



# 5. HOUSING ELEMENT

The General Plan's Housing Element examines housing availability and affordability in the city and in adjacent areas and establishes policies intended to help accomplish local objectives related to housing. The element provides a conceptual framework to meet the projected housing needs of the community. It also includes discussion of the key issues facing the community, goals and objectives and an Action Plan with proposed projects designed to improve housing availability and affordability in the community. Related goals and objectives act as guidelines for City Staff, the Planning and Zoning Commission and City Council when considering housing proposals within the City.

## A. VISION AND FOCUS

The availability and variety of quality housing in different cost ranges are critical to the economic vitality and diversity of a community. The City of Cottonwood Housing Strategy, adopted by City Council on March 19, 2002, presents a profile of the community and defines actions that may be taken by local elected officials in cooperation with the private sector and other levels of government. These actions further economic and community development efforts, assist with the maintenance of a stable employment base and workforce, and attract moderate and higher-wage employment.

The identified actions are supported by a community profile that quantifies conditions and opportunities. To further ensure implementation of identified actions, the City of Cottonwood has adopted 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 aggressively pursue 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.***

Cottonwood has a lifestyle and a surrounding environment attractive to people from all walks of life: friendly neighborhoods,

nearby recreational opportunities, mild weather, a variety of employment opportunities, a variety of housing types from which to choose, and quality schools and health care. A balanced mix of quality housing affordable to households at many income levels is necessary to ensure long-term community viability.

The Cottonwood Housing Strategy recognizes that a sense of community often comes with the pride of homeownership. While the 1990s were a time of economic prosperity for many, in Cottonwood the homeownership rate actually declined. The declining homeownership rate can be attributed to many factors. Among these factors are a high rate of population growth leading to increased demand, the development of mostly moderately and higher-priced single family housing, the development of rental opportunities primarily for lower-income households, and income growth that did not keep pace with housing costs. Given the declining homeownership rate and current land use plans, increasing the homeownership rate in Cottonwood is the primary goal of the Cottonwood Housing Strategy.

Achieving an increased homeownership rate requires multiple strategies. Key strategies in Cottonwood include promoting multi-family homeownership opportunities in order to take advantage of current zoning and economies of scale, ensuring that adequate land is zoned for manufactured housing, and identifying mechanisms to encourage in-fill development and neighborhood revitalization.

In 2001, the City began its first code enforcement program aimed at identifying and



mitigating conditions that represent a health and safety hazard to residents and detract from the community. While much of the housing stock in Cottonwood was built during the last decade, the older housing stock is located in several neighborhoods that are suitable for revitalization. Targeting housing rehabilitation, code enforcement and community building resources to these neighborhoods will improve the housing stock and appearance of the community, and should encourage the conversion of rental units for homeownership.

Seniors and those employed in the health care industry are key factors in Cottonwood's economy. Recognizing this fact, the housing strategy seeks to build on the City's economic development plan by ensuring that the demand for housing by these groups is understood and adequately addressed. Cooperation among economic development groups, housing and community developers, and workforce

representatives can help identify opportunities for senior and work force housing.

The City of Cottonwood is prepared to implement its housing, community, and economic development strategies. The Housing Advisory Committee has been formed to oversee implementation of the housing strategy. A City housing rehabilitation program has been started and a home-buyers education event has also been held. The area is fortunate to have a number of nonprofit organizations dedicated to addressing the housing needs of Cottonwood's most needy residents. Involving these organizations in an effort to expand their ability to deliver programs and services that address identified housing conditions will further ensure success. Representatives from many of these agencies participated in the development of the Cottonwood Housing Strategy and may be willing to continue participating as part of an implementation committee.

## **B. RELATED LEGISLATION AND STUDIES**

The State of Arizona does not require Cities of less than 50,000 residents to provide a housing element as part of the General Plan. However, due to the local demand for housing and services, the City has developed a housing strategy that provides an analysis of existing and forecasted housing needs. The Cottonwood City

Council adopted the strategy in March of 2002. The policy addresses programs for the improvement of substandard dwelling conditions, for the improvement of housing quality, variety and affordability and for provision of adequate sites for housing.

## **C. REGIONAL SETTING**

The Verde Valley is a region of very different communities with overlapping economic areas. As the market hub, Cottonwood is bearing the brunt of regional demands for low-cost housing, human services, and recreation. Because a large portion of the region's service workers live here, this demand for low cost housing is even greater.

Cottonwood has a rapidly aging population and is the most racially diverse and the lowest per capita income community in the Verde Valley. In addition, Cottonwood has the lowest rate of home ownership in the Verde Valley.

Regionally, the City also ranks highest in single person households, multi-family housing and rental properties. The City also has the largest stock of older homes in the region, many of which are in need of renovation.

Although the City shows potential for continued development of sales tax revenues in support of City needs, that source may level off over time as residential growth and housing demand continues beyond the point of commercial build-out.

To keep its housing supply from getting further out of balance with demand, Cottonwood may need help from other Verde



Valley communities in providing for rental housing.

## D. LOCAL OVERVIEW

### CITY DEMOGRAPHICS

Cottonwood's population has grown fairly dramatically, especially in the last two years. The City grew 55 percent in the 1990's. The population over age 64 has remained fairly constant. The population under 19 is slightly below state average. Public school enrollment has increased at close to the statewide average rate, due to growth within and outside of the City.

Cottonwood's labor force grew by 6 percent from 1995 to 1999, but there were slight declines in 1996 to 1997. The unemployment rate in Cottonwood was about 1 percent higher than the State average in 1995, but was currently the same as the state level of 4.4 percent in 1999. The overall labor force participation ratio has declined from 64 percent to 50 percent from 1995 to 1999 indicating that not as many new residents are part of the labor force.

Per capita income levels have increased by about 15 percent in Cottonwood from 1995 to 1999, which is comparable to the 18 percent increase at the state level. Increases in per capita income may be somewhat lower given the higher proportion of retirement age residents in Cottonwood who have lower current incomes and rely more on savings or pensions. Generally Cottonwood is about average in terms of income growth.

The City has a healthy level of retail sales per capita, about 2.4 times greater than the statewide average. This difference is partially due to the fact that Cottonwood serves a regional market, as well as some tourist traffic. Sales tax collections from establishments other

than retail and restaurants represent about 31 percent of retail sales in the city. Construction sales tax from new housing and other development now represents about 10 percent of total sales tax collections, compared to only 5 percent in 1995. While the City benefits in the short term, this revenue source will diminish over time as development activity slows.

The total number of building permits issued in Cottonwood increased steadily from 1995 to 1998 then decreased slightly in 1999. However, the number of residential permits has continued to increase since 1996. Total value of permits issued has decreased 20 percent since 1997 that represented the peak of the most recent construction cycle for Cottonwood. Residential permits represented about 40 percent of the total in terms of value during the over the same five-year period (1995-1999).

Total assessed value in Cottonwood has increased steadily, showing a 37 percent overall increase from 1995 to 1999. This is largely due to new housing development. Residential value in 1999 represented about 35 percent of the total. In addition to increases in total residential value, per capita residential value has increased about 18 percent with the addition of the new stock. The commercial and industrial assessed value per employee has increased by a healthy 21 percent.

### POPULATION CHARACTERISTICS

A balanced housing market is one in which a variety of quality housing is available and affordable to all segments of the population. When population grows or declines, an out-of-balance housing market often results.



As population grows throughout the Verde Valley, demand for additional housing units will grow proportionately. A quality mix of housing that is affordable to various population groups must be developed to positively correct current housing market imbalances. The development of this quality mix of housing is directly related to the housing policies that are developed and implemented.

The housing market may be more accurately defined when categorized or segmented by population groups and their expectations regarding housing type, quality, affordability and amenities. Housing capable of meeting the demands of an aging population and housing desirable and affordable to young and working-age populations is essential to the long-term economic vitality of the community.



## **AGING POPULATION**

An aging population may demand different housing types, as well as associated services. Depending upon income history, health and financial status, aging households may demand housing alternatives such as assisted or congregate living. Additionally, aging persons may have financial or physical difficulty maintaining their housing unit and also experience credit and other financial difficulties. Given the declining percentage of young people, and economic and employment trends, the continued attractiveness of Cottonwood to those of retirement age is critical to maintaining demand and housing values.

Those employed in the industries that provide services demanded by aging populations often earn low or moderate incomes or are in high demand in communities across the state and therefore have many employment and location options. If housing costs are excessive or amenities are not suitable for these employees, the cost of the services may increase as the supply of employees decreases. Consequently, quality housing with amenities attractive to and at a cost affordable to this segment of the population are critical.

## **CITY HOUSEHOLD COMPOSITION**

Cottonwood also is the most racially and ethnically diverse community in the Verde Valley. Nationally, racial and ethnic minorities as a whole have difficulty entering the homeownership market. Continuing education regarding home ownership can help ensure the Cottonwood housing market continues to provide opportunities for all households.

While the average 2000 Cottonwood household size was 2.27 persons, over one-third (34.4%) of Cottonwood households consisted of one person. In 1990, over two-thirds of households consisted of one or two people. Single-person households were twenty five percent (25%) *more* likely to reside in Cottonwood than elsewhere in the Verde Valley or Yavapai County.

## **SINGLE PERSON / SINGLE PARENT HOUSEHOLDS**

Cottonwood has fewer married-person households and more non-family (single person) households than other Verde Valley communities. The rate of female-headed single-parent households declined during the 1990s from nine percent (9.2%) to seven percent (7.1%) in 2000. During the same period, the rate of male-headed single-parent households nearly doubled from one and one-half percent (1.4%) to two and one half percent (2.6%). Overall, nearly one of ten (9.6%) of Cottonwood households is headed by a single parent. Single-parent households are the second most likely population group to experience poverty and have difficulty in the housing market. If these households own their housing unit, they are often in arrears on mortgage payments and have inadequate income for maintenance and repair. These households are frequently unable to enter the homeownership market due to poor credit and insufficient income. If these households rent their housing unit, they often pay more than fifty-percent (50%) of their income for rent and utilities.

## **ELDERLY AND ELDERLY SINGLE-PERSON HOUSEHOLDS**

In 2000, Cottonwood households were one and one half times more likely to include a person over the age of 65 years than under the age of 18 years. Further, in 1990 over one-quarter (26.3%) of households consisted of a single female over the age of 65 years of age. Single-person elderly households are the most likely population group to experience poverty. If these households own their housing unit free and clear, they often experience difficulty paying taxes and insurance and have inadequate income to maintain or repair the unit. Elderly single-person renter households often pay as much as seventy-five percent (75%) of their monthly income for rent and utilities. Poor or no credit frequently plagues these households.

## **INCOME LEVELS**



Income trends and projections and economic data contribute to the quantification of demand for various housing types at various price points. Housing that is both attractive and affordable to a variety of people at diverse income levels is necessary to retain and attract appropriate and quality employment opportunities. The City of Cottonwood has completed an economic development plan. The City's economic development plan describes in detail existing economic conditions and the goals and actions related to overcoming economic obstacles and supporting economic opportunities. In 1990, the Cottonwood median (the middle point) household income was the lowest of all Verde Valley communities. Median household income increased by two thirds (67%) throughout Yavapai County during the 1990s. The estimated 2000 Cottonwood median household income is \$26,029. In 1990, the median income of non-family (single person) households was \$9,725. Sixty percent (60%) of Cottonwood non-family households are over the age of 65 years.

### **EDUCATIONAL ATTAINMENT**

In 1990, over one-quarter (26.9%) of Cottonwood residents over the age of 25 years had not earned a high school diploma or GED. Furthermore, over one-third (36.2%) of Verde Valley residents with less than a 9<sup>th</sup> grade education resided in Cottonwood. Individuals with less than a high school diploma are least employable and, when employed, less likely to earn an income adequate to meet basic expenses. Those with less education and low wages often experience credit problems, are unable to save for the expense of moving (rental) or purchasing (ownership), and are at increased risk of homelessness. An uneducated or undereducated workforce limits the ability of the community to attract professional and technical industries. Without higher-wage industries, the demand for subsidized and lower-cost housing will at best remain level and at worst increase over time.

### **HOUSING OCCUPANCY AND TENURE**

The proportion of occupied units is one indicator of demand in the local housing market. The tenure (owner or renter) of occupied units is another indicator of demand and further defines the local housing market. General occupancy and tenure data serve as the bases by which other housing data related to quality, variety and affordability may be assessed. In 2000, the homeownership units in Cottonwood were primarily occupied, with a vacancy rate of two and one half percent (2.5%).

In 2000, Cottonwood had the lowest homeownership rate of any Verde Valley community at fifty-four percent (53.7%). The homeownership rate had declined from fifty-six percent (55.6%) in 1990. Data reflect comparable homeownership rates among all populations. Homeownership rates were lowest among single-person households, young households and households headed by a person over the age of 75 years.

According to the 2000 US Census, the rental vacancy rate in Cottonwood is eleven and one half percent (11.5%). A healthy rental vacancy rate ranges from a low of five percent (5%) to a high of eight percent (8%); consequently the rental market is overbuilt. Cottonwood units of all types, including single-family and manufactured housing, are more likely to be renter occupied. In 1990, one of five single family detached units, two of five of single family attached and three of ten manufactured housing units were renter-occupied. The low vacancy rate among owner-occupied units indicates demand for homeownership units. The high rental vacancy rate (identified by the 2000 US Census) indicates an oversupply of rental housing. The low homeownership rate and low owner vacancy rate, coupled with a high rental vacancy rate indicate an out-of-balance housing market, with inadequate homeownership opportunities.

Without more homeownership opportunities in Cottonwood and increased rental opportunities in other Verde Valley communities, the Cottonwood housing market will become increasingly out-of-balance with an overabundance of rental opportunities. Single-family units that are currently renter-occupied may represent an opportunity for



homeownership, depending upon location and condition. Young families and individuals should be educated regarding the steps to homeownership and the necessary financial and credit conditions. New quality housing affordable to Cottonwood residents interested in homeownership must be developed if the homeownership rate is to increase.

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 disproportionate share of the Verde Valley multi-family housing stock is located in Cottonwood. Further in 1990, Cottonwood was the only Verde Valley community to have developed multi-family housing of fifty or more units at one site. A disproportionate share of small (0 or 1 bedroom) units is also 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 consist of large (4 or more bedroom) units. Current zoning will result in a housing stock, at build-out, that is forty-seven percent (47.6%) multi-family, thirty-seven percent (37.6%) single-family (attached and

detached), and fourteen percent (13.7%) manufactured. If the current rate of multi-family development in Cottonwood and other Verde Valley communities continues, Cottonwood will become the population center of the Verde Valley, with a largely renter-occupied housing stock.

If multi-family housing continues to be primarily renter-occupied, the rate of homeownership in Cottonwood will drastically decline by the time residential build-out is achieved. The declining proportion of manufactured housing will result in decreased homeownership options for low and moderate-income households. Homeowners are more likely to adequately care for their property and remain in their housing units for extended periods of time. Consequently, homeownership results in greater neighborhood and community stability. A lack of units with an adequate number of bedrooms to accommodate larger families leads to overcrowding, which impacts housing quality and neighborhood stability. Further, a lack of units with adequate bedrooms to accommodate families detracts from the ability of these households, often headed by younger persons, to locate in the community.

## **HOUSING QUALITY**

The quality of the existing housing stock reflects economic prosperity and pride of community, and is an indicator of a balanced housing market. When residents are financially capable of maintaining their housing units and also take pride in their community, quality housing is the result. While the main traffic arteries of the community and its commercial development serves as the first impression for visitors and tourists, the quality of the housing stock is vital to the lasting impression necessary to attract potential employers and economic investment.

A group of community volunteers and city staff conducted a count of housing units

(including multi-family) and an inventory of housing conditions in the spring of 2001.

During this process, 3,490 units were counted and housing conditions were inventoried for 3,035 of these units. Nearly one half of the housing stock developed in Cottonwood during the 1990s was single-family detached housing. Over one-third (36.5%) of the Cottonwood housing stock has been built since 1990. Assuming that the housing built during the 1990s was of quality construction, then at least one-third of the housing units in Cottonwood may be considered in standard condition. Forty percent of the housing stock is older than 30 years old. Older housing and

housing built or placed prior to the adoption of local building codes or inspection processes is more likely than newer housing to have one or more defects that represent a threat to the health or safety of the occupants. In Cottonwood, these older housing units are as likely to be occupied by owners as by renters. Much of the older and substandard housing stock is concentrated in identifiable Cottonwood neighborhoods (see Figure 5.1).

representing a significant opportunity to improve and revitalize neighborhoods through residential rehabilitation. Older single-family units are as likely to be occupied by renters as by owners. Consequently, any neighborhood revitalization efforts must include resources targeted to addressing single-family rental conditions.

Figure 5-1: Target Neighborhoods

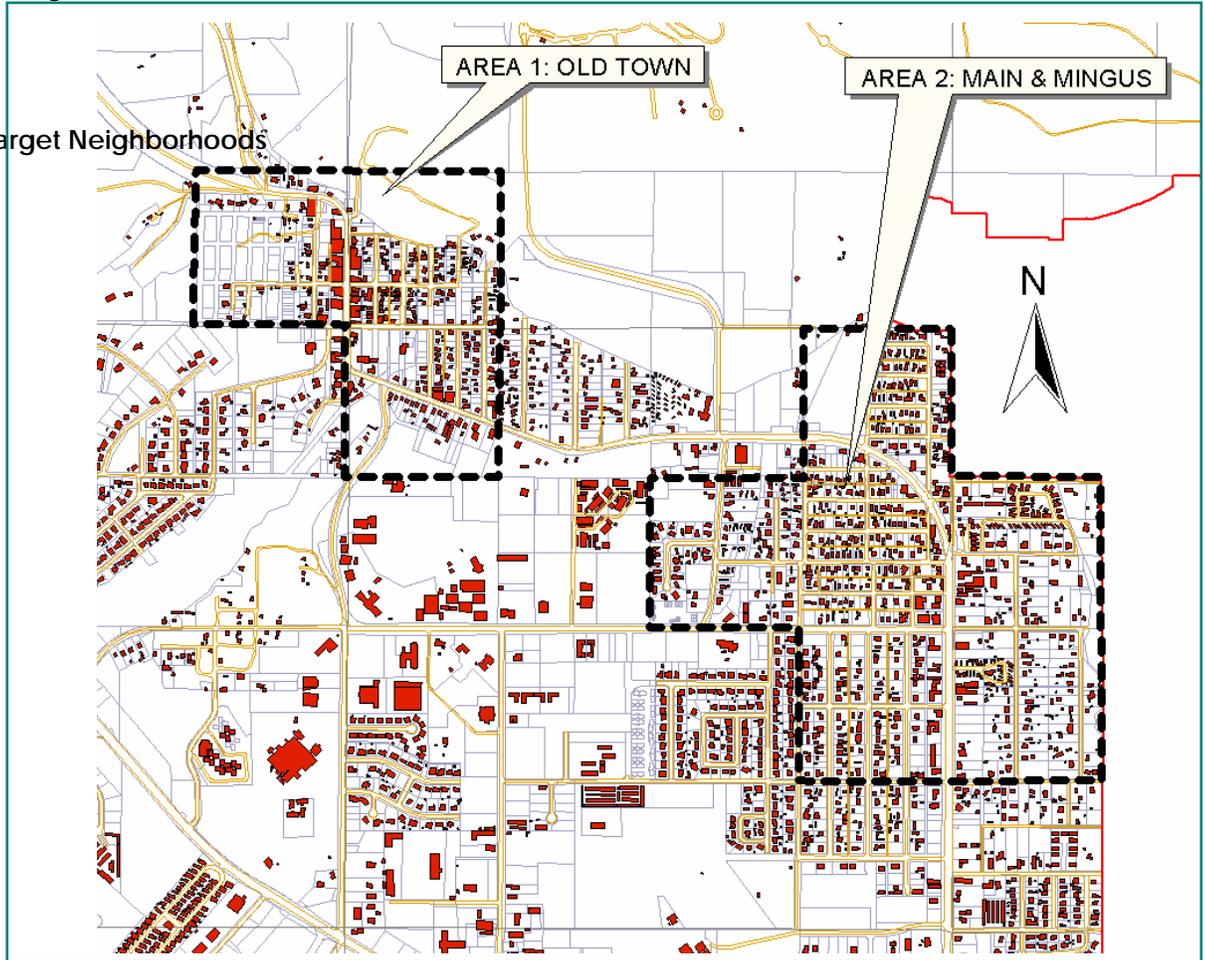


TABLE 5.1: Housing Type	Annual Household Income Needed to Purchase in 2000	Cottonwood Households that Could Afford
Existing Site-built	\$41,800	33%
New Site-built	\$48,900	28%
Existing Manufactured	\$18,600	73%
New Manufactured	\$28,400	48%

TABLE 5.2: Housing Structures Counted	Housing Conditions
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	Number	Percent			Number	Percent
Site-built	2,812	80.6%		Standard	2,780	79.7%
Single-wide	443	12.7%		Minor Rehabilitation	199	5.7%
Double-wide	164	4.7%		Major Rehabilitation	36	1.0%
1-4 multi-family	42	1.2%		Not Suitable for Rehab	20	0.6%
5+ multi-family	29	0.8%				
Total Structures	3,490			Not Inventoried*	455	13.0%

\* Units not inventoried include primarily singlewide manufactured housing units and 5+ unit multi-family structures/complexes. The inventory was analyzed to identify areas or neighborhoods with concentrations of singlewide manufactured housing and/or substandard units. Based on this analysis, two areas or neighborhoods were identified as having a disproportionate share of either housing type.

Figures above do not consider additional residential areas which may have been added as part of annexations which occurred beyond the year 2000, including the Dead Horse annexation which also incorporated the undeveloped north half of the Verde Santa Fe project.

### Area 1 – Old Town

One hundred sixty-eight (168) housing units were counted and one hundred forty-seven (147) inventoried for housing conditions. Approximately thirty-percent (30.6%) of Cottonwood units in need of major rehabilitation and an additional thirty-percent (29.6%) of Cottonwood units in need of minor rehabilitation are located in this area.

TABLE 5.3: Area 1 Structures Counted				Housing Conditions				
	No.	% of area	% Cotton-wood			No.	% of area	% Cotton-wood
Site-built	147	87.5%	5.2%		Standard	76	51.7%	2.7%
Single-wide	20	11.9%	4.5%		Minor Rehabilitation	59	40.1%	29.6%
Double-wide	0	0.0%	0.0%		Major Rehabilitation	11	7.5%	30.6%
1-4 multi-family	0	0.0%	0.0%		Not Suitable for Rehab	1	0.7%	5.0%
5+ multi-family	1	0.6%	3.4%					
Total	168		4.8%		Not Inventoried*	21	12.5%	4.6%

\* Units not inventoried include primarily singlewide manufactured housing units and 5+ unit multi-family structures/complexes.

### Area 2 – Main & Mingus

Five hundred twenty-three (523) units were counted and two hundred ninety-seven (297) units were inventoried for housing conditions. Thirty-five percent (35%) of Cottonwood units not suitable for rehabilitation, over forty-percent (41.7%) of Cottonwood units in need of major rehabilitation, and an additional forty-percent (40.2%) of Cottonwood units in need of minor rehabilitation are located in this area. Additionally, of units remaining to inventory nearly one half (49.7%) of Cottonwood units to be inventoried are located in this area.

TABLE 5.4: Area 2 Structures Counted				Housing Conditions				
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	No.	% of area	% Cotton-wood		No.	% of area	% Cotton-wood
Site-built	174	33.3%	6.2%	Standard	195	65.7%	7.0%
Single-wide	270	51.6%	60.9%	Minor Rehabilitation	80	26.9%	40.2%
Double-wide	47	9.0%	28.7%	Major Rehabilitation	15	5.1%	41.7%
1-4 multi-family	23	4.4%	54.8%	Not Suitable for Rehab	7	2.4%	35.0%
5+ multi-family	9	1.7%	31.0%				
Total	523		15.0%	Not Inventoried*	226	43.2%	49.7%

*\* Units not inventoried include primarily singlewide manufactured housing units and 5+ unit multi-family structures/complexes.*



## **HOUSING AFFORDABILITY**

A key measure of the economic health of a community is housing affordability. From the standpoint of housing affordability, a community is economically healthy when income is adequate to afford quality housing with sufficient resources available for basic goods and services. While government programs define affordability as paying not more than 30% of gross household income for total housing cost (rent or mortgage and utilities), this definition is more applicable to lower and moderate-income households than to higher income households. A more accurate definition of housing affordability is adequate income (generated locally) to meet (local) housing costs with sufficient resources remaining for basic goods and services (purchased locally) and the generation of additional and/or future income.

When housing is not affordable, local businesses are impacted in three primary ways. First, households that pay too much for housing have less disposable income for basic goods and services. Second, households that work in one community but live in another community may purchase fewer basic goods and services in the community where they work, taking income generated locally to another community. Finally, if basic quality housing costs are too high, employers have difficulty attracting and retaining quality employees.

For major employers, housing affordability to all employees is often a key factor in choosing location. Nearly six of ten homeowners earning less than \$10,000/year and four of ten homeowners earning between \$10,000 and \$20,000/year paid more than thirty percent (30%) of their income towards housing costs in 1990. The median value/price of housing in Cottonwood increased eighty percent during the 1990s from \$61,600 in 1990 to \$111,250 in 2000. Despite significant development during the 1990s, overall housing affordability declined. Nearly all renters earning less than \$10,000/year and seven of ten renters earning between \$10,000 and \$20,000/year paid more than thirty percent (30%) of their income towards housing costs in 1990. The median monthly rent increased twenty-eight percent (28%) during the

1990s from \$396/month in 1990 to an estimated \$505/month in 2000.

The 2000 median rent requires an annual household income of at least \$20,800 and is affordable to approximately 65% of Cottonwood households. Nearly forty-two percent (41.7%) of apartment units constructed during the 1990s received a subsidy to restrict income and rent of tenants; over seventy percent (70.2%) are two-bedroom units and twenty-seven percent (27%) are three-bedroom units. Tenant household income is generally restricted to not more than sixty percent (60%) of the area median income adjusted for household size. In 1990, nearly one quarter (22%) of single-family units in Cottonwood were renter occupied. No rent or quality data is available regarding these units.

Higher-wage employment opportunities combined with home purchase subsidy and education must be made available if existing Cottonwood residents will afford homeownership. Without such opportunities, Cottonwood will continue to attract higher-income households from other areas and existing residents will be increasingly priced out of the homeownership market.

As the most affordable housing type, the development of additional manufactured housing homeownership opportunities should be provided for through land use planning and cooperation with the private sector. New development of affordable rental housing is also necessary.

## **RESOURCES AND DELIVERY SYSTEM**

The concept of directly addressing housing conditions through policies and actions is new to the City of Cottonwood. Building on existing resources and supporting the existing delivery system helps to ensure successful implementation of policies and actions. Implementation of identified actions and the addressing of identified conditions is hampered by the lack of a local or regional organization dedicated to ensuring continued involvement of all sectors of the community. A variety of housing resources are available for specific populations and geographic areas from the federal government, the State of Arizona and the City of Cottonwood (see Figure 5.5). There is



little coordination among these levels of government, and the County government does not make available human or financial resources for housing activities. Private, nonprofit and local government organizations will have visible and positive impacts on identified conditions only if

their efforts and resources are coordinated. A Yavapai County or Verde Valley based non-profit housing agency could bring expertise and resources to the area and should be encouraged.



**TABLE 5.5: Resource Agencies**

AGENCY	RESOURCES
Private Sector	The strength of the Cottonwood housing market is evidenced by the development of significant numbers of housing units during the 1990s. While homebuilders, lenders, and other entities are actively engaged in the housing market, there is little evidence of cooperation to address certain market segments.
Local Lenders	Make available products that may benefit those households with good credit and sufficient down payment to enter into homeownership.
Home Builders	Several homebuilders develop units and subdivisions that make homeownership possible for households with limited income. Housing opportunities for households with limited income include manufactured housing and housing located in subdivisions or communities outside the City of Cottonwood limits. Alternative building materials and types are used outside the City of Cottonwood limits.
Non-Profits	There are a variety of nonprofit organizations that deliver products and services for specific market and population segments. The City of Cottonwood cooperates with and supports these organizations. No organization exists to address the entire spectrum of housing needs or the entire spectrum of the housing market.
Habitat for Humanity	This organization develops housing for families earning less than \$14,000 annually. Families are offered a zero-interest, twenty-year mortgage. The most recently built unit cost \$95,000 to develop and was mortgaged at \$50,000. Families must contribute 500 hours of sweat equity – 100 hours before their unit is started and 400 hours on their own unit. There are currently 20-25 families on the waiting list. The organization has encountered difficulty acquiring lots, due to their cost and also is seeking to incorporate homeownership education and maintenance riders into their program.
N.A.C.O.G.	Northern Arizona Council of Governments (NACOG) administers the State's Rural Home Purchase Assistance Program (RHAP) in Yavapai County. The RHAP provides closing cost assistance and equity contributions to low-income first-time homebuyers. To be eligible for assistance, the potential homebuyer must participate in homeownership education. NACOG also provides housing rehabilitation services on behalf of local government and nonprofit organizations. Services include program administration and construction management. Related programs include weatherization and minor repair for both owner-occupied and renter-occupied units, as well as an emergency repair program.
Verde Valley Homeless Coalition	An informal organization of homeless providers coordinating efforts to maximize services and housing to special populations. The coalition undertakes research, proposes projects, and applies for financial resources. It intends to acquire, rehabilitate and manage properties, units and programs that serve homeless and at-risk families and individuals.
Christian Care	This Phoenix-based organization has a master plan that includes approximately one hundred (100) units of elderly housing.
Federal Government	USDA Rural Development, FHA, and the Veterans Administration offer homebuyer programs that often include lower down payment requirements and purchase subsidies. Other opportunities, such as preferred acquisition of foreclosure units and low cost leases are available to nonprofit organizations.
State of Arizona	Several state agencies make available various financial and human resources to address housing conditions. These agencies include: AZ Dept. of Commerce; Governor's Office of Housing Development; the Arizona Department of Housing; AZ Dept. of Economic Security; and the AZ Dept. of Behavioral Health Services.
AZ Dept. of Commerce	Offers a variety of financing programs to nonprofit and local government organizations, as well as to private developers. Available financing includes bonds, loans, and grants for programs and projects as diverse as the applicants and their projects. Most resources are geared towards households earning less than 80% of the county median income.
AZ Dept. of Economic Security	Offers financial resources for the operation of homeless and transitional housing shelters, homeless prevention resources, and provides services to special populations.
AZ Dept. of Behavioral Health Services	Offers financial resources in support of housing and services to persons with mental illness. Most of the resources are administered in cooperation with the AZ Dept. of Commerce.
City of Cottonwood	The City provides stability, leadership, planning and direction. In addition to planning efforts and permitting activities, the city provides infrastructure and staff support. Infrastructure includes a recently expanded sewer system to support future development with an impact fee currently limited to \$1500. The city provides staff support to the Verde Valley homeless coalition, has partnered with the Chamber of Commerce to recognize property and business owners that contribute to the community, and has been supportive of multi-family development, including affordable multi-family development. The city recently hired a full-time code enforcement officer and has also been awarded financial resources to undertake a housing rehabilitation program.



## **E. KEY ISSUES**

### **1. Providing a Balance of Housing**

A quality mix of housing is essential to addressing the housing needs of a diverse population. The Cottonwood Housing Strategy is devoted to addressing this very primary issue. Cottonwood has a wide variety of households and demands for housing types. Land use planning plays an important role in addressing housing needs. The City should coordinate the housing strategy with the General Plan; educate the public and developers regarding needs and opportunities; and otherwise encourage the development of needed housing types.

### **2. Housing for an Aging Population**

Cottonwood's population is aging, in part due to its attraction to retirees, and role as a provider of medical services. It is essential that the City provide an adequate supply of housing attractive to this group and to the health care workers required to support the medical services which make the City attractive.

### **3. Housing for Low Income**

Housing affordability is declining in Cottonwood. Higher wages are needed as well as a program for developing a level of education in the work force that is more attractive to higher wage industries. The City should also establish a program for housing subsidies as well as public education about assistance and home ownership opportunities. The City can also encourage the development of larger rental units for low income families and explore opportunities for employer assisted housing.

### **4. Inadequate Home Ownership Opportunities**

Cottonwood is rapidly evolving into a City of rental units. Home ownership generally encourages more attention to home maintenance and more participation in the community. The City should develop a better variety of housing which is more supportive of home ownership, including added opportunity (and zoning) for manufactured homes and a program for ownership of multi-family units. The City should also work closely with the Northern Arizona Council of Governments in educating the public regarding home ownership opportunities; and create incentives for developers to provide affordable housing in new development.

### **5. Maintenance of Housing Stock**

Much of the City's housing stock is 30-50 years old and in need of upgrading. Many of these units are concentrated in specific areas of the community. The City should develop a revitalization program and identify specific neighborhoods on which to focus revitalization efforts. The program should encourage participation by local homeowners, Habitat for Humanity and others to acquire and renovate specific home sites. The program could also establish a trust that would provide assistance to low-income families. The City should also consider the establishment of a rental code to encourage upgrades to rental properties.

### **6. Nuisance Abatement**

The City of Cottonwood should consider adopting a civil nuisance abatement program to enhance the work of the code enforcement officer as well as other law enforcement agencies. The program should encourage safety and discourage illegal drug use and other neighborhood criminal activity.

### **7. Housing Program Management**



There is a variety of housing resources, shelter and transitional housing services which need to be coordinated in order to provide an effective housing program. The housing strategy also needs to be managed and reviewed over time to evaluate implementation of the program and to update as necessary.



## F. GOALS & OBJECTIVES

**focus:** The Housing Element is intended to 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.

### GOAL H-1 INCREASE THE RATE OF HOME OWNERSHIP IN COTTONWOOD

- **OBJECTIVE 1.1 Create additional single-family homeownership opportunities in targeted neighborhoods.**
  - 1.1.A The City shall inventory and map vacant lots and land, and the location of infrastructure, in identified neighborhoods.
  - 1.1.B The City shall require all rental units be registered with the City.
  - 1.1.C The City shall adopt a rental unit code aimed at ensuring rental units meet minimum health and safety standards.
  - 1.1.D The City shall begin enforcement of its rental code through inspections of rental units located in targeted neighborhoods. Inspections shall be based initially on exterior code violations and/or complaints.
  - 1.1.E The city shall work with one or more nonprofit organizations, such as Habitat for Humanity, to identify mechanisms and resources to encourage the acquisition and rehabilitation of single-family and lower-density rental units for resale to first-time and moderate-income households.
  
- **OBJECTIVE 1.2 Ensure zoning for manufactured housing.**
  - 1.2.A In planning land use, the City shall ensure a variety of land uses, including manufactured housing and appropriate single-family development.
  - 1.2.B Through the update of the General Plan, the City shall identify areas appropriate for rezoning to include additional manufactured housing opportunities.
  
- **OBJECTIVE 1.3 Encourage the development of multi-family homeownership housing.**
  - 1.3.A The City shall seek a multi-family homeownership development concept (minute plan) through a university, college or trade school for a specific pre-identified site.
  - 1.3.B When reviewing planned multi-family development; the City shall inform developers of the desire to increase the homeownership rate. In providing such information, the City shall make available information regarding programs and resources for the development of homeownership opportunities.
  
- **OBJECTIVE 1.4 Make available homebuyer education, counseling and financial resources.**



- 1.4.A The city in cooperation with one or more organizations, such as the Board of Realtors, shall undertake the planning and sponsorship of a local or regional homeownership fair. The planning committee should include representatives from the Chamber of Commerce, lending institutions, real estate companies, Fannie Mae, the Governor's Office of Housing Development, the US Department of Housing and Urban Development and other public and private organizations. The City shall participate with local nonprofit and private sector organizations to hold a local or regional homeownership fair.
- 1.4.B The city shall contact the Northern Arizona Council of Governments (NACOG) to identify the conditions under which homeownership education and counseling services and financial assistance available through the State of Arizona will be regularly marketed and offered in Cottonwood. Such conditions shall include actions the City, private sector and/or nonprofit organizations may take to assist with marketing and delivery of services and assistance.

- **OBJECTIVE 1.5 Create incentives, policies and resources to provide homeownership opportunities for lower-income households.**

- 1.5.A The City shall explore the impacts of a policy that requires all new subdivisions and planned developments of twenty or more units to set aside a minimum of 10% of total units for development of housing affordable to those earning less than 80% of the area median income adjusted for household size.
- 1.5.B The City shall explore the use of a percentage of sales tax to establish a local housing trust fund to assist households earning less than 80% of the area median income in the purchase of standard homeownership housing in neighborhoods targeted for revitalization.

- **OBJECTIVE 1.6 Integrate the Housing Strategy into the Cottonwood General Plan**

- 1.6.A Through the update of the General Plan, the City shall inform the advisory committee of the impacts of current and planned land uses on housing variety and affordability.
- 1.6.B Through the update of the General Plan, the City shall sponsor one or more events to increase awareness of existing housing market conditions.

## **GOAL H-2 REVITALIZE COTTONWOOD'S NEIGHBORHOODS**

- 2.0.A The City shall identify areas of the community with common characteristics and identifiable boundaries that may be designated for targeted revitalization.
- 2.0.B The City shall target housing and infrastructure resources to those areas of the community designated for revitalization.
- 2.0.C The City shall coordinate owner-occupied rehabilitation activities in those areas of the community with the largest proportion of housing units in need of major rehabilitation or replacement.



2.0.D Also see Goal 1.

2.0.E Establish a civil nuisance abatement program to enhance the efforts of neighborhood code enforcement and policing of drug activity.

**GOAL H-3 ENCOURAGE A REGIONAL APPROACH TO PLANNING FOR AND DEVELOPING MULTI-FAMILY AND RENTAL OPPORTUNITIES.**

3.0.A The city shall seek an organization to host a regional housing workshop, the purpose of which shall include an agreement to approach housing from a regional perspective. At a minimum, the workshop shall be open to local and elected officials from throughout the Verde Valley and shall include education regarding current conditions, the benefits of multi-family and rental opportunities, and models of successful regional housing plans.

**GOAL H-4 ENCOURAGE THE DEVELOPMENT OF RENTAL OPPORTUNITIES FOR LARGER FAMILIES AND MODERATE-INCOME HOUSEHOLDS.**

4.0.A The City shall identify the number of three bedroom and larger bedroom units in the single and multi-family stock. Thereafter and based on the results of this identification, the City shall inform developers of the shortage of 3+ bedroom rental units and request developers investigate current market conditions to identify the number of 3+ bedroom units that may be included in planned development.

4.0.B The City shall identify the number of units available to moderate-income households. Based on the results of this identification and as appropriate, the City shall inform developers of the need for housing for moderate-income households.

**GOAL H-5 SUPPORT THE DEVELOPMENT OF SHELTER AND TRANSITIONAL HOUSING.**

5.0.A The City shall continue to support the Verde Valley homeless coalition, through CDBG and other available resources, in the coordination and delivery of housing and services for homeless and at-risk families and individuals.

**GOAL H-6 COORDINATE ECONOMIC AND HOUSING DEVELOPMENT PLANNING, POLICY AND ACTIONS.**

• **OBJECTIVE 6.1 Coordinate Planning and Implementation Efforts.**

6.1.A The City shall present the findings of the Cottonwood Housing Strategy to the Chamber of Commerce or other economic development organization.

6.1.B The City and identified economic development organizations shall identify common and related goals and actions in the Cottonwood Housing Strategy and the Cottonwood Economic Development Plan.



- **OBJECTIVE 6.2**    **Ensure a variety of quality and affordable housing opportunities are available for seniors and for those employed in the health care industry.**

- 6.2.A The City and/or its economic development organization(s) shall meet with or survey developers and providers of senior/elderly housing to 1) accurately describe planned developments, including size, location and amenities; and 2) identify workforce shortages related to the operation of senior/elderly housing and the provision of related services.
- 6.2.B The Chamber of Commerce shall survey seniors, through the “Prime Time Fair” and other mechanisms, to accurately identify desired housing amenities and related services.
- 6.2.C Based on the response of seniors, and senior/elderly housing developers and providers, identify variety and affordability gaps and the available mechanisms and resources necessary to ensure identified gaps are addressed.
- 6.2.D Based on the response of seniors, and developers and providers, the Chamber of Commerce shall prepare a list of senior housing opportunities and related services. This list shall be made available at the “Prime Time Fair” through various social service organizations as well as the Chamber of Commerce and City of Cottonwood.
- 6.2.E Identify and survey the major employers in the health care industry. Based on basic employment data relevant to assessing housing demand (affordability, quality and variety) identify mechanisms and resources to 1) ensure housing is available to attract and retain a stable employment base within the City of Cottonwood, and 2) promote employer-assisted housing opportunities.
- 6.2.F In the design and implementation of owner-occupied housing rehabilitation programs, preference shall be provided to income-qualified senior/elderly households. Senior/elderly households applying for owner-occupied housing rehabilitation programs shall be provided information regarding available senior/elderly housing and related services.

**GOAL H-7    ORGANIZE TO ADDRESS HOUSING CONDITIONS**

- 7.0.A The City shall develop and adopt, as part of the Cottonwood Housing Strategy, a statement of housing policy.
- 7.0.B Upon adoption of the Cottonwood Housing Strategy, the City shall create an informal or appoint a formal organization or committee to oversee implementation of the Housing Strategy. In considering the creation or appointment of an organization or committee, the City shall recognize the role of the City Council, the Design Review Board, the Planning and Zoning Commission, and Staff. The City Council shall set policies and provide policy-related guidance; the Design Review Board shall ensure the housing strategy is implemented when reviewing development in areas with current zoning; the Planning and Zoning Commission shall ensure the housing strategy is implemented when rezoning or other approvals are requested; and Staff shall ensure that policies and actions are appropriately implemented. At least twice annually, the informal organization or appointed committee shall meet to review actions taken and



suggest next steps. Bi-annually, the informal organization or appointed committee shall review and update the Cottonwood Housing Strategy.

- 7.0.C Based on 2000 US Census data, the City shall update the Housing Strategy and within six months incorporate new findings into this action plan.



## G. ACTION PLAN

<b>HOUSING ELEMENT</b>			
	<b>DO-ITEM</b>	<b>AGENCY</b>	<b>TIMELINE</b>
<b>H-1</b>	<b>INCREASE THE RATE OF HOME OWNERSHIP IN COTTONWOOD</b>		
<b>1.1</b>	<b>Create additional single-family homeownership opportunities in targeted neighborhoods.</b>		
1.1.A	The City shall inventory and map vacant lots and land, and the location of infrastructure, in identified neighborhoods.	City of Cottonwood / Community Development	ST
1.1.B	The City shall require all rental units be registered with the City.	City of Cottonwood / City Management	ST
1.1.C	The City shall adopt a rental unit code aimed at ensuring rental units meet minimum health and safety standards.	City of Cottonwood / Community Development	ST
1.1.D	The City shall begin enforcement of its rental code through inspections of rental units located in targeted neighborhoods. Inspections shall be based initially on exterior code violations and/or complaints.	City of Cottonwood / Community Development	ST
1.1.E	The city shall work with one or more nonprofit organizations, such as Habitat for Humanity, to identify mechanisms and resources to encourage the acquisition and rehabilitation of single-family and lower-density rental units for resale to first-time and moderate-income households.	City of Cottonwood / Community Development	ST
<b>1.2</b>	<b>Ensure zoning for manufactured housing.</b>		
1.2.A	In planning land use, the City shall ensure a variety of land uses, including manufactured housing and appropriate single-family development.	City of Cottonwood / Community Development	On-Going
1.2.B	Through the update of the General Plan, the City shall identify areas appropriate for rezoning to include additional manufactured housing opportunities.	City of Cottonwood / Community Development	ST
<b>1.3</b>	<b>Encourage the development of multi-family homeownership housing.</b>		
1.3.A	The City shall seek a multi-family homeownership development concept (minute plan) through a university, college or trade school for a specific pre-identified site.	City of Cottonwood / Community Development	ST
1.3.B	When reviewing planned multi-family development; the City shall inform developers of the desire to increase the homeownership rate. In providing such information, the City shall make available information regarding programs and resources for the development of homeownership opportunities.	City of Cottonwood / Community Development	On-Going
<b>1.4</b>	<b>Make available homebuyer education, counseling and financial resources.</b>		
1.4.A	The city in cooperation with one or more organizations, such as the Board of Realtors, shall undertake the planning and sponsorship of a local or regional homeownership fair. The planning committee should include representatives from the Chamber of Commerce, lending institutions, real estate companies, Fannie Mae, the Governor's Office of Housing Development, the US Department of Housing and Urban Development and other public and private organizations. The City shall participate with local nonprofit and private sector organizations to hold a local or regional homeownership fair.	City of Cottonwood / Community Development	ST
1.4.B	The city shall contact the Northern Arizona Council of Governments (NACOG) to identify the conditions under which homeownership education and counseling services and financial assistance available through the State of Arizona will be regularly marketed and offered in Cottonwood. Such conditions shall include actions the City, private sector and/or nonprofit organizations may take to assist with marketing and delivery of services and assistance.	City of Cottonwood / Community Development	ST



<b>1.5</b>	<b>Create incentives, policies and resources to provide homeownership opportunities for lower-income households.</b>		
1.5.A	The City shall explore the impacts of a policy that requires all new subdivisions and planned developments of twenty or more units to set aside a minimum of 10% of total units for development of housing affordable to those earning less than 80% of the area median income adjusted for household size.	City of Cottonwood / Community Development	ST
1.5.B	The City shall explore the use of a percentage of sales tax to establish a local housing trust fund to assist households earning less than 80% of the area median income in the purchase of standard homeownership housing in neighborhoods targeted for revitalization.	City of Cottonwood / City Management	LT
<b>1.6</b>	<b>Integrate the Housing Strategy into the Cottonwood General Plan</b>		
1.6.A	Through the update of the General Plan, the City shall inform the advisory committee of the impacts of current and planned land uses on housing variety and affordability.	City of Cottonwood / Community Development	On- Going
1.6.B	Through the update of the General Plan, the City shall sponsor one or more events to increase awareness of existing housing market conditions.	City of Cottonwood / Community Development	ST
<b>H-2</b>	<b>REVITALIZE COTTONWOOD'S NEIGHBORHOODS</b>		
2.0.A	The City shall identify areas of the community with common characteristics and identifiable boundaries that may be designated for targeted revitalization.	City of Cottonwood / Community Development	ST
2.0.B	The City shall target housing and infrastructure resources to those areas of the community designated for revitalization.	City of Cottonwood / Community Development	ST
2.0.C	The City shall coordinate owner-occupied rehabilitation activities in those areas of the community with the largest proportion of housing units in need of major rehabilitation or replacement.	City of Cottonwood / Community Development	ST
2.0.D	Also see Goal 1.	City of Cottonwood / Community Development	ST
2.0.E	Establish a civil nuisance abatement program to enhance the efforts of neighborhood code enforcement and policing of drug activity.	City of Cottonwood / Community Development	ST
<b>H-3</b>	<b>ENCOURAGE A REGIONAL APPROACH TO PLANNING FOR AND DEVELOPING MULTI-FAMILY AND RENTAL OPPORTUNITIES.</b>		
3.0.A	The city shall seek an organization to host a regional housing workshop, the purpose of which shall include an agreement to approach housing from a regional perspective. At a minimum, the workshop shall be open to local and elected officials from throughout the Verde Valley and shall include education regarding current conditions, the benefits of multi-family and rental opportunities, and models of successful regional housing plans.	City of Cottonwood / Community Development	ST
<b>H-4</b>	<b>ENCOURAGE THE DEVELOPMENT OF RENTAL OPPORTUNITIES FOR LARGER FAMILIES AND MODERATE-INCOME HOUSEHOLDS.</b>		
4.0.A	Based on 2000 Census data, the City shall identify the number of three bedroom and larger bedroom units in the single and multi-family stock. Thereafter and based on the results of this identification, the City shall inform developers of the shortage of 3+ bedroom rental units and request developers investigate current market conditions to identify the number of 3+ bedroom units that may be included in planned development.	City of Cottonwood / Community Development	ST
4.0.B	Based on 2000 Census data, the City shall identify the number of units available to moderate-income households. Based on the results of this identification and as appropriate, the City shall inform developers of the need for housing for moderate-income households.	City of Cottonwood / Community Development	ST
<b>H-5</b>	<b>SUPPORT THE DEVELOPMENT OF SHELTER AND TRANSITIONAL HOUSING.</b>		



5.0.A	The City shall continue to support the Verde Valley homeless coalition, through CDBG and other available resources, in the coordination and delivery of housing and services for homeless and at-risk families and individuals.	City of Cottonwood / Community Development	ST
<b>H-6</b>	<b>COORDINATE ECONOMIC AND HOUSING DEVELOPMENT PLANNING, POLICY AND ACTIONS.</b>		
<b>6.1</b>	<b>Coordinate Planning and Implementation Efforts.</b>		
6.1.A	The City shall present the findings of the Cottonwood Housing Strategy to the Chamber of Commerce or other economic development organization.	City of Cottonwood / Community Development	ST
6.1.B	The City and identified economic development organizations shall identify common and related goals and actions in the Cottonwood Housing Strategy and the Cottonwood Economic Development Plan.	City of Cottonwood / Community Development	ST
<b>6.2</b>	<b>Ensure a variety of quality and affordable housing opportunities are available for seniors and for those employed in the health care industry.</b>		
6.2.A	The City and/or its economic development organization(s) shall meet with or survey developers and providers of senior/elderly housing to 1) accurately describe planned developments, including size, location and amenities; and 2) identify workforce shortages related to the operation of senior/elderly housing and the provision of related services.	City of Cottonwood / Community Development	On- Going
6.2.B	The Chamber of Commerce shall survey seniors, through the "Prime Time Fair" and other mechanisms, to accurately identify desired housing amenities and related services.	Chamber of Commerce	ST
6.2.C	Based on the response of seniors, and senior/elderly housing developers and providers, identify variety and affordability gaps and the available mechanisms and resources necessary to ensure identified gaps are addressed.	City of Cottonwood / Community Development	ST
6.2.D	Based on the response of seniors, and developers and providers, the Chamber of Commerce shall prepare a list of senior housing opportunities and related services. This list shall be made available at the "Prime Time Fair" through various social service organizations as well as the Chamber of Commerce and City of Cottonwood.	Chamber of Commerce	ST
6.2.E	Identify and survey the major employers in the health care industry. Based on basic employment data relevant to assessing housing demand (affordability, quality and variety) identify mechanisms and resources to 1) ensure housing is available to attract and retain a stable employment base within the City of Cottonwood, and 2) promote employer-assisted housing opportunities.	City of Cottonwood / Community Development	On- Going
6.2.F	In the design and implementation of owner-occupied housing rehabilitation programs, preference shall be provided to income-qualified senior/elderly households. Senior/elderly households applying for owner-occupied housing rehabilitation programs shall be provided information regarding available senior/elderly housing and related services.	City of Cottonwood / Community Development	On- Going
<b>H-7</b>	<b>ORGANIZE TO ADDRESS HOUSING CONDITIONS</b>		
7.0.A	The City shall develop and adopt, as part of the Cottonwood Housing Strategy, a statement of housing policy.	City Council	ST



7.0.B	Upon adoption of the Cottonwood Housing Strategy, the City shall create an informal or appoint a formal organization or committee to oversee implementation of the Housing Strategy. In considering the creation or appointment of an organization or committee, the City shall recognize the role of the City Council, the Design Review Board, the Planning and Zoning Commission, and Staff. The City Council shall set policies and provide policy-related guidance; the Design Review Board shall ensure the housing strategy is implemented when reviewing development in areas with current zoning; the Planning and Zoning Commission shall ensure the housing strategy is implemented when rezoning or other approvals are requested; and Staff shall ensure that policies and actions are appropriately implemented. At least twice annually, the informal organization or appointed committee shall meet to review actions taken and suggest next steps. Bi-annually, the informal organization or appointed committee shall review and update the Cottonwood Housing Strategy.	City Council	On-Going
7.0.C	Based on 2000 US Census data, the City shall update the Housing Strategy and within six months incorporate new findings into this action plan.	City of Cottonwood / Community Development	On-Going