MINUTES OF THE STUDY SESSION OF THE SHOW LOW CITY COUNCIL HELD ON TUESDAY, APRIL 15, 2025, AT 6:00 PM IN THE CITY COUNCIL CHAMBERS, 181 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA

1. Call to Order.

   Mayor Leech called the meeting to order at 6:00 p.m.

2. Roll Call.

   COUNCIL MEMBERS PRESENT: Mayor Leech, Vice Mayor Kakavas, Councilman Adams, Councilman Clark, Councilman Hatch, Councilman Judd, and Councilman Whipple.

   COUNCIL MEMBERS ABSENT: None.

   STAFF MEMBERS PRESENT: F. Morgan Brown, City Manager; Anna Atencio, City Attorney; Justin Johnson, Deputy City Manager; Steve North, Economic Development Director; Jay Brimhall, Community Services Director; Grace Payne, Communications Manager; Lisa Robertson, Grants Manager; Shannon Adams, Grants Coordinator; and Rachael Hall, City Clerk.

   GUESTS: John Hannah, Jim Hammett, Steve Coffinger, Cathy Huling, Sunshine Brewer, Christian Caron, Stefan Wehnau, Mark McCloy, Doug Roberts, and others.

3. Matrix Design Group Affordable Housing Study Presentation

   Steve North welcomed representatives from Matrix Design, Christian Caron, Project Manager, and Laney Corey, Senior Planner, who were present to share their findings on the Show Low Housing Needs Assessment and Action Plan.

   Dr. Caron said Matrix was founded in Colorado in 1999 and had offices in Phoenix and Mesa. Matrix was an employee-owned multidisciplinary firm specializing in planning, economic analytics, consulting, and civil engineering. They had extensive local and national housing experience, spanning the urban-rural spectrum. They had projects in Tempe, Surprise, Peoria, Scottsdale, Buckeye, Tolleson, Goodyear, and Phoenix.

   Dr. Caron said the needs assessment was based on a data-driven analysis of the community's housing market and demographics, identified housing supply and affordability gaps, and examined factors like population trends, income levels, and housing stock. The action plan outlined strategies and goals to address identified housing needs, proposed specific actions to improve housing availability and affordability, and guided policy decisions and rehouse allocation.

   Ms. Corey said that regarding community engagement, Matrix held two community meetings last November and hosted 30-plus attendees to hear community feedback.

   Ms. Corey said Matrix also conducted a community survey and received 544 responses. All the responses were included in the Housing Needs Assessment report. Today, she highlighted the emerging themes, which included a desire for diverse housing options at 72%. Affordability for younger homebuyers was at 21%.

Rental affordability was at 19%. The need for senior housing was at 18%. The impact of short-term rentals was 11%.

Dr. Caron said regarding needs assessment, Matrix gathered data from the U.S. Census 2022 Five-Year American Community Survey (ACS), Redfin, Zillow, Apartments.com, and the Environmental Systems Research Institute, Inc. They looked at peer communities and made regional comparisons with Sedona, Payson, Navajo County, and Arizona.

Dr. Caron said that the population of Show Low was 12,294. Seniors and college graduates propelled the recent population growth. The average household size was 2.4 people. Over 2000 residents reported living with a disability. The median income was $57,406.00, and the poverty rate was nine percent. Approximately 5,000 workers commute to Show Low.

Dr. Caron said there were 7,756 total housing units in Show Low, 60 % of which were single-family detached homes. The ownership rate was 68%. The median year of construction was 1998. Approximately 440, or six percent of the units, were short-term rentals. The vacancy rate had declined over the years to about three percent.

Dr. Caron discussed the affordability and gaps that the City faced. He said 62% of the renters were cost-burdened, meaning they had minimal funds after paying their rent. He said homeowners with mortgages were at a 29% cost-burdened rate, and homeowners without mortgages were at an 8% cost-burdened rate.

Dr. Caron said the median home price in Show Low was $465,000.00 and required an income of $155,000.00 to purchase. The median rental rate was $2,150.00 and required an income of $98,760.00.

Dr. Caron said 721 renters earned below 80% of the average median income (AMI) or $40,729.00, yet only 681 units were affordable to them. Many homeowners would not be able to afford their homes at current market values. Show Low required between 665 and 2,177 additional units to accommodate the workforce.

Councilman Judd asked how the survey was conducted. Ms. Corey said the survey was distributed through social media, the City's website, and hard copies were also printed off and made available for residents.

Vice Mayor Kakavas asked if the data indicated how many homes were shared by multiple families living under the same roof. Dr. Caron said it was hard to capture that information because of how the Census and ACS gathered data.

Ms. Corey said the action plan, or phase two, included looking for opportunities to increase ownership and rental options, improving housing affordability and choice, and contributing to Show Low's economic development.

Ms. Corey offered some strategies to build on the City's workforce development housing initiatives. For those projects that demonstrated they provided affordable housing, the City could provide density bonuses, reduce parking minimums, promote design flexibility for affordability, institute a first-time home buyer program, and create a workforce housing trust fund.

Ms. Corey said that senior housing was an important issue to the community. The City could partner to develop affordable, age-restricted communities. The City could allow more flexible Accessory Dwelling Unit (ADU) development and facilitate ADU financing options. She said the City could connect seniors with nonprofits specializing in home accessibility upgrades and create a senior housing rehab fund with affordability requirements.

Ms. Corey said the City could diversify its housing stock with multifamily and "gentle density" projects, encourage mixed-use and higher-density master plans, and offer density bonuses for unique housing composition. The zoning code could be amended for diverse infill development and for reducing minimum lot sizes and setback requirements.

Ms. Corey said that to preserve existing affordable housing, the City could launch a housing rehabilitation program. An inventory of all naturally occurring affordable housing properties should be inventoried to guide interventions. Tax abatement could be offered to landlords who maintain affordability. The City could partner with nonprofits, land trusts, and mission-driven developers.

Ms. Corey said the City should look at strategic land use and redevelopment for workforce housing. The City should inventory all city-owned land for housing and prioritize infill and downtown redevelopment parcels. City-owned land could be used to attract mission-aligned developers. Utilize Requests for Proposals for affordable and mixed-income projects and offer long-term land leases for affordability commitments.

Ms. Corey said the City could utilize short-term rental (STR) revenue to expand revenue without burdening local taxpayers by building on the existing registration program. Dedicate STR fees to an affordable housing fund and use those funds for housing rehabilitation, down payment aid, or gap financing.

Ms. Corey said the City could leverage partnership opportunities by collaborating with nonprofits, developers, and schools. Support community land trust with Northland Pioneer College and explore joint ventures and public-private partnerships. She said some model programs included HopeTech with EVIT, Mesa, which combined affordable housing with career technical education, and Chicago Housing Trust, which used city-owned land for permanent low- and moderate-income households.

Ms. Corey suggested the City look for state and federal funding opportunities that could be applied to affordable housing, such as Community Development Block Grants, PRO Housing, Self-Help Ownership Program, HOME, Section 811, Arizona is Home, ARPA Mortgage Assistant Program, and Residential Loan Serving.

Mayor Leech said that due to time constraints, he recommended that Council members ask the City Manager any questions they might have.

4. Adjournment.

There being no further business to be brought before the Council, **MAYOR LEECH ADJOURNED THE STUDY SESSION OF THE SHOW LOW CITY COUNCIL OF APRIL 15, 2025, AT 6:51 P.M.**

ATTEST:

Rachael Hall, City Clerk

APPROVED:

John Leech, Jr., Mayor

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Show Low held on April 15, 2025. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 6th day of May, 2025.

(SEAL)

Rachael Hall, City Clerk