Housing Needs Assessment

City of Prescott, Arizona







Prepared for:
City of Prescott
May 2025

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Table of Contents

Executive Summary	i
1.0 Background & Methodology	1
2.0 Demographic Characteristics of Prescott Population	2
3.0 Prescott Economy	10
4.0 Housing Market Dynamics	18
5.0 Barriers to Affordable Housing	29
6.0 Affordable Housing Demand & Forecast	33
7.0 Conclusions	41

Executive Summary

The City of Prescott commissioned the preparation of a comprehensive Affordable Housing Needs Assessment to address a perceived shortage of affordable housing in the community. The purpose of the Assessment is to determine the status of the local housing market and how the City's housing market is responding to the needs of current and future residents.

Independent research conducted for this report focused on historical and current housing trends, local demographics, and economic factors such as industry employment and commuting trends. The affordability "gap" for the community - the shortage of units that are needed to provide affordable housing for all segments of the population - was calculated from Census data and housing market data collected for the study. Affordability is determined by using the standard that no more than 30% of a household's income is devoted to housing costs.

Demographic Characteristics of Prescott Population

According to the Arizona Office of Economic Opportunity (OEO), Prescott had a population of 48,082 people as of July 2024. The city is the second largest community in Yavapai County, behind Prescott Valley. Since 2010, Prescott grew at a compounded annual rate of 1.4%, slightly faster than the county's growth rate of 1.3%. The city captured 20% of the county's population growth since 2010.

The population of Prescott has a median age of 60.3 years and a smaller average household size than the statewide average. A significant portion of the population of the city is retired. The prime working cohort in Prescott between the ages of 20-65 represents 44.9% of the population compared to 56.8% for the state. An adequate labor force is needed to provide services to the community including critical services such as police and fire protection. These facts could inhibit Prescott's economic growth.

The median household income in Prescott at $69,151 in 2023 is higher than the county median but approximately 10% below the state median income. Renter households in Prescott have a median income of $49,838, lower than the county and state median incomes.

The population forecast for Prescott suggests it will grow to more than 51,380 people by 2030 and to more than 54,280 people by 2040, an increase of 12.9% or 6,198 people. The city is forecasted to capture about 16% of the population increase of Yavapai County by 2040 and remain the second largest municipality in the county.

The above population forecast translates into demand for 3,195 housing units or an average of 213 units per year over the next 16 years. In the last few years, permitting has exceeded these levels with significant construction of duplex and apartment units.

Prescott Housing Demand
2025-2040

	2025	2030	2035	2040	Total
Population Change	723	2,575	1,577	1,323	6,198
Housing Unit Demand	**373**	**1,327**	**813**	**682**	**3,195**
Unit Average/Year		265	163	136	213

Sources: AZ Office of Economic Opportunity, ACS 5-Yr Estimates

Prescott Economy

Given its size, Prescott has a broad economy that is built on a variety of industries including manufacturing, government, media (publishing and entertainment), health care, and telecommunications. The city's unemployment rate stood at 4.5% as of March 2025, slightly above the state-wide average of 4.0%. This level of unemployment is an indicator of full employment both locally and across the state. The labor force participation rate for Prescott of 42.4% is well below the state average. Age and retirement trends can reduce the labor force participation rate. The percentage of the Prescott population over the age of 65 stands at 40.5% compared to 18.6% for the state which affects the participation rate.

In order for an economy to operate efficiently, it must have employees to provide for the daily needs of its residents as well as the employment needs of its businesses. Despite Prescott's employment growth over the past decade, the data suggests that more than 16,400 workers travel to Prescott for work. Another 11,400 of the City's residents in the workforce leave the community each day for work.

A forecast prepared by the Arizona Office of Economic Opportunity (OEO) between 2023 and 2029 suggests that Prescott's employment base will decline by 540 jobs. While Prescott's employment growth has been modest since 2013, it has been positive, growing at a compounded annual rate of 0.46%. The OEO forecast appears unreasonable given the city's assets including its industrial base near the airport. A growth forecast prepared for this study suggests the city's employment base will increase by 1,777 jobs between 2025 and 2040 to a total of 26,502 jobs.

Housing Market Dynamics

Prescott's housing inventory is comprised of 25,807 units according to the 2023 American Community Survey 5-year estimates with 22,751 of those units (88.2%) occupied on a year-round basis by permanent residents.

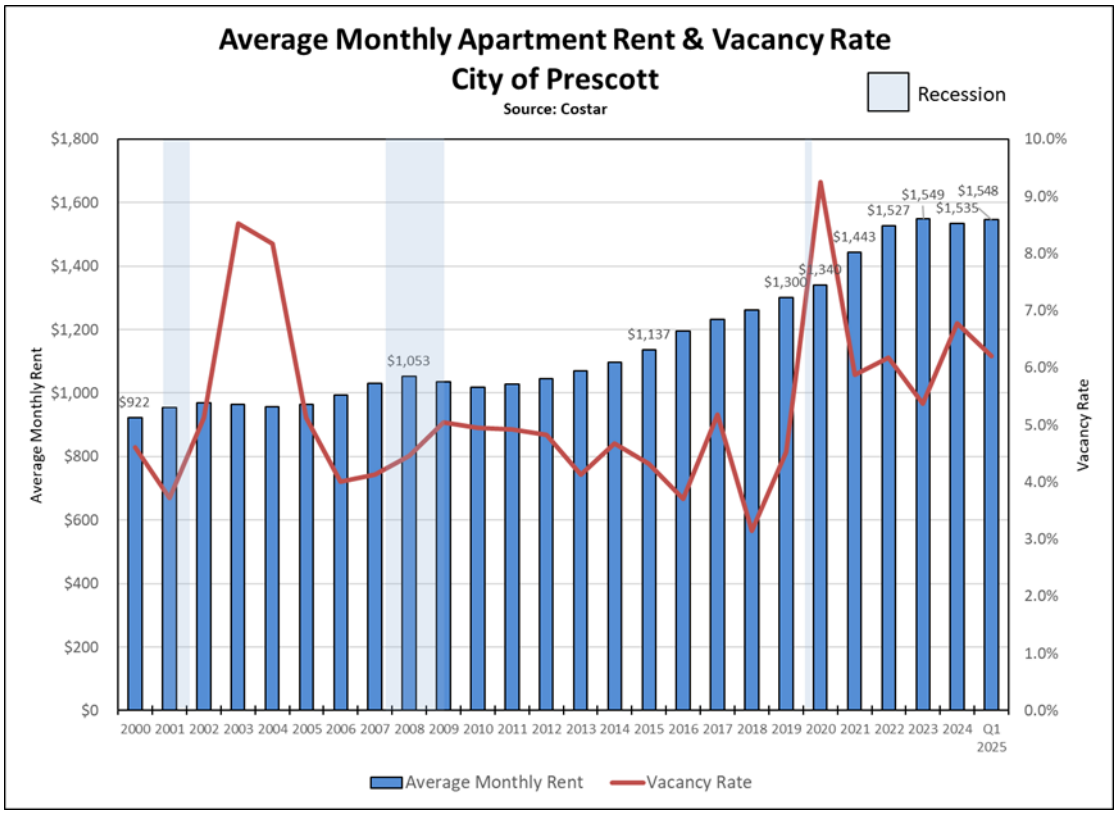
Prescott has a slightly higher percentage of single-family detached units, and a lower percentage of multifamily units compared to the state. The Census reports 12.6% of all housing units in Prescott are considered apartments or multifamily (buildings with five or more units in a building) compared to 16.3% statewide. Recent multifamily development may not be reflected in the U.S. Census data.

Residential building permit activity has been extremely strong since 2015 reaching a peak of 692 units in 2018. Single family permit activity has been stable over the last few years although there was a sharp drop in 2022 and 2023. Despite the rise in mortgage interest rates and new home prices, 2024 was a strong year. Permits for apartments have also been strong since 2018. Based on this construction activity, growth in Prescott is on pace to meet or exceed OEO's projected population growth over the next five years and beyond.

Apartment Inventory

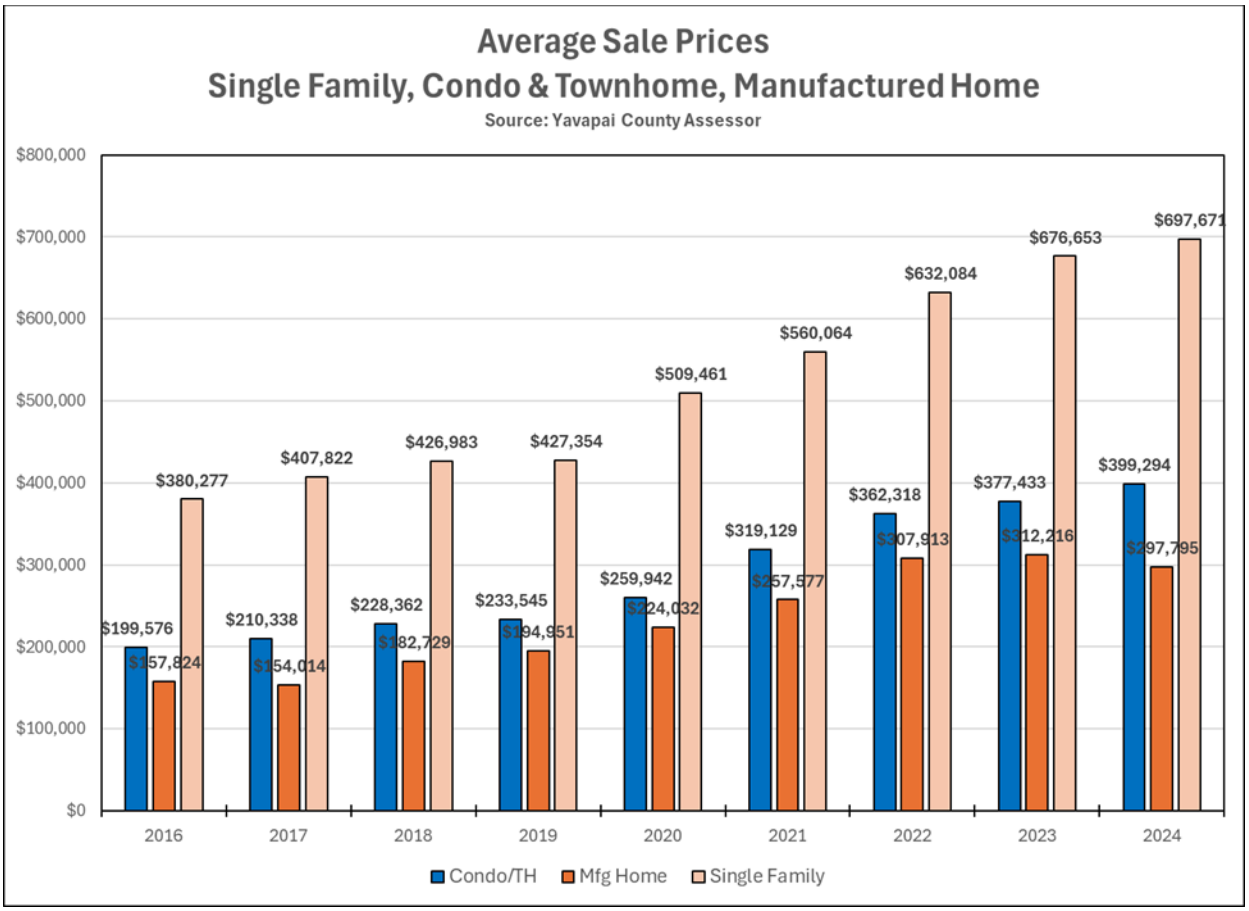
The City's inventory of traditional market-rate apartment complexes of 1,647 units is comprised of medium sized complexes, the largest being 200 units in size. Missing from the inventory are complexes known as Built-To-Rent (BTR) which have become popular in the last ten years. However, one BTR complex is now under construction and nearing completion. The vacancy rate for traditional apartment units in the first quarter of 2025 is estimated at 6.2% which is close to the normal stabilized rate for the market of about 7%. This vacancy rate indicates the market is stabilized and at equilibrium. The average rent for a market-rate unit in the city in 2024 was $1,535 per month for an average 808 square foot unit. The average rent ticked up slightly to $1,548 in the first quarter of 2025.

In addition to the market-rate apartment inventory, there are three affordable complexes totaling 224 units including one senior complex. Another 437 units in four properties are under construction. The pipeline of future multifamily complexes includes 160 units that have been permitted for construction and another 1,278 units, mostly traditional apartments, in the planning stage. Given the current economic and capital markets environment, the timing of when the planned properties may come to market is uncertain.



Ownership Housing Market

The price of housing in Prescott has increased dramatically over the past five years. The average single family home price has risen by 63% since 2019 (pre-pandemic) and condo/townhome properties have increased by 71%. That's an increase of $270,000 for a single family home and $103,000 for a condo/townhome. Mobile or manufactured homes also increased by a similar amount. Much of that increase occurred in 2021 and 2022 when single family prices jumped by 25%. The number of home sales peaked in 2021 at 2,158 sales but have since fallen to 1,148 in 2024, a 41% decline due to high mortgage interest rates and rising construction costs.



Mobile and manufactured homes are the most affordable housing option with an average price of $298,000 in 2024. However, the availability of units may be limited with only 60 sales in 2024. Condos and townhomes may also offer some options for more affordable units. About two-thirds of the 121 sales in 2024 occurred at a price under $400,000 with an average price of $317,000 and an average age of the unit at 35 years. Additionally, 29 sales were for units priced under $300,000. Limited inventory is an issue for those searching to purchase a home.

Based on the city median household income of $69,151, with a 10% down payment and a 6.6% loan, the maximum house value the typical Prescott household can afford is $243,000. In 2024, out of 1,147 home sales (including condos, townhomes, and manufactured homes), only 76 (6.6%) sold for less than $300,000. The household income required to afford a housing unit at various price ranges is shown on the following table for the loan plus property taxes, home insurance, and private mortgage insurance. A home or unit with an average price of $300,000 requires an income of $80,500.

Prescott 2024 Housing Sales & Required Income											
	SF	Condo	MH	Total	% of	Loan Pmt		Total Pmt		Required Income	
Price Range	Sales	Sales	Sales	Sales	Total	Min	Max	Min	Max	Min	Max
Less than $200,000	4	1	10	15	1.3%		$1,150	$0	$1,343	$0	$53,709
$200,000-$300,000	17	28	16	61	5.3%	$1,150	$1,724	$1,343	$2,014	$53,709	$80,563
$300,000-$400,000	51	49	29	129	11.2%	$1,724	$2,299	$2,014	$2,685	$80,563	$107,417
$400,000-$500,000	157	22	5	184	16.0%	$2,299	$2,874	$2,685	$3,357	$107,417	$134,272
$500,000-$600,000	214	10		224	19.5%	$2,874	$3,449	$3,357	$4,028	$134,272	$161,126
$600,000-$700,000	156	3		159	13.9%	$3,449	$4,024	$4,028	$4,700	$161,126	$187,980
$700,000-$800,000	127	7		134	11.7%	$4,024	$4,598	$4,700	$5,371	$187,980	$214,835
$800,000-$900,000	73			73	6.4%	$4,598	$5,173	$5,371	$6,042	$214,835	$241,689
$900,000-$1,000,000	49			49	4.3%	$5,173	$5,748	$6,042	$6,714	$241,689	$268,543
$1,000,000+	118	1		119	10.4%	$5,748		$6,714	$0	$268,543	$0
Number of Sales	**966**	**121**	**60**	**1,147**	**100.0%**						

Barriers to Affordable Housing

Overall, the City of Prescott has an abundance of land that can accommodate future population estimates for the foreseeable future. The zoning code and General Plan support residential uses including affordable housing. The primary barriers to affordable housing are the cost of development, water resources, and an anti-growth sentiment.

According to a recent survey of Prescott residents conducted from March to May 2025 concerning affordable housing, 70% of renters indicated they paid more than 30% of their income on housing. Some of the barriers to affordable housing noted by survey respondents were the lack of affordable for-sale units, low wages, and the lack of a down payment. Most felt rents are too high. A recent increase in impact fees by the city may also hinder development of affordable workforce housing units.

Overall, the affordable housing barriers in Prescott are limited to a few issues. The city has available land within its boundaries and future annexation areas to accommodate the projected population growth through 2040. The General Plan supports residential uses, including affordable housing. While the city's Land Development Code (LDC) may require some amendments to bring it into conformance with the Plan, the ordinance is not considered a significant barrier to affordable housing. The primary barriers to affordable housing in Prescott are the cost of development, water resources, and an anti-growth sentiment.

Housing Affordability Gap

The housing affordability gap is the difference between the rents or housing values in a community and the ability of households to afford those rents or values. **Housing affordability**

affects low- and moderate-income households the most, including many critical service occupations such as teachers, police, firefighters, nurses, and service workers.

The following table outlines the housing cost burden for renters in Prescott which totals approximately 3,380 households or 46.6% of all renters. An estimated 27.9% of renter households pay more than 50% of their incomes on housing or 2,026 households. These households are considered severely rent burdened. This latter rent burden is well above the county and state averages.

Renter Housing Cost Burden
Gross Rent as % of Household Income

	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Total:	**7,256**		**28,846**		**923,559**	
Less than 10.0 percent	164	2.3%	1,342	4.7%	35,020	3.8%
10.0 to 14.9 percent	546	7.5%	2,677	9.3%	70,637	7.6%
15.0 to 19.9 percent	828	11.4%	2,413	8.4%	104,368	11.3%
20.0 to 24.9 percent	1,086	15.0%	4,031	14.0%	115,422	12.5%
25.0 to 29.9 percent	751	10.4%	3,742	13.0%	102,684	11.1%
30.0 to 34.9 percent	550	7.6%	1,933	6.7%	80,245	8.7%
35.0 to 39.9 percent	351	4.8%	1,411	4.9%	62,372	6.8%
40.0 to 49.9 percent	453	6.2%	2,470	8.6%	83,870	9.1%
50.0 percent or more	2,026	27.9%	5,979	20.7%	207,164	22.4%
Not computed	501	6.9%	2,848	9.9%	61,777	6.7%
Total Spending More Than 30%	**3,380**	**46.6%**	**11,793**	**40.9%**	**433,651**	**47.0%**
Total Spending More Than 50%	**2,026**	**27.9%**	**5,979**	**20.7%**	**207,164**	**22.4%**

Source: ACS 2023 5-year estimate

For owner occupants, the housing cost burden is consistent with the statewide average. An estimated 3,257 owner households in Prescott or 21.0% fall into this category. Of that amount, 1,523 households are considered severely rent burdened (9.8%).

Owner Housing Cost Burden Homeowner Housing Cost as % of Household Income						
	Prescott Valley		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Occupied housing units:	**14,212**		**80,054**		**1,873,231**	
Less than 10.0 percent	3,509	24.7%	21,750	27.2%	482,151	25.7%
10.0 to 14.9 percent	2,478	17.4%	12,996	16.2%	341,879	18.3%
15.0 to 19.9 percent	2,180	15.3%	12,016	15.0%	295,596	15.8%
20.0 to 24.9 percent	1,509	10.6%	7,660	9.6%	208,141	11.1%
25.0 to 29.9 percent	1,063	7.5%	5,584	7.0%	134,621	7.2%
30.0 to 34.9 percent	622	4.4%	3,795	4.7%	89,783	4.8%
35.0 to 39.9 percent	381	2.7%	2,519	3.1%	59,715	3.2%
40.0 to 49.9 percent	695	4.9%	3,469	4.3%	72,363	3.9%
50.0 percent or more	1,719	12.1%	9,637	12.0%	167,545	8.9%
Not computed	56	0.4%	628	0.8%	21,437	1.1%
Total Spending More Than 30%	**3,417**	**24.0%**	**19,420**	**24.3%**	**389,406**	**20.8%**
Total Spending More Than 50%	**1,719**	**12.1%**	**9,637**	**12.0%**	**167,545**	**8.9%**
Source: ACS 2023 5-year estimate						

The total housing affordability gap for Prescott under this methodology is 6,637 households, or approximately 29.2% of total households. Renters are the most cost-burdened households in the city on a percentage basis. The housing burden for renters at different incomes is outlined below.

- Housing cost burden falls on the lowest income households. There are 1,085 renter households earning less than $20,000 who are burdened by rent and 777 owner households who are similarly burdened. These households are most appropriately housed in public housing units, typically owned by a government entity or non-profit, or subsidized with vouchers, with rents set at 30% of the household's income.

- There are 2,127 renter households in the city earning between $20,000 and $50,000 per year and 72% of them, or 1,524 households, are burdened by housing costs. This group could be served by Low Income Housing Tax Credit projects or other government subsidized housing programs targeting 30%-60% AMI households. Excluding population growth, there is still a need for 1,300 subsidized units for this income group.

- The third group of households, representing 1,565 renter households, earn between $50,000 and $75,000. About 32% of these households or 506 households are burdened by housing costs. Most of these households would likely qualify for workforce housing units targeting 60%-100% AMI. Additionally, a portion of these households at the higher end of the range could be candidates for homeownership assistance programs. With interest rate relief, a portion of these households could affordably purchase homes in the low $300,000 range.

- The final group of 1,918 households earn $75,000 or more with about 14% burdened by housing costs. Market rate apartments are affordable to this group of households. There are also many options among new and resale homes that would be affordable, especially if mortgage interest rates decline.

A further source of demand for affordable housing is households who are separated or divorced or where a spouse has died. Those households have much lower incomes relative to married couple families. In particular, households headed by a female head of household have a median income of less than $47,000.

In summary, an estimated 6,637 households in Prescott, or approximately 29.2% of total households are burdened by housing costs, spending more than 30% of their income on housing. This number includes 3,380 renters who are burdened the most on a percentage basis and 3,257 owners. Owners have more options to resolve their housing cost issue by selling their home and moving to a lower cost unit or renting. Renters by comparison have fewer options. While there are few opportunities for homeownership for households who earn less than $50,000, a target for first-time homeownership could be the renter households who earn between $50,000 and $75,000.

Prescott has an inventory of 224 affordable LIHTC units that provide some benefit to low- and moderate-income households. Housing choice vouchers are also available across Yavapai County from the Arizona Public Housing Authority. The number of vouchers that are directly used in Prescott is unavailable. However, vouchers for the county are fully committed with a long waiting list. Resources available to low- and moderate-income households are limited and do not fully address housing need.

Future Housing Demand

Prescott is expected to grow by 6,198 people between 2024 and 2040. This will create demand for at least 3,195 housing units. Taking into account a 5% vacancy rate, total housing demand should approach 3,355 units.

Following from the gap analysis, the following table outlines the future demand for housing by today's income range. Rental housing demand, much of which could be in the form of subsidized units, will be driven by households with less than $50,000 in income. Total demand is estimated at 1,154 units by 2040. Another 1,104 units of ownership housing will be needed for critical service employees who earn between $50,000 and $100,000. This population may need support

to acquire housing that is within their reach. At today's interest rate, the households in this income category could afford a home ranging from $200,000 to $350,000.

Prescott Forecasted Housing Demand By Income			
Income Range	**Households**	**%**	**Housing Target**
Less than $25,000	547	16.3%	Rental Housing
$25,000 to $34,999	292	8.7%	Rental Housing
$35,000 to $49,999	315	9.4%	Rental Housing
Total	***1,154***	**34.4%**	
$50,000 to $74,999	661	19.7%	Ownership Housing
$75,000 to $99,999	443	13.2%	Ownership Housing
Total	***1,104***	**32.9%**	
$100,000 to $149,999	500	14.9%	
$150,000 to $199,999	248	7.4%	
$200,000 or more	349	10.4%	
Total	**1,097**	**32.7%**	
Total Units	**3,355**	**100.0%**	
Source: AZ OEO, Elliott D. Pollack & Co.			

Conclusions

Over the last five years, housing in the city of Prescott has experienced declining affordability conditions, similar to that occurring across Arizona. In total, about 29.2% of households in the community are currently burdened by their housing costs, including 46.6% of all renters. The city is projected to experience moderate growth for the foreseeable future, and affordability challenges will continue. Solutions are needed for current residents and to plan for the housing needs of future residents.

Prescott is in a strong position to address the affordability needs of its growing community. Employment forecasts suggest that the City's economy will continue to expand and could bring more high wage jobs. These jobs will have a multiplier effect, creating multiple lower wage jobs as a result. Prescott should be strategic about the types of housing units it approves to support current and future residents, especially necessary service workers.

Residential land is available in the city to accommodate future growth. A variety of housing types should be encouraged. However, addressing the housing affordability issue will not be successful unless higher density housing products are introduced to the community to offset the cost of land and construction. Incentives and affordable housing policies to attract such housing are an important element. While this report does not provide an overall strategy, suggested options for higher density housing products include the following.

- Small lot and attached ownership development, including courtyard complexes, will allow more residents who earn less than $100,000 the opportunity for homeownership.
- Moderate and higher-density rental products, such as single-family rentals (BTRs), traditional apartments, townhomes, or duplexes placed in strategic areas can provide affordable opportunities for households earning between $50,000 and $75,000.
- Accessory dwelling units (ADUs) on existing lots provide affordable rental options while providing income to the property owner. We understand an ADU may not be rented separately from the principal dwelling unit on the lot under the requirements of the LDC.
- Manufactured or modular homes are now being developed on permanent foundations with enhanced design features by developers. Manufactured homes can be an affordable ownership option for Prescott.
- Subsidized housing programs targeting low-income and workforce wage households (40%-100% AMI) for multi-family housing will continue to be demanded in Prescott to support service providers who are currently burdened by housing costs. Even after new apartment communities are completed in the coming year, there will still be a large gap of need at this income level.

1.0 Background and Methodology

The City of Prescott commissioned the preparation of a comprehensive Affordable Housing Needs Assessment to address a perceived shortage of affordable housing in the community. The purpose of the Assessment is to determine the status of the local housing market and how the city's housing market is responding to the needs of current and future residents. The Assessment is designed to assess changes in the city's resident population and the impact of employment growth of the community over the last ten years.

Several key steps were required to prepare this Assessment. Independent research within this report focused on historical and current housing trends, local demographics, and economic factors such as industry employment and commuting trends.

The Housing Assessment also identifies the affordability gap for the community - the shortage of units that are needed to provide affordable housing for all segments of the population. Affordability is determined by using the standard that no more than 30% of a household's income is devoted to housing costs[1]. The U.S. Census provides an estimate of the number of cost-burdened owner and renter households that are paying more than 30% of their income on housing. This essentially identifies the size of the housing gap. To determine the affordability gap, data from a variety of sources are evaluated including the U.S. Census, the American Community Survey, and private data vendors which are subscribed by this firm.

Data from the U.S. Census for the city of Prescott is limited due to its population of less than 65,000 people in 2023. The primary data source is the American Community Survey (ACS) 5-year estimates which are based on 60 months of collected data that describes the average characteristics of that five-year time period. By comparison, one-year estimates for 2023 are available for cities with a population of more than 65,000 people but are considered to have a larger margin of error than five-year estimates. The 2020 decennial census data is also readily available. This report relies on the 2023 ACS five-year estimates plus data that comes from private vendors such as Costar and Lightcast reports.

[1] The US Department of Housing and Urban Development defines "affordable housing" as housing for which the occupant is paying no more than 30% of gross income. "Attainable housing," also referred to as Workforce Housing, is defined as housing that costs no more than 30% of the gross incomes of households earning 80% to 120% of the area median income.

2.0 Demographic Characteristics of Prescott Population

2.1 Population Attributes

According to the Arizona Office of Economic Opportunity (OEO), Prescott had a population of 48,082 people as of July 2024. The city is the second largest community in Yavapai County, behind Prescott Valley. Since 2010, Prescott grew at a compounded annual rate of 1.4%, slightly faster than the county's growth rate of 1.3%. The city captured 20% of the county's population growth since 2010.

Yavapai County Population Change 2010-2024

Place	2010	2015	2020	2024	2010-2024 Change
Camp Verde	10,900	11,504	12,147	12,390	1,490
Chino Valley	10,844	11,294	13,113	13,915	3,071
Clarkdale	4,100	4,078	4,426	4,964	864
Cottonwood	11,226	11,263	12,048	12,658	1,432
Dewey - Humboldt	3,899	3,993	4,369	4,584	685
Jerome	441	453	464	459	18
Prescott	**39,825**	**42,143**	**45,985**	**48,082**	**8,257**
Prescott Valley	38,832	41,216	46,991	51,532	12,700
Sedona*	7,183	7,126	7,137	7,197	14
Wickenburg*	0	17	899	1,665	1,665
Unincorporated Balance of County	83,669	85,095	89,494	94,322	10,653
Yavapai County Total	**210,919**	**218,182**	**237,073**	**251,768**	**40,849**

Note: *Yavapai County population only
Source: Arizona Office of Economic Opportunity

Population estimates only include permanent residents of the communities and do not account for the seasonal population. The table to the right provides an estimate of the Prescott seasonal population for 2023. According to the U.S. Census, Prescott has 2,198 seasonal housing units, likely increasing the population of the city by nearly 4,300 persons for six to nine months of the year. Prescott has

Seasonal Housing Units & Seasonal Population

	Prescott	Yavapai County	Arizona
Housing Units			
Seasonal Units	2,198	9,419	172,996
Total Units	25,807	124,032	3,142,443
% Seasonal Units	8.5%	7.6%	5.5%
Potential Seasonal Population			
2023	4,264	20,533	439,410

Source: ACS 2023 5-year estimate

a higher percentage of seasonal housing than the state. Seasonal residents can provide important economic benefits to the city by increasing retail sales and paying property taxes for their residences. For Prescott, that impact appears modest.

The population of Prescott has a median age of 60.3 years and a smaller average household size than Arizona. These factors suggest a significant portion of the population of the city is retired.

Age & Average Household Size

	Prescott	Yavapai County	Arizona
Median Age	60.3	55.0	38.8
Average household size	1.94	2.18	2.54
Owner-occupied unit	2.00	2.19	2.60
Renter-occupied unit	1.84	2.15	2.41

Source: ACS 2023 5-year estimate

Prescott's population is influenced by a slightly lower percentage of the population under the age of 20 compared to the county and a much higher population over 65 years of age than the state. The prime working cohort in Prescott between the ages of 20-65 represents 44.9% of the population compared to 56.8% for the state. An adequate labor force is important for new employers searching for an available workforce. These facts could inhibit Prescott's economic growth.

Population by Age						
	Prescott		Yavapai County		Arizona	
	People	%	People	%	People	%
Total	**46,744**		**241,656**		**7,268,175**	
Under 5 years	1,441	3.1%	9,087	3.8%	399,499	5.5%
5 to 9 years	1,328	2.8%	9,838	4.1%	437,862	6.0%
10 to 14 years	1,400	3.0%	11,565	4.8%	469,948	6.5%
15 to 19 years	2,670	5.7%	12,184	5.0%	481,492	6.6%
20 to 24 years	2,395	5.1%	10,395	4.3%	488,741	6.7%
25 to 29 years	1,825	3.9%	10,830	4.5%	503,268	6.9%
30 to 34 years	1,944	4.2%	11,015	4.6%	495,399	6.8%
35 to 39 years	1,652	3.5%	11,871	4.9%	464,248	6.4%
40 to 44 years	1,257	2.7%	10,059	4.2%	448,633	6.2%
45 to 49 years	1,865	4.0%	11,112	4.6%	422,418	5.8%
50 to 54 years	2,249	4.8%	13,003	5.4%	427,012	5.9%
55 to 59 years	3,162	6.8%	16,926	7.0%	431,854	5.9%
60 to 64 years	4,642	9.9%	22,893	9.5%	447,867	6.2%
65 to 69 years	4,757	10.2%	24,190	10.0%	411,573	5.7%
70 to 74 years	5,768	12.3%	24,373	10.1%	367,428	5.1%
75 to 79 years	4,113	8.8%	16,317	6.8%	266,581	3.7%
80 to 84 years	2,165	4.6%	8,761	3.6%	163,500	2.2%
85 years +	2,111	4.5%	7,237	3.0%	140,852	1.9%
Under 20 years	**6,839**	**14.6%**	**42,674**	**17.7%**	**1,788,801**	**24.6%**
65 years+	**18,914**	**40.5%**	**80,878**	**33.5%**	**1,349,934**	**18.6%**
Source: ACS 2023 5-year estimate						

The educational attainment of Prescott residents is well above the county and statewide averages with 41.1% of the population over the age of 25 having bachelor's degrees or higher. The number of adults with at least a high school diploma is consistent with county and state averages as is those with associate's degrees.

Educational Attainment						
	Prescott		Yavapai County		Arizona	
	Persons	%	Persons	%	Persons	%
Population 25 years and over	**37,510**		**188,587**		**4,990,633**	
Less than 9th grade	419	1.1%	4,224	2.2%	232,566	4.7%
9th to 12th grade, no diploma	1,028	2.7%	9,926	5.3%	311,962	6.3%
High school graduate	7,328	19.5%	46,739	24.8%	1,171,693	23.5%
Some college, no degree	9,513	25.4%	53,494	28.4%	1,187,823	23.8%
Associate's degree	3,808	10.2%	18,378	9.7%	459,127	9.2%
Bachelor's degree	8,620	23.0%	32,658	17.3%	999,535	20.0%
Graduate or professional degree	6,794	18.1%	23,168	12.3%	627,927	12.6%
High school graduate or higher	**36,063**	**96.1%**	**174,437**	**92.5%**	**4,446,105**	**89.1%**
Bachelor's degree or higher	**15,414**	**41.1%**	**55,826**	**29.6%**	**1,627,462**	**32.6%**
Source: ACS 2023 5-year estimate						

Of the 22,751 households in Prescott, about one-half are married-couple households and 46% considered non-family households. This latter category consists of single person households with another 5.6% cohabitating couples. Approximately 10,400 households are single person families where the spouse is not present, either through divorce, death of the spouse, or another reason. An estimated 739 of those single person households are living with children. Single person households often present the most demand for affordable housing since they depend largely on one income. Female householders without a spouse are at most risk to the lack of affordable housing.

Households By Type

	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Total households	**22,751**		**108,900**		**2,796,790**	
Married-couple household	11,084	48.7%	53,811	49.4%	1,313,901	47.0%
With children of the householder under 18 years	1,539	6.8%	10,770	9.9%	476,095	17.0%
Cohabiting couple household	1,278	5.6%	8,043	7.4%	230,611	8.2%
With children of the householder under 18 years	204	0.9%	2,485	2.3%	76,683	2.7%
Male householder, no spouse/partner present	4,355	19.1%	19,101	17.5%	520,511	18.6%
With children of the householder under 18 years	129	0.6%	734	0.7%	38,745	1.4%
Householder living alone	3,459	15.2%	14,448	13.3%	357,324	12.8%
65 years and over	1,589	7.0%	7,778	7.1%	120,282	4.3%
Female householder, no spouse/partner present	6,034	26.5%	27,945	25.7%	731,767	26.2%
With children of the householder under 18 years	610	2.7%	2,520	2.3%	128,427	4.6%
Householder living alone	4,733	20.8%	19,106	17.5%	410,297	14.7%
65 years and over	2,971	13.1%	12,657	11.6%	213,433	7.6%

Source: ACS 2023 5-year estimate

The median household income in Prescott at $69,151 in 2023 is higher than the county median but approximately 10% below the state median income. Renter households in Prescott have a median income of $49,838, lower than the county and state median incomes. The incomes cited on the table below indicate substantial demand for affordable rental housing at various income levels.

Households By Income						
	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Occupied Units	**22,751**		**108,900**		**2,796,790**	
Less than $10,000	1,342	5.9%	5,445	5.0%	137,043	4.9%
$10,000 to $14,999	592	2.6%	3,812	3.5%	81,107	2.9%
$15,000 to $24,999	1,775	7.8%	8,712	8.0%	170,604	6.1%
$25,000 to $34,999	1,979	8.7%	9,148	8.4%	192,979	6.9%
$35,000 to $49,999	2,139	9.4%	13,939	12.8%	304,850	10.9%
$50,000 to $74,999	4,482	19.7%	19,493	17.9%	475,454	17.0%
$75,000 to $99,999	3,003	13.2%	15,899	14.6%	380,363	13.6%
$100,000 to $149,999	3,390	14.9%	16,988	15.6%	506,219	18.1%
$150,000 to $199,999	1,684	7.4%	7,187	6.6%	251,711	9.0%
$200,000 or more	2,389	10.5%	8,168	7.5%	296,460	10.6%
Mean income (dollars)	**$100,538**		**$88,106**		**$104,138**	
Median income (dollars)	**$69,151**		**$66,106**		**$76,872**	
Homeowner Median	**$82,261**		**$74,009**		**$91,561**	
Renter Median	**$49,838**		**$50,824**		**$54,757**	

Source: ACS 2023 5-year estimate

Despite household incomes being lower than the state, median incomes in Prescott have been growing but at a pace slightly slower than that of the county and state since 2018. Median household income increased by 28.0% from 2018 through 2023 versus 36.8% for the state. Average incomes in Prescott also grew more quickly than the state at a pace of 39.9%. This indicates Prescott is attracting higher income households, which is boosting the average income numbers.

Household Income 2018 - 2023			
	Prescott	Yavapai County	Arizona
Median Income			
2018	$54,037	$50,180	$56,213
2019	$55,734	$52,451	$58,945
2020	$58,562	$53,329	$61,529
2021	$61,090	$56,170	$65,913
2022	$66,330	$62,430	$72,581
2023	$69,151	$66,106	$76,872
2018-2023 % Change	**28.0%**	**31.7%**	**36.8%**
Average Income			
2018	$71,861	$65,629	$77,221
2019	$76,387	$68,419	$80,779
2020	$85,615	$70,548	$84,380
2021	$86,659	$74,262	$89,693
2022	$96,801	$83,305	$98,569
2023	$100,538	$88,175	$104,138
2018-2023 % Change	**39.9%**	**34.4%**	**34.9%**
Source: 2018-2023 ACS 5-year estimate			

2.2 Population Forecast

Population estimates and projections have been gathered from the Arizona Office of Economic Opportunity (AZ OEO). The latest forecasts were published by OEO in 2023 and do not reflect the official annual population estimates for the past two years. Therefore, the OEO forecast used for this analysis has been benchmarked to the official 2024 population estimate.

Since 2020, the city has grown by an average annual rate of 1.1%, about one-half the rate of growth in Prescott Valley. Prescott has experienced an increase of about 500 people per year. The population forecast for Prescott now suggests it will grow to more than 51,380 people by 2030 and to more than 54,280 people by 2040, an increase of 12.9% or 6,198 people. The city is forecasted to capture about 16% of the population increase of Yavapai County by 2040 and remain the second largest municipality in the county. By comparison, Prescott Valley is forecasted to capture 23.7% of the county's growth through 2040.

2023-2040 Population Forecast												
	Actual					Forecast						
Place	2020	2021	2022	2023	2024	*2025*	*2030*	*2035*	*2040*	*2024-2040 Change*	*% Change*	*% of County's Growth*
Camp Verde	12,147	12,216	12,430	12,495	12,390	*12,597*	*13,630*	*14,667*	*15,719*	*3,329*	*26.9%*	8.8%
Chino Valley	13,113	13,429	13,662	13,833	13,915	*14,205*	*15,349*	*16,179*	*16,910*	*2,995*	*21.5%*	8.0%
Clarkdale	4,426	4,563	4,792	4,920	4,964	*5,035*	*5,392*	*5,749*	*6,112*	*1,148*	*23.1%*	3.0%
Cottonwood	12,048	12,185	12,296	12,688	12,658	*12,823*	*13,373*	*13,669*	*13,906*	*1,248*	*9.9%*	3.3%
Dewey - Humboldt	4,369	4,440	4,488	4,550	4,584	*4,649*	*4,882*	*5,029*	*5,158*	*574*	*12.5%*	1.5%
Jerome	464	467	467	463	459	*459*	*461*	*463*	*464*	*5*	*1.2%*	0.0%
Prescott	**45,985**	**46,826**	**47,450**	**47,697**	**48,082**	***48,805***	***51,380***	***52,957***	***54,280***	***6,198***	***12.9%***	**16.5%**
Prescott Valley	46,991	47,998	49,069	50,122	51,532	*52,681*	*57,284*	*60,702*	*63,734*	*12,202*	*23.7%*	32.4%
Sedona*	7,137	7,178	7,228	7,245	7,197	*7,255*	*7,393*	*7,396*	*7,378*	*181*	*2.5%*	0.5%
Wickenburg*	899	1,028	1,255	1,511	1,665	*1,884*	*3,190*	*4,563*	*5,937*	*4,272*	*256.6%*	11.3%
Unincorporated Area	89,494	90,843	92,252	93,375	94,322	*95,910*	*101,795*	*105,669*	*108,995*	*14,673*	*15.6%*	39.0%
Yavapai Total	**237,073**	**241,173**	**245,389**	**248,899**	**251,768**	***256,302***	***274,127***	***287,044***	***289,438***	***37,670***	***15.0%***	
Source: AZ Office of Economic Opportunity												

The above population forecast translates into a significant demand for housing over 16 years totaling 3,195 units or an average of 213 units per year. In the last few years, permitting has exceeded these levels with significant construction of duplex and apartment units. However, even single-family permits have exceeded the estimated future demand outlined below. This indicates the forecast may be conservative or permit activity could be impacted by seasonal residents who are not considered permanent residents in the population estimates and forecasts produced the Arizona Office of Economic Opportunity.

Prescott Housing Demand 2025-2040					
	2025	2030	2035	2040	Total
Population Change	723	2,575	1,577	1,323	6,198
Housing Unit Demand	**373**	**1,327**	**813**	**682**	**3,195**
Unit Average/Year		265	163	136	213
Sources: AZ Office of Economic Opportunity, ACS 5-Yr Estimates					

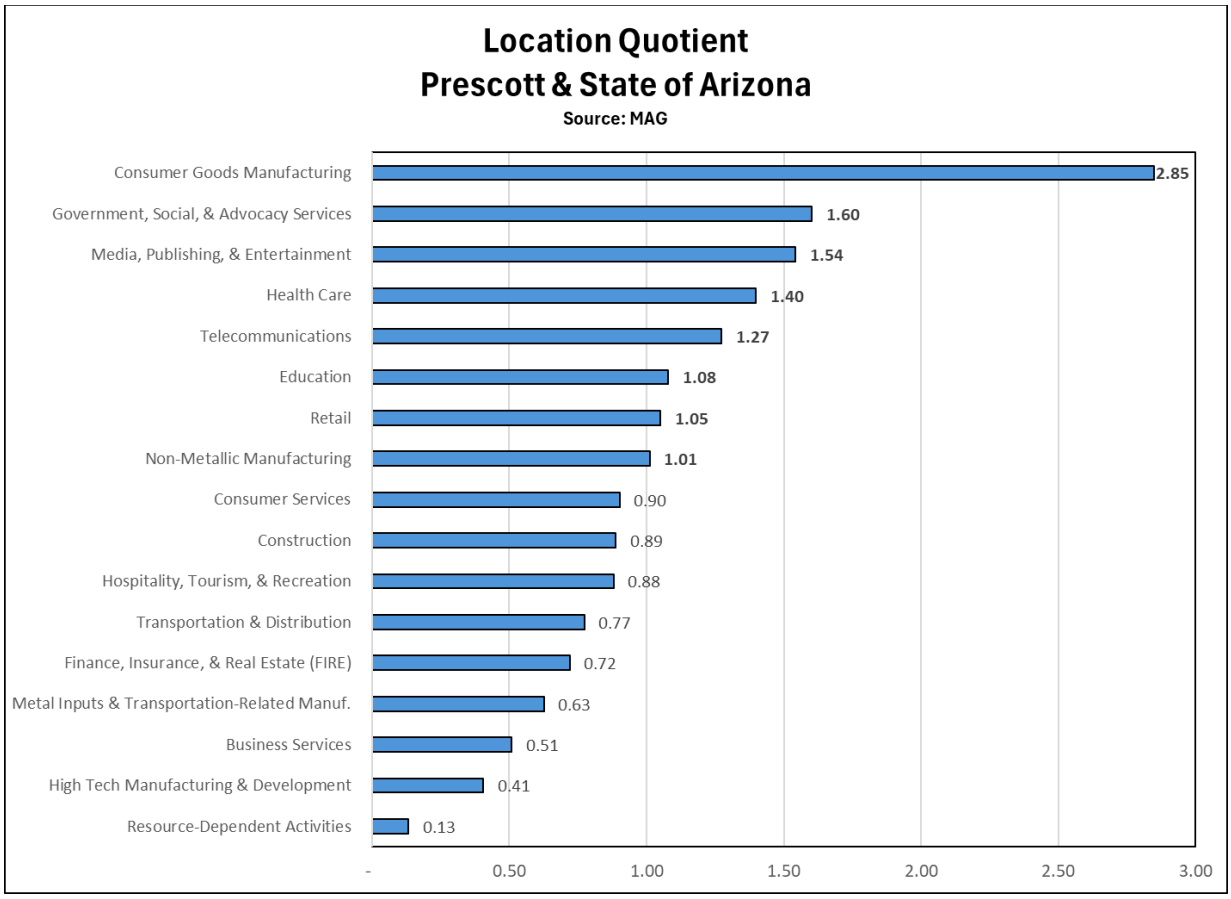
Residential Building Permits City of Prescott					
Year	1-unit Units	2-units Units	3-4 units Units	5+ units Units	Total
2010	53	-	4	46	103
2011	87	-	-	-	87
2012	144	-	-	-	144
2013	234	-	-	-	234
2014	204	-	-	-	204
2015	278	4	-	160	442
2016	339	4	-	-	343
2017	322	8	-	5	335
2018	359	12	12	309	692
2019	434	4	-	104	542
2020	387	-	12	22	421
2021	383	2	-	76	461
2022	219	14	-	-	233
2023	221	4	-	148	373
2024	411	10	-	18	439
Source: U.S. Census Bureau					

3.0 Prescott Economy

Given its size, Prescott has a broad economy that is built on a variety of industries including manufacturing, government, media (publishing and entertainment), health care, and telecommunications.

The strengths and weaknesses of a local economy can be illustrated by a very simple metric known as the "Location Quotient" or LQ. LQ compares the percentage of jobs in each industry in a community to a larger economy, such as the state. An LQ over 1.0 indicates that a particular industry has a greater presence in the local economy compared to the state – hence a strength of the local area. An LQ less than 1.0 shows the potential weaknesses of an economy.

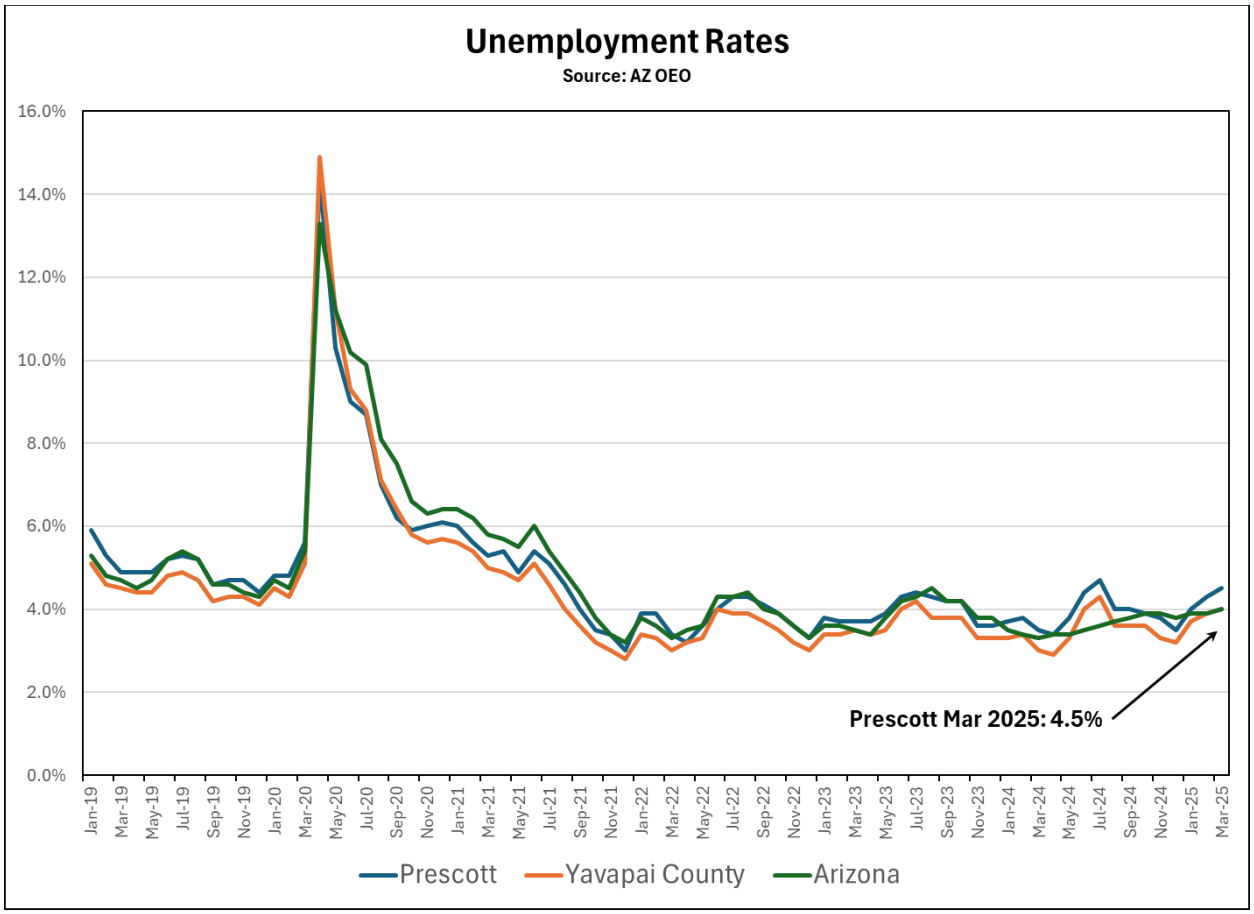
As shown on the following chart, Prescott's primary economic strengths are in Consumer Goods Manufacturing (2.8 LQ), Government (1.6 LQ), Health Care (1.6 LQ), Media, Publishing & Entertainment (1.5 LQ), and Telecommunications (1.3 LQ). Other industries with above average LQs include Education and Retail. Industries that are lagging in the city include Business Services, FIRE, High Tech Manufacturing, and Transportation-Related Manufacturing.



The list of major employers in the city shows that the local economy is heavily weighted towards Health Care, Education, Consumer Goods Manufacturing, and Government. Major private employers that contribute to high LQs in the local economy include Sturm Ruger, Embry Riddle, and Fann Contracting.

Major Employers		
Employer	**Employees**	**Industry**
Yavapai Community Hospital Association	1,780	Health Care
Yavapai County Government	1,410	Government, Social, & Advocacy Services
Sturm Ruger Company Inc	800	Consumer Goods Manufacturing
Yavapai County Community College District	660	Education
City of Prescott	510	Government, Social, & Advocacy Services
Prescott Unified School District 1	510	Education
Embry Riddle Aeronautical University Inc	500	Education
Fann Contracting	280	Construction
United States Department of Veterans Affairs	270	Government, Social, & Advocacy Services
Dillards	250	Retail
USDA Forest Service	250	Government, Social, & Advocacy Services
State of Arizona	230	Government, Social, & Advocacy Services
The Evangelical Lutheran Good Samaritan Society	220	Health Care
Frys Food Stores	210	Retail
Costco Wholesale	200	Retail
Empire Southwest	200	Transportation & Distribution
Walmart	200	Retail
Old Dominion University	160	Education
United States Postal Service	160	Transportation & Distribution
Lowes	150	Retail
Prescott College Inc	150	Education
Yavapai West Guidance Clinic	150	Health Care
Safeway	140	Retail
Source: MAG		

Prescott's unemployment rate stood at 4.5% as of March 2025, slightly above the state-wide average of 4.0%. This level of unemployment is an indicator of full employment both locally and across the state. Unemployment in the City has been very stable since the end of 2021 and the recovery from the pandemic. Historically, the City's unemployment level tracks closely with state levels. The City's unemployment rate hit 14.4% in April 2020 but recovered to 6.0% by November of that year.



The labor force participation rate for Prescott of 42.4% is well below the state average. Labor force participation is often correlated with educational attainment. However, even though Prescott's labor force participation rate is low, the percentage of residents in Prescott over the age of 25 with a bachelor's degree and higher is 41.1% compared to the statewide average at 32.6%. This likely reflects the educational institutions situated in the city and a highly educated retired population.

Labor Force Participation 2023

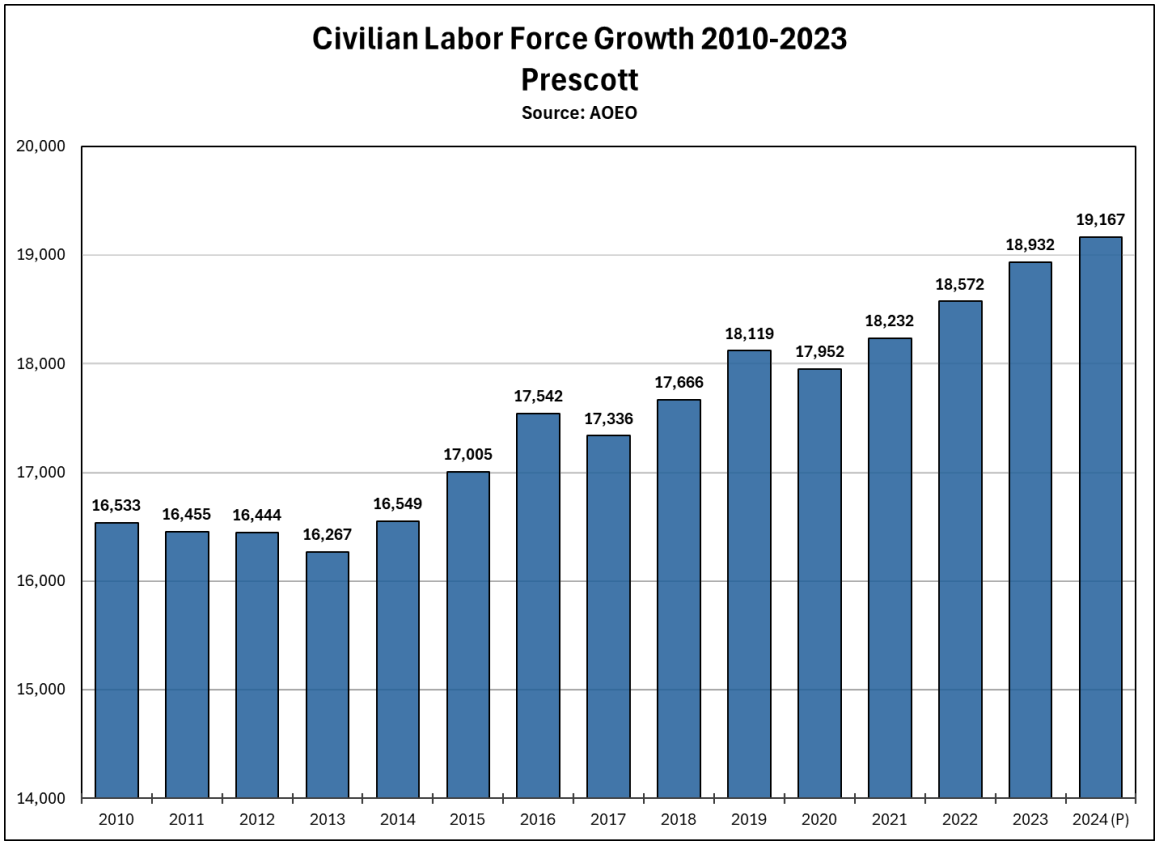
	Prescott	Yavapai County	Arizona
Population 16 year and over	42,149	209,074	5,862,117
Civilian Labor Force	17,870	100,945	3,522,511
Employment	17,041	96,693	3,340,327
Unemployment	829	4,252	182,184
Labor Force Participation Rate	**42.4%**	**48.3%**	**60.1%**

Source: ACS 2023 5-year estimate

Age and retirement trends can also reduce the labor force participation rate. The percentage of the Prescott population over the age of 65 stands at 40.5% compared to 18.6% for the state which affects the participation rate. Currently, the participation rate across the country is also declining as baby boomers retire. The U.S. rate hit 67.2% in 2000; today the participation rate stands at 62.5%.

The labor force participation rate is a useful measurement for employers. The higher the rate is, the healthier the economy. This means more people are working and contributing to the economy with their wages, which translates into more retail sales tax revenue for a city. Additionally, a higher labor force participation rate may mean there are more people actively seeking employment than in the past, and employers could have more hiring options for open positions. Prescott likely depends on other communities in the Quad City area for a workforce.

The City's labor force has increased by 18% since 2013 at the low point after the Great Recession according to the Arizona Office of Economic Opportunity. At the same time, the city's population increased by 18% since 2013 as well. Therefore, employment in Prescott has kept pace with population growth.



3.1 Commuting

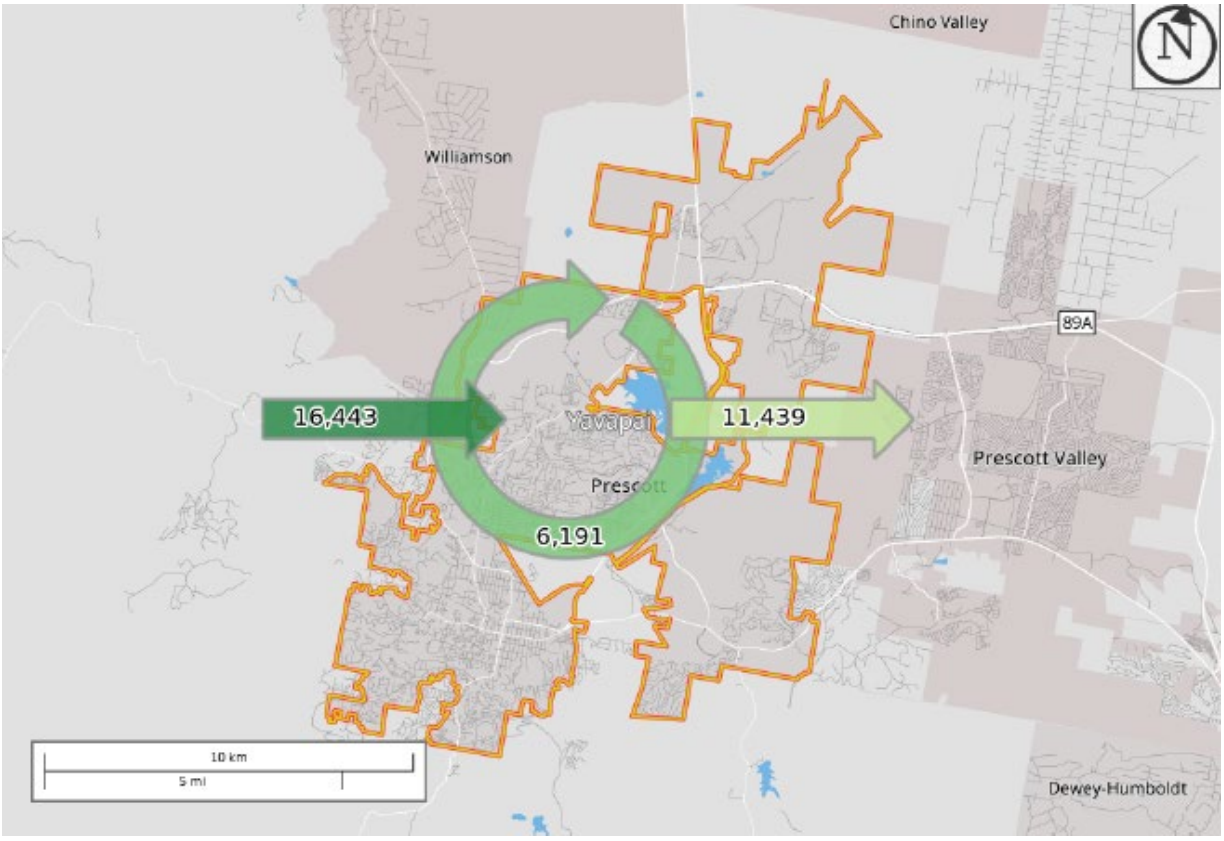
In order for an economy to operate efficiently, it must have employees to provide for the daily needs of its residents as well as the employment needs of its businesses. The availability of affordable housing for those workers is essential without forcing those employees to commute long distances to work. Affordable housing is an important economic development issue for Prescott's continued growth and financial wellbeing.

While Prescott's employment base has grown over the past decade, data from the U.S. Census indicates there is substantial commuting into the city. For instance, the data suggests that more than 16,400 workers travel to Prescott for work. Another 11,400 of the City's residents in the workforce leave the community each day for work. At the same time, 6,190 people live and work in the city. The top locations for workers leaving Prescott include Prescott, Phoenix, and Prescott Valley. The top cities for workers commuting to Prescott for employment include Prescott Valley, Chino Valley, and Phoenix. A more balanced housing market in the city could help to reduce commuting for some of these workers.

City of Prescott Commuting

Where Employees Working in Prescott Live			Where Residents of Prescott are Working		
Community	Jobs	%	Community	Jobs	%
Prescott	6,191	27.4%	Prescott	6,191	35.1%
Prescott Valley	4,347	19.2%	Phoenix	3,257	18.5%
Chino Valley	1,301	5.7%	Prescott Valley	1,468	8.3%
Phoenix	955	4.2%	Scottsdale	631	3.6%
Williamson	592	2.6%	Chino Valley	513	2.9%
Paulden	457	2.0%	Chandler	509	2.9%
Flagstaff	378	1.7%	Flagstaff	389	2.2%
Verde Village	254	1.1%	Glendale	368	2.1%
Dewey-Humboldt	250	1.1%	Tempe	300	1.7%
Cottonwood	225	1.0%	Mesa	260	1.5%
All Other Locations	7,684	33.9%	All Other Locations	3,744	21.2%

Source: US Census On The Map



3.2 Employment Forecast

A forecast prepared by the Arizona Office of Economic Opportunity (OEO) between 2023 and 2029 suggests that Prescott's employment base will decline by 540 jobs. While Prescott's employment growth has been modest since 2013, it has been positive, growing at a compounded annual rate of 0.46%. The OEO forecast appears unreasonable given the city's assets including its industrial base near the airport. By contrast, a forecast from the Central Yavapai Metropolitan Planning Organization (CYMPO) suggests Prescott's employment base will grow slowly to 27,941 jobs by 2045.

The forecast prepared for this study uses the compounded annual growth rate of 0.46% through 2040. This conservative growth rate results in a 2040 employment base of 26,502 jobs or an increase of 1,778 jobs between 2025 and 2040. This forecast is lower than the CYMPO forecast.

Prescott Employment Forecast 2020 - 2040

	2020	2025	2030	2035	2040	2025-2040 Change
Jobs	23,788	24,724	25,303	25,895	26,502	
Change		937	579	592	606	1,778
% Change from 2025		3.9%	2.3%	2.3%	2.3%	7.2%
Population	45,985	48,805	51,380	52,957	54,280	
Change		2,820	2,575	1,577	1,323	8,295
% Change from 2025		6.1%	5.3%	3.1%	2.5%	17.0%
Jobs to Population Ratio	0.52	0.51	0.49	0.49	0.49	

Source: AZ OEO

An important indicator of the health of a local economy is the jobs-to-population ratio. A target for the jobs ratio is 0.50 meaning there was one job for every two residents. Very few cities other than the largest with a significant employment base reach this ratio. The ratio for Prescott in 2025 is estimated at 0.51 indicating it has a robust economy relative to its population. Due to the modest growth forecasted for the future, the jobs-to-population ratio is expected to decline slightly to 0.49. Prescott's population is expected to grow faster than its employment base but will still maintain a healthy ratio of jobs to its population.

4.0 Housing Market Dynamics

Prescott's housing inventory is comprised of 25,807 units according to the 2023 American Community Survey 5-year estimates with 22,751 of those units (88.2%) occupied on a year-round basis by permanent residents.

Prescott has a slightly higher percentage of single-family detached units, and a lower percentage of multifamily units compared to the state. The Census reports 12.6% of all housing units in Prescott are considered apartments or multifamily (buildings with five or more units in a building) compared to 16.3% statewide. Prescott also has a lower percentage of mobile homes than the county and the state. The outstanding statistic about the Prescott housing market is the percentage of duplex, triplex, and four-plex units in the city, which represent 8.0% of all housing units. Statewide, only 4.6% of housing units are in the duplex to four-plex category. Most of these units in Prescott were built during the early years of the community in its central area although modern duplex buildings can be found in newer subdivisions.

Units in Structure

	Prescott		Yavapai County		Arizona	
	Units	%	Units	%	Units	%
Total:	**25,807**		**124,032**		**3,142,443**	
1, detached	17,319	67.1%	83,199	67.1%	2,015,127	64.1%
1, attached	1,412	5.5%	4,162	3.4%	160,484	5.1%
2	597	2.3%	2,936	2.4%	42,026	1.3%
3 or 4	1,477	5.7%	3,633	2.9%	104,684	3.3%
5 to 9	944	3.7%	3,253	2.6%	114,410	3.6%
10 to 19	440	1.7%	1,031	0.8%	121,050	3.9%
20 to 49	642	2.5%	1,675	1.4%	79,589	2.5%
50 or more	1,215	4.7%	2,407	1.9%	196,018	6.2%
Mobile home	1,512	5.9%	20,479	16.5%	297,155	9.5%
Boat, RV, van, etc.	249	1.0%	1,257	1.0%	11,900	0.4%
Traditional Apartment Units	**3,241**	**12.6%**	**8,366**	**6.7%**	**511,067**	**16.3%**

Apartments

Source: ACS 2023 5-year estimate

Recent multifamily development may not be reflected in the U.S. Census data.

An estimated 3,056 units in Prescott are considered vacant or 11.8% of the total inventory. Vacant units are classified in several ways including units that are in the process of being sold or rented and those used for seasonal or recreational purposes. Seasonal housing comprises 71.9% of all vacant units in the city or 8.5% the total housing inventory, a higher ratio than found in the

state. This could add another 4,300 people to the population of the city during the summer months. Some of the vacant seasonal units could be short-term rentals, but the Census does not track this type of rental housing.

Housing Vacancy Status

	Prescott		Yavapai County		Arizona	
	Units	%	Units	%	Units	%
Total Housing Units	**25,807**		**124,032**		**3,142,443**	
Total Occupied Units	22,751	88.2%	108,900	87.8%	2,796,790	89.0%
Total Vacant Units	3,056	11.8%	15,132	12.2%	345,653	11.0%
For rent	270	8.8%	1,344	8.9%	52,788	15.3%
Rented, not occupied	43	1.4%	185	1.2%	12,150	3.5%
For sale only	10	0.3%	499	3.3%	19,787	5.7%
Sold, not occupied	69	2.3%	517	3.4%	13,138	3.8%
For seasonal, recreational, or occasional use	2,198	71.9%	9,419	62.2%	172,996	50.0%
For migrant workers	-	0.0%	31	0.2%	899	0.3%
Other vacant	466	15.2%	3,137	20.7%	73,895	21.4%
Seasonal Units as Percent of Total Units	**8.5%**		**7.6%**		**5.5%**	

Source: ACS 2023 5-year estimate

Prescott's mix of owner-occupied units and renter-occupied units is consistent with the statewide average. Compared to Yavapai County, Prescott is more urbanized with a higher percentage of rental units.

Tenure

	Prescott		Yavapai County		Arizona	
	Units	%	Units	%	Units	%
Total occupied units	**22,751**		**108,900**		**2,796,790**	
Owner occupied	15,495	68.1%	80,054	73.5%	1,873,231	67.0%
Renter occupied	7,256	31.9%	28,846	26.5%	923,559	33.0%

Source: ACS 2023 5-year estimate

Homeownership has been robust in the city, growing markedly since 2015 after the Great Recession caused a huge dislocation of owners. Homeownership now stands at 68%, above the level found in 2000 and above the statewide average.

Homeownership

	Prescott	Yavapai County	Arizona
2000	65.2%	73.4%	68.0%
2010	67.8%	72.5%	67.4%
2015	65.1%	69.9%	62.8%
2020	70.1%	72.6%	65.3%
2023	68.1%	73.5%	67.0%

Source: Decennial Census 2000; ACS 5-year estimate

The inventory of occupied single-family housing in Prescott totals 15,495 units according to the 2023 U.S. Census. Approximately 13.0%

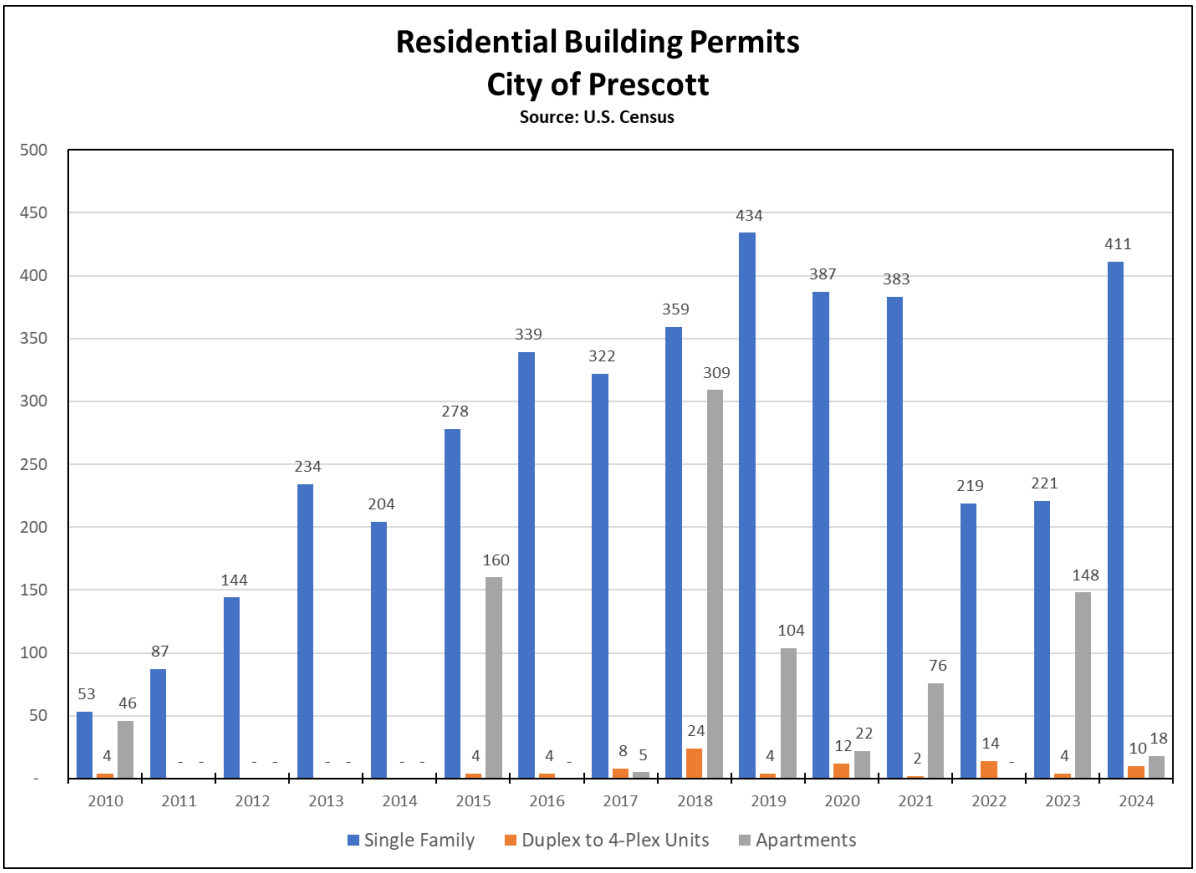
of those homes or 2,007 single family homes are rented, lower than the statewide average of 16.1%. The Census also reports that of the 7,256 rental units in the city, 28% are single family homes versus an average of 32% for the state. The city also has 1,075 units that are classified as occupied "one unit attached" which are townhomes or condo. About 25% of these units are rented compared to 33% for the state which indicates high homeownership in Prescott among these types of units.

Tenure by Occupied Units in Structure

	Prescott		Yavapai County		Arizona	
	Units	%	Units	%	Units	%
Total	**22,751**		**108,900**		**2,796,790**	
Owner-occupied housing units:	15,495	68.1%	80,054	73.5%	1,873,231	67.0%
1, detached	13,393	86.4%	63,263	79.0%	1,540,834	82.3%
1, attached	804	5.2%	1,938	2.4%	95,592	5.1%
2	18	0.1%	100	0.1%	3,554	0.2%
3 or 4	101	0.7%	221	0.3%	12,973	0.7%
5 to 9	254	1.6%	379	0.5%	12,431	0.7%
10 to 19	-	0.0%	26	0.0%	6,315	0.3%
20 to 49	9	0.1%	9	0.0%	5,760	0.3%
50 or more	-	0.0%	18	0.0%	11,827	0.6%
Mobile home	862	5.6%	13,505	16.9%	175,325	9.4%
Boat, RV, van, etc.	54	0.3%	595	0.7%	8,620	0.5%
Renter-occupied housing units:	7,256	31.9%	28,846	26.5%	923,559	33.0%
1, detached	2,007	27.7%	9,859	34.2%	297,696	32.2%
1, attached	271	3.7%	1,614	5.6%	47,677	5.2%
2	533	7.3%	2,566	8.9%	33,175	3.6%
3 or 4	1,285	17.7%	3,178	11.0%	80,528	8.7%
5 to 9	601	8.3%	2,337	8.1%	88,830	9.6%
10 to 19	321	4.4%	886	3.1%	97,475	10.6%
20 to 49	572	7.9%	1,490	5.2%	61,851	6.7%
50 or more	1,048	14.4%	2,084	7.2%	162,554	17.6%
Mobile home	423	5.8%	4,170	14.5%	50,493	5.5%
Boat, RV, van, etc.	195	2.7%	662	2.3%	3,280	0.4%

Source: ACS 2023 5-year estimate

Residential building permit activity has been extremely strong since 2015 reaching a peak of 692 units in 2018. Single family permit activity has been stable over the last few years although there was a sharp drop in 2022 and 2023. Despite the rise in mortgage interest rates and new home prices, 2024 was a strong year. Permits for apartments have also been strong since 2018. Based on this construction activity, growth in Prescott is on pace to meet or exceed OEO's projected population growth over the next five years and beyond.



4.1 Apartment Inventory

An inventory of traditional market rate apartment complexes was conducted for this study. The inventory was prepared for complexes with 20 or more units from CoStar. The inventory outlined in the following table may not include all apartment units in smaller apartment developments but is the best information available.

The City's inventory of traditional market-rate apartment complexes of 1,647 units is comprised of medium sized complexes, the largest being 200 units in size. Missing from the inventory are the complexes known as Built-To-Rent (BTR) which have become popular in the last ten years. However, one BTR complex is now under construction and nearing completion known as The Havenly on Granite Dells Parkway. BTRs are typically single or duplex units, mostly single story, and built at a density of about 11 to 12 units per acre. Comparatively, traditional two to four-story apartment complexes are built at densities greater than 20 units per acre. BTR units typically have a rent premium of 20% over traditional apartment complexes because of the lower density and higher land cost per unit.

The vacancy rate for traditional apartment units in the first quarter of 2025 is estimated at 6.2% which is close to the normal stabilized rate for the market of about 7%. This vacancy rate indicates the market is stabilized where the supply matches demand. The introduction of new complexes will likely increase vacancies. The average rent for a market-rate unit in the city in 2024 was $1,535 per month for an average 808 square foot unit. For the first quarter of 2025, the average rent ticked up to $1,548. The newest complex built in 2024 is Cala Luxury Apartments with an average rent of $2,600 per month.

Market Rate Apartment Inventory
City of Prescott

Property Name	Address	Units	Year Built	% Vacant	Avg SF	Avg Rent	Rent/SF
Cortez Circle	601 S Cortez St	38	1961	4.6%	857	$797	$0.93
Carleton Terrace	315 E Carleton St	32	1972	4.7%	695		
Country Club Circle	355 Country Club Cir	60	1979	1.7%	936	$1,339	$1.43
Yavapai Apartments	218 S McCormick St	28	1980	0.0%	485	$752	$1.55
623-629 Dameron Dr	623-629 Dameron Dr	22	1982	4.0%	795	$865	$1.09
Holiday Lodge	1141 E Gurley St	30	1982	4.7%			
1306 E Butterfield Rd	1306 E Butterfield Rd	27	1983	4.7%	598	$1,015	$1.70
Prescott Woodlands Apa	824 W Gurley St	131	1985	4.0%	863	$1,239	$1.60
140 Bradshaw Dr	140 Bradshaw Dr	24	1987	4.7%			
Creekside Apartments	610 S Granite St	30	1987	3.7%	525	$868	$1.65
Prescott View Apartment	3161 Willow Creek Rd	72	1988	3.1%	718	$1,606	$2.24
Willow Ridge Apartment	1205 Sandretto Dr	134	1989	0.3%	745	$1,429	$1.92
799 Sanctuary Rd	799 Sanctuary Rd	20	1989	4.7%	896		
The Pines at Prescott	1053 Sandretto Dr	90	1994	1.8%	1,000	$1,483	$1.48
Stetson Condominiums	1206 Stetson Rd	29	1998	3.9%	690	$1,144	$1.66
Legacy At Prescott Lakes	1998 Prescott Lakes Pky	150	2000	5.4%	953	$1,963	$2.06
Cedar Ridge	337 Robinson Dr	30	2001	3.3%	766	$1,296	$1.69
Prescott Lakes	2105 Blooming Hills Dr	124	2003	6.9%	612	$1,705	$2.79
620 1st St	620 1st St	21	2019	4.7%	690	$1,606	$2.33
The Winfield at the Ranch	3470 Lee Cir	100	2020	9.4%	908	$2,019	$2.22
Willow Creek Apartments	3147 Willow Creek Rd	160	2020	15.4%	882	$1,709	$1.94
2051 Apartments	2057 Willow Lake Rd	200	2021	9.8%	771	$1,682	$2.18
The View Apartments	1668 Iron Springs Rd	28	2021	11.3%		$1,080	
1130 E Gurley St	1130 E Gurley St	29	2023	4.7%			
Cala Luxury Apartments	1257 White Spar Rd	38	2024	4.7%	1,500	$2,623	$1.75
Totals/Averages		**1,647**		**6.2%**	**808**	**$1,535**	**$1.93**

Source: Costar, Elliott D. Pollack & Co.

In addition to the market-rate apartment inventory, there are three active affordable complexes totaling 224 units including one senior complex. The following table outlines six complexes that were built under the Low Income Housing Tax Credit (LIHTC) program. The complexes that are

shown as shaded on the table all completed their affordable commitments under the LIHTC program and now appear to have converted to market-rate units. The newest affordable family complex is Creekview Village built in 2019 under the LIHTC bond program which offers 4% tax credits.

Low Income Housing Tax Credit (LIHTC) Apartment Inventory
City of Prescott

Property Name	Address	Units	Year Built	% Vacant	Avg SF	Avg Rent	Rent/SF	Unit Mix			
								Studios	1-BR	2-BR	3-BR
Willow Ridge Apartments	1205 Sandretto Dr	134	1989	0.3%	745	$1,429	$1.92	-	70	64	-
The Pines at Prescott	1053 Sandretto Dr	90	1994	1.8%	1,000	$1,483	$1.48	-	-	60	30
Canyon Run Apartments (Senior)	701 White Spar Rd	84	2004	10.0%	690	$1,385	$2.01	-	60	24	-
Village Towers (Senior)	1075 Ruth St	60	2000					-	-	-	-
Bradshaw Crossing	125 Bradshaw Dr	92	2008	0.4%	824	$505	$0.61	-	46	46	-
Creekview Village Apartments	519 Miller Valley Rd	72	2019	3.3%	1,223	$1,069	$0.87	-	-	24	48
Totals/Averages		**224**		**1.2%**	**1,000**	**$753**	**$0.75**	**-**	**46**	**70**	**48**

Source: Costar, Elliott D. Pollack & Co.

In addition to the existing apartment complexes listed above, another 437 units in four properties are under construction. Touchmark is an age-restricted property while the other three are all market-rate.

Under Construction Apartments
City of Prescott

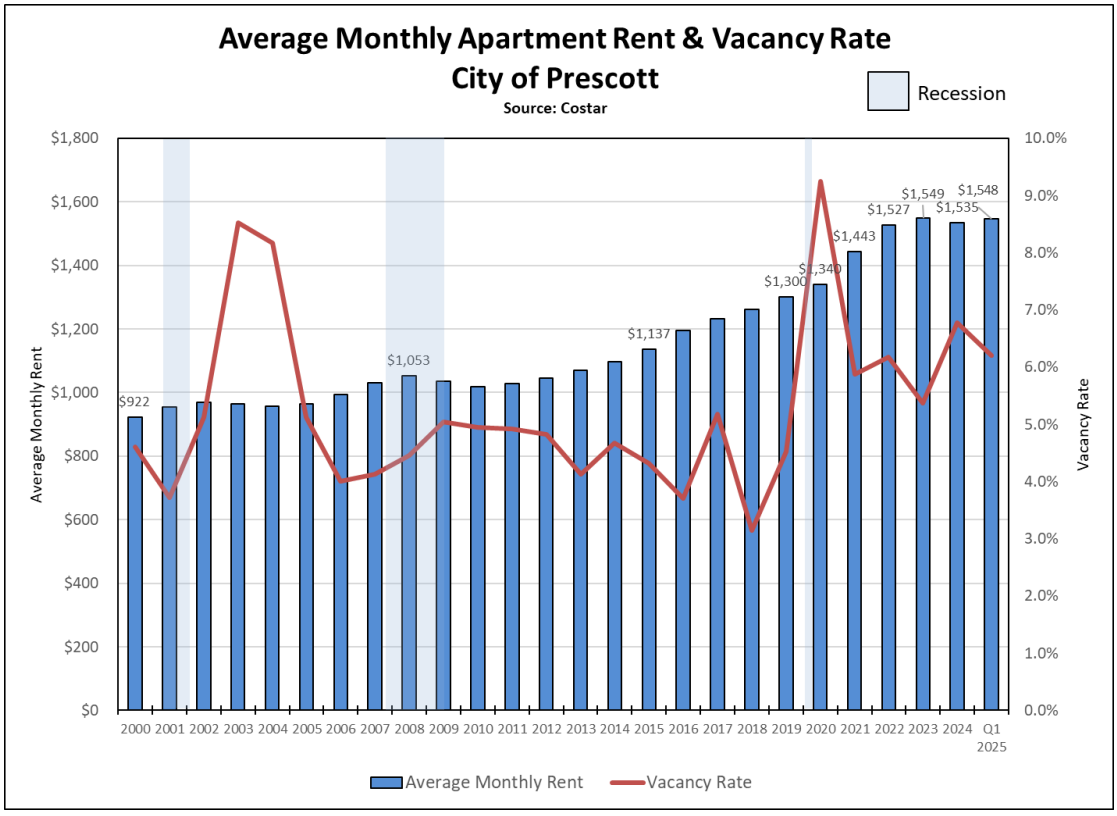
Property Name	Address	Units	Unit Mix			
			Studios	1-BR	2-BR	3-BR
Under Construction						
Touchmark Phase III	3180 Touchmark Blvd	75				
The Havenly (BTR)	5395 Granite Dells Pkwy	200		85	82	33
Montezuma Heights	609 Bagby Dr	144	-	40	50	54
	836 Valley St	18	-	18	-	-
Total		**437**				

Source: City of Prescott, Costar, Elliott D. Pollack & Co.

The pipeline of future multifamily complexes shows the 437 units under construction along with 160 units that have been permitted for construction. Another 1,278 units, mostly traditional apartments, are in the planning stage. Given the current economic and capital markets environment, the timing of when the planned properties may come to market is uncertain.

Multifamily Housing Pipeline				
Unit Type	**Construction**	**Permit**	**Planned**	**Total**
Restricted Units (Independent/Assisted Living, VA)	75	-	80	155
Condo/Townhomes	-	46	-	46
Single Unit BTR	200	-	-	200
Traditional Apartments	162	114	1,198	1,474
Total	**437**	**160**	**1,278**	**1,875**
Source: City of Prescott				

The apartment market is subject to significant fluctuations in vacancy as markets reach a shortage of units, often followed by overbuilding. Vacancy rates in Prescott have been stable except for periods of overbuilding or economic recessions. Since 2006, vacancy rates have been in the 5% range except in 2020 during the pandemic. Average rents for market rate apartments in Prescott leveled off since 2022 at over $1,500 per month.



The income required to rent the average apartment in Prescott requires an income that is typically more than the household median income for the city ($69,151) and much higher than the median income for a renter which stands at $49,838. The following table shows the required

Market Rate Apartments				
Unit Type	Size (SF)	Rent	Rent SF	Required Income*
Studio	555	$1,394	$2.51	$61,746
1 BR	692	$1,605	$2.32	$70,185
2 BR	960	$1,820	$1.90	$78,798
3 BR	1,106	$1,943	$1.76	$83,731

*Required income includes $150 for utilities.

Source: Costar, Elliott D. Pollack & Co.

income by apartment complex based on 30% of income spent on rent plus $150 for monthly utilities. The required income ranges from about $61,700 for a studio apartment to $83,700 for a three-bedroom unit. These rents are above the ability of a large segment of the population to afford a unit.

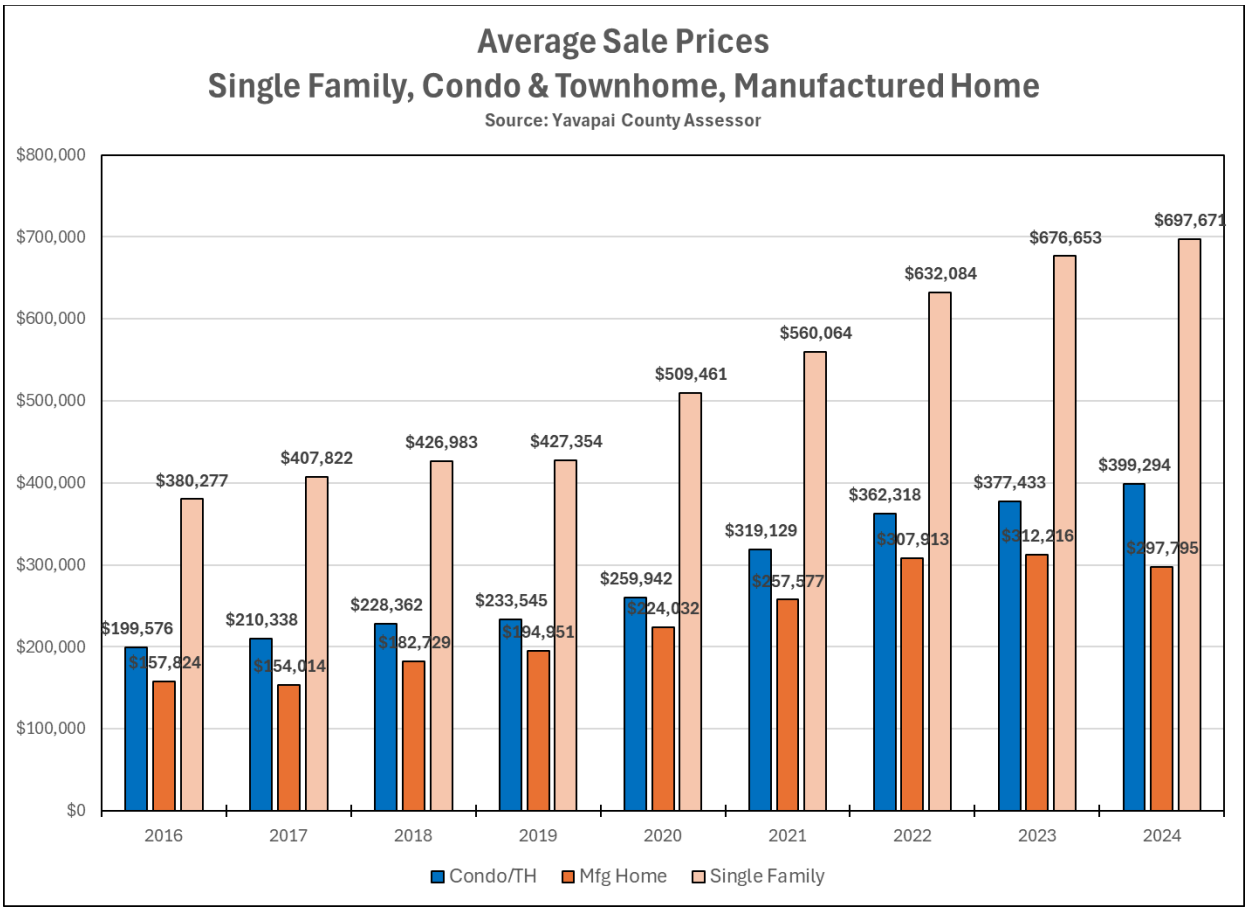
By comparison, affordable apartment units require a much lower income ranging from $24,400 to $50,800.

Affordable Apartments				
Unit Type	Size (SF)	Rent	Rent SF	Required Income
1 BR	809	$460	$0.57	$24,400
2 BR	930	$786	$0.85	$37,440
3 BR	1,067	$1,119	$1.05	$50,760

Source: Costar, Elliott D. Pollack & Co.

4.2 Ownership Housing Market

The price of housing in Prescott has increased dramatically over the past five years. The average single family home price has risen by 63% since 2019 (pre-pandemic) and condo/townhome properties have increased by 71%. That's an increase of $270,000 for a single-family home and $103,000 for a condo/townhome. Mobile or manufactured homes also increased by a similar amount. Much of that increase occurred in 2021 and 2022 when single family prices jumped by 25%. The number of home sales peaked in 2021 at 2,158 sales but have since fallen to 1,148 in 2024, a 41% decline due to high mortgage interest rates and rising construction costs.



Mobile and manufactured homes are the most affordable housing option with an average price of $298,000 in 2024. However, the availability of units may be limited with only 60 sales in 2024. Condos and townhomes may also offer some options for more affordable units. About two-thirds of the 121 sales in 2024 occurred at a price under $400,000 with an average price of $317,000 and an average age of the unit at 35 years. Additionally, 29 sales were for units priced under $300,000. Once again, limited inventory is an issue.

In the single-family category, only 7.5% of all sales or 72 homes were sold for less than $400,000. Most of these homes are less than 1,500 square feet in size and built 30 to 40 years ago. They may require significant improvements but provide a household a way into the market. Two-thirds of all sales were priced between $400,000 and $800,000. Overall, for households looking to enter the ownership market in Prescott, the options are limited due to a small inventory of for-sale properties.

2024 Sales By Price Range City of Prescott							
	Single Family		Condo/TH		Mfg Home		
Price Range	Sales	%	Sales	%	Sales	%	Total
Less than $200,000	4	0.4%	1	0.8%	10	16.7%	15
$200,000-$300,000	17	1.8%	28	23.1%	16	26.7%	61
$300,000-$400,000	51	5.3%	49	40.5%	29	48.3%	129
$400,000-$500,000	157	16.3%	22	18.2%	5	8.3%	184
$500,000-$600,000	214	22.2%	10	8.3%		0.0%	224
$600,000-$700,000	156	16.1%	3	2.5%		0.0%	159
$700,000-$800,000	127	13.1%	7	5.8%		0.0%	134
$800,000-$900,000	73	7.6%		0.0%		0.0%	73
$900,000-$1,000,000	49	5.1%		0.0%		0.0%	49
$1,000,000+	118	12.2%	1	0.8%		0.0%	119
Number of Sales	**966**	**100.0%**	**121**	**100.0%**	**60**	**100.0%**	**1,147**
Average Price	**$697,671**		**$399,294**		**$297,795**		**$479,866**
Source: Yavapai County Assessor							

The affordable housing value for Prescott based on the city median income of $69,151 is shown in the adjacent table. With a 10% down payment and a 6.6% loan, the maximum house value the typical Prescott household can afford is $243,000. **In 2024, out of 1,147 home sales (including condos, townhomes, and manufactured homes), only 76 (6.6%) sold for less than $300,000.** Manufactured homes represent an alternative option for moderately priced units, but the quality of those units may vary based on age of the unit.

Affordable Housing Payment Estimator City of Prescott	
	Calculation
House value	$243,000
Down payment %	10%
Down payment	$24,300
Mortgage amount	$218,700
Interest rate	6.89%
Loan term in years	30
% of income devoted to mortgage payment	30.0%
Monthly loan payment (P & I)	$1,439
Monthly property tax, insurance, PMI	$294
Total monthly payment	$1,733
Yearly income required	**$69,307**
Sources: EDPCo, Freddie Mac	

The household income required to afford a housing unit at various price ranges is shown on the following table. The loan payment column is the mortgage component of a housing payment. The total payment column adds in a factor for property taxes, home insurance, and private mortgage insurance. A home or unit with an average price of $300,000 requires an income of $80,500. A $400,000 unit would require an income above $107,000. The current interest rate

environment makes it difficult for first time buyers to afford a home, assuming they can contribute a 10% down payment.

Prescott 2024 Housing Sales & Required Income											
	SF	Condo	MH	Total	% of	Loan Pmt		Total Pmt		Required Income	
Price Range	Sales	Sales	Sales	Sales	Total	Min	Max	Min	Max	Min	Max
Less than $200,000	4	1	10	15	1.3%		$1,150	$0	$1,343	$0	$53,709
$200,000-$300,000	17	28	16	61	5.3%	$1,150	$1,724	$1,343	$2,014	$53,709	$80,563
$300,000-$400,000	51	49	29	129	11.2%	$1,724	$2,299	$2,014	$2,685	$80,563	$107,417
$400,000-$500,000	157	22	5	184	16.0%	$2,299	$2,874	$2,685	$3,357	$107,417	$134,272
$500,000-$600,000	214	10		224	19.5%	$2,874	$3,449	$3,357	$4,028	$134,272	$161,126
$600,000-$700,000	156	3		159	13.9%	$3,449	$4,024	$4,028	$4,700	$161,126	$187,980
$700,000-$800,000	127	7		134	11.7%	$4,024	$4,598	$4,700	$5,371	$187,980	$214,835
$800,000-$900,000	73			73	6.4%	$4,598	$5,173	$5,371	$6,042	$214,835	$241,689
$900,000-$1,000,000	49			49	4.3%	$5,173	$5,748	$6,042	$6,714	$241,689	$268,543
$1,000,000+	118	1		119	10.4%	$5,748		$6,714	$0	$268,543	$0
Number of Sales	**966**	**121**	**60**	**1,147**	**100.0%**						

In summary, the housing market in Prescott may offer limited opportunities for first-time home buyers to enter the market. However, the percentage of homes priced under $300,000 represents only 6.6% of all sales. Only 18% of all sales are priced under $400,000 and those homes could be 30 to 40 years old. Essential personnel and service workers earning moderate incomes are likely locked out of the ownership market.

5.0 Barriers to Affordable Housing

According to a recent survey of Prescott residents conducted from March to May 2025 concerning affordable housing, 70% of renters indicated they paid more than 30% of their income on housing. Some of the barriers to affordable housing noted by survey respondents were the lack of affordable for-sale units, low wages, and the lack of a down payment. Most felt rents are too high. These opinions on the obstacles to affordable housing describe important issues affecting housing opportunities in Prescott. Barriers within the housing market itself can be caused by various factors.

Barries to affordable housing can take many forms. Housing market dynamics – supply and demand - is one barrier. Too few housing units for sale or for rent can cause an increase in prices and rents. That was one result of the pandemic in 2021 and 2022 when the demand for housing outstripped supply. Land and construction costs are additional factors. Construction costs rose during the pandemic due to shortages of labor and materials and have not subsided. Land costs can increase if a community reaches build-out with little available property for development. Zoning and development regulations are additional potential barriers that can increase the cost of construction. Following is an analysis of the potential barriers to affordable housing in Prescott.

Land Availability: The City of Prescott has adequate land area to accommodate residential growth in the future. According to the City's General Plan 2025 (which is scheduled for adoption in August 2025), based on a growth rate of 2% per year, the city would reach a population of 61,500 by 2035. This forecast estimate is above the OEO estimate outlined in this report of 52,957 in 2035. The General Plan's growth estimate is tempered by potential changes in economic conditions, the amount of flat, more easily developed ranch land that is annexed, the availability of water, market trends towards low density development, and finite growth boundaries. Regardless of the future economic and housing conditions, Prescott can likely accommodate another 3,000 plus units outlined in this report. From a land availability perspective, future housing development can easily be accommodated over the next 15 years assuming water resources and utility services are available. Overall, land availability is not a barrier to affordable housing in Prescott.

Zoning and Development Regulations: The General Plan 2025 and the City's land development code (LDC) was evaluated with respect to potential barriers. The General Plan is a comprehensive document that speaks to the need for housing diversity to support the employment needs of the local economy. It outlines a workforce housing strategy that includes education, financial

programs and solutions, community outreach, funding for workforce housing, and establishing a Community Land Trust. It recommends amending the LDC to incentivize ADU construction and to allow the renting of an ADU separately from the principal dwelling unit on the lot. The General Plan land use map provides moderate to high density uses in the central part of the city and mixed-use land uses near the airport that will support a variety of uses and residential densities.

The LDC is a modern document that incorporates the use of a Planned Area Development provision which provides flexibility in the design of unified projects, including mixed residential densities including townhomes, clustered, and patio home units. However, the LDC may need to be updated to recognize the improvement in manufactured home technology as a high-quality option for workforce housing. Updating design guidelines will also promote the introduction of manufactured homes to the community.

Overall, the Prescott General Plan 2025 provides an in-depth analysis of the workforce and affordable housing issues affecting the city, including potential action items and strategies. The City's LDC requires some amendments to bring it consistent with the Plan. The City's zoning and development requirements do not appear to be a significant barrier to the development of affordable housing and, in fact, provides a roadmap for addressing the matter.

Cost of Development: The cost of development of housing is comprised of two primary components: the land cost and the construction cost. The cost of land is typically affected by the price of housing; as prices go up so does the price of land. When there is a slowdown in housing construction, land prices typically adjust as well. Land prices can also be affected by the amount of land available for development. Communities that are near build-out will see prices rise due to the shortage of vacant land. Overall, land costs comprise anywhere between 15% and 25% of the final cost of a housing unit and are basically set by the market price of housing.

Construction costs can be quite variable and are affected by inflation, the supply of materials and labor, and various other economic factors. The pandemic of 2020 illustrated how construction activity and costs can be affected by supply chains and shortages of materials and workers. Data from the Associated General Contractors of American (AGC) indicates that since February 2020, just before the start of the pandemic, through December 2020, construction costs have increased by 36.6%. Comparatively, the consumer price index (CPI) is up 22.0%. Major construction materials that increased substantially over that time span include concrete products (up 39.8%), gypsum products for drywall (up 51.7%), and lumber (up 25.7%). New residential construction overall has increased 33.7% including 32.6% for single family construction and 34.8% for multifamily construction.

As a result, developers of affordable housing have found it increasingly challenging to build housing units that can reach those households most in need. Low Income Housing Tax Credit (LIHTC) complexes often now require numerous capital resources to finance their projects beyond just the tax credits. This may include assistance from cities and counties to finalize the project. For developers who target workforce housing for those households who make too much to qualify for an LIHTC complex (earning between 60% and 100% AMI), the situation is even more difficult because of construction costs. The alternatives for these developers include higher density projects, smaller living units, and assistance in terms of incentives from the local government. Arizona has few tools to assist with workforce housing development other than the Government Property Lease Excise Tax (GPLET) which provides property tax abatement and concessions for the project. Unfortunately, the financial benefits of the GPLET have been reduced by state legislation over the past ten years.

A comment received in interviews with stakeholders revealed that the city increased its impact fees by about 70%. For a housing unit that is less than 1,800 square feet the fee increased from $10,835 to $18,749. Much of the increase was related to fire services, streets, and the wastewater system. An increase of this magnitude will have an impact on the affordability of housing in the city.

For Prescott and much of Arizona, construction costs and impact fees will continue to be a major barrier for the development of affordable and workforce housing unless communities are willing to step up with financial incentives and other tools that will help make a project pencil.

Water Resources: Prescott is situated within the Prescott Active Management Area (AMA) which establishes a water management strategy for the area designed to conserve and augment groundwater supplies. Due to overdrafting of the aquifer, regulations were instituted that required new subdivisions in the Prescott AMA to demonstrate they have a 100-year supply of water. Prescott also requires verification of a 100-year supply for all residential and commercial land uses.

According to interviews with stakeholders, water is one of the primary barriers to the development of housing of all types including affordable housing. The effort to prove both legal and physical water can take as long as two years. This increases the cost of housing due to the long delay in approvals.

Anti-Growth Sentiment: There is a significant anti-growth sentiment among residents in the Quad-City area focused on water resources, traffic congestion, crime, and other issues. Prescott is attractive areas for new residents, retirees, and businesses, but some residents would like to see slower growth. Anti-growth sentiments are found in many communities across Arizona as it continues to be one of the fastest growing states in the country. For affordable housing advocates, slow growth attitudes can impact the development of all forms of housing for the local population and workforce.

Summary: Overall, the city of Prescott has available land within its boundaries and future annexation areas to accommodate the projected population growth through 2040. The General Plan supports residential uses including affordable housing. While the LDC may require some amendments to bring it into conformance with the Plan, the ordinance is not considered a significant barrier to affordable housing. The primary barriers to affordable housing in Prescott are the cost of development, water resources, and an anti-growth sentiment.

6.0 Affordable Housing Demand & Forecast

The City of Prescott is forecasted to grow by approximately 6,198 people over the next 16 years based on forecasts from the Arizona Office of Economic Opportunity (OEO). At the current average household size of 1.94 persons per unit, the demand for housing through 2040 totals 3,195 units or an average of 213 units per year. For perspective, residential building permits have averaged much higher levels of permitting since 2016, including a large number of multifamily permits in recent years. The OEO forecast may be conservative but some of the permitting activity may be related to seasonal residents which is not factored into the forecast.

6.1 Housing Affordability Gap

The housing affordability gap is the difference between the rents or housing values in a community and the ability of households to afford those rents or values. Affordability has become an issue over the past five years for many income levels due to rents and values that have increased well above the rate of inflation. At the same time, wages have not kept pace. **Housing affordability affects low- and moderate-income households the most, including many essential occupations such as teachers, police, firefighters, nurses, and service workers.**

There has been much discussion about the term "affordable housing". "Affordable" is often associated with housing for the lowest income households. "Workforce" or "attainable" housing is often associated with the demand from critical service providers or essential personnel such as police, firefighters, nurses, schoolteachers, and others. In the context of this study, the term "affordable" will apply to all households who are burdened by housing costs or those that can't find housing due to its cost relative to household income. Affordable housing refers to a continuum of housing demand that affects people from the lowest income levels to those earning above the area median income. A healthy economy and housing market should address all these demand sectors.

As outlined in this report, households are considered burdened by the cost of housing if rent and other housing costs total more than 30% of total household income. For a homeowner, the cost of housing typically includes a mortgage, property taxes, and insurance. For a renter, the cost of housing is rent and utilities. The U.S. Department of Housing and Urban Development also recognizes households that pay more than 50% of income towards housing known as an "severely cost burdened." Across the country, approximately 29% of all households are considered cost burdened and about 13.4% are severely burdened.

The methodology for estimating the housing affordability gap for Prescott uses data directly from the U.S. Census that shows the number of households spending more than 30% of income on housing.

The following table outlines the housing cost burden for renters in Prescott which totals approximately 3,380 households or 46.6% of all renters. **An estimated 27.9% of renter households pay more than 50% of their incomes on housing or 2,026 households. These households are considered severely rent burdened.** This latter rent burden is well above the county and state averages.

Renter Housing Cost Burden
Gross Rent as % of Household Income

	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Total:	**7,256**		**28,846**		**923,559**	
Less than 10.0 percent	164	2.3%	1,342	4.7%	35,020	3.8%
10.0 to 14.9 percent	546	7.5%	2,677	9.3%	70,637	7.6%
15.0 to 19.9 percent	828	11.4%	2,413	8.4%	104,368	11.3%
20.0 to 24.9 percent	1,086	15.0%	4,031	14.0%	115,422	12.5%
25.0 to 29.9 percent	751	10.4%	3,742	13.0%	102,684	11.1%
30.0 to 34.9 percent	550	7.6%	1,933	6.7%	80,245	8.7%
35.0 to 39.9 percent	351	4.8%	1,411	4.9%	62,372	6.8%
40.0 to 49.9 percent	453	6.2%	2,470	8.6%	83,870	9.1%
50.0 percent or more	2,026	27.9%	5,979	20.7%	207,164	22.4%
Not computed	501	6.9%	2,848	9.9%	61,777	6.7%
Total Spending More Than 30%	**3,380**	**46.6%**	**11,793**	**40.9%**	**433,651**	**47.0%**
Total Spending More Than 50%	**2,026**	**27.9%**	**5,979**	**20.7%**	**207,164**	**22.4%**

Source: ACS 2023 5-year estimate

For owner occupants, the housing cost burden is consistent with the statewide average. An estimated 3,257 owner households in Prescott or 21.0% fall into this category. Of that amount, 1,523 households are considered severely rent burdened (9.8%). It should be noted that homeowners typically have more options than renters to address their housing burden. For instance, an owner could sell the home and move to a less costly unit if one is available. Similarly, homeowners could have voluntarily increased their housing costs by taking out a second mortgage or home equity loan on the home. These factors all affect the housing burden of homeowners while renters have limited opportunities to reduce their housing burden beyond seeking a smaller or older unit or moving in with a roommate.

Owner Housing Cost Burden Housing Cost as Percent of Household Income						
	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Total owner households	**15,495**		**80,054**		**1,873,231**	
Less than 20.0 percent	9,452	61.0%	46,762	58.4%	1,119,626	59.8%
20.0 to 24.9 percent	1,357	8.8%	7,660	9.6%	208,141	11.1%
25.0 to 29.9 percent	1,266	8.2%	5,584	7.0%	134,621	7.2%
30.0 to 34.9 percent	658	4.2%	3,795	4.7%	89,783	4.8%
35.0 to 39.9 percent	574	3.7%	2,519	3.1%	59,715	3.2%
40.0 to 49.9 percent	502	3.2%	3,469	4.3%	72,363	3.9%
50.0 percent or more	1,523	9.8%	9,637	12.0%	167,545	8.9%
Not computed	163	1.1%	628	0.8%	21,437	1.1%
Total Spending More Than 30%	**3,257**	**21.0%**	**19,420**	**24.3%**	**389,406**	**20.8%**
Total Spending More Than 50%	**1,523**	**9.8%**	**9,637**	**12.0%**	**167,545**	**8.9%**
Source: ACS 2023 5-year estimate						

The total housing affordability gap for Prescott under this methodology is 6,637 households, or approximately 29.2% of total households. Renters are the most cost-burdened households in the city on a percentage basis. The housing burden for renters at different incomes is outlined below.

- Housing cost burden falls on the lowest income households. There are 1,085 renter households earning less than $20,000 who are burdened by rent and 777 owner households who are similarly burdened. These households are most appropriately housed in public housing units, typically owned by a government entity or non-profit, or subsidized with vouchers, with rents set at 30% of the household's income.

- There are 2,127 renter households in the city earning between $20,000 and $50,000 per year and 72% of them, or 1,524 households, are burdened by housing costs. This group could be served by Low Income Housing Tax Credit projects or other government subsidized housing programs targeting 30%-60% AMI households. Prescott has three apartment communities offering subsidized rent to this target population totaling 224 units. Excluding population growth, there is still a need for 1,300 subsidized units for this income group.

- The third group of households, representing 1,565 renter households, earn between $50,000 and $75,000. About 32% of these households or 506 households are burdened by housing costs. Most of these households would likely qualify for workforce housing

units targeting 60%-100% AMI. Additionally, a portion of these households at the higher end of the range could be candidates for homeownership assistance programs. Alternatively, market rate apartments are positioned to offer rents affordable to households towards the middle to upper end of the income range. However, additional moderate rent units would need to be developed. With interest rate relief, a portion of these households could affordably purchase homes in the low $300,000 range.

- The final group of 1,918 households earn $75,000 or more with about 14% burdened by housing costs. Market rate apartments are affordable to this group of households. There are also many options among new and resale homes that would be affordable, especially if mortgage interest rates decline.

Renter Cost Burden
Housing Cost as a Percent of Household Income

	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Renter-occupied housing units:	**7,256**		**28,846**		**923,559**	
Less than $20,000:	1,145		4,436		122,567	
30 percent or more	1,085	94.8%	3,911	88.2%	113,927	93.0%
$20,000 to $34,999:	1,269		3,868		123,065	
30 percent or more	1,062	83.7%	3,238	83.7%	109,901	89.3%
$35,000 to $49,999:	858		3,843		130,533	
30 percent or more	462	53.8%	2,532	65.9%	97,037	74.3%
$50,000 to $74,999:	1,565		5,632		177,433	
30 percent or more	506	32.3%	1,610	28.6%	82,140	46.3%
$75,000 or more:	1,918		8,219		308,184	
30 percent or more	265	13.8%	502	6.1%	30,646	9.9%
Zero or negative income	110		310		18,839	
No cash rent	391		2,538		42,938	

Source: ACS 2023 5-year estimate

Many homeowners are in a similar situation but have more options to alleviate their housing burden. The cost burden for Prescott homeowners is consistent with the county and state averages. The previous summary of housing prospects for renters among the different income groups is the same for owners. The development of housing for low- and moderate-income households, both rental and ownership housing products, would help to alleviate housing burden among a broad range of income levels. Those homeowners with low incomes could then use their equity to move up to newer, better housing.

Owner Housing Cost Burden Housing Cost as a Percent of Household Income						
	Prescott		Yavapai County		Arizona	
	Households	%	Households	%	Households	%
Owner-occupied housing units:	**15,495**		**80,054**		**1,873,231**	
Less than $20,000:	956		7,094		124,661	
30 percent or more	777	81.3%	5,425	76.5%	98,942	79.4%
$20,000 to $34,999:	1,777		9,381		153,271	
30 percent or more	726	40.9%	4,568	48.7%	78,585	51.3%
$35,000 to $49,999:	1,281		9,777		169,997	
30 percent or more	529	41.3%	3,674	37.6%	67,957	40.0%
$50,000 to $74,999:	2,839		13,525		291,613	
30 percent or more	690	24.3%	3,120	23.1%	80,082	27.5%
$75,000 or more:	8,479		39,649		1,112,252	
30 percent or more	535	6.3%	2,633	6.6%	63,840	5.7%
Zero or negative income	163		628		21,437	
Source: ACS 2023 5-year estimate						

A further source of demand for affordable housing is households who are separated or divorced or where a spouse has died. Those households have much lower incomes relative to married couple families. In particular, households headed by a single person have a median income of $68,000 and lower. When they live with their own children, the median income for households headed by a male falls to under $50,000 and for a female head of household to less than $47,000.

Median Family Income by Type City of Prescott			
	Households	%	Income
Total households	**22,751**		
Married-couple household	11,084	48.7%	$96,378
With children of the householder under 18 years	1,539	6.8%	$114,750
Cohabiting couple household	1,278	5.6%	n/a
With children of the householder under 18 years	204	0.9%	n/a
Male householder, no spouse/partner present	4,355	19.1%	$68,000
With children of the householder under 18 years	129	0.6%	$49,483
Female householder, no spouse/partner present	6,034	26.5%	$66,167
With children of the householder under 18 years	610	2.7%	$46,932
Source: ACS 2023 5-year estimate			

6.2 Summary

An estimated 6,637 households in Prescott, or approximately 29.2% of total households are burdened by housing costs, spending more than 30% of their income on housing. This number

includes 3,380 renters who are burdened the most on a percentage basis and 3,257 owners. As noted previously, owners have more options to resolve their housing cost issue by selling their home and moving to a lower cost unit or renting. Renters by comparison have fewer options. While there are few opportunities for homeownership for households who earn less than $50,000, a target for first-time homeownership could be the more than 1,500 renter households who earn between $50,000 and $75,000.

Prescott has an inventory of 224 affordable LIHTC units that provide some benefit to low- and moderate-income households. Housing choice vouchers are also available across Yavapai County from the Arizona Public Housing Authority. The number of vouchers that are directly used in Prescott is unavailable. However, vouchers for the county are fully committed with a long waiting list. Resources available to low- and moderate-income households are limited and do not fully address housing need.

Affordability Guidelines

HUD income limits for multifamily tax subsidy projects for Yavapai County are based on the area median family income (AMFI) of $87,300 for 2025. This means a family of four qualifies for an LIHTC complex at an income of $54,360 (60% of AMFI). Therefore, about 7,300 households out of 22,751 households in the city or 32% (subject to household size) could potentially qualify for a tax subsidy unit.

FY 2025 Multifamily Tax Subsidy Project Income Limits
Yavapai County, AZ

Area Median Family Income $87,300

% of Median Income	Persons in Family							
	1	2	3	4	5	6	7	8
80%	$50,750	$58,000	$65,250	$72,500	$78,300	$84,100	$89,900	$95,700
70%	$44,400	$50,700	$57,100	$63,420	$68,500	$73,580	$78,700	$83,740
60%	$38,040	$43,500	$48,900	$54,360	$58,740	$63,060	$67,440	$71,760
50%	$31,700	$36,250	$40,750	$45,300	$57,950	$52,550	$56,200	$59,800
40%	$25,360	$29,000	$32,600	$36,240	$39,160	$42,040	$44,960	$47,840
30%	$19,020	$21,750	$24,450	$27,180	$29,370	$31,530	$33,720	$35,880
20%	$12,860	$14,500	$16,300	$18,120	$19,580	$21,020	$22,480	$23,920

Source: Department of Housing & Urban Development

Allowable rents for tax subsidy complexes correspond to the size of the households as shown below. For a two-bedroom unit that could accommodate up to four people, rent for a household earning 60% of AMFI would be $1,222. Clearly market rents in Prescott are above these levels.

FY 2025 Tax Credit Program Allowable Rents Yavapai County						
% of Median Income	0 Bdrm	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	5 Bdrm
60%	$951	$1,019	$1,222	$1,413	$1,576	$1,740
50%	$792	$849	$1,018	$1,178	$1,313	$1,450
40%	$634	$679	$815	$942	$1,051	$1,160
30%	$475	$509	$611	$706	$788	$870
20%	$317	$339	$407	$471	$525	$580
Source: Department of Housing & Urban Development						

The chart below shows Yavapai County median wages for a variety of occupations, some of which are considered critical service jobs such as firefighters, teachers, paramedics, and police officers. Beyond these critical service occupations, even waiters, construction laborers, and retail salespersons are important for a functioning economy. The monthly affordable housing cost for each occupation shows that nearly all the occupations would have difficulty affording the market rents in Prescott much less purchase a home as a single income household. The average Prescott apartment rents ranging from $1,600 and higher are out of reach for most occupations as a single earner household.

Housing Affordability By Occupation			
Occupation	Yavapai County 2023 Median Wage	Monthly Affordable Housing Cost (30% of Income)	Monthly Affordable Rent (Less Utilities)
Retail Salespersons	$33,886	$847	$747
Receptionists and Information Clerks	$36,094	$902	$802
Restaurant Cooks	$37,432	$936	$836
Nursing Assistants	$38,572	$964	$864
Waiters and Waitresses	$41,273	$1,032	$932
Construction Laborers	$43,233	$1,081	$981
Pharmacy Technicians	$44,675	$1,117	$1,017
Paramedics	$45,446	$1,136	$1,036
Elementary School Teachers	$48,488	$1,212	$1,112
Middle School Teachers	$48,994	$1,225	$1,125
Firefighters	$51,838	$1,296	$1,196
Secondary School Teachers	$53,240	$1,331	$1,231
Police and Sheriff's Patrol Officers	$67,315	$1,683	$1,583
Registered Nurses	$91,166	$2,279	$2,179
Prepared by the Arizona Office of Economic Opportunity in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, April 2024			

The wage data above does not consider that a household may have two wage earners. However, for single person households, particularly headed by a female head of household or families where only one person works, the availability of affordable housing is a critical need. Census data shows that about 30% of all Prescott households have only one working member while 15% of households have two working members (only 3% of households have three working members). Another 52% have no working members of the household, mostly reflecting retired households (51% of all households in Prescott are headed by a person who is 65 years or older). Affordable housing is critical for those households with one working member and for single person households.

6.3 Future Housing Demand

As noted previously in this report, Prescott is expected to grow by 6,198 people between 2024 and 2040. This will create demand for at least 3,195 housing units. Taking into account a 5% vacancy rate, total housing demand should approach 3,355 units.

Following from the gap analysis, the following table outlines the future demand for housing by today's income range. Rental housing demand, much of which could be in the form of subsidized units, will be driven by households with less than $50,000 in income. Total demand is estimated at 1,154 units through 2040. Another 1,104 units of ownership housing will be needed for critical service employees who earn between $50,000 and $100,000. This population may need support to acquire housing that is within their reach. At today's interest rate, the households in this income category could afford a home ranging from $200,000 to $350,000.

Prescott Forecasted Housing Demand By Income

Income Range	Households	%	Housing Target
Less than $25,000	547	16.3%	Rental Housing
$25,000 to $34,999	292	8.7%	Rental Housing
$35,000 to $49,999	315	9.4%	Rental Housing
Total	***1,154***	**34.4%**	
$50,000 to $74,999	661	19.7%	Ownership Housing
$75,000 to $99,999	443	13.2%	Ownership Housing
Total	***1,104***	**32.9%**	
$100,000 to $149,999	500	14.9%	
$150,000 to $199,999	248	7.4%	
$200,000 or more	349	10.4%	
Total	**1,097**	**32.7%**	
Total Units	**3,355**	**100.0%**	

Source: AZ OEO, Elliott D. Pollack & Co.

7.0 Conclusions

Over the last five years, housing in the city of Prescott has experienced declining affordability conditions, similar to that occurring across Arizona. In total, about 29.2% of households in the community are currently burdened by their housing costs, including 46.6% of all renters. The city is projected to experience moderate growth for the foreseeable future, and affordability challenges will continue. Solutions are needed for current residents and to plan for the housing needs of future residents.

Prescott is in a strong position to address the affordability needs of its growing community. Employment forecasts suggest that the City's economy will continue to expand and could bring more high wage jobs. These jobs will have a multiplier effect, creating multiple lower wage jobs as a result. Prescott should be strategic about the types of housing units it approves to support current and future residents, especially necessary service workers.

There is an abundance of available residential land available to accommodate future growth. A variety of housing types should be encouraged. However, addressing the housing affordability issue will not be successful unless higher density housing products are introduced to the community to offset the cost of land and construction. Incentives and affordable housing policies to attract such housing are an important element. While this report does not provide an overall strategy, suggested options for higher density housing products include the following.

- Small lot and attached ownership development, including courtyard complexes, will allow more residents who earn less than $100,000 the opportunity for homeownership.
- Moderate and higher-density rental products, such as single-family rentals (BTRs), traditional apartments, townhomes, or duplexes placed in strategic areas can provide affordable opportunities for households earning between $50,000 and $75,000.
- Accessory dwelling units (ADUs) on existing lots provide affordable rental options while providing income to the property owner. We understand an ADU may not be rented separately from the principal dwelling unit on the lot under the requirements of the LDC.
- Manufactured or modular homes are now being developed on permanent foundations with enhanced design features by developers. Manufactured homes can be an affordable ownership option for Prescott.
- Subsidized housing programs targeting low-income and workforce wage households (40%-100% AMI) for multi-family housing will continue to be demanded in Prescott to

support service providers who are currently burdened by housing costs. Even after new apartment communities are completed in the coming year, there will still be a large gap of need at this income level.