

Proposition 422

Improving Housing Affordability



Purpose of Presentation

Educate and inform
so voters can vote with knowledge



Proposition 422

Improving Housing Affordability

Flagstaff City Council Ballot Measure

- Authority to issue \$25 Million in General Obligation Bonds to be repaid through a secondary property tax
- If approved, provides funding for City programs to address housing affordability



Proposition 422 – Ballot

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?

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:

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.

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.



Proposition 422 – Ballot

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.

If a majority of the voters shall vote in favor of the proposition, the City of Flagstaff shall 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;

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

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.



Proposition 422 – Ballot

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 shall increase the property tax rate by an amount sufficient to pay the interest on the bonds and related matters.

The following sentence is added to the City Charter to increase sufficient to pay the interest on the bonds and related matters.

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

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.



Proposition 422 – Ballot

To address the high cost of housing in Flagstaff, shall the City Council:

- for the purpose of increasing the number of housing units; and the related infrastructure;
- for the purpose of assisting more Flagstaff residents to afford housing units; and the related infrastructure;
- to pay all costs and expenses properly incurred.

The bonds may be issued in one or more series, will be payable in annual installments, and will have such other provisions as may be determined 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.

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.

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.



Background

- 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



HOUSING STATEWIDE: AZ DEPARTMENT OF HOUSING

2015					HOURLY MEDIAN WAGE						
City/Town	Median Home Price	Hourly Wage Required (Buy)	"2 BDRM APT Monthly Rent"	Hourly Wage Required (Rent)	Police Officer	Teacher	Retail Worker	Nurse	Fire Fighter	Wait Person	Total of All Occupations
Bullhead City	\$145,400	\$16.73	\$752.00	\$14.46	\$26.19	\$17.03	\$9.52	\$28.85	\$16.33	\$8.78	\$14.18
Douglas	\$74,900	\$8.62	\$751.00	\$14.44	\$22.51	\$20.03	\$9.70	\$29.20	\$15.81	\$9.08	\$17.20
FLAGSTAFF	\$299,300	\$34.43	\$1,033	\$19.87	\$25.22	\$20.81	\$9.54	\$31.38	\$21.33	\$9.61	\$15.19

FLAGSTAFF											
MEDIAN HOME PRICE \$299,300	Hourly Wage Required to (Buy)	Police Officer	Teacher	Retail Worker	Nurse	Fire Fighter	Wait Person	All			
	\$34.43	\$25.22	\$20.81	\$9.54	\$31.38	\$21.33	\$9.61	\$15.19			
Prescott	\$288,100	\$33.14	\$763.00	\$15.31	\$27.18	\$17.97	\$10.44	\$35.30	\$17.85	\$8.91	\$14.70
Scottsdale	\$368,300	\$42.37	\$908.00	\$17.46	\$31.32	\$19.29	\$10.00	\$34.92	\$23.14	\$8.89	\$16.95
Sierra Vista	\$156,300	\$17.98	\$751.00	\$14.44	\$22.51	\$20.03	\$9.70	\$29.20	\$15.81	\$9.08	\$17.20
Tempe	\$220,000	\$25.31	\$908.00	\$17.46	\$31.32	\$19.29	\$10.00	\$34.92	\$23.14	\$8.89	\$16.95
Tucson	\$153,500	\$17.66	\$822.00	\$15.81	\$26.44	\$17.25	\$10.15	\$32.04	\$20.00	\$8.89	\$15.63
Yuma	\$154,300	\$17.75	\$854.00	\$16.42	\$22.89	\$16.97	\$9.72	\$35.23	\$21.02	\$8.83	\$12.56
Arizona	\$201,800	\$23.21	\$875.53	\$16.84	\$28.82	\$18.60	\$10.00	\$34.00	\$20.91	\$8.90	\$16.46

Can Rent or Buy = | Can Afford to Buy = | Can Rent, but Not Buy = | Can't Rent or Buy =



HOUSING STATEWIDE: AZ DEPARTMENT OF HOUSING

2015					HOURLY MEDIAN WAGE						
City/Town	Median Home Price	Hourly Wage Required (Buy)	"2 BDRM APT Monthly Rent"	Hourly Wage Required (Rent)	Police Officer	Teacher	Retail Worker	Nurse	Fire Fighter	Wait Person	Total of All Occupations
Bullhead City	\$145,400	\$16.73	\$752.00	\$14.46	\$26.19	\$17.03	\$9.52	\$28.85	\$16.33	\$8.78	\$14.18
Douglas	\$74,900	\$8.62	\$751.00	\$14.44	\$22.51	\$20.03	\$9.70	\$29.20	\$15.81	\$9.08	\$17.20
FLAGSTAFF	\$299,300	\$34.43	\$1,033	\$19.87	\$25.22	\$20.81	\$9.54	\$31.38	\$21.33	\$9.61	\$15.19

FLAGSTAFF											
2 BDRM APT MONTHLY RENT \$1,033	Hourly Wage Required to (Rent) \$19.87	Police Officer \$25.22	Teacher \$20.81	Retail Worker \$9.54	Nurse \$31.38	Fire Fighter \$21.33	Wait Person \$9.61	All \$15.19			
Prescott	\$288,100	\$33.14	\$763.00	\$15.31	\$27.18	\$17.97	\$10.44	\$35.30	\$17.85	\$8.91	\$14.70
Scottsdale	\$368,300	\$42.37	\$908.00	\$17.46	\$31.32	\$19.29	\$10.00	\$34.92	\$23.14	\$8.89	\$16.95
Sierra Vista	\$156,300	\$17.98	\$751.00	\$14.44	\$22.51	\$20.03	\$9.70	\$29.20	\$15.81	\$9.08	\$17.20
Tempe	\$220,000	\$25.31	\$908.00	\$17.46	\$31.32	\$19.29	\$10.00	\$34.92	\$23.14	\$8.89	\$16.95
Tucson	\$153,500	\$17.66	\$822.00	\$15.81	\$26.44	\$17.25	\$10.15	\$32.04	\$20.00	\$8.89	\$15.63
Yuma	\$154,300	\$17.75	\$854.00	\$16.42	\$22.89	\$16.97	\$9.72	\$35.23	\$21.02	\$8.83	\$12.56
Arizona	\$201,800	\$23.21	\$875.53	\$16.84	\$28.82	\$18.60	\$10.00	\$34.00	\$20.91	\$8.90	\$16.46

Can Rent or Buy = Can Afford to Buy = Can Rent, but Not Buy = Can't Rent or Buy =



422 Improving Housing Affordability



Housing in Flagstaff

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 [C2ER] Cost of Living Index)

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*



What is the first step if 422 passes?

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



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



Flexibility

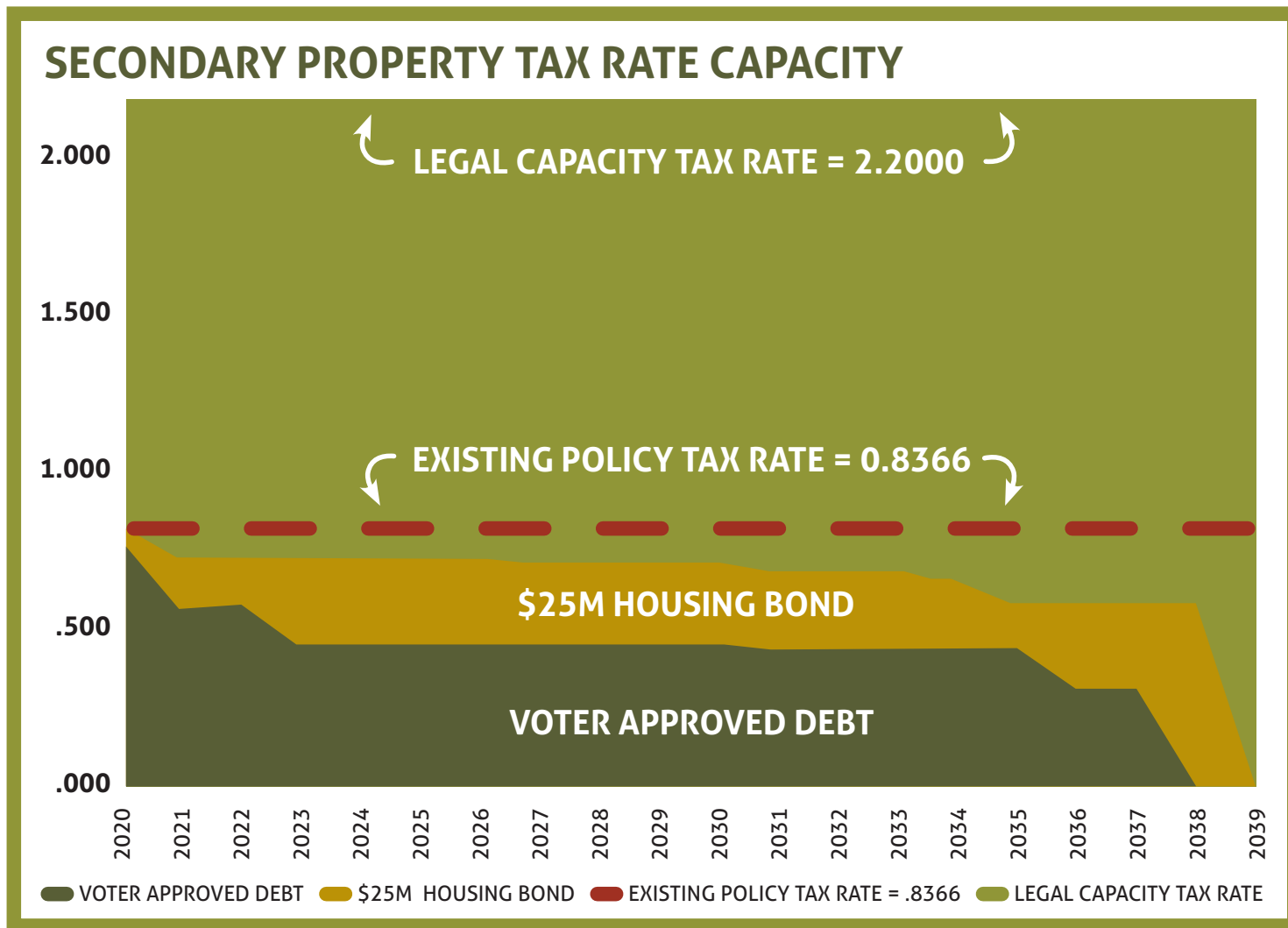
- The Ballot Language provides flexibility to adapt over time as the local market and the housing conditions change
- Advisory Committee will be charged with watching market conditions and proposing programming that continues to advance housing that is affordable
- Advisory Committee will make recommendations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



How will it be paid for?

- Repurposes existing secondary property tax
- 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





Open Houses

Tuesday, September 18

Time: 4-6 p.m.

Location: Flagstaff City Hall Lobby

Wednesday, September 26

Time: 4:30-6:30 p.m.

Location: Flagstaff Aquaplex

Friday, October 5

Time: 6-8 p.m.

Location: Heritage Square (First Friday)

Monday, October 8

Time: 4-6 p.m.

Location: FUSD Board Room – District Office
on Sparrow

Wednesday, October 17

Time: 5-7 p.m.

Location: Murdoch Center

www.flagstaffelections.org

