

TOWN OF PINETOP-LAKESIDE

RESOLUTION NO. 25-1771

A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF PINETOP-LAKESIDE, ARIZONA, RECOGNIZING THE NEED FOR WORKFORCE HOUSING IN THE TOWN OF PINETOP-LAKESIDE AND PRIORITIZING AND ENCOURAGING WORKFORCE HOUSING DEVELOPMENT WITHIN THE TOWN.

WHEREAS, the Town of Pinetop-Lakeside has a lack of workforce housing for middle-income households, the lack of affordable workforce housing has increased due to higher housing demands, limited supply, rising housing and rental prices, and the cost of housing rising faster than incomes; and

WHEREAS, the average home sales price has increased by 30% year over year, the average home sales price in 2024 was \$530,000, and the median rent in Pinetop-Lakeside was \$1,700.00 per month; and

WHEREAS, the median household income for Pinetop-Lakeside was \$52,207.00 in 2023; and

WHEREAS, a significant portion of housing stock in Pinetop-Lakeside consists of second homes and short-term rentals, impacting the availability of housing stock for local households; and

WHEREAS, households with an income less than 60% of the Area Median Income (AMI) generally qualify for subsidized housing. A majority of the multifamily housing opportunities in Pinetop-Lakeside are income-restricted, subsidized housing; and

WHEREAS, workforce housing is targeted toward households that are 60% to 120% of the AMI; and

WHEREAS, housing opportunities close to places of employment will benefit employees and employers within the Town of Pinetop-Lakeside; and

WHEREAS, the Town seeks to encourage the development of workforce housing with incentives within the Town's control.

ENACTMENTS:

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Pinetop-Lakeside, Arizona, as follows:

Section 1

The Town of Pinetop-Lakeside recognizes the lack of affordable workforce housing and acknowledges the need to prioritize it.

Section 2

The Town will encourage the development of workforce housing with incentives within the

Town's control as outlined in "Exhibit A", including, but not limited to,

- A. Expedited Review and Permit Processing,
- B. Waiver of permit fees,
- C. Reimbursement of Sales Tax on Construction
- D. Flexible Development Standards.

Section 3

The Town of Pinetop-Lakeside will continue prioritizing workforce and affordable housing, seeking additional avenues to encourage and implement workforce housing.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Town Council of the Town of Pinetop-Lakeside hereby adopt a policy to Incentivize Workforce Housing Projects.

PASSED AND ADOPTED at a regular meeting of the Mayor and Town Council of the Town of Pinetop-Lakeside, Arizona on this 6th day of March 2025.



TOWN OF PINETOP-LAKESIDE

Stephanie Irwin
Mayor

ATTEST:

Kristi Salskov, CMC
Town Clerk

APPROVED AS TO FORM:

William J. Sims, III
Town Attorney

EXHIBIT A

Town of Pinetop-Lakeside Incentive Policy for Workforce Housing

Town of Pinetop-Lakeside Incentive Policy for Workforce Housing

February 2025

1) Overview

Rising home prices in Pinetop-Lakeside are making it increasingly difficult for workers to afford housing in the Town. Couple that with the fact that the Town is lacking in affordable housing options—particularly multi-family—and it is becoming increasingly difficult for local businesses to find a sufficient workforce as many potential workers cannot afford to live in the Town. This situation is having a negative impact on the Town's ability to attract new businesses and even retain existing businesses.

2) Rising Housing Costs and Lack of Affordable Options in Pinetop-Lakeside

Pinetop-Lakeside continues to experience rising housing costs. The average home sale price in the Town has increased dramatically since 2020. In December of 2024 the average home value price was \$530,000 per Zillow which had increased 3.3% in a year.

The Town lacks affordable options in housing for the workforce—particularly multi-family. Current housing inventory in the Town indicates that there is a significant shortfall of multi-family housing stock.

3) Home Affordability

The Town had an Area Median Income of \$52,207 in 2023. Assuming the average household spends 30% of their income on housing, means they have \$1,300 per month to spend on a mortgage payment. According to mortgage calculators, that monthly payment would support a \$190,000 mortgage after a \$20,000 down payment at 6.875% interest.

The typical home value for a home in the Town in December of 2024 was \$530,000. That leaves the average middle-income home buyer in the Town almost \$340,000 short when seeking to purchase a home.

4) Housing Definitions

The Urban Land Institute (ULI) is the oldest and largest network of real estate development and land use professionals in the world and is widely considered a global leader in solving community and real estate challenges. ULI defines the following as standard housing classifications:

Market Rate Housing: Housing for middle-income households with an income greater than 120% of Area Median Income (AMI).

Workforce Housing: Housing for moderate income households with an income between 60% and 120% of Area Median Income (AMI). This housing type is meant to be for teachers, first responders, nurses, service providers and even middle managers in many local companies. Although low-wage workers are still a critical part of the overall workforce in the Town, they are covered under subsidized housing. Workforce housing includes various dwellings such as single-family, multifamily, and units offered for rent.

Subsidized Housing: Housing for low-income households with an income less than 60% of area median income (AMI). This is federally sponsored financial assistance on housing for low-income earners and is often referred to as “affordable housing.”

5) Pinetop-Lakeside Area Median Income

The United States Census Bureau calculates the Area Median Income (AMI) for every geographic region in the U.S. The AMI is defined as the midpoint of a region’s income distribution. The AMI for Pinetop-Lakeside in 2023 was \$52,207. Therefore, a household making greater than \$62,648 (AMI x 120%) would qualify for Market Rate Housing in the Town. A household with an income between \$31,324 (AMI x 60%) and \$62,648 (AMI x 120%) would qualify for Workforce Housing in the Town. A household with an income less than \$31,324 (AMI x 60%) would qualify for Subsidized Housing in the Town. If it is assumed that 30% of household income goes to rent, monthly rent for workforce housing in the Town would range between \$783 & \$1,566 per month.

6) Development Incentives

These incentives are offered to encourage the development of new site built single-family and multi-family housing, new manufactured housing, and the renovation/repurposing of existing properties specifically for the Workforce Housing as defined in Section 4) Housing Definitions. To receive incentives, the project must be approved as Workforce Housing as outlined in Section 7C of the Eligibility Guidelines.

A. Expedited Review and Permit Processing.

All development projects in Pinetop-Lakeside are subject to application, review, and permitting procedures outlined in the Pinetop-Lakeside Town Code, Titles 15-17. However, the Town of Pinetop-Lakeside will prioritize plan, design, and building permit applications and reviews for Workforce Housing, as defined in Section 4) Housing Definitions, development projects. A dedicated Community Development staff member will be assigned to work with Workforce Housing Projects to assist them in moving through the planning and permitting stages as quickly and efficiently as possible. The Town of Pinetop-Lakeside will provide a no-charge Pre-Application Meeting, will complete the first review of permit application within fifteen (15) working days, and will offer inspections on a priority basis.

B. Waiver of Permit Fees.

The Town of Pinetop-Lakeside will waive all applicable application fees, development review fees, building permit fees and inspection fees for Workforce Housing, as defined in Section 4) Housing Definitions, development projects.

C. Reimbursement of Sales Tax on Construction.

The Town of Pinetop-Lakeside will pay a reimbursement of the Town's portion of sales tax paid by the developer on construction of Workforce Housing, as defined in Section 4) Housing Definitions, in an amount up to \$2,500 per unit at such a time as each unit has been issued a certificate of occupancy and is occupied pursuant to a lease agreement entered into for the unit.

Reimbursements are budget dependent and contingent on the availability of funds and continued authorization of the program.

D. Flexible Development Standards.

Pinetop-Lakeside development codes as outlined in the Town Code, Sections 17.104.020 may be modified up to a 10% variance at the Community Development Director's discretion to accommodate the development of Workforce Housing as defined in Section 4) Housing Definitions. All requests for modification of development standards will be evaluated on a case-by-case basis and determined by various factors including but not limited to number of units, project location, site topography and compatibility with neighboring land uses. Factors that may be subject to modification include but are not limited to lot coverage, building height, building set-back, lot area, and lot dimensions.

7) Eligibility Guidelines

A. The incentives as, outlined above in Section 6) Development Incentives, are available only for the rental of (i) new site built single-family units, (ii) new multi-family housing project units, (iii) new manufactured housing units and (iv) the renovation/repurposing of existing site built single-family units, multi-family units and manufacturing housing units that are specifically designated as Workforce Housing units, as defined in Section 4) Housing Definitions, within the Town. The income of the person(s) on the rental application will only be considered when determining qualification for Workforce Housing as defined in Section 4) Housing Definitions.

B. Developers of Workforce Housing, as defined in Section 4) Housing Definitions, projects wishing to receive incentives must be the owner of the development site and must comply with Town of Pinetop-Lakeside zoning codes, land use plan, adopted building codes, engineering standards, and otherwise follow the standard development processes as outlined in the Town Code.

C. To begin the process of obtaining incentives, developers of Workforce

Housing, as defined in Section 4) Housing Definitions, projects should contact Town staff at the time of project application to determine if the project qualifies as Workforce Housing. The project must be approved as Workforce Housing by the Community Development Director prior to seeking incentives.

D. Prior to receiving a Certificate of Occupancy for participating Workforce Housing, as defined in Section 4) Housing Definitions, the developer shall provide documentation proving compliance with the terms of this policy.

E. The Town of Pinetop-Lakeside reserves the right to approve, approve with conditions or deny any request for Workforce Housing, as defined in Section 4) Housing Definitions, incentives and any modification of development codes after determining whether the development or project complies with the terms this incentive policy.

F. Housing developments or individual housing units receiving any or all the incentives listed in Section 6) Development Incentives must be completed and rented and occupied within eighteen (18) months from the date of the execution of an agreement with the Town of Pinetop-Lakeside documenting compliance with the terms of this policy. Prior to the expiration of the agreement, the developer shall be responsible for applying in writing for additional extensions. The Community Development Director may, after consulting with the Town Manager, elect to extend the time frame for completion.

G. Housing developments or individual housing units receiving any or all the incentives listed in Section 6) Development Incentives must keep rents within the parameters of Workforce Housing (defined in Section 5. Housing Definitions) and said requirements shall be in place for a period of ten (10) years following issuance of the Certificate of Occupancy and the property owner must submit an annual affidavit of proof of compliance to the Community Development Director. The Town may record the agreement documenting compliance with this policy for said ten (10) years.

H. Housing developments or individual housing units receiving any or all the incentives listed in Section 6) Development Incentives are prohibited from becoming short-term rentals of less than 30 days for a period of ten (10) years following issuance of Certificate of Occupancy.

I. Housing developments or individual housing units receiving any or all the incentives listed in Section 6) Development Incentives must be owned or rented by legal residents of the United States and at least one (1) adult person in the household must be employed full-time or full-time equivalent with income that falls within the parameters of Workforce Housing as outlined in Section 4) Housing Definitions for a period of ten (10) years following issuance of Certificate of Occupancy. Units must be occupied full-time. Units can be subleased provided lessees have incomes that meet the requirements of workforce housing as outlined in Section 4) Housing Definitions. Subleases do not apply to multigenerational family households. Owners and renters should not own another home or have joint ownership in another home.