

AGENDA



**SPECIAL SESSION
MAYOR and COMMON COUNCIL
Of the
TOWN OF CAMP VERDE
COUNCIL CHAMBERS
473 S. Main Street
Wednesday, June 11, 2008
3:30 p.m.**

1. **Call to Order**
2. **Roll Call**
3. **Presentation and possible discussion with Program Administrator Ed Bantel, from Arizona Municipal Risk Retention Pool.**
4. **Discussion, consideration, and possible support of League of Arizona Cities & Towns Resolution to urge the State Legislature to enact enabling legislation that would allow local control for each community in Arizona to determine for itself whether or not to require developers to include some affordable housing in new development or redevelopment projects. This resolution was submitted to the League by the City of Sedona.**
5. **Discussion, consideration, and possible support of League of Arizona Cities & Towns Resolution to urge the State Legislature to adopt legislation establishing a uniform property tax assessment methodology for deed-restricted housing created under an affordable housing program that recognizes the limited profits owners of deed-restricted housing can realize. This resolution was submitted to the League by the City of Sedona.**
6. **Adjournment.**

Posted by:

J Jones

Date/Time:

6-6-08

8:05 a.m.

Note: Pursuant to A.R.S. §38-431.03.A.3, the Council may vote to go into Executive Session for purposes of consultation for legal advice with the Town Attorney on any matter listed on the Agenda, or discussion of records exempt by law from public inspection associated with an agenda item.

The Town of Camp Verde Council Chambers is accessible to the handicapped. Those with special accessibility or accommodation needs, such as large typeface print, may request these at the Office of the Town Clerk.

**LEAGUE OF ARIZONA CITIES & TOWNS
2009 RESOLUTION FORMAT**

Text of Resolution

Urge the State Legislature to adopt legislation establishing a uniform property tax assessment methodology for deed-restricted housing created under an affordable housing program that recognizes the limited profits owners of deed-restricted housing can realize.

Submitted by:

City of Sedona

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A. Purpose and Effect of Resolution

Cities and towns with affordable housing programs are increasingly focused on ensuring that any affordable housing created remain affordable to the target population for an extended period of time. The initial purchase price of a home created under an affordable housing program is below what the home would sell for at full market price. Owners agree through deed restriction to limit the price at which the homes can be resold to ensure that the homes remain affordable. .

In Arizona there is no standard methodology for assessing deed-restricted housing, and County Assessors individually determine how to assess such properties. Some assess deed-restricted housing using the same market value as surrounding market rate properties, and some create a category of deed-restricted housing that recognizes the below-market sales prices and the significant limitation on profit that the owners can realize. As Assessors change, there is always the possibility that a different assessment methodology could be applied to deed-restricted housing. In cases where deed-restricted housing is sold and resold well below market value but are taxed as if owners are realizing the same gains as any other homeowner, over time taxes can make the home unaffordable, especially in areas with high property values.

B. Relevance to Municipal Policy

Cities and towns with affordable housing programs should be able to rely on taxes being assessed uniformly over time so that the homes are not lost as an affordable housing resource.

C. Fiscal Impact to Cities and Towns

There may be a fiscal impact on a city or town if it levies a property tax.

D. Fiscal Impact to the State

E. Contact Information

Name: Audree Juhlin Title: Assistant to the Director, Community Development

Phone: 928-204-7107 Email: Ajuhlin@SedonaAz.gov

**LEAGUE OF ARIZONA CITIES & TOWNS
2009 RESOLUTION FORMAT**

Text of Resolution

Urge the State Legislature to enact enabling legislation that would allow local control for each community in Arizona to determine for itself whether or not to require developers to include some affordable housing in new development or redevelopment projects.

Submitted by:
City of Sedona

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A. Purpose and Effect of Resolution

Many cities and towns throughout Arizona have found that the lack of housing affordable to its workforce has a significant effect on the local economy and the community as a whole. The last several years have seen increases in the cost of homes far outstrip increases in wages, and the gap between what people can afford and what homes cost has widened dramatically. Businesses, schools, medical facilities and local governments report difficulties in recruiting and retaining qualified employees, due in part to the lack of affordable housing. Resources available to create affordable housing are limited, and it is important for cities and towns to retain options and to be able to decide how best to address that situation.

B. Relevance to Municipal Policy

Cities and towns in Arizona should have the ability to meet their affordable housing needs in the way that best suits their local situation. Each community faces different challenges in providing affordable housing, and there must be a wide range of tools available. Cities and towns need to have local control over development and redevelopment projects so that jurisdictions can make the best decisions for their communities. Enabling legislation can ensure that local control is maintained.

C. Fiscal Impact to Cities and Towns

D. Fiscal Impact to the State

E. Contact Information

Name: Audree Juhlin Title: Assistant to the Director, Community Development

Phone: 928-204-7107 Email: Ajuhlin@SedonaAz.gov

Town of Camp Verde
Housing & Neighborhood Revitalization

Telephone (928) 567-6631 ext. 115

Fax (928) 567-9061

Memo

To: Town Council & Housing Commission
From: Matt Morris, AICP
Date: June 4, 2008
Re: League of Arizona Cities & Towns Resolutions

Council Members,

On June 3, the Housing Commission met to consider whether they should indicate support for the two League of Arizona Cities & Towns Resolutions, Items #4 and #5 on the June 11 Council agenda.

Regarding Item #4, whether the Town should support the resolution to urge the State Legislature to enact enabling legislation that would allow local control for each community to determine for itself whether it would require inclusionary zoning¹ by developers:

The Housing Commission recommends support of the Resolution, with indications of concern of various aspects of the resolution, and recognizing that the Town may or may not find it in Camp Verde's best interest to adopt inclusionary zoning requirements for local development.

Staff would note the proposed League Resolution is to preserve the ability for a municipality to adopt, or to not adopt, inclusionary zoning requirements and if approved the Town of Camp Verde would then have the ability to either maintain the "status quo" or to draft and develop an inclusionary zoning program. While it may be possible for a community to develop an Inclusionary Zoning Ordinance by conducting a Nexus Study², this resolution would preserve the community's right to implement an Inclusionary Zoning Ordinance. The concern stems from the fact the Arizona Legislature has passed "anti-Inclusionary Zoning" legislation in the past, but was vetoed by Governor Napolitano.

¹ **Inclusionary zoning ordinances** require new development to either include attainable housing opportunities within their development or to pay an "In Lieu Fee" to pay for housing at an alternative site.

² **Nexus Study** - demonstrate the created demand for attainable housing due to development activities. (Development activities may include commercial, industrial, and residential development)

Regarding Item #5, whether the Town should support the resolution to urge the State Legislature to adopt legislation establishing a uniform property tax assessment methodology for deed-restricted housing:

The Housing Commission recommends support of the Resolution, with the caveat that the tax assessment methodology should be based on the original property acquisition cost, such as California's Proposition 13.

Staff would note the resolution does not specify what the structure of a uniform tax assessment methodology should be, but rather the need to develop one. Possible benefits of a uniform property tax assessment methodology for deed-restricted housing³ may include:

- While the initial housing costs may be affordable to a person or family who moves into a deed-restricted home, if property values increase around them then their subsequent taxes may increase as well. If home costs exceed 30% of their annual gross income, then they are considered cost burdened. A uniform property tax assessment could establish a fixed tax amount for deed-restricted homes.
- As the resale value of a deed-restricted home is limited to a given percent (typically 25% above original purchase price), taxing the home owner for the full investment value may not be appropriate.
- The Town Owner Occupied Home Rehabilitation program applicants also may suffer from increased taxes which ultimately increase their total housing costs over 30% of their annual gross income.

If you have any questions, comments or concerns please do not hesitate to contact us.

Thank you,

Matt Morris, AICP

³ **Deed-Restricted Housing** – There are many forms of deed restrictions that can be recorded on a property; however, the resolution refers to deed restrictions specifically designed to promote and preserve attainable housing opportunities over a given time frame. Examples may include tax credit rental properties and first time home buyer homes in which the resale value is limited to a set value.