

City of Show Low

Housing Assessment and Recommendations

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The Drachman Institute is the research and public outreach arm of the College of Architecture and Landscape Architecture at The University of Arizona. The concept that housing is the building block of neighborhoods and that neighborhoods are the building blocks of communities is the foundation upon which the Drachman Institute bases its collaborative, community-based outreach projects.

The overriding interest in housing stability for the City's long term future is the promotion of housing affordability. Rental prices that are within local residents' ability to pay and homes that may be purchased by young employed families are targets. Creating a solid "move up" market is beneficial to the entire Show Low residential real estate economy.

City of Show Low General Plan: Draft 2007 (Housing Element)



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[Introduction]

This assessment and evaluation of housing conditions was conducted by the Drachman Institute at the request of the City of Show Low, with support from the Arizona Department of Housing. The goal is to develop recommendations for improving housing supply and conditions in the City of Show Low. This report documents the housing assessment and evaluation processes, and provides strategies for addressing housing needs currently faced by the community.

Information for this report was obtained from a variety of sources, including the 2000 US Census, the Arizona Department of Housing, the Arizona Department of Economic Security, Navajo County, the City of Show Low, visual surveys of Show Low conducted by the Drachman Institute, questionnaires, existing plans for the City of Show Low, and various housing assistance organizations.

The City of Show Low is located in the White Mountains of Central-Eastern Arizona, and is a regional destination for tourism and a variety of services. Show Low was founded in 1870 and became an incorporated area in 1953. Show Low is situated at an elevation of 6,412 feet, and, as of 2006, had a population of 10,555.



Source: MapWatch.com, 2005

[Executive Summary]

This document provides an in-depth examination of housing trends, conditions and needs in the City of Show Low, Arizona, and provides recommendations as to how and where the available amount of affordable housing might be increased.

Demographic analysis revealed that increasing population and a discrepancy between housing prices and income has created a dearth of affordable housing in the city. The Housing Assessment, which comprises the bulk of this report, examines current housing and neighborhood composition in order to identify areas where future affordable housing might be most appropriate. Data was collected from published sources, physical surveys, questionnaires, and existing development plans. Land use and zoning studies were also used in identifying vacant or underused land parcels. While the condition of housing was generally found to be good, areas were identified where infill or redevelopment may be an option.

The Recommendations section of this document discusses tools and strategies that can be used to increase the amount of affordable housing in Show Low. A variety of methods from community action such as land banking to federal assistance such as reduced interest rate programs are available. Following an overview of all of these approaches, specific recommendations are given for areas of the city that the study has identified for development. Policy and affordability obstacles to creating more affordable housing are addressed, with pursuant recommendations as to how municipal code could be changed. As the lack of affordable housing affects people at several income levels, it is important to provide a range of options.

[Housing Assessment]

[Housing Assessment]

The Assessment component of this document is a comprehensive collection of the information used in identifying current housing issues and needs for the City of Show Low. A variety of information was collected for the purpose of this Housing Assessment, including statistical data, various maps of Show Low, information on housing conditions, housing policy information, and information obtained from questionnaires. This data was presented to the City of Show Low for review in April and July of 2007.

Using the information detailed in this Assessment, it was determined that the most pressing housing issue in Show Low is the shortage of affordable housing. Rapid growth in Show Low, as well as a recent housing boom statewide and even nationwide, has resulted in a dramatic increase in land and housing prices. With both population and housing price increases expected to continue in Show Low, housing affordabilty concerns will also continue.

Population and Economics

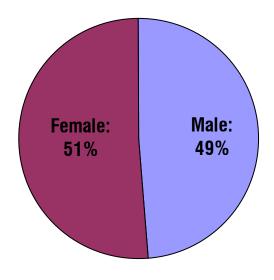
Demographics

Economics

Projections

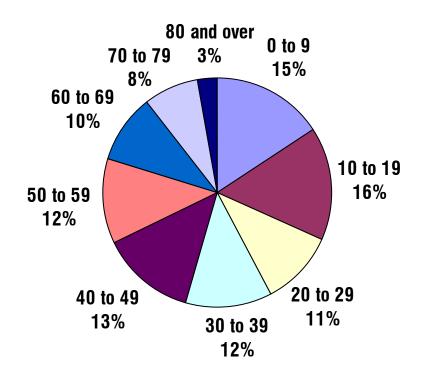
Show Low Demographic Data

Gender

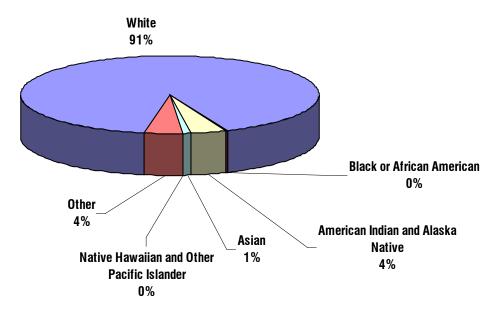


Source: US Census, 2000

Age Distribution of Show Low

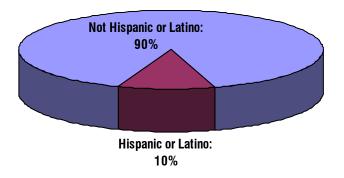


Racial Composition

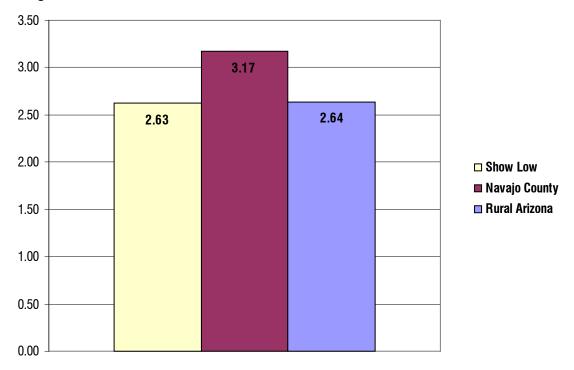


Source: US Census, 2000

Hispanic or Latino Population

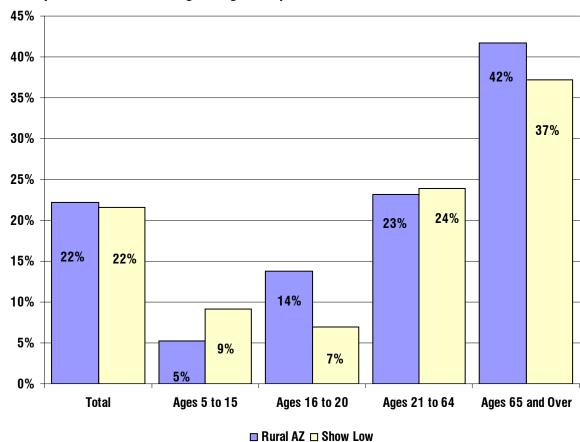


Average Household Size



Source: US Census, 2000

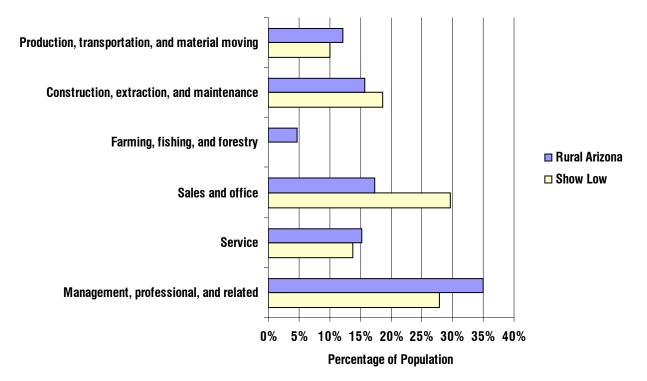
Disabled Population as a Percentage of Age Group



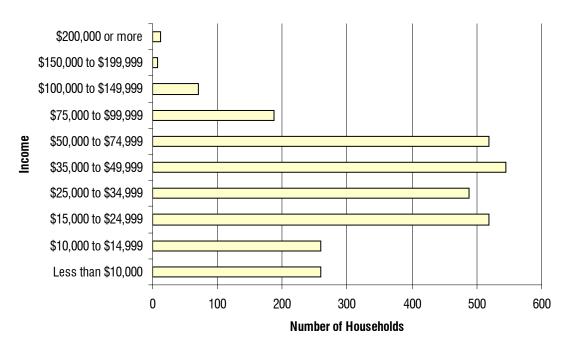
Economics

The City of Show Low's economy is based primarily on its role as a regional tourism and services center, with the retail trade being the largest employment sector in Show Low. Health care and construction are the second and third largest employment sectors, respectively (Rex, Tom and Seidman, William. "Economy of Show Low," Arizona Dept. of Commerce, June 2004). Major private employers in Show Low include Cellular One, Frontier/Citizens Communications, Home Depot, K-Mart, Navapache Regional Medical Center, Safeway, and Wal-Mart Supercenter, all but one of which are national retail and telecommunications services ("Show Low Community Profile," Arizona Dept. of Commerce, 2007).

Occupation

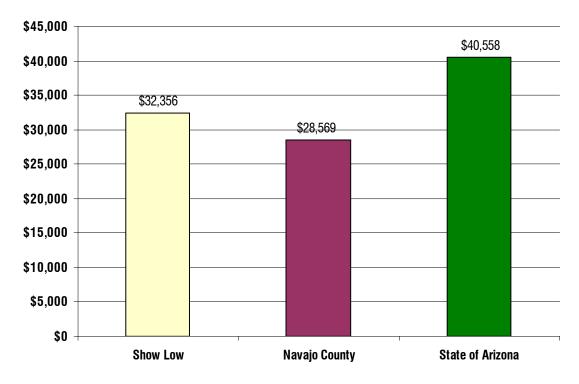


Show Low Household Income (2000)

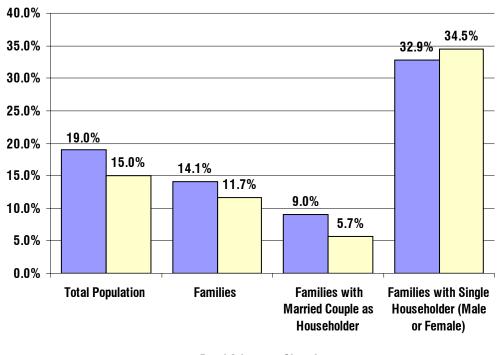


Source: US Census, 2000

Median Household Income



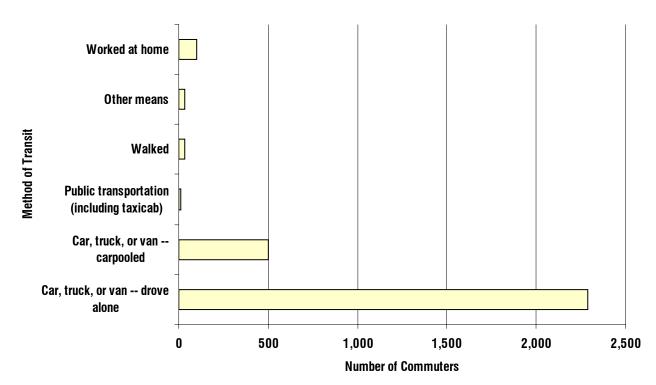
Poverty Rates



■ Rural Arizona ■ Show Low

Source: US Census, 2000

Commuting to Work



Projections

The population of the City of Show Low has been increasing rapidly in recent years as a result of a number of factors. These factors include Show Low's popularity as a vacation and recreation destination, its role as a regional trade and service center, and increases in land and housing prices in the Pinetop/Lakeside area. In 1990, Show Low had a population of 5,020, which had grown to 7, 695 in the year 2000, and 10,555 by 2006

Three separate population projections have been calculated for the City of Show Low by the Arizona Department of Economic Security and the Arizona Department of Housing, all of which are listed below. Scenario 1, which was prepared by the Arizona Department of Economic Security, is a preliminary projection based on a conservative rate of population growth. Scenarios 2 and 3 were both prepared by the Arizona Department of Housing, and both are based on the annual rate of growth from 2000 to 2006. Scenario 2 uses the same annual rate of growth that occurred from 2000 to 2006 to predict the population of Show Low in 2016, while Scenario 3 uses an annual growth rate twice as large the growth rate between 2000 and 2006.

Officials at the Arizona Department of Housing are predicting that growth in Show Low will continue as quickly or even more quickly than has occurred from 2000 to 2006, so Scenarios 2 and 3 are more likely than Scenario 1.

Show Low Population

Year	Population	
1990	5,020	
2000	7,695	
2006	10,555	
2016 - Scenario 1	14,797	
2016 - Scenario 2	15,322	
2016 - Scenario 3	20,088	

Sources: Arizona Department of Housing; Arizona Department of Economic Security; US Census, 2000

Recent Housing Information

Occupancy Rates

Age of Housing Stock

Housing Inventory

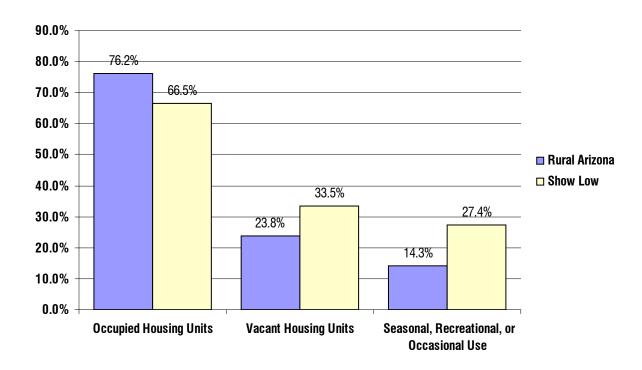
Building Activity

Home Sales Data

Housing Affordability

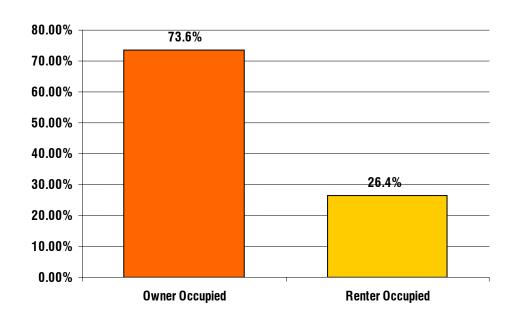
Occupancy Rates

Housing Unit Occupancy



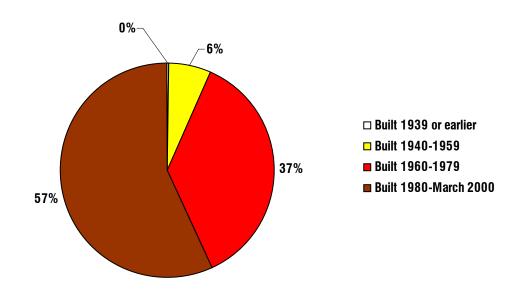
Source: US Census, 2000

Housing Tenure of Occupied Units in Show Low



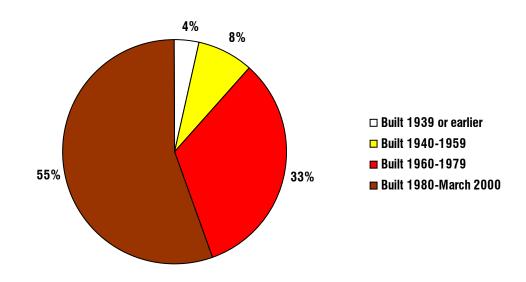
Age of Housing Stock

Ages of Housing in Show Low



Source: US Census, 2000

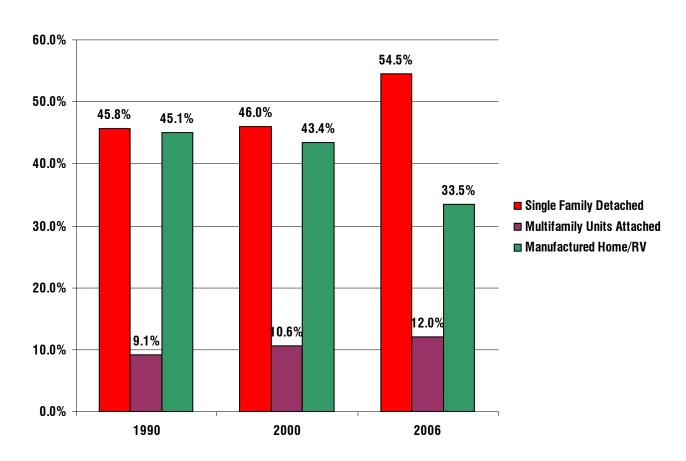
Ages of Housing in Rural Arizona



Housing Inventory

Recent housing trends have included a significant increase in the amount of single-family, site-built homes being built, and a decrease in the number of new manufactured housing units in Show Low. The total number of homes has also increased to accommodate the rapid growth occurring in recent years. Over the last 16 years, the number of total homes in Show Low has more than doubled, from 3,116 homes in 1990 to 6,662 homes in 2006.

Percentage of Housing Units by Type

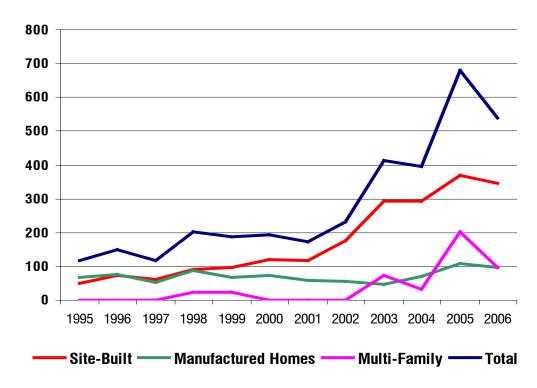


Sources: Arizona Department of Housing; US Census, 2000

Building Activity

The current housing boom in Show Low began in 2003, and although residential building peaked in 2005, the housing construction market remained strong in 2006 with over 500 building permits being issued. The number of building permits issued for single-family, site-built homes continues to be at least double that of other housing types.

Building Permits Issued

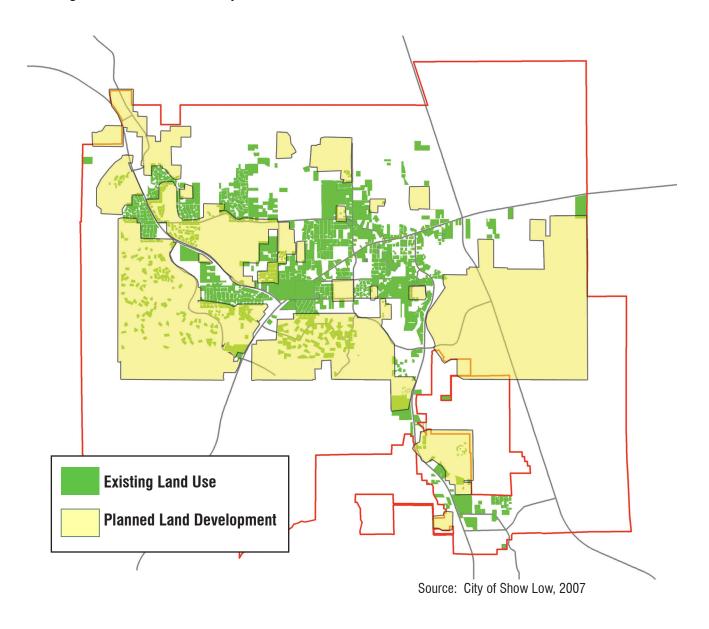


Source: City of Show Low, 2007

Currently, there are 45 housing developments that are in the process of being built or awaiting approval by the City of Show Low. Once completed, these developments will approximately double the amount of developed land in Show Low.

The map below shows the sites of developments currently being built or awaiting approval in yellow, while developed lots are shown in green.

Existing and Future Land Development in Show Low

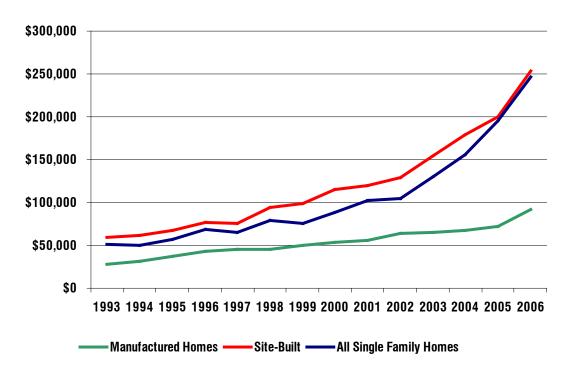


Home Sales Data

In recent years, homebuyers in Show Low have seen home prices increase dramatically. While many communities nationwide have had similar experiences, Arizona has seen particularly steep increases in housing prices, and Show Low housing prices have risen more quickly than all of Arizona.

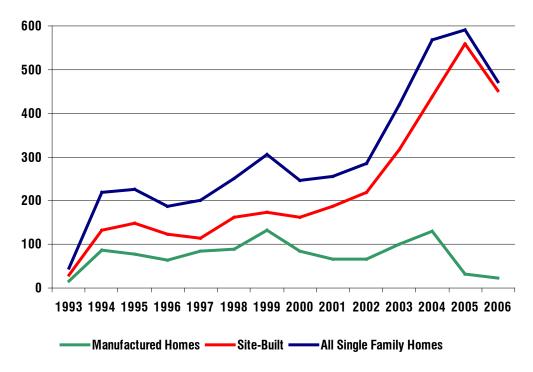
In 2006, the median home sales price for all homes, new and resale, manufactured and site-built, reached \$246,500 in Show Low. This constitutes a dramatic 177% increase over the median home price of \$88,900 in 2000 (home sales information comes from two sources, the Navajo County Assessor and the White Mountain Association of Realtors). Recently, the housing market statewide has been depressed, but these numbers are not included below.

Median Home Sales Price



Source: Navajo County Assessor, 2007

Number of Single Family Homes Sold



Source: Navajo County Assessor, 2007

The Navajo County Assessor and the White Mountain Association of Realtors use different methods for collecting data, and the information from the two sources differs significantly. While the total number of units sold does not match, the Realtors Association data does provide valuable information on the sales of homes in different price ranges.

The table below shows the larger decrease in overall homes sold and the number of homes sold for under \$200,000.

Number of Homes Sold by Price Range, 2005-2006

Price Range	2005	2006	% Change
Under \$200K	222	110	-50%
\$200-\$400K	119	140	18%
Over \$400K	41	42	2%
All Homes	382	292	-24%

Source: White Mountain Association of Realtors, 2007

Housing Affordability

With increases in housing prices rapidly outpacing increases in household income, housing affordability is a growing concern in Show Low. While there is not recent household income data available for Show Low, data on household incomes in Navajo County is available from the US Census Bureau.

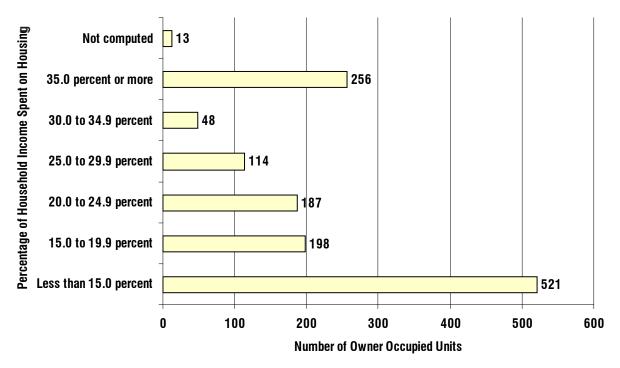
From 2000 to 2005, median household income in Navajo County grew at an average annual rate of 1.8% per year. If the same increase occurred in Show Low, the estimated median household income for the City of Show Low would be \$36,043 in 2006. This represents a total growth of median household income in Show Low of 11% from 2000 to 2006, compare to a 177% growth in median home price over that same time period. This clearly has a negative impact on the ability of many Show Low families to afford adequate housing.

The Department of Housing and Urban Development (HUD) defines housing as being affordable when a household spends less than 30% of its income on rent or housing costs. This is generally accepted as a gauge of affordability and the table below shows the proportion of households in Show Low that were paying more than 30% of their income to rent and housing costs as of the year 2000. These percentages can be assumed to be rising, as housing price increases have far outpaced household income increases in Show Low.

Housing Distress

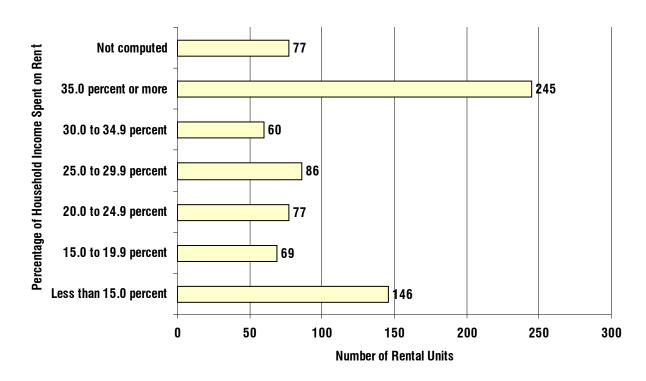
	nousenoids paying	Percent of owner occupied households paying more than 30% of income to housing costs
Show Low	40.00%	26.70%
Navajo County	25.80%	18.30%

Selected Monthly Owner Housing Costs as a Percentage of Household Income (2000), Show Low



Source: US Census, 2000

Gross Rent as a Percentage of Household Income (2000), Show Low



The Housing Affordability Gap is another effective measurement of the amount of affordable housing in a community. The Affordability Gap deals with the supply of affordable housing for families at different income levels. To calculate this Gap, households are first divided into categories based on their income levels, and then the number of households in each category is compared to the number of homes that are affordable to households in that income category.

The total Gap for both Show Low and Navajo County, shown below, was calculated by the Arizona Department of Housing using data from the 2000 Census, among other sources.

The table below shows that of Show Low's households at all income levels, 13.5% of households did not have affordable housing available. Although this is the Gap for all households in Show Low, it should be noted that households earning below \$30,000 a year composed the Gap for Show Low in its entirety. The median household income in Show Low was \$32,356 in 2000, and this is significant because increasing numbers of middle-income families aren't able to afford homeownership costs and in some cases rent.

Considering the steep home price increases that have occurred recently, it can be assumed that more middle-income families are currently contributing to the Housing Gap. More recent reports from the Arizona Department of Housing tell us that this is, in fact, what is happening. 2006, Arizona's Housing Market...a Glance, was presented at the Governor's Housing Forum in 2006 and provides a more recent picture of affordability woes in Arizona's housing market.

This report shows that the number of middle-income households that were previously able to afford housing in their communities has decreased significantly. The average police officer, teacher, nurse, and firefighter in the City of Show Low are unable to afford to buy a median priced home, while the average retail worker and waiter in Show Low could not afford to either rent or own housing within the City. Since the retail trade is the largest employment sector in Show Low, this means that a large number of workers in Show Low cannot afford housing there.

The inability of middle-income families to afford homeownership helps illustrate the need for housing assistance for a wider array of income levels. Typical methods of housing assistance such as housing vouchers and large, publicly-subsidized housing projects are making way for newer affordable housing strategies like community land trusts and inclusionary zoning programs.

Housing Affordability Gap (Supply)

	ISHOW I HW	Navajo County
Total Gap	388	1561
Gap as % of Total Households	13.50%	8.50%

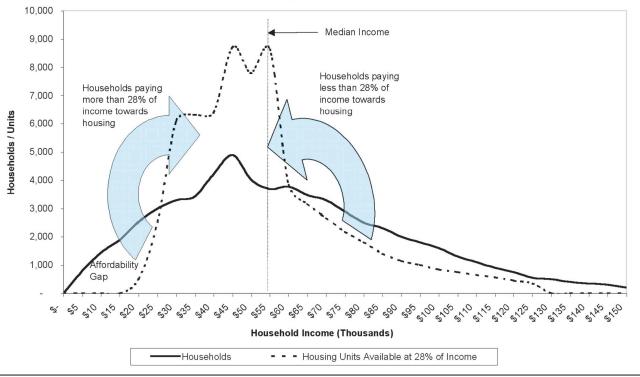
Source: Arizona Dept. of Housing, 2003

The graph below, taken from the Arizona Department of Housing's Affordable Housing Profile (2002), provides a look at a sample affordability gap for a community to help illustrate the concept of the gap and also its effects on the entire housing market. For this sample community, the dashed line on the graph represents the housing supply that is affordable to each income level and the solid line represents the number of households at each income level. Very low- and low-income households generally experience the most severe shortage of affordable housing, while middle-income households have a surplus of affordable housing available to them, and higher-income families experience a mild shortage of available housing.

When faced with a shortage of affordable housing, higher-income families can easily find surplus housing that is affordable to families at lower income levels, but unfortunately lower-income families don't have this option. These families are often forced to either live in substandard or crowded living conditions, or pay more than 30% of their income towards housing costs. When lower-income families do occupy housing that isn't affordable to them, they deplete the supply of housing that is affordable to households at higher income levels.

This demonstrates the effect that an affordability gap for one segment of the housing market can have an effect on housing supply for the rest of the market. It is for this reason that a housing market needs a wide variety of housing choices at a variety of prices. Currently, with high housing prices decreasing the supply of affordable housing for a variety of income levels, it's important to provide housing assistance for the many different households that have been impacted by high housing prices. As mentioned before, this housing assistance can come in a variety of forms, and various affordable housing strategies and tools will be detailed later in this report.

Sample Housing Affordability Gap Illustration



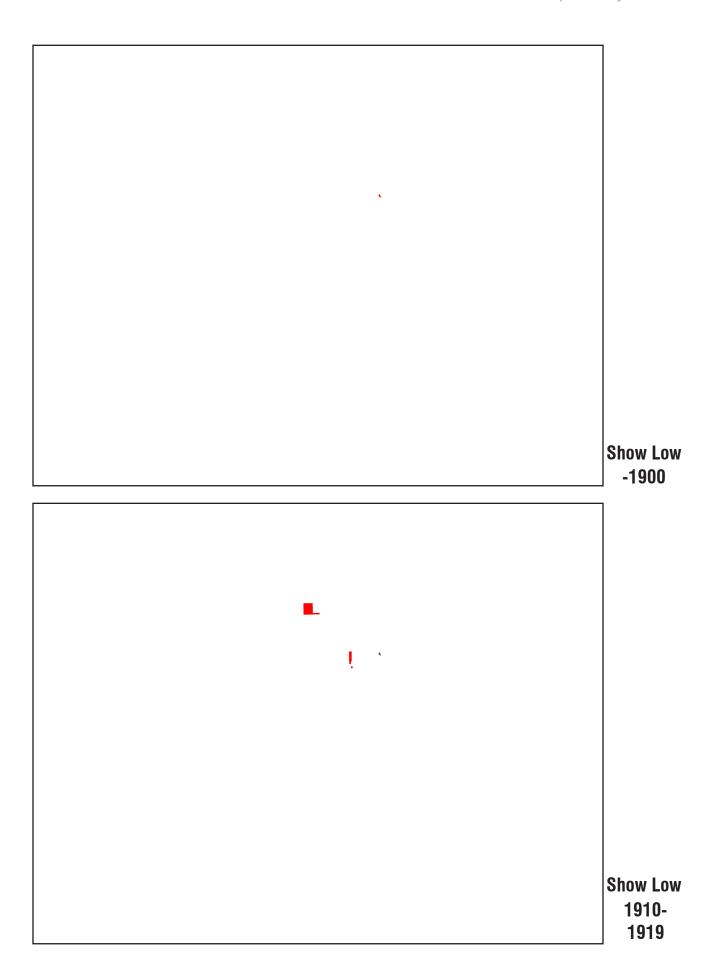
Source: Arizona Department of Housing, 2002

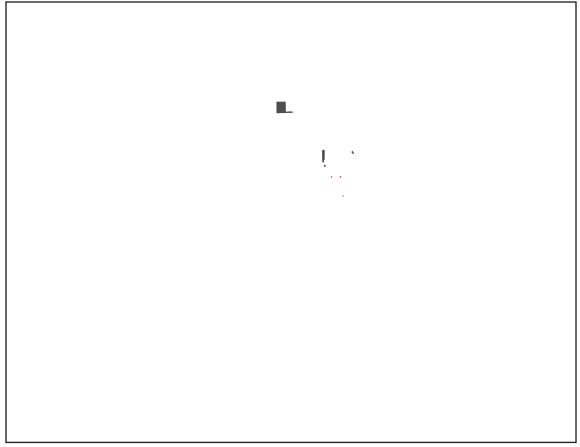
Development By Decade

Historical Development in Show Low

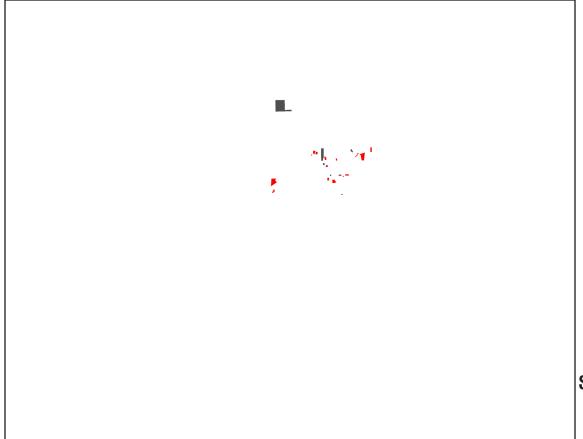
Development in Show Low was broken down by decade to better illustrate development trends in the City of Show Low. In these images, the structures in red indicate buildings that were constructed during the decade, while structures in black were already built by the date accompanying each image. For example, red buildings on the image labeled 1910 were constructed between the years 1910 and 1920. Structures that were demolished or substantially renovated at a later date will not appear. Substantially renovated structures will appear at the time that renovation.

Show Low was founded in 1870, but did not become incorporated until 1953. Development in Show Low reflects this, as the vast majority of structures in Show Low have been built since the 1950's. Outlines appearing after 1950 represent the city limits of Show Low at the end of each decade.

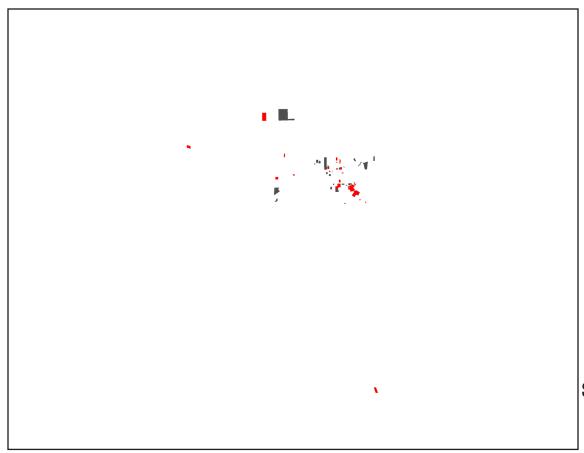




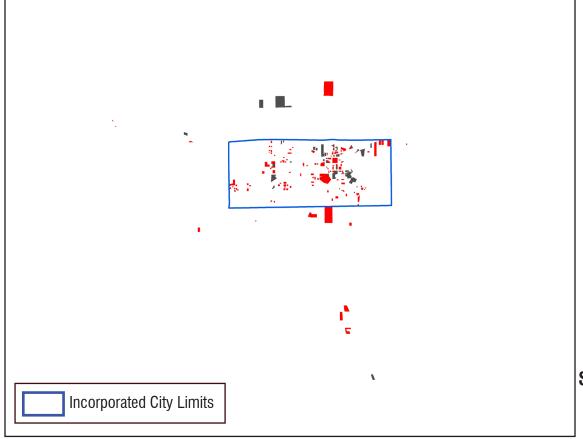




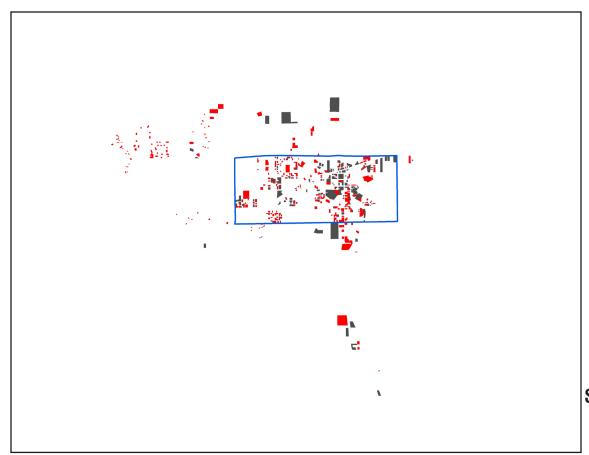
Show Low 1930-1939



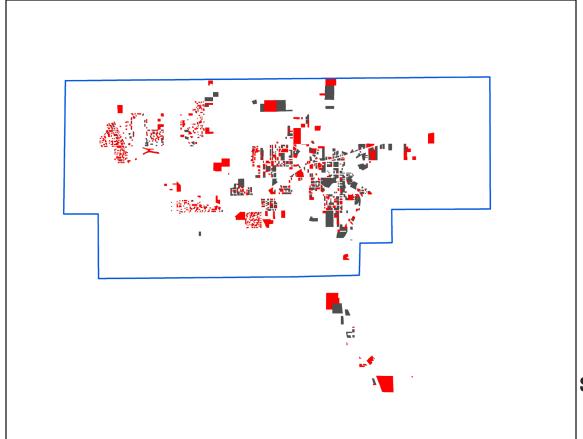
Show Low 1940-1949



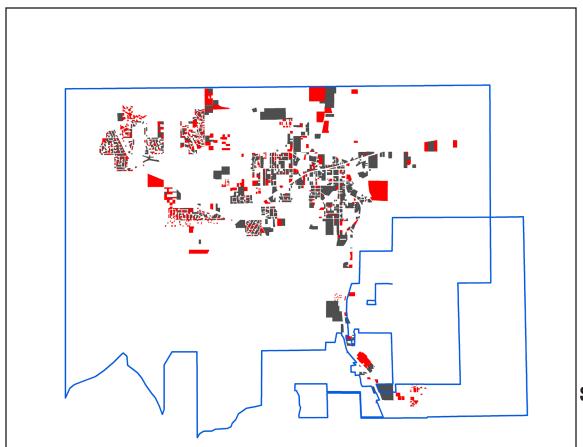
Show Low 1950-1959



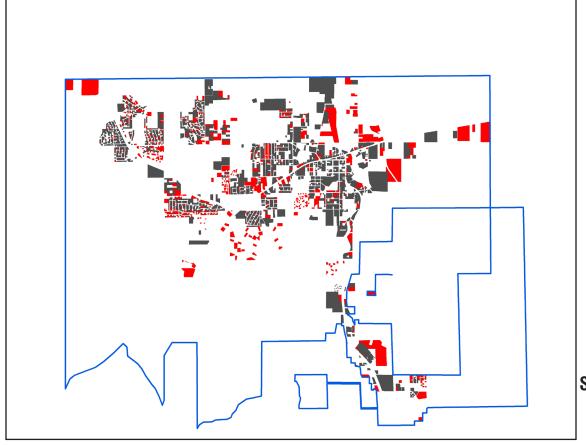
Show Low 1960-1969



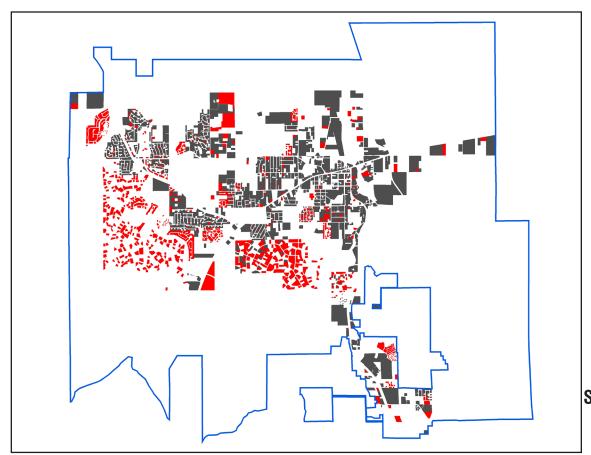
Show Low 1970-1979



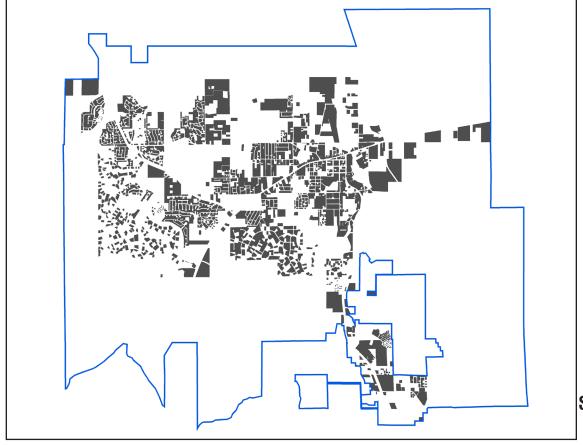
Show Low 1980-1989



Show Low 1990-1999



Show Low 2000-2006



Show Low 2006

Windshield Survey

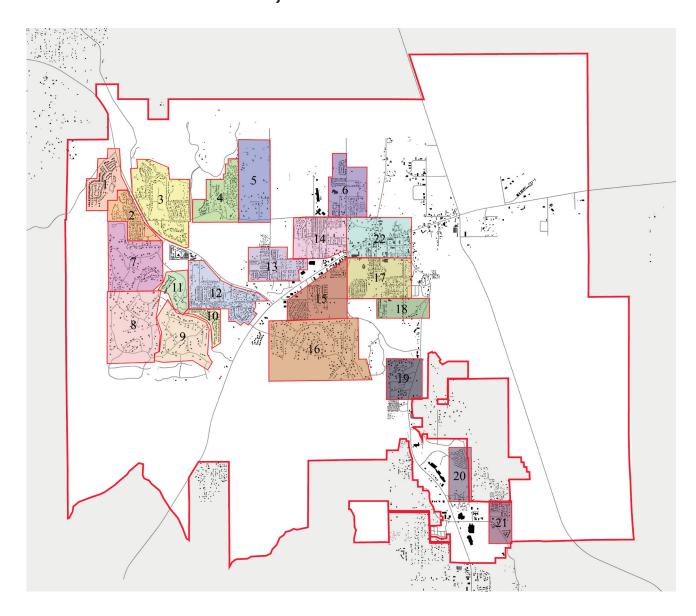
Multi-Family Housing Conditions & Existing Subsidized Housing

Single-Family Housing Conditions

Housing Stock Assessment Survey

A windshield survey was conducted on March 8th, 2007 by Drachman Institute employees to identify the character of the various residential communities within the City of Show Low and to assess the conditions of existing housing. Residential areas were divided into neighborhoods and assigned numbers. For the purposes of the survey, single-family housing and multi-family housing were evaluated separately, and site-built and manufactured housing were evaluated separately.

Residential Areas for Windshield Survey



Shown below are the criteria used for evaluating housing condition and the windshield survey results for all single-family homes. Due to the smaller number of manufactured housing units which are not on permanent foundations, the categories for these homes have been combined into 'Like New to Good' and 'Fair to Repair Not Feasible.'

Windshield Survey Category Criteria (External Survey Only)

Like New	Good	Fair	Repair not Feasible
	Few to minor repairs needed	but needs significant	The cost of repair exceeds the cost of new construction
	Ex:	Ex:	
		New roofing required Excessive Wear	
		Some secondary structural damage	

Generally speaking, the condition of homes in Show Low is good. This is true for all types of homes - manufactured, site-built, and multi-family. Of those three housing types, single-family site-built homes and manufactured homes on permanent foundations had the lowest proportion of units that are in need of repair or replacement.

Manufactured homes not on permanent foundations (mobile homes) have the highest rate (42.3%) of homes that are in fair to poor or repair is not feasible condition. For these homes, it appears that most of the problems relating to the condition of homes is due to normal wear and tear over the life of a home. While there were some manufactured homes that looked neglected or poorly kept, the majority seemed to be well-maintained. A problem with older manufactured homes is that there is only so much repair work that can be done before it is necessary to replace the entire unit. For this reason, mobile homes were divided into two categories, "Good" and "Repair not Feasible."

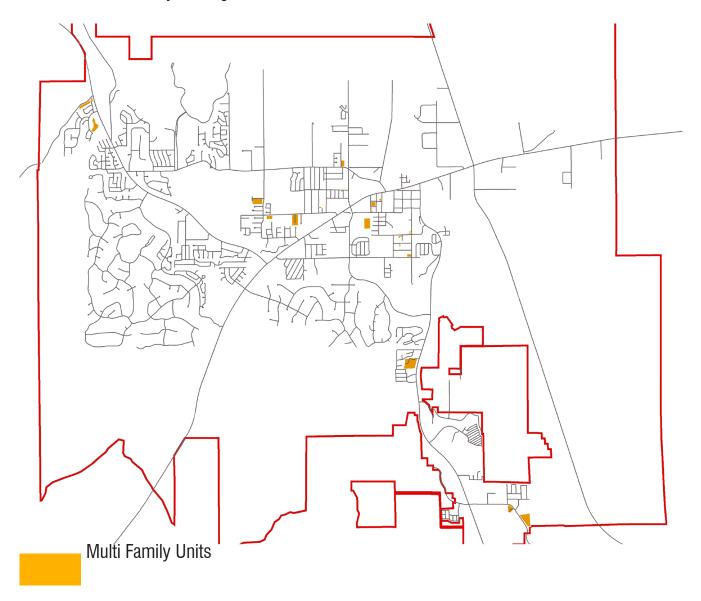
Windshield Survey Results (Single-Family Housing)

Home Type:	Site Built and Manufactured Homes (On Foundations)			Mobile Homes (No Foundations)		
Condition Category:	Like New	Good	Fair	Repair not Feasible	Good	Repair not Feasible
Number:	897	978	87	11	423	310
Percent of Total:	33.10%	36.10%	3.20%	0.40%	15.60%	11.50%

Assessment Windshield Survey

Multi-Family Housing

Location of Multi-Family Housing



Condition of Multi-Family Housing Units

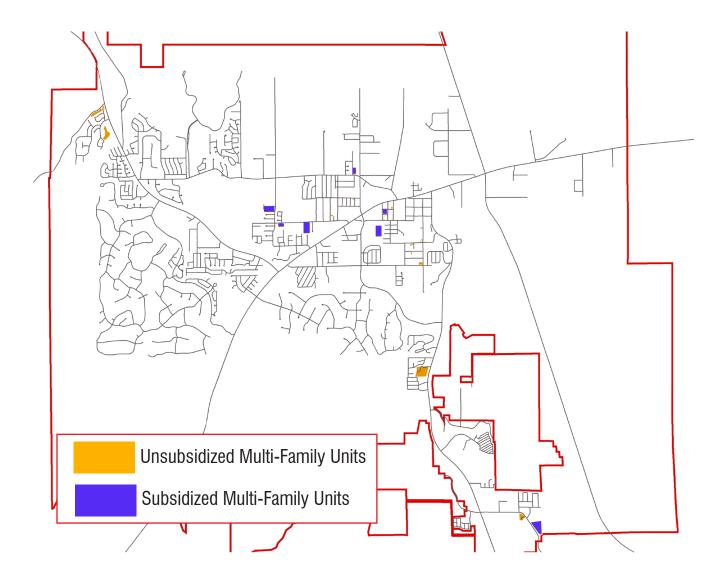
Condition Category:	Like New	Good	Fair	Repair not Feasible
Number:	360	81	28	0
Percent of Total:	76.80%	17.30%	5.9%	0.00%

Existing Subsidized Housing

Many of the multi-family units in Show Low receive subsidies from the federal government. These properties currently provide affordable housing to 266 families at various levels of subsidy from several different funding sources.

Two major sources of current subsidy are HUD (the Dept. of Housing and Urban Development) and the USDA's Rural Development Program.

There is also a multi-family apartment property under construction that will be subsidized with both USDA Rural Development funds and Low-Income Housing Tax Credits (LIHTC's), which are administered through the Arizona Department of Housing and the IRS. Timber Stone Apartments are located at 100-200 W. Cooley and will provide 56 affordable housing units upon completion.



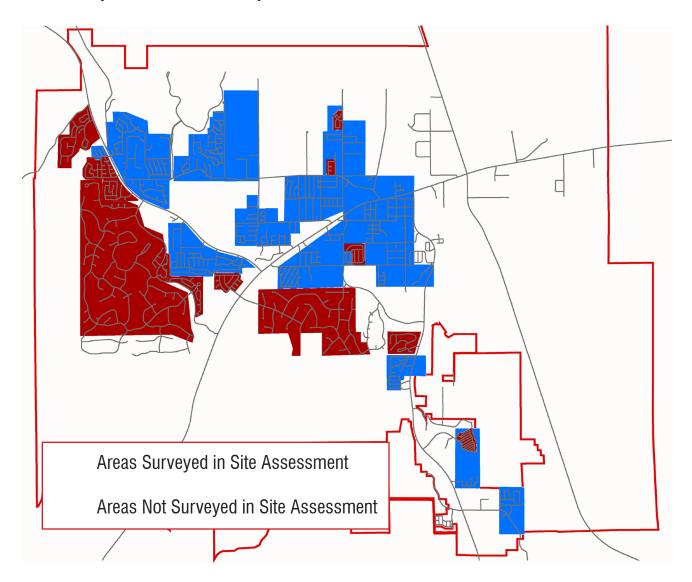
Single-Family Housing

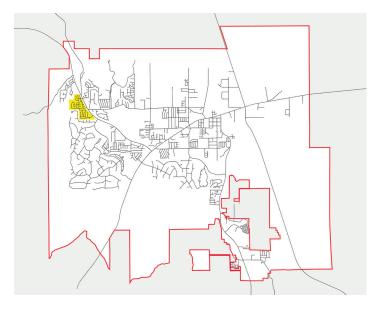
Several residential areas in Show Low were not surveyed due to physical constraints. These neighborhoods were either gated communities that could not be accessed or new neighborhoods in which the majority of homes were still being constructed.

Areas 1, 7, 8, 9, 10, 11, and 16 were not surveyed and portions of areas 2, 6, 12, 19, and 20 were not surveyed for these reasons.

In charts and tables with limited space, manufactured housing is referred to as MH.

Areas Surveyed and Areas Not Surveyed







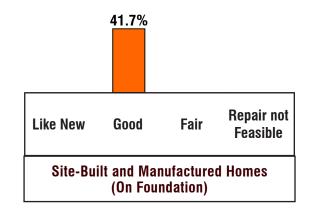


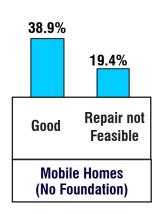
Neighborhood Character and Density:

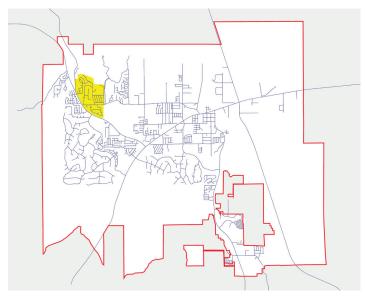
This neighborhood is comprised of manufactured homes; more than half are not on foundations.

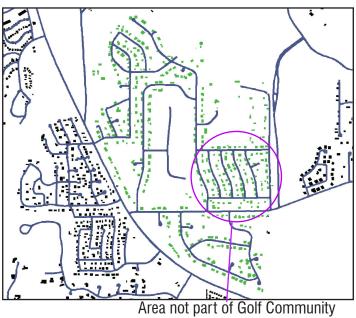
Year Developed:

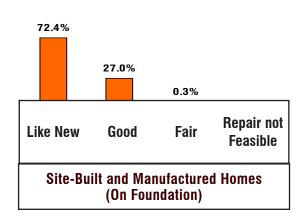
1960's to present











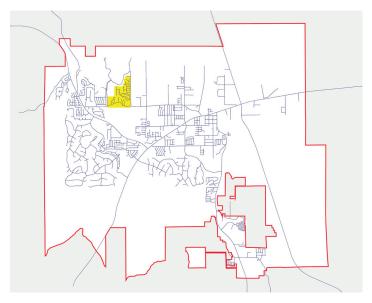




Neighborhood Character and Density: Neighborhood is mostly a master planned community surrounding a golf course. All homes are new or in good condition.

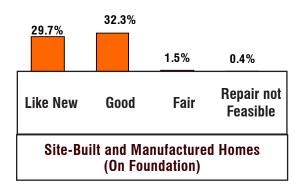
Year Developed: 1960's to present









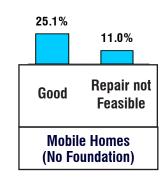


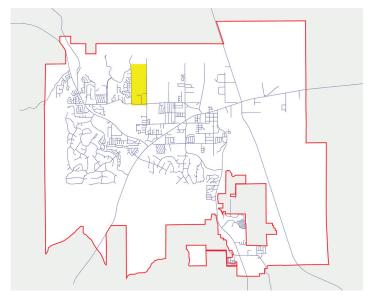




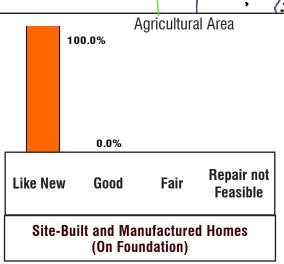
Neighborhood Character and Density: Neighborhood has a mix of site-built homes, manufactured homes, new homes and older homes in varying conditions of repair.

Year Developed: 1970's to present









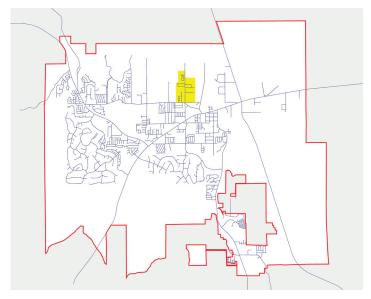


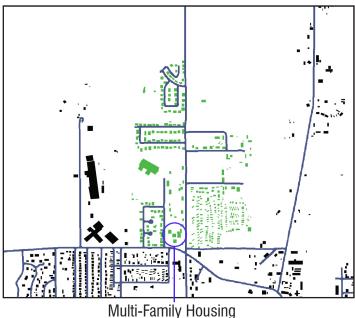


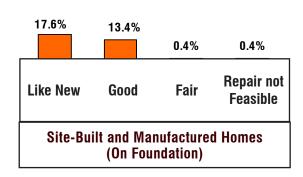
Neighborhood Character and Density: Neighborhood consists of custom homes on large lots and agricultural areas.

Year Developed: 1980's to present









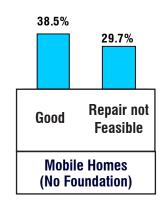


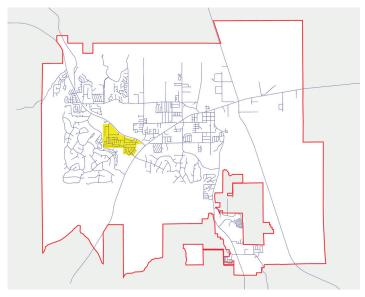


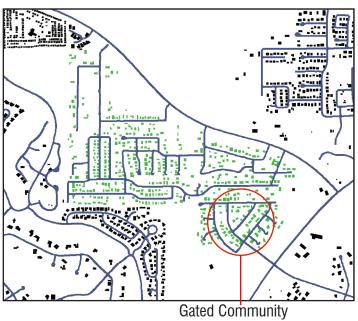
Neighborhood Character and Density: Neighborhood has a mix of manufactured home parks, new developments, large lot custom homes, and one multifamily housing complex.

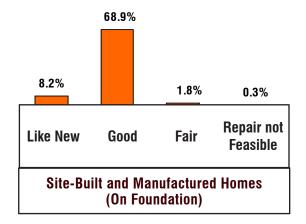
Year Developed:

1990's to present (some areas date back to early 20th century)







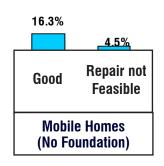


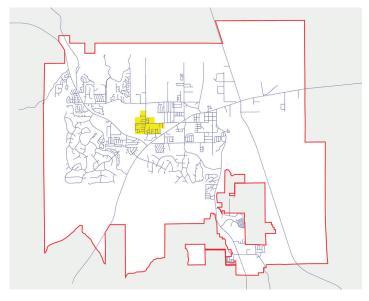


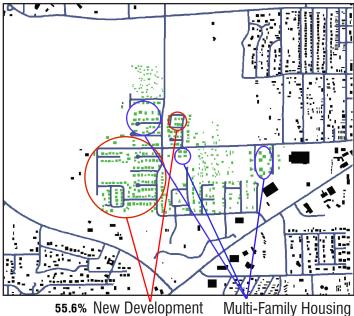


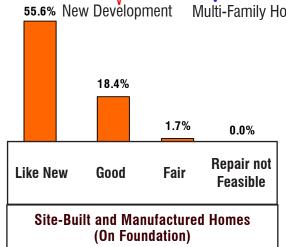
Neighborhood Character and Density: Neighborhood is primarily manufactured homes on permanent foundations. There is a gated community in the southeast corner. There is also a scattering of site built homes.

Year Developed: 1970's to present







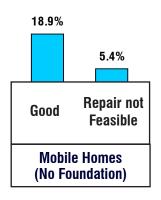


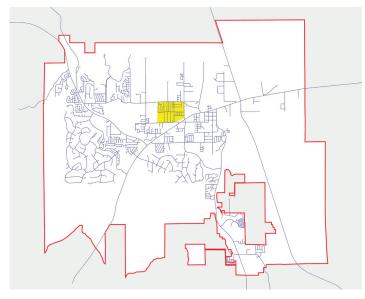


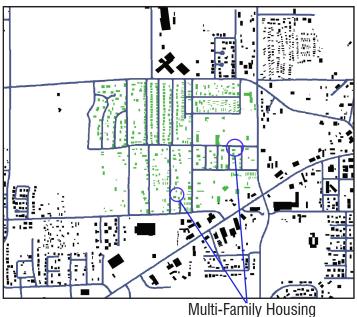


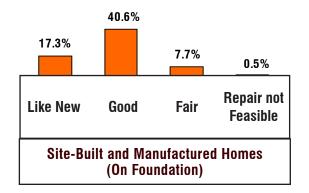
Neighborhood Character and Density: Neighborhood has a variety of home styles and materials. In addition to detached single family homes (both custom and production), there are several multi-family housing developments.

Year Developed: 1950's to present











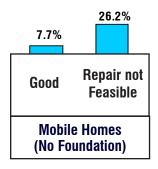


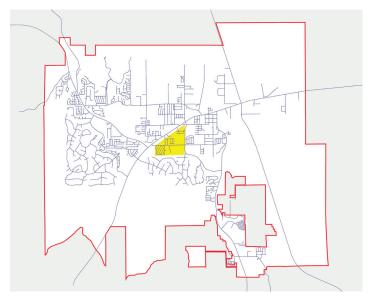
Neighborhood Character and Density: Neighborhood has a variety of home styles and materials. In addition to detached single-family homes both custom and production, there are a few multi-family housing developments. Most homes in the neighborhood are

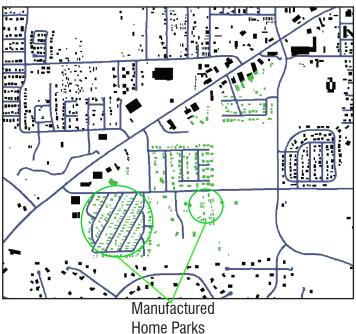
multi-family housing developments. Most homes in the neighborhood are single story; there are a few two story units.

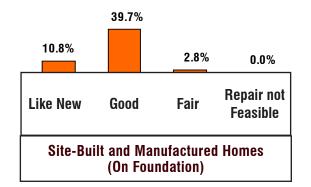
Year Developed:

1950's to present











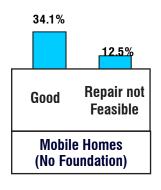


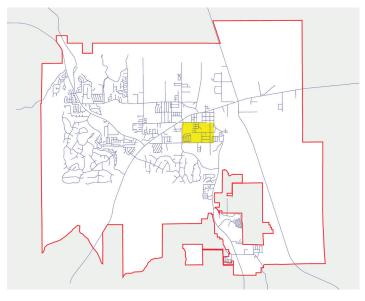
Neighborhood Character and Density: Neighborhood has a variety of single family detached homes, varying in style and material. There is a large number of manufactured homes in this neighbor-

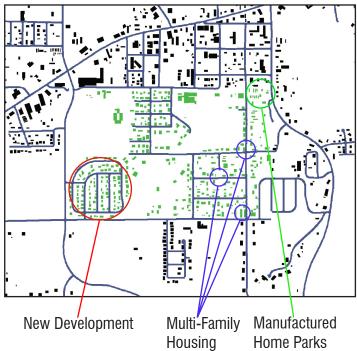
Year Developed:

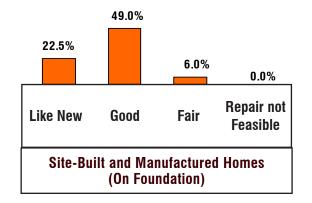
hood.

1950's to present











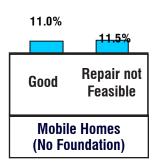


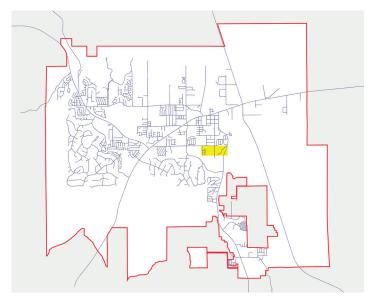
Neighborhood Character and Density:

Neighborhood has a variety of home styles and materials that vary greatly in age. In addition to detached single family homes both custom and production, there are a few multi-family housing developments and a small manufactured home park.

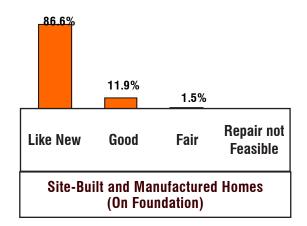
Year Developed:

1950's to present (some areas date back to early 20th century)











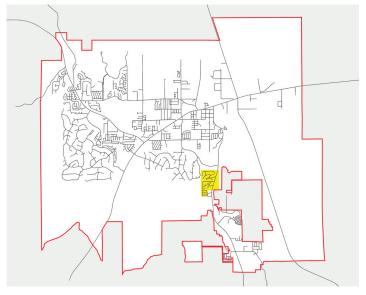


Neighborhood Character and Density: Neighborhood is comprised of older custom built homes on large lots and a new subdivision of smaller lots.

Year Developed:

Large lots 1960's to present Small lots year 2000 to present





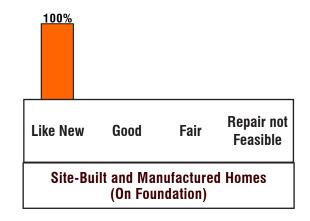


Multi-Family Housing New Development

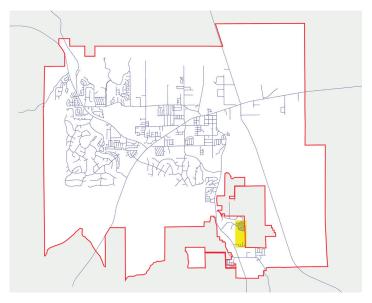
Neighborhood Character and Density: Neighborhood has both a newer gated community and a large multi-family

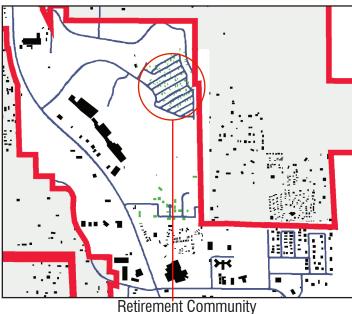
community and a large multi-family housing property. There are also new custom homes being developed.

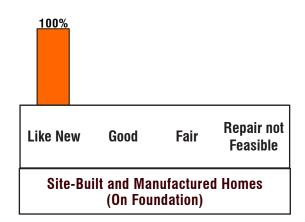
Year Developed: 1985 to Present













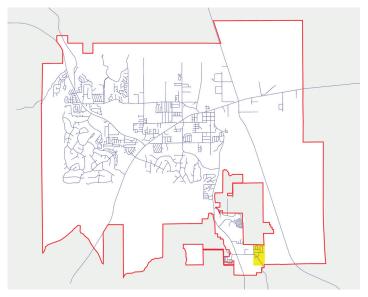


Neighborhood Character and Density: Neighborhood has both a manufactured home retirement community and a new area of custom homes being currently built.

Year Developed:

2000 to present







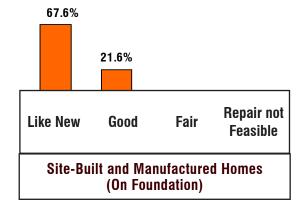
Multi-Family Housing

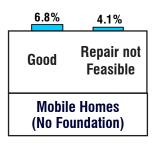
Neighborhood Character and Density: Neighborhood is exceptionally diverse in housing types. There is an area of newer, smaller homes, an area of

of newer, smaller homes, an area of duplexes, and a multi-family housing property.

Year Developed:

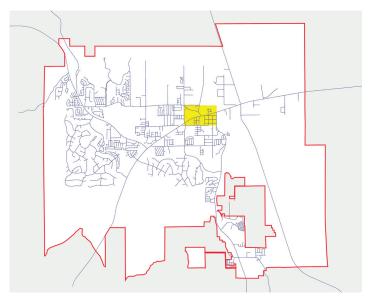
1980's to present

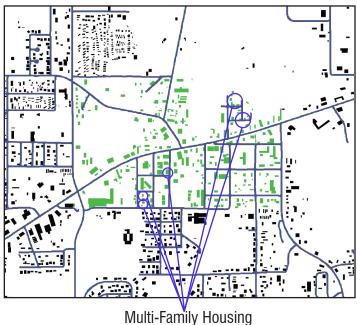


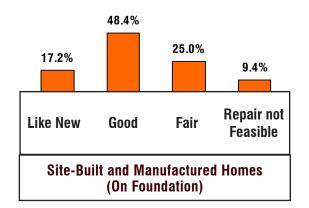


Assessment Windshield Survey

Area 22











Neighborhood Character and Density: Neighborhood is in the historic urban core of Show Low with significant commercial development. The houses are older with some historic structures and there are several small multi-family housing units.

Year Developed: 1911 to present

No. of Vacant Parcels: 44

Good Repair not Feasible Mobile Homes (No Foundation)

Recent Housing Trends & Federal Housing Policy

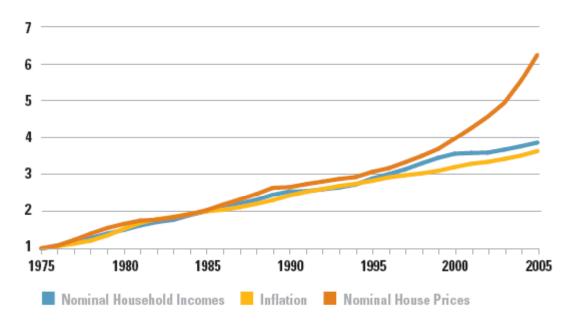
Recent Housing Trends

As mentioned earlier, recent housing price increases in Show Low are only part of a larger housing boom driving up housing prices statewide and nationwide. Nationwide, home prices have diverged sharply from household incomes, which can be seen in the graph below. In Arizona, from 2000 to 2006 the median family income increased by 15% compared to a 74% increase in median home price for the same period.

Currently, the most recent housing boom seems to have come to an end. The number of homes sold has decreased and homes are spending more time on the market, yet home values have not decreased along with home sales and have held their value through much of 2007.

This leaves many families with the prospect that they will be unable to afford housing in their communities without some sort of assistance. Unfortunately, while housing prices have been placed further out of reach of many families, the amount of housing assistance available to rural communities has been reduced substantially (Dreier, Peter. "Place Matters: Metropolitics for the Twenty-First Century," University Press of Kansass, 2002).

Home Prices, Household Income, and Inflation 1975-2005



Sources: Freddie Mac Conventional Mortgage Home Price Index; Bureau of Labor Statistics, CPI-UX for All Items; Moody's Economy.com Median Household Income Estimates.

Source: State of the Nations housing 2006, Joint Center for housing Studies of Harvard

Median Home Price, 2000-2006

	Arizona	US	Show Low
2000	\$140,600	\$119,600	\$88,900
2005	\$232,000	\$167,500	\$195,500
2006	\$244,000	-	\$246,500

Source: Arizona Dept. of Housing, 2006; US Census 2000; Navajo County Assessor 2007.

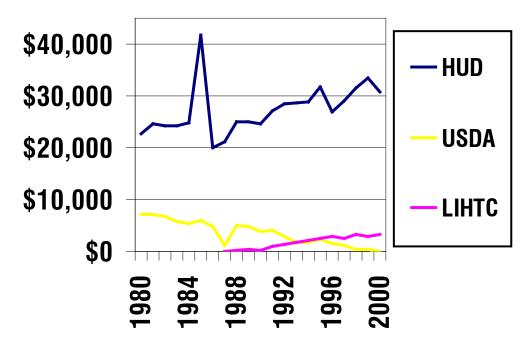
Federal Housing Policy

Compounding affordability problems for rural communities, the amount of funding available in the form of federal housing subsidies has been decreasing for more than two decades. USDA Rural Development funds are available to rural communities for both rental and homeownership projects, but funding for these programs has declined over the years from a high of over \$7 billion in 1980 to \$39 million in the year 2000.

HUD funding, which is primarily for urban communities, has stayed relatively constant over the years, while Low Income Housing Tax Credits, available to both urban and rural communities, has steadily increased. The historical funding levels for all three of these federal programs are shown in the graph below.

This reduction in the amount of subsidy available to rural communities comes at a time when those funds are needed most, and as a result creative strategies are needed to maximize federal funding. The recommendations section of this plan includes a number of newer, innovative affordable housing strategies in addition to some of the more traditional methods of providing affordable housing.

Annual Federal Housing Subsidy for the U.S. (in millions of 2001 dollars)

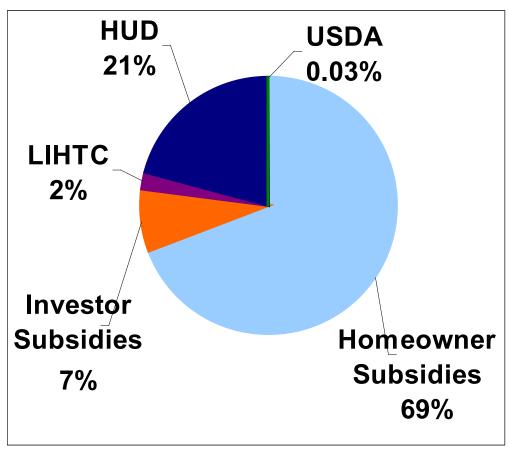


Source: Dreier, Peter 2002

This discussion of federal housing subsidies also provides an excellent opportunity to address some common misconceptions about housing subsidies. A common misconception among Americans is that federal housing subsidies are primarily for families with very-low to moderate-income levels, when in fact the majority of federal housing funds go to middle- and high-income families through the allowed income-tax deduction for home-mortgage interest payments and other subsidies.

The chart below shows the funding levels of various federal housing subsidies, with investor and homeowner subsidies receiving over three-quarters of every federal housing dollar. These indirect subsidies benefit primarily middle- and high-income families, and often come in the form of tax credits for mortgage payments and investments in rental properties and housing bonds. This leaves less than 25% of federal housing funds for direct subsidies. Direct subsidies include HUD and USDA Rural Development programs - the programs that are more commonly thought of when discussing housing subsidies.

Federal Housing Subsidies by Program Category in 2000



Source: Dreier, Peter 2002

Development Capacity

Zoning

Land Use

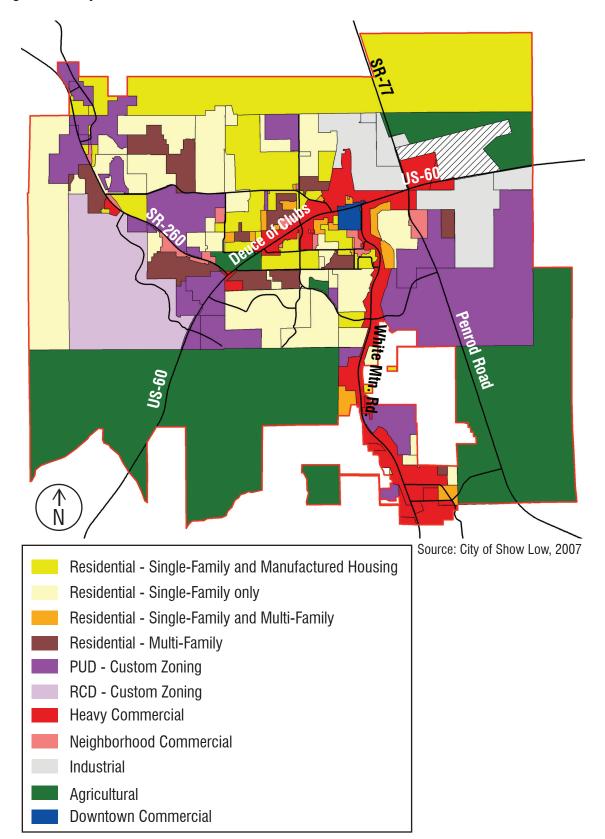
Vacant Land

Infrastructure

Transportation

Zoning

Zoning Districts by Permitted Land Use

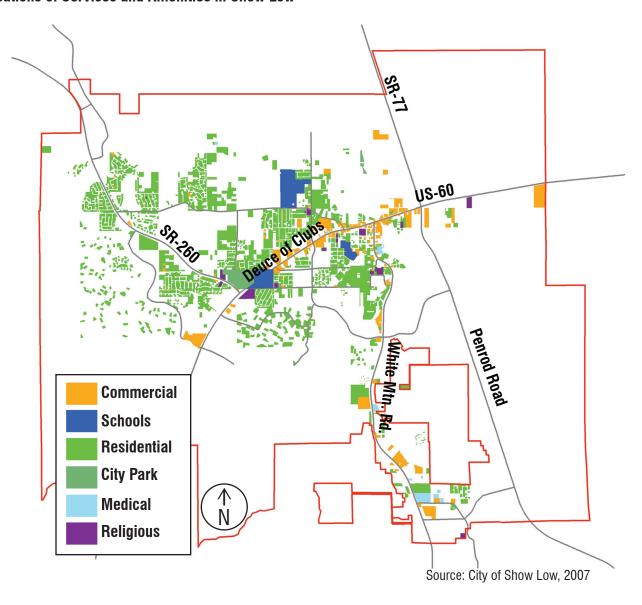


Land Use

Examining the current land use in Show Low helps to determine where the majority of services and amenities are located. Housing that is close to services and employment opportunities improves residents' quality of life by reducing time spent in transit and allows workers to live and work in the same community. This can also lead to reduced strain on the transportation network.

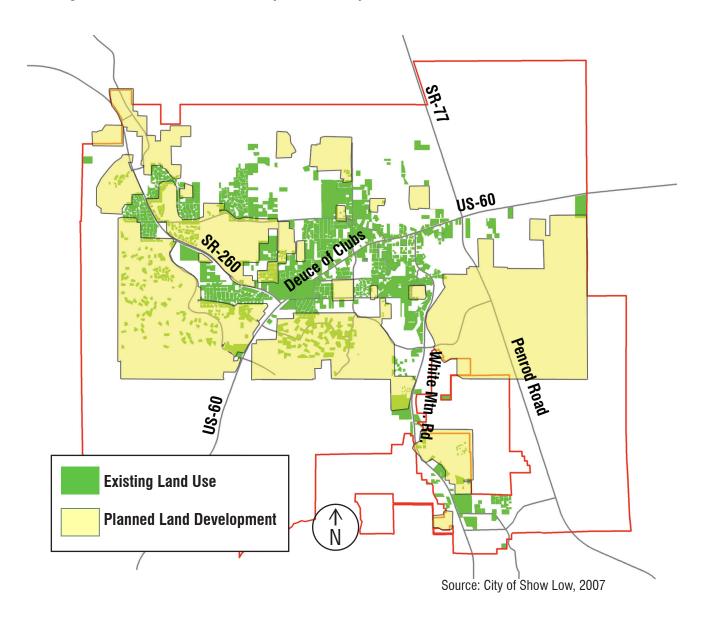
The current land use and other items examined to determine development capacity were extremely useful for identifying the key focus for infill that will be described in the Recommendations section of this report.

Locations of Services and Amenities in Show Low



As mentioned earlier, there are large numbers of developments that are currently being built or subdivided in Show Low. These new developments will approximately double the amount of developed land in the City of Show Low and will significantly decrease the amount of vacant land available for future housing. In light of rising land prices and decreased available land, infill development and redevelopment strategies are becoming increasingly important for ensuring an adequate supply of affordable housing.

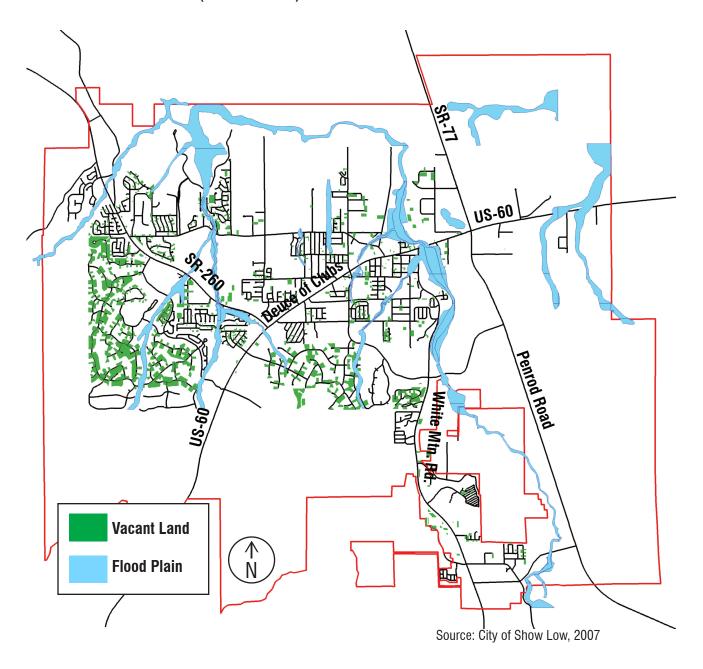
Existing Land Use with Planned Development Overlay



Vacant Land

The map below shows that the majority of vacant residential lots in Show Low are located in new developments on the outskirts of the City.

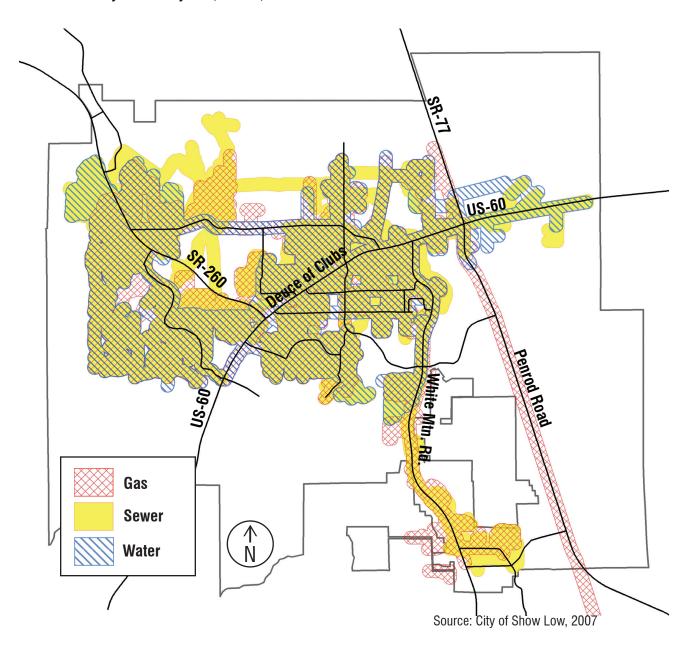
Location of Vacant Parcels (1 Acre or Less) and Flood Plain



Infrastructure

Constructing housing in areas with existing infrastructure and utility service eliminates the need for costly extensions of infrastructure, and helps to reduce new home construction costs. Large, new developments such as Sierra Pines and Torreon compose the majority of recent infrastructure extensions in Show Low.

Areas Currently Served by Gas, Sewer, and Water Utilities

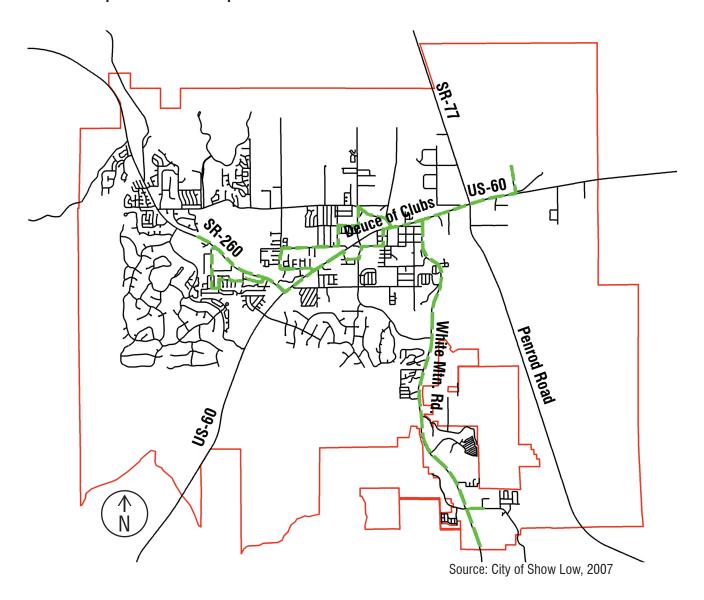


Transportation

Show Low's role as a regional transportation hub and its large number of highways has opened new areas that are away from the City's center to development. Outlying, undeveloped areas along Highway 60, and Penrod Road are likely sites for future development, judging from the current development trend of building along major roads away from the center of Show Low.

Show Low's public transit system currently consists of a bus route that is primarily located along the Deuce of Clubs Avenue and White Mountain Road. The bus route is shown in green on the map below.

Public Transportation Route Map



Existing Plans

Assessment Existing Plans

Existing Plans

Several plans previously completed for the City of Show Low were reviewed to help identify community goals and previous efforts to improve housing in Show Low. The plans reviewed include the *Show Low Regional Housing Plan* (2003), the *Discovering Show Low: Downtown Revitalization Plan* (2005), and the *Show Low Draft General Plan* (2007).

Show Low Regional Housing Plan

In 2003, a housing plan was completed for the City of Show Low by GrantMasters Inc. Funded by the Arizona State Housing Trust Fund, the Show Low Regional Housing Plan contains information on Show Low's population, economy, and housing conditions as well as outlining strategies and funding sources for providing affordable housing. This plan also recommends developing programs to provide affordable housing and support to many different population segments in Show Low, including specific programs to assist the elderly and the homeless.

Although this Housing Plan was completed in 2003, rapid growth in and around the City of Show Low, as well as the rapid increase of housing prices, have rendered certain sections of this report obsolete. More recent information regarding housing in Show Low paints a much different picture of housing needs than the information available at the time this report was completed.

Despite significant changes in the City of Show Low, much of the information found in the 2003 report is still relevant such as many of the affordable housing strategies and funding sources outlined in the Housing Plan. Also, the 2003 Housing Plan's emphasis on providing a wide range of programs and housing types remains a key concept for providing housing assistance.

Specific short-term, mid-term, and long-term goals outlined in the 2003 Show Low Regional Housing Plan are as follows:

"Short-Term (2003-2005)

- 1. Development of affordable housing for low income and moderate income renters
- 2. Affordable housing for first-time homebuyers

Mid-Term (2004-2009)

- 1. Demolish old, unsafe housing units and assist with new replacements
- Maintain and rehabilitate the existing housing stock over the long term; correct unsafe or energywasting conditions
- 3. Affordable housing for seniors

Long-Term (2010 and beyond)

- 1. Affordable housing for lower paid employees (such as those in retail and hospitality industries) assisted by employers
- 2. Provide emergency shelters for homeless"

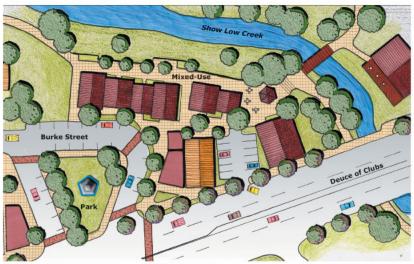
Assessment Existing Plans

Discovering Show Low: Downtown Revitalization Plan

The *Discovering Show Low: Downtown Revitalization Plan* was completed in 2005 by the Tejido Group, an outreach organization run by Dr. Mark Frederickson of the College of Architecture and Landscape Architecture at the University of Arizona. This plan outlines several different strategies for revitalization in and around Downtown Show Low.

Recommendations in this plan which are relevant to affordable housing include the development of two mixed-use districts, and infill recommendations for the Downtown District.

Detail of Proposed Mixed-Use District Near Show Low Creek



a greater buffer from the creek than currently exists. Setting back development, by terracing down to the creek, would provide increased protection while enhancing views, which would be a great amenity for businesses and residences in this area. A pedestrian bridge could span Show Low Creek and provide increased access to the businesses and the industrial areas to the north and east of this area.

Respecting the Creek
Show Low Creek is a jewel in this town. It should be enjoyed and respected. Pulling
buildings away from the creek's banks will provide space for a healthy ecosystem and
may allow the creek to function as a corridor for wildlife. It also creates space for a
pedestrian walkway.

Businesses that take advantage of this beautiful natural setting are proposed for this area. A restaurant overlooks the creek on the east side, while mixed-use buildings continue along the east. Residents have views of the creek and bluffs, while shoppers and workers can enjoy a scenic shopping experience.

White Mountain Road has been extended south in this proposal, and a park has been placed at its function with the Deuce. This invites people into the space, and a sculptural element serves as a focal point.

Master Plan 105

Source: The Tejido Group, University of Arizona, 2005

Assessment Existing Plans

Show Low General Plan: Draft 2007

Currently the City of Show Low is in the process of updating the *Show Low General Plan* and a draft of the Plan was made available for review. The Land Use and Housing Elements were reviewed to help identify current community goals and upcoming plans for housing in Show Low.

In the Land Use Element, there are several Goals and Objectives that are very relevant to housing needs in Show Low. One such objective mentioned in the Land Use Element is the possible creation of "higher density dwelling units at the edges of the City Core [that] will enhance pedestrian activity while housing people closer to... activities." Additionally, "tactical releases of Forest Service acreages" can complement the City's planned-growth objectives while also providing a supply of land which can be used to help provide affordable housing.

Many goals and objectives in the Housing Element of the General Plan address affordable housing needs. One such objective calls for the City to 'encourage a mix of affordable housing' within mixed-use and master-planned developments, while another would require new developments to provide paths connecting residential areas to parks and recreational activities. The establishment of programs to phase out mobile homes after their useful lives, presumably to replace them with new manufactured homes, is also mentioned in this section. These "phase out" programs would go hand-in-hand with a manufactured home replacement program.

More specific recommendations include providing 'profitable dwelling unit yields to developers' (density bonuses) as incentives for developers to provide starter homes, townhouses, and garden apartments in new developments. Flexibility in zoning is recommended as a way of encouraging the construction of infill housing and small subdivisions.

The goals, objectives, and recommendations found in the Show Low General Plan Draft help show that the City of Show Low and the Show Low community are aware of many of the housing needs that confront it, and have identified some ways to address those needs.

Surveys

Employee Survey Results

Employer Survey Results

Professional Survey Results

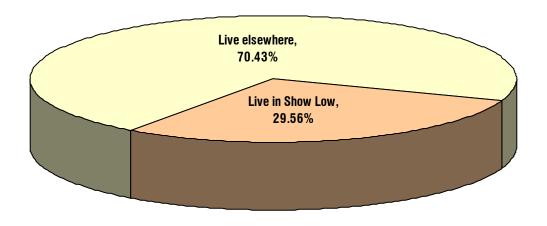
Show Low Employee Survey Results

To gain further insight into housing conditions and needs in Show Low, surveys for employees were distributed to major employers in Show Low asking them to distribute the surveys to their employees. Surveys were returned by 116 employees.

The results of this survey show that many people employed in Show Low are forced to live outside the community because there is not an adequate supply of affordable housing. An infusion of affordable housing would not only encourage new residents to locate to Show Low but would also help employers retain employees.

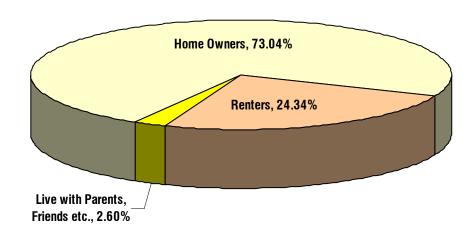
Show Low Employee Survey Results

Place of Residence



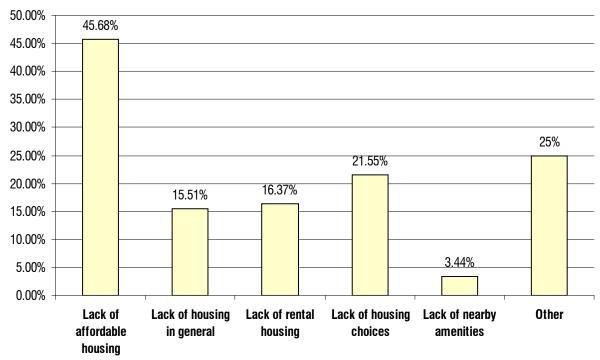
Source: City of Show Low, 2007

Rent or Own



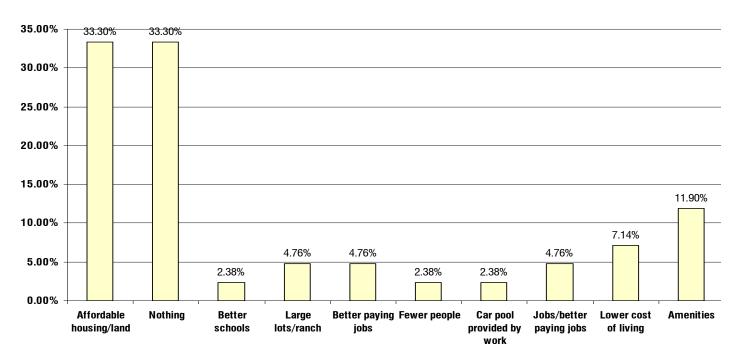
Show Low Employee Survey Results

Factors that have influenced your decision to live outside of Show Low



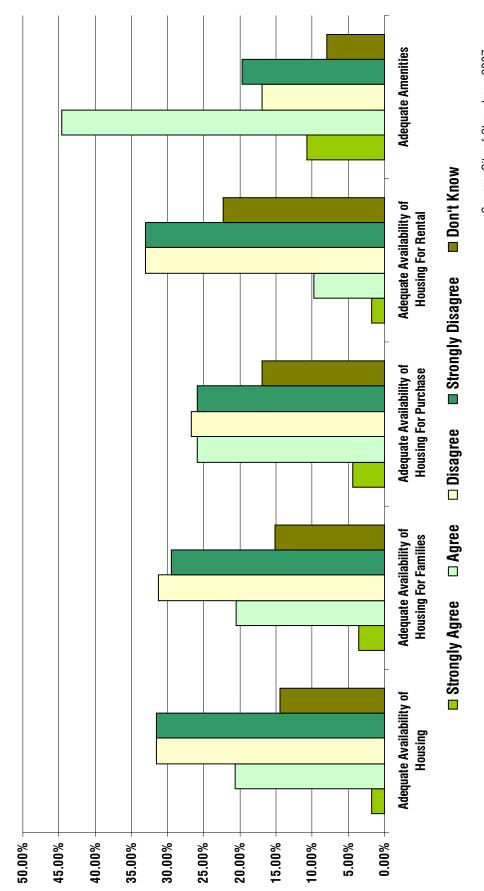
Source: City of Show Low, 2007

What would attract you to live in Show Low?



Show Low Employee Survey Results

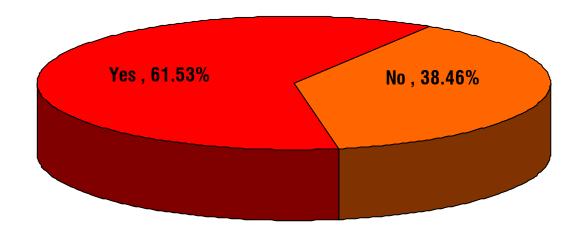
Employee Perceptions of Housing Stock



Employer Survey Results

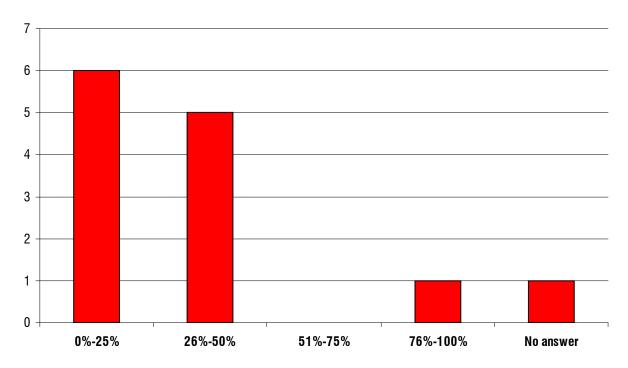
Surveys were also distributed to employers in Show Low with more than five employees. Thirteen employers returned surveys. The sizes of employers' businesses varied.

Is there a shortage of qualified employees to fill positions in your organization?



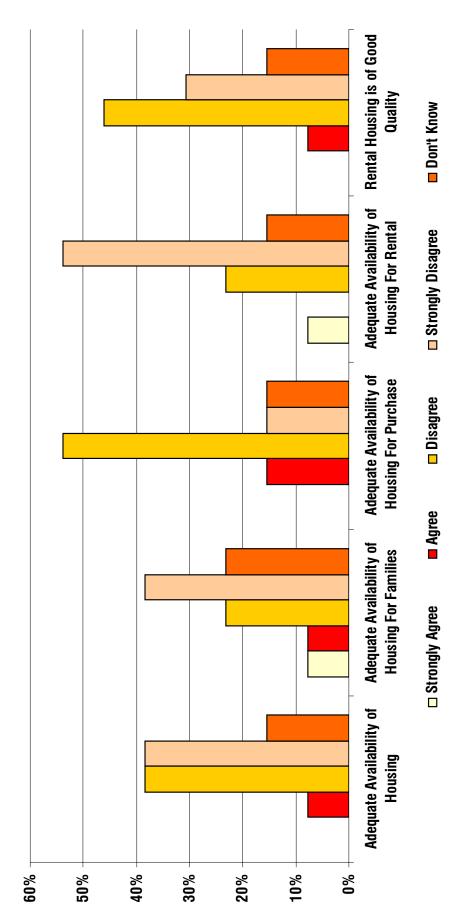
Source: City of Show Low, 2007

What percent of your employees commute from surrounding communities?



Employer Survey Results

Employer Perceptions of Housing Stock



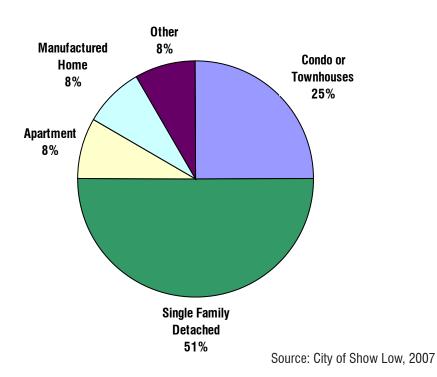
Source: City of Show Low, 2007

Realtor Survey

The perceptions of area realtors can provide valuable insight into local housing trends and market performance. For this reason surveys were distributed to the White Mountain Association of Realtors who distributed them to local realtors. Seven surveys were returned by realtors with from two to twenty years of experience in the Show Low market.

The responses indicate that homes priced below \$200,000 are most needed in Show Low. This supports the sales information obtained from the White Mountain Association of Realtors, that there was a 50% decrease in the number of homes sold in that price range from 2005 to 2006. The additional comments below are also particularly insightful.

Housing Types Most Needed in Show Low



Short answer questions and answers for the survey include:

What brings clients to Show Low?

• The "small town feel," "cheaper than Pinetop," schools, trees

What sales price range for homes is most needed in Show Low?

Six out of seven realtors indicated that homes below \$200,000 are most needed in Show Low

Additional Comments:

- "Need family priced housing near schools or business or near bus line for transportation"
- "Overbuilding will cause big problems for re-sale market"

Public Meetings

Assessment Public Meetings

Public Meetings

Two public meetings were held to present the findings of this study, and to solicit public input and feed-back. These meetings were held in Show Low on April 24th and July 17th of 2007. During these meetings numerous comments were made by the public, and have been addressed either during those meetings or in this report. These comments are listed below along with the steps that were taken to address them.

Meeting One Comments: April 24th, 2007

Modify zoning in some areas for higher density.

Specific areas were identified for higher density and infill development, and are detailed in the recommendations section.

Land and construction costs are causing the lack of affordability.

Strategies for reducing land costs as a component of housing price are listed in the recommendations section; however, high construction costs cannot be significantly lowered.

Need Workforce Housing strategy.

An assessment of major employers in Show Low was conducted to identify employers that might fund workforce housing programs. The majority of large employers in Show Low are national retail and telecommunications companies, companies which often don't provide benefits such as health care for employees. Companies which don't provide basic benefits such as health care, cannot be expected to support additional benefits such as workforce housing programs.

What is the correlation between jobs and housing?

The correlation between jobs and housing is discussed both in the Recent Housing Information section and in the Tools for Affordable Housing section.

Meeting Two Comments: July 17th, 2007

 Regarding the explanation given for increases in population in Show Low: "Are you saying that because housing costs are rising in Pinetop/Lakeside, that means that more people will be looking at housing in Show Low?"

While increasing land prices in the Pinetop/Lakeside area was the only reason given by the Arizona Department of Housing for the continued, expected increase in Show Low's population, there are other significant factors causing this growth. Other factors include Show Low's role as a regional tourism and services center with increased job opportunities, along with increasing population pressures from development in Maricopa County.

 A request for clarification regarding the employee surveys was made regarding the proportion of homeowners to renters

The survey results presented in this meeting showed the number of Show Low employees owning and renting housing both inside and outside of Show Low. A request was made to show separately homeowners and renters inside Show Low and the survey results presented in this book have been changed to reflect that request.

• Regarding programs to replace old manufactured homes with new ones: "How do you get people to replace manufactured homes? Buy out from under them? Or wait until they move out?"

The Manufactured Home Replacement programs described in the Tools for Affordable Housing section are commonly used as a resource for helping income-eligible manufactured home owners replace their homes. Cities and housing organizations provide financial and technical assistance for eligible households, but homeowners are responsible for replacing their homes.

Assessment Public Meetings

Meeting Two Comments: July 17th, 2007 (continued)

• Regarding the identified infill areas: "Does the City buy these lots selected for infill, etc.? Specific affordable housing strategies have not been provided for the identified infill areas so that the City and other organizations can select the housing strategies that work best for them. This could include the City purchasing the land and developing housing on it, or providing financial assistance to help families afford new, infill housing.

- Is there demographic information on the survey respondents who indicated that affordable housing is not available to them?
 - Demographic data was not requested in the survey and is not available for the results
- Does the Census information for Navajo County include the Reservations?

 Yes, Census information for greater Navajo County does include American Indian Reservations.
- What percent of homes in town were included in the Windshield Survey?
 The Windshield Survey was intended to cover all residential areas in Show Low, however certain neighborhoods were not included because they were still under construction or were gated communities.
- What is the connection between the Drachman Institute and the Tejido Group?
 The Drachman Institute and the Tejido Group are not connected to each other, outside of both being connected to the College of Architecture and Landscape Architecture at the University of Arizona. The Drachman Institute is a department of the College of Architecture and Landscape Architecture, while the Tejido Group is an extension of the research and outreach activities of Professor Mark Frederickson of the School of Landscape Architecture.
- Will allowing manufactured housing in more residential zones result in a decrease in home values? Is
 manufactured housing a quick fix and will this lead more people to purchase manufactured housing?

 Manufactured housing is one way to provide affordable housing and will be discussed further in
 the Recommendations section. However, it can be a part of a larger, comprehensive strategy
 to provide affordable housing. The importance of a wide variety of housing options is crucial to
 closing the housing affordability gap and maintaining a healthy housing market.
- The Mayor commented that the City is in favor of multi-family housing and would like to see more options in the form of townhouses and other multi-family housing types.
 - Addressing barriers to multi-family housing in the zoning code is one of the recommendations in the Strategies for Affordable Housing in Show Low.
- The Mayor also mentioned that the City is very interested in Manufactured Home Replacement programs to replace older, non-complying manufactured homes with newer manufactured homes.

[Recommendations]

[Recommendations]

This section contains both general tools and funding sources for addressing affordable housing needs and specific recommendations for providing affordable housing in the City of Show Low. These tools and strategies were compiled as a result of the housing needs identified during the Assessment component of this process.

Tools for Developing Affordable Housing

Tools for Homeownership

Tools for Rental Housing

Tools for Developing Affordable Housing

With the wide spectrum of households currently affected by high home prices, it is important to provide a variety of housing options. This section details affordable housing tools that are useful in developing owner-occupied housing and also renter-occupied housing. Strategies for lowering various components of housing costs have been provided and funding sources are also included in this section.

In many cases, affordable housing strategies and funding sources can be combined to maximize the amount of subsidy available for a specific project. This has become increasingly important as housing prices have further outpaced household incomes for many families and more subsidy is required to make homes affordable.

Additionally, support should be offered during as many stages of affordable housing development as possible. Housing costs can be lowered from the very beginning while land is being purchased, to the very end with mortgage assistance for homebuyers and the management of affordable housing. Many providers of affordable housing follow through with homebuyer education and various training programs to improve the lives of residents.

Another factor to consider with housing assistance programs is the lifespan of housing subsidies. Certain types of affordable housing programs only require housing to remain affordable for a limited time period, such as 10 to 20 years. At the end of this period, the beneficiaries of certain forms of public subsidy are able to sell their housing at market rates, thereby ending the affordability of the housing and keeping the funds that were originally intended to keep the housing affordable. Housing programs that provide permanent affordability, such as community land trusts, guarantee that housing will stay affordable and ensure that public funds will continue to go to those who need them most. At a time when housing prices are prohibitively high, and the amount of federal funding available to rural communities is decreasing, this allows these communities to maximize the effectiveness of housing dollars.

Tools for Homeownership

Although these tools are primarily used for developing and promoting owner-occupied housing, some can also be used for developing renter-occupied housing.

Along with housing prices, land prices have increased dramatically during recent years. These land prices compose a significant portion of housing costs. As a result, several strategies are described to lower land costs as a component of housing prices.

Land Banking

Land Banking is one such strategy, which involves purchasing land or improved property and holding it for future use. The land that is purchased is generally located in outlying areas and areas that haven't yet been subjected to intense development pressures. As a result, the land can be purchased at a relatively low price, and used to develop affordable housing when there is an increased need and a decreased supply of cheap, available land.

Boulder Housing Partners (BHP) is a housing authority in the city of Boulder, Colorado, and has used land banking effectively for a number of years. BHP currently manages nearly 1600 affordable housing properties and is also holding 2.2 acres for future development. The Foothills Community is the site of 74 tax credit apartments. The land for this site was held for 15 years before it was developed, and a portion of the site was left vacant to accommodate future housing needs.





Source: Boulder Housing Partners, 2007

Community Land Trusts

Community Land Trusts (CLTs) are another tool that can be used to lower land prices as a component of housing costs. These Land Trusts are generally nonprofit organizations that either purchase vacant land and develop housing on that land, or purchase land and existing buildings together. Once the Trust owns the land and the housing, it holds the land in trust permanently and sells the housing to qualified families. This way, the cost of land is completely removed from the sales price of the housing.

Additionally, lease terms can maintain the affordability of this housing permanently. When a homeowner decides to move out of their home, their lease can require them to sell their house either back to the Land Trust or to another lower-income household, so the housing remains available to those who need it most. The lease can also require homeowners to return a portion of their equity to the land trust to keep the cost of the home affordable.

These features allow Community Land Trusts to keep housing affordable permanently, compared to other forms of housing assistance that only require housing to remain affordable for a limited time period.

More detailed information on Land Trusts can be found on the website of the Institute for Community Economics at www.iceclt.org. The Institute for Community Economics was one of the pioneers of the Land Trust Model, and provides both financial and technical assistance to Land Trusts and communites.

Community land trusts are becoming increasingly popular throughout the United States. NewTown CDC, located in Tempe, has been operating since 2002 and currently oversees 32 properties. Many different funding sources are utilized by NewTown, including the City of Tempe, the Arizona Department of Housing, and private donors. There is also a Land Trust currently being developed in Flagstaff.



Land Trust Property for Sale by NewTown CDC



Source: Newtown CDC, 2007

Subsidized Infrastructure

As construction costs increase, the installation of infrastructure is also becoming increasingly expensive. The cost of installing infrastructure varies widely, but this can often cost upwards of \$10,000 per lot. By subsidizing the installation of infrastructure, organizations can significantly reduce housing costs to qualified homebuyers.



Through the Arizona State Housing Fund, funds are available to pay for the installation of infrastructure. Local governments, nonprofit organizations, and private development agencies are eligible for funding through this program. The Arizona State Housing Fund is administered by the Arizona Department of Housing and will be talked about in greater detail on the next page.

Reduced Interest Rate Programs

The Arizona Housing Finance Authority is another program of the Arizona Department of Housing, and provides assistance to first-time homebuyers with incomes not exceeding 120% of the area median income. The Authority administers assistance through three different programs:



Mortgage Revenue Bond (MRB) Home Loans for First Time Buyers

This program provides 30-year, fixed-rate mortgages at below market rates for qualifying first-time home-buyers. These loans can be combined with the ADOH Down Payment and Closing Cost Assistance program, but not with the Mortgage Credit Certificate (MCC) program. Participating lenders in Show Low include the National Bank of Arizona and Countrywide Home Loans.

Down Payment and Closing Cost Assistance Program

This program is administered through a network of nonprofit agencies and ADOH staff, depending on the location of the unit to be purchased. The assistance is provided in the form of a 0% interest, deferred payment loan and must be repaid when the unit is sold. Homebuyers must provide a minimum investment of \$1,000 of their own funds.

Mortgage Credit Certificate (MCC) Tax Benefits for First Time Buyers

The Mortgage Credit Certificate program reduces the homebuyer's federal income tax liability by crediting the homebuyer for 20% of the their annual mortgage interest payment. The amount of the federal tax credit cannot exceed the borrower's annual income tax liability after all other credits, and deductions and credits can generally be carried forward three years for federal tax purposes.

More information on these three programs can be found on the Arizona Department of Housing's website at http://www.housingaz.com/azhfa/default.aspx

State and Local Housing Trust Funds

A Housing Trust Fund is a dedicated source of revenue available to assist low and moderate-income families in obtaining affordable housing. Funds do not remain in the fund and gain interest, but circulate continuously, and can be flexibly allocated to address the most pressing housing needs.

Arizona State Housing Fund

The Arizona State Housing Fund is administered by the Arizona Department of Housing and combines federal HOME funds with State Housing Trust Fund resources. The State Housing Fund can be used for a variety of purposes and projects, for developing new housing or renovating existing housing, and for developing owner-occupied housing or renter-occupied housing.

Organizations eligible for funding from this program include local governments, nonprofit agencies, and private development agencies. Families that qualify for assistance from the State Housing Fund are generally homeowners with incomes below 80% of the area median income, and renters with incomes under 60% of the area median income.

For the 2008 fiscal year, approximately \$1.6 million in funding is allocated for the Northern Arizona Council of Governments (NACOG) region in which Show Low is located. More information on the Arizona State Housing Fund can be found on the Arizona Department of Housing's website at http://www.housingaz.com/ShowPage.aspx?ID=136.

Local Housing Trust Funds

Local Housing Trust Funds give local communities the flexibility to address housing needs specific to their community and also allow communities to provide funding to families that don't meet the standards for funding under federal programs, but cannot afford housing in their communities.

A variety of funding sources have been used nationwide for Local Trust Funds. Revenue sources that can be used include rental taxes on high-end rental units, contributions from new home construction requiring a rezoning, real estate transfer taxes, property taxes, real estate excise taxes, and the sale of city-owned properties.

The City of Tucson has a Housing Trust Fund that utilizes fees from condominium conversions and the sale of City-owned properties.

Establishing a local Housing Trust Fund requires political will and dedicated funding sources. Research is needed to determine the most suitable revenue sources in Show Low and to discover any possible limitations posed by state statutes.

Manufactured Home Replacement Programs

In many rural areas, manufactured housing composes a significant portion of affordable housing stock, and older manufactured housing can pose serious health and safety risks to the residents of those homes. Factory-built homes constructed before 1976, the year federal guidelines were developed to regulate manufactured housing, often have unsafe design features such as aluminum wiring and windows that are too small to climb out of in case of a fire.

Corporation for Enterprise Development

There are many different agencies and organizations that provide funding for the replacement of manufactured homes. The Corporation for Enterprise Development (CFED) is one such national organization that provides grants to nonprofit organizations and local governments for the replacement of manufactured housing. Manufactured homes replaced through this program must be placed on permanent foundations and connected to sewer and water utilities. More information on the "I'M HOME" (Innovations in Manufactured Homes) program for replacing manufactured housing can be found on the CFED website at www.cfed.org.

Manufacture Home Purchased Through the "I'M HOME" Program



Source: Corporation for Enterprise Development, 2007

Arizona State Housing Fund

At the state level, funds for the replacement of manufactured homes are available through the Arizona State Housing Fund. Details about this fund can be found on the previous page.

Resident Owned Communities (ROCs)

ROC USATM

Another unique approach to maintaining manufactured housing is the development of Resident Owned Communities (ROCs). Over the past two decades, mobile home park residents in New Hampshire have been collectively purchasing the land for mobile home parks, guaranteeing that their housing will be affordable in perpetuity.

Aging infrastructure and rising land costs often threaten the affordability of mobile home parks, as rents are increased or the land is sold for the development of more lucrative uses. By taking common ownership of the land under mobile home parks, residents are able to keep rents low and make repairs to infrastructure.

The New Hampshire Community Loan Fund (NHCLF) and its spinoff organization, ROC USA, provide both technical and financial assistance for the development of Resident Owned Communities. ROC USA holds training seminars around the US for individuals and organizations interested in establishing these communities.

Over the past 20 years of this unique program, the NHCLF was able to convert 72 mobile home parks into Resident Owned Communities, with a total of 3500 housing units. In these communities, the land has been purchased, the infrastructure improved, and the park maintained by a cooperative housing corporation whose shareholders are made up of the park's residents. This program also boasts a 100% success rate for recapturing funding for these communities.

More information can be found on this program at www.rocusa.org.

Inclusionary Zoning Programs

Inclusionary Zoning programs are generally mandatory (sometimes voluntary) ordinances that provide for the development of affordable housing units within new housing developments. Under these programs, it is the developers' responsibility to finance the affordable housing units, and local governments need only pay the administrative costs associated with these programs.

These programs were first developed in the Washington D.C. area after community leaders recognized the negative effects that prohibitive housing costs were having on the local economy. Worker productivity and retention rates were dropping significantly in areas where workers were unable to find housing close to their jobs.

To offset the financial burden of providing affordable housing, developers are often given incentives such as density bonuses which allow developers to build more housing on their land than standard zoning would allow. This allows developers to generate more revenue and recover some of the costs incurred by affordable housing units.

In addition to providing affordable housing units at a low cost to local governments, Inclusionary Zoning programs also help give lower- and moderate-income families access to quality public services such as better schools.

The passage of Proposition 207 in November 2006 makes it much more difficult for Arizona cities and counties to pass inclusionary zoning ordinances. This initiative exposes local governments in Arizona to financial liability when land use regulations decrease property values. Requiring developers to provide affordable housing would likely prompt lawsuits from those developers.

Despite barriers to Inclusionary Zoning that are posed by Proposition 207, local governments can still establish voluntary programs, as several cities in California have done. Also, successful Inclusionary Zoning programs provide examples of how effective the private sector can be at providing affordable housing when given the proper motivation.

Moderately Priced Dwelling Unit Program: Montgomery County, Maryland

One of the oldest and most productive Inclusionary Zoning program in the nation, this program has been updated 20 times and produced over 11,500 affordable housing units since its inception. Currently, developers are required to set aside up to 15% of new housing units as affordable.

Edgemore at Carrington: Fairfax County, Virginia

The images below show the front and rear views of a house built using the "Great House" design, which is one way of some developers have included affordable housing units in high-end developments. This design involves incorporating multiple affordable housing units into one large structure mimicking the surrounding, market-rate housing.





Source: Fairfax County, Virginia, 2007

Bonus Incentives

Municipalities wishing to promote affordable housing can also provide various bonus incentives to developers interested in providing affordable housing. These can include density bonuses such as those offered under Inclusionary Zoning programs and can also come in the form of discounts on certain exactions or fee waivers. Other common incentives include increased flexibility for the design of affordable housing units, reduced parking requirements, and subsidies to aid in the financing of affordable housing units.

Tools for Affordable Rentals

There are several sources of funding for assisting in the provision of affordable rental housing, some of which can also be used to provide affordable owner-occupied housing. These are generally more conventional and well known sources of subsidy, and will not be described in great detail.

Low Income Housing Tax Credits (LIHTC)

Low Income Housing Tax Credits are issued to developers involved in the production of affordable rental housing units. These credits are then sold to private investors, who use the credits to reduce their tax liability. In Arizona, tax credits are administered by the Arizona Department of Housing.

There are many developers with experience providing LIHTC housing, one of which is currently developing an apartment property in the City of Show Low. The Timberstone Apartments are being built at 100-200 W. Cooley St. in Show Low, and will provide 56 affordable apartments upon completion. Both LIHTC and USDA Rural Development funds are being used to subsidize these apartments, maximizing the amount of funds used to make housing affordable. The NRP Group, a Tucson company, is overseeing the project.

Timberstone Apartments: Show Low, AZ



USDA Rural Development

Assistance for both owner-occupied and renter-occupied housing is provided by the USDA's Rural Development Department. Detailed information regarding their funding programs can be found on their website at www.rurdev.usda.gov.

Arizona State Housing Fund

As mentioned earlier, assistance for rental housing is also available from the Arizona State Housing Fund. For more information about this fund, refer to the Housing Trust Fund section on page 90.

Strategies for Implementing Affordable Housing in Show Low

Strategies for Implementing Affordable Housing

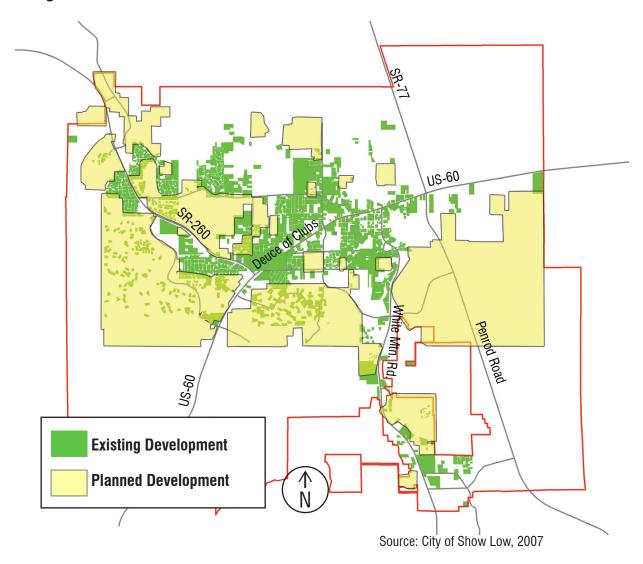
The Strategies described here are specifically tailored to address current housing needs in Show Low. The importance of a comprehensive strategy to provide different types of affordable housing through several different programs cannot be over-emphasized, and the strategies in this section reflect this importance.

Implement Voluntary Inclusionary Zoning Program/Density Bonuses

Currently, 45 separate housing developments of various sizes are in the process of being built or awaiting approval from the City of Show Low. The map below shows the amount of currently developed land in Show Low and also the area of these new developments. Once completed, these new developments will more than double the amount of developed land in Show Low.

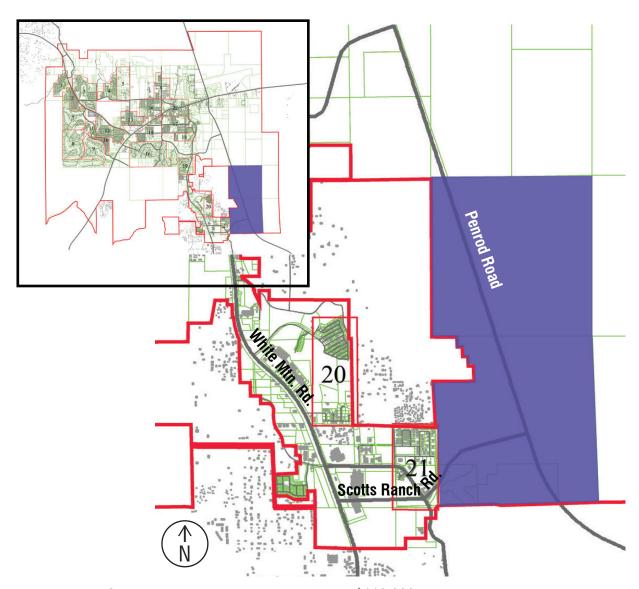
These new developments will significantly decrease the amount of land available for the development of new affordable housing and create demand for additional services, including emergency services and schools, as well as retail and hospitality services.

Existing and Future Land Use in Show Low



Recommendation: Encourage the provision of affordable housing units within new developments through a voluntary Inclusionary Zoning program or other bonus incentives. Many of these developments will consist of custom, site-built homes that would be unaffordable to many. Affordable housing within these developments would allow workers to live and work in the same community. For developments with larger, higher end homes such as Sierra Pines, the "Great House" design shown in the Inclusionary Zoning section would be one method of incorporating affordable housing units into those developments.

Land Banking



Vacant land in Show Low currently costs an average of \$110,000 an acre, and this cost can be expected to increase as new development will decrease the supply of available land. For this reason, banking land now would be extremely beneficial for the future provision of affordable housing.

Near the Southeast boundary of Show Low, where the Southern extension of Penrod Road was recently completed, large amounts of undeveloped land will soon be connected to a variety of services, employment, and recreation opportunities with the completion of Scotts Ranch Road. With these and other soon-to-be-available services and relatively inexpensive land costs, this may be a good location for future affordable housing.

Recommendation: Purchase large parcels of land in this area for the eventual development of affordable housing, as needs arise. This could be funded by issuing City bonds, and would be even more effective if paired with the development of a Community Land Trust in Show Low. This Land Trust could then develop affordable housing here over time, housing that would be kept permanently affordable. Alternatively to the creation of a Land Trust, this land could be turned over to developers for the construction of affordable housing.

Focus Areas for Infill Development/Redevelopment

Using the information obtained from the Windshield Survey, Development Capacity, and other sections, several areas were identified as well-suited for infill development or redevelopment.

More specifically, criteria used to identify these areas include:

Housing condition from the Windshield Survey

Zoning of available land

Diversity of neighborhood housing

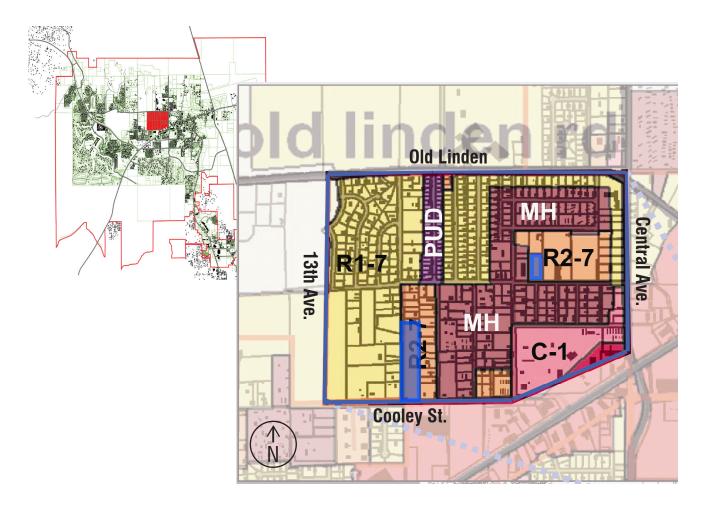
Vacancy and availability of land

Proximity to amenities and existing infrastructure

While these specific areas were selected for their suitability as locations for affordable housing, in most cases recommendations for specific strategies for developing affordable housing in these areas have not been made. While suggestions have been made regarding housing types that are suitable in these areas, the City of Show Low and housing organizations need to determine the sources of funding and strategies that will work best for the entire community. In many cases, the development of denser, infill lots alone will reduce housing costs by reducing the amount of land necessary for each housing unit and reducing expenditures for infrastructure.

On the following pages, different colors and labels indicate different zoning designations for the identified infill areas.

Area 14



Manufactured Housing Condition	# of Homes
'Good' to 'Like New'	31
'Repair Not Feasible' to 'Fair'	106

In this neighborhood, a significant number of manufactured homes not situated on permanent foundations are in 'Repair not feasible to Fair' condition.

Recommendation: Establish a Manufactured Home Replacement Program with assistance from the Arizona State Housing Fund and organizations such as the Corporation for Enterprise Development

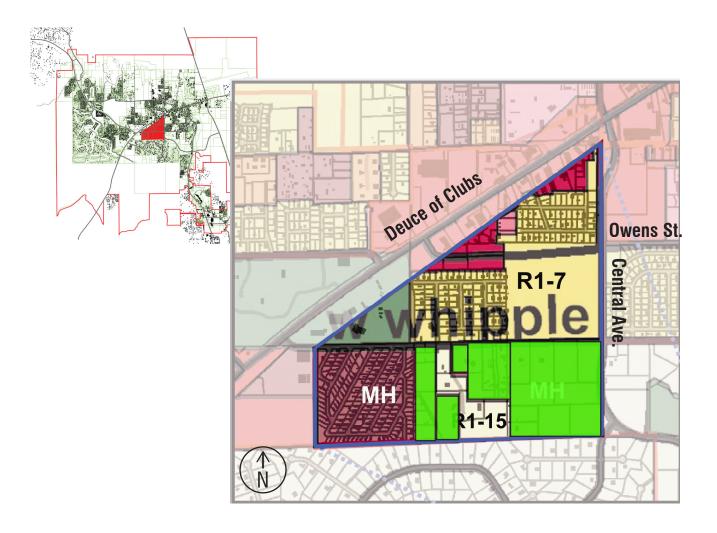
The orange zones labeled R2-7 are zoned for multi-family housing and have several vacant lots which are highlighted in blue.

Recommendation: Develop townhomes/ multi-family housing on these vacant lots.

The yellow zones labeled R1-7 have many vacant, large lots zoned for single-family housing.

Recommendation: Develop higher-density, single-family housing on these lots

Area 15

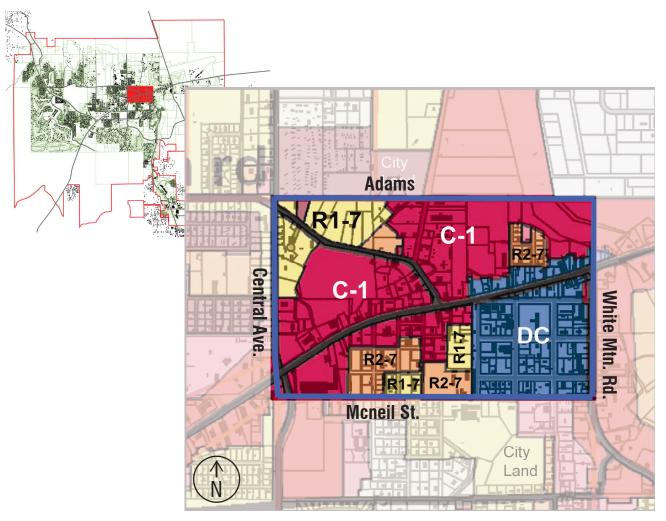


This neighborhood is located next to a community college and a large park, services which would be easily accessible to residents.

This area also includes many large, vacant lots zoned for manufactured housing which are highlighted in green.

Recommendation: Locate higher density, infill manufactured housing on these lots.

Area 22 (Downtown)



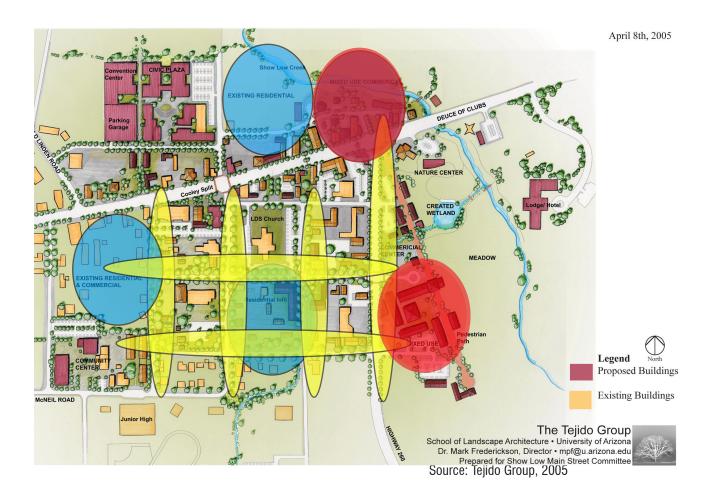
Several large, vacant lots are located in the Northwest corner of this area and are zoned for single-family residential housing.

Recommendation: Infill with higher density, single-family homes.

Lots zoned R2-7 for multi-family residential are located in this area. \\

Recommendation: Develop townhomes or multi-family housing on vacant R2-7 lots.

Discovering Show Low: Downtown Revitalization Plan



The Downtown Revitalization Plan completed by the Tejido Group recommends the creation of several Mixed-Use areas (highlighted in red) near Downtown Show Low.

Recommendation: Incorporate affordable/ workforce housing units into Mixed Use areas and connect these areas with a network of pedestrian/bicycle paths.

Addressing Affordability Barriers in the Zoning Code

Many municipal zoning codes contain barriers to affordable housing. Some barriers found in Show Low's Zoning Code include:

- Restrictions on manufactured housing
- Limitation of the use of accessory structures for housing
- Restrictions for very small, site-built homes (800 square feet or less)
- Lack of provisions for multi-family, townhomes, or co-housing

Manufactured Housing

The reality for most communities, particularly rural communities in the Southwest, is that the vast majority of affordable housing provided by the private sector is done so through the sale or lease of manufactured homes. From 1997 to 1999, manufactured housing accounted for 72% of un-subsidized new homes affordable to low-income buyers (Long, Thayer. 2003. "Manufacturing Affordability." Rural Voices. Summer 2003, Volume 8, Number 2.).

Zoning ordinances commonly treat manufactured housing as different from other forms of housing. In some cases this can take the form of a zoning code that isolates or prevents the placement of manufactured homes.

While manufactured housing is allowed in approximately 50% of the residential areas in Show Low (see MH zoning map), there are many areas where manufactured housing is expressly prohibited. Modern manufactured homes can in some cases be indistinguishable from site-built homes. With design requirements such as eave overhangs and pitched roofs, manufactured homes can blend with site-built homes and form cohesive neighborhoods.

Recommendation: Abandon the AR-43X and R1-7X zoning classifications, that prohibit the use of manufactured housing.

Accessory Structures

Accessory dwelling units (ADUs), also known as garage apartments, "granny flats," or guest houses, can be an effective means of providing affordable housing. The unit itself can be an affordable rental for singles, couples, or the elderly. Secondly, the income to the homeowner from rent can be used towards mortgage payments.

The Show Low zoning code allows the construction of guest houses, but limits their construction and use as ADU's in two ways.

- 1. The definition of guest house in the land use code prevents guest houses from being rented out.
- 2. Density requirements in residential zones require a homeowner to have a lot twice the size of the minimum lot area in order to construct a guest house.

Recommendation: Allow guest houses to be rented, and alter density requirements perhaps using lot coverage or Floor Area Ratios (FAR), so that guest houses can be built on smaller lots.

Small Site-Built Homes

Small site-built homes are one way to provide affordable housing. Assuming there are adequate provisions for light and air, modest sized homes of 800 square feet or less can provide enough room to live, as well as being more affordable than larger homes.

Show Low's single family residential zones generally have a minimum dwelling unit size of 1,200 square feet, excluding patios porches and garages. In the R1-7X zone and MH zones, homes can be 850 square feet and 500 square feet respectively.

Recommendation: Reduce the minimum dwelling unit size in single family residential zones to allow for smaller sized units.

Provisions for Townhomes, Co-housing, and Multi-family Housing

Another method to improve affordability is to increase the density of residential construction. Increased density does not need to mean high-rise construction or urban neighborhoods. There are a variety of housing types that are more densely configured than the typical single family neighborhood, but still have a low-density feel and visual appearance that are compatible with the single-family neighborhood.

Currently, multifamily housing (including duplexes, triplexes, and townhomes) is only allowed in R2-7, C-1, and some PUD districts. Additionally, the majority of R2-7 lots are fully developed, limiting future development of multi-family housing.

Recommendation: Expand areas in which the construction of multi-family housing is allowed. Additionally, minimum parking requirements for multi-family housing could be reduced to decrease the amount of land needed to construct these units, thereby reducing housing cost.



Credits

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Sources

Information and images in this presentation obtained from other sources have been cited appropriately. Any information or images not cited have come from The Drachman Institute.

Disclaimer

The information contained within this report is intended as guidance for the City of Show Low in informing decisions related to housing developments and improvements. The visual survey assessment was performed to the best knowledge and judgement of The Drachman Institute staff and employees, and is subject to verification by the City of Show Low or other parties prior to implementation of any action.