CITY OF PRESCOTT
ARIZONA



2025

Workforce Housing Policy Framework

Effective Date: November 4, 2025

Acknowledgements

Prescott, Arizona, a picturesque city nestled in the heart of Yavapai County, boasts a rich history, stunning natural beauty, overall excellent quality of life, and a vibrant, active, and engaged community. However, the availability of affordable and attainable workforce housing is a critical issue requiring urgent attention.

For this reason, in November 2022, the Prescott City Council established the standing Workforce Housing Committee with the purpose of researching, reviewing and proposing recommendations to Council regarding attainable housing options and solutions for the workforce of Prescott. The City of Prescott extends its gratitude for the time and work provided by Committee Members: Mayor Pro Tem Cantelme (Council Liaison), Nicole Kennedy, Jonathan Rocha, Mike Fann, Randy Goodman, Luther Kraxberger, Anthony Teeters, Arnold Urias, Jeffrey Miller, Gregory Riordan, Corey Suttles, and Roger Thomas. The City would also like to extend its gratitude to all the City staff members who provided recommendations and feedback to create and improve the policy and to make its implementation effective.

Table of Contents

Acknowledgements 2
Section 1: Introduction 4
Section 1.a: Community Outreach 5
Section 1.b: Eligibility 6
Section 2: Incentive Programs 9
Section 2.a: Development Fee Incentives 9
Section 2.b: Prioritization and Expedited Review 11
Section 2.c: Modification of Code Requirements 13
Section 2.d: Zoning 14
Section 2.e: Water Policy 15
Section 2.f: Employee Incentives 15
Section 2.g: *Home of My Own* Program 17
Section 3: Revitalization, Infill, and Expanded Footprint 18
Section 4: Funding 20
Section 5: Real Property 22
Section 6: Implementation and Monitoring 24
Section 6.a: Workforce Housing Designated Staff 24
Section 6.b: Developer Accountability, Project Quality, and Timeframes 24
Section 6.c: Workforce Housing Educational Guidebooks 26
Section 7: Definitions 27

Section 1: Introduction

In many communities, middle-income workers such as teachers, firefighters, police officers, and healthcare professionals face significant challenges in finding attainable housing in or near the communities in which they work. This issue arises from a combination of stagnant wages and rising housing costs, which often force these essential workers to live far from their jobs, leading to longer commutes and increased traffic congestion.

The goal of a workforce housing policy is to create and maintain housing that is affordable for these critical workers, ensuring they can live in the communities they serve. This policy not only supports the well-being of these workers but also contributes to the overall economic development and public safety of the community.

By implementing a comprehensive workforce housing policy, the City of Prescott can overcome today's barriers to create and maintain a sustainable environment where members of our workforce and their families have access to safe and affordable housing.

The Committee's Mission is to plan and preserve workforce housing solutions to promote a healthy and vibrant community for all.

The Committee's Vision is to facilitate housing solutions to attract and retain quality employees and lead to improved service delivery and quality of life for our residents and workforce.

In this policy, the Committee outlines key initiatives to support workforce housing development, including fee waivers and reimbursements, expedited review processes, density bonuses, and other tools such as employee housing incentives and strategic partnerships.

The City of Prescott defines the workforce as:

Using HUD and ULI definitions plus local statistics, research, and demographics, the City of Prescott defines the "workforce" as: those that earn about 60%-120% of the area's median income. Based on Prescott's current area median income (FY24)[1] of $85,300 for a family of four, this scale would start at $51,180 and go to $102,360. Workforce includes those employed in occupations vital to a community's functioning across areas like education (teachers), healthcare (nurses), public safety (police officers and firefighters), construction, and other key services.

The City of Prescott defines workforce housing as:

Workforce housing refers to residential properties, such as apartments or homes, that are designed to be affordable for individuals and families. This is different from a direct government subsidized housing program. The goal is to offer housing that is no more than 30% of household gross income, including utilities.

[1] FY 2024 Income Limits Documentation System - Median Income Calculation for Prescott Valley-Prescott, AZ MSAhttps://www.huduser.gov/portal/datasets/il/il2024/2024MedCalc.odn

Section 1.a: Community Outreach

Workforce housing plays a crucial role in creating diverse, vibrant, and sustainable communities. Without addressing the Workforce Housing issue, recruitment and retention of quality service providers will continue to decline. Prescott residents will experience longer waiting times, reduced service levels, and, in some cases, must go outside of the area for services. Costs of local services may increase. Prescott's average age will continue to increase without new additions of families, putting additional strains on public safety and traffic.

Recognizing these concerns, the Prescott City Council identified Workforce Housing as a strategic priority in the FY25–FY29 Council Strategic Plan. The Council has committed to, "facilitate a continuum of housing options for essential workers so they can live, work and be engaged in the Prescott community."[2] This priority directly supports the City's vision that Prescott is a thriving and scenic community in the heart of Arizona, rooted in western heritage and strong hometown values where individuals, families and businesses enjoy outdoor adventures, vibrant cultural events, a prosperous economy, and the promise of a bold tomorrow. Workforce housing is a key component of the City's mission to enhance quality of life as stewards of our natural and built environment and through outstanding city services that engage our community, preserve our past, and ensure a safe and vibrant future.

To support these goals, the City of Prescott will conduct ongoing community outreach to gather input and foster collaboration among stakeholders, including residents, businesses, developers, and housing advocacy groups. Regular opportunities for public engagement will be held to engage the community and incorporate their feedback into housing strategies. This may include, but is not necessarily limited to, regular Workforce Housing Committee meetings.

[2] For full details on the City of Prescott's strategic vision and housing priorities, see the City of Prescott Strategic Plan (March 19, 2025).

Section 1.b: Eligibility

The Workforce Housing Policy aims to provide attainable housing options for individuals who contribute to the local economy and community but are unable to find adequate housing in the current market. This Policy outlines eligibility criteria for both the workforce, developers, and employers seeking to participate in the incentive options.

Eligible Workforce

Workforce includes those employed in occupations vital to a community's functioning across areas like education, healthcare, public safety, construction, and other key services. The goal is to provide housing for residents who are integral to the functioning of the City, but struggle to secure housing due to rising housing costs.

A. Income Limitations

Generally, based on HUD and ULI definitions plus local statistics, research, and demographics, the City of Prescott defines workforce as those that earn about 60%-120% of the area's median income. Workforce housing is defined as spending no more than 30% of gross household income on housing costs.

For renters, the 30% affordability threshold includes base rent plus essential utilities such as electricity, water, sewer, and trash. Renter's insurance may also be included if required by the lease.

For homeowners, the 30% limit applies to total monthly housing costs, including the mortgage (principal and interest), property taxes, homeowners' insurance, and any applicable HOA dues.

For example:

Income Ranges and Workforce Rent Examples (FY24)		
Household Size	Income Range (60-120% AMI)	Workforce Range Rent
1 person	$34,860-$69,720	$872-$1,743 per month
2 people	$39,840-$79,680	$996-$1,992 per month
4 people	$51,180-$102,360	$1,280-$2,559 per month

- Formula Used:
  - Workforce Income Range = 60% to 120% of HUD AMI
  - Affordable Monthly Rent = (Annual Income x 30%) ÷ 12

B. Residency Requirements

Eligible workforce applicants must be employed full-time within Yavapai County.

Eligible Developers

To ensure that workforce housing is developed in a timely, efficient, and responsible manner, the following criteria apply to developers seeking to participate in the program:

A. Developer Qualifications

Eligible developers may include, but are not necessarily limited to:

- For-profit real estate developers with experience in single family, multi-family or mixed-use residential development.
- Non-profit organizations focused on workforce housing development, including community development corporations (CDCs) and housing trust funds.
- Public-private partnerships between local government entities and private developers.
- Governmental entities working jointly on workforce housing.
- Developers must post financial assurances and commit to providing housing that meets the building standards and affordability requirements outlined by the City of Prescott.

B. Project Scope and Location

Eligible development projects must meet the following criteria:

- Project Type: Projects must include rental or homeownership units for the eligible workforce population as defined above. This can include multi-family complexes, single-family homes, or mixed-use developments.
- Location: Projects must be located within the City of Prescott, with a focus on areas close to public transit, employment centers, schools, and other community amenities.
- Design and Density: Developments must adhere to City zoning regulations and density standards.

C. Affordability Requirements

Developers must agree to maintain affordability for a minimum period of 30 years, ensuring that rents or home prices remain within the prescribed income formula for workforce households. The minimum period may only be adjusted by the Council based on documented findings that:

- the adjustment is necessary to address unique financial feasibility challenges or extraordinary circumstances specific to the project,
- the adjustment remains consistent with the City's Workforce Housing goals and does not materially reduce the long-term workforce housing inventory, **and**
- the request has been reviewed and recommended by staff through a standardized evaluation process established by Community Development. Any adjustment must be applied consistently to all similarly situated applicants to ensure fairness and avoid preferential treatment.

D. Compliance with Local Codes

Developers must comply with all applicable local building codes, environmental regulations, and sustainability standards.

E. Workforce Housing Certification

To qualify for any workforce housing incentives offered by the City of Prescott, each project must receive a **Workforce Housing Certification** prior to application for benefits such as expedited review, fee waivers, water incentives, or zoning modifications. This certification ensures the project meets the City's workforce housing goals and complies with program standards. The certification is a form developed by the City, completed by the developer, and reviewed and signed by the Community Development Director or designee. Certain waivers or code modifications outside the authority of the Community Development Director may require Council approval.

Certification Criteria:

To obtain certification, the following criteria must be met:

- **Income Targeting:** The project must provide housing units affordable to households earning between 60% and 120% of the Area Median Income (AMI).
- **Minimum Workforce Housing Units:** A portion of the total units in the project shall be designated as workforce housing. Refer to the sliding scale in Section 2.a for applicable incentive percentages.
- **Affordability Duration:** The developer must commit to maintaining affordability for a minimum of 30 years, unless otherwise adjusted by Council.
- **Project Standards:** The project must:
    - Comply with applicable design and density standards;
    - Meet any required zoning and site compatibility requirements.
- **Developer Standing:** The developer must have:
    - No unresolved code violations, accessibility violations, or unpaid debts to the City;
    - A track record of compliance if previously approved for workforce housing benefits.
- **Per-Project Certification:** Certification must be obtained for each individual project, not per developer, and must be reviewed and approved by the Community Development Director or designee that the project meets the above requirements.

Permit Submittal: A copy of the valid Workforce Housing Certification must be submitted with each permit application related to workforce housing units in the certified project.

These eligibility guidelines for workforce housing are designed to support the managed growth of Prescott to fuel/jump start our economic development strategic plan while ensuring that the housing needs of the local workforce are met in a sustainable and transparent manner. The program prioritizes both access to workforce housing and the creation of vibrant, thriving communities that contribute to the City's long-term prosperity.

Section 2: Incentive Programs

To encourage the development of workforce housing, the City will implement various incentive programs each with its own qualification requirements as detailed below.

Section 2.a: Development Fee Incentives

Fee Waivers and Reimbursements

The City of Prescott may offer certain fee waivers and reimbursements to support the financial feasibility of qualified Workforce Housing projects. However, there are important distinctions regarding which fees may be waived, reimbursed, or deferred.

Development Impact Fees

Development Impact Fees (Impact Fees) are charges imposed by the City on new development to fund the public infrastructure and services needed to support growth, such as public safety, parks, streets, and water/wastewater facilities. Impact fees are regulated under Arizona law (A.R.S. § 9-463.05) and ensure that growth pays for its proportional share of public infrastructure needs. These fees are not discretionary charges and cannot be waived by the City.

Because Impact Fees fund public infrastructure required to serve growth, these fees cannot be waived. However, if the City Council determines that a qualified workforce housing project provides a substantial public benefit, the Council may, on a case-by-case basis, authorize the City to pay all or a portion of impact fees commensurate with the percentage of workforce housing on behalf of the developer using taxpayer funds.

Any such determination must meet the following transparent criteria to ensure equal treatment for all developers:

- A formal staff evaluation has been conducted using a standardized financial analysis provided by the applicant and scoring system adopted by Council.
- The financial analysis demonstrates that without City participation, the project would not be feasible or would provide significantly fewer workforce housing units.
- The project aligns with Council-adopted Workforce Housing Program goals and Strategic Plan priorities.
- The approval is applied consistently to all similarly situated applicants and must be given by Council.

Deferral of Impact Fees for Market-Rate Units

The City may allow the deferral of Development Impact Fees for market-rate units within a mixed-income workforce housing development, provided:

- The deferral is authorized within a Council-approved Development Agreement (pursuant to A.R.S. § 9-500.05).

- Impact fees are collected no later than Certificate of Occupancy (pursuant to A.R.S. § 9-463.05(10).
- The development agreement shall provide for the value of any deferred fees to be supported by appropriate security, including a surety bond, letter of credit or cash bond.

Non-Development Impact Fees

The following fees are considered development-related fees and may be eligible for waiver or reimbursement under the Workforce Housing Program:

- Building Permit Fees
- Planning and Zoning Fees
- Site Plan Review Fees
- Subdivision Fees
- Building Plan Review and Inspection Fees
- Utilities Department Fees (connection, service initiation)
- Other development-related fees as determined by the City (excluding impact fees)

Waivers and Reimbursements

The City may waive or reimburse eligible development-related fees on a sliding scale based on the percentage of workforce housing units provided in a project (excluding Development Impact Fees). The percentage of workforce housing units will directly correspond to the percentage of eligible fees that may be waived or reimbursed. For example, if 25% of the total units in a project are designated as workforce housing, then 25% of eligible fees may be waived or reimbursed.

The determination of whether fees will be waived at permit issuance or reimbursed after project completion will be based on the following criteria to ensure transparency and consistency for all applicants:

- **Fee waivers (at time of permit issuance) or reimbursements (after project completion)** may be approved based on the following criteria:
    - Demonstrated financial need, as determined through a standardized analysis review by City staff,
        - Projects that do not meet the criteria for financial need may still qualify for reimbursement after workforce units are completed and occupied.
    - Full compliance with City codes, financial obligations, and Workforce Housing Certification requirements at the time of application,
    - No unresolved violations, debts or accessibility issues.

- **Lien Release or Bond Requirement**

  To ensure accountability and protect public resources when fee waivers or reimbursements are granted, the City may require a lien or performance bond as a condition of approval.

  - **For Waivers:** If a project receives a fee waiver based on financial hardship, the City may require a performance bond or other financial security to ensure delivery of the workforce housing units. This security will be returned or released upon successful completion and occupancy of the designated units.
  - **For Reimbursements:** A lien may be recorded against the property at the time of permit issuance for the value of the anticipated reimbursed fees. The lien will be released upon verification that the workforce housing units have been constructed, occupied, and maintained in compliance with program requirements.

Through this approach, the City of Prescott seeks to encourage the development of workforce housing while ensuring that public incentives are used appropriately and that promised outcomes are delivered, all while maintaining financial responsibility, transparency, and fairness to developers, taxpayers, and residents.

Section 2.b: Prioritization and Expedited Review

The City of Prescott recognizes that workforce housing supports the workers who sustain public safety, healthcare, education, and overall quality of life. To address the growing need for attainable housing, the City prioritizes workforce housing projects in its development review and permitting processes. This prioritization ensures these projects move efficiently while maintaining full compliance with all applicable regulations.

Arizona Law Compliance (SB 1353)

In accordance with Arizona Senate Bill 1353 (57th Legislature, 1st Regular Session) codified as A.R.S. § 9-470.01, the City will comply with the statutory requirement to complete reviews of single-family residential building permit applications within fifteen (15) business days or offer a third-party review option. This requirement applies to all eligible single-family permit applications citywide, including workforce housing projects. [3]

While this state law establishes mandatory review timelines for single-family residential building permits, the City of Prescott remains committed to further prioritizing workforce housing permits and projects by assigning them priority scheduling.

Prioritization and Expedited Review

[3] Arizona Senate Bill No. 1353 (57th Leg., 1st Reg. Sess.), signed May 13, 2025; codified at A.R.S. § 9-470.01 — requires municipal review or third-party review of single-family building permit applications within 15 working days.

The City of Prescott prioritizes workforce housing projects to support essential community needs and ensure timely development. Qualified projects, with an approved Workforce Housing Certification, will be assigned first-available review slots throughout entitlement, planning, permitting, and inspections. For projects with 20% or more workforce units, this priority extends to both workforce and market-rate components.

Development Types and Review Process

Workforce housing projects eligible for expedited review may include:

- Multi-family developments
- Mixed-use developments
- Site plans
- Single-family subdivisions

For eligible projects, City staff and the applicant will establish a coordinated review schedule at project intake. The review process will comply with state law timelines while leveraging internal efficiencies to further accelerate processing where feasible.

Model Plan/Model Site Process

Where applicable, the City encourages the use of a model plan process to streamline reviews:

- The model plan process allows developers to submit one model plan that will be applied to multiple, similar sites.
- Staff will conduct a single, consolidated review, issue unified comments, and apply those comments to the model plan. Once approved, the model plan can then be applied to various sites. This process is explained in the Community Development Department's Model Plan Process policy.
- This reduces repetitive reviews, increases consistency, and significantly shortens total review time.

Requirements and Criteria for Expedited Review

Expedited review and other program benefits must be coordinated with City staff early on to ensure efficient handling. Developers must submit a Workforce Housing Certification prior to permit or entitlement application submittal.

Shared Responsibility for Timely Review

While the City is committed to expediting the review process, the speed of review depends significantly on the quality of the applicant's submittals and their responsiveness throughout the process. Developers must promptly address corrections, respond to comments, and ensure timely compliance with City requirements. Expedited review may be discontinued if the developer fails to meet these responsibilities.

Compliance with Building Codes

All new buildings must comply with the building codes in effect on the day the building permit application is submitted. A copy of the Workforce Housing Certification must accompany each permit application for workforce units. All related documents and applications can be retrieved from the City of Prescott Community Development Department.

Through this Workforce Housing Expedited Review Program, the City of Prescott supports the timely development of workforce housing while fully complying with Arizona state law, maintaining fairness for all applicants, and advancing City goals to provide attainable housing options for community members. The combination of state-mandated timelines, internal prioritization, and process efficiencies, such as model plans, ensures consistent, predictable, and transparent review processes for all workforce housing developments.

Section 2.c: Modification of Zoning Code Requirements

To address the need for workforce housing, the City of Prescott recognizes the importance of creating a flexible regulatory environment that encourages developers to pursue workforce housing projects. As part of this effort, the City may modify certain code requirements to reduce barriers and incentivize the construction of workforce housing. These modifications will provide greater flexibility while ensuring that projects align with community goals and maintain the city's character.

Key modifications include:

- **Density Bonuses**: The City May allow increased residential density for workforce housing projects that provide additional public benefits. The amount of density bonus granted will depend on the type and extent of public benefit provided, ensuring alignment with City goals and compatibility with surrounding neighborhoods. Developers may qualify by offering one or more of the following:
    - Additional open space, public parks, or recreational amenities
    - Enhanced landscaping, buffering or aesthetic improvements
    - Additional parking or mobility enhancements
    - Preservation of existing historic structures
    - Voluntarily providing more workforce housing units without requesting additional fee waivers
    - Payment of a fee-in-lieu of other requirements (e.g., open space) to support workforce housing, public improvements, or infrastructure that promotes affordability.
    - Other solutions that support the City’s workforce housing goals may also be considered.

- **Fee Waivers and Reductions**: As discussed in Section 2.a
- **Expedited Review Process**: As discussed in Section 2.b

  Reduced Parking Requirements: Generally, the City Council does not support reduced parking requirements due to neighborhood impacts. However, Council may consider reductions on a case-by-case basis if a formal neighborhood-level parking analysis demonstrates the reduction is appropriate based on proximity to transit, walkability, and available alternatives.
- **Height and Setback Flexibility**: The City, through approval by City Council, may grant zoning code concessions for building height and setbacks for workforce housing projects in certain areas, particularly in mixed-use or infill development zones. This flexibility will maximize the use of land while maintaining appropriate buffers and respecting neighborhood contexts.

Determination Process

The Community Development Director or designee will review requests for code concessions based on eligibility such as, Workforce Housing Certification, project design, and public benefit. A standardized review framework will be created to guide these determinations and ensure fairness and consistency. Any requests will be reviewed and then forwarded to City Council for final consideration.

By incorporating these modifications to existing code requirements, the City of Prescott aims to create a more supportive environment for the construction of affordable workforce housing, helping to meet the housing needs of our local workforce while preserving the character and livability of our community.

Section 2.d: Zoning

The City of Prescott recognizes zoning as a powerful tool to incentivize workforce housing. By offering targeted zoning incentives, the City seeks to encourage developers to integrate workforce housing into new developments and expand housing options for moderate-income workers. Key zoning incentives include the promotion of diverse housing types, increased density allowances, and streamlined processes for qualifying projects. The below are strategies for the City to review and further study to determine feasibility.

Key strategies include:

- **Accessory Dwelling Units (ADUs)**: The City will support and encourage the development of accessory dwelling units (ADUs) on residential properties to increase housing options. Zoning regulations will be modified to allow ADUs by right in most residential zones, with reduced requirements for setbacks and lot size. This will enable homeowners to create additional workforce housing units in established neighborhoods without significant changes to community character.

- **Workforce Housing Types**: Zoning will accommodate a variety of housing types, including factory-built, manufactured, and site-built, duplexes, townhomes, small-scale multifamily units, and mixed-use developments, particularly in areas near employment centers, transit, and services. This diversification of housing types will provide more affordable options for the City's workforce while promoting neighborhood diversity.
- **Density Bonus Program**: To further incentivize workforce housing, the City may offer density bonuses in exchange for including a percentage of workforce housing units in residential developments. Developers who voluntarily dedicate a portion of their units to workforce housing may be permitted to build at higher densities than typically allowed under current zoning laws. This increase in allowable units can improve the financial viability of projects that serve moderate-income residents. Examples of this may include changes to the Land Development Code that provide for density bonuses.

By using zoning as an incentive, the City of Prescott seeks to foster innovative housing solutions, encourage private sector participation by promoting voluntary workforce housing inclusion, and increase the availability of affordable workforce housing. These measures aim to support local economic stability, reduce commuting times for workers, and strengthen Prescott's overall quality of life.

Section 2.e: Water Policy

The City of Prescott recognizes that access to water resources is a critical factor in the development of new housing projects, including workforce housing. To support the development of attainable housing for local workers, the City may offer specific water policy incentives aimed at reducing water-related costs and streamlining access to water resources for qualifying workforce housing projects.

All workforce housing incentives related to water will be addressed within the City's Water Policy. For eligible workforce housing projects, incentives may include water application approval prioritization, reduced water fees, water efficiency incentives, and a streamlined water permitting process. These provisions will support workforce housing development while remaining consistent with the City's broader water management goals. Developers should refer to the City of Prescott Water Policy for full details, eligibility criteria, and application procedures.

By integrating workforce housing incentives into the City's water policy, Prescott seeks to promote workforce housing solutions while ensuring responsible water management practices. Workforce housing incentives in the water policy are designed to reduce financial and regulatory barriers, making it easier for developers to contribute to the City's workforce housing supply.

Section 2.f: Employee Incentives

The City of Prescott is committed to fostering a stable and thriving workforce by addressing the housing needs of its employees. To support this goal, the City's Human Resources

Department will actively explore and implement incentives related to workforce housing, aimed at enhancing the recruitment and retention of qualified employees who contribute to the success and well-being of our community.

The City recognizes that access to affordable, high-quality housing plays a significant role in attracting and retaining skilled employees. As part of this commitment, the Human Resources Department will focus on the following strategies:

- **Employee Housing Assistance Programs**: The City will explore potential programs that provide direct assistance to employees seeking housing within Prescott. This may include down payment assistance, rental subsidies, or housing stipends for employees who meet specific criteria, particularly those in key public service roles.
- **Partnerships with Workforce Housing Developers**: The City will seek to collaborate with developers and community organizations to reserve a portion of workforce housing units for City employees. These partnerships aim to create priority access to workforce housing options that are conveniently located near employment centers and city services.
- **Housing Education and Resources**: The Human Resources Department will continue to provide resources and information to employees on available workforce housing opportunities, housing assistance programs, and pathways to homeownership. These efforts will help employees navigate the housing market and access options that meet their needs.
- **Exploring Additional Incentives**: The City will actively explore and identify new opportunities and incentives that can further support employees in securing housing. This may include evaluating the feasibility of employer-assisted housing programs, advocating for expanded housing benefits, and integrating housing support into the City’s overall benefits package.
- **Boosting Employee Recruitment and Retention**: By offering workforce housing incentives, the City aims to improve its ability to recruit and retain highly qualified employees, particularly in roles critical to public service and community development. Providing employees with stable and attainable housing options strengthens the City's workforce and ensures that those who serve the community can also live and thrive within it.

The City will actively pursue grants, external funding sources, and regional partnerships to support workforce housing efforts. Any external funds received may be applied to a centralized Workforce Housing Fund, which can be used to benefit all departments and maximize resources while promoting long-term program sustainability.

The City of Prescott will continue to prioritize workforce housing as a key component of its overall employee recruitment and retention strategy, ensuring that City employees have

access to housing solutions that support their long-term success and connection to the community.

Section 2.g: *Home of My Own* Program

The City of Prescott will adopt Yavapai County's *Home of My Own* Program, which offers a selection of pre-approved housing designs and layouts tailored to workforce housing needs. These pre-approved plans will help reduce development costs, shorten permitting timelines, and support the timely delivery of workforce housing. The City may also curate its own set of workforce housing designs in the future to address specific local needs or design preferences.

Arizona Law Compliance (SB 1529)

In accordance with Arizona Senate Bill 1529 (57th Legislature, 1st Regular Session), codified as A.R.S. § 9-461.19, the City will comply with the statutory requirement to develop three different square footage options of standard preapproved housing design plans. This program will contribute to the City's efforts to increase the availability of workforce housing while maintaining the charm and livability of Prescott's communities.

Section 3: Revitalization, Infill, and Expanded Footprint

The City of Prescott is committed to promoting revitalization and infill development as a strategy to expand workforce housing while maximizing the use of existing infrastructure. By encouraging redevelopment of underutilized properties and supporting strategic higher-density development, the City aims to provide housing near jobs, services, and transportation, while maintaining the character and functionality of existing neighborhoods.

Key incentives for revitalization and infill development include:

- **Priority for Infill Projects**: The City will prioritize workforce housing projects located on vacant, underdeveloped, or underutilized sites within the city's existing urban areas. By encouraging the reuse of land and buildings, the City aims to reduce sprawl, leverage existing infrastructure, and promote more efficient land use. These projects will receive expedited permitting and consideration for additional incentives.
- **Financial Incentives for Revitalization**: Workforce housing projects that involve the rehabilitation of existing buildings or the redevelopment of blighted or distressed properties will be eligible for financial incentives. These may include reduced fees, tax abatements, or access to grant funding for infrastructure improvements. These incentives are designed to make revitalization projects more financially attractive to developers.
- **Zoning Flexibility for Infill Sites**: Infill development that includes a workforce housing component may be eligible for flexible zoning standards, such as reduced minimum lot sizes, increased building heights, and modified parking requirements. This flexibility will allow developers to maximize the potential of infill sites, particularly in areas where higher densities are appropriate and desirable.
- **Mixed-Use Development Encouragement**: To create vibrant, walkable communities, the City will incentivize mixed-use developments that combine workforce housing with commercial, retail, or public spaces. Such projects will be encouraged in designated revitalization districts, downtown areas, and near transit hubs, contributing to both housing affordability and economic development.
- **Public-Private Partnerships for Infill Housing**: The City will seek to form public-private partnerships to facilitate workforce housing projects in infill areas. These partnerships may include land acquisition assistance, infrastructure support, or coordination with community development organizations to advance workforce housing projects that benefit both developers and the community.
- **Historic Preservation**: Projects that incorporate the preservation or adaptive reuse of historic properties as part of a workforce housing development may be eligible for additional incentives. These may include permitting flexibility, fee adjustments, or preservation-related support. Projects located in historic districts or involving historic structures will go through the processes as outline in the Land Development Code for

historic and other entitlements to ensure that new construction or modifications are compatible with neighborhood character and established design standards.

- **Sustainability:** While the City of Prescott supports responsible development, sustainability-related initiatives such as energy efficiency or green building elements, must primarily rely on state or federal funding where available. The City may assist with coordination or grant support but does not allocate general funds for standalone sustainability incentives at this time.

Eligibility Criteria for Infill and Revitalization Incentives:

To qualify for infill, revitalization, or expanded footprint incentives, a development must obtain the Workforce Housing Certification.

Additional consideration may be given to projects that include:

- Historic preservation or adaptive reuse of significant structures,
- Mixed-use elements that activate the surrounding area,
- Coordination with public infrastructure investments or strategic planning areas.

By focusing on revitalization and infill development, the City of Prescott aims to create new workforce housing opportunities in well-established neighborhoods or where there are current economic development zones, reduce development pressure on open spaces, and promote a sustainable, resilient community. These efforts will help ensure that workforce housing is available in areas with access to jobs, services, and transportation, while also enhancing the city’s economic vitality.

Section 4: Funding

To support the development and expansion of workforce housing in Prescott, the City will employ a diverse range of funding strategies designed to leverage public, private, and philanthropic resources. These funding mechanisms will help bridge financial gaps, making workforce housing projects more feasible and sustainable. The City will focus on the following funding approaches:

- **Voluntary Financial Contributions and Donations**: The City will create avenues for voluntary financial contributions from individuals, businesses, and organizations interested in supporting workforce housing initiatives. These contributions, which can include monetary donations, land donations, or materials, will be used to fund workforce housing projects, offset development costs, or provide down payment assistance to qualified homebuyers. Contributors may be recognized publicly, fostering a sense of community involvement in solving Prescott's housing challenges.
- **Debt Issue:** The City may consider issuing debt in furtherance of workforce housing.
- **Grant Funding Opportunities**: The City will actively pursue state, federal, and private grant funding to support workforce housing development. This may include applying for housing-related grants from the U.S. Department of Housing and Urban Development (HUD), the Arizona Department of Housing, and other relevant agencies. Grant funding will be used to directly support the construction of new workforce housing units, infrastructure improvements, and rehabilitation of existing properties for workforce housing.
- **Grant Distribution and Pass-Through Programs**: The City will serve as a facilitator for distributing grant funds to local developers, non-profit organizations, and housing agencies engaged in workforce housing projects. As a grant pass-through entity, the City will apply for large-scale grants and distribute funds to eligible projects that meet workforce housing criteria. This ensures that local initiatives have access to financial resources while maintaining accountability and compliance with grant conditions.
- **Workforce Housing Trust Fund**: The City will explore the establishment of a Workforce Housing Trust Fund specifically earmarked for workforce housing. This fund could be supported through voluntary contributions, a portion of development fees, or other dedicated revenue streams. The trust fund would provide a stable, ongoing source of funding to support workforce housing projects, including land acquisition, construction, and down payment assistance programs.
- **Public-Private Partnerships (P3)**: The City will seek to create public-private partnerships (P3s) that leverage private investment in workforce housing development. These partnerships could involve financial contributions, land use agreements, or shared resources between the City and private developers. The City will also explore opportunities for low-interest loans or other financial incentives to encourage private-sector investment in workforce housing projects.

- **Incentives for Philanthropic Support**: The City will encourage philanthropic organizations and community foundations to support workforce housing efforts through donations and grant-making. The City will work to develop relationships with local and national foundations that have an interest in workforce housing, workforce development, and community sustainability.

The City of Prescott strives to create a robust financial foundation to support workforce housing through a variety of funding strategies. The primary purpose of this funding is to advance workforce housing, whether by reducing barriers for developers or providing direct assistance to employees. Funds may be used to support decreased fees for developers, as outlined in Section 2.a, or to help fund employee incentive programs such as down payment assistance, as outlined in Section 2.f. This balanced approach ensures funding is used effectively to address the community's workforce housing needs through practical, focused solutions.

Section 5: Real Property

The availability and strategic use of real property play a crucial role in supporting the development of workforce housing in the City of Prescott. By leveraging both City-owned and privately held properties, the City aims to increase the supply of attainable housing for local workers. This approach will involve considering surplus City-owned properties for workforce housing projects, as well as working collaboratively with private property owners to encourage the development of such housing.

- **City-Owned Property**

  The City of Prescott will identify and make surplus, vacant City-owned properties available for workforce housing development. These properties, which have no designated uses or purposes such as infrastructure, essential public services, or protected open space, will be prioritized for projects that align with the community's workforce housing needs. The City will focus on the following strategies:

  - **Property Inventory**: The City will conduct an ongoing review and inventory of its property holdings to identify parcels that are vacant, underutilized, or surplus. Properties that are suitable for workforce housing development, particularly those in proximity to employment centers, transportation, and essential services, will be considered for repurposing.
  - **Prioritizing Community Needs**: The City will prioritize workforce housing projects that address pressing community needs, such as housing for essential workers, public safety personnel, and moderate-income families. Projects that demonstrate long-term affordability, sustainability, and alignment with the City's housing goals will be given preference.
  - **Disposition and Public-Private Partnerships**: Surplus City-owned properties may be offered through competitive processes to developers who commit to creating workforce housing. Public-private partnerships (P3s) will be encouraged, allowing the City to partner with developers to bring these projects to fruition. Additionally, the City may offer long-term leases or discounted sales prices to incentivize development on these sites.

- **Private Property**

  The City of Prescott will work collaboratively with private property owners to explore opportunities for the development of workforce housing on privately held land. By offering technical assistance and potential incentives, the City seeks to encourage the private sector to contribute to addressing workforce housing shortages. Key approaches include:

  - **Technical Assistance**: The City will offer technical assistance to private property owners and developers interested in pursuing workforce housing projects. This support may include guidance on zoning regulations, site feasibility assessments, and navigation through the City's permitting processes. The goal is to reduce the

complexities of development and provide property owners with clear pathways to participate in workforce housing efforts.

- **Incentives for Private Development**: To encourage private property owners to develop workforce housing, the City will explore offering incentives such as density bonuses, expedited permitting, reduced development fees, and flexible zoning options. These incentives aim to make workforce housing projects more attractive and financially feasible for private landowners and developers.
- **Partnership Opportunities**: The City will actively seek opportunities to facilitate partnerships between private property owners and housing developers. By connecting interested property owners with developers who have experience in workforce housing, the City can help foster collaborations that lead to successful housing projects.

By utilizing both City-owned and private property, Prescott aims to increase the availability of workforce housing, reduce development barriers, and meet the growing housing needs of its workforce. This dual approach will allow for more strategic and efficient use of land, ensuring that the City's workforce housing goals are met while maintaining community values and sustainability principles.

Section 6: Implementation and Monitoring

To ensure the continued success of Prescott's workforce housing policy, the City will establish a comprehensive approach to implementing and monitoring workforce housing initiatives, incentives, and programs. This approach will involve dedicated staff, clear accountability for developers, and the creation of educational resources for both the workforce and developers. These efforts will ensure that workforce housing projects meet community needs and are completed efficiently and with high standards.

Section 6.a: Workforce Housing Designated Staff

To effectively manage workforce housing initiatives, the City will designate staff responsible for coordinating and overseeing the implementation of workforce housing programs. These staff members will play a critical role in:

- **Program Coordination**: Designated workforce housing staff will ensure that various initiatives, including financial incentives, zoning modifications, and pre-approved housing plans, are integrated and aligned with the City's broader housing goals.
- **Developer and Stakeholder Support**: Staff will serve as the primary point of contact for developers, builders, and property owners interested in workforce housing projects. They will provide guidance on incentives, assist with permitting processes, and facilitate communication between stakeholders and City departments.
- **Monitoring and Reporting**: The designated staff will be responsible for tracking the progress of workforce housing projects, ensuring that initiatives are meeting their intended goals. Regular reports will be provided to City leadership and the community on the status of projects, funding allocation, and program effectiveness.

Section 6.b: Developer Accountability, Project Quality, and Timeframes

Ensuring accountability and maintaining high standards for workforce housing projects is critical to their long-term success. The City will implement measures to ensure that developers meet their commitments and that projects adhere to quality and completion deadlines:

- **Developer Accountability**: Developers who receive incentives or assistance from the City will be required to meet specific performance benchmarks, including delivering a defined percentage of workforce housing units, maintaining affordability standards, and adhering to environmental and design guidelines. Progress reviews for projects receiving workforce housing incentives will be conducted at minimum on an annual basis to ensure compliance with program requirements. Where a developer proposes to utilize a third-party entity to manage long-term affordability, a separate development agreement with the City may also be required to clarify the management, use, and oversight of the affordable components. Any such restrictions would be captured upfront on the Workforce Housing Certification as approved by Council.
- **Phased Inclusion of Workforce Housing**: Developers are strongly encouraged to include an equal percentage of workforce housing units in each phase of a project.

Should the developer choose not to build workforce housing units first, then the workforce housing units can be built simultaneously with the other phases of the project. Developers are discouraged from deferring the construction of workforce housing until the final phases of the project. If deferral is necessary, any associated incentives will also be deferred until the final phase is permitted. This phased approach ensures that workforce housing is integrated consistently, preventing any delays or concentration of workforce units at the end of the development. Failure to meet this requirement may result in penalties or the revocation of previously granted incentives.

- **Quality Standards**: Workforce housing developments will be required to meet the adopted building codes, all applicable City requirements, and any relevant land use or historic preservation regulations.
- **Project Timeframes**: To prevent delays, developers will be required to adhere to agreed-upon project timelines. The City may impose penalties or revoke incentives if significant project delays occur without valid cause. Conversely, developers who complete projects ahead of schedule may be eligible for additional incentives.
- **Deed Restrictions**: To help ensure that workforce housing units remain affordable for the duration established by the City, the use of deed restrictions or affordability covenants may be considered as a condition of receiving incentives.

To enforce developer accountability, the City of Prescott may implement the following penalties for developers who fail to meet performance benchmarks, quality standards, project timeframes, or deliver the agreed-upon percentage of workforce housing units:

- **Revocation of Incentives**: Developers who do not meet the required benchmarks could lose access to the incentives initially granted, such as density bonuses, reduced fees, or expedited permitting. The City could revoke these benefits either partially or entirely.
- **Fines or Penalties**: Financial penalties could be imposed for failing to meet deadlines or delivering the agreed percentage of workforce housing units. These fines could escalate depending on the extent of non-compliance or delays.
- **Withholding Occupancy Permits**: The City could withhold final occupancy permits until the developer meets the agreed-upon workforce housing requirements. This would prevent developers from completing or selling units until they comply.
- **Claw Back Provisions**: Developers could be required to repay any financial incentives, grants, or fee reductions they received if they fail to deliver the required workforce housing units.
- **Project Completion Bonds**: The City will require developers to post a bond or financial guarantee at the start of the project, ensuring funds are available to complete the workforce housing units. If the developer fails to deliver, the City will use the bond to complete the work.
- **Disqualification from Future Projects**: Developers who consistently fail to meet performance benchmarks could be barred from participating in future workforce housing projects or receiving incentives on future developments within the City.

These consequences would serve as strong deterrents, ensuring that developers remain accountable to their commitments and contribute to the City's workforce housing goals.

Section 6.c: Workforce Housing Educational Guidebooks

To support both the workforce and developers in understanding and navigating workforce housing initiatives, the City will develop and distribute comprehensive educational guidebooks tailored to their specific needs.

- **Workforce Housing Guidebook for the Workforce**: This guidebook will provide information for residents seeking workforce housing, including eligibility criteria, available housing options, and how to apply for housing assistance programs. It will also educate residents about the benefits of workforce housing and how it supports the community's long-term sustainability and growth.
- **Developer Guidebook**: A separate guidebook will be created for developers, providing a clear overview of the City's workforce housing incentives, Workforce Housing Certification, zoning modifications, design requirements, and available pre-approved plans. The guidebook will also outline the steps to access financial support, water incentives, and technical assistance, along with the accountability standards that developers must meet to qualify for these programs.

By implementing a structured approach to monitoring, accountability, and education, the City of Prescott aims to ensure the effective delivery of its workforce housing policy. This strategy will help build trust with the community and developers, increase housing availability, and contribute to the economic and community health of Prescott.

Section 7: Definitions

To ensure clarity and consistency in the City of Prescott's workforce housing policy, the following key terms and their definitions are provided. These definitions will serve as a reference for stakeholders, developers, and residents involved in workforce housing initiatives.

- **Accessory Dwelling Unit (ADU)**: A secondary housing unit located on the same lot as a primary residence. ADUs can be used as rental housing or additional living space, and they provide an option for increasing workforce housing without significant new construction.
- **Area Median Income (AMI)**: The midpoint of household incomes in a specific geographic area, as determined annually by the U.S. Department of Housing and Urban Development (HUD). AMI is used to set eligibility thresholds for workforce and affordable housing programs.
- **Deed:** A deed is a legal document signed by the seller of the property that transfers the title of the property from the seller to the buyer.
- **Deed Restriction:** A deed restriction is a restriction or requirement that must be met by both the buyer and the seller before the property can be transferred to the buyer. Affordability controls provide that the property can only be rented or sold to households that meet the income eligibility criteria identified. Many municipalities use deed restrictions to enforce affordability controls.
- **Density Bonus**: An incentive that allows developers to build more units than typically permitted under current zoning regulations in exchange for providing a certain percentage of workforce housing units within their project.
- **Developer Accountability**: The set of expectations and performance benchmarks that developers must meet when receiving incentives or assistance from the City. This includes delivering a certain percentage of workforce housing units, adhering to project quality standards, and meeting agreed-upon timeframes.
- **Grant Pass-Through Programs**: Programs in which the City receives grant funds from state or federal sources and distributes them to local developers, non-profits, or housing agencies for workforce housing projects.
- ***Home of My Own* Program**: A program created by Yavapai County and shared through a memorandum of understanding (MOU) with the City of Prescott, that provides developers with a selection of pre-approved housing designs and layouts, specifically designed for workforce housing. This program expedites the permitting process and reduces architectural design costs for developers.
- **Infill Development**: The process of developing vacant or underutilized land within already developed urban areas. Infill development is encouraged to maximize existing infrastructure, reduce urban sprawl, and provide housing closer to jobs, services, and transportation.
- **Mixed-Use Development**: A development that combines residential, commercial, and/or retail spaces within a single property or district. Mixed-use developments are often encouraged in workforce housing projects to create walkable, vibrant communities with convenient access to amenities.
- **Model Plan/Model Site Process:** A process that gives builders access to an expedited review. In order to meet the expedited review times, Model Plans are pre-approved and

site-specific permits can be applied for that do not require a comprehensive building review.

- **Project Timeframes**: The scheduled period during which a developer is expected to complete certain phases of a workforce housing project. Failure to meet timeframes may result in penalties or the revocation of incentives.
- **Public-Private Partnership (P3)**: A collaborative agreement between a public entity, such as the City of Prescott, and a private developer or organization to finance, build, or manage a workforce housing project. These partnerships are often used to pool resources and reduce costs for workforce housing projects.
- **Surplus City-Owned Property**: City-owned land that is vacant or underutilized, with no current or future designated uses such as infrastructure or public services. The City may consider surplus property for workforce housing projects that align with community needs.
- **Voluntary Financial Contributions**: Monetary donations from individuals, businesses, or organizations aimed at supporting workforce housing programs and developments. These contributions may fund housing assistance programs, development subsidies, or housing project costs.
- **Workforce**: Generally, based on HUD and ULI definitions plus local statistics and research, the City of Prescott defines workforce as those that earn about 60%-120% of the area's median income. Workforce includes those employed in occupations vital to a community's functioning across areas like education (teachers), healthcare (nurses), public safety (police officers and firefighters), construction, and other key services.
- **Workforce Housing**: Workforce housing refers to residential properties, such as apartments or homes, that are designed to be affordable for individuals and families. This is different from a directly government-subsidized housing program. The goal is to offer housing that is no more than 30% of their gross household income, including utilities. The policy prioritizes and coordinates a vetting process to identify those with the greatest need.
- **Workforce Housing Certification**: A form developed by the City, completed by the developer, and reviewed and signed by the Community Development Director or designee. Certain waivers or code modifications outside the authority of the Community Development Director may require Council approval. The certification verifies that the project's type, location, design and density, affordability requirements, and applicant qualifications meet the criteria to be considered a workforce housing project. A valid certification is required prior to receiving any workforce housing incentives, including expedited review, fee waivers, or other program benefits. A separate certification must be obtained for each project, not per developer, and a copy must be submitted with each permit application for workforce housing units.
- **Workforce Housing Trust Fund**: A dedicated fund used to support the development and preservation of workforce housing. Contributions to the fund may come from voluntary donations, development fees, or other sources of revenue.