

**COMMUNITY HOUSING TASK FORCE
MEETING
February 25, 2003**

MEMBERS

Joe Udall
Carie Allen
Teresa Brice-Heames
Randy Jackson (Absent)
Jack Hannon
Jim Davidson
Greg Holtz
Patricia Duarte
Sean Lake
John Poulsen
Linda Flick
Jeff Rogers (Absent)
Marty Whalen
Stephanie Wright
Maynard Schneck

STAFF

Hershel Lipow, TONYA Inc.
Ben Patton, Neighborhood Services
Bryan Raines, Neighborhood Services
Kit Kelly, Community Revitalization
Ruth Anne Norris, Housing Services
Lisa Wilson, Neighborhood Services
Ann Blech, Planning
Deanna Villanueva-Saucedo, Neighborhood Outreach
Dick Mulligan, Economic Development
Micah Miranda, Economic Development

OTHERS PRESENT

WELCOME AND INTRODUCTIONS

Joe Udall welcomed everyone to the meeting of the Community Housing Task Force (CHTF). Several City of Mesa staff introduced themselves to the CHTF.

APPROVAL OF MINUTES

The minutes from Jan and February will be approved on March 25, 2003.

RECAP OF SESSIONS OBJECTIVES

Hershel Lipow provided a recap of the objectives of this session. This session discussed economic, social, and physical development within the City of Mesa. Financing, jobs, and the economy will also be discussed.

PRESENTATIONS

Dick Mulligan of the City of Mesa's Economic Development Office and Hershel Lipow of TONYA, Inc. gave presentations of the following:

ECONOMIC OVERVIEW

Dick Mulligan gave an Economic Overview. Members were provided with information regarding the Economic Development Visioning Session, Economic Development Strategy, and statistical information regarding the demographics of Mesa. The profile is also found on the web site at www.cityofmesa.org/econdev/profile/profile.asp, which includes more detailed information. Mr. Mulligan explained how he became involved in gathering information from an economic development standpoint for the task force. Originally this same information was shared with the City Council.

Mr. Mulligan made the following observations:

Cost of Living

- Overall Cost of Living in the region (96.2) is comparable to the national average score of 100
 - Housing is the most affordable component in the ACCRA Cost of Living Index at 88.8
 - Other components include comparative costs for groceries (100.8), utilities (95.6), transportation (100.3), health care (111.5), and miscellaneous (91.4)

Of all of these factors housing is the largest cost. Our region's housing cost (5% below the national average on sales prices for single-family homes) is well below many metro areas.

MONEY Magazine compared 57 cities with populations above 300,000 in a survey that ranked Mesa as the 11th "most livable" city on the country. The ranking is based on rate of population growth and the cost of residential real estate relative to local incomes.

Mesa has become an important element of the region's housing market with 13 % of the resale market and 13 % of the new market. The Phoenix Fact Book lists the average price of a new home in the surrounding cities. Mr. Mulligan used this information to develop a map of zip code areas, which contain the average medium home sales prices. Northeast Mesa has an average home price of \$174,500. This is competitive with the surrounding communities.

MESA'S ECONOMIC DEVELOPMENT STRATEGY

Real and Personal Property Tax was outlined in the presentation.

In general, the assessment ratio for commercial and industrial real property is 25%, compared to 10% for residential.

- Relatively high tax rates for capital-intensive industry
- State legislation sought to equalize assessment ratios

Arizona's governor wants a review of the comprehensive state tax code because it's based on the "old economy".

Primary and secondary property tax rates were discussed. The primary property taxes are those tax collected by the states, counties, cities, community colleges, and school districts. These funds are designated for expenditures in that jurisdiction.

Secondary property taxes are levied for voter approved budget overrides, special districts, or to pay for bonds and indebtedness. Currently, the City of Mesa does not levy either of these taxes.

Increasing the availability of jobs in Mesa, population, and housing growth was discussed. The key focus of our Economic Development Strategy is to increase jobs per capita ratio for the City of Mesa. Achieving this goal will require meeting the following milestones:

- Increase Mesa's jobs per capita ratio

- Strive to reach a ratio of .56 jobs per capita
- Requires placement of .96 incremental jobs for every resident
- Equivalent to 3.46 jobs for every housing unit
- Fundamental measurable progress needs to emerge in the next five years
- Mesa must catch up and go forward simultaneously

The plan requires that Mesa provide one new job for every new resident, which is equivalent to having 3.46 jobs for every housing unit built. This requires 358,000 jobs at buildout, which is a 131% increase. The household number will go from 146,000 to 195,000 (an increase of 33%). In addition, Mesa must provide the needed amenities to attract and retain residents.

Effective Buying Income data was reviewed, which shows how Mesa compares to other communities in the region. Thirty-three percent of Mesa's population earns \$50,000 and over, compared to 37.6% for the region. These are the same demographics used to research sites for new businesses.

Educational attainment data is information which includes the population that possess a bachelor's degree or higher: In 1990 that population was 21% for Mesa; In 2000 it was 21.6%. The "new economy" demands that we attract the most talented people to obtain a quality workforce. Amenities that Mesa can use to attract talented people and make them competitive will be the Mesa Arts Center and the planned Aquatics Center.

COMMUNITY REVITALIZATION

Hershel Lipow spoke about revitalization of the community and how to improve the existing community. The group was asked to review handouts that were provided at the Housing and Neighborhood Revitalization Roundtable meeting. These handouts contained facts about Mesa's population, housing, income, and economics.

An explanation of change in income distribution was given. All groups except those earning \$25-35,000 will have an increase in income through the year 2005. This includes people at 60% of the median income level. This directly impacts when the city will reach buildout. The goal will be to balance the existing community with new growth and to create opportunities for development on infill parcels.

Mr. Lipow and Mr. Mulligan answered questions from the task force.

Teresa Brice-Heames questioned the property tax and what revenue would be gained if Mesa implemented a property tax. Mr. Mulligan could not answer this question because a rate (data) is not available.

Another question concerned attracting educated individuals to Mesa. Moving away from the "cheap cost" model can accomplish this.

DISCUSSION AND WORKGROUP

The group was then broken into 3 subgroups and placed in 3 different locations to discuss Mesa's strengths, weaknesses, opportunities, and threats. A facilitator was assigned to each group. The discussions lasted for 30 minutes.

CHTF GROUP REPORT OUT

Results from each group were recorded. They are as follows:

I. Strengths - What is Mesa's competitive economic advantage?

- Excellent public schools
- Affordable housing costs and cost of living
- Diversified community, housing types, population
- Vacant, undeveloped land
- Geographic location (rail, air)
- One of the largest communities in the state
- Large, diverse labor pool with wide array of languages and skills
- Climate
- Strong sense of community and family
- Good place to do business
- Parks and recreational opportunities (proximity to state parks)

How does Mesa's housing contribute to this advantage?

- No property tax
- Diversified housing types and prices
- A lot of housing units \$143-175,000
- Low-end housing supports cheap labor force

II. Weaknesses - What detracts from Mesa's competitive advantage?

- Educational attainment
- Maturing (deteriorating) housing stock
- Graying of workforce
- Manufactured housing
- Lack of identity, sense of place
- More quality of life amenities (e.g. restaurants)
- Stereotypic image and perceptions of Mesa (e.g. liquor sales)
- Planned communities lack diversity
- Transience/turnover of the community
- Transportation
- Lack of mixed use
- No high end rentals
- Lack of plan for very low-low income housing
- State legislators tied to ideology
- Slowdown in the development process; delays in getting new businesses through the process
- Neighborhoods south of Main Street seem to lack opportunities compared to those north of it.

III. Opportunities - Which prospects offer the most promise?

- Improving quality of life issues (the "cool" factor)
- SE Mesa Hub (Williams Gateway, GM Proving Ground)
- Revitalizing Neighborhoods
- Leveraging strong elementary, secondary, and vocational school system
- 202, enhanced transportation system
- Emerging Arts District
- Existing infrastructure

- Growing Latino population (work and family ethics)
- Focus upon \$60-110,000 managers rather than CEOs
- Annexation of Pinal Co. land to expand areas for development (opportunity to master plan area to do it right)

How do these opportunities impact Mesa’s housing quality, fairness, and location?

- Revitalization of neighborhoods
- Balance – opportunity to disperse low and high income
- Focus upon existing housing stock to provide affordable housing alternatives
- Annexation of Pinal Co. land would allow for development of a “North Scottsdale” type area

IV. Threats - What circumstances could hinder Mesa’s efforts to reach its economic potential?

- Lack of quality of life and services
- Inadequate mass transit system
- Increased stratification of housing by income
- Arbitrary changes to the land use plan
- Lack of increase in educational levels
- Becoming a “pass through” community (commuters from Pinal Co.)
- Parks and recreation not keeping up with growth
- Fairness; victimization of low-income population by absentee landlords
- Mobile home parks and rental units located throughout the city
- Hard to entice high end housing; hard to change the trend of high-end housing going to other places (e.g. Scottsdale)
- Need to consider infill and neighborhood issues
- Lack of incentives to revitalize existing homes and businesses
- If nothing is done, Mesa will decline
- Lack of public housing and rental assistance

How can these threats be averted or mitigated?

- Appropriate financing structure
- Visionary leadership
- Good planning
- Revitalization and prevention of blight and deterioration
- Community land trusts, sweat equity and buy-back programs to address rentals
- Institutional change; growth of neighborhood movement, Neighborhood Services Department, Housing Roundtable
- Growth of Internet usage, home businesses; e-mail leads to greater connectedness and sense of place
- Relaxed standards for homeowner rehabilitation
- Infill policy development

The task force was given contents of next month’s discussion, which will be the continuum of lifestyle and lifecycle and the idea of wealth building and equity formation.

CITIZENS COMMENTS

Earnie Johnson commented on the aspect of mature housing. “Houses in housing developments are built at the same time and the houses in that neighborhood are

deteriorating at the same rate. The neighborhood as a whole is deteriorating. This is an opportunity for remedial measures to be focused on such neighborhoods.”

WRAP-UP

Joe Udall advised that approval of minutes from January 30, 2003 would be made at the next meeting.

ANNOUNCEMENTS

Minutes and agendas will be posted on the Neighborhood Services web site. The Affordable Housing Conference will be held at the Tucson Convention Center, downtown Tucson, Arizona on March 27-28, 2003.

A request for identification of issues was sent out. Please return these to Mr. Patton or let him know of your intentions (i.e. no issues known at this time).

The next meeting will be March 25, 2003 at 6pm in the Lower Level Council Chambers.

The motion was made to adjourn. Linda Flick seconded. The meeting adjourned at 8:37pm.

Respectfully Submitted,

Ben Patton, Neighborhood Services