



COUNCIL MINUTES

August 22, 2024

The City Council of the City of Mesa met in a Study Session in the lower-level meeting room of the Council Chambers, 57 East 1st Street, on August 22, 2024, at 7:30 a.m.

COUNCIL PRESENT

John Giles
Francisco Heredia*
Jennifer Duff
Mark Freeman*
Alicia Goforth
Scott Somers
Julie Spilsbury*

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Holly Moseley
Jim Smith

(*Participated in the meeting through the use of video conference equipment.)

Mayor Giles conducted a roll call.

1. Review and discuss items on the agenda for the August 26, 2024, Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None

Items removed from the consent agenda: None

City Manager Christopher Brady confirmed that Item 3-d, **(Los Agaves Distributors LLC)**, on the Regular Council meeting agenda will be withdrawn by the applicant.

Responding to a request for an update from Councilmember Somers regarding Item 4-j, **(Ratification of an Emergency Purchase and Dollar Limit Increase to the Term Contract for Equipment Rental and Related Services (Citywide))**, on the Regular Council meeting agenda, Energy and Sustainability Director Scott Bouchie explained that the request for an emergency purchase and dollar limit increase was due to a shortage of vehicles for new employees. He clarified that due to a backorder on vehicles, several departments had to rent vehicles for employees to use in the field.

Business Services Director Ed Quedens added that the contract was established with a dollar limit and with the combined use of other departments, the dollar threshold was exceeded. He discussed the measures and process changes that have since been implemented to improve the system by notifying departments of the dollar amounts and time remaining on contracts, which

will trigger a review and action. He reported that there is an upcoming item on the next agenda related to the supply chain challenges and the need to rely on outside contractors to supplement.

Mr. Brady clarified that the demand for the contract was much greater than anticipated and became oversubscribed. He indicated the increased dollar limit on the contract is necessary to pay invoices. He commented that wait time is approximately three years before equipment is received for some of the larger equipment.

Responding to a question from Councilmember Goforth regarding Item 4-b, **(Three-Year Term Contract with Two-Year Renewal Options for Helicopter Engine Repair Parts, Repair and Overhaul Services for the Mesa Police Department (Citywide))**, on the Regular Council meeting agenda, Police Aviation Administrator Randy Wilson answered that the MD Helicopter manufacturer, Rolls-Royce, is better suited to provide service on the engines and their service centers have traditionally been used .

Responding to a question from Councilmember Goforth regarding Item 4-h, **(6-Month Extension and Dollar Limit Increase to the Term Contract for Emergency Medical Supplies and Pharmaceuticals for the Mesa Fire and Medical Department (MFMD) (Citywide))**, on the Regular Council meeting agenda, Fire Chief Mary Cameli explained that the Fire Department is in the process of developing a new Request for Proposal (RFP), and as a result of the time-consuming process of finding a vendor that can provide all supplies, a request to extend the contract has been made until the new RFP is available.

2-a. Hear a presentation, discuss, and receive an update on Mesa's Balanced Housing Plan.

Development Services Director Nana Appiah introduced Redevelopment Program Administrator Jeff Robbins; Housing and Community Development Director Michelle Albanese; Susan Becker, Consultant and Vice President of Zions Public Finance; and displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. Appiah reported the purpose of a Balanced Housing Plan is to provide a fair assessment of the City's housing needs based on data collected and helps to strategize the housing needs. He added that the Balanced Housing Plan is a requirement of the General Plan, which will be on the ballot in the November election. (See Page 2 of Attachment 1)

Mr. Appiah reviewed the various approaches used to develop the Balanced Housing Plan, as well as the economic development, jobs, and recommendations that resulted from the approaches utilized. (See Page 3 of Attachment 1)

Mr. Appiah summarized the public participation approach, the recommendations made by stakeholders, advisory groups, focus groups, and non-profits to address the housing trends, and ways to encourage retention of Mesa residents. (See Page 4 of Attachment 1)

In response to a question posed by Councilmember Goforth, Mr. Appiah replied that the feedback from the Realtors' focus group is that the perception of Mesa needs to improve through publicizing its amenities and things to do in the community, rather than only focusing on housing.

Mr. Appiah presented a graph illustrating Mesa's projected population growth through 2030 and discussed the need to find opportunities for housing and supply to meet the projected growth. He reported that historically the COM has been steadily growing and is projected to continue. (See Page 5 of Attachment 1)

Mr. Appiah discussed the percentage of population by age and reported that by 2030, the 65 and over population is projected to be the largest number living in the COM. He indicated that collaboration with economic development would create opportunities to change the trend and attract middle-aged and younger residents to Mesa. He stated the intention is to approach the Balanced Housing Plan from an equitable perspective of economic development, community development, and development services as well. He summarized that all the data sources and input indicate that Mesa's population is aging faster than the national average, unless the City takes measures to change or minimize the trend. (See Pages 6 and 7 of Attachment 1)

Mr. Robbins mentioned that income was studied as a key factor in the Balanced Housing Plan to help understand the relative buying power of residents and determine the type of housing that may be in demand in the future. He compared Mesa's median household income to other Arizona cities and noted that the COM is in the middle range across the region and is considered slightly less than the county average. (See Page 9 of Attachment 1)

Mr. Robbins reported that the area median income (AMI) is a metric used by the federal government to understand income distributions in any particular area, as well as determine the normal range. He added that the COM's income range is in the middle at 100% AMI, and he indicated that AMI assists with determining an affordable housing price range. He provided examples of home sale prices based on the AMI range to determine the type of housing individuals can afford. He noted the home prices do not account for any fees to rent land or utility fees, it is strictly the structure. (See Pages 10 and 11 of Attachment 1)

Mr. Robbins reviewed the income ranges and paired them with affordable rents, recognizing that citizens need to make 80% AMI to afford entry-level housing. He provided examples of rent prices at the 50% AMI range, concluding there were no listings according to Zillow. He emphasized that citizens that meet the 80% AMI begin to have one-bedroom apartments available for rent. He stated that at 150% AMI townhomes become available, while single-family homes are only available for the high-income bracket. (See Pages 12 and 13 of Attachment 1)

Mr. Robbins summarized the main points derived from the income data which identify the housing supply and demand needs. (See Page 14 of Attachment 1)

In response to a question from Councilmember Goforth, Mr. Robbins advised that the AMI is part of Mesa's Metropolitan Statistical Area, a designation created by the federal government and includes Maricopa County and a section of Northern Pinal County. He indicated that the AMI is calculated based on the median of all household incomes within a specific area.

Mr. Appiah reviewed the various housing types in Mesa, with the majority being single-family detached homes at 59%. (See Page 16 of Attachment 1)

Mr. Appiah discussed the residential building permits issued between 2018 and 2023, and on average the City issued approximately 3,000 building permits annually. He noted that in 2021, the highest number of building permits were issued for the past five years at 4,332 and represent single-family and multi-family homes. (See Page 17 of Attachment 1)

Mr. Appiah reported that the projected yearly housing need is 2,165 units comprised of single and multiple residence to keep up with future demand. (See Page 18 of Attachment 1)

Mr. Brady clarified that the current housing type market is different compared to 2018 where the highest housing type was single family.

In response to multiple questions from Councilmember Somers, Mr. Appiah answered that although Mesa has limited space available, the City can maximize areas for underutilized parcels and find opportunities to extract the highest and best use for redevelopment. He noted that building permits are issued yearly, and sometimes developers hold onto the permits for several years.

Mr. Appiah explained that the housing data is used to evaluate rezoning applications to meet the projected housing needs and maintain a balance of land uses in the City. (See Page 19 of Attachment 1)

Discussion ensued between Mayor Giles and Councilmembers regarding their opinions on the housing market, affordable housing, lack of housing types, permits, potential mobile home conversions, job opportunities, commercial opportunities, and amenities for Mesa.

Mr. Appiah discussed the housing needs based on income levels and the housing units available, as well as the housing surplus and shortages. He reported that individuals making 100% to 130% AMI have a significant number of units available; however, there is a shift when income reaches 150% AMI. (See Page 20 of Attachment 1)

Additional discussion ensued relative to the shift in housing market, addressing the increase in demand for affordable housing, reinventing mixed-use space for housing and retail, housing opportunities for infill developments, manufactured homes and mobile home parks conversions, and affordable and attainable homes.

Mr. Appiah provided a summary of the housing needs in Mesa. (See Page 21 of Attachment 1)

In response to a question from Councilmember Goforth, Ms. Becker explained that the presentation is a demand and supply analysis provided for the moving housing market conditions. She said the values are based on the assessor's tax value and the slightest change in interest rates can have a significant impact on the amount of a mortgage payment.

Mr. Appiah reviewed the recommendations and requirements to evaluate developments and stated the City continues to seek opportunities to streamline the development review process to reduce costs. He noted that compared to other cities, the COM is doing well with their processes. (See Page 23 of Attachment 1)

Ms. Albanese discussed the existing programs and the expansions included in the Balanced Housing Plan, which confirms and validates the programs that the City administers. She advised that when market conditions change, the programs, services, and the needs of the community also change. She noted that individuals in the lower-income bracket are only able to afford rentals. She advised that the Emergency Repair Program has been expanded due to a demand for immediate air conditioning, roofing, and other types of repairs that individuals are unable to afford. She shared that currently 140 households have been assisted by the City, an increase from 50 households in a year. (See Page 24 of Attachment 1)

Ms. Albanese highlighted the Office of Homeless Solutions is rapidly growing and taking on new activities and initiatives, while working collaboratively with the Housing and Community

Development Division to support Mesa’s Housing Path, and supportive services to transition the homeless population. (See Page 25 of Attachment 1)

Mr. Appiah reviewed the goals to attract and provide housing for higher-wage earners, as well as opportunities to encourage home ownership. (See Pages 26 and 27 of Attachment 1)

Mr. Appiah explained that the City is working on an action plan to assign each department or division responsibilities that support the goals in the Balanced Housing Plan. He announced that the final Balanced Housing Plan will be presented to Council for adoption in September 2024. (See Page 28 of Attachment 1)

In response to concerns from Councilmembers Duff and Goforth on Mesa’s housing needs, Mr. Appiah advised that the Balanced Housing Plan will encourage developers to support the housing gaps in Mesa and serves as a tool for the economic development team in their collaborative efforts with developers.

Mayor Giles thanked staff for the presentation.

2-b. Hear a presentation, discuss, and receive an update on the process for the art mural contract at the Mesa Arts Center.

Mayor Giles stated this item would be continued to a future date.

2-c. Appointments to various boards and committees.

It was moved by Councilmember Somers, seconded by Councilmember Duff, that the Council concur with the Mayor’s recommendations and the appointments be confirmed. **(See Attachment 2)**

Upon tabulation of votes, it showed:

AYES – Giles–Heredia–Duff–Freeman–Goforth–Somers–Spilsbury
NAYS – None

Carried unanimously.

3. Current events summary including meetings and conferences attended.

Mayor Giles and Councilmembers highlighted the events, meetings and conferences recently attended.

4. Scheduling of meetings.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Monday, August 26, 2024, 5:15 p.m. – Study Session

Monday, August 26, 2024, 5:45 p.m. – Regular Council meeting

5. Adjournment.

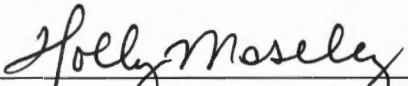
Without objection, the Study Session adjourned at 9:10 a.m.



JOHN GILES, MAYOR

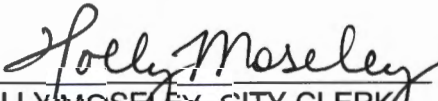


ATTEST:



HOLLY MOSELEY, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 22nd day of August 2024. I further certify that the meeting was duly called and held and that a quorum was present.



HOLLY MOSELEY, CITY CLERK

lr
(Attachment – 2)

Balanced Housing Plan

Mesa City Council Update

August 22, 2024

Nana Appiah, PhD, AICP
Development Services Director

Jeff Robbins, CECD
Redevelopment Program Administrator

Michelle Albanese
Housing and Community
Development Director

Susan Becker, AICP
Vice President,
Zions Public Finance



Why a Balanced Housing Plan?

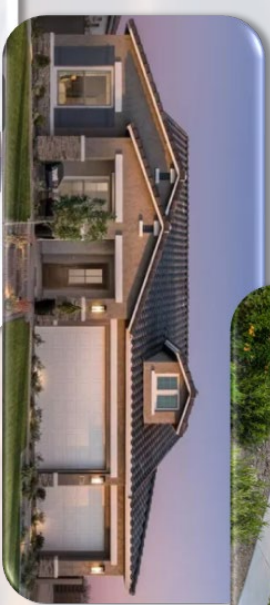
- Use data to help inform City policy
- Identify housing trends and gaps
- Create strategies to close housing gaps
- Foster public-private partnership for housing supply
- Element of the 2050 General Plan



Public Plan Making Approach

Public participation process

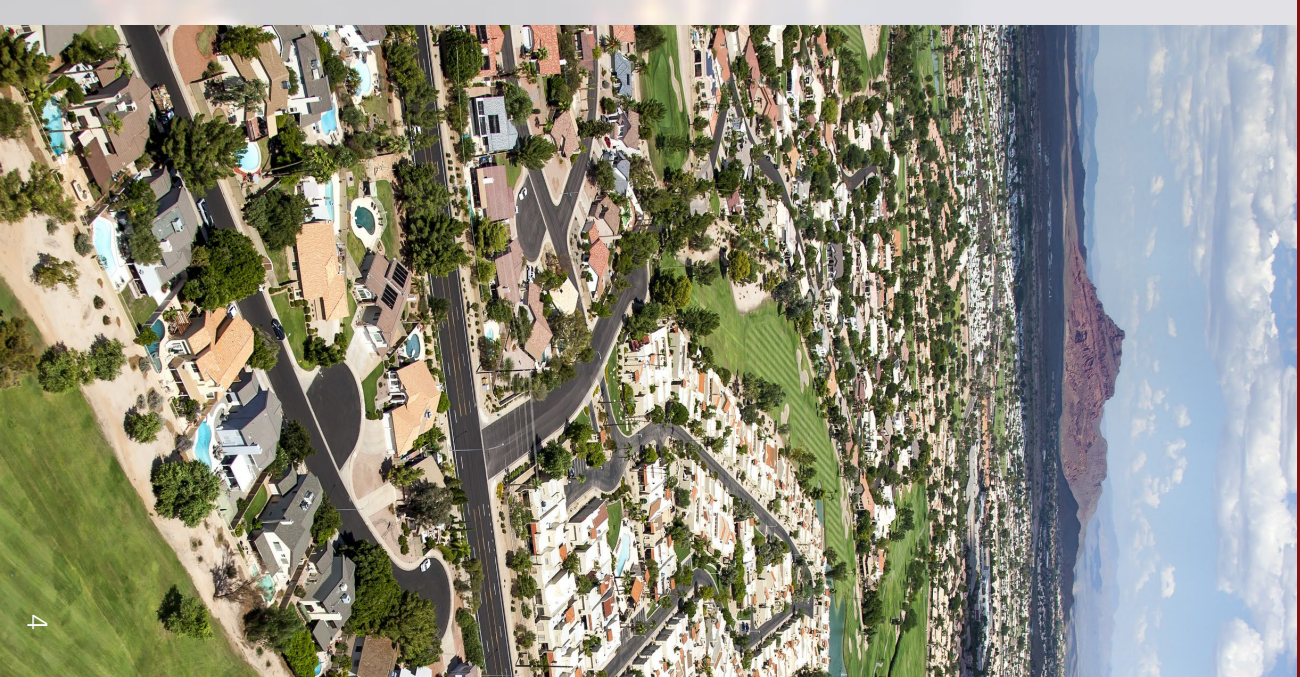
- Secondary data gathering
 - Population
 - Who lives in Mesa?
 - Who works in Mesa?
 - Income
 - Household income levels
 - Types of trades and incomes
 - Housing
 - Housing supply in Mesa
 - Housing trends in Mesa and Cost
 - Housing gap in Mesa
- Recommendations and strategies to meet housing needs



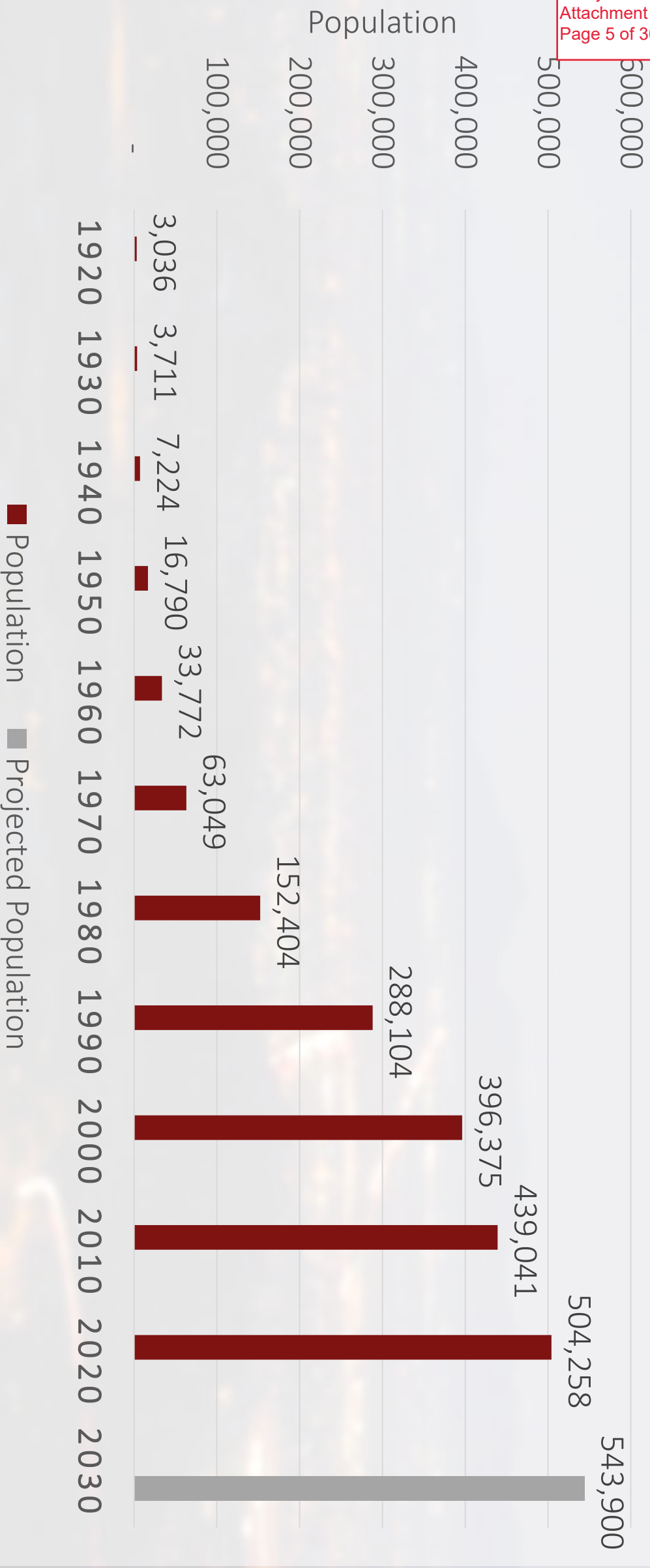
Public Participation and Input

General Plan public participation (January 2023-March 2024)

- Support diversity of housing
- Support attainable housing
- Minimize overconcentration of attainable housing
- Housing and Community Board (October, 2023)
 - Support attainable housing
 - Minimize overconcentration of attainable housing
- Realtors Focus Group (December, 2023)
 - Improve perceptions about living in Mesa
 - Encourage missing middle housing
- Non-Profit and Developers Focus Group (December, 2023)
 - Consider pre-approved starter home models
 - Difficulty in developing missing middle housing

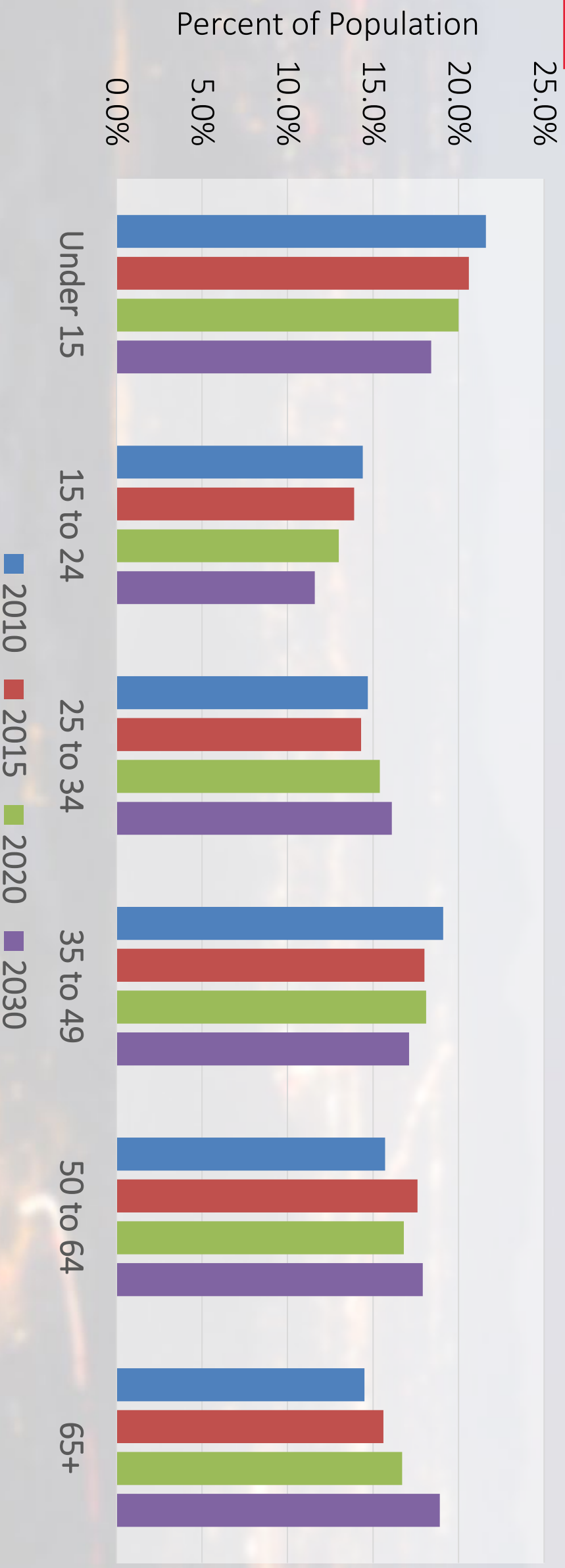


Historical and Projected Population Growth in Mesa



Source: United States Census, 1920-2020; Maricopa Association of Governments 2023 Socio-Economic Projections

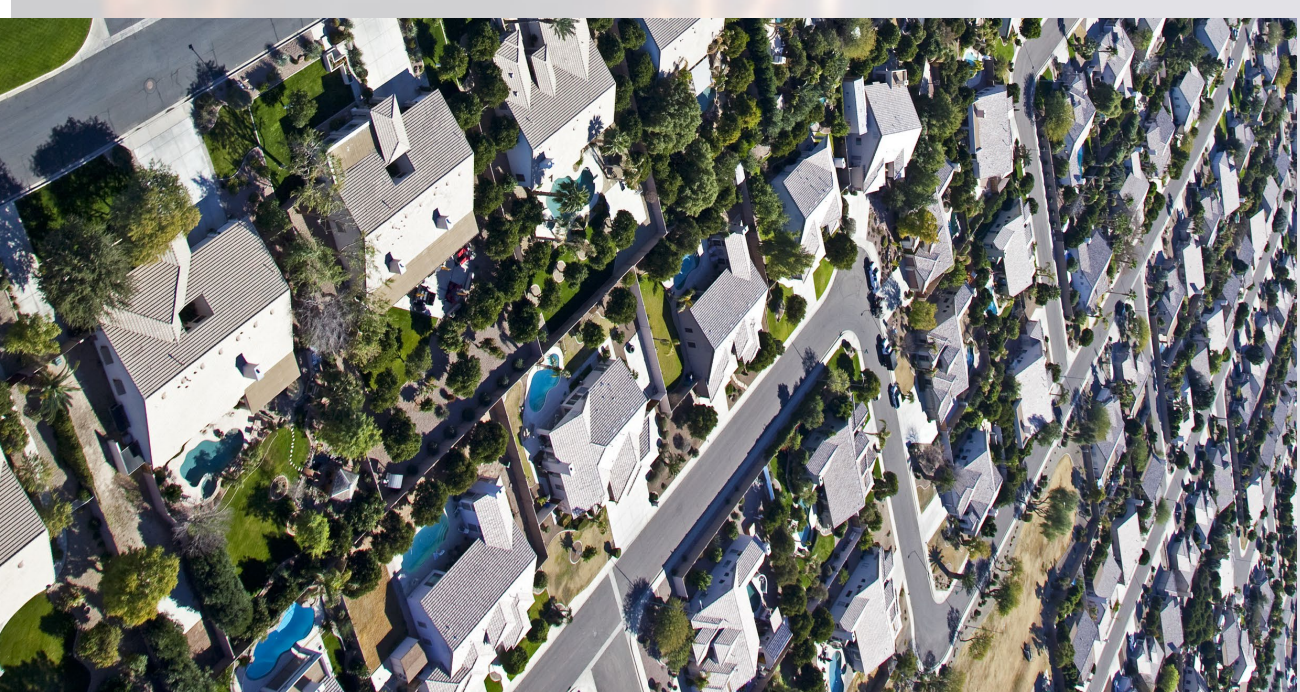
Percentage of Population in Mesa by Age Category: 2010, 2015, 2020, and 2030 Projected



Source: United States Census, 2010, 2015 and 2020 ACS 5-Year Estimates; ZPFI 2030 Projections

Summary & Highlights

- Used multiple data sources and public input for the plan making process
- City is projected to add 20,900 residents by 2030, reaching a population of 543,900
- The City's population is aging at a faster rate than national average
- Residents over the age of 65 are projected to be the largest age cohort by 2030



Income

Z	P
F	I

Median Household Income in Mesa and Surrounding Cities

	Gilbert	Scottsdale	Mesa	Phoenix	Tempe	Glendale	Tucson	Maricopa County
Median Income	\$115,179	\$104,197	\$73,766	\$72,092	\$72,022	\$66,375	\$52,049	\$80,675

Source: US Census 2018-2022 ACS 5-Year Estimates

Affordable Housing Price Range in Mesa

Income Level	Income Range	Housing Price Range
30% AMI	\$0 - \$25,250	\$60,134
50% AMI	\$25,250 - \$42,100	\$60,134 - \$126,577
80% AMI	\$42,100 - \$67,350	\$126,577 - \$226,143
100% AMI	\$67,350 - \$84,187	\$226,143 - \$292,535
130% AMI	\$84,187 - \$109,443	\$292,535 - \$392,125
150% AMI	\$109,443 - \$126,280	\$392,125 - \$458,516
180% AMI	\$126,280 - \$151,536	\$458,516 - \$558,106
Workforce Plus (200%)	\$151,536 - \$168,374	\$558,106 - \$624,502
High Income Earner	\$168,374 - \$300,000+	\$624,502 - \$1,143,531+

*Workforce plus and high-income earner categories are not defined by HUD but are added to the analysis to better analyze higher income levels

Examples of Home Prices (For Sale)

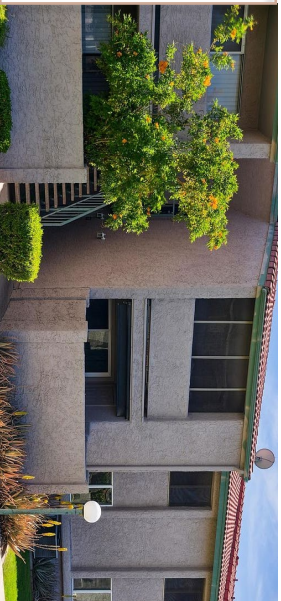
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25,450 - \$42,100
(50% AMI)



\$125,000 Manufactured Home
1,550 sq. ft. 3bds, 2 bath

\$42,100 - \$67,350
(80% AMI)



\$224,900 Townhome
898 sq. ft. 2bds, 2 bath

\$109,443 - \$126,280
(150% AMI)



\$434,999 Single Family Home
1,692 sq. ft. 3bds, 2 bath

\$168,374+
(High-Income Earner)



\$1,295,000 Single Family Home
3,181 sq. ft. 3bds, 3 bath

Affordable Rents by Household Income

Income Range	Maximum Affordable Rent
\$0 to \$9,999	\$0
\$0 to \$14,999	\$125
\$15,000 to \$19,999	\$125-\$250
\$20,000 to \$24,999	\$250-\$375
\$25,000 to \$34,999	\$375-\$625
\$35,000 to \$49,999	\$625-\$1,000
\$50,000 to \$74,999	\$1,000-\$1,625
\$75,000 to \$99,999	\$1,625-\$2,250
\$100,000 to \$149,999	\$2,250-\$3,500
\$150,000 or More	\$3,500 +

Source: US Census 2018-2022 ACS 5-Year Estimates; ZPFI

Examples of Home Prices (For Rent)

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\$25,000 to \$34,999
(50% AMI)



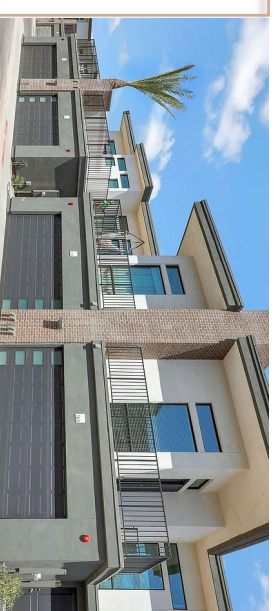
\$375-\$600 (not available)

\$50,000 to \$74,999
~(80% AMI)



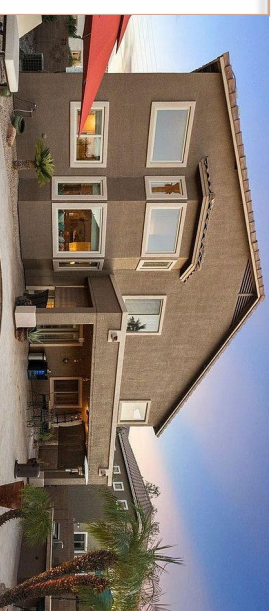
\$1,150 Apartment
579 sq. ft. 1bd, 1 ba

\$100,000 to \$149,999
(150% AMI)



\$2,195 Townhome
1,692 sq. ft. 3bds, 2 ba

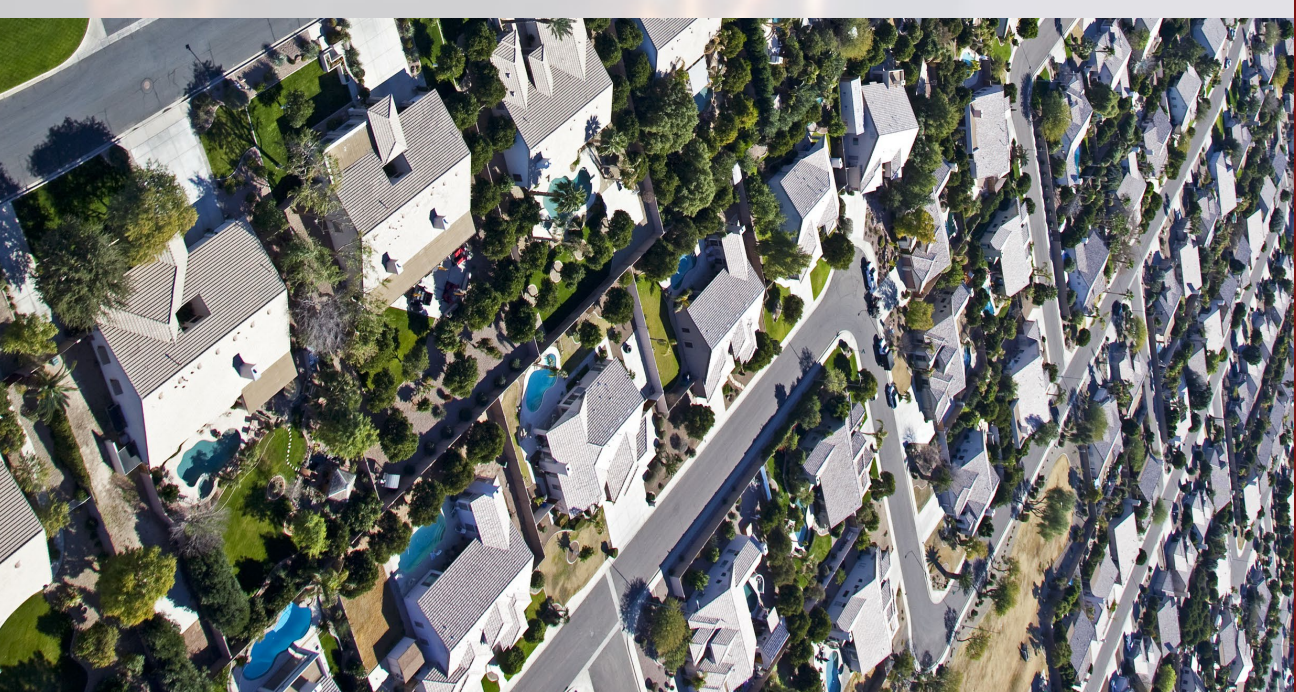
\$150,000+
~(High-Income Earner)



\$3,800 Single Family Home
2,475 sq. ft. 4bds, 3 ba

Summary & Highlights

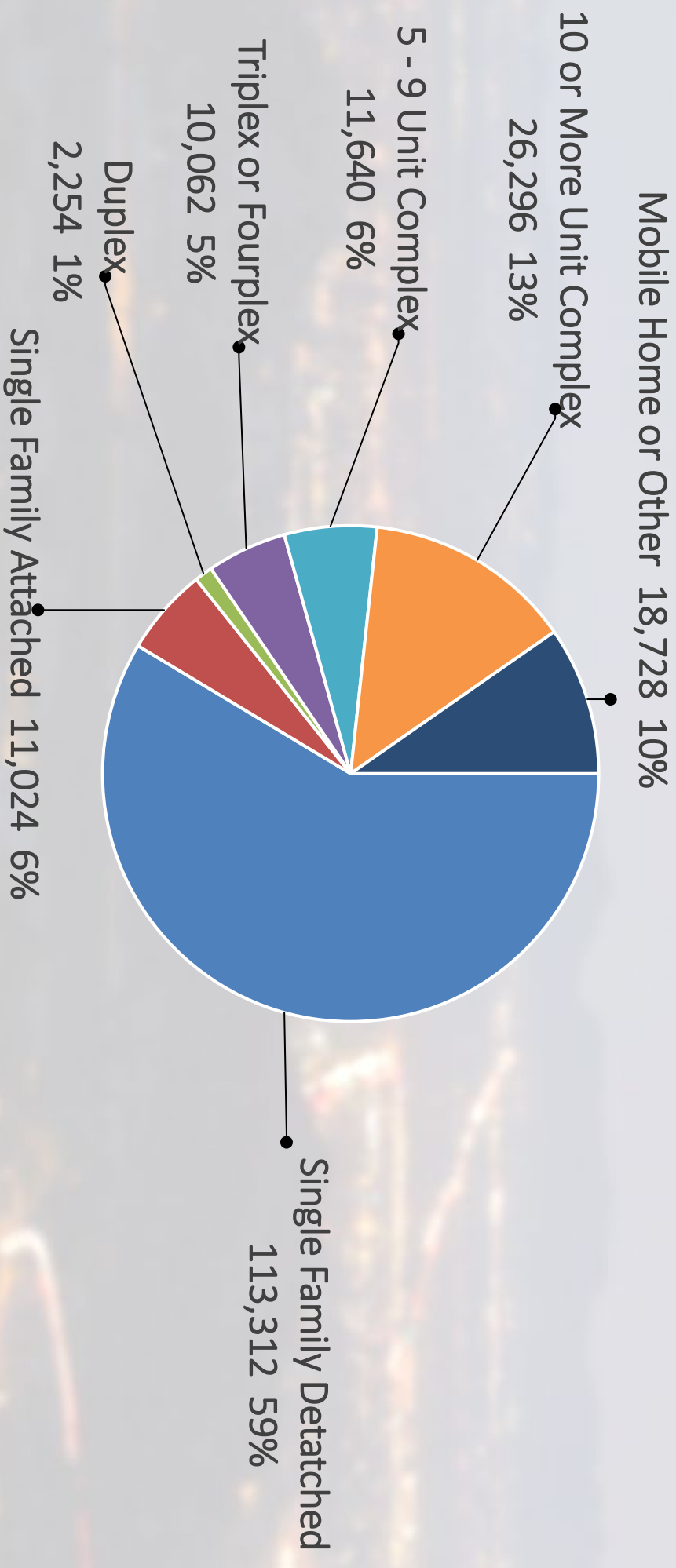
- The City's median household income (\$73,766) is lower than national (\$75,149) and County (\$80,675) median household income
- A resident generally has to make above 80% of AMI to afford middle housing, such as townhomes, duplexes or rent an ADU in Mesa
- Income influences type and cost of housing preference



Housing Need and Supply

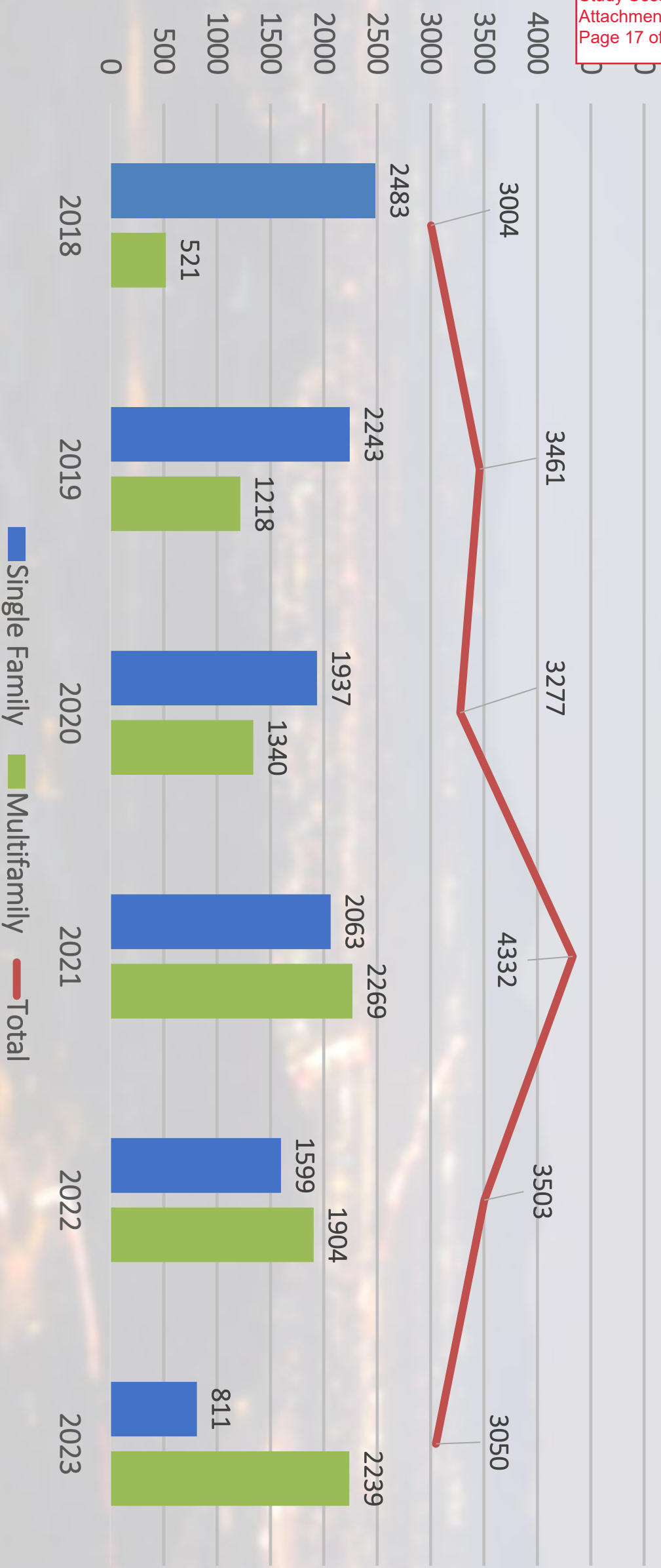


Households by Housing Type (2022)



Source: United States Census 2022 ACS 5-Year Estimates

Mesa Residential Building Permits Issued by Year (2018-2023)

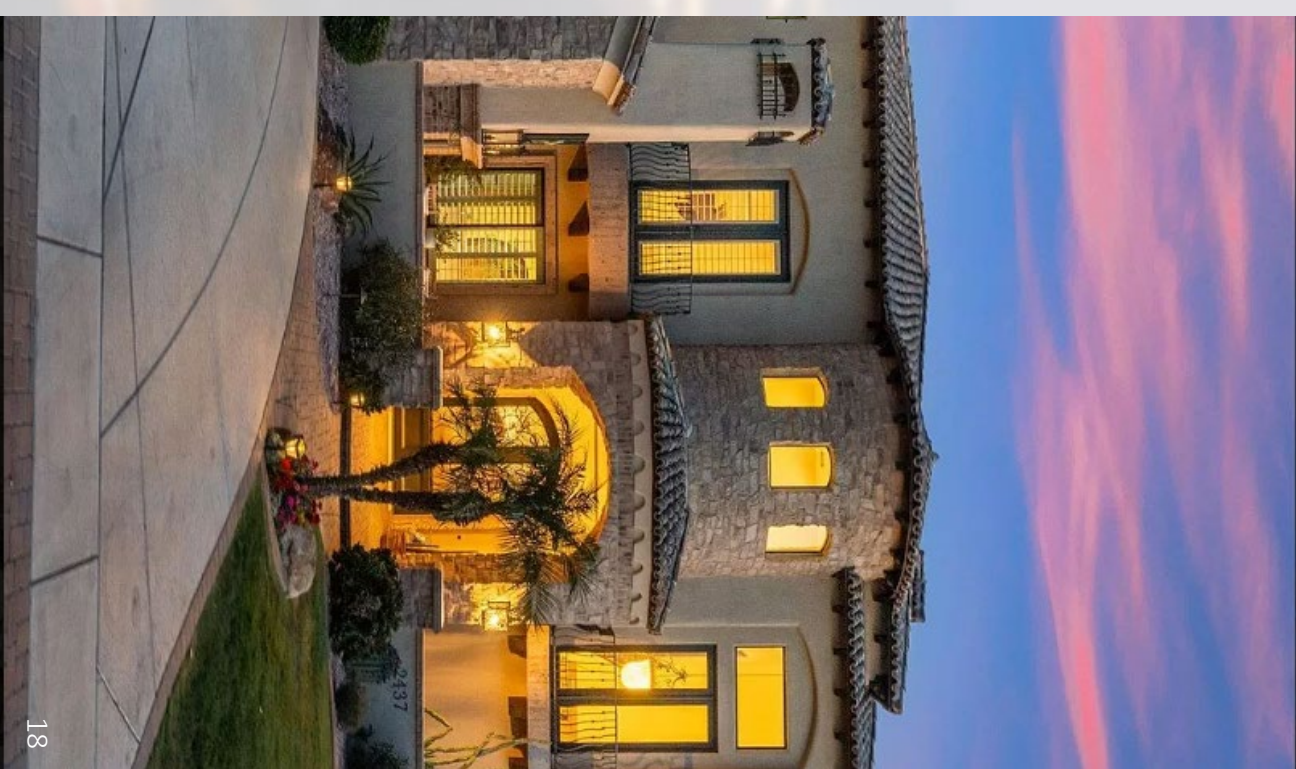


Historical Housing Supply and Projected Need

Average number of building permits issued yearly
(2018-2023)= 3,000 units

Projected yearly housing need:

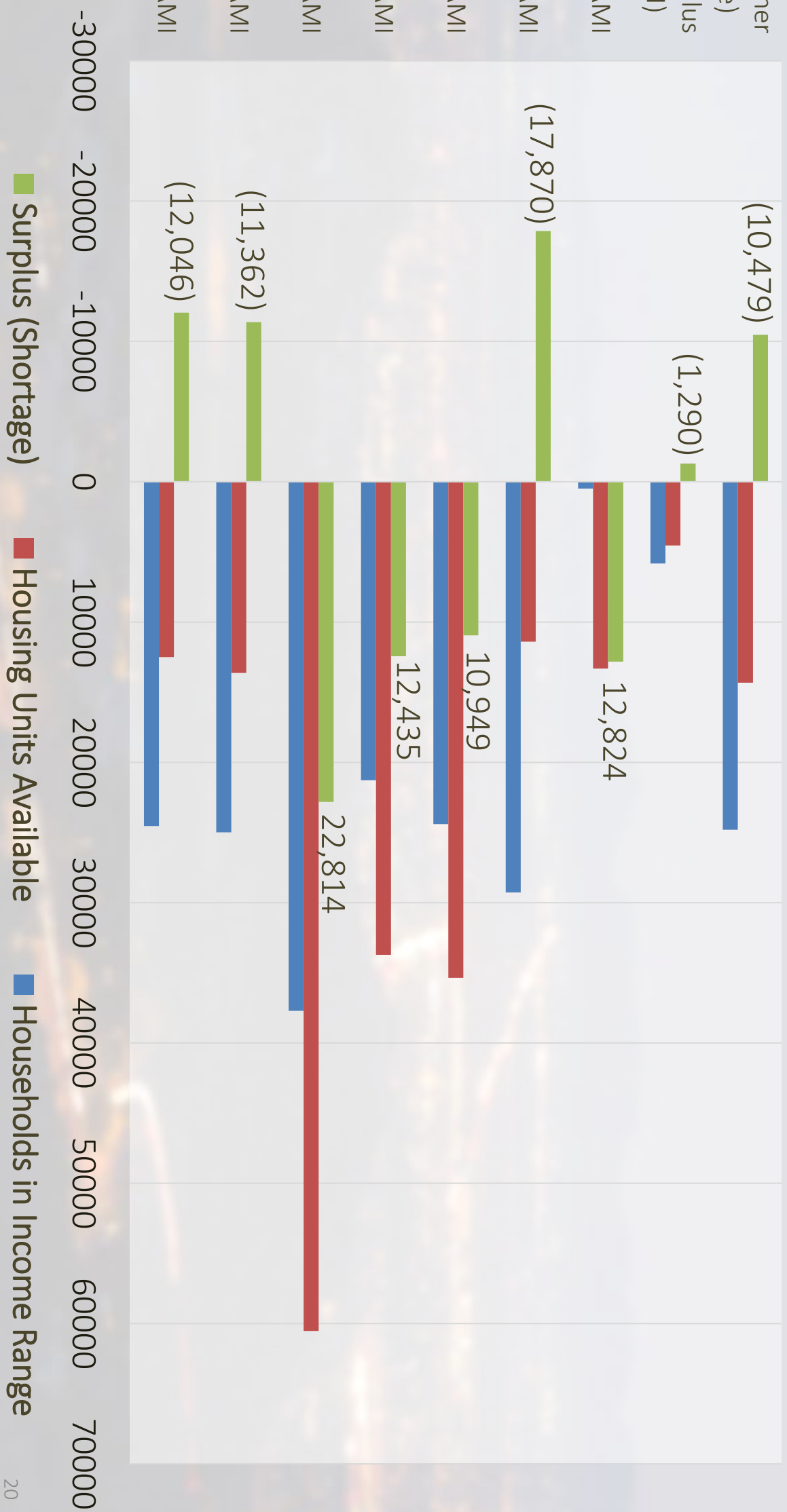
- Single residence=1,359
- Multiple residence=806
- Total yearly additional housing need=2,165 units



Housing Needs Projection (2024-2030)

Year	Population	Households	Annual Citywide Single Residence New Housing Need	Annual Citywide Multiple Residence New Housing Need	Total Housing Need (Based on total households)
2024	525,936	193,316	1,359	806	203,623
2025	528,888	195,416	1,359	806	205,788
2026	531,857	197,516	1,359	806	207,953
2027	534,842	199,616	1,359	806	210,118
2028	537,845	201,716	1,359	806	212,282
2029	540,864	203,816	1,359	806	214,448
2030	543,900	205,916	1,359	806	216,612

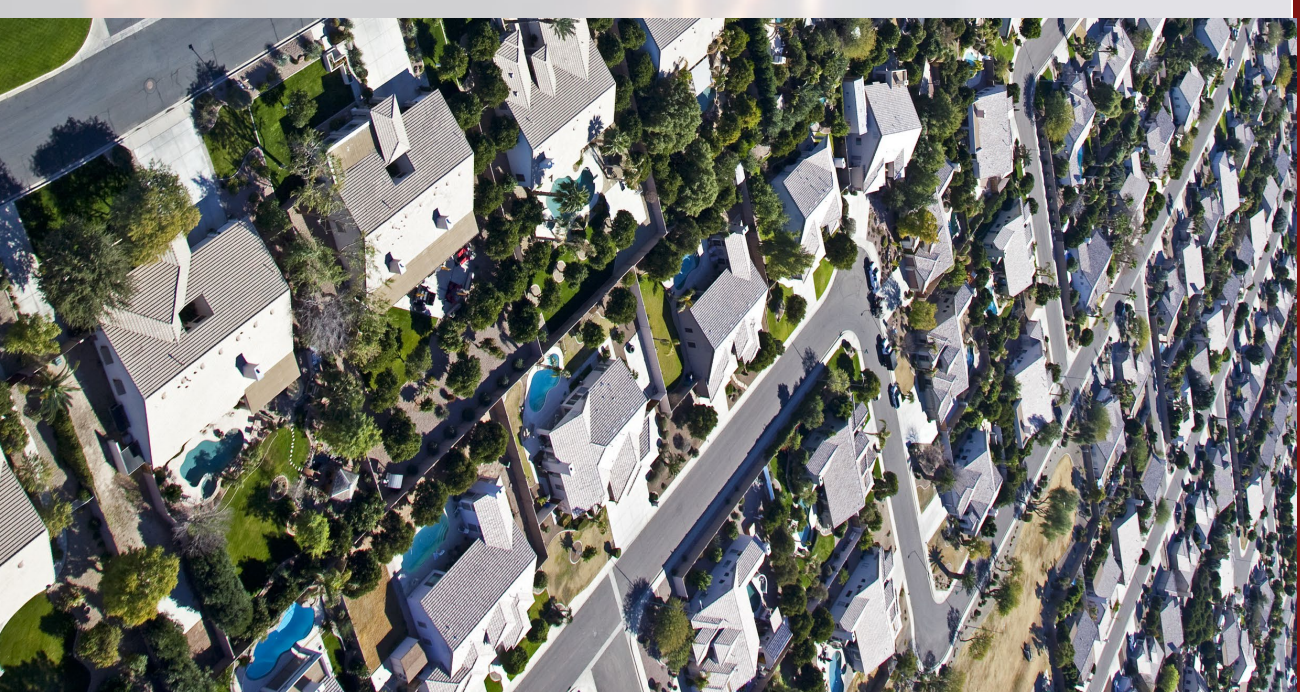
Housing Gap by AMI Categories



Summary & Highlights

City has limited quantity of middle housing
(i.e. townhomes, duplexes, etc)

- The predominant housing in type in Mesa is single family residence
- There is a housing supply shortage for residents making below 50% AMI, at 150% AMI, and 200% AMI or above
- Since 2018, yearly building permits for housing has exceeded projected demand



Recommendations

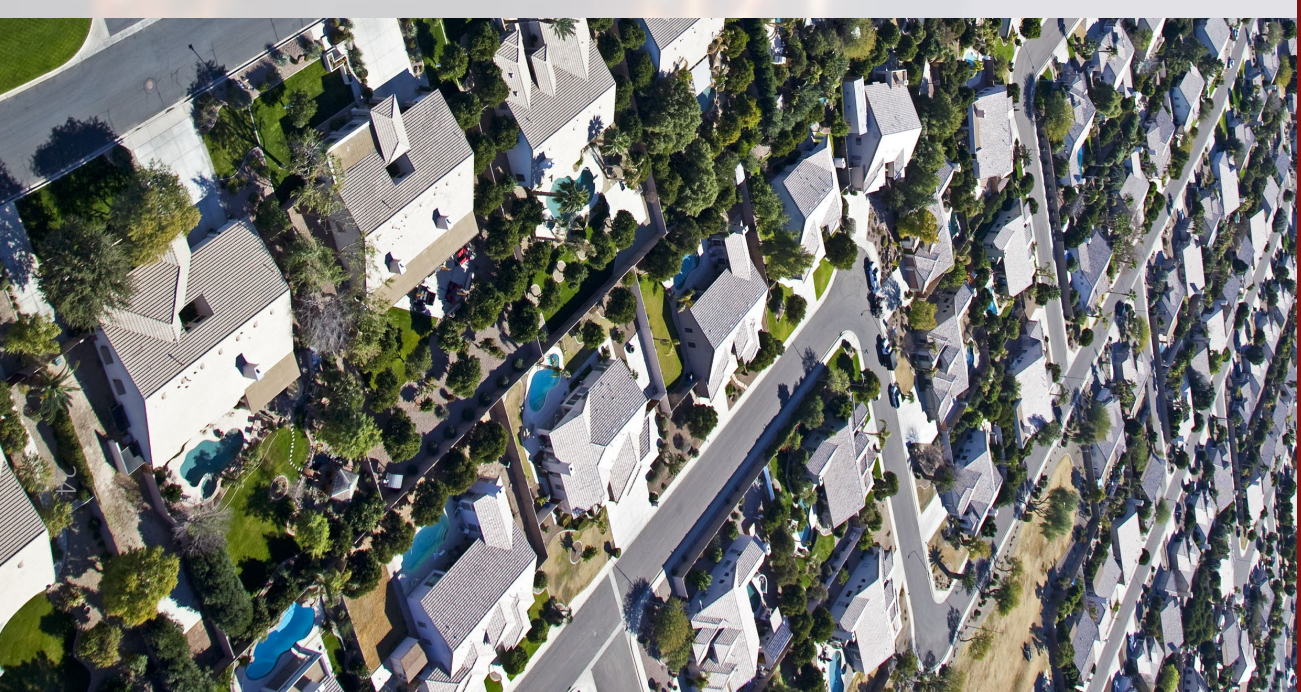


Evaluate Development Requirements

- Review current parking standards to ensure appropriate and suited standards for all developments
- Encourage use of form-based codes in appropriate areas
- Encourage mixed use developments
- Review and reduce setbacks standards to make infill more feasible
- Increase administrative approval processes to reduce review timeframe
- Review zoning districts to allow
 - Diversification of permissible housing types
 - **Middle housing types**
- Promote the use of ADUs

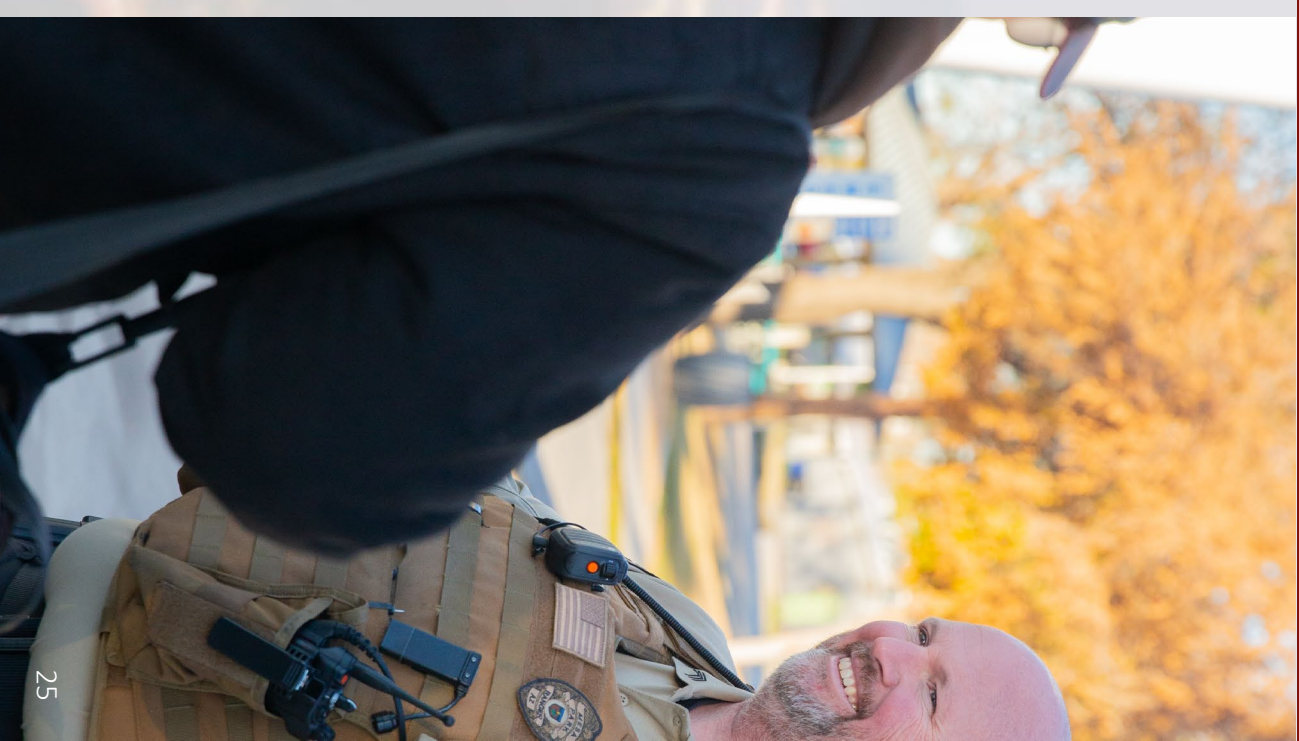
Expand Successful, Existing Programs

- Expand down payment assistance programs
- Support additional voucher allocation from HUD
- Support programs to rehabilitate older neighborhoods
- Provide supportive programs for the aging and elderly



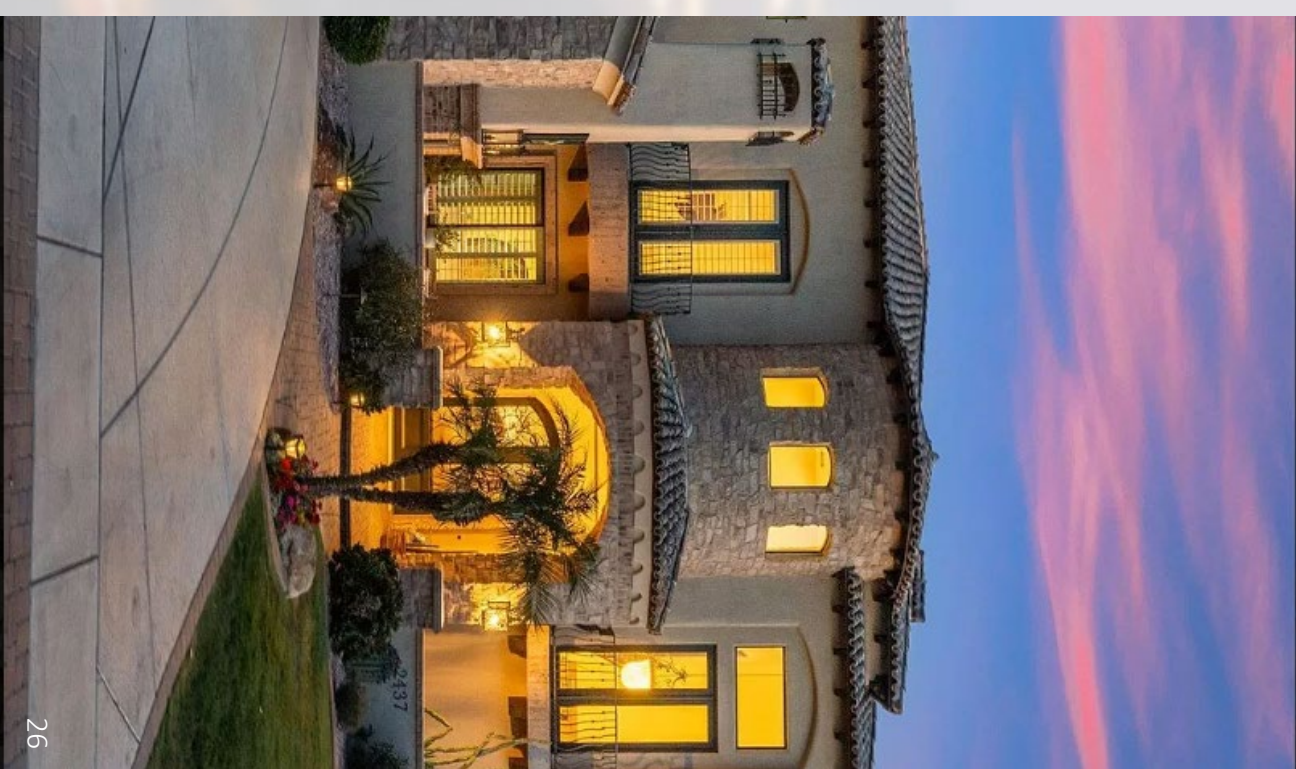
Care for the Homeless

- Continue to support Mesa's Housing Path
- Continue to support and grow workforce development programs
- Facilitate co-location of essential services to support housing



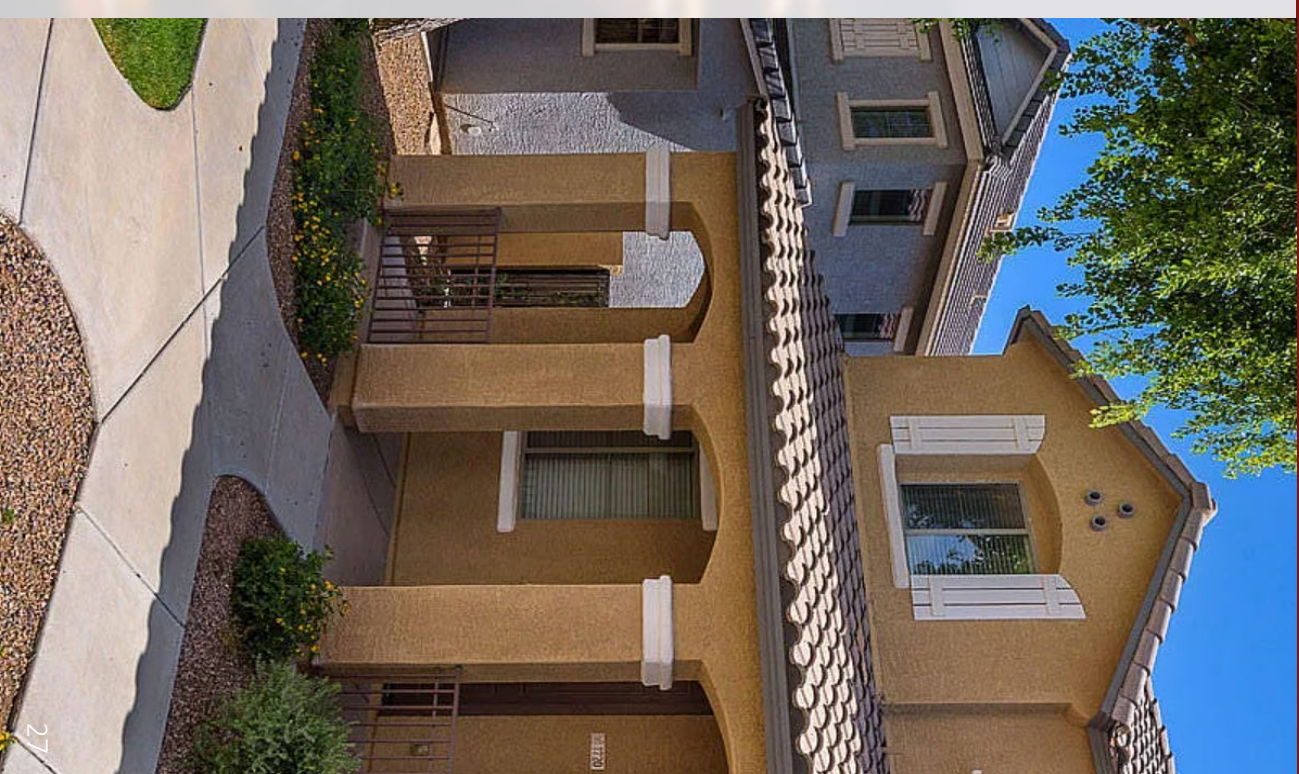
Attract and Provide Housing for Higher-Wage Earners

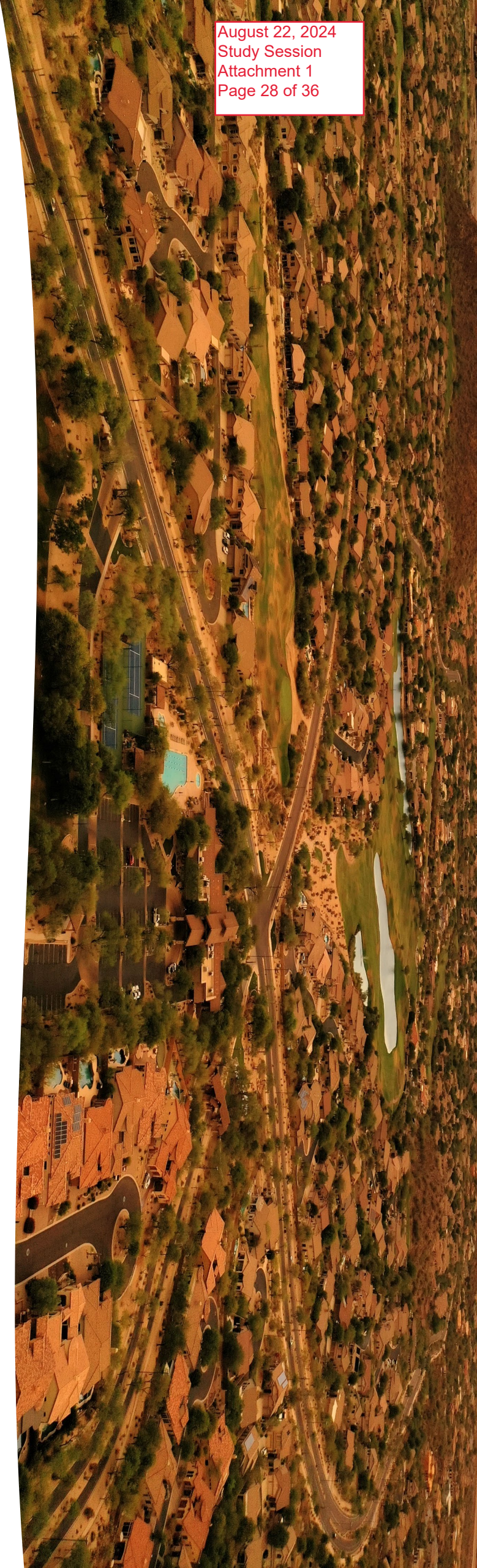
- Attract, retain and grow employment opportunities for high-wage earners
- Continue to support current workforce development programs
- Encourage development of higher-priced homes and high-end middle housing types to help retain high income earners



More Opportunities to Encourage Homeownership

- Facilitate a platting or land division process that supports the division of lots for ownership
- Explore opportunities to provide no cost pre-approved single-family home designs, including middle-housing





Next Steps

- City Council adoption In September, 2024



Questions?



m.e.s.a.az

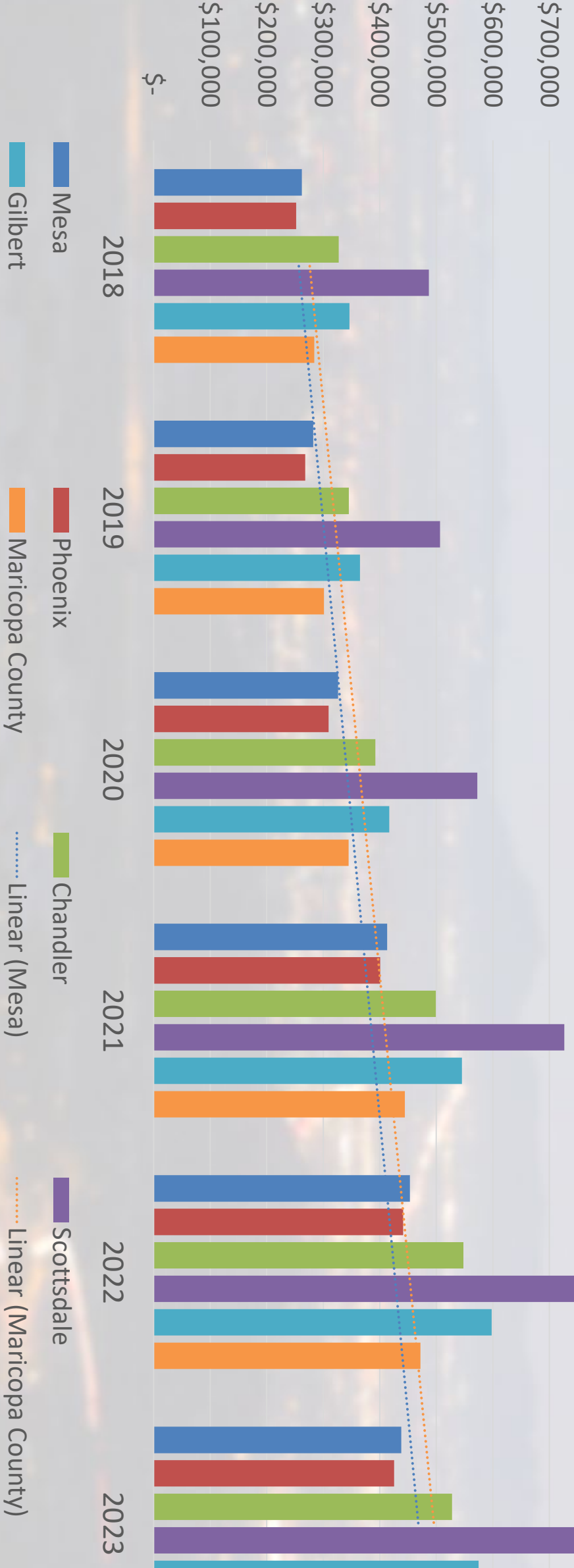


Observed Price of Monthly Rent 2018 - 2023



Source: Zillow, 2023

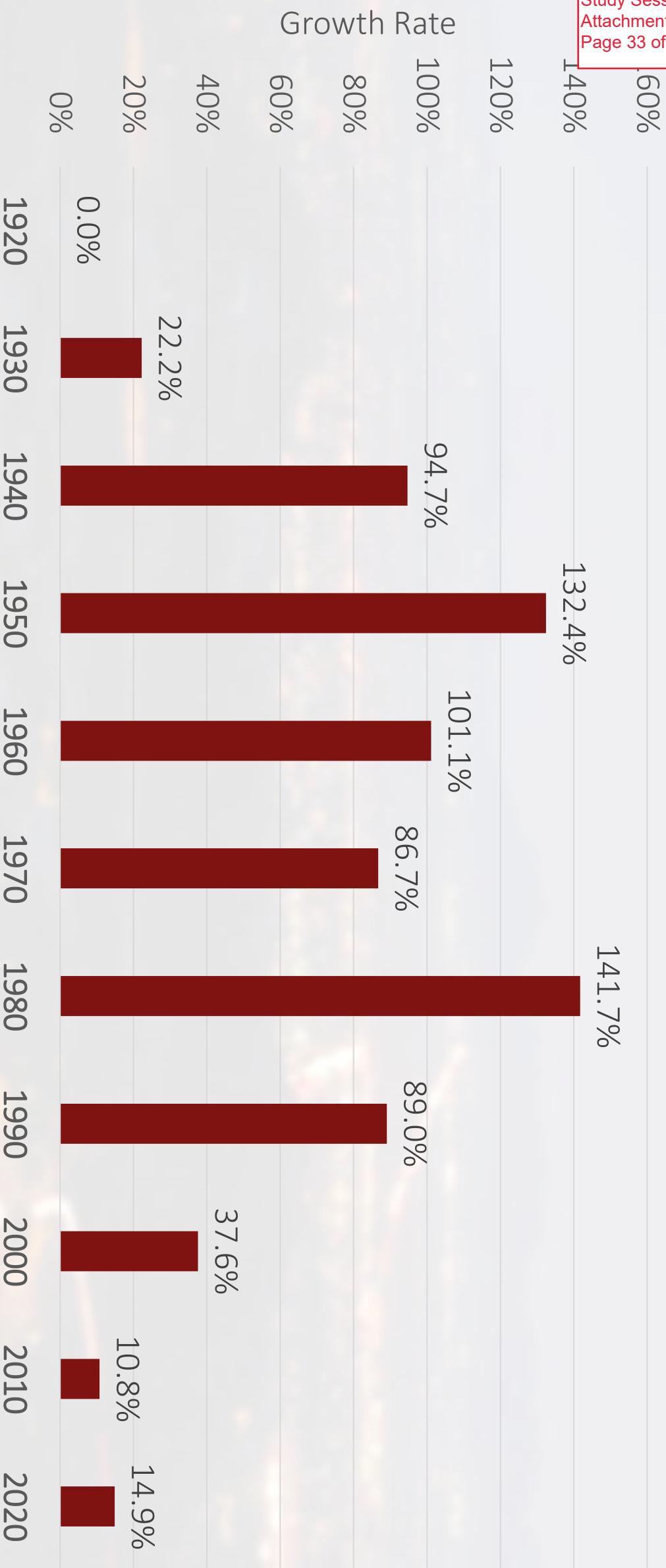
Median Home Price 2018 - 2023



Population Growth

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Population Growth by Decade in Mesa

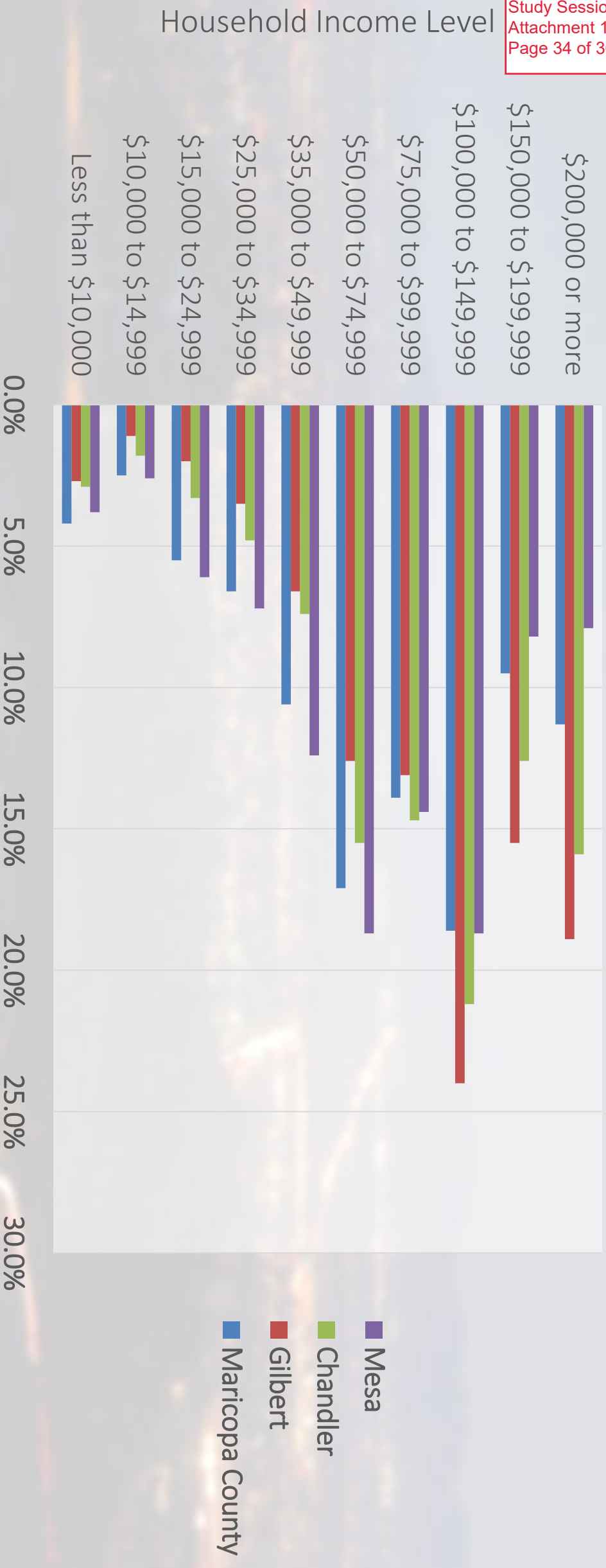


Source: United States Census, 1920-2020; Maricopa Association of Governments 2023 Socio-Economic Projections

Household Income

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Household Income Distribution for Mesa, East Valley Cities, and Maricopa County



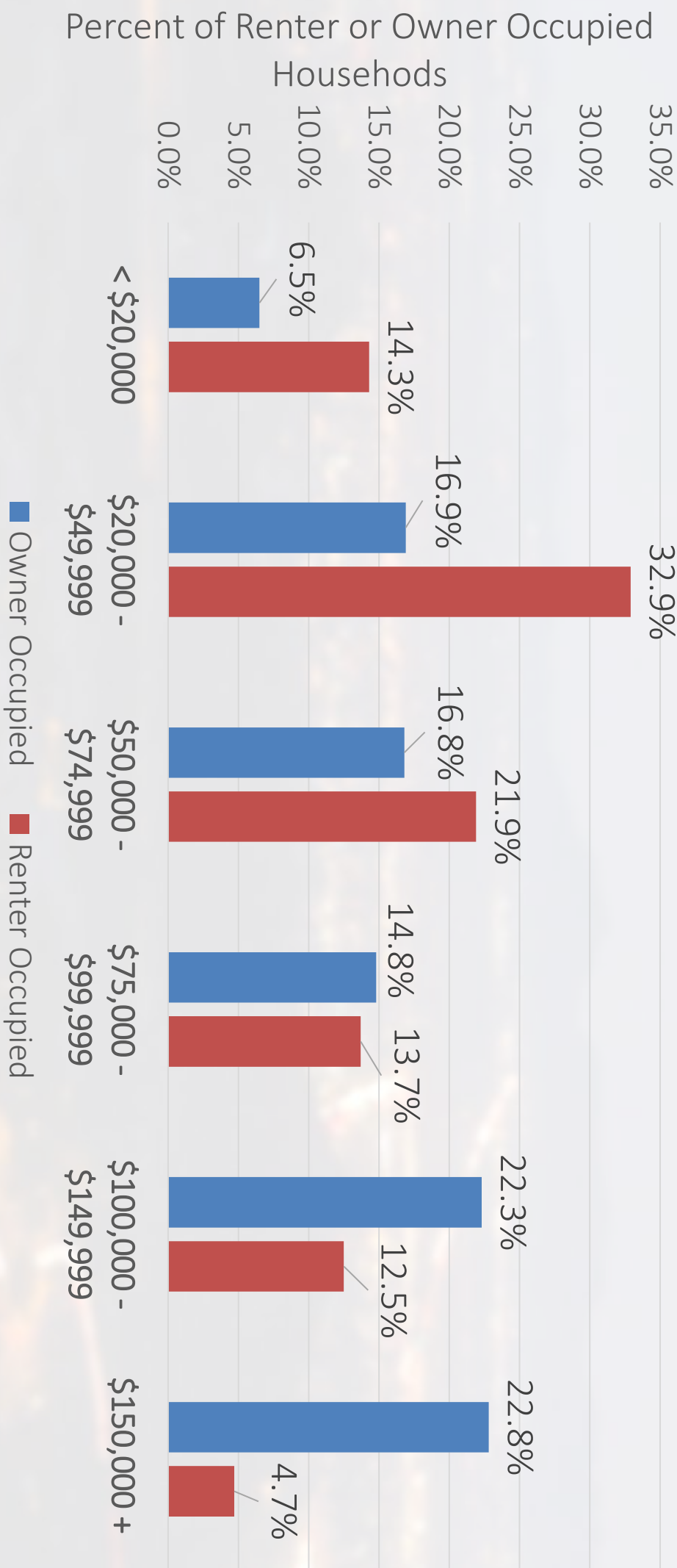
Source: United States Census, 2018-2022; ACS 5-Year Estimates

Home Affordability by Industry and Income

Industry Cluster	Annual Employment Change	Annual Wage	1.5 Worker Household Wage Adjustment	Maximum Affordable Home Price
Management	222	\$94,949	\$148,292	\$648,506
Business and Finance Operations	170	\$68,100	\$106,359	\$458,210
Computer and Financial Operations	113	\$87,302	\$136,349	\$594,307
Legal	24	\$74,675	\$116,628	\$504,811
Educational Instruction and Library	96	\$47,625	\$74,807	\$315,026
Healthcare Support	398	\$28,868	\$45,086	\$180,149
Protective Services	49	\$48,324	\$75,472	\$318,045
Food Preparation and Serving Related	403	\$27,288	\$42,524	\$168,525
Building and Grounds Cleaning and Maintenance	95	\$31,565	\$49,298	\$199,264
Personal Care and Service	120	\$32,402	\$50,605	\$205,196
Office Administrative Support	174	\$39,519	\$61,719	\$255,632
Construction and Extraction	175	\$47,677	\$74,462	\$313,460
Installation, Maintenance, and Repair	149	\$48,076	\$75,085	\$316,288

Source: City of Mesa, Lightcast 2023, US Census 2017-2021 ACS 5-Year Estimates

Share of Renter or Owner Occupied Households by Income



Source: United States Census 2022 ACS 5-Year Estimates

August 22, 2024

TO: CITY COUNCILMEMBERS

FROM: MAYOR JOHN GILES

SUBJECT: Appointments to Boards and Committees

The following are my recommendations for reappointments to the City of Mesa Advisory Boards and Committees:

Housing and Community Development Advisory Board – Eleven-member board including new appointments.

Diana “Dede” Yazzie Devine is the retired President and CEO of Native American Connections where she worked for over 40 years. Ms. Devine has over 44 years of experience in social service programs, affordable housing and community development. She holds a bachelor’s degree in social services and a Master of Business Administration from Arizona State University. She also holds international and state licenses in substance abuse counseling. The appointment would fulfill the Special Needs Provider role on the board. Her first term expires June 30, 2027.

Human Relations Advisory Board – Eleven-member board including new appointments.

Jane Williams Cooper has a background in nursing and community education. She has over 30 years of experience in nursing working in both rural areas and large cities. She holds several degrees including a Bachelor of Applied Science in Nursing and Master of Applied Science in Nursing, both from Governors State University. She is also working toward a Doctorate of Nurse Practitioner from Bradley University. Her partial term expires June 30, 2025.

Transportation Advisory Board – Eleven-member board including new appointments.

Dana Alvidrez serves as a City Transportation Engineer for the City of Chandler. She is a registered professional engineer and professional traffic operations engineer, has 20+ years of experience in traffic/transportation engineering and planning, and experience working for local municipalities. She holds a Bachelor of Science in Engineering (Civil) from Arizona State University and is currently working toward a Master of Public Administration. Her partial term expires June 30, 2025.