council on the use of the proceeds of the sale of the bonds and related matters.

The following sentence has been included on this ballot as required by Section 35-454(C), Arizona Revised Statutes: The issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on the bonds.

WHY IS THIS QUESTION ON THE BALLOT?

- Council Goal: address high cost of local housing, both home ownership and rental
- Flagstaff Regional Plan 2030
- Housing Attainability for the Flagstaff Workforce Report – Economic Collaborative of Northern Arizona

A YES vote shall authorize the governing body of the City to issue and sell \$25,000,000 of general obligation bonds of the City to be repaid with secondary property taxes.

A NO vote shall not authorize the governing body of the City to issue and sell such bonds of the City.

Further information and materials are available at: www.flagstaffelections.org

PROP. 422

Improving Housing Affordability





ABOUT 422

Creation of an Advisory Committee

- Council to determine membership
- Committee is advisory to the Council
- Council makes all final decisions, primarily during the annual budget process

Flexibility

- The Ballot Language provides flexibility to adapt over time as the local market and the housing conditions change
- Advisory Committee will be charged with watching market conditions and proposing programming that continues to advance housing that is affordable
- Advisory Committee will make recommendations for program components to the Council
- Council has final decision authority

How will the money be spent?

If proposition 422 passes, funds will be available to:

- Assist private developers & builders, including non-profits, with building new homes and apartments to lower costs of ownership and rent
- Assist people buying a first home in Flagstaff with down payment assistance

How will it be paid for?

- Use of existing secondary property tax rate capacity
- Older, prior City bonds are being fully paid off
- Bonds issued when programs approved by Council
- Rate remains \$0.8366 per \$100 of net assessed value, which property owners already pay

Bond Capacity

- At the current internal rate policy of 0.8366 the City is using approximately 38% of its state legal bond capacity
- If Prop 422 is approved, the City of Flagstaff would have approximately \$175M in remaining state legal bond capacity which could be used for future priorities.

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Flagstaff's cost of living is 15.6% above the national average. Housing costs are 43.2% above the national average.

Council for Community and Economic Research (CZER) Cost of Living Index

Flagstaff Regional Plan 2030: Goal NH.3 Make available a variety of housing types at different price points to provide housing opportunity for all economic sectors.

The 2016 Arizona Department of Housing Study 2016 Housing At-a-Glance recognized Flagstaff as one of the high-priced housing areas in the state. Of Arizona cities, Flagstaff's median home price was third highest only to Scottsdale and Sedona.

Arizona Department of Housing

HOMEOWNERSHIP RATES: VARIOUS PEER COMMUNITIES

Flagstaff, Arizona	45%
Missoula, Montana	48%
Bozeman, Montana	44%
Durango, Colorado	49%
Santa Fe, New Mexico	61%
Bend, Oregon	58%
Arizona	63%
United States	64%

Economic Collaborative of Northern Arizona, (ECoNA) 2017 Report; 2015 American Community Survey

SECONDARY PROPERTY TAX RATE CAPACITY

