

# CITY OF PRESCOTT ARIZONA

## FY2015 - 2020 HUD CONSOLIDATED PLAN CITIZEN SUMMARY

### What is the Consolidated Plan?

The Five-Year Consolidated Plan provides the framework for the use of Community Development Block Grant (CDBG) funding received by the City of Prescott from the US Department of Housing and Urban Development (HUD) for the five-year period beginning July 1, 2015 and ending June 30, 2020. The FY 2015-16 CDBG allocation is \$234,142. CDBG funds must be used to benefit low and moderate income households and neighborhoods. Eligible CDBG activities fall into three broad categories:

1. Community Revitalization, Public Services and Facilities.
2. Human Services and Economic Opportunities.
3. Decent Affordable Housing.



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### City of Prescott Community Development Department and Citizens Advisory Committee

The City of Prescott Community Development Department is the “lead agency” for the Consolidated Plan. The Community Development Department works with a Citizens Advisory Committee (CAC). The CAC is a 7-member advisory body that plays an important role in Consolidated Planning activities, making recommendations to the City Council on 5-year priorities and annual CDBG activities.

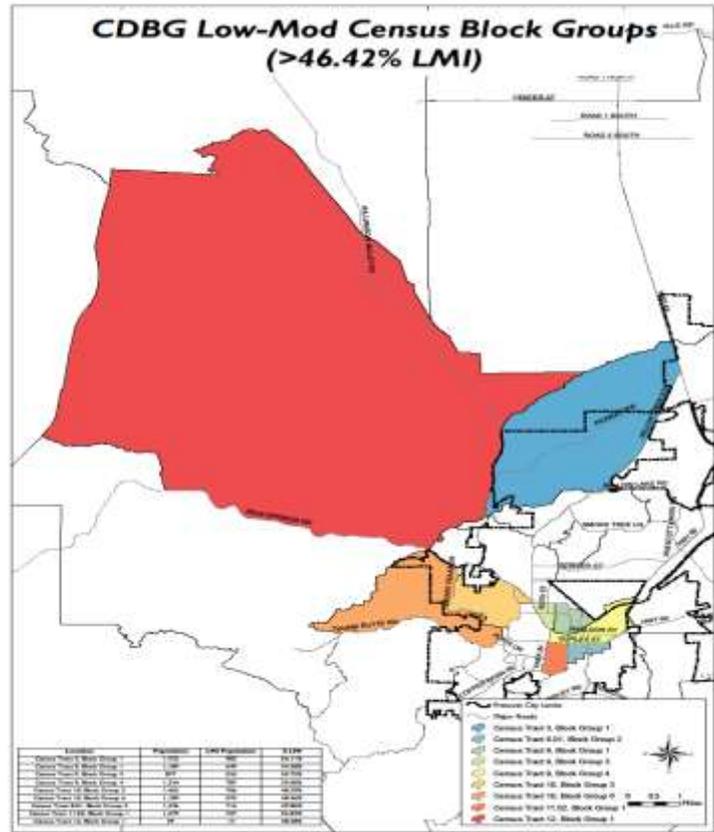
| 5-year Consolidated Plan Goals                                  |                    |                |               |
|---|--------------------|----------------|---------------|
| Activity  | Special Population | Priority Level | 5-year Goal   |
| <b>Revitalization, Public Facilities &amp; Infrastructure</b>   |                    |                |               |
| Facilities & Infrastructure in Target Areas                     |                    | High           | 4,700 people  |
| Facilities & Infrastructure for Housing                         | X                  | High           | 220 people    |
| <b>Public/Human Services &amp; Economic Opportunities</b>       |                    |                |               |
| Services to Meet Basic Needs                                    | X                  | High           | 400 people    |
| Support Services & Shelter for People Experiencing Homelessness | X                  | High           | 100 people    |
| <b>Homelessness</b>   |                    |                |               |
| Add Emergency Shelter & Transitional Housing Beds               | X                  | Low            | 20 beds       |
| <b>Decent Affordable Housing</b>                                |                    |                |               |
| Owner-occupied Housing Unit Rehabilitation                      | X                  | High           | 50 units      |
| Direct Assistance to 1 <sup>st</sup> -time Homebuyers           |                    | Low            | 10 households |

## GEOGRAPHIC TARGET AREAS

Community Development Target Areas are a HUD term for areas where at least 51% of the population in a Census Block Group is low and moderate income (LMI). However, Prescott is an “exception” community and at least 46.42% of the population in a Census Block Group must be LMI for the area to be considered. The City identified nine Census Block Groups that meet the 46.42% low-mod exception. There are 10,547 households in these block groups:

- 5,681 (53.86%) are low-mod;
- 1,376 (13%) are Hispanic; and
- 1,310 (12%) are minorities.

In general, CDBG facilities and infrastructure funding will be targeted to these areas. In the event that activities are proposed in an area that does not meet the exception criteria, a special survey will be conducted to ensure the activity meets CDBG requirements.



### 5-year Community Development & Revitalization Strategies

The City will invest CDBG funding in facilities and infrastructure to improve neighborhoods and support the development of in-fill housing affordable to a range of households.

In addition to specific neighborhood revitalization strategies, the City will continue to:

- Implement Section 3 and Davis-Bacon regulations to promote employment opportunities for low-income Prescott residents and ensure compliance with federal requirements.
- Encourage the involvement of Minority and Women-owned Business Enterprises in CDBG-funded activities.
- Sponsor fair housing activities to better serve the citizens of Prescott.

### Community Development & Revitalization Opportunities

The City’s central CDBG goal is to focus resources on community needs, including the revitalization of earlier neighborhoods and ensuring a balance of employment and housing options for all socio-economic segments of the population.

The City’s General Plan supports a framework of local policies that can significantly and positively impact neighborhoods and address employment and housing needs of low-mod residents. Public facility and infrastructure priorities are guided by the City’s General Plan and Capital Improvement Program.

Prescott’s earlier neighborhoods are rich with different architectural styles, historic landscaping and structures significant to Prescott’s heritage. Infill construction and renovation in existing structures can provide medium density residential opportunities close to work and services in the downtown area. In some areas, opportunities for moderately-affordable housing exist. Adaptive re-use of historic buildings is one possible strategy to encourage historic preservation and attain housing affordability. Prescott’s earlier neighborhoods would also benefit from strategic investment of CDBG resources in infrastructure. Potential projects include paving streets, replacing water mains, and storm water and ADA accessibility improvements.

## SOCIO-ECONOMIC PROFILE

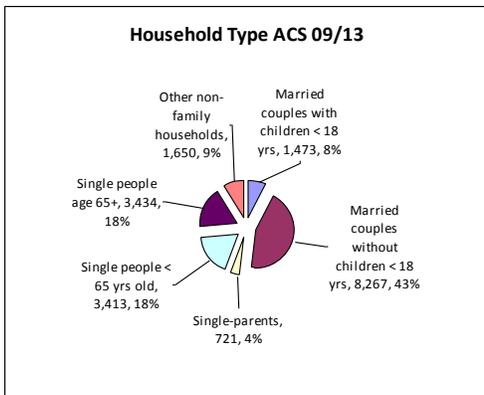
### Population

As the economy continues to improve after the Great Recession, opportunities for growth will reemerge. Still, natural growth – about 1.5% annually is anticipated through 2020. Population will grow 9.8% to 44,397 and households will grow 12% to 21,141 households, based on average household size of 2.1 people.

### 79% of Households are Married Couples without Children or a Single-person

Prescott is a retirement destination and four of ten (43%) households consist of a married couple without children under age 18 years.

Single-person households are the next most prevalent household type (36%). In 2013, there were 6,847 single person households in Prescott and half are a person age 65 or older.

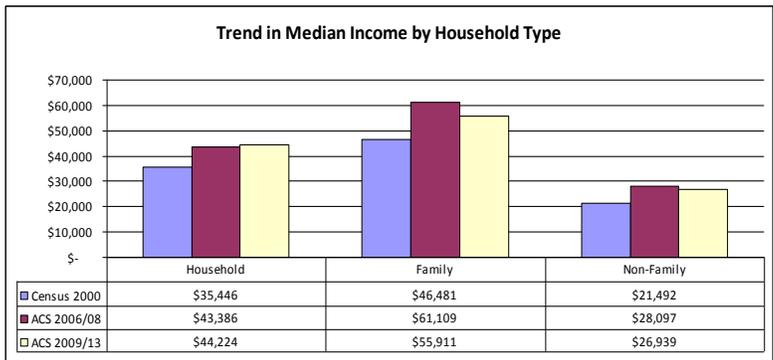


### Prescott Median Income

Median income is the measure by which the housing and community development industry identifies low and moderate income households that may be eligible for assistance. Median income includes income from employment and income from other sources such as investments, retirement and public assistance.

In 2013, Prescott’s median household income was \$44,224, median family income was \$55,911 and median non-family income was \$26,939. From 2000 to 2013, median household income and median non-family household income grew 25%, while median family income grew 20%.

The median income of homeowners (\$52,506) is nearly double the median income of renters (\$26,490).



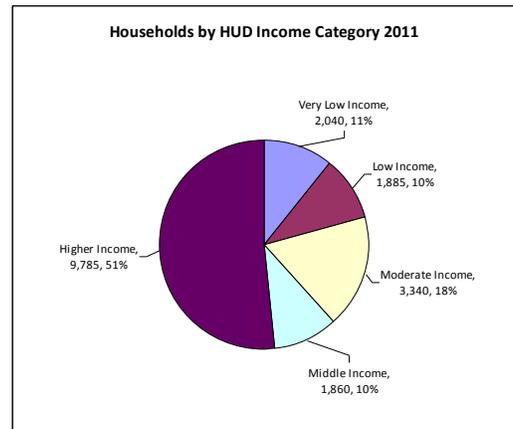
### Income from Earnings Growing Slower than Other Sources

One-half of Prescott households receive social security income and one-third also receives retirement income. Average social security income increased 57% from 2000 to 2013 and average retirement income increased 32%. During the same period, average income from earnings increased 22%.

### 7,265 Low and Moderate Income Households

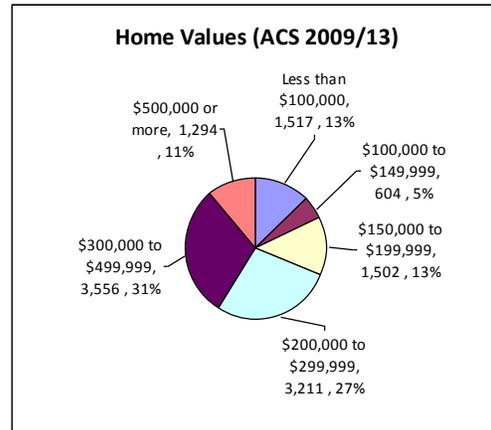
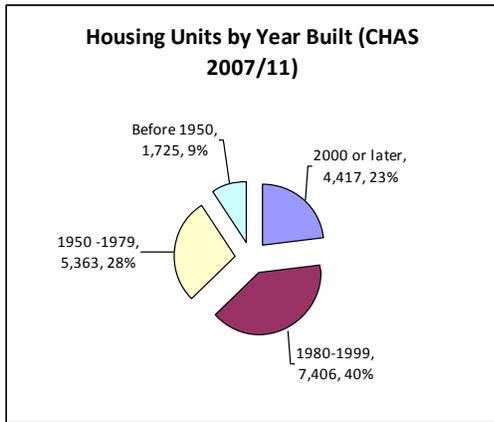
A low and moderate income household is one with income less than 80% of the area median income (AMI) adjusted for household size. A low and moderate income household is generally considered eligible for HUD assistance although income is only one factor in eligibility. In 2011, there were 7,265 Low-Mod households, including:

- 2,040 extremely low-income (less than 30% AMI).
- 1,885 low-income (30-50% AMI).
- 3,340 moderate income (50-80% AMI).



## THE HOUSING MARKET

- Two-thirds of housing units are single-family detached units with 3 or more bedrooms. The majority of these units are owner occupied; many by single people over the age of 65 years.
- Single-family permit applications are increasing, indicating that high-end single family residential development in low density, large lot subdivisions located predominately away from the City center is resuming.
- More than 7,000 housing units were built before 1980.
- 910 households with children under age 6 occupy pre-1980 housing units and are at risk of lead poisoning. The Arizona Department of Health Services has identified the 86301 zip code as a “high-risk” zip code.
- After decreasing for four years, sales prices began increasing in 2011. The 2013 median sales price of \$247,700 is 85% of the 2007 median sales price, when prices were at their peak.
- A Prescott renter with the median renter income of \$26,490 could afford to purchase a home valued at \$118,740. 30% of the quad-city region’s most affordable homes are in the City of Prescott.



- Revitalization strategies are essential to ensuring a long-term supply of housing for a range of households.
- More than one source of income is needed to purchase a median value home or rent a median-priced rental unit.
- Employees in growing occupations – retail sales, personal care aides, and cashiers - will continue to face housing affordability challenges due to limited earnings potential in these occupations.
- Renters have more housing affordability problems. 4,645 low-mod households pay more than 30% of income for housing costs, including one half of (1,630) low-mod owners and eight of ten (3,015) low-mod renters.
- Renters are twice as likely as owners to live in housing that is defined by HUD as either overcrowded or substandard. While Prescott has a relatively high homeownership rate, nearly 50% of renters occupy pre-1980 housing units.
- From 2000 to 2013, rents increased at 1.5 times the rate of income (35% v 23%).
- More than half of the quad-city region’s affordable rental units are located in Prescott, yet there is not enough rental housing to meet the needs of low income renters (income less than \$20,000/year) who are paying 50% of more of their income for housing costs - 621 units renting for less than \$500/month are needed for these renters; 1,666 units are needed regionally.

### 5-year Housing Goals and Strategies

1. Improve neighborhood conditions and living conditions for low and moderate income homeowners through housing rehabilitation, emergency repairs and disability accessibility improvements.
2. Increase the homeownership rate through down-payment assistance to first-time homebuyers.
3. Improve neighborhood conditions and eliminate blight through development of infill housing units for home buyers and renters.
4. Continue to remediate lead hazards in rehabilitation projects and provide lead paint hazard information to program participants and the general public.

## HOMELESS PEOPLE AND PEOPLE WITH SPECIAL NEEDS

Homeless people and people with special needs have layered, complex needs that demand broad strategies and resources to be effectively addressed. The City may use CDBG funds to support nonprofit agencies that provide services to vulnerable people.

- Homeless People. According to the Arizona Department of Housing (ADOH), two point-in-time counts were conducted in Prescott in 2014 – a sheltered count in January and an unsheltered count in August. The sheltered count revealed 279 sheltered individuals, not including Veterans receiving rental housing assistance, and the point-in-time unsheltered count revealed 46 unsheltered individuals in Prescott. The Prescott Unified School District reported 59 homeless children voluntarily participating in the district’s programs for homeless children.

Some homeless people need limited assistance in order to regain permanent housing and self-sufficiency. Others, especially people who also have special needs, require extensive and long-term support.

- Elderly and Frail Elderly People. Eight of ten elderly and frail elderly households own their home. There are 1,580 Prescott low-mod households with at least one person age 62-74 and 1,650 with at least one person age 75+ (frail elderly). 965 elderly and frail elderly owners have housing problems, as do 855 low-mod elderly and frail elderly renters.
- People with Disabilities. 17.2% of the Prescott population has a disability, more than half (55%) are over the age of 65. The unemployment rate for people with disabilities is nearly double that for the non-disabled population and many have unrealized potential that results from inadequate economic and social supports.
- Victims of Domestic Violence. In FY2014, Valley Youth Organization – Stepping Stones, which is located in Prescott Valley, provided 2,875 bed nights of shelter to 93 people, including 65 adults and 28 children. The organization provided 4,008 hours of support services and reported taking 327 hotline and information and referral calls.

- People Living With HIV/AIDS. The 2014 Arizona Statewide Needs Assessment for People Living with HIV/AIDS identified support groups, housing assistance, mental health services, and emergency financial assistance as the top ranked needs. 75% of people living with HIV/AIDS in Northern Arizona are Medicaid eligible.
- People with Severe Mental Illness (SMI). According to the Arizona Department of Health Services FY 2014 Annual Report, the majority of enrolled SMI individuals receive case management, rehabilitation, medical and pharmacy services. About 1/3 of enrolled SMI individuals receive supported employment and living skills training. Many SMI individuals are not employed and receive SSI; individuals with a qualifying disability may receive SSDI. Individuals with serious mental illness are particularly vulnerable to homelessness as there are insufficient permanent supportive housing units available.
- People with Alcohol/Other Drug Addictions. The abuse of and/or addiction to alcohol or other substances interferes with the ability to function on a day-to-day basis. Alcohol and drug addictions often result in challenges maintaining employment and healthy social and family interactions. The City of Prescott is served by the Northern Arizona Behavioral Health Authority (NAHRBA), which serves Yavapai, Coconino, Apache, Mohave and Navajo Counties. ADHS reports 24% of substance abuse clients had a co-occurring General Mental Health Disorder and another 24% had a Serious Mental Illness.
- Public Housing Residents. The City of Prescott does not own or operate public housing.

## MEETING THE NEEDS OF HOMELESS PEOPLE, PEOPLE WITH SPECIAL NEEDS AND REDUCING THE INCIDENCE OF POVERTY

### 5-year Strategies to Address Homelessness, Assist People with Special Needs, and Reduce the Incidence of Poverty

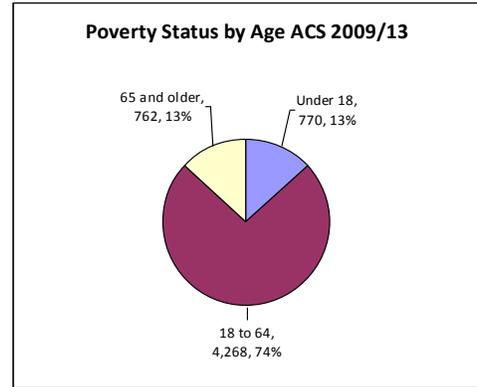
- Support the development of supportive rental housing.
- Fund agencies that will:
  - Meet the basic needs of low and moderate income individuals and alleviate the effects of crisis through safe housing, food, clothing, and other necessities.
  - Provide emergency lodging for homeless individuals and families.
  - Add emergency and transitional housing beds for people experiencing homelessness.

### 5,800 Prescott Residents Live below the Poverty Level

15.1% of Prescott’s population lives below the poverty level, with the highest rate among adults age 18 to 64. More than one-third of single-parent female-headed households live in poverty.

Of people living in poverty, 13% are children, 13% are seniors and the remaining 74%

are working-age adults. Many working age adults in poverty are those with young children and those with disabilities whose earning potential is limited. Of the 4,268 adults living in poverty, 1,032 worked at least part-time in the last year, 486 worked full-time year-round and 427 received supplemental security income.



### What are Human Services?

Human services are the benefits and facilities that improve the life and living conditions of people. While usually directed to people who are poor, are elderly or have disabilities, all residents can benefit from human services programs and systems such as:

- Education and recreation programs.
- Job skills development programs.
- Assistance finding employment.
- Physical and mental health services.
- Shelter and rental assistance.
- Food and clothing.
- Transportation services.

### Economic Opportunities

Over the last two decades, the City has successfully garnered a substantial share of regional retail, manufacturing and business development. Growth projected for the region will create additional demand for businesses and services to serve the growing population. In addition to the availability of goods and services, that population will need quality, higher paying jobs to sustain a high standard of living.

While the City works to create a favorable business climate, both Yavapai College and the local Workforce Investment Board (LWIB) analyze labor market information to ensure that education and training opportunities meet the needs of business. The LWIB has embraced the process of Sector Strategies, with focus on developing strategies for the healthcare, energy, viticulture and manufacturing sectors. The overall goal of sector strategies is to create wealth, grow businesses, increase regional competitiveness, and create jobs.

The Quad-City Arizona Area Labor Availability Report was completed in 2010 to determine the availability of workers in the area. The study indicated that there are about 6,600 unemployed workers actively seeking work and 7,100 unemployed workers working at jobs below their skill and qualification levels.

Underemployment can be mitigated through business attraction, retention, and expansion, providing jobs requiring higher education and skills. Inadequate training can be addressed by educational institutions and employers working together to improve workforce development and providing skill preparation programs.

## ORGANIZATIONAL STRUCTURE AND STRATEGIES TO IMPROVE THE SYSTEM

### Other HUD Required Consolidated Plan Elements

In addition to establishing goals related to the use of CDBG funds, the City has established HUD-required strategies to address lead-based paint hazards, reduce the incidence of poverty, and assess barriers to affordable housing development. The City has also developed HUD-required program monitoring, and Minority- and Women Owned Business Enterprise Policies.

### Strengthening the Delivery System through Institutional Structure Strategies

The high cost of permanent housing impacts the ability of households to maintain decent, safe and sanitary housing. Additional permanent affordable and supportive housing with appropriate services are needed; this housing may be regional. Efforts to reduce the cost of housing or develop permanent affordable housing may be implemented, including an examination of incentives and methods to encourage affordable housing development and investment of CDBG resources in owner-occupied housing rehabilitation, home purchase assistance, and infrastructure in support of housing development.

The Citizens Advisory Committee plans to review the annual funding process and examine methods for improving the range of organizations that apply for and receive CDBG funds while ensuring that resources reach as many households and neighborhoods as possible.

### City of Prescott City Council

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