



10. HOUSING ELEMENT

A. INTRODUCTION

The Housing Element provides a conceptual framework to help better understand the existing and projected housing needs of the community. The availability and variety of quality housing in different cost ranges are critical to the economic vitality and diversity of the community. These actions further economic and community development efforts, assist with the maintenance of a stable employment base and workforce, and help to attract quality business investment. The Housing Element is intended to help ensure that Cottonwood continues to provide for the housing needs of all its residents, and to provide guidance for the development of programs that result in the availability and affordability of housing to all segments of the population.

To support the goals of ensuring quality housing for a diverse population, the City of Cottonwood has developed the following housing policy statement:

The community's success in economic diversification and job creation is directly linked to housing availability and quality. To ensure the economic viability of Cottonwood, the City in partnership with other public or private agencies, shall strive to maintain and foster an environment where a variety of quality housing opportunities are available for all socio-economic levels and age groups. The City of Cottonwood shall support various grant, loan, and technical assistance programs aimed at ensuring a balanced mix of quality and affordable housing and addressing the critical housing conditions of the community.

Although good quality rental housing serves the interests of many residents in Cottonwood, the importance of supporting homeownership goals also needs to be a continuing part of the program emphasis. Over the past two decades the homeownership rate in Cottonwood has declined from almost fifty-six percent (55.6%) in 1990, to just under fifty-four percent (53.7%) in 2000, to forty-eight percent (48.3%) in 2010. Nationally, owner-occupied housing rates are over 66%. Achieving an increased homeownership rate requires multiple strategies. A comprehensive approach starts by ensuring good quality job opportunities, quality educational institutions, and healthy, safe neighborhoods. Additionally, attention needs to be given to various land use policies that support these goals. Key strategies in Cottonwood include promoting homeownership opportunities, ensuring that adequate land is zoned for a variety of housing types, and identifying mechanisms to encourage in-fill development and neighborhood revitalization.

While much of the housing stock in Cottonwood was built over the past few decades, several neighborhoods have older housing that may be suitable for rehabilitation. Housing rehabilitation, code enforcement and infrastructure improvements within these neighborhoods will strengthen the community fabric and encourage increased investment. Cooperation among neighborhood groups, housing developers, business representatives and government agencies can help identify opportunities for improvements.

There are a number of innovative new housing strategies that could be considered to ensure there are adequate housing opportunities for an increasingly diverse population. This includes options such as accessory units, small lot zoning, small planned developments and compact, mixed-use developments. Such innovative and forward-thinking approaches to housing may take more attention with up front planning and design but could potentially provide solutions that would be compatible with existing neighborhoods and market interests. The Housing Element provides a review of potential programs and resources and lays out a strategy for a multi-level, long-term approach to support housing needs for the community.



B. LEGISLATIVE REQUIREMENTS

The State of Arizona does not require cities of less than 50,000 residents to provide a Housing Element as part of their General Plan. (A.R.S. § 9-461.05.) However, due to the history of growth patterns in this area and the ongoing interest in providing adequate, safe and affordable housing to meet the needs of a diverse population and to support the integrated goals of promoting quality economic development and quality housing, it is in the interest of the community to include a housing element in this plan. The housing element provides an overview of existing and potential programs along with appropriate recommendations to help realize the goals and objectives of the program. The goals and objectives address programs in support of housing quality, variety and affordability and for the provision of adequate sites for a variety of housing types.

For reference, the section of Arizona Revised Statutes that describes general plan requirements for a housing element for larger cities is as follows:

I. **A.R.S. § 9-461.05. General plans; authority; scope**

E. The general plan shall include for cities of fifty thousand persons or more and may include for cities of less than fifty thousand persons the following elements or any part or phase of the following elements:

6. A housing element consisting of standards and programs for the elimination of substandard dwelling conditions, for the improvement of housing quality, variety and affordability and for provision of adequate sites for housing. This element shall contain an identification and analysis of existing and forecasted housing needs. This element shall be designed to make equal provision for the housing needs of all segments of the community regardless of race, color, creed or economic level.

2. **Fair Housing Act Amendments of 1988.**

Discrimination in the sale, rental, leasing and financing of housing or land to be used for construction of housing, or in the provision of brokerage services, on the basis of race, color, religion, gender, disability, familial status or national origin is prohibited by Title VIII of the Fair Housing Act Amendments of 1988. It is the policy of the City of Cottonwood to implement programs, within the constraints of its resources, to ensure equal opportunity in housing for all persons regardless of race, color, religion, gender, disability, familial status or national origin; and the City of Cottonwood will assist all persons who feel they have been discriminated against in housing issues to seek equity under existing federal or state laws, including providing information regarding filing a complaint with the Arizona Attorney General's Office or the U.S. Department of Housing and Urban Development.

Under the Fair Housing Act, it is unlawful to discriminate in housing based on:

- Race
- Color
- National Origin
- Religion
- Gender
- Familial Status
- Disability

Under the Fair Housing Act, it is against the law to discriminate against people on such basis as described regarding various housing practices, such as the following:

- Refuse to sell to you or rent you housing.
- Tell you housing is unavailable when in fact it is available.
- Show you apartments or homes only in certain neighborhoods.
- Set different terms, conditions, or privileges for sale or rental of a dwelling.



- Provide different housing services or facilities.
- Advertise housing to preferred groups of people only.
- Refuse to provide you with information regarding mortgage loans, deny you a mortgage loan, or impose different terms or conditions on a mortgage loan.
- Deny you property insurance.
- Conduct property appraisals in a discriminatory manner.
- Refuse to make reasonable accommodations for persons with a disability if the accommodation may be necessary to afford such person a reasonable and equal opportunity to use and enjoy a dwelling.
- Fail to design and construct housing in an accessible manner.
- Harass, coerce, intimidate, or interfere with anyone exercising or assisting someone else with his/her fair housing rights.

C. KEY ISSUES

1. Comprehensive Housing Program.

An effective housing program looks at housing needs from a comprehensive perspective. A balanced program includes housing at all levels from emergency and transitional housing to first time homebuyers programs, housing rehabilitation, special needs housing, retirement and senior housing, as well as family-oriented and executive-level housing.

2. Provide for Diverse Housing Needs.

A mix of housing types is essential to address the housing needs of a diverse population. Cottonwood has a wide variety of households and demands for housing types. There are different household sizes, income levels, age differences and cultural backgrounds. Land use planning can play an important role in addressing housing needs in terms of allowing different housing types and configurations throughout the community.

3. Housing for an Aging Population.

The percentage of Cottonwood residents 65 and older (26%) is about twice the state and national average with more than one in four residents in this category. There is a need for housing options to meet the needs of seniors and retirees. Options should be available ranging from managed institutional facilities to groups homes integrated into neighborhoods to smaller secondary units built into existing homes to allow independent living.

4. Accessible Housing.

There is a need to increase the number of homes that can accommodate persons with differing levels of abilities. With an older population there is a corresponding increase in the number of persons with mobility impairments and other types of disabilities. Universal accessibility in the design of new homes ensures that residents and visitors will have adequate access to and within the residence. This includes at grade entrances without steps or other barriers, bathrooms of sufficient size and dimension to accommodate wheelchairs, doorways and hallways with adequate maneuvering area, railings and grab bars where needed, levered handles and other features designed to accommodate the variety of needs of a diverse population.

5. Housing for Low Income.

Housing affordability for lower income households is a concern in many communities. Housing development tends to be driven by market interests; however, there are various things the City can do to support the development of more affordable housing options, such as to offer support for creation of a regional nonprofit housing agency, amend zoning codes to encourage more options and continue support for low income housing tax credit projects.



6. Executive Housing.

A comprehensive housing program supports executive-level or higher-end housing opportunities as a part of an economic development program that supports quality business development and business retention objectives. In the interest of attracting quality businesses and professional occupations to Cottonwood, opportunities for appropriate executive-quality housing development shall be supported.

7. Increasing Home Ownership Opportunities.

Over the past three decades the percentage of owner-occupied properties in Cottonwood has steadily decreased. Rental options fill the needs of many people but home ownership provides a range of well-documented benefits, including supporting personal and family economic growth, and generally increased attention to home maintenance and home investment.

8. Maintenance of Housing Stock.

A good portion of Cottonwood's housing stock is older and in need of ongoing maintenance. In some neighborhoods a majority of housing units are rental properties occupied by low to moderate income households. A Residential Rental Maintenance Code was established in 2008, to address public safety and hazardous conditions. Encouragement, incentives and regulatory enforcement are all needed to ensure compliance with property maintenance standards.

9. Nuisance Abatement.

The City of Cottonwood has an active Code Enforcement program to address civil nuisance violations, such as visible storage of junk and debris on properties, abandoned and inoperable vehicles, and excessive weeds on properties. This program is intended to encourage upkeep of properties and to fix blighted conditions that can lead to neighborhood decline.

10. Jobs and Housing Balance.

A well-distributed jobs and housing balance is a basic goal that each community in the region needs to address independently. Providing a range of housing types to address the diversity of household incomes, ages and sizes is part of the long-range goal for ensuring a healthy, economically sustainable community. Reliance solely on the regional marketplace to address a broad range of housing needs puts the entire region at risk from often contradictory conditions and policies in the various communities. Zoning decisions, such as with master planned communities, should address the importance of ensuring a well balanced mix of jobs and housing in their findings.

11. Higher-Wage Opportunities.

Housing conditions are directly linked to the availability of job opportunities that pay a decent wage. Homeownership goals require a minimum threshold for income levels in the community. Promotion of primary employment opportunities needs to be a central goal of an economic development strategy that supports housing needs.

12. Community Enhancement Programs.

The ability to attract and retain good businesses in the community is directly linked to the quality of life that may be generally perceived. Business interests typically look at the condition of schools, housing, shopping opportunities, community facilities and general amenities, such as recreational facilities, trails systems, libraries and parks before they consider locating or expanding in a community. The City should continue to support various civic improvement programs, as these attributes ultimately create the context for a strong business climate that will provide good jobs so that people can live in decent homes and healthy neighborhoods.



D. HOUSING BACKGROUND

I. POPULATION CHARACTERISTICS

A balanced housing market is one in which a variety of housing is available and affordable to all segments of the population. A quality mix of housing that is affordable for various population groups defines the basic outline for a comprehensive housing program.

The typical American household is no longer typical. Increasingly, housing choices are defined by a diverse mix of arrangements. Families with children make up one segment of the housing market. Seniors are another key segment. But there are also single adults, groups of unrelated adults, extended families and a wide range of special needs population groups.

The detached, single-family residential dwelling on an individual lot is often presented as the ideal type of housing; however, throughout America, this format increasingly does not meet everyone’s needs. For many people, their housing needs are better served by other formats, including multi-unit residential developments, shared homes, group homes and managed facilities.

A complete housing program for Cottonwood supports and encourages policies to ensure a diverse range of land use opportunities are available. Housing capable of meeting the demands of an aging population and housing that is desirable and affordable to young families and working-age populations are also essential to the long-term economic and cultural vitality of the community.

2. AGE DISTRIBUTION

2010 US CENSUS

	<u>Age</u>	<u>Percent of Population</u>
Cottonwood	65+	25.92%
Arizona	65+	13.79%
Cottonwood	20-35	15.88%
Arizona	20-35	20.3%
Cottonwood	18 and under	20.72%
Arizona	18 and under	25.5%

Median Age: The median age of Cottonwood residents went from 41 years old in 2000 to 46.2 in 2010.

3. AGING POPULATION

Cottonwood has a significantly higher percentage of its population in the older age bracket than the state or nation as a whole. As people grow older their housing needs tend to change. Families change as children grow up and move away, income sources change, and people make adjustments to personal health and physical changes.

With more than 1 in 4 residents age 65 or older, Cottonwood has almost double the state and national average of elderly residents, which is closer to 1 in 8. At the same time, Cottonwood has a lower percentage of children and young adults. Young adults tend to move away after high school to seek greater educational and life experience opportunities. The result is a continuing pattern with fewer younger people in the child rearing age group living here. The Verde Valley has always been attractive as a retirement destination; however, a large part of the senior population is comprised of people who are “aging in place,” have lived here many years, raised families, had careers, and are now retired.



4. HOUSING OCCUPANCY

Homeownership rates in Cottonwood have declined from fifty-six percent (55.6%) in 1990, to fifty-four percent (53.7%) in 2000, to almost fifty percent (49.8%) in 2010. Nationally, owner-occupied housing rates are over 66%.

Total Housing Units	5,886
Occupied Dwelling Units	5,179 (2010)

2010 Occupancy Rates

Occupancy rates have averaged 2.27 persons over the past decade. About 40% of households have one resident. Almost 75% of households have only 1 or 2 residents.

Home Ownership Rates

Renter Occupied	2,601	50.2%
Owner Occupied	2,578	49.8%

Arizona Ownership Rate 2010	67.4%
USA Ownership Rate 2010	66.6%

Owner-Occupied – Household Occupancy

1 person	33.8%
2 persons	44.4%
3 or more	21.8%

Rental Units – Household Occupancy

1 person	47.4%
2 persons	23.0%
3 or more	29.6%

5. HOUSEHOLD COMPOSITION

Age of Housing Stock

Approximately 525 of the total number of housing units or almost 10% of the total number of structures were constructed before 1960 or earlier with approximately 333 of those constructed before 1940. One part of the criteria for consideration of historic designation through state and federal programs generally includes being at least 50 years old. These residences could potentially qualify to be recognized as historic landmarks if they meet certain other requirements for significance and integrity.

Type of Housing

About 65% of housing units are shown as single detached units, including manufactured units; and 35% of housing units are multi-unit, including townhomes, duplex, triplex, fourplex and larger apartments.

<u>Detached</u>		2,330 units
Single-Family Residence	45%	

<u>Manufactured</u>		1,036 units
Manufactured Homes	20%	

<u>Multi-Unit</u>		1,813 units
Attached single-units	5% (townhouse)	
2 or 3 units	10%	
4 or more units	20%	



6. AFFORDABILITY

2010 US Census: Cottonwood Estimates

64% of owner-occupied dwellings pay \$1000 or more per month for mortgage costs.

19% of rental units pay \$1000 or more in rent.

Approximately 41% of Cottonwood dwelling units were paying \$1000 or more in monthly rental or mortgage costs in 2010. Almost 60% of households were paying less than \$1000 per month.

The term, “affordable housing,” is used to describe housing prices relative to general market trends. Affordable housing has been defined by HUD and other housing professionals as housing for which the household pays no more than 30 percent of income for basic housing costs, including utilities and rent or mortgage. The 30% measurement is generally considered more of a rough guideline since it does not fit every situation. This definition is generally more applicable to low and moderate income households than to either very low or very high income households, which have different economic models related to housing and costs.

Another definition of housing affordability is: adequate income to meet housing costs with sufficient resources remaining for basic goods and services and the generation of additional and/or future income.

When housing is not affordable, the local economy is impacted in several ways. Households that pay a high percentage of income on housing have less disposable income for basic goods and services, and therefore have less money to spend in the community. Additionally, if basic quality housing costs are too high in relation to local wages, employers have difficulty attracting and retaining quality employees. Having an adequate supply of affordable housing for different income levels is considered a key issue in support of economic development efforts to attract and retain quality employment opportunities.

Income levels in the community can be evaluated based on statistics collected through the US Census Bureau. The 2006-2010 Median Household Income for Cottonwood was \$32,364. By comparison, the 2000 Median Household Income was \$27,444.

The “poverty rate” is a general indicator defined by the federal government that measures the ability of households within a specified area to afford basic costs, including housing, food, health care and so on. The 2010 poverty rate for Cottonwood was indicated at 21%, where the Arizona poverty rate was 15.37% of households. The estimated poverty rate for Cottonwood is comparable with other rural areas and small towns in Arizona in this time frame.

7. VARIETY

A variety of housing types are necessary to meet the diverse housing needs and desires of both owners and renters. Additionally, housing variety represents opportunities for households to move within the market. A large portion of the Verde Valley multi-family housing stock is located in Cottonwood. A higher share of small (1 bedroom) units are located in Cottonwood and a majority of these units are renter occupied. Further, only five percent (5%) of the Cottonwood housing stock and six percent (6%) of the Verde Valley housing stock consists of large (4 or more bedroom) units. A lack of units with an adequate number of bedrooms to accommodate larger families leads to overcrowding, which impacts housing quality and neighborhood stability.

The available land for residential development needs to be periodically evaluated to ensure adequate opportunity for a mix of housing types. A mix of detached single-unit residential, multi-unit and manufactured housing is recommended. Efforts to support greater variety in the type of housing, size and number of bedrooms per unit will result in a more balanced mix to meet the needs of a diverse population.



E. HOUSING RESOURCE AGENCIES

AGENCY	RESOURCES
City of Cottonwood	The City provides leadership, planning and direction for housing policy at the local level through support of private initiatives and by ensuring local regulations are balanced with comprehensive objectives.
AZ Dept. of Housing	ADOH serves as the primary resource for housing related issues at the state level. They administer federal programs, such as CDBG, and provide assistance and funding opportunities.
AZ Dept. of Economic Security	Offers financial resources and resources for individuals and families, and provides services to special needs populations.
AZ Dept. of Health Services	Offers financial resources in support of housing and services to persons with mental illness. Regulates and permits certain types of special needs housing.
Federal Government	HUD, USDA Rural Development, FHA, and the Veterans Administration have offered homebuyer programs that included lower down payment requirements and purchase subsidies. Other opportunities, such as preferred acquisition of foreclosure units and low cost leases have been available to nonprofit organizations.
Catholic Charities	Provides a range of housing services and support for homeless people, transitional housing and advocacy for special needs populations.
N.A.C.O.G.	Northern Arizona Council of Governments (NACOG) administers a variety of programs in Yavapai County. NACOG provides administrative services for the CDBG program. Housing programs have included weatherization and emergency repair programs.
Non-Profits	There are a number of nonprofit organizations that deliver products and services for specific market and population segments. Several groups provide housing-related programs and services as part of their primary program goals but no local non-profit organization currently exists to handle comprehensive housing issues.
Verde Valley Homeless Coalition	An organization of social service and community providers coordinating efforts to maximize services and housing for homeless populations. The coalition undertakes research, proposes projects, and applies for financial resources. Long terms goals are to acquire, rehabilitate and manage properties, units and programs that serve homeless and at-risk families and individuals.
Private Housing Providers	There are a number of group homes, assisted care homes and smaller facilities integrated within neighborhoods. Also larger facilities, including nursing homes, subsidized rental housing, assisted care facilities, and senior housing.
Home Builders / Developers	Homebuilders and developers can take advantage of market opportunities for low income, workforce and affordable housing. The federally-sponsored Low Income Housing Tax Credit (LIHTC) program has provided opportunities for private developers to construct 248 units of subsidized low and very low income housing in Cottonwood in recent years.



F. HOUSING STRATEGY

The following section presents a broad-based, multi-level approach to consideration of housing issues in Cottonwood.

I. COMMUNITY PARTNERSHIPS FOR HOUSING

Successful programs to improve housing conditions in communities benefit from a coordinated and cooperative approach between government, business interests, community groups and citizens. The key partners for a successful housing strategy include the following:

a. Government Agencies.

Federal, State and Local government agencies provide different types of opportunities to address housing needs. Direct funding and subsidies are generally offered through Federal and State sources, while local programs may provide management and policy-based opportunities to assist housing programs.

b. Non-Profit Community Organizations.

Non-profit housing groups have the opportunity to address a range of housing needs from emergency shelter and transitional homes to affordable housing developments. Groups may be entirely volunteer-based or also include paid professional staff with established offices and multi-level programs. Various social service agencies and churches also help people in a variety of ways with housing needs.

c. Business and Private Sector Partners.

Support from the business community is necessary to ensure a successful community housing program. The construction and development industry, in particular, plays a central role in the production of affordable housing. Programs, such as dedicated funding sources to encourage private, for-profit affordable housing development could be used as tools to improve housing conditions but not necessarily as the primary funding source for builders. Partnerships that include for-profit businesses, non-profit groups and government agencies provide opportunities that should be considered.

2. REGIONAL COORDINATION AND PARTNERSHIPS

There are a number of housing programs which could be considered through regional partnerships, including the following:

a. CHDO's (Community Housing Development Organizations)

A Community Housing Development Organization (CHDO) is a specially formed non-profit corporation established pursuant to Federal regulations for purposes of assisting with affordable housing development. There are special set-aside Federal funds for qualified non-profit CHDO's certified by the Arizona Department of Housing. Being certified as a CHDO does not guarantee funding from this set-aside. One of the benefits of having an established CHDO is they can develop and administer a range of housing and grant programs in a self-supporting manner. A coalition of cities and regional entities could work together to assist with the formation of a non-profit CHDO. Initial support for the development of the non-profit housing agency could include providing the necessary start up seed money, use of facilities and technical assistance. Once established, local government can serve on the board of the non-profit but can only have a minority position in the voting process. Local governments can help set it up but then the CHDO becomes an independent, non-profit agency.



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b. Public Housing Authority.

A Public Housing Authority (PHA) can obtain funding to develop and manage subsidized public housing projects. This is usually oriented towards low and moderate income, rental-type, multi-unit development but also may include single family home developments, townhomes and clustered-type developments. The effort and cost to set up a Public Housing Authority would need to be weighed against a variety of factors and needs. There are several examples of PHA's in smaller communities in Arizona. If the private or non-profit sector is providing adequate low-income rental housing, then a housing authority may not be the best use of resources. If there is not an adequate supply of affordable and/or subsidized low income housing, then a local or regional public housing authority may be worth considering as a way to set up and fund such development. Establishing and maintaining a PHA requires a significant commitment and potential risk by the community so the overall benefits would need to be carefully evaluated.

c. Employer Based Housing Programs.

A range of tax credit, grant programs and development strategies have been made available to encourage large employers to participate in programs to assist employees with housing needs. Existing federal and state programs would have to be evaluated to consider current status. These types of programs typically have a number of requirements related to income levels, employee qualifications, and jobs created and jobs retained; however, such programs could still be attractive for supporting workforce housing goals where such assistance is needed to address basic needs.

d. Regional Housing Trust Fund.

The Arizona Housing Trust Fund had been a successful funding source for use in financing various types of housing development in Arizona - before it was severely cut. If a regional housing trust fund was established, it could assist individuals and/or housing developers by providing a source for subsidized, low interest loans. The scale, management structure and source of this type of approach would have to be determined. It could be regional, county-wide or multi-county in scale. A separate non-profit agency, such as a CHDO, could administer this type of program. Usually a dedicated source of revenue is needed to rotate funds. This idea would be highly ambitious but it has worked in other areas of the country where integrated with related programs.

3. STATE AND FEDERAL HOUSING PROGRAMS

Most federal funding programs for housing that are available from the Department of Housing and Urban Development (HUD) are delivered to the end users, whether individuals, non-profits or local government, through the state agencies, which in Arizona is through the Arizona Department of Housing (ADOH.) ADOH also has some unique programs developed at the state level. In some cases, the Northern Arizona Council of Governments (NACOG) is authorized by the state to administer and provide consulting services for various state and federal programs. Some programs are made available directly to individuals, while a number of funding and grant programs are only available to government agencies who then administer the programs for eligible recipients.

a. Arizona Housing Trust Fund.

Authorized under A.R.S. § 41-3955 in 1988, and administered by the Arizona Department of Housing, the State Housing Trust Fund received up to 55% of the state's Unclaimed Property Fund. Since a large portion of unclaimed property is real estate, it is a perfect source of funding to address Arizona's most critical housing needs. Prior to the cuts in funding, around \$30 million was deposited into the Housing Trust Fund each year and over 14,000 seniors and families were helped with their critical housing needs. More than 70% of the Housing Trust Fund was spent in rural Arizona, often serving as the only source for developing and preserving housing in those communities. By 2010, the Housing Trust Fund was reduced to \$2.5 million. A range of effective programs were eliminated.



b. Save Our Home AZ.

The Save Our Home AZ Program is administered by the Arizona Department of Housing on behalf of the Arizona Home Foreclosure Prevention Funding Corporation (AHFPFC). Funds for the Program come from the U.S. Department of Treasury, Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets. The Program provides assistance to eligible Arizona homeowners in the form of Principal Reduction Assistance (PRA) for modification or eligible refinances, Unemployment/Underemployment Mortgage Assistance, Reinstatement of delinquent payments, Second Lien Elimination, and Short Sale Assistance. As of 2014, the Save Our Home AZ program has helped over 1,800 families avoid foreclosure and stay in their homes with over \$51.3 million in program assistance committed to assist Arizona homeowners. Additionally, the foreclosure hotline has assisted over 70,000 troubled homeowners with important information and housing counseling services. Information is available at www.azhousing.gov or through the Arizona Foreclosure Help-Line at 1-877-448-1211.

c. HARP 2.0 (Eligible Refinance) Principal Reduction Assistance Component.

The Home Affordable Refinance Program, also known as HARP, is a federal program, set up by the Federal Housing Finance Agency in March 2009 to help underwater and near-underwater homeowners refinance their mortgages. It is designed to help homeowners get a new, more affordable, more stable mortgage. In conjunction with a HARP 2.0 (E.R.) refinance, homeowners may qualify to have their principal reduced to 100% Loan to Value by Save Our Home AZ. It has a relatively simple application process for qualifying Arizona homeowners. Meet the qualifications and complete the application process of the Save Our Home AZ program, get pre-approved by a lender for the HARP 2.0 (E.R.) refinance and complete the credit counseling.

d. Low Income Housing Tax Credit Program.

The Low Income Housing Tax Credit (LIHTC) was created by Congress to promote the development of affordable rental housing for low income individuals and families. To date, it has been the most successful affordable rental housing production program in Arizona, creating thousands of residences with very affordable rents. There are currently 248 LIHTC units developed in Cottonwood in four separate projects.

LIHTC programs offer developers marketable federal tax credits if they agree to build and operate rental housing developments at affordable rates for a specified number of years. The typical minimum is 15 years with additional incentives for a 15 year extension. For developers willing to work through the lengthy grant process there can be profitable rewards; however, the process is very involved and most LIHTC development groups also have additional project interests related to providing affordable housing.

Cities can work with LIHTC developers to support local zoning changes and general assistance to help encourage such developments. There are four housing developments currently operating in Cottonwood under the LIHTC program. Any future projects would be up to a builder/developer to initiate, although the city can assist by providing supportive policies.

- Identify and establish local incentives to encourage new LIHTC projects.
- At the end of the subsidized rental period conversion to condominium housing could be encouraged as this supports homeownership goals.
- Encourage programs to incorporate energy-efficient and resource-conserving design features with LIHTC projects. Additional federal incentives may apply for such long-term cost saving improvements.



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e. Home Plus Program.

The Home Plus program was established by the Arizona Housing Finance Authority (AzHFA) to assist qualified homebuyers. The Home Plus program couples a first mortgage loan with downpayment/closing cost assistance of 4% of the loan amount. The downpayment assistance is a grant that does not have to be repaid. The AzHFA also offers a Mortgage Credit Certificate (MCC) program for qualified, first-time homebuyers. The MCC provides a federal income tax credit for part of the interest paid annually on the borrower's first mortgage loan.

f. CDBG Programs.

The Community Development Block Grant provides a Federal funding source from HUD through the Arizona Department of Housing with distributions to Cottonwood assisted by NACOG on a four-year cycle. Each community is limited to one application per grant cycle so overall program priorities need to be considered in the project selection. All CDBG projects must meet strict guidelines for eligibility based on national and state criteria. Typically, projects are limited to low to moderate income populations, or elderly, disabled or other special needs populations. There are some housing related options for CDBG funding, including housing rehabilitation:

Housing Rehabilitation

Housing Rehabilitation programs are typically administered by a city or qualified non-profit agency. Owner-occupied residents then apply to the managing agency when funds are available. Housing rehabilitation grant programs can help low-income homeowners, who may be elderly, disabled or living on public assistance, to be able to retain ownership of their homes when there are major structural repair needs, such as roof or foundation repair. Typically requires an ongoing management commitment to accomplish the application review process, construction process and case management duties.

g. NACOG Programs.

Northern Arizona Council of Governments (NACOG) provides some programs directly to cities, developers and the public, and other funding that comes from state or federal sources through the Arizona Department of Housing (ADOH). The programs described in this plan are those available at the time this plan was developed and may be subject to change. As these programs and funding availability change from time to time, it would be recommended to periodically check on the availability. When available, these programs serve applicants who meet certain qualifications that are reviewed by NACOG through an application process.

Homeownership Programs

NACOG provides counseling and education services in various aspects of housing and homeownership including mortgage delinquency, home purchase, budgeting and fair housing. NACOG staff provides referral information for applicable services as available.

Home Weatherization Assistance Programs

NACOG Weatherization provides cost effective, energy saving weatherization services to low-moderate income families throughout Yavapai County in order to reduce their utility bills and carbon foot print. This is a free service for qualified applicants. Qualification is based on household gross annual income.

NACOG weatherization staff will perform a comprehensive energy audit on your home that includes a complete health and safety diagnostics of your combustion appliances (HVAC, water heater, range) and a pressure diagnostics / pressure balance test. Depending upon the test data obtained and funding availability, some or all of the services listed below may be provided.



NACOG Home Weatherization Projects

- HVAC repair or replacement. Water heater repair or replacement. Refrigerator repair or replacement. Repair of forced air duct systems.
- Repair or replacement of evaporative cooler. Insect screen repair or replacement for proper evaporative cooler function.
- Insulate or increase insulation of attic and/or floor
- Air sealing including weather-stripping and caulking.
- Manufacture and installation of storm windows. Repair of broken glass. Repair or replacement of doors.
- Minor roof patching and reflective coating.
- Manufacture and installation of shade screening at lower elevations.

h. Single Room Occupancy Program (SRO) – Public Housing Authorities.

Cottonwood does not have a Public Housing Authority so this program would not currently be available but it is worth noting as it illustrates a potential benefit of a PHA. The SRO Program is a HUD program that operates in association with Public Housing Authorities to provide rental assistance for homeless persons in connection with the moderate rehabilitation of SRO dwellings. SRO housing contains units for occupancy by one person.

The Single Room Occupancy (SRO) program is authorized by Section 441 of the McKinney-Vento Homeless Assistance Act. Under the program, HUD enters into Annual Contributions Contracts with Public Housing Agencies (PHAs) in connection with the moderate rehabilitation of residential properties that, when rehabilitation is completed, will contain multiple single room dwelling units. These PHAs make Section 8 rental assistance payments to participating owners (i.e., landlords) on behalf of homeless individuals who rent the rehabilitated dwellings. The rental assistance payments cover the difference between a portion of the tenant's income (normally 30%) and the unit's rent, which must be within the fair market rent (FMR) established by HUD.

Rental assistance for (PHA) SRO units is provided for a period of 10 years. Owners are compensated for the cost of some of the rehabilitation (as well as the other costs of owning and maintaining the property) through the rental assistance payments. The SRO units can also be developed by converting existing buildings, such apartments, motels or existing larger home.

4. SPECIAL NEEDS HOUSING

a. Senior Housing.

Cottonwood has one in four residents (26%) that are 65 years of age or older compared to the state average of about one in eight people (14%) 65 or older. An aging population tends to need a range of housing opportunities, from independent living units to semi-independent assisted living homes to full time nursing care facilities.

b. Assisted Living Facilities.

Assisted Living Facilities licensed by the Arizona Department of Health Services (ADHS) are intended for residents who need some degree of basic assistance with life chores. Such facilities range from smaller private homes with a few residents to larger facilities operated with full time staff. Assisted living facilities can be operated to provide opportunities for elderly residents but they can also be set up to serve people with various disabilities and life challenges.



c. Persons with Physical Disabilities.

Universal Access Design should be incorporated into all types of housing projects so that people with physical disabilities may integrate more easily into the general population. A wide range of conditions are associated with physical disabilities. Most people with disabilities live independently in a world filled with barriers. For persons with more severe disabilities, there is a need for program emphasis on caregiver management. Housing needs may be defined by specific rehabilitation efforts to address access in their own homes rather than having separate facilities for groups of disabled people. Severe physical disability cases that require ongoing care are often located in managed care facilities but may be in retrofitted home environments as well.

d. Persons with Developmental Disabilities.

There are a number of group homes for the developmentally disabled in the Cottonwood area. These types of home-based facilities typically are integrated into neighborhood locations. Fair Housing Act regulations permit certain types of group homes to be located within any zoning district that otherwise permits residential homes. Housing for persons with more serious cases of mental or behavioral health challenges may be classified as medical facilities for zoning purposes and therefore would be limited to certain institutional settings.

e. Transitional Housing.

Transitional homes are intended to give people who lack stable, permanent housing a better opportunity to get back on their feet. Programs tend to focus on the most at-risk homeless populations, including families with young children, single mothers and women. Such facilities are generally operated by an agency that provides a structured program, employment counseling and case management services. Transitional housing is usually set up to provide either a six month or two-year maximum stay. Case management is a necessary part of operating transitional housing. Residents are given an opportunity to secure employment and permanent housing within that time frame.

f. Emergency Shelters.

Emergency shelters can have a number of formats. Homeless shelters may provide dormitory-type facilities operated for overnight stays for people in crisis. There are also temporary emergency shelter formats that allow the use to be implemented on short notice at a church and other type of facility so as to respond to seasonal, weather-related or other conditions. Another type of emergency shelter is usually limited to families with children, single parents, unaccompanied youth, pregnant women or victims of domestic abuse. Those specialized facilities may allow longer stays of up to two weeks or several months to allow clients time to find permanent housing.

g. Women and Children.

The Verde Valley Sanctuary operates a facility in the region for women and their children who are victims of domestic violence or abuse. Referring agencies have the ability to direct those in need to such facilities.

h. Other Specialized Needs Housing Types.

There has been a trend is to locate people with unique special needs in housing facilities with others with related conditions so as to benefit from coordinated treatment programs. Group homes for residents with autism or Alzheimer's are examples. Other examples include group homes for people with head trauma or other specific medical conditions to allow coordinated treatment within a supportive environment where the patient may stay for an extended period.



5. COTTONWOOD ZONING ORDINANCE AMENDMENTS

Potential amendments to the zoning ordinance could help provide more options for housing. Any proposal would require thorough evaluation, public notification and input, and public hearings through the Planning and Zoning Commission and City Council prior to adoption.

a. **Small Lot Zoning Standards.**

The smallest standard lot size allowed in Cottonwood for new development is the R-1, Single-Family Residential Zoning District, which requires a minimum 7,500 square foot lot size. PAD Zoning allows flexibility with lot sizes and setbacks when part of a comprehensive development proposal; however, there are a number of requirements and conditions that must be met to allow PAD Zoning. Due to these other requirements for open space, common amenities, and infrastructure improvements, the PAD Zoning does not provide specific solutions for small-scale development.

Generally when you reduce a single-family residential lot size to 5,000 square feet or less there will be other considerations that must be addressed, such as building size, setbacks, driveway length, parking locations, on-street parking, and usable outdoor space. These concerns could be addressed through more detailed design-based standards that are written into the zoning ordinance.

Small lot development needs to pay special attention to the general character and quality of neighborhood values. The feeling of crowding or loss of privacy is a common concern associated with more compact development. This can be mitigated through specific, clearly defined, design-based standards. Interconnected sidewalks and pathways, front porches, rear-loaded alleys, driveway and garage setbacks, narrow street design standards, traffic calming techniques, open space and park requirements, careful window placement between adjoining homes, proximity to public transit, access to trail and bikeway networks, and similar issues should be considered when defining a successful small lot development.

To be successful, small-lot compact development should be approached through a comprehensive program that includes a higher quality of design enhancements. For smaller infill developments the design emphasis is placed on the quality of individual lots, the details of street design and the connectivity to the surrounding area. With careful attention to specific design-based standards, it is possible to encourage infill development projects that allow smaller lots and reduced street widths. This can translate into a higher quality, cost-effective and potentially more affordable project due to proportionate reductions in land and infrastructure costs.

b. **Accessory Dwelling Units.**

Also known as: Accessory Living Quarters, Secondary Units, Granny Flats and Mother-In-Law Units.

An accessory dwelling unit (ADU) may be intended for use by a family member or close friend but they should also be able to be rented out as a separate, smaller dwelling unit. Traditionally, such independent units were set up for a parent or grandparent, hence the term “granny flat.” The occupant could have independence while also being close to the family. These days such units are often developed for use by a younger family member or non-family occupant. This type of housing provides an attractive, affordable option for many people. The criteria should be defined to address various physical impacts, such as overall size, placement, entries and parking availability.

Proposed Criteria for Accessory Dwelling Units:

- Limit total size of secondary unit and require it to be subordinate to main dwelling.
- Allow as attached or detached unit, provided setbacks and building codes are addressed.
- Allow as a guest unit or separate rental unit.



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c. Mixed Use Zoning.

Cottonwood has a well-established tradition of allowing residential units within commercial districts and in association with non-residential uses. This traditional arrangement where residences were located above or behind ground floor shops and offices is understood as contributing to a lively and active city. The mix of residential and commercial uses can form a positive relationship that benefits each by providing convenient services for residents and customers for businesses. Residential units can also be considered in light industrial areas under certain conditions. Residential units in commercial areas should have well-established criteria:

- Ensure adequate parking for residential use, such as a dedicated parking space or garage.
- Evaluate need for private outdoor space, such as fenced patio or rooftop deck.

d. Single Room Occupancy (SRO) – Multi-Unit Residential Development.

In addition to the HUD SRO Program operated in association with a Public Housing Agency, there are private SRO housing projects which also can address the space and economic needs of a segment of the population. SRO developments are defined as multi-unit apartments or townhomes comprised of single-bedroom, studio-type units that are intended for occupancy by only one person. In some cases these projects have been designed and managed for low income residents; however, there are examples of successful higher end projects. Typically only one parking space per unit is required. SRO's have been successfully integrated into downtown pedestrian-oriented areas in a number of cities and could be appropriate for redevelopment projects. These types of developments may offer additional managed common areas and shared amenities, such as meeting rooms, attractive laundry facilities and common recreation facilities.

e. Live-Work Development.

Successful urban renewal projects in many cities have been led by entrepreneurs, start-up businesses, artists, crafts persons, high tech businesses and similar uses that convert existing commercial and industrial buildings into live-work type developments. There are also examples of new “loft” style housing developments that allow a mix of residential and commercial activity with larger open floor plans. Higher ceilings, overhead doors, loading docks, lots of natural light and generally open shell space floor plans have proven to be highly popular by people attracted to the benefits of being able to live and work in interesting, creative spaces. Over the past decade attractive live/work projects have been developed in Phoenix, Tempe, Tucson and Glendale, for example, and they are credited with providing a major contribution to the overall downtown revitalization efforts in those cities.

6. ECONOMIC DEVELOPMENT / HOUSING COORDINATION

Supporting opportunities for homeownership is an important component of a long-term sustainable housing strategy for Cottonwood. The underlying issue may have more to do with having good paying jobs, education and training opportunities, and an attractive, safe, healthy community; however, there are some programs that can be considered in support of homeownership goals:

a. Workforce Housing.

The community's workforce is made up of a broad range of categories of working people who keep the community functioning and who define the quality of life here. When teachers, firefighters, police, nurses, small business owners, office managers, and a range of skilled technical workers cannot afford decent, basic housing for themselves and their families, it puts the future well-being of the community at risk. It is a concern when working people with solid professional and skilled positions fall into the low or low-to-moderate income levels and they cannot afford decent housing for their families.



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Most of the programs to assist people with workforce homeownership goals are geared to those working people who fall into the low (80% below AMI) or low-to-moderate (80%-120% AMI) levels. Median income is defined as the point at which half the households are higher and half are lower. The AMI is adjusted based on household size and other determinants.

Successful workforce development programs are geared towards a multi-level approach that includes entry level opportunities, training programs and a chance for advancement up the ladder. At each step from basic service industry jobs through entry level skilled jobs on up through middle and upper management jobs there is need to provide affordable housing opportunities. Affordable housing goals are relative to the needs of each level of income in the workforce from low to moderate to high incomes. Workforce housing programs can address the diversity of needs by providing a variety of housing types and programs.

b. First Time Homebuyer Programs.

In the past, first time homebuyers programs for qualified working people included down payment assistance grants and lower interest rates. If lenders are currently unable to provide these programs for various reasons, then other sources could be sought to assist first time homebuyers, such as grant or loan pools linked to job creation and local economic development initiatives.

c. Homebuyer Education Programs.

Assistance from private sector sources is invaluable for housing-related education and counseling programs; however, the ongoing administration of this type of program could also benefit with support from a non-profit organization and/or government agency. Private organizations, such as real estate associations, mortgage lenders, banks and business groups have helped to provide homebuyer fairs and free counseling services. Homebuyer training workshops usually include a thorough program of classroom instruction. Topics covered typically include personal budgeting, credit history, lending products, real estate programs and procedures, and other aspects of the home buying process.

d. Executive-Level Housing Opportunities.

In the interest of attracting high quality businesses and job development opportunities to Cottonwood, it is considered invaluable to have attractive, executive-level housing available. The City supports development proposals that include features intended to fulfill these objectives.

e. Conservation and Energy-Efficiency Programs.

Conservation and energy-efficiency programs, such as home weatherization programs, help people to save money and conserve resources. However, programs can go farther by providing home audits, design assistance and a more comprehensive approach to long-range conditions.

Design techniques and attention to basic principles have proven cost-effective and should be considered important tools to help people lower monthly costs. Energy efficient design, passive solar design, green building programs, home weatherization, water conservation measures, native landscaping for shade, and other techniques should be the standard rather than the special exception.

- Consider establishing multi-agency stakeholder task force for regional and long-range sustainability issues and solutions, including housing related topics.
- Work cooperatively to develop a blueprint for regional sustainability.
- Develop related educational programs.
- Support model projects, such as low water and native landscaping projects, green building projects, and related school projects.



f. Volunteer and Sweat Equity Programs

Habitat for Humanity has taken the lead with community-based volunteer programs to build awareness of housing needs and assist low income families with obtaining decent affordable housing. They are able to construct new homes at reduced cost for qualified families with material and labor donations.

Other examples could include partnerships between local government and community groups, such as Habitat for Humanity. Such partnerships can involve organizing annual community housing events that bring together volunteers to build awareness of housing issues, as much as to build and rehabilitate homes for people in need. Such events can be designed to work on one project or a series of smaller projects in a neighborhood or throughout the city.

- Support non-profit, community-based programs that assist individuals and families with development of decent, affordable housing.
- Support community-wide volunteer events that help with home repair or weatherization projects for low income residents, seniors or people in need of assistance.
- Provide City support for periodic neighborhood clean-up events.
- Encourage construction waste material recycling and salvage programs.



G. GOALS AND OBJECTIVES - Housing

GOAL 10-1 PROVIDE A COMPREHENSIVE APPROACH TO ADDRESSING HOUSING NEEDS IN THE COMMUNITY.

- Objective 10-1. A** Support a multi-level approach for housing that includes emergency and transitional housing, special needs housing, first time homebuyers programs, workforce housing, owner-occupied housing rehabilitation programs, senior housing, multi-unit, single-family and manufactured housing opportunities.
- Objective 10-1. B** Consider working with nonprofit organizations to acquire and rehabilitate residential rental units for resale to first-time and low-moderate income households.
- Objective 10-1. C** Support opportunities for manufactured housing in appropriate locations.
- Objective 10-1. D** As a component of a comprehensive economic development program, support land use and zoning decisions that provide opportunities for executive level housing.
- Objective 10-1. E** Continue enforcement of the city's Residential Rental Maintenance Code, as permitted by state statute.

GOAL 10-2 SUPPORT A REGIONAL, MULTI-AGENCY APPROACH FOR COORDINATION AND IMPLEMENTATION OF HOUSING PROGRAMS.

- Objective 10-2. A** Support regional programs with other jurisdictions, agencies and organizations to plan and implement housing goals.
- Objective 10-2. B** Evaluate and if feasible, provide support for the establishment of a regional non-profit housing organization, such as a Community Housing Development Organization (CHDO).
- Objective 10-2. C** Encourage ongoing communication and interaction between agencies, elected officials, staff and the public regarding housing issues.

GOAL 10-3 SUPPORT HOUSING OPPORTUNITIES FOR SPECIAL NEEDS AND NON-TRADITIONAL POPULATIONS.

- Objective 10-3. A** Support senior/elderly housing options, including independent living developments, nursing homes, assisted care homes integrated into neighborhoods, and other effective formats.
- Objective 10-3. B** Survey senior/elderly housing developers and providers so as to identify facility and affordability gaps. Periodically update information regarding available programs and resources for senior housing. Work with developers and providers of senior/elderly housing to identify appropriate locations for senior housing.
- Objective 10-3. C** Support federal and state funded, owner-occupied housing rehabilitation assistance programs that benefit, low income, senior/elderly and disabled persons households.
- Objective 10-3. D** Support efforts by local groups providing emergency and transitional housing programs in appropriate locations for at-risk populations.
- Objective 10-3. E** Support housing programs and opportunities for various types of special needs housing, including persons with disabilities and persons with developmental disabilities.



GOAL 10-4 COORDINATE ECONOMIC DEVELOPMENT PROGRAMS WITH HOUSING POLICIES AND ACTIONS.

Objective 10-4. A Identify and work to implement common goals related to both housing and economic development.

Objective 10-4. B Identify mechanisms and resources to ensure housing is available to attract and retain a stable employment base within the City of Cottonwood, and promote employer-assisted housing opportunities.

Objective 10-4. C Survey major employers in Cottonwood, including medical care, education, manufacturing, retail, government and other sectors, to determine qualifications and interest in participating in employer-assisted or “workforce” housing programs.

GOAL 10-5 SUPPORT EXPANDED HOMEOWNERSHIP OPPORTUNITIES.

Objective 10-5. A Work with local, state and federal agencies, as well as private organizations, that offer homeownership education, counseling services and financial resources, and help promote any programs offered locally.

Objective 10-5. B Support incentives, policies and resources to provide homeownership opportunities for Cottonwood residents, including low-moderate income households.

Objective 10-5. C Consider participation in the creation of a regional housing trust fund to assist qualified individuals and households in the purchase of housing.

GOAL 10-6 SUPPORT EFFORTS TO IMPROVE ENERGY EFFICIENCY AND GREEN BUILDING FEATURES IN NEW AND EXISTING HOUSING.

Objective 10-6. A Identify and amend any related City codes and ordinances that create barriers to implementation of alternative building methods or use of materials that provide energy-efficiency benefits, use local resources, lower waste and provide related cost savings.

Objective 10-6. B Support home weatherization assistance programs that provide home energy audits and grants to qualified home owners, including those that offer assistance with materials and installation of energy saving improvements.