Accessory Dwelling Units in Flagstaff, a Response to Housing Affordability and Climate Change

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1.0 Introduction

1.1 Problem Statement

Housing affordability has long been an issue in Flagstaff. A cost-of-living index by the City's Chamber of Commerce indicates that housing costs in the city are 34% higher than the national average (Skabelund 2020). As a result of a citizens' petition, the city passed a resolution to declare an affordable housing crisis in December 2020 (Skalebund 2020). This is based on 2018 Census data that shows that 49% of households in Flagstaff are low- income and 45% are paying more than 30% of their gross monthly income towards housing (Housing Section City of Flagstaff 2022: 22). On a national level, 31% of all households are spending 30% or more of their income on housing (usafacts 2023).

Subsequently, *Flagstaff's 10- year Housing Plan* was created and approved by the city council in February of 2022. The goal of which is to help individuals and families achieve housing affordability and to reduce the need to half of what it currently is by 2032. The goal will be achieved through the implementation of policy initiatives and strategies. The Plan is a living document that will be updated as policies and initiatives come to fruition. A component of the Plan's agenda is to substantially increase housing subsidies for residents struggling with affordability and to increase the number of available, affordable units for residents at all income levels (Housing Section City of Flagstaff 2022: 6). In conjunction with addressing affordable housing, solutions should also consider how to minimize and reduce climate change while also being mindful of future community growth and economic vitality. These concerns pertinent to the housing crisis are also relative to the City's *Climate Action Bond Proposal* (Staff, City of Flagstaff: 2022). This has been written because of another citizen- initiated climate emergency declaration. The overall goal is to achieve carbon neutrality by the year 2030. The goal of this study is to investigate affordable housing in Flagstaff relative to implementing ADUs and the policies involved. This study considers policy and the possible implementation of ADUs as a part of a solution to affordable housing in Flagstaff.

The objectives of this study are,

1. Identify the overlap between the *10 Year Housing Plan* and the *Climate Action Bond Proposal.*

To understand how the city plans to aid with affordable and sustainable housing. The strategies around affordable housing is incomplete when the focus is solely on increasing supply without giving attention to increasing density, establishing building innovation and cost saving practices, and preserving affordable housing stock that already exists in Flagstaff (Housing Section, City of Flagstaff 2022: 48). Also, more consideration should be given to the strategic reviewing of City codes, processes, and fees to determine whether modification, reductions, or elimination would facilitate cost-saving housing development strategies as well as the climate action goals.

The relevant policy initiatives from the 10- year housing plan are as follows (COF 10-year Housing Plan 2022: 56).:

a) Create housing options for households at all income levels and family sizes occupied by residents.

b) Connect people to equitable housing solutions.

c) Preserve affordable housing.

d) Protect people from housing discrimination and remove housing barriers.

Specifically, this Plan will "Continue to evaluate and amend the current Accessory Dwelling Unit (ADU) zoning code standards with the goal of increasing supply," (COF 10-year Housing Plan 2022: 56).

Pertaining to the Climate Action Bond Proposal, the focal components are as follows (COF Climate Action Bond Proposal: 2022: 58).:

a) Health and Affordable Homes

b) Energy Independence and Resilience

c) Community Mobility

With the Bond Proposal, the Accessory Dwelling Units Infill Accelerator component will be aided with $1.5 million. This will help to accelerate 200 rental units by incentivizing Accessory Dwelling Units (ADU) in existing neighborhoods. Incentives will be provided for ADUs built with a commitment to provide affordable and efficient rental housing. Incentives of $7,500.00 per home built that provides affordable rent for a set duration.

The most relative point that is touched on between the Housing Plan and the Bond Proposal is to increase the affordable housing supply.

The next objective is to,

2. Consider the efficacy of implementing more Accessory Dwelling Units in Flagstaff.

Accessory dwelling units are defined as second dwellings on the same grounds as a primary unit. Accessory dwelling units can vary in form and proximity to primary structures. Their benefits can include the potential to create housing flexibility, to live close to family, to secure income from long term rental generation. The most dominant attribute mentioned that will be

pertinent to this study will be housing flexibility considerations. ADUs have the potential to double the housing availability in single family zoned neighborhoods. Advocates of this housing method believe in the potential for better housing maintenance and neighborhood stability as this may be an expedient way to create housing for willing developers and renters while creating infill density (ADUs.org. n.d). The current shortage in housing supply, relative to demand, is the primary reason why housing costs are increasing. A significant increase in housing supply is necessary to keep pace with current and projected housing demands. The scope of the 10-Year Housing Plan considers federal and state laws relating to programs and services and a mandate for public outreach education on the issue. A recent survey has also been conducted. It essentially shows an interest in making ADUs easier to build, this will be explored in section 1.4. A major consideration of this study will also be to question how this form of density promotion will factor into the functionality of traditional single-family zoning. A substantial question to consider with this will be if ADUs can serve as an effective component of utilizing missing middle housing while mitigating negative development impacts to neighborhoods.

The last objective of the study is,

3. Identify the policies needed for implementing an ADU initiative that meets the goals of the City.

With this, finding the right solutions to substantially increase the number of affordable units and options for a range of incomes will be complex. Implementing additional housing in the form of ADUs can provide just a small piece of the solution to affordable housing in the city by increasing infill development without changing the character of neighborhoods. The placement of ADUs should consider zoning compliance and attention to spatial features pertinent to planning aspects. These include relationship to community character, relationship to activity centers, pedestrian shed relationship and relationship to the road network. With the proper financial incentives like special tax credits, loan programs, having pre-approved standard plans, and eliminating permit fees, the implementation of accessory dwelling units can potentially provide income to property owners while increasing the presence of affordable housing for lower income residents.

This study considers federal and state laws relating to programs and services, and the input of potentially influenced residents as mentioned with the survey to be discussed. Further considerations may include a mandate for public outreach education on the issue as well as consideration to optimization through implementing metrics. These considerations will be gauged based on planning practices and peer review case studies where issues like those presented in Flagstaff are addressed.

1.2 Living in Flagstaff

The City of Flagstaff is home to Northern Arizona University and major industrial manufacturing as well as a thriving tourism industry due to its geographic location. It is at an elevation of approximately 7,000 ft. This elevation allows for seasonal parameters that include lower temperatures in the summer compared to the state of Arizona in general. The elevation of the area allows for precipitation to accumulate including snowfall in the winter, especially at Humphreys peak, the highest point in the state. The peak is home to Arizona Snowbowl, a popular, western region ski/ snowboard park. Flagstaff's combination of high altitude and abundance of shady Ponderosa pine trees means temperatures far cooler than the rest of the state of Arizona. An average summer high of 82 degrees Fahrenheit means Flagstaff offers access to summertime activities like hiking, biking, camping, and swimming while avoiding the sweltering summer heat elsewhere. Flagstaff's combination of a distinct 4-seasons climate and diverse terrain means this versatile mountain town has something to offer for everyone, any time of year (Best Homes Realty 2021).

The area has a history of pre- Columbian, indigenous occupation that may go as far back to somewhere between 500 and 1425 CE (Gibbon 98: 70). During the expansion of settlers into the West, Flagstaff was settled in 1876. During the 1880, it was the largest city on the railroad line between Albuquerque and the West Coast of the United States. Historic buildings such as the Hotel Weatherford and the Orpheum Theater still exist and are in use today. In 1899, the Northern Arizona Normal School was established; it was renamed to Norther Arizona University (NAU) in 1966 (Legends of America 2022). The geographic, recreational and historical parameters of the city make it a desirable place to live, work and to visit.

It is notable that many homes in Flagstaff are second homes due to the amenities and the tourism. Flagstaff, Arizona is one of the few areas in the top 10 that doesn't have shores within a few miles. It is among: Ocean City, NJ- Barnstable Town, MA- Naples- Marco Island, FL- Salisbury, MD-DE- Kahului- Wailuku-Lahaina, HI- North Myrtle Beach, SC-NC- The Villages, FL- and Hilton Head Island- Bluffton, SC. Pertaining to second homes in Flagstaff, a study to determine the number of second homes sold ranked Flagstaff eight in the nation for second home sales or about 25 % of sales in 2021 (Open Doors in Action 2021).. The median home value is pushing $690,000 in an area of 75,900 people (Zillow 2024).

Many western towns are seeing significant population growth as young, middle-class people relocate from metropolitan areas in search of a cheaper cost of living, access to the outdoors, and Western "authenticity" (Hines 2007). This rapid in-migration, or "rural gentrification," has created challenges for western amenity towns. These include increased unemployment and income inequality, rising housing prices, impacts to natural resources, and cultural clashes between old and new residents (Hines 2010; McLaughlin 2021; Ulrich-Schad 2018). With the

COVID-19 pandemic and the rise of remote work, this trend has only intensified, giving these towns a new moniker: “Zoom towns” (Johanson 2021; Thompson 2021).

Flagstaff has been growing rapidly, with a 13.7% population increase between 2010 and 2019 (*U.S. Census Bureau QuickFacts* n.d).. Rental costs and property values have soared, and in December 2020, the Flagstaff City Council declared a housing emergency, highlighting the lack of affordable housing in the city (Wheeler 2021). Still, there is some public resistance to new housing developments. Concerns range from increased traffic to the height of new buildings and potential impact on community character (Skabelund, 2021).
Climate gentrification also plays a role. Flagstaff is ranked as the fifth-hottest second home market in the nation (Hottest Secondary Home Markets in the U.S. – 2021 Edition *2021*). As Flagstaff’s mayor told *The Guardian* in 2018*,* 25% of the town’s housing is second homes (Milman 2018). Many of these part-time residents are climate refugees, fleeing the sweltering summer heat of central and southern Arizona. Residential communities are transformed into transitory spaces. It’s a paradox: one-quarter of houses sit empty for months. At the same time, long-term residents are forced out of their homes by rising rental costs.

1.3 Housing Issues in Flagstaff

Flagstaff has a shortage of more than 7,000 homes and local developers blame complicated zoning codes — but city officials refute that, saying the issue is much less clear cut. Joseph Galli, a lobbyist for the Greater Flagstaff Chamber of Commerce, which advocates on behalf of local businesses, argued that the city has a habit of enacting burdensome building codes. These include energy rules, impact fees and stormwater ordinances (Gomez 2022).

The city’s residential makeup also increases housing costs. Flagstaff is home to Northern Arizona University, one of the state’s top universities, and developers have in the past catered to the college town’s student population with high rise – and high rent – apartment complexes. This eventually led to community backlash toward high rise buildings and caused the city to respond by capping building height. Tourism further reduces the limited housing supply. Every year, more than 5 million visitors escaping hotter climates make their way north and many of them decide to invest in a second home (Gomez 2022).

These strains on the housing supply all combine to make it difficult for people to live and work in Flagstaff, and new developments haven’t kept up with population increases. Between 2000 and 2020, the city grew by more than 29,000 households, but housing only increased to slightly over 28,000 units in the same time period. In 2020, Flagstaff declared an affordable housing emergency and proposed a 10 year plan to address the estimated shortage of 7,976 homes by 2031. “We’re simply short of units and the answer is more units and the only people that can really do that is the development community,” he said (Gomez 2022).

But city housing and planning officials disagree. Flagstaff has a permissive zoning code, said Dan Folk, director of community development. There's only one single family zoned area in the city that doesn't allow for multiple family units, like duplexes or triplexes. And increasing the housing supply doesn't guarantee its affordability. "We're looking for units that are affordable. Market units do not deliver that," he said (Gomez 2022).

Increasing incentives to amounts that cover the losses an affordable unit incurs are a key way to encourage developers to include them in their plans. Otherwise, they're more likely to sell or rent at market set rates, which don't meet the needs of low-income or cost-burdened families. In 2021, the median sales price of a home in Flagstaff was $502,500, while the median annual income was around $69,200, according to a City of Flagstaff report. Average rent last year was $1,315 for a two-bedroom apartment, a 16% increase from the cost in 2011 (Gomez 2022).

The Department of Housing and Urban Development (HUD) publishes Area Median Income (AMI) data for the Flagstaff Metropolitan Statistical Area on an annual basis. The calculation takes into consideration a family's income level based on their household size. The AMI is the midpoint of an area's income distribution, meaning that half of the households in an area earn more than the median and half earn less than the median. A household's income is calculated by its gross income, which is the total income received before taxes and other payroll deductions. For a three-person household (the average household size in Flagstaff), their 100% AMI is $69,200 annual gross income. AMI limits are another key factor in understanding the funding availability for affordable housing programs because it determines eligibility for many housing subsidies. Federal, state, and local housing subsidy programs, such as the Community Development Block Grant (CDBG), Low-Income Housing Tax Credit (LIHTC), Public Housing, and Section 8 Housing Choice Vouchers, have different income eligibility requirements that restrict eligibility to 60% - 80% AMI for a household depending on the program. These programs are available citywide and have limited funding. Nearly half (47%) of Flagstaff residents are low-income, earning no more than $55,350 annually. In Flagstaff's current housing market, 65% of households that fall within or below the moderate-income level could benefit from some form of subsidy to achieve housing that is considered affordable. (Housing Section City of Flagstaff 2022:11).

HUD Flagstaff Area Median Income (AMI) Limits | 2021

Income Category	AMI %	AMI Income Ranges*
Extremely Low	0 - 30%	$0 - $21,960
Very Low	30 - 50%	$21,961 - $34,600
Low	50 - 80%	$34,601 - $55,350
Low to Moderate	80 - 120%	$55,351 - $83,040
Moderate to High	120% >	$83,041 >

** Income ranges based on three person household*

Figure 1. Flagstaff Area Median Income (Housing Section City of Flagstaff 2022:11).

Figure 2. Flagstaff Income Levels (Housing Section City of Flagstaff 2022:12).

Over the past half-century, Flagstaff's households have seen a dramatic shift in their budgets. Rents have risen, home prices have increased, and incomes have not kept pace. As a result, households are spending a growing portion of their income on housing. The costs of renting or owning a home continue to rise and are outpacing local incomes. Since 2011, the median sales price of a home rose by 119%, while the AMI rose by only 16%. In Flagstaff's current housing market, the median sales price of a home is $502,500, and the median annual gross income is $69,200. Consequently, many residents need some form of a housing subsidy to achieve affordable homeownership (Housing Section City of Flagstaff 2022: 12).

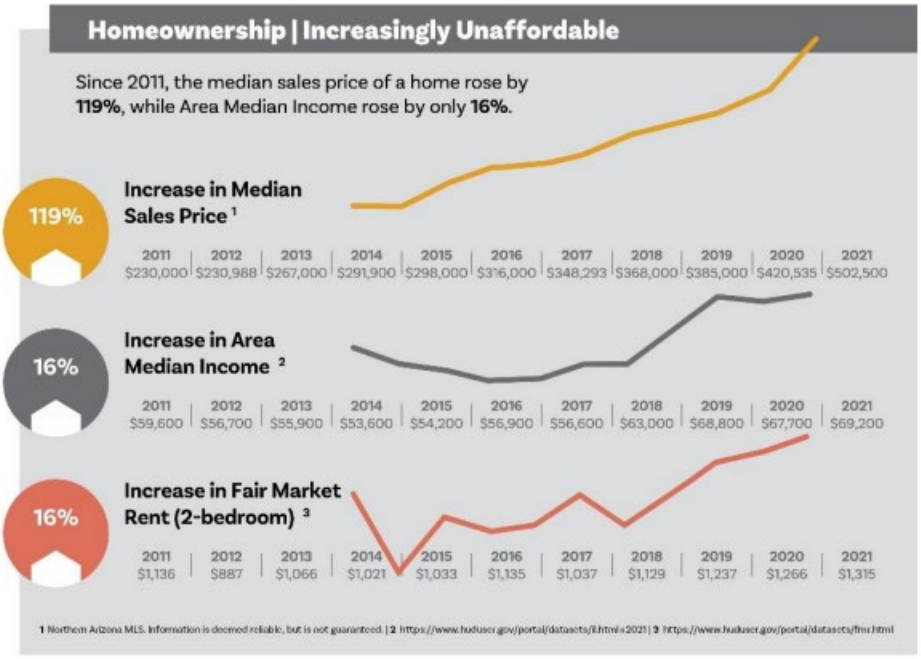

Figure 3. Flagstaff homeownership 2011-2021 (Housing Section, City of Flagstaff 2022: 6).

Currently, 27% of homeowners and 57% of renters are housing cost burdened, meaning that 22,073 Flagstaff community members are living with a housing cost burden. Cost burden helps us understand how much strain housing costs can place on a household's overall financial position. The lower your income, the more likely you are to be cost burdened. Households that are housing cost burdened have little money to cover other necessities such as food, childcare, transportation, clothing, and health care, leaving the households in a precarious financial situation and making it harder to achieve economic mobility and housing advancement. Renters that are housing cost burdened are less likely to be able to save up for a down payment required for accomplishing homeownership. In Flagstaff the cost of living is 13% higher and housing is 29% higher than the national average. It is therefore imperative to create and preserve more housing options and to establish more funding for programs that help residents attain housing that is affordable (Housing Section City of Flagstaff 2022: 13).

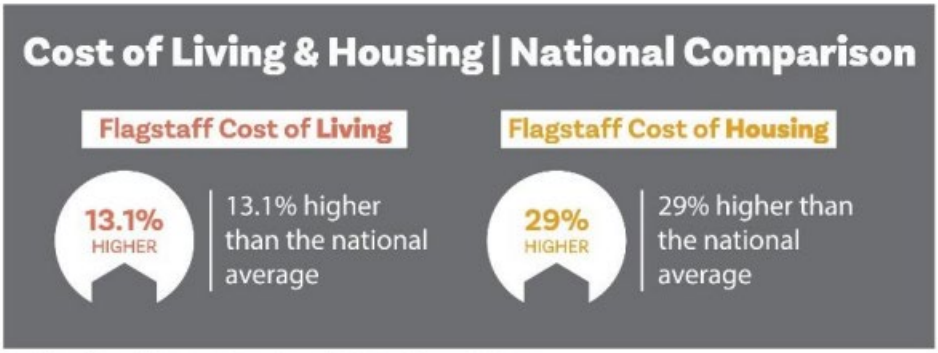

Figure 4. Flagstaff Cost of Living and Housing (Housing Section, City of Flagstaff 2022: 13).

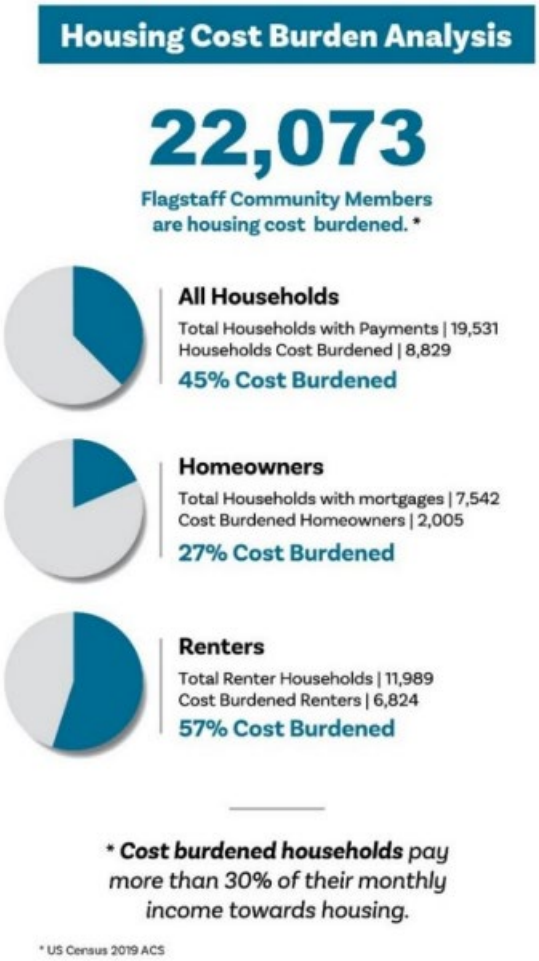

Figure 5. Flagstaff Housing cost burden analysis (Housing Section, City of Flagstaff 2022: 13).

Very low-income households, including those on fixed incomes, cannot afford to purchase a home in our community. These households struggle to find a rental they can afford, as

extremely few studios or 1-bedroom units are available for $404 per month. In general, minimum-wage workers cannot afford to purchase a home in our community. These families also struggle to find decent rentals even with a higher monthly budget for rent. While a few units with rent below $780 per month may be found, a household is hard-pressed to find a rental that is not a studio or a single room at that price. Eighty percent of AMI households can likely rent a market rate unit, although they possibly may pay more than an "affordable" portion of their monthly income. They struggle to find a house to purchase, with buying power of around $250,000. In September of 2021, Flagstaff's Multiple Listing Service (MLS) had three homes in that price range on the market. Of those homes, all three are two bedrooms or less. Homes in this price range are often condos with Homeowner Association (HOA) fees, increasing the monthly cost of housing (Housing Section City of Flagstaff 2022: 22).

The following paragraph contains an entry from the City of Flagstaff's *Regional Plan*, specifying existing conditions and trends.

"Today's home buyers, renters, and entrepreneurs all demand choices. National studies show that a choice of jobs, commuting options, housing types, recreational opportunities, and a variety of entertainment and shopping are characteristics of a thriving community. The overall rural mountain character of the Flagstaff region offers these lifestyle choices (Staff, City of Flagstaff 2014: 6). National trends foresee a greater emphasis on smaller houses, smaller lots, multi-family, and multi-generational housing – quality built with modern technologies and accessible to community amenities. The specific amenities should include commercial space within easy access (walking and biking) to homes and amenities; more "third places" (separate from other social environments like home and work) and tele-commuting. National trends also show growing markets in downtowns and walkable neighborhoods, especially real estate with good transit service, commanding the highest premiums on space. Typical suburban development should be re-thought to accommodate a wide range of ages, incomes, and public transit (Staff, City of Flagstaff 2014: 6)."

The agendas of the City pertinent to the *10-Year Housing Plan* and the *Climate Action Bond Proposal* will be discussed in more detail.

1.4 Justification

The overlap between the goals and initiatives of the *10-Year Housing Plan* are considered in conjunction with those of the *Climate Action Bond Proposal* with consideration for increasing housing in the form of efficient ADUs. Considering this overlap addresses the direction Flagstaff is taking to improve the conditions with affordable housing and climate change readiness.

The 10 Year Housing Plan

Flagstaff's 10-Year Housing Plan was presented to the Housing Commission on January 27, 2022. The Plan was approved unanimously by Housing Commissioners and then unanimously adopted by the Flagstaff City Council on February 15, 2022. Although the City has several Housing planning documents, when declaring the Housing Emergency, Flagstaff City Council directed staff to create a single, comprehensive community-facing document to summarize the city's immediate and long-term needs and strategies to improve housing affordability.

Affordable housing in Flagstaff has been a documented need and has reached crisis levels in recent years. The data is showing housing costs are pushed higher by limited supply and external demand exceeding the buying and renting power of the local workforce for decades while income has remained stagnant and over the past 10 years, the median sales price of a home rose by 53%, while area Median Income (AMI) rose by only 14% according to the datasets published by the U.S. Department of Housing and Urban Development (HUD) in 2020. Also, the cost of living is 33.5% higher in Flagstaff compared to national averages according to the Council of Community and Economic Research's Quarter 1, 2020 Cost of Living Index. With consideration to the local rental market, the HUD's Fair Market Rent determination for a 2 – bedroom apartment in Flagstaff was $1,266 per month, which means a household would need to earn $4,220 per month or $ 50,640 per year in gross income to rent. According to Multiple Listing Service data from the first half of 2020 shows the median sales price of a home in the City to be $407,500, requiring a household to earn $86,360 annually to afford the monthly mortgage payment and have about $26,000 in funds to contribute toward the down payment and closing cost (COF, 10-year Housing Plan 2022: 23).

The current Housing Emergency in Flagstaff has deep roots, with no single root cause. There is no single solution to addressing the Housing Emergency, but rather multiple strategies that will work together in providing residents with additional housing stability. Flagstaff residents' responses to a Housing survey illustrated that the Housing Emergency is causing residents to leave our community. A little over 58% of Flagstaff residents stated that they were either "nearly certain" to "somewhat likely" going to relocate due to housing costs. The question we must ask ourselves is what would Flagstaff become if 58% of the population moved? (COF, 10-year Housing Plan 2022: 5).

The intent of the Plan is to help individuals and families achieve housing affordability for those who want to continue to call Flagstaff their home.

The Plan defines the Housing Emergency in Flagstaff and provides policy initiatives and strategies that the City will implement to address the Housing Emergency. As the City implements the 10-Year Housing Plan, the goal is to substantially increase housing subsidies for those who are unable to afford housing in Flagstaff and to increase the number of available and affordable housing options for Flagstaff residents at all income levels (COF, 10-year Housing Plan 2022: 5).

Addressing the Housing Emergency will require adequate funding for programs such as eviction prevention, down payment assistance, and employer-assisted housing programs. It will also require the creation and preservation of affordable rental and ownership opportunities. These bold steps must be accomplished in partnership across the housing sector, including all levels of government, non-profit housing providers, private industry, and housing advocacy from our community at large (COF, 10-year Housing Plan 2022: 19).

Relevant to funding, LOCUS, the Smart Growth coalition of responsible real estate developers and investors, supports several changes to federal housing programs and tax policy to address these problems, including preserving and increasing the Housing Tax Credit, improving the Rehabilitation Tax Credit, establishing individual Mortgage Savings Accounts, and modifying the Mortgage Interest Deduction (Smart Growth 2024).

Also, the Los Angeles Housing department is making affordable housing opportunities more accessible by providing funding and partnering with developers and social services agencies to build, preserve and maintain quality affordable housing. Residence can also be referred to the right resources so they can find the best fit for their needs whether they are looking for rental units or to buy a home. This is especially applicable to providing accessible and affordable housing databases and through the affordable housing listing service (L.A. Housing Dept. 2024).

Considerations pertinent to these mentioned sources will be important with an ADU initiative moving forward.

Housing types such as accessory dwelling units, tiny homes, or co-housing communities are not specifically shown on the basic housing continuum, however, they are a vital part of potential housing options and will be taken into consideration during the Plan's implementation (COF, 10-year Housing Plan 2022: 19). For Flagstaff to obtain affordability along the housing continuum it will likely need to broaden housing development to include "Missing Middle Housing," a term that describes a range of multi-unit or clustered housing types that are more compatible in scale with single-family homes and neighborhoods. ADUs are among the missing middle building types (Flagstaff, 10-year Housing Plan 2022: 20). The agenda of this project is aligned with initiative 4.7 of the 10-year housing plan, to

“Continue to evaluate and amend the current Accessory Dwelling Unit (ADU) zoning code standards with the goal of increasing supply,” (Flagstaff, 10-year Housing Plan 2022: 56).

The policy initiatives listed in the plan are as follows:

1) Create housing options for households at all income levels and family sizes occupied by residents.

2) Connect people to equitable housing solutions.

3) Preserve affordable housing.

4) Protect people from housing discrimination and remove housing barriers.

While all relative to ADU use, the most pertained goal related to this study is to, 3) preserve affordable housing. The subcomponents of this are to,

> Encourage the adaptive reuse of buildings.
>
> Expand efforts to preserve existing housing stock.
> (Flagstaff, 10-year Housing Plan 2022: 7).

With facilitating the implementation of ADUs in this study, the policy initiatives of the 10-year housing plan are considered in conjunction with the goals of the Climate Action Bond Proposal.

The Climate Action Bond Proposal

The proposal was initiated to address the fact that climate change is affecting Flagstaff in terms of hotter temperatures, lower snowpack, increased wildfire risk and the increased severity of drought. Through a dramatic increase in the ambition to combat climate change, the Climate Action Plan's goal is to achieve carbon neutrality by 2030. This initiative calls on all governments to initiate a transition Carbon Neutrality by 2030 (COF, 10-year Housing Plan 2022: 7). This will require leadership and focused commitment, widespread and transformative action continuity of decision-making through the carbon neutrality lens, improvement of existing systems and policies, and a framework for action that is constantly evolving and responding to changing conditions and opportunities. (COF, 10-year Housing Plan 2022: 12). The need for action has been merited due to measurable climate change in the city with the annual average temperature rising continually.

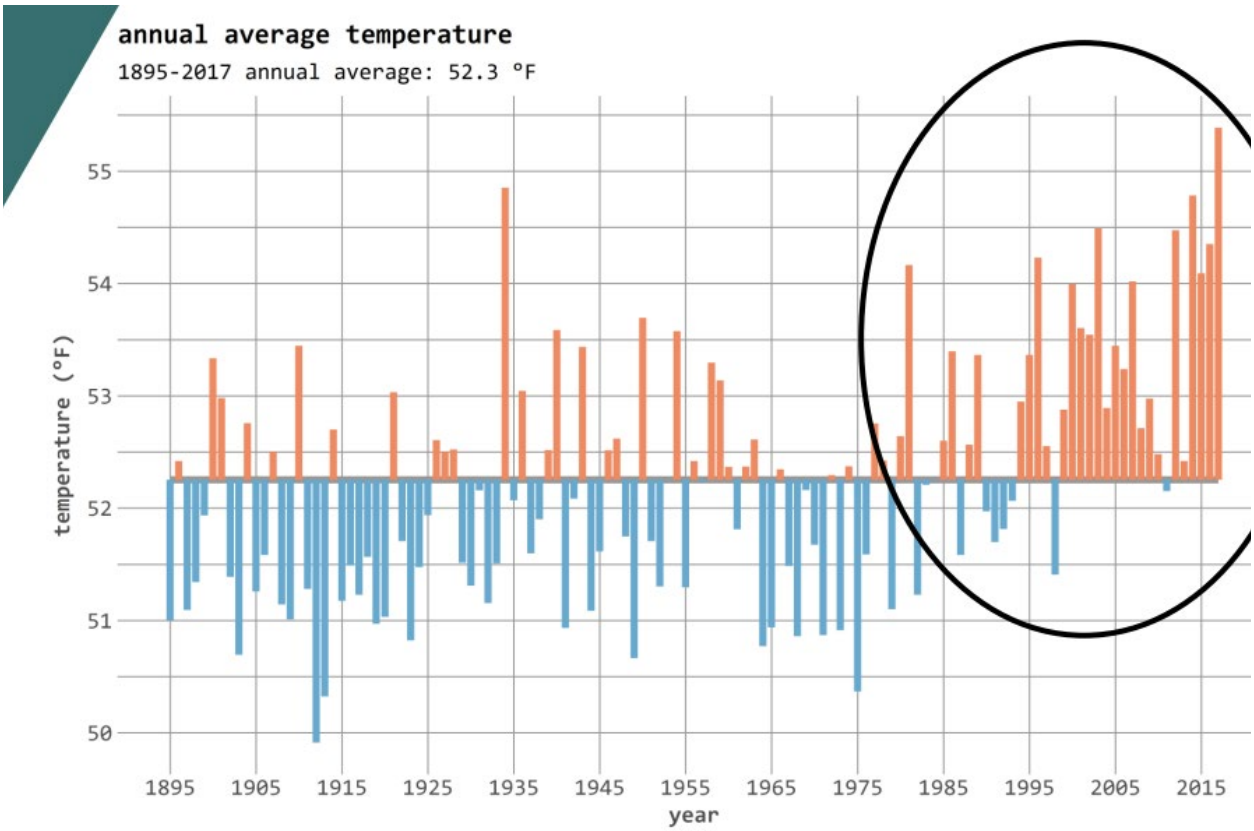

Figure 6. Annual Average temperature (COF Climate Action Bond Proposal 2022: 5).

The result of lower snowpack, increased wildfires, and less health forests along with increased aridity and more severe drought brings vulnerability to tourism, recreation, the local economy and more (COF, Climate Action Bond Proposal: 2022: 6-*7).* The Proposal will require the sustained investment of Bond funding and the improvement of existing systems and policies (COF, Climate Action Bond Proposal: 2022: 12*).* By 2030, it would be prudent to prepare for meaningful Removal to cost $100/ton in a best case-scenario. Therefore, any permanent reductions achieved should be viewed through this lens. If an initiative achieves a permanent

reduction of 1000 MTCO2e at a cost of $2,000/MTCO2e, then every single year that reduction is relieving Flagstaff from $100,000 (+) in removal obligation. Simple payback would be 20 years (COF, Climate Action Bond Proposal: 2022*:* 27). The proposed impacts will include the following:

500 homes receive deep energy efficient retrofits.

2,000 households receive rebates to assist with home upgrades.

3,000 households utilize subsidized loans to support energy investments.

5,500 households have lower utility costs, enjoy healthier and more comfortable homes, receive returns on their investment, and can spend disposable income elsewhere.

With all of this considered, energy retrofits – and their benefits - are more accessible across more income levels. The total emissions reduced will be in 2030: 5,400 MTCO2e (COF, Climate Action Bond Proposal 2022: 63).

The focal components of the proposal are as follows (Flagstaff, Climate Action Bond Proposal 2022: 58).:

a) Health and Affordable Homes

b) Energy Independence and Resilience

c) Community Mobility

Package	Package elements	Sub-elements	Option 1 $67.75 M	Option 2 $30 M	Option 3 $20 M
Healthy and Affordable Homes	Efficient homes	Retrofits	$ 7,000,000.00	$ 3,000,000	$ 2,000,000
		Rebates	$ 4,000,000.00	$ 1,700,000	$ 1,000,000
		Assisted Loan Program	$ 4,000,000.00	$ 2,000,000	$ 2,000,000
		Workforce development	$ 500,000.00	$ 200,000	
	Healthy Homes	Woodstove rebates	$ 750,000	$ 300,000	
		HEPA filtration system	$ 300,000	$ 200,000	
	Accessory Dwelling Units Infill Accelerator	ADU incentives	$ 1,500,000	$ 1,000,000	
Energy Independence and Resilience	Renewable and Efficient City Facilities	Renewable energy	$ 9,000,000	$ 4,000,000	$ 4,000,000
		City Energy Efficiency	$ 1,000,000	$ 1,000,000	$ 1,000,000
	Resilience Hubs	Redundancy / Resilience Hubs	$ 8,000,000	$ 3,400,000	$ 2,000,000
Community Mobility	Safe and Accessible Bike and Pedestrian Infrastructure	ATMP	$ 30,000,000	$ 11,500,000	$ 8,000,000
	Community Electric Mobility	Bike Share	$ 1,000,000	$ 1,000,000	
		Car share	$ 700,000	$ 700,000	
		TOTAL	**$ 67,750,000**	**$ 30,000,000**	**$ 20,000,000**

Figure 7. Climate Action Bond Proposal categories (COF Climate Action Bond Proposal 2022: 84).

This study is also concerned with the, 1) Healthy and Affordable Homes and the subcomponents of this are as follows (COF Climate Action Bond Proposal 2022: 59).:

A. Efficient Homes $15.5 Million

B. Healthy Homes $1.05 Million

C. Accessory Dwelling Units Infill Accelerator $1.5 Million

Some benefits relative to ADUs as a more sustainable form of housing ADUs are built with cost-effective wood frame construction, which is significantly less costly than homes in new multifamily infill buildings. ADUs can provide as much living space as many newly built apartments and condominiums, and they're suited well for couples, small families, friends, young people, and seniors. This allows for rental flexibility from the standpoint of a homeowner/ renter that may not be applicable in other rental situations. ADUs may also not require major new infrastructure (CA Housing and Community Development 2024). In Flagstaff, this will be relevant to utility connections and the associated construction costs as ADUs can connect to the primary unit. If implemented on a large scale, this could save on material use as well as the need for more extensive construction that would be necessary for alternate forms of housing construction (Flagstaff Zoning Code 2024). Also, ADUs are located on established

properties with existing homes, ADUs are built in neighborhoods that already have infrastructure, access to transit, and other services. ADUs can also reduce traffic, by creating new housing in closer-in existing neighborhoods that are closer to jobs and schools, rather than further-flung new neighborhoods (COF ADU Survey 2023).

Figure 8. Accessory Dwelling Units Infill Accelerator (COF Climate Action Bond Proposal: 2022: 68*).*

The most relevant component of the Bond Proposal is classified as, C) the Accessory Dwelling Units Infill Accelerator. The goal of this is to increase efficient and affordable housing availability in existing neighborhoods (COF Climate Action Bond Proposal: 2022: 35*).* This will be aided with $1.5 million. This will help to accelerate 200 rental units by incentivizing Accessory Dwelling Units (ADUs) in existing neighborhoods. Incentives will be provided for ADUs built with a commitment to provide affordable and efficient rental housing. This incentive of $7,500.00 per home built if that home provides affordable rent for a set duration. Units that are built to be all-electric will receive pre-approved architectural plan sets to choose from (COF Climate Action Bond Proposal: 2022: 67*).* The incentive is to promote equitable systems and decrease dependence on cars (COF Climate Action Bond Proposal: 2022: 31). The projected impacts will include 200 homes built, adding density and vibrancy to Flagstaff's established neighborhoods. Some residents will be able to live closer to work and their daily needs. For the desired benefits to the housing market to occur, the city should specify and enforce requirements that so that ADU's built with the accelerator aid are rented out.

Although it is not mentioned in direct conjunction with ADU installation the proposal supports solar installations on existing homes and businesses with and agenda to launch and expansion of a solar purchasing co-op for residents, options regarding this are still being researched (COF Climate Action Bond Proposal: 2022: 44*).* This is noteworthy and there is an implication for solar energy to component to the potential preapproved architectural plans for ADUs. The ADU infill accelerator is intended to increase livability in Flagstaff, due to reduced rents and significantly reduced energy use in each home. (COF Climate Action Bond Proposal: 2022: 69*).*

After having reached out to Genevieve Pearthree, a Resilience Analyst with the city of Flagstaff, I was informed that the Climate Bond had to go out to voters for the data to be deduced and additional measures be taken. So, the work described in the Bond Proposal pertaining to all the specific parameters including the pre- approved architecture plans will be explored further pending the results of the ADU survey that was sent out to gauge the potential interest of homeowners. The results of which have been shared through the Flagstaff Community Forum in October of 2023 (COF ADU Survey 2023).

The goal of the survey was to hear from the Flagstaff community about local experience with Accessory Dwelling Units (ADUs). This survey will help the city learn more about residents' interests in living in and building an ADU, the challenges in building an ADU, what the city can do to make it easier to build an ADU, and what would incentivize property owners to rent ADUs as a medium or long-term rental (lease length of more than 30 days). The responses are currently being compiled and analyzed as a group, and the results of the group analysis will be posted publicly (COF ADU Survey 2023).

" The City of Flagstaff's Carbon Neutrality Plan and 10-Year Housing Plan identify ADUs as important means to address the City's carbon neutrality and housing affordability goals. Because ADUs are located on established properties with existing homes, ADUs are built in neighborhoods that already have infrastructure, access to transit, and other services. ADUs can also reduce traffic, by creating new housing in closer-in existing neighborhoods that are closer to jobs and schools, rather than further-flung new neighborhoods" (COF ADU Survey 2023: 1).

At this stage, the City Staff is trying to deduce where the optimal locations for potential ADUs could be within City. The agenda of the questions will be to see if property owner interest will be present in areas that will be optimal for implementation based on spatial requirements. The survey also yields results pertinent to owner occupancy patterns.

The survey questions from a Community Forum and were sent to residents, and categorized for single family homeowners with an ADU, and for single family homeowners without an ADU. The comprehensive survey questions and results can be found in the appendix.

The comprehensive survey results have been analyzed for this study while being mindful Promoting health and affordable homes are among the main goals of the Bond Proposal, specifically utilizing ADUs as an infill accelerator are aligned with the goals of the 10-year housing plan mentioned earlier (COF, 10-year Housing Plan 2022: 56),

1) Create housing options for households at all income levels and family sizes occupied by residents.

2) Connect people to equitable housing solutions.

3) Preserve affordable housing.

4) Protect people from housing discrimination and remove housing barriers.

5) Encourage the adaptive reuse of buildings.

As a reminder the focal components of the Bond Proposal to be promoted are as follows (COF, Climate Action Bond Proposal 2022: 58).:

a) Health and Affordable Homes
   ADU Accelerator
b) Energy Independence and Resilience

c) Community Mobility

Specific questions from the survey were primarily considered to simplify this study, these questions were chosen based on questioning how a comprehensive ADU program and associated special plan could be useful. With this the components analyzed are relative to factors such as viewpoints on: Permit Fees, Financing options, and Streamlined plans. Attention was placed on where efforts can be made based on the percentage totals relative to each category.

The analysis has been more condensed for clarity. The pertinent survey question numbers will be specified with each statement as such, (#) relative to each finding.

Pertaining to all surveyed:

When gauging basic interest, 38.3% of residents were unaware of ADU provisions for single family lots (1).

84% of single-family properties do not contain ADUs (6).

Pertaining to those surveyed with ADUs on their lot:

64% were built to earn additional rental income and 31% wish to help with the housing crisis and 33% wish to provide housing for people who they know and want to help (7).

Attached ADUs account for 42.9% while detached make up 47.6% (8).

The existing ADUs are 92.9% completed (10,) 35% of these were in place when the lots were purchased, 45% were built in 6 months to 1.5 year (11).

26.2% were financed with a loan from a bank, including a mortgage or home equity line of credit (HELOC), and 45.2% with Cash (12).

The construction costs vary relatively evenly through a range of $50,000 – $300,000 (13).

33.4% of rental rates range from $1,000-$2,000, and 11.9% are less than $1,000 (18).

The procurement of rental money helps 67.5% of owners with their additional living costs (23).

51.2% stated that the ADUs were moderate to challenging to build (25).

The cost to build had a small to major impact for 64.7%.
The permit fee had a small to major impact for 34.7%.
The process of navigating the design and City permitting process had a small to major impact on 58.8% (26).

23% indicated that pre- approved building plans(detached) would have helped to build the ADUs (28).

Pertaining to those surveyed without ADUs on their lot:

49.2% are interested in building now or in the future (30).

52.7% want to build to earn additional rental income and 55.6% wish to help with the housing crisis and 67.5% wish to provide housing for people who they know and want to help (31).

Attached ADUs interest accounts for 18.4% while detached make up 67.5% (33).

The cost to build had a small to major impact for 76.3%.
The permit fee had a small to major impact for 65.3%.
The process of obtaining financing provides a minor to major barrier for 69.5%.
The process of navigating the design and City permitting process had a small to major impact on 74.7%.
Navigating the construction costs is a minor to major barrier for 89.4%
The requirement for city design standards provides a minor to major setback for 73.6% (35).

56.5% think that the city should develop pre- approved building plans (38).

75.3% want additional online information and 57.3% want additional information about obtaining lending (39).

Pertaining to specific renters (based on response to question 4):

7.8% live in an ADU (40).

75% of those who live in an ADUs were seeking cheaper rent (41).

Existing ADUs have been primarily built to procure rental income. Roughly one quarter of these were financed and the construction costs have varied greatly. Those who have gone through the process of building an ADU have had issues with construction costs, permitting fees, and navigating city processes. Half of those surveyed without ADUs on their property have expressed an interest in building them. They also generally wish to procure income through renting them.

Moving forward, it will be important for the city to find out more regarding the perception of ADUs. With this, it is important to question if ADUs are likely to attract people who presently live in

Chapter conclusion

The escalating housing cost burden and given that there is a strong enough desire to procure ADU use for interested property owners, the city should consider implementing a program where the city's processes can be expedited. This could be aided by a loan program and streamlined building plans. It is worth considering that streamlined plans that can utilize sustainable and low-cost building materials can save on the overall construction costs as can accessing the utility connections that already exist on lots where possible. Those surveyed have expressed enough interest in these components to merit further analysis on how established measures can be utilized in Flagstaff. This be analyzed further in the methodology section relative to peer city case studies.

The overlapping goals of both the 10-Year Housing Plan and the Climate Action Bond Proposal reflect Smart Growth Principles that are relevant in comparable case studies. The need for Smart Growth and the subsequent implementation of planning principles should be implemented to encourage Missing Middle Housing. The goal specified that is the same between the two documents it the need for affordable housing. Pertaining to ADU infill, the goals of the Housing Plan to, a) *create housing for different income levels and family sizes* and, b) *create equitable housing solutions* correlate to the Bond Proposals goals of a) *creating healthy and affordable homes* b) *energy independence and resilience* and c) *community mobility*. All these goals are correlated in that they can be met with ADU infill in neighborhoods with direct access to amenities and multimodal transportation. If implemented with these factors in mind, ADUs will help to reduce sprawl and the need for auto travel and the associated detriments while providing affordable housing.

As mentioned, these goals and considerations are aligned with the agenda of Smart Growth and the development of Missing Middle Housing. These principles will be explained further. The problems facing the housing situation in Flagstaff are reflective of conditions across the Nation including the Western Region.

2.0 Literature Review

2.1 National and Western Region Considerations

National Home Value Income

The affordability of housing is subject to change when considering where it exists. This differs between cities, suburbs, smaller towns, and rural areas. The most expensive housing is typically located in the urban core of large metropolitan areas. Urban areas can also contain a variety of housing diversity, buildings were built at different times and have different sizes. Larger cities may also have a range of different income levels. The diversity of income levels and housing options in these areas contributes to them having a wide dispersion of housing price to income ratio. The suburbs have lower price to income ratios (Murray and Schuetz: 2018).

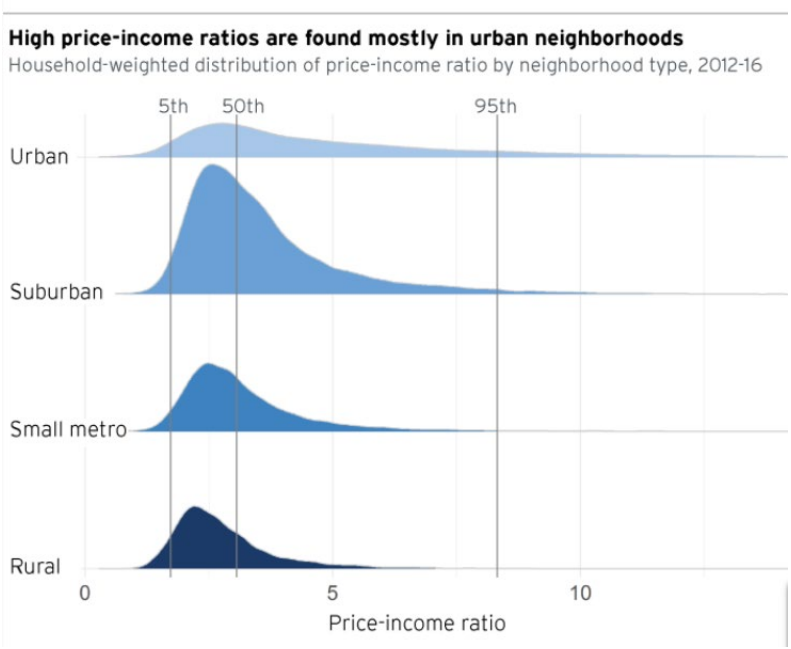

Figure 9. High price- income ratios (Murray and Schuetz 2018, price to income ratio).

The most common rule of thumb for renters has been that no more than 30% of income should be spent on housing, including utilities (water, heat, electricity). By this rule someone who makes $35,000/ yr. should spend $875/ month on housing. Rent accounts for a large amount of many tenant's expenses. In 2019 approximately 45% of 44.1 million renter households paid rent equal to 30% of their gross household income (Desilver: 2021).

According to the National Association of Homebuilders/ Wells Fargo Opportunity Index (Ostrowski: 2020,) the national median home prices have risen around 30% while incomes have

increased by only 11% over the last decade. Over a fifty-year period, incomes have risen by 15% while home prices have increased by 118%, (these numbers have been adjusted for inflation). To afford a home in 2021, the average income of an American household needed to be $144,192 — but the current median household income was $69,178 (Ostrowski: 2020).

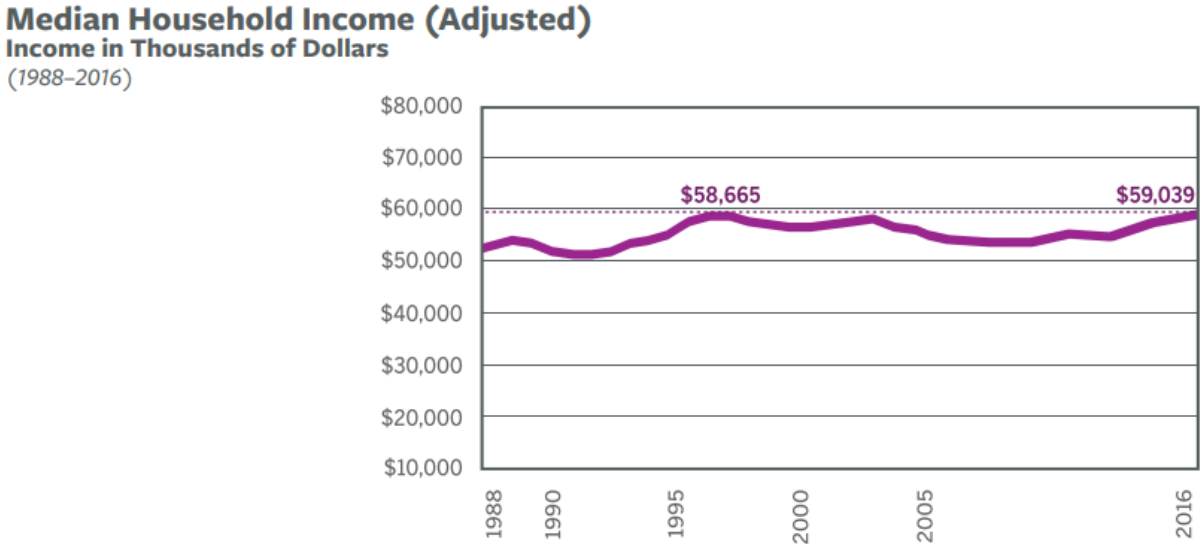

Figure 10. Median Household Income (Bristol 2019:17, Meian Household Income)

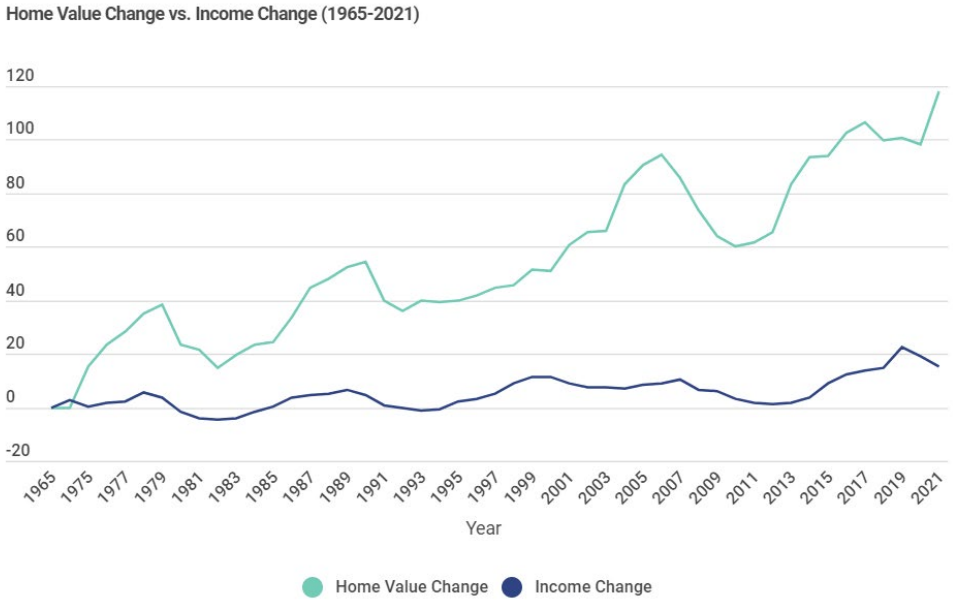

Figure 11. Home value change v.s. Income change (1965-2021) (Delgado 2021, Home Value and Income Change (1965-2021))

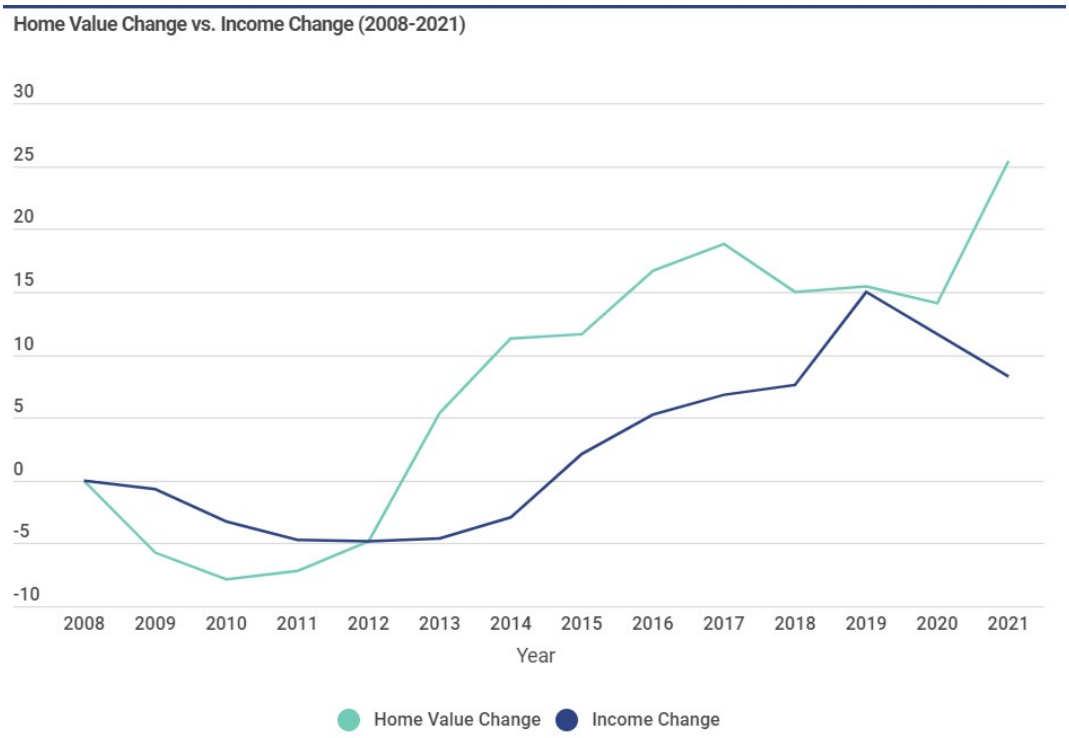

Figure 12. (Delgado 2021, Home Value and Income Change (2008-2021))

From 2019 to 2021, the average house-price-to-income ratio increased from 4.7 to 5.4 — a 14.9% increase that's more than double the recommended ratio of 2.6. In other words, homes cost 5.4x what the average person earns in one year (Delgado 2021). Currently, housing costs are becoming unreachable for those not at a high-income level. Renters headed about 36% of the nation's 122.8 million households in 2019, the last year for which the Census Bureau has reliable estimates (Desilver 2021).

As this trend in home prices exceeding incomes has continued over the decades, it is becoming more and more difficult for individuals to build wealth through homeownership. Typically, local incomes are a key driver of home prices. Other factors come into play, too, such as gluts or shortages of supply, along with movements in mortgage rates. This has become exacerbated by the pandemic. With this, the low inventory and the high demand has driven many buyers in competitive markets into spending 1% to 3% over asking prices. There is in essence, a huge lack of access to homeownership and subsequent lack of wealth procurement through home equity. With the increase in housing cost and stagnant income levels, trends are showing that the American dream of homeownership is becoming increasingly unlikely for Gen X, millennials, and younger generations (Desilver 2021). Millennials' homeownership rates specifically have accelerated over the past five years, but still lag behind those of older generations. A significant share of millennials has yet to mature into homeownership, as many of them either haven't reached the life stages that typically prompt a desire to own a home, find it unaffordable, or are unaware of options that could help them reach the "American Dream." Given the higher millennial minority share, this generation is at risk of never reaching the same homeownership

levels as older generations because of the historical divergence in homeownership rates between different races/ ethnicities (Freddie Mac 2021: 4).

Renters skew to the lower ends of income and wealth distributions, according to data from the Federal Reserve's 2019 Survey of Consumer Finances. About three-fifths of people in the lowest income quartile (60.6%) rent their homes, as do 87.6% of people with net worth's below the 25th percentile. In both cases, as one goes up the income or net worth distribution scale, the share of people who are renters falls: Only 10.5% of people in the top income quartile, for example, are renters. These are people who do not have access to property ownership and the subsequent equity and retirement funding (Desilver 2021). The historical factors of excluding people of color and the subsequent impacts on zoning and planning have led to the absence of wealth accumulation via homeownership for an increasing number of residents.

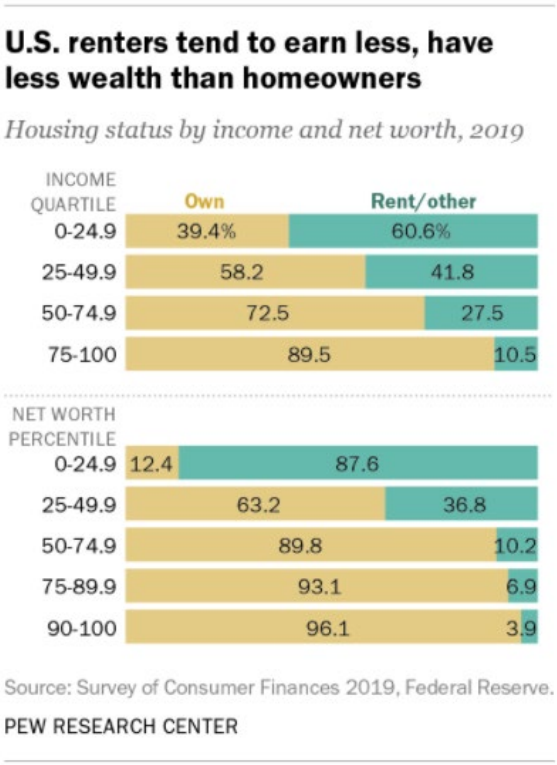

Figure 13. U.S. Own/ Rent ratio (Desilver 2021)

The shortfall of rental housing affordable to very low-income households is nearly 7 million units, the National Low Income Housing Coalition estimates. This gap will never be filled if new housing continues to be available at the current pace (NLIHC 2021: 2).

In 1960, the price-to-income ratio for Western states (*Alaska, Arizona, California, Colorado, Hawaii, Montana, New Mexico, Oregon, Utah, Washington, and Wyoming,)* was 2.1, but by 2017 it increased to 4.9. While median home prices increased by 195% in the West, median

household income only increased by 26% since the 1960s. This means the growth rate of home prices is 7.5 times more than the growth rate of household income, making the Western region the least affordable region in the U.S (Ostrowski: 2020).

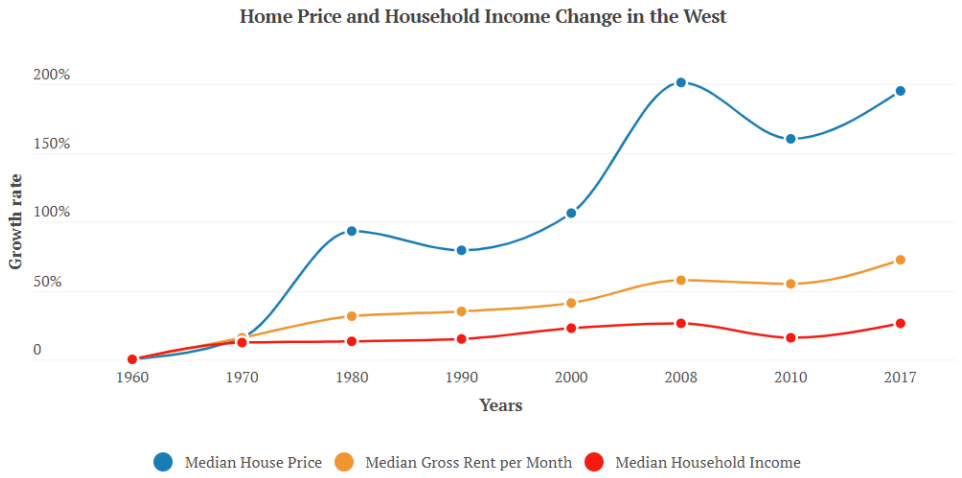

Figure 14. Home price and house hold income change in the West (Tekin 2022, Home price and Household income change in the West).

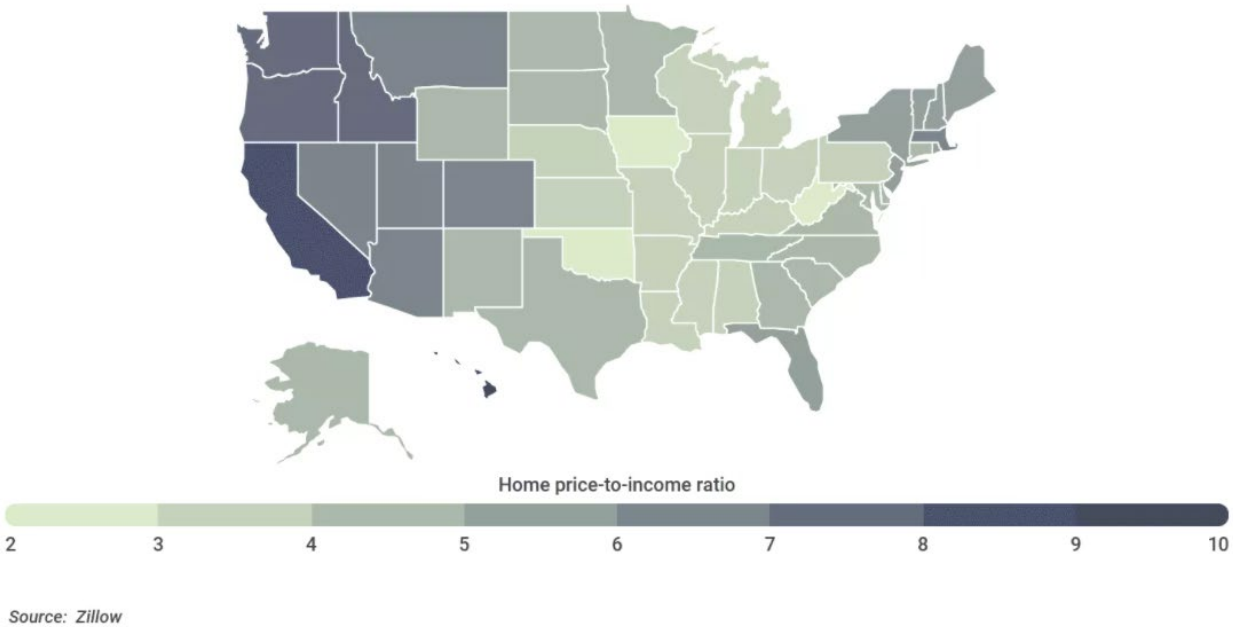

Figure 15. National Home price- to- income ratio (Jones 2021, Home price- to- income ratio).

In February 2024, Attorney General Kris Mayes announced a lawsuit against RealPage, Inc. and nine major residential apartment landlords operating in Arizona for conspiring to illegally raise rents for hundreds of thousands of Arizona renters in the Phoenix and Tucson metro areas. RealPage is a software company that offers what it calls “revenue management” to its clients, including those named as its co-defendants in this lawsuit (Taylor 2024).

“The conspiracy allegedly engaged in by RealPage and these landlords has harmed Arizonans and directly contributed to Arizona’s affordable housing crisis,” said Attorney General Mayes. “In the last two years, residential rents in Phoenix and Tucson have risen by at least 30% in large part because of this conspiracy that stifled fair competition and essentially established a rental monopoly in our state’s two largest metro areas. RealPage and its co-defendants must be held accountable for their role in the astronomical rent increases forced on Arizonans” (Taylor 2024).

The State’s lawsuit alleges RealPage’s revenue management software works by compiling competitively sensitive data on pricing and occupancy from competitors in the market for multifamily apartment leases and then directing the competitors who have entered the conspiracy on which units to rent and at what price (Taylor 2024).

The Attorney General’s lawsuit specifically alleges that:

The defendant landlords illegally colluded with RealPage to artificially raise rents and concealed their conspiracy from the public. By providing highly detailed, sensitive, non-public leasing data with RealPage, the defendant landlords departed from normal competitive behavior and engaged in a price-fixing conspiracy. RealPage then used its revenue management algorithm to illegally set prices for all participants (Taylor 2024).

RealPage’s conspiracy with the landlord co-defendants violate both the Arizona Uniform State Antitrust Act and the Arizona Consumer Fraud Act. Arizona’s antitrust law prohibits conspiracies in restraint of trade and attempts to establish monopolies to control or fix prices. The State’s consumer fraud statute makes it unlawful for companies to engage in deceptive or unfair acts or practices or to conceal or suppress material facts in connection with a sale, in this case apartment leases (Taylor 2024).

The illegal practices of the defendants led to artificially inflated rental prices and caused Phoenix and Tucson-area residents to pay millions of dollars more in rent. Defendants conspired to enrich themselves during a period when inflation was at historic highs and Arizona renters struggled to keep up with massive rent increases (Taylor 2024).

This lawsuit demonstrates that renters have been struggling on a large scale and measures outside of corporate control to increase infill, can serve to aid renters trying to find an affordable living solution. This notion is bolstered by the goals of Flagstaff’s Housing plan and the Climate Action Bond Proposal.

Airbnb, is a giant in the world of short-term rentals. It is also a contributor to why the U.S. finds itself in a housing crisis. A growing number of cities worldwide are working to limit the damage short-term rentals are inflicting on their housing supply. Here's a viewpoint on how Airbnb is contributing to the housing crisis (George 2024).

1. The industry is growing at a faster pace than local governments can keep up with,

The sale of vacation homes surged by 44% in 2020 over the previous year. Many people purchased property to use as short-term rentals. And it's not just individuals who want to join the ranks of Airbnb hosts. Real estate investment firms have gobbled up as much property as possible in an effort to cash in on the Airbnb craze (George 2024).

2. Airbnbs limit the number of rental units available to locals,

The average rent nationwide rose by 15% between 2021 and 2022, with some cities impacted more than others. With listings in more than 100,000 cities worldwide, Airbnb is everywhere, from tiny hamlets to huge cities. Local governments have a tough time reining in the number of short-term rentals operating in their cities. The overwhelming number of Airbnbs makes it difficult to provide enough housing for permanent area residents (George 2024).

3. Restrictions may not work,

Obstacles are localized and it may be difficult for cities to prevent and reduce them (George 2024).

4. There's no clear picture of whether Airbnbs can be reined in

Because the proliferation of short-term rentals is a new problem, it's yet to be determined how local governments will balance the needs of the community with the rights of the investors. It may be that they will set a strict limit on the number of Airbnbs allowed in their cities. They may also impose a high enough tax on short-term rental operations to discourage hosts from settling in their city (George 2024).

The issue with Airbnb that concerns this study the most is the implication of how the presence of short-term rentals has affected affordable rental availability. The introduction of an ADU program can help to ensure that long term rentals are available by providing financial incentives to developers.

2.2 Who is Affected?

- Retirees

- Single Individuals

- Downsized Families

<u>Retirees</u>

22% of Americans will be age 65 or older in 2050

Housing and living expenses, such as mortgage payments, insurance and maintenance costs are typically among the highest cost retirees will face. By 2030, 1 in 5 people in the United States will be age 65 or over. And by 2035, older adults are projected to outnumber children for the first time ever. Currently retirees cannot downsize because smaller homes are expensive and large homes have skyrocketed in price and this causes subsequent accessibility to across communities due to insufficient income (Bristol 2019:10).

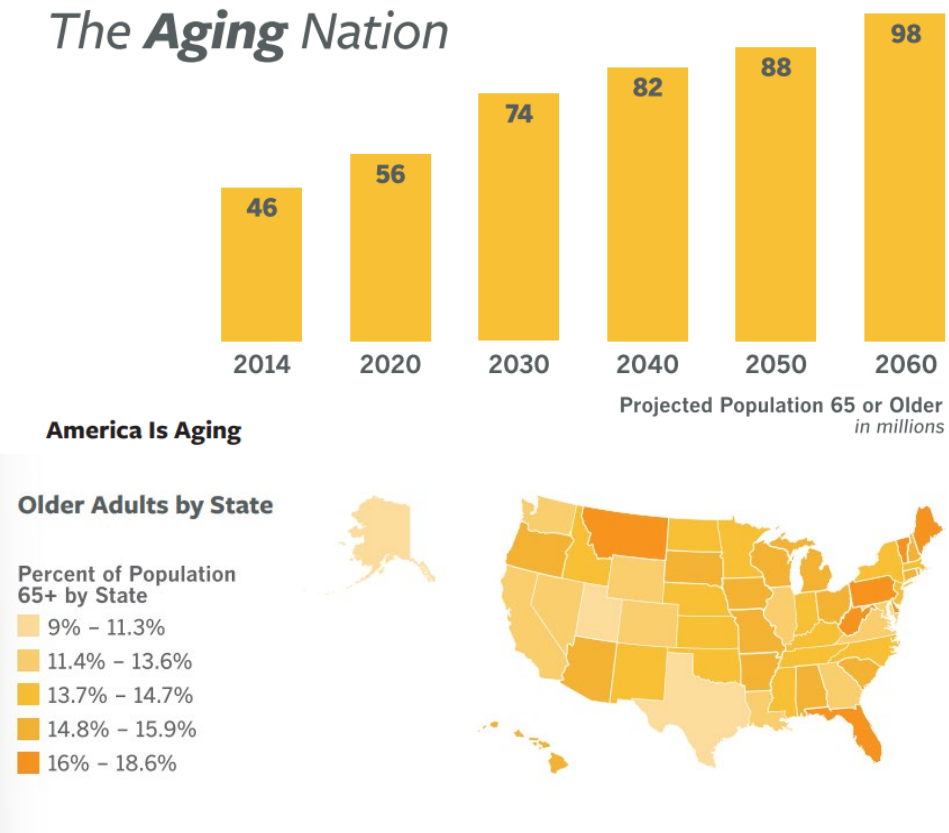

Figure 16. The aging nation (Bristol 2019: 11).

Regarding retirees and housing, many cannot downsize because smaller homes are expensive, and their large homes have skyrocketed in cost making them inaccessible for buyers, so the current owners looking to retire are locked into their living positions until things change. America's current housing stock doesn't fit a rapidly aging population. In 2017, more than 19 million older adults were living in housing that didn't provide them with the best opportunity to live independently, and only about one percent of the nation's present housing is equipped to meet their needs (Bristol 2019: 6). In the 2018 AARP Home and Community Preferences Survey, 77 percent of people aged 50 or older said they wanted to stay in their current community for as long as possible; 76 percent said the same about their current residence. Among people aged 65 or older, 86 percent said they wanted to remain in their current community and home. Most homes in the United States are not designed for aging in place. Many people will require solutions that respond to the changing physical and cognitive abilities that come with growing older. Two increasingly popular trends that address the issue are multigenerational living and home-sharing, both of which can provide on-site assistance and help ward off isolation (Bristol 2019: 13). In 2021, Americans aged 65 and older spent an average of $4,847 annually on housing – related costs, including: property tax, maintenance, repair, insurance, and other expenses. On average, utilities, fuel, and public services cost an additional $3,743 and miscellaneous costs related to household operation were another $1,219. Renters spent an average of $2,471 per year on their dwellings for these costs (Flannery 2023). It is important to consider the impact in Arizona specifically as there may be a greater share of wealthy retirees relocating from other states.

Single Individuals

32% of young adults live at home

48% of adults are single

In the decades following World War II, the typical U.S. household consisted of a married couple with children. The suburbanization of the nation was driven by this demographic, fueled by prosperity, the automobile, and the dream of home ownership. Fast-forward to the 2010s, when adults living alone account for nearly 30 percent of U.S. households — and that's a growing phenomenon across all ages and incomes, while families represent 20%. More than 80 percent of the nation's apartments and houses are built with two, three or four bedrooms. These residences are designed with families in mind: one larger "master bedroom" for parents and smaller, secondary bedrooms for children. Additionally, there are more than twice as many two-bedroom units as there are studios and one-bedrooms combined (Bristol 2019: 10).

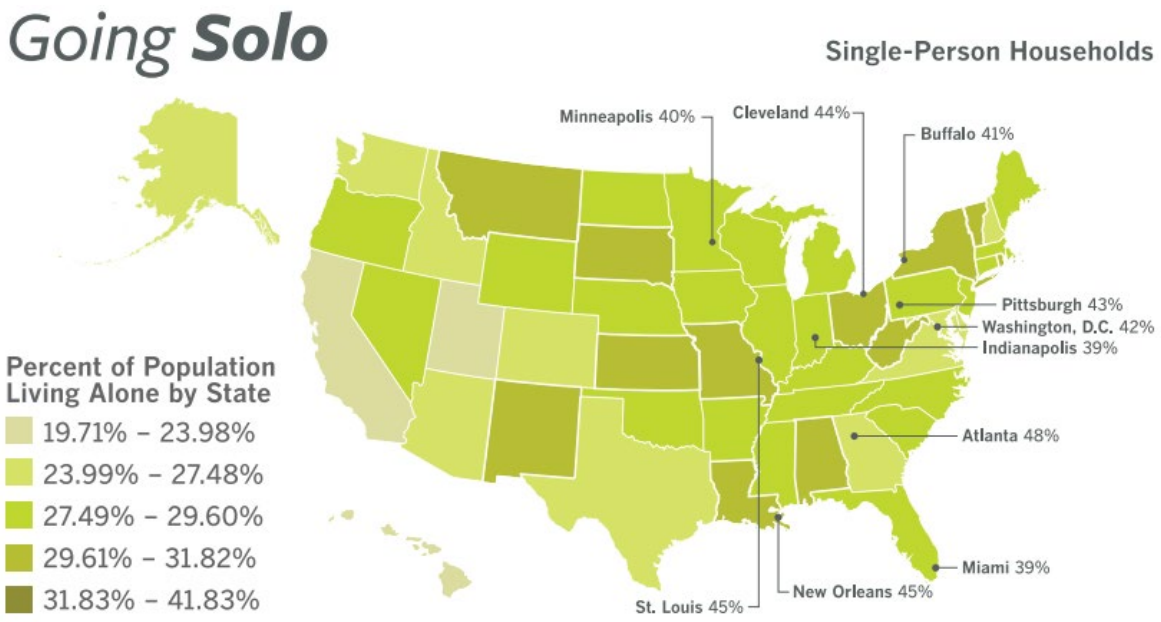

Figure 17. Going solo (Bristol 2019: 13)

Potentially Downsized Families

11% fewer American households were middle class in 2015 than in 1971 (Bristol 2019: 10)

Housing unaffordability for middle-income households is a regional rather than a national problem.

Nearly all communities have some neighborhoods that will be out of reach for middle-income families—the "nicest" neighborhood in town. But in most communities, middle-income households can still afford to buy a home in a reasonably wide range of neighborhoods. Because the problem is mostly regional, responsibility for policy solutions rests primarily with state and local governments. In Flagstaff, the median home price is $597,460, the median rental price is $1,817/ month and the average energy bill is $158.43/ month. The minimum earning needed to maintain a standard of living in the city is $50,617. The cost of living in Flagstaff is 1.2% higher than the national average and as previously mentioned, the housing expenses are 34% higher than the national average (Payscale 2024).

Concerning all the demographic groups mentioned, Residential zoning codes in most cities allow only one house per parcel, so to maximize profit on their homes, developers go big and expensive. The crux of the problem is a basic market imbalance: Demand for housing has skyrocketed, and the supply hasn't kept pace. "The biggest solution is obvious — it's the construction of more homes, available to all income levels," said David Garcia, policy director at the University of California, Berkeley's Terner Center for Housing Innovation. "And perhaps the best way to goose construction is for jurisdictions to mimic Portland and ditch single-family zoning" (Lowrey 2021).

Chapter conclusion

Evidence suggests that in many of the Western communities where price-income ratios are highest, those high housing prices result from excessive land use regulation- that is, from policy choices of local governments. Making housing more affordable to middle-income families requires those same governments to revise their zoning and allow more housing to be built, especially near jobs and transportation. (Murray and Schuetz 2018). This factors directly into utilizing missing middle housing concepts while potentially developing underutilized areas.

As previously mentioned ADUs can serve as a component in addressing affordable housing concerns. ADUs serve multiple purposes for their owners, purposes that may change over time. They assist older homeowners in maintaining their independence by providing additional income to offset property taxes and maintenance and repair costs or by providing housing for a caregiver. ADUs can also become the residents' home if they wish to downsize, allowing them to rent out the main house or to have family members move into it. They are a way to increase the supply of a more affordable type of housing that does not require government subsidies. Generally, they can help older homeowners, single parents, young home buyers and renters seeking a wider range of homes, prices, rents, and locations. They can also provide a means of offsetting the results of decades of exclusionary zoning (AARP 2021:4). These considerations will be considered in further detail.

First the problems related to affordable housing can be understood through a brief look at the historical parameters that lead to current conditions. The conditions of the past and the current parameters of planning can potentially be offset by following planning parameters such as the Smart Growth Principles. The potential for ADU use in alleviating affordable housing can be better understood while being conscience of these factors.

3.0 Factors of Planning - Housing Concerns

3.1 General Considerations

Some concerns that emerged in the 19th and early 20th century were pertained to overcrowding due to density. Specifically, these included housing safety and health issues relative to lack of hygiene, and fire risk among other concerns. It became increasingly apparent that the presence of housing mixed with industries lead to dangerous conditions involving water and air contamination. These concerns sparked reform movements. Euclidean zoning was initiated in conjunction with this reform. With this, separate land uses within cities were established and enforced to keep residential, industrial, and commercial uses separate from one another. The benefit to Euclidean zoning is that incompatible land uses were prevented, property values, open space and historic neighborhoods could be better protected. The detriments include the creation of urban sprawl, potential segregation issues and limited housing supply (Redthomes N.D).

Centralization is the movement inward or creating compactness. This process is possible with the presence of businesses and grocery proximity and can be encouraged through political powers. Transportation technologies have contributed to the decentralization of communities. The creation of railroads became a big driver of this phenomenon. Exurbs were created along railroad lines, these were communities that were located outside of centralized, or core, areas. These were places where wealthier people could access to house their families away from overcrowded, city conditions. As auto ownership and use grew, more and more people began to look to the periphery and the countryside for housing. This bolstered the creation of parkways and beltways that offered access between city and county conditions (Muller 2004: 83). Eventually this gave way to the implementation of freeway and highway systems that would lead to increasing development from centralized areas. Peter O. Muller describes the eras in this movement (Muller 2004: 64-76).:

The Walking - Horsecar Era (1800 -1890)

The Electric Streetcar Era (1890 -1920)

The Recreational Automobile Era (1920-1945)

The Freeway Era (1945 - present)

Flagstaff's historical pattern of land uses was driven by the early economics supported by the railroad. Examples can be seen in the downtown commercial core, railroad and sawmill infrastructure, the university, historic residential neighborhoods, and ranches (COF Land Use, 2013: 4).

On a national scale, starting in the 50's and 60's the term "white flight" became a popular term associated with the large-scale migration of white people away from racially mixed urban regions into the suburbs and exurbs (Crossney and Bartelt 2005: 712). Redlining, the

discriminatory practice against racial minorities in which a creditworthy applicant is denied a housing loan in a certain neighborhood even though the applicant may otherwise be eligible for the loan. This movement also worked in conjunction with mortgage affordability, with the advent of the mortgage industry, homeowners could have many years to pay off homes where this was not previously the case. Home affordability became more feasible as the prices declined with an increased distance from the city. This version of homeownership became a dominant component of the American Dream. This, in part, stemmed from the ability to live in a safe place with your own yard for certain populations (Crossney and Bartelt 2005: 720). Expansion into peripheral areas was also increased by the early phase of urban renewal reached its height in the 1940s. Urban renewal was a process where privately owned properties within a designated renewal area are purchased or taken by eminent domain by a municipal redevelopment authority, razed and then reconveyed to selected developers who devote them to other uses (Meyers 2022). Many buildings that were removed served as housing for the working class, mostly Black populations and were replaced with modern residential buildings for the middle class along with highways and shops. The migration of less wealthy groups was also a result of those groups seeking out the same American dream of homeownership (Meyers 2022).

As previously mentioned, Euclidean zoning was utilized in community development, this served to separate towns into districts where specific land use is prohibited or permitted. Commercial and Industrial uses were separated from residential uses. Residential uses were subdivided into single family and multifamily zones. The initial issue that Euclidean zoning sought to control, air and water pollution risk to community members was realized. Single family zones have prevented the inclusion of higher density residences. Some of the exclusionary parameters of this pertain to restrictions on minimum lot sizes and strict building codes have increased housing costs. This has also limited construction and housing supply and worsened issues with affordability and inequality. (Mystal 2020). As outskirt developments are created, they can become obsolete, causing developers to engage in more sprawl and leapfrogging. This describes the large-scale trend of building on new lands not adjacent to other developments. This is cheaper than building on adjacent land because these areas have been cost effective in that they create a proximity value increase. It is called leapfrogging because developed areas are jumped over before new development occurs (Mystal 2020). A negative ramification of this is that large scale commuting contributes to environmental pollution and extra costs like fuel consumption and time. This is also true of accessing amenities like schools and grocery stores in decentralized areas. The negative environmental impact of commuting is undeniable. Studies show that the average drive to work adds 4.3 metric tons of carbon to the atmosphere a year—per car. If everyone in the US drove just 10 percent less, it would have the equivalent environmental effect of taking 28 coal-fueled power plants off-line for a year (Mystal 2020). The following are the key takeaways from a 2015 report from the Victoria Transport Policy Institute and London School of Economics analyzed the total cost of suburban sprawl in the United States:

Sprawl has two primary resource impacts: it increases per capita land development, and by dispersing destinations, it increases total vehicle travel. This can have adverse effects including

reduced regional employment and business activity along with reduced economic opportunity for non- drivers (Litman 2015: 3).

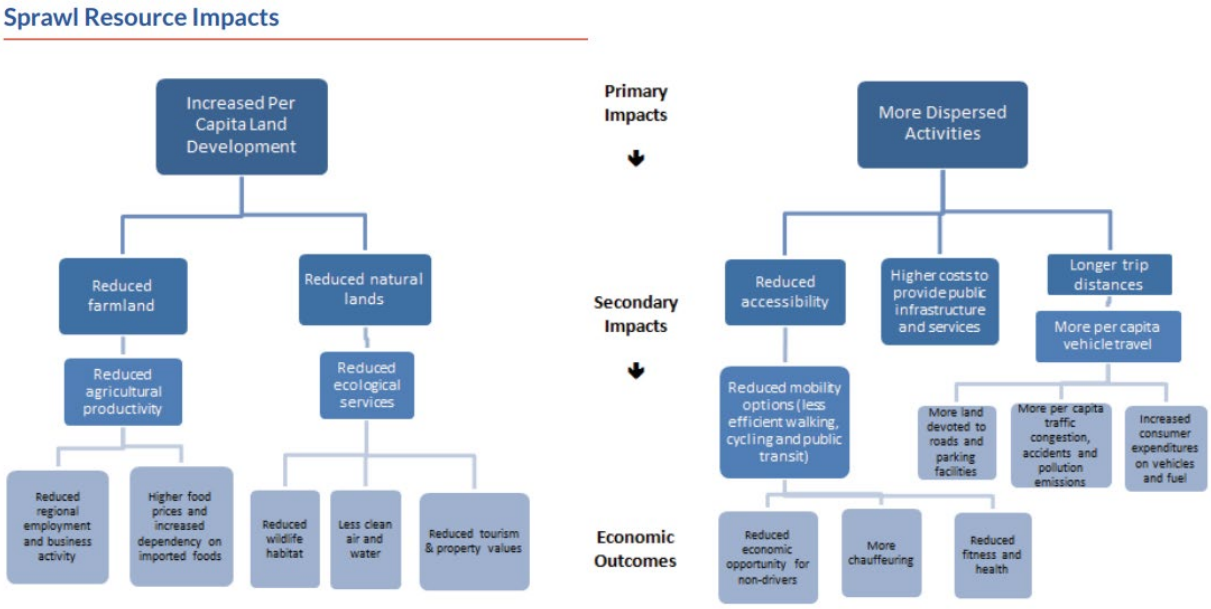

Figure 18. Sprawl Resource Impacts (Litman 2015: 3)

The externalities of expanded suburban settlement and increased car travel carry direct costs and opportunity costs that can be quantified: traffic, pollution, crashes, infrastructure, and services—in total, draining $1 trillion every year out of the economy (Litman 2015: 4).

A potential auto related negative impact of ADUs could occur in the form of more on street parking. With this, parking requirements are specified in the zoning code for ADUs discussed later in the methodology portion of this study.

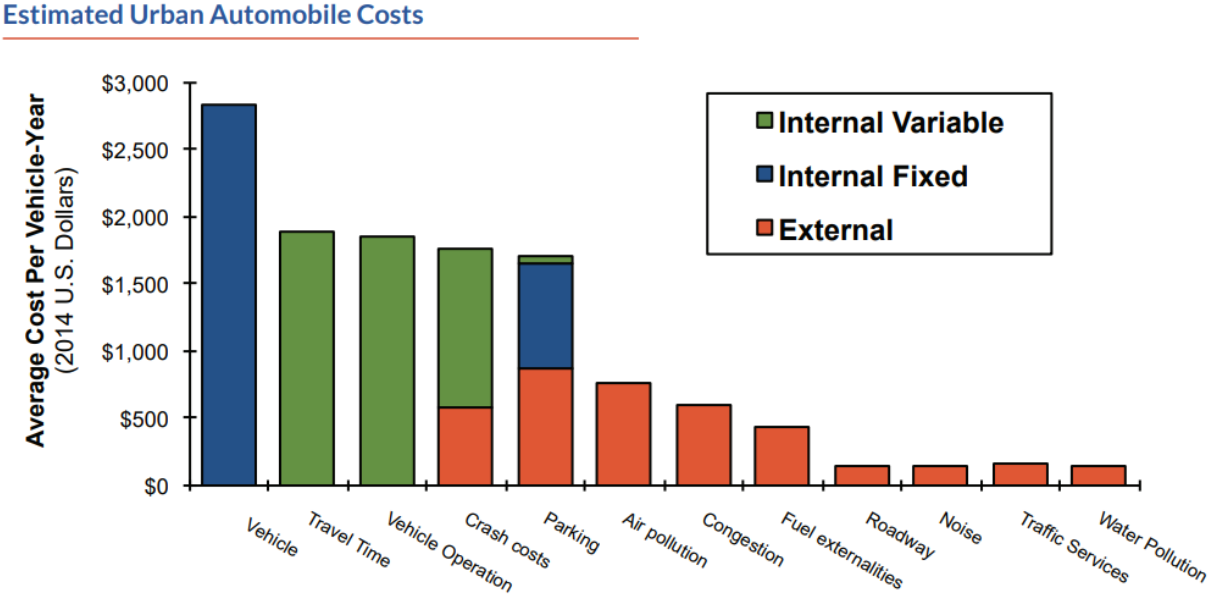

Figure 19. Estimated Urban Automobile Costs (Litman 2015: 4)

There are solutions, Smart Growth Policies that create more compact communities can provide substantial economic, social, and environmental benefits in both developed and developing countries (Litman 2015: 4).

The most dominant negative factors of decentralization that pertain to this study are that suburbanization has led to spawl and to inefficiency with auto necessity. The suburbs can be isolated on a social level as well as a functional level, concerning access to amenities. It is also important to consider that central areas experience a decline in the tax base as peripheral expansion continues. This can have adverse effects on education and services. Utility costs such as electricity costs are higher as well with low density residential verses compact areas of higher density with housing types such as duplexes, townhomes, accessory dwelling units, and others that can be classified as missing middle housing options. These options, that are aligned with Smart Growth encourage reducing the costs of multifamily housing, transportation, and infrastructure to increase overall affordability (Smart Growth: N.D).

If suburban sprawl persists, needs and desires will go unfulfilled because of the massive scale of resources tied up in subsidizing the sprawl lifestyle. The history of development and the negative trends in home affordability and climate change merit diverse solutions including creating infill with the use of ADUs aligned with the initiatives mentioned pertaining to Flagstaff.

Historically, ADUs were relatively common before World War II. Many were created by middle-aged and older people, often widows, seeking to take in boarders after their children moved out. During the war, ADUs housed the influx of workers in war industries. Following the war, as veterans retired, the explosive growth of the suburbs was governed by suburban zoning ordinances that reserved land almost exclusively for single-family detached housing for the middle-class nuclear family (AARP 21:3). Some communities prohibited all types of multifamily housing and mandated large homes and large lot sizes for single-family homes. These regulations often excluded Americans of modest means from significant portions of urban regions. Zoning combined with federal redlining, and other public and private practices enforced racial and ethnic as well as economic segregation. Zoning in many older cities was changed to prohibit ADUs along with town houses, duplexes, and courtyard apartments (missing middle housing). At the same time, the size of single-family homes grew. In 1950 the average single-family home was 983 square feet. According to the U.S. Census the average size of a single-family home completed in 2019 was 2,301 square feet. From 1973 to 2016 the average square feet per resident of those homes increased from 551 to 1,058 the United States has much more house per person but not nearly enough homes for people. (AARP 21:4).

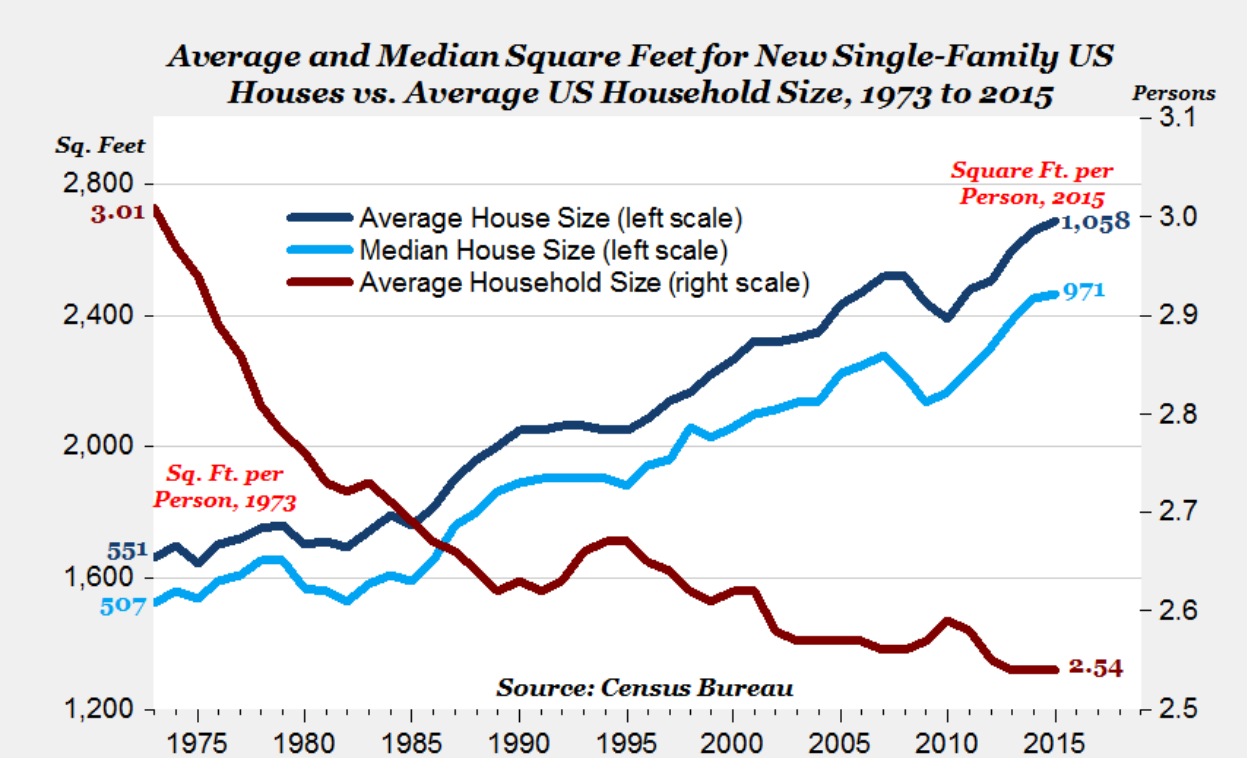

Figure 20. U.S. Average and Median sq. ft. (Perry: 2016)

3.2 Single Family Zoning

Single Family zoning was touched on in the last section but merits more discussion as this has been a major factor that underlies and informs the social and economic structure of American communities including Flagstaff.

Zoning works in two ways: As mentioned, it limits land use, frequently segregating residential, commercial, industrial, and agricultural zones from one another. It also directs physical forms by prescribing the size of buildings - often setting maximums with respect to height, lot coverage, density and occupancy, and minimums specific to unit size, setbacks, and parking (Bristol 2019:12).

Single family zoning policy restricts the development of an area to include only single-family homes and is one of the main components responsible for decentralization and sprawl. In the early 20th Century, it came to exist to preserve property values, while considering public health and safety. During that same time, progressive reformers imported the practice of land use zoning from Germany to provide working-class families with low-density housing on the urban outskirts. Almost immediately, however, upper-income white property owners, developers, and local officials seized on it to protect subdivisions from factories and people of a different race,

ethnicity, or class (Von Hoffman 2020). Single-family zoning is by far the most common form of zoning in the United States, but it's facing increasing criticisms both for its discriminatory origins and its sprawling effects and subsequent detriments as mentioned. The first single-family zoning law was passed by the city of Berkeley, CA in 1916. The measure was promoted by the developer of the Elmwood neighborhood, who wanted to preserve home values in his development by preventing Black families from moving into adjacent areas. Although developers could, at that time, control who moved into their neighborhoods via racial covenants, another tactic was needed to ensure racial homogeneity in surrounding neighborhoods. Urging the city to pass single-family zoning in the surrounding areas let Elmwood's homeowners essentially dictate housing policy beyond their community's boundaries. The new law also prohibited a proposed Black dance hall and made the neighborhood more exclusive and expensive (Litman 2015).

The 1917 Supreme Court decision prohibited zoning by race with the *Buchanan v. Warley* decision (Von Hoffman: 2020). After racial covenants became publicly scrutinized, single-family zoning was used to ban the development of apartments and only allowed for single family home development in certain areas, the Court endorsed this after the *Euclid v. Ambler* decision of 1926 (Von Hoffman 2020). Many supporters of single-family zoning were still transparent about the agenda of racial segregation (Planitzen N.D). A substantial movement in single-family zoning following the decades after World War II. This was driven by a guaranteed loan available through the Federal Housing Administration (FHA) and the Veterans Administration (VA). This fueled the development of unbuilt areas and factored into decentralization as previously mentioned. The encouragement and approval of the FHA, developers such as William Levitt explicitly barred Black Americans and, in some cases, Jews from buying into their subdivisions (Von Hoffman 2020). Redlining on a racial basis was also a common practice during this time, this is the practice of denying a creditworthy applicant a loan for housing in a certain neighborhood even though the applicant may otherwise be eligible for the loan. The term refers to the presumed practice of mortgage lenders of drawing red lines around portions of a map to indicate areas or neighborhoods in which they do not want to make loans. (Fair Housing Act N.D).

This was relevant in Flagstaff, especially in the Southside Neighborhood, From the 1930s–1977, the neighborhood was subjected to redlining and, therefore, was a place of formal and informal segregation, with Anglo communities to the north of the tracks, African Americans to the south, and Hispanics to the south and west of downtown. African American, Basque, Hispanic, and to a lesser extent, Asian communities and businesses were established and grew to serve this community. Boundaries were enforced with an understanding of placement within the Southside, which became defined by the schools' children attended/ were permitted to attend and by churches established for worship. Most employment was either the in-lumber mills, such as the one that exist in the Southside by 1910, with the railroad, or was generated within the community with small retail shops (official or not) and in "garage manufacturing"—making and selling items from one's residence (South Side Community Plan 2020:4). Entrepreneurship and activism, which reached its height during the Civil Rights movement (1948–1968), eventually removed some systematic barriers to education and home ownership. However,

removal of those barriers also created an opportunity for gentrification, which as one resident who was interviewed as part of the visioning survey said, "It used to be that no one cared about the Southside, and now developers are coming in with money and buying away family homes to tear down for students." This pattern of gentrification has led to demographic changes over the last 20 years. The number of owner-occupied households in the Southside now totals only about a quarter of the community's households. (South Side Community Plan 2020: 4).

As a reaction to the nationwide, exclusionary circumstances, the Fair Housing Act was created as article VIII of the 1968 Civil Rights Act, to "*protect people from discrimination when they are renting or buying a home, getting a mortgage, seeking housing assistance, or engaging in other housing-related activities* (HUD.gov N.D)." This was to promote the availability of affordable housing in high opportunity areas, this prompted many communities to double down on single-family zoning as a more euphemistic tool for controlling the demographics of an area. U.S. municipal officials codified the stratified development patterns by adopting single-family zoning to preserve them.

The propensity for suburban residents to maintain neighborhood characteristics continued by ensuring that new development would serve high income residents. Along with this, large minimum sized lots were often imposed. New developments became seen as a threat to the quality of life. Constraints such as non-zoning anti-growth measures were put in place in certain large metro areas to suppress dense residential development. There were exaction fees imposed on developers as well as formal design review and the approval of two or more government entities. This has factored into the rise in housing costs (Von Hoffman 2020).

Currently, single family zoning accounts for 75% of zoned land in U.S. cities. Also, 94% of U.S. communities have a minimum lot size provision, and the average minimum size is growing, "*a troubling trend for those who hope to see more affordable homes and multi-unit buildings on small lots* (Litman 2015)."

More affordable housing types like those that can be described as missing middle housing, duplexes, triplexes, fourplexes, townhomes, are housing options that are advocated by those who wish to increase density and affordability in these zones. There is a growing number of those who think that single-family zoning no longer makes sense considering the challenges faced by cities regarding housing affordability, inequality, and climate change. Opponents may advocate for the American Dream of homeownership as discussed earlier. Along with this they may fear changes to neighborhood architecture and character. As in Flagstaff there is a trend in the change of R1 single family residential zones becoming more inclusive due to the increasing allowance of density and missing middle housing types. With this, many rezoning efforts across U.S. cities have shown that allowing for the presence of ADU's to be increased, as an effective way to increase density, and allow for a lower cost housing option than single family homeownership while existing in neighborhoods without the mentioned detriments. In Montgomery County, Maryland, planners have been gauging the shortage of homes as well as increasing housing prices and have subsequently proposed changes to zoning to allow for missing middle housing types to be more available especially on lots with abundant yard space.

This is based on the consideration that, "*For a century, they say, limiting lots to one house has not only driven up housing costs by restricting the supply of land, but prolonged de facto segregation and the race gap in generational wealth derived from homeownership* (Shaver 2021*)."*

As a response to the restrictions of single-family zoning and the subsequent detriments of sprawl, including the increasing housing costs, many cities and states are beginning to rethink and revise laws, especially pertinent to zoning regulations. In accordance with House Bill 2001, one new zoning rule in many areas allows for building up to four units on a previously single-family lot, a small number that will likely mean that most new development will be done one lot at a time by homeowners and small-scale builders (Von Hoffman 2020). Because of the new bill, in 2020, Portland amended the City Councils rules to allow missing middle housing options to be built in single-family areas. Now cities of more than 1,000 in the Portland metropolitan area will have to at a minimum allow duplexes to accommodate missing middle housing. Similarly, California will now allow for as many as four dwellings to be built on single- family lots, with exceptions. Seattle has replaced the "single family" zoning classification to be replaced with "neighborhood residential" zones, this opens the door for similar alternative policies as well (Smith 2022).

Potential for ADUs to impact Single Family Zoning

Accessory Dwelling Units have the unique potential to serve as housing, and ultimately increase density, in both core areas and peripheral areas. What makes this housing option unique is that they can be implemented on existing properties and have a more moderate impact to neighborhoods and their associated character than other missing middle housing options and especially more so than higher density developments such as apartment buildings. Because ADUs have a smaller building footprint and utilize existing infrastructure, increasing their presence as a housing option will also have much less of an environmental impact than other forms of increasing density. Aligned with Smart Growth Principles, there are also positive impacts to the immediate local economy and effects on public transit that have been considered.

More specific case studies will be analyzed further in the later part 2.8 of this practicum, this is considered in terms of zoning and spatial factors. These cases provide validation for increasing density/ADU implementation relative to Flagstaff. The flexibility of ADUs to be created on property in Flagstaff is not hindered by the City's zoning. The goals and parameters present in both the 10-Year Housing Plan and the Bond Proposal allow Flagstaff to potentially establish metric data to validate ADU enhancement in the community. This could serve to inform the validity of the City's initiatives. This is explored in the methodology and may serve to validate the liberation of zoning restrictions in other communities.

3.3 Smart Growth

The agenda of development as conveyed through the Flagstaff Regional Plan is aligned with the concept of Smart Growth. This is defined as development that supports economic growth, strong communities, and environmental health.

Smart growth covers a range of development and conservation strategies that help protect our health and natural environment and make our communities more attractive, economically stronger, and more socially diverse. The Smart Growth Principles exist to encourage planning decisions that consider and bolster: fairness, opportunity, and a good return on investment. The principles encourage the creation and maintenance of safe and healthy neighborhoods. This can be accomplished, in part, by restoring and enhancing opportunities and assets in core areas. As a result of increasing urbanization and revitalization, spatial planning policies advocate for multimodal transportation, residential densification, infill, and mixed-used development, combining residential with business. Collectively, these aspects can alleviate development pressure and greenfield land at the urban edge or outskirts. The specific Smart Growth principles that expand on this further and that are relevant to this study are:

To create a range of housing choices and opportunities.

To strengthen and direct development toward existing communities.

To make development decisions predictable, fair, and cost effective.

Create a range of housing choices and opportunities.

The objectives with this principle include providing quality housing for all income levels, this is an integral part of the other principles as well. This includes optimizing the availability of housing as well as access to transportation and service. Another factor to consider is the consumption of energy associated with housing and modifying land use patterns to increase the housing supply in existing neighborhoods. By providing a range of different housing types it is possible for senior citizens to stay in their neighborhoods as they age, young people to afford their first home, and families at all stages in between to find a safe, attractive home they can afford. This principle has the objective of slowly increasing density without causing radicle change to the landscape.

Strengthen and direct development toward existing communities.

This principle can be accomplished by increasing the efficiency of already developed land and infrastructure. This can, as mentioned, reduce development pressure in edge areas. This will optimize ease of access and construction can be less disruptive to locals. Also, this can provide lower land costs for developers and allow for less burdensome zoning parameters. Increasing infill development can serve as a response to the fiscal, environmental, and social costs that may otherwise occur with decentralization and fringe development.

Make development decisions predictable, fair, and cost effective.

Through the creation of a development considered with innovation, pedestrian oriented, mixed-use projects, government influence can benefit the private sectors. Private sector entities may include bankers, developers, and others who 's motives are to make profits. Through governmental influence infrastructure development through regulation and investment. The value of property and the desirability of specific places can become more present with these influences. Ultimately this process can provide and support fair, predictable and cost-effective smart growth (SmartGrowth.org. N.D).

3.4 Missing Middle Housing

On a national scale, the production of housing has focused either on creating high density or low-density options. The dichotomy of these extremes brought the creation of single-family homes or high-rise apartments. These options create a lack of choices to accommodate a range of incomes. These choices may also hinder the creation of walkable, mixed-use neighborhoods, which can intern, reduce the carbon footprint of residents. The lack having a range of housing options leaves a need for a middle ground. This need can be aided through increasing the presence of Missing Middle Housing. To emphasize what was previously mentioned, this describes a range of house- scale buildings with multiple units - compatible in scale and form with detached single- family homes – located in a walkable neighborhood. Examples of missing middle housing types include duplexes, triplexes, courtyard building fourplexes, townhomes, cohousing live/work environments, and accessory dwelling units. To reiterate further, these housing forms can accommodate existing neighborhoods, in typical single-family neighborhoods and not create the hindrances that larger scale developments have on residents, such as traffic and greatly reduced privacy. If these forms are considered with other planning parameters, locals in could live near biking trails, public transit, and mixed land uses such as restaurants, retail locations and grocery stores all to reduce auto dependence and, as mentioned, reduce the carbon footprint of individuals (Parolek 2020: 5-10).

ADU development among homeowners and the local regulatory and financial landscapes, could boost "gentle density," housing type diversity, affordability, and opportunity for less affluent, renter households, who have been excluded from those neighborhoods for years. Gentle density is attached, ground-oriented housing that's denser than a detached house, but with a similar scale and character. This type of density is promoted through the housing types classified in missing middle housing (Abu Khalaf 2020: 4).

Cities have attempted to study existing housing parameters to encourage and enable missing middle housing options by removing barriers by implementing fixes to zoning, having well intended area plans, zoning overlays and/ or other guidelines. The following steps are laid out in chapter 7 of *Missing Middle Housing* by Dan Parolek to promote the idea of bolstering community attention towards the issue: framing the housing conversation, clarify the desired

degree of change, and hosting and introductory Missing Middle Housing presentation or event (Parolek 2020: 225).

When framing public conversation, it is important to avoid terms that may have negative connotations such as density, multiple family, up zoning. Instead, the terms relative to housing forms previously discussed, duplexes, triplexes, courtyard building fourplexes, townhomes, cohousing live/work environments, and accessory dwelling units, are a good way to convey the intentions and purposes of form and scale (Parolek 2020: 227).

To clarify the desired degree of change, it will be important to identify how this is specified in sector plans and the greater agenda with an area's comprehensive plan. It will be important to consider market factors—such as construction costs, labor availability, and the ability to attract capital—influence the effectiveness of any broad zoning changes in creating new homes. With this, it is important to understand that change should be expected incrementally with realistic expectations about transformation and physical range. Deductions about the degree of change should be based on analysis, community input and the establishment of goals through the understanding of a well-developed vision (Parolek 2020: 230).

Chapter conclusion

Historically, single family zoning existed to be exclusionary. Today single-family zones can be an asset toward creating infill by implementing applicable forms of Missing Middle Housing. The discussed goals present in Flagstaff are aligned with a comprehensive vision of a sustainable future defined through the Smart Growth Principles. These goals can serve to accommodate Missing Middle Housing options if executed according to the overlapping, specified goals of the 10-Year Housing Plan and the Climate Action Bond Proposal. When considered as a component of greater regional and national goals, the bolstering of ADUs should be considered based on peer city case studies and relative metrics (Garcia 2022:1).

3.5 Accessory Dwelling Units; what they are and why people build them

An Accessory Dwelling Unit is a broad term that describes a second dwelling on the same grounds as a primary dwelling. They can be internal to primary buildings or external and detached (Figure 13). These may include an apartment over a garage, a tiny house/cottage on a foundation in the backyard or a basement apartment. Other associated names are granny flats, in-law units, laneway houses, secondary dwelling units and many more. While external attached and detached ADUs are commonly built in the backyard of the primary residence, depending on the local zoning requirements and lot size and configuration, ADUs could be developed in a side/front yard, or on the top of an external, sheltered garage (Abu-Khalaf 2020:4).

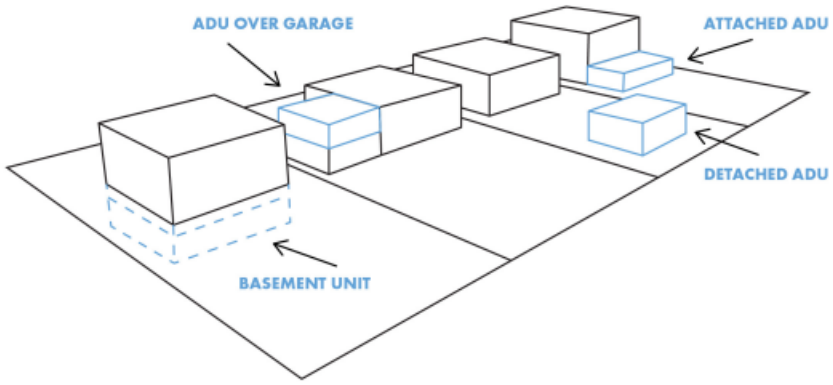

Figure 21. ADU diagram (Abu- Khalaf 2020)

The following are the primary associated benefits of ADUs (Linamenard 2022(1-9) & AARP 2018:13(11-15).)

1) Create Housing Flexibility: Live in either your primary residence or your ADU, selecting the housing type best suited to your current space and accessibility needs, swapping as needed. Over the course of your lifetime your ADU could serve as an office, a guest house, a short- or long-term rental.

2) Live Close to Family: Coordinate with your grown children so you live in one unit, and they (and potentially their children) live in the other. Support each other in daily life, which may include childcare, grocery shopping, home repairs, cooking, gardening, companionship, etc.

3) Age In Place: Design an ADU for accessibility so you can age-in-place in the community you already know and love.

4) Secure Additional Income from a Long-Term Rental: Rent out either your ADU or your primary dwelling, securing additional income to supplement your fixed

retirement income from Social Security, pension, and savings. Rental income will likely keep up with inflation better than your fixed income and could enable you to remain on your property, even if you might otherwise be priced out of your neighborhood.

5) Host Friends & Family: Make your ADU a guest suite, providing a place for friends and family to stay nearby without them being under foot during their visit.

6) Rent Short-Term: If your community allows it, you could also rent your ADU short-term, meeting new people from around the world, while bringing in additional income. Though it is important to note that this will not have a positive impact on long term housing affordability.

7) Downsize to Maximize Your Time & Energy: Downsize into your ADU, reducing the costs, time, and energy of maintaining a larger household.

8) Have a Caretaker Nearby: Live in either your ADU or your primary dwelling and offer the other to a caretaker, friend, or family member who can provide support, companionship, and (potentially) rental income, enabling you to retain your independence as long as possible.

9) Increase Your Property's Value: Take comfort in knowing that you've likely increased the value of your property so that when the time comes to sell or pass it on to your children your property is a more asset than it was before you created your ADU.

10) Travel With Your ADU as Home Base: Rent out your primary dwelling long-term and make your ADU your home base, traveling the world.

11) Providing an opportunity for increased security, home care and companionship for older or other homeowners.

12) Reducing burdens on taxpayers by providing a cost-effective means of accommodating development that can avoid the construction, operations and maintenance of new infrastructure while accommodating population growth and increasing the local tax base.

13) Promoting more compact urban and suburban growth, a pattern that reduces the loss of farm and forest lands and natural areas and resources and limits increases in pollution that contributes to climate instability.

14) ADUs can enhance job opportunities for individuals by providing housing nearer to employment centers and public transportation.

15) Increasing housing diversity and supply, thereby providing opportunities to reduce the segregation of people by race, ethnicity and income that resulted from decades of exclusionary zoning.

As shown with the Flagstaff ADU survey, income generation is a primary incentive in ADU development, as this can help lower- and moderate-income homeowners build wealth by enhancing their properties and potentially increasing the total property value. This can be particularly helpful in building intergenerational wealth for low- and moderate-income homeowners of color, who were excluded from homeownership in more affluent and desirable neighborhoods through discriminatory housing and lending policies like redlining. These discriminatory policies, which also marked neighborhoods with predominantly homeowners of color as fewer desirable neighborhoods, have had impacted their ability to build intergenerational wealth through homeownership. However, advancing wealth building through ADU development relies on whether there is a difference between the pre-development appraisal and the post-development valuation – an increase in the total property value after adding an ADU to the property (Abu-Khalaf 2020: 9).

ADU development is the low end of the gentle density spectrum. Permitting ADU development in single-family zoned areas is the first step toward supporting gentle density. Bringing ADU development to scale requires easing and/or eliminating municipal regulations and requirements that tend to create regulatory barriers to ADU development (Abu-Khalaf 2020: 27).

The issue of increasing the presence of ADUs is a rising topic of contention. The main concern with this is that it threatens the American Dream of exclusive use and ownership as perpetrated through zoning practices. The complexity of this issue on a national scale should be considered on a case-by-case basis as regulatory approaches differ widely across the U.S.

Nationwide there has been much debate about the potential impacts to be regulated. The central debate is around the efficacy of using ADUs to double down on density. As mentioned, this is considered by some to be creating gentle density, in that neighborhood character and functionality will not produce drastic effects as would increasing density in more pronounced was like adding apartment complexes. The appendix to this practicum contains the comprehensive notes of Donald Eliot's presentation on "*The Evolving World of ADU Regulation."* Donald Elliott, FAICP, of Clarion Associates. The presentation is based on the concerns ascertained through the study of ADUs nationwide regarding regional and local concerns. The presentation explores how America's cities and counties are regulating ADUs, how those regulations are changing as we gain more experience with their use and impacts, the pros and cons of different approaches, and what types of seemingly permissive regulations function as hinderances to limit ADU development (Eliot 2021).

There are many potential benefits to ADUs including housing flexibility and income generation. As regulations become less restrictive and incentives are increasing, what are some specific

examples of successes for residents and neighborhoods? This is explored in the proceeding case study analyses.

Chapter conclusion

The conditions in Flagstaff reflect the larger circumstances including within the western region of the U.S. The main consideration with this is the increasing housing cost to income ratio. This ultimately affects the ability of individuals to accumulate wealth and have home ownership. These circumstances are a product of past planning parameters involving, in large part, the influence of single-family zoning. The circumstances of housing and income concerns affect the aging population, single individuals and downsized families especially. While being mindful of the greater Smart Growth Principles, increasing the Missing Middle Housing supply including ADUs can help both demographic groups. With the aging population a primary benefit is that ADUs can create a means for a family member or others to provide care and support to a family member in a semi-independent living arrangement while remaining in the community. Single individuals and downsized families can benefit from living in an ADU if they only require a minimal amount of space. This may not be the case when renting an apartment where only multiple room units are available. The savings of renting an ADU can be increased as opposed to apartment rental scenarios as well. Broadly speaking, ADUs can help older homeowners, young home buyers, single parents, and other renters seeking a wider range of homes, prices, rents, and locations. This is relevant in Flagstaff as the survey participants in Flagstaff answered questions pertaining to how the city can make it easier to build an ADU and there was a general interest in bolstering an ADU program. In part, participants showed an interest in helping to aid with housing affordability.

4.0 Case Studies

4.1 Lessons from Clovis, CA

In Clovis, CA, a program was initiated to increase the presence of tiny houses and accessory dwelling units in target areas to provide affordable housing options on lots in central areas that could serve to accommodate increased housing density while providing property owners with rental incomes and increased property values. The City of Clovis – Cottage Home Program is a *national award-winning* program that offers residents an opportunity to construct one of the three streamlined plans on their property with a rear yard facing an alley.
The program was originally created to encourage infill residential development in the Old Town Clovis area, where many properties have access to alleys. Due to its early success, the Cottage Home Program has been made available to qualifying properties citywide (Figure 23).

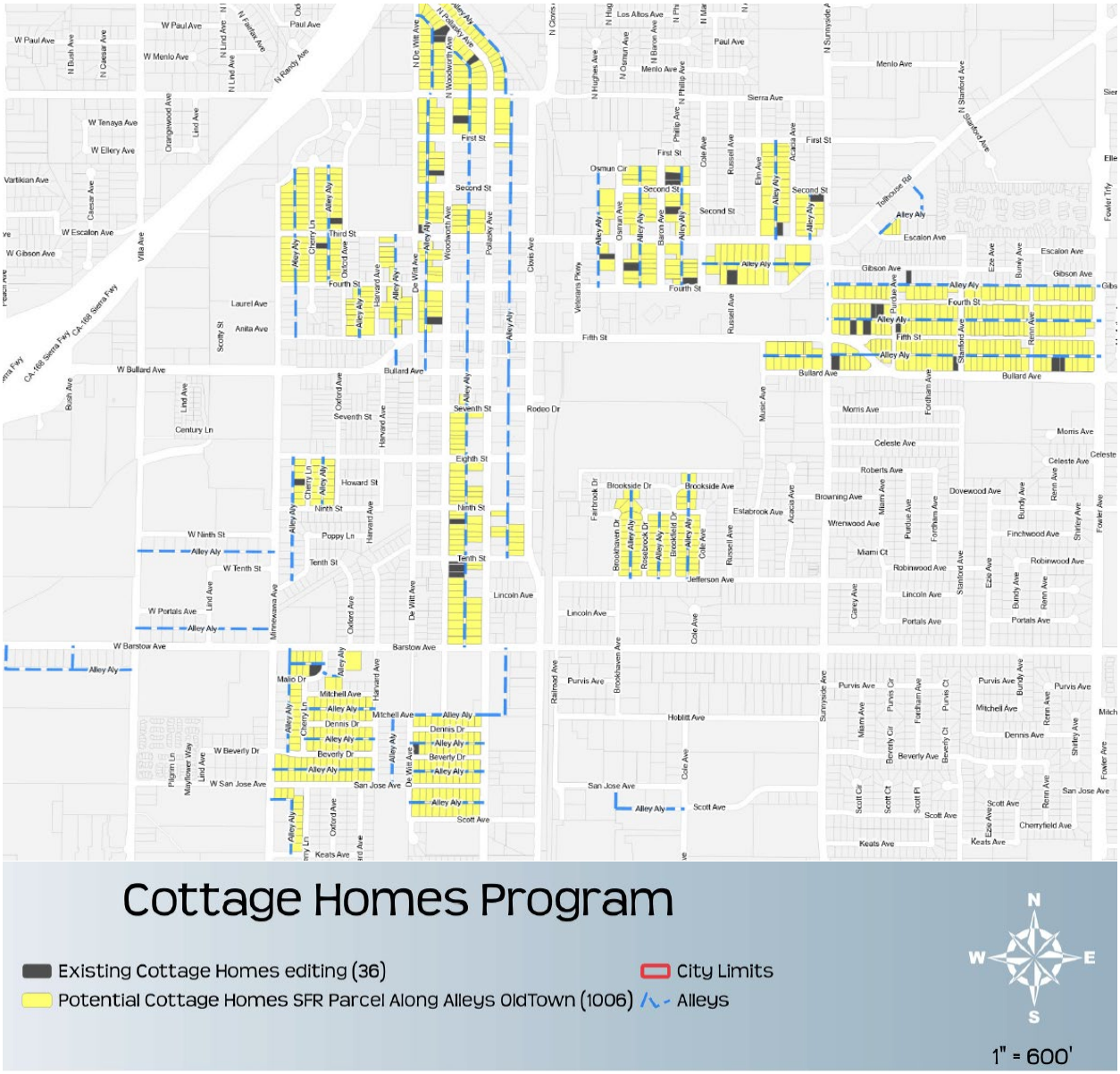

Figure 22. Cottage Home Program, Existing and Potential Cottage Homes (Clovis N.D).

Three (3) plans, provided FREE of charge, have been developed to fit a variety of property configurations (Figures 14 and 15). The cottage homes, each less than 500 square feet in size, are intended to face onto alleys to promote revitalization while providing a unique pedestrian street environment and creating more housing in the highly desirable City of Clovis. It is notable that with the Clovis program, the aesthetic styles of the unit options were calibrated to the vernacular style of the surrounding neighborhood to fit into a variety of property configurations (Clovis N.D).

Figure 23. Cottage Homes Program – Free, Developed Building Plan Renderings (Clovis N.D).

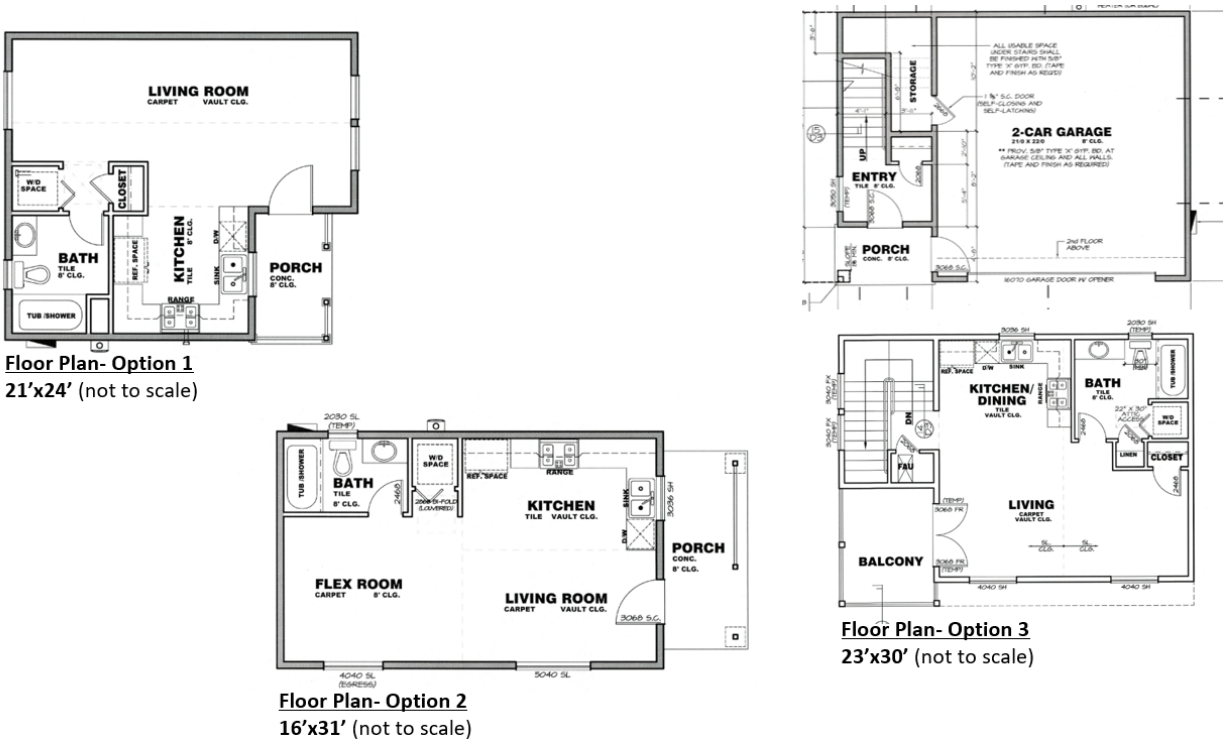

Figure 24. Clovis, CA Cottage Home Program – Free, Developed Building Plan Options (Clovis N.D).

Through utilizing the Low- Income Housing Tax Credit Program, the units can accommodate low-income individuals. As the city developed, single family residential lots became increasingly adjacent to the downtown areas. These lots were developed with alley ways adjacent to the back yards. It was ascertained that alleys are often underutilized and have the potential to become more pedestrian friendly while encouraging connectivity and incorporating green space (Figures 16 and 17). The utilization of alleys for this purpose can be increased if small living units are built facing them. When property owners build these types of alternative living spaces, they serve to procure rent money, pay off the associated debts and begin to make profits (Clovis N.D).

Figure 25. Typical condition before program implementation (Clovis N.D)

Figure 26. Ideal condition after program implementation (Clovis N.D)

The following describes the requirements and processes involved with the Clovis program (Figure 27).

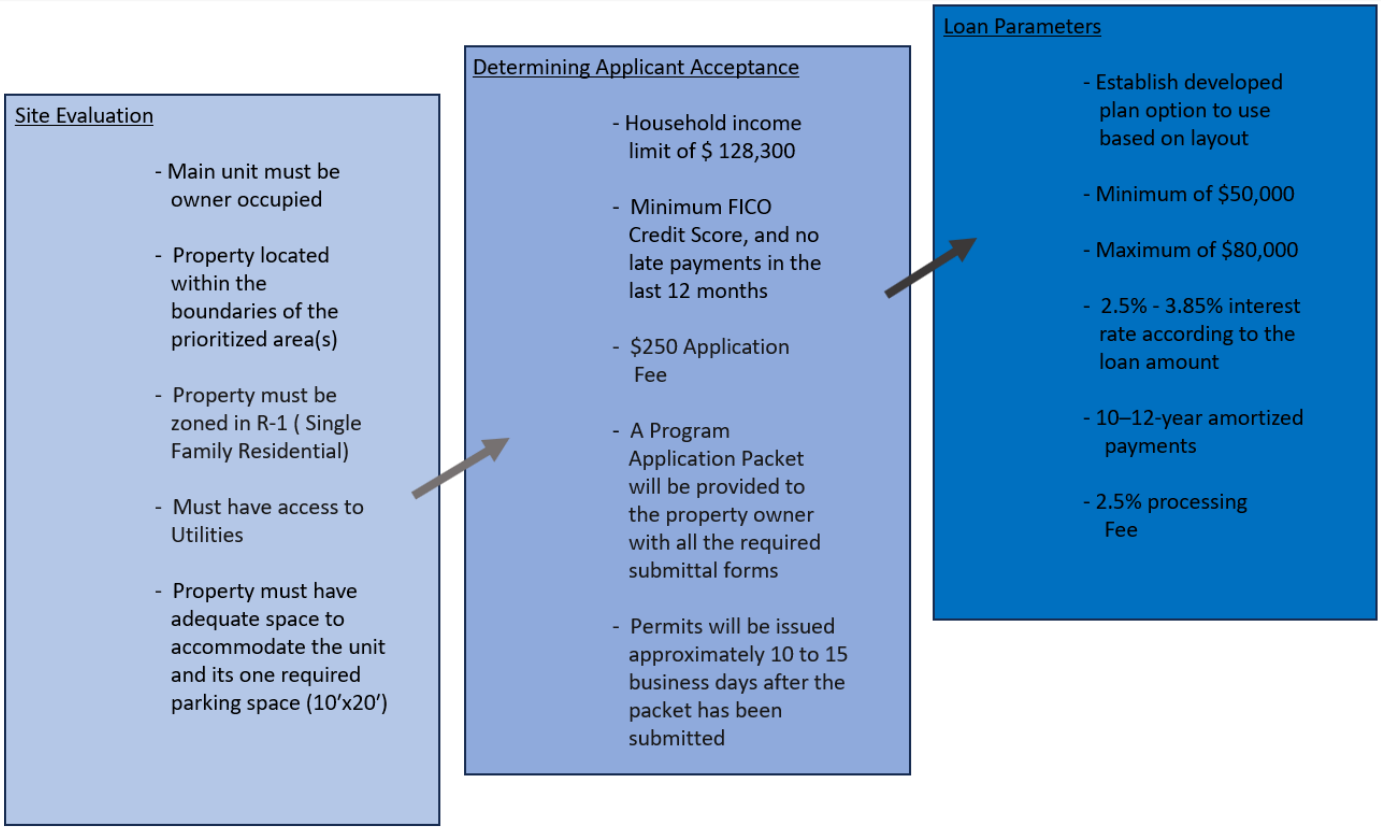

Figure 27. Cottage Home Program Process Diagram (Clovis N.D)

To date, there are 27 completed cottage homes. These have been accepted as functional and attractive living spaces in proximity to downtown retail and amenities according to residents (Clovis N.D). One benefactor to the program spent approximately $57,000 in total costs. At a desired rent of $850 according to the testimonial, this will take about 7 years to recoup the cost at which point the rental income will be profit (Clovis N.D). The property could also be sold with higher equity due to the additional unit; these were the motives for the participants involvement (O'Brien 2020).

Before the program, the density of a Clovis neighborhood was 4 units/ acre, there is now a potential to serve 8 units/ acre through adding 2nd units. Property owners have realized the potential to generate rental income. With the Clovis program, a mass mailing initiative was undertaken to inform potential participants about the opportunity to develop streamlined, secondary units on their property while having the specified costs waived. This was immediately embraced by participants and unintended rings of revitalization in participating areas have increased (Dirksen 2020). The influence of the city council was essential in Clovis for the program and the benefits to come to fruition.

4.2 Lessons from Portland, OR

An initiative called the Residential Infill Project was passed in the City of Portland, OR in August of 2020. This created new limits on building size, created allowances for missing middle housing types and expanded allowances for ADUs in single family dwelling zones (R2.5, R5 and R7). While the Planning and Sustainability Commission applied the new housing allowances in residential neighborhoods throughout the city, more new middle housing is being built near the city's "centers and corridors" — places where jobs, services and amenities are conveniently located and where Portland's 2035 Comprehensive Plan anticipates most of the city's growth to occur. 86% percent of missing middle housing units were located within a quarter mile of centers and corridors, compared to 60% of single houses. And neighborhoods that were identified as "at risk" for displacement did not see significant missing middle housing development. A study implemented by the Bureau of Planning Sustainability deduced that ADUs are an important part of the housing mix, producing an equal number of units as the other missing middle housing types (Cascadia 2023:4). It is important to note that the market for missing middle housing in RIP zones is concentrated in inner neighborhoods (in the centralized part of the city. Over 80% of missing middle housing units were constructed in inner neighborhoods. Over 90% of these units were constructed in the R2.5 and R5 zones, and they now represent most units permitted in those zones. Just over half of single dwelling homes are within 1/4 of transit compared to over three-quarters of missing middle housing. A greater share of permitted units newly allowed by RIP are near designated centers and corridors. It is possible that developers of these units perceive benefits from proximity to amenities, such as public transportation and walkable retail (Cascadia 2023:35-41). See the process diagram for the program below for a more comprehensive view of how determinations were made when studying the effects of the program (Figure 20).

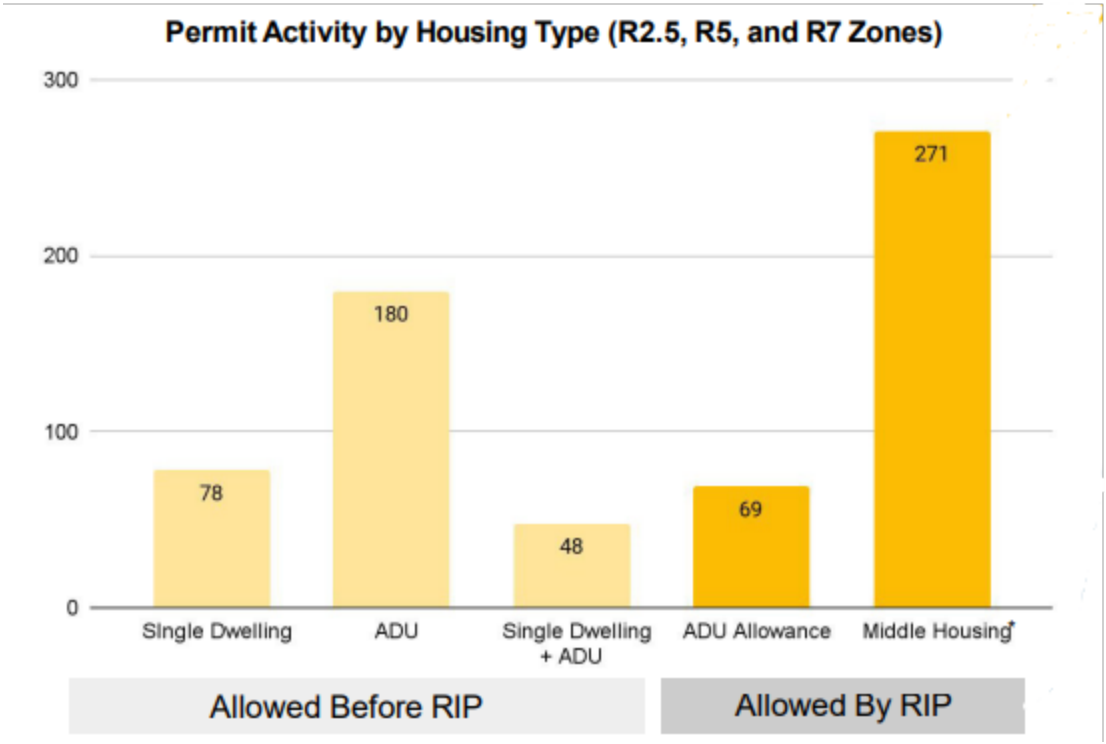

Figure 28. Portland, OR, Residential Infill Program – Permit Activity Overview (Cascadia 2023: 5)

Figure 29. Portland, OR, Residential Infill Program – Enables Units Permitted by Type (Cascadia 2023: 5)

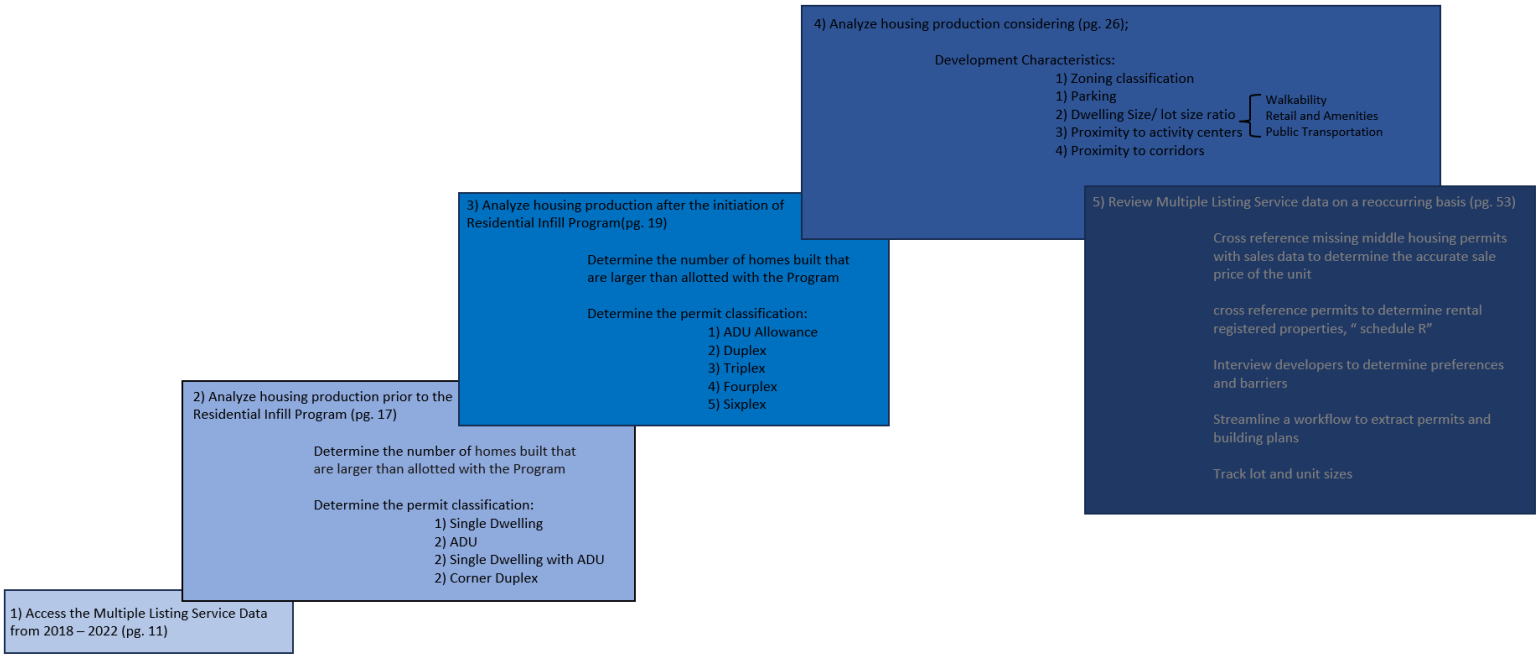

Figure 30. Portland, OR, Residential Infill Program – Enabled Units Permitted by Housing Type (Cascadia 2023: 5)Figure 31. Portland, OR, Residential Infill Program – Process Diagram (Cascadia 2023: 5-7)

Though the study in Portland emphasizes that fourplexes accounted for more than 75% of missing middle housing units in the zones of interest, and over 99% of missing middle housing units had 2 or more bedroom, when considering how to promote infill and enable multigenerational households, ADUs are still an important part of the housing mix, producing an equal number of units as other missing middle housing options.

The following are the recommendations for ongoing reporting to deduce the effectiveness of Portland's RIP program and its influence on affordable housing:

1) Because trends in housing production take time to identify, conduct recurring annual or bi-annual reporting on the residential development pipeline in zones where RIP took effect.
2) Develop a definitive list of permit classifications and definitions to differentiate missing middle housing from other housing types.
3) Cross reference missing middle housing permits with sales data to gain better understanding of the pricing of for-sale units as more come online.
4) Cross reference missing middle housing permits with "schedule R" rental property registration data to gain a better sense of tenure.
5) Conduct further interviews with missing middle housing developers to understand perceived barriers to development as well as location, site, and development project preferences.

6) For missing middle housing permits, develop a streamlined workflow for extracting development projects from plan sets. For all other permits, track lot and building size at a minimum. Track unit sizes for ADUs.

4.3 Lessons from Durango, CO

From 2013 to 2022 the City of Durango has prioritized housing needs. Since 2013, public perception about ADU use has become more accepting about this form of housing. This may be attributed to staff's incremental approach towards loosening of zoning restrictions, as well as the strengthening of standards. In Durango, code standards have been made more flexible to aid with ADU construction, they are now allowed to be built in zoning areas where they were previously prevented. However, there is a need for greater intervention to create ADUs. To provide flexibility for this type of scenario in the future, the definition of an ADU was therefore broadened to imply that units could be approved as an accessory use to any single-family home, including single-family attached homes- also known as townhomes. But the percentage of ADU units compared to other housing is minimal. As in Flagstaff, community survey results indicate that a significant portion of respondents would be interested in building ADUs. Certain Zoning areas in the city are now allowed to build ADUs, but an outreach program may help to bolster more participation in these areas. The creation of an ADU incentive program can provide a rebate in an amount that would, at a minimum, offset the impact fees imposed on ADUs could help initiate the creation of more of these units.

Chapter conclusions

In examining the case studies in Clovis and Portland, specific programs have helped to promote housing density using ADUs. Durango is interesting in that the zoning restrictions are more prevalent than in Flagstaff. With the Clovis program, streamlined building plans are available at no cost and there is a special loan program available to interested homeowners/ developers. The program was bolstered though a mailing initiative to inform community members and has subsequently had a positive effect on increasing desirable density near the Town's activity centers. In Portland, the Residential Infill Project was initiated to increase allowances of missing middle housing options, including ADUs in the City. This example is useful because The Infill Process monitoring can be utilized in other communities. The examples are pertinent to increasing density in single family zones that are in centralized areas, near public transit as well as activity centers and corridors. In Clovis, Portland and Flagstaff comprehensive planning goals are in place to help the local economy, reduce auto traffic, and effectively combat rising housing costs. The Clovis and Durango peer city case studies are reflective of what can potentially be realized in Flagstaff and Durango. Also, the housing discourse in Flagstaff could potentially serve as a model for cities like Durango if the lack of zoning restrictions can be demonstrably proven. Special consideration will be given to peer related planning parameters

to be analyzed in the methodology portion of this study. The methodology portion of this study will consider if a similar program can be made available in Flagstaff if the potential benefits are communicated and public interest is present. If aspects of these peer city programs become present in Flagstaff, it will also be important to consider how to apply metrics and analysis to track the efficacy of an ADU initiative.

5.0 Methodology

5.1 Study Site Factors

The primary factors considered in implementing an ADU program will be to evaluate Zoning. Other locational factors to be considered are planned regional use, urban growth boundary, relationship to activity centers, pedestrian shed, relationship, future transportation road network and community character. The preliminary suitability analysis for now will consider immediate conclusions concerning where the most optimal sites will be concentrated with the previously mentioned factors being the primary concern.

ADUs are allowed in all residential transect and non-transect zones. They are also allowed in commercial zones on a lot containing a single-family dwelling unit as the primary use. An ADU structure that complies with Section 10-40.60.030 is allowed in Community Commercial (CC) and Neighborhood Community Commercial (NCC) zones on a lot containing a detached single-family dwelling (COF Zoning n.d).

The Single-Family Residential (R1) zone applies to areas of the city intended for single-family residential development. The affordable and planned residential development options in this zone are intended to provide design flexibility for residential development and more efficient and effective use of open space, while creating transitional areas into nonresidential or higher density residential zones and protecting areas with sensitive environmental characteristics (Flag. Zoning n.d).

The Single-Family Residential Neighborhood (R1N) zone applies to those neighborhoods that are located between the City's Historic Downtown District and outlying areas of more recent suburban development. The R1N zone, therefore, helps to maintain and enhance the historic character, scale and architectural integrity of the downtown and surrounding area. Single-family residential development is the primary use type, and more than one single-family residence per lot is permitted where allowed by the applicable density standard. This zone is intended to preserve and build upon the existing development patterns inherent to Flagstaff's oldest neighborhoods. New development, renovations, and additions should, therefore, be in character and scale with the existing architectural characteristics of this zone (Flag. Zoning n.d).

The Medium Density Residential (MR) zone applies to areas of the city appropriate for moderate density residential. This zone allows a variety of housing types, including affordable and planned residential development that allow for higher densities (Flag. Zoning n.d).

The Community Commercial (CC) zone applies to areas of the city appropriate for dispersed commercial areas designed to serve communitywide needs. Such areas provide a wide variety of goods and services in predominately established, built up areas and must be consistent with the overall development of the City and its environment. The development of residential uses

in addition to commercial uses is also encouraged in this zone to provide diversity in housing choices. The provisions of this zone are intended to ensure that such commerce will be compatible with adjacent, noncommercial development and to minimize the undesirable effects of heavy traffic, commercial activity, and site requirements (Flag. Zoning n.d).

The zoning classifications specified above will be considered primarily for this project as the purpose of these classifications will work in tandem with the agenda of increasing density.

The Accessory Dwelling Unit Design, Development and Exceptions Standards as specified on Table 10-40.60.030.C. contains all of the physical requirements that must be met in order for an ADU to be built (2). For the rudimentary analysis, spatial considerations will be the primary focus (COF Zoning n.d.;)

(5)	Building Form and Property Development Standards	(a) Setbacks. (i) A Detached ADU structure may be located in the rear and interior side setbacks; provided, that the following are maintained: (i.a) Minimum rear setback abutting a public alley right-of-way or private alley tract: 0 feet. (i.b) Minimum rear setback abutting another lot or parcel: 5 feet. (i.c) Minimum interior side setback: 5 feet. (ii) An Attached or Interior ADU shall comply with the required setbacks of a lot's or parcel's zone.
(6)	Density	(a) In single-family residential zones no more than one ADU per single-family residential lot or parcel is allowed. (b) In zones that allow multiple-family developments, the density requirements of the zone count an ADU as a dwelling unit

(9)	Lot Size	(a) Minimum lot size: 6,000 square feet.

(14) Placement	(a) An ADU shall be constructed or placed on the same lot or parcel as the primary dwelling unit. (b) An ADU is allowed only on a lot or parcel containing a detached single-family dwelling unit. (c) An ADU is not allowed on a lot or parcel containing a duplex or triplex on properties zoned Rural Residential (RR), Estate Residential (ER), Single-Family Residential (R1), Single-Family Residential Neighborhood (R1N), Manufactured Housing (MH). (d) Additional placement regulations are contained in Section 10-40.60.030.D.
(15) Size, ADU	(a) Maximum Size. (i) Lots less than one acre: 800 square feet in gross floor area. (ii) Lots equal to or greater than one acre: 1,000 square feet in gross floor area; but, an ADU shall not be larger than fifty percent of the gross floor area of the primary dwelling unit, or 800 square feet, whichever is greater. (b) Allowance for Green Construction. The maximum size of an ADU constructed with green construction methods that cause the exterior walls to be greater than eight inches shall be: (i) Maximum Size. (i.a). Lots less than one acre: 800 square feet in gross floor area, minus the area of the exterior walls. (i.b). Lots equal to or greater than one acre: 1,000 square feet in gross floor area; but an ADU shall not be larger than 50 percent of the gross floor area of the primary dwelling unit, or 800 square feet, whichever is greater. The area of the ADU shall include the area of the exterior walls
(17) Utility Service	(a) An ADU shall be connected to utilities (except internet, telephone and television), either to the primary dwelling unit, or separate utility services

Figure 31. Flagstaff zoning requirements (City of Flagstaff N.D*).*

10-40.60.030.D. also specifies requirements regarding Building Placement. In addition to the standards provided in Table 10-40.60.030.C., ADUs proposed as part of the subdivision platting and approval process may be located on the rear or interior side property line under the following conditions illustrated in Figures 10-40.60.030.D.1. and 10-40.60.030.D.2., and:

1. The ADU is located above a garage; and

2. Four ADUs designed and constructed together are located at the common intersection of the rear and interior side of four lots; or

3. Two ADUs designed and constructed together and with direct access to an alley are located at the common intersection of the rear and interior side of two lots.

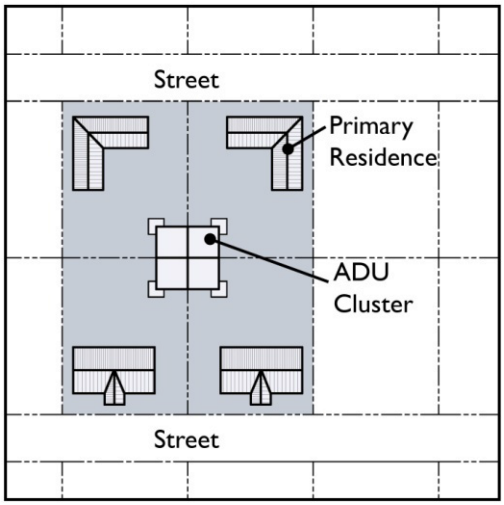

Figure 10-40.60.030.D.1.

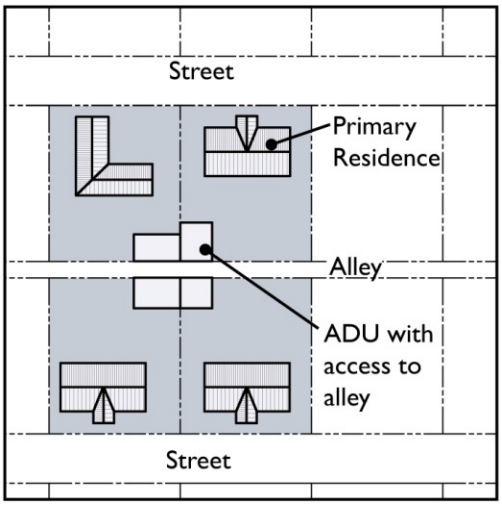

Figure 10-40.60.030.D.2.

Figure 32. Flagstaff zoning requirements for lots (City of Flagstaff N.D*).*

The specific Flagstaff zoning requirements for ADUs are comprehensive and should be evaluated for each lot that is of substantial interest. These specifics will be analyzed in further detail when determining suitable lots with more stringent methodology. Because ADUs are permitted to be built in all of the City's residential zones, community commercial zones and more, the building of code compliant ADUs within the categorical zoning areas will not be hindered in the City. Because ADUs are allowed in these zones, Flagstaff may serve as a model for other cities to follow if measurable data can validate an increase in housing affordability and the promotion of zoning goals. If validated, increasing density through increasing ADUs could potentially promote a shift away from conventional single-family zoning and the exclusionary detriments that originally promoted unaffordable housing.

To conduct this project at a manageable scale, 2 neighborhoods were selected as the focus of the study. This was determined by first finding areas within the zoning categories that have been specified (COF Zoning n.d).

The potential areas of interest should contain lots that will have enough room to meet zoning compliance. These should also consist of primarily residential lot uses. Further validation of these areas of study will also be specified to consider greater community planning aspects.

In addition to the factors of zoning within the City, the other spatial features pertinent to planning aspects that will be considered for the primary suitability analysis are:

Community Character

This shows Historic Districts, Gateway Point Areas and Great Streets. Great Streets are identified in the Community Character chapter of the Flagstaff Regional Plan 2030 as such, Great Street design balances the need to move traffic with other community goals and modes of travel—where a mix of automobiles, bicycles, pedestrians, homes, and businesses is the pulse of civic activity and the street itself is a public space to use and enjoy. Transportation corridors in the Flagstaff region carry tens of thousands of people each day. For many, they are the first impression, the daily encounter, and the last sense of the place. That is why it is so important that our corridors convey not just people but a sense of who we are and what we value.

Relationship to Activity Centers

These are mixed- use areas where there is a concentration of commercial and other land uses or where mixed-use is designated. The activity center in this plan includes a .25-mile pedestrian shed, which indicates appropriate location for higher -density residential development, live-work units and home-based businesses, and the need for a high - degree of pedestrian and bicycle connectivity to the center of the activity center, or the commercial core.

Pedestrian Shed Relationship

A correlated factor to be considered along with the parameters of activity centers. Pedestrian Shed is the basic building block of walkable neighborhoods. A pedestrian shed is the area encompassed by walking distance from a town or neighborhood center. Pedestrian sheds are often defined as the area covered by a 5-minute walk (about 0.25 mile, 1,320 feet, or 400 meters). They may be drawn as perfect circles, but in practice pedestrian sheds have irregular shapes because they cover the actual distance walked, not the linear (crow flies) distance. Linear Pedestrian Shed – extends for a 0.25-mile radius along a pedestrian-oriented street (corridor and/or Great Street).

Future Transportation Road Network

These will of course provide potential residents with the means to travel to their destinations. This will pertain to accessing amenities/groceries and public transportation adjacency.

All these features are GIS layers are available through the City of Flagstaff's website (Flag. Open Dat Downloads n.d). As mentioned, these will be overlain with one another to deduce the most desirable conditions for ADU implementation based on what is incentivized to use based on the Flagstaff 2030 Regional Plan.

The overlap of these spatial conditions is conducive to fulfilling the goals of the *10 Year Housing Plan* as mentioned in chapter 1 Encourage the adaptive reuse of buildings. Expand efforts to preserve existing housing stock. (COF 10-year Housing Plan 2022: 7):

e) Create housing options for households at all income levels and family sizes occupied by residents

f) Connect people to equitable housing solutions

g) Encourage the adaptive reuse of buildings

> Expand efforts to preserve existing housing stock.
> (COF 10-year Housing Plan 2022: 7)

h) Preserve affordable housing

i) Protect people from housing discrimination and remove housing barriers

The spatial features analyzed will also provide meaning in fulfilling the goals of the Climate Action Bond Proposal, as mentioned in chapter 1 these are (COF 2022 (CABP):)

a) Support Health and affordable homes

> $1 – $1.5 Million available for ADU investment
>
> $7,500/ ADU implementation that provides affordable rent for a set duration

b) Support sustainable energy investments

> Support solar installation

The goals of both agendas and the physical planning parameters specified are all aligned with the agenda of decreasing auto dependance and reducing CO2 emissions.

The spatial features mentioned above are considered according to their representative functionality of the city. Solutions based on sustainable practices in planning will further elucidate the mentioned features and their importance in placemaking and general planning as considered in the Flagstaff comprehensive plan in terms of social, and economic efficacy for community members now and in the future according to the City's goals. And the qualitative validity of the programs seen in Clovis and Portland could serve the same potential benefits to Flagstaff residents when considering zoning and spatial requirements as well as attention to the greater community planning aspects mentioned.

Another hinderance to building in Flagstaff is the City's Resource Protection Ordinance. This states that healthy trees, whenever possible, should be preserved as required by resource protection provisions of Chapter 10-04, and to design site plans to retain existing trees and percentage of the coverage canopy (Flagstaff n.d., Landscape and Bufferyard Standards).

5.2 Suitabilty Analysis

When viewing all of the spatial features specified at once, the best locations for initiating an ADU program has been determined based on where the overlap of these features and spatial requirements can be met. This was considered along with lot sizes, these were determined by a visual analysis of each neighborhood to see if the median lot size relative to the neighborhood studied can contain the ADU sizes replicated from the Clovis study while also considering the dimensional restrictions from the zoning code requirements.

I have identified five potential areas that meet the zoning requirements and that could effectively serve as areas where ADU use can be benificial considering the other planning parameters specified. The five initial neighborhoods are: University Heights, Flagstaff Townsite, Sunnyside and Upper Greenlaw Estates and Hospital Hill (Figure 34).

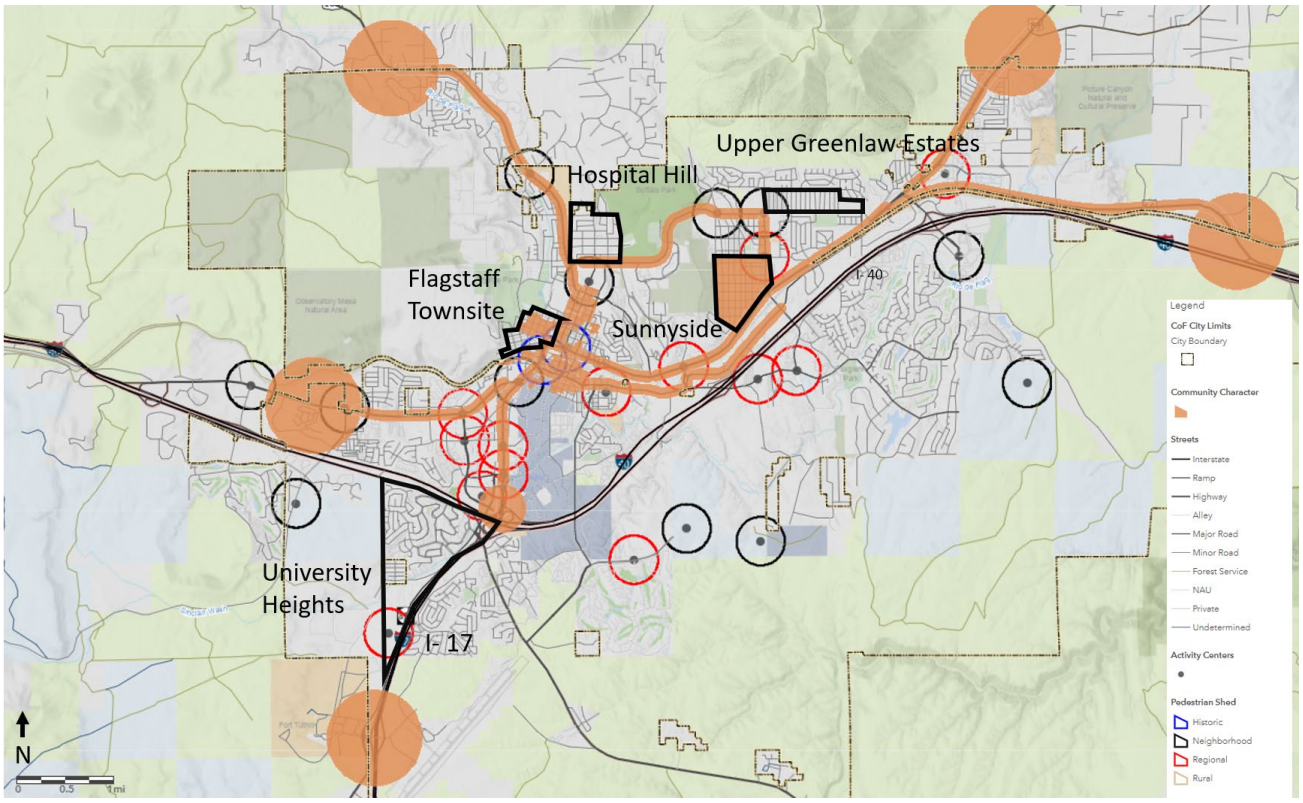

Figure 33. Suitability map with initial areas of interest

Upon a closer examination of the lots in the Flagstaff Townsite and Sunnyside neighborhoods, it seems like most of the lots contain multiple units including ADUs. Because these areas are relatively centralized within the City and because they are some of the first neighborhoods to be established, the need for density and housing income to property owners has seemingly been realized.

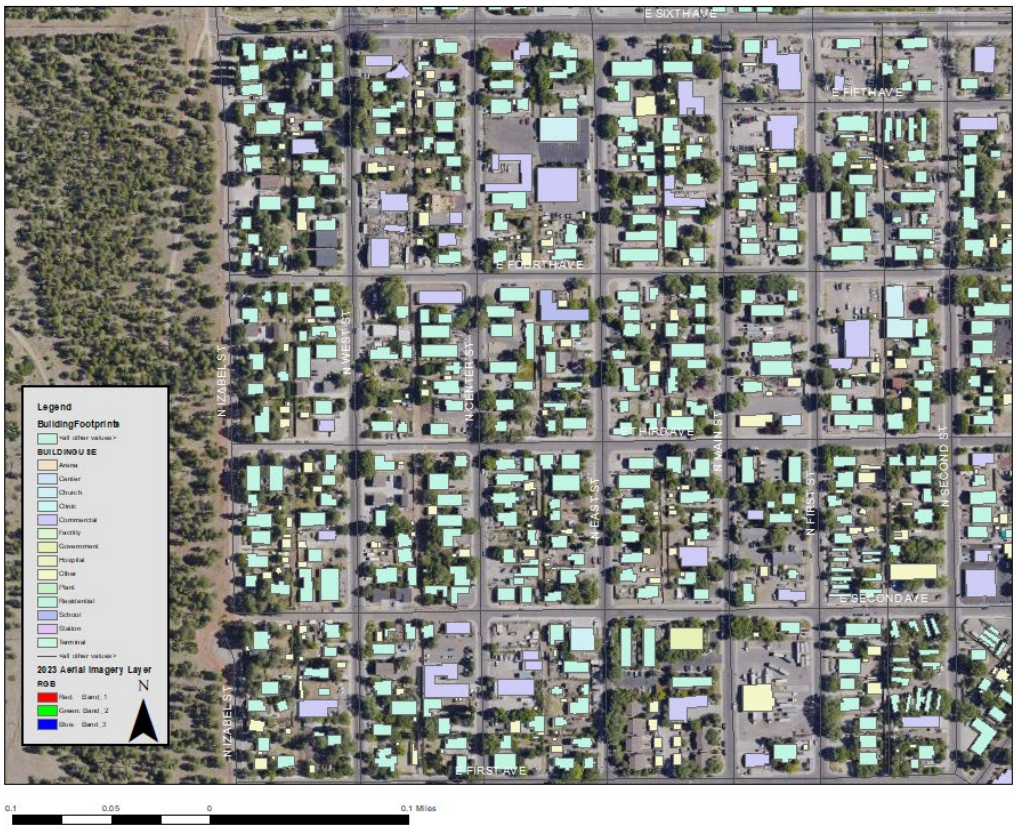

Figure 34. Sunnyside Neighborhood – Lot Density

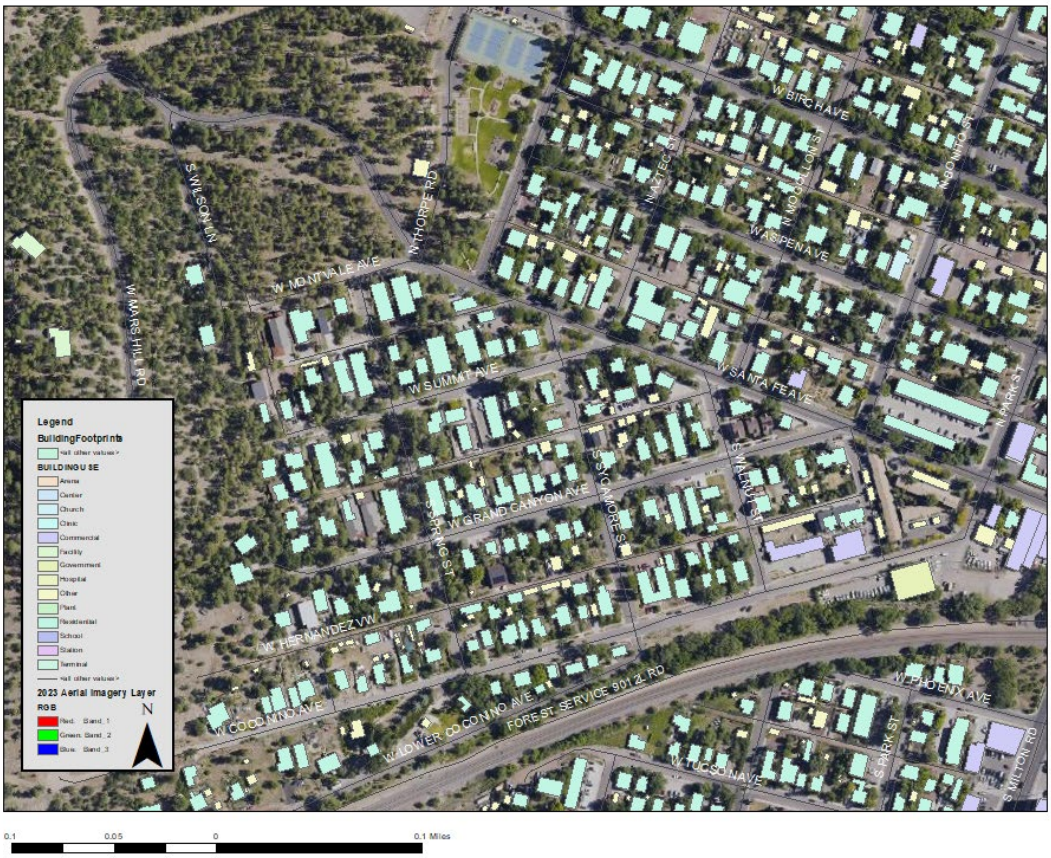

Figure 35. Flagstaff Townsite Neighborhood – Lot Density

The University Heights Neighborhood seems like a good place to create ADUs based on all of the suitablitly analysis factors. However a hinderance to this neighborhood being utalized is the abundance of Ponderosa Pines and other trees that take up much of the available yard space. It may be possible to build ADUs in this neighborhood, but creating and abundance of infill is very challenging considering the Rescource Protecton Ordinance (Flagstaff n.d., Landscape and Bufferyard Standards).

Figure 36. University Heights - with tree cover

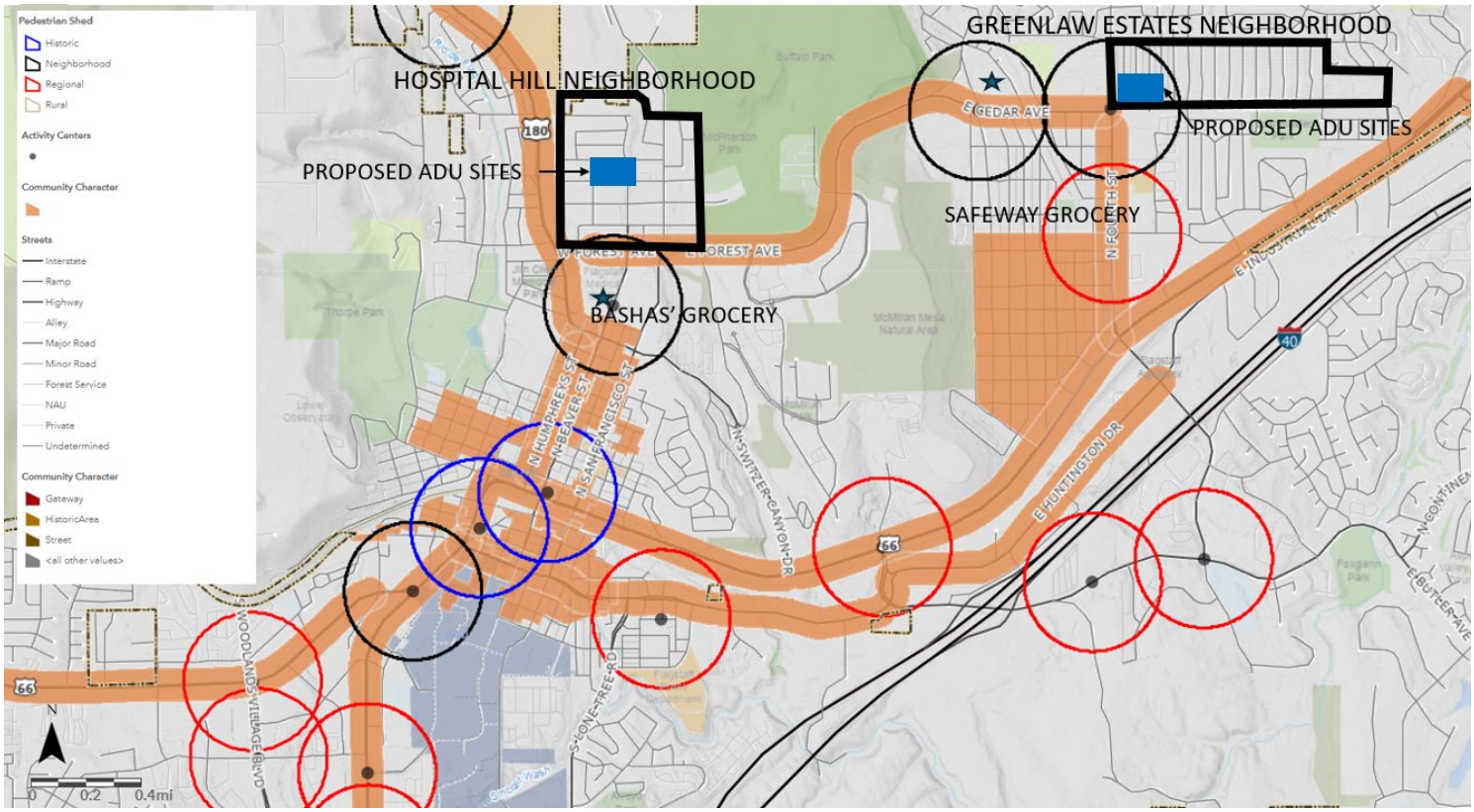

Figure 37. Areas of interest with suitability parameters

With consideration to all factors mentioned, including available building space, the neighborhoods that provide the best potential for ADUs to be created are the Upper Greenlaw Estates and Hospital Hill neighborhoods.

Greenlaw Estates Neighborhood

Zoning requirements- The Upper Greenlaw Estates neighborhood, and the specific location of interest, is in a single family residential zone suitable for accomidating ADUs. There will be enough room to meet the 5 foot setback requirement from the abutting lots, these dimensions are shown in questionable areas on the map below. These sites will have lateral access to utilities. The theoretical ADUs shown are located on the inerior of the lots and have alley access similar to the ones in the Clovis program. The median lot size in the area shown is approximately 7,200 ft. far exceeding the 6,000 ft minimum.

Pertainent to *Community Character*, the neighborhood is just to the southwest of the Cedar Ave./ Lockett Ave corridor making it condusive to multimodal transportation. The neighborhood is adjacent to the *Relationship to Activity Centers*- and has direct access to a nearby Safeway supermarket. It is also in close proximity to the route 66/ I- 40 corridor and associated retail activity.

The neighborhood and the specific area analyzed is contained within a neighborhood *Pedestrian Shed* as well, with another adjacent to the west and a regional ped shed just to the south on the N. 4th street corridor. The Route 2 bus route runs along the Cedar Ave./ Lockett Ave. corridor, and is directly adgacent to Route 7 to the south west and is in close proximity to the Route 66 bus route to the south. Areas in the sites containing trees were omitted from ADU proposals in the area of interest (Figure 39).

Figure 38. Greenlaw Estates- Bus Route Proximity

Hospital Hill Neighborhood

Zoning Requirements - The Hospital Hill neighborhood is in a single family residential zone suitable for accommodating ADUs. There will be enough room to meet the 5 foot setback requirement from the abutting lots and primary structures, these dimensions are shown in questionable areas on the map below (fig #). These sites will have lateral access to utilities. The theoretical neighboorhood ADUs shown are located on the inerior of the lots and have alley adgacency similar to the ones in the Clovis program. The median lot size in the area shown is approximately 8,716 sq. ft. far exceeding the 6,000 sq. ft. minimum.

The neighborhood is just to the southwest of the Cedar Ave./ Lockett Ave. *Community Character corridors* and has close access to a nearby Bashas' supermarket just to the south. It is also in close proximity to the route Forest Ave./ E. Ceadar Ave. corridor and associated retail activity, the hospital is just to the south as well this makes the area *Related to Activity Centers*. It is also just north of the Downtown neighborhood and its regional *Pedestrian Shed*/ retail activity as well. Bus routes 8 and 4 are exceeding on the south end of the neighborhood and provide direct access to the central bus station and the City. Areas in the sites containing trees were omitted from ADU proposals in the area of interest.

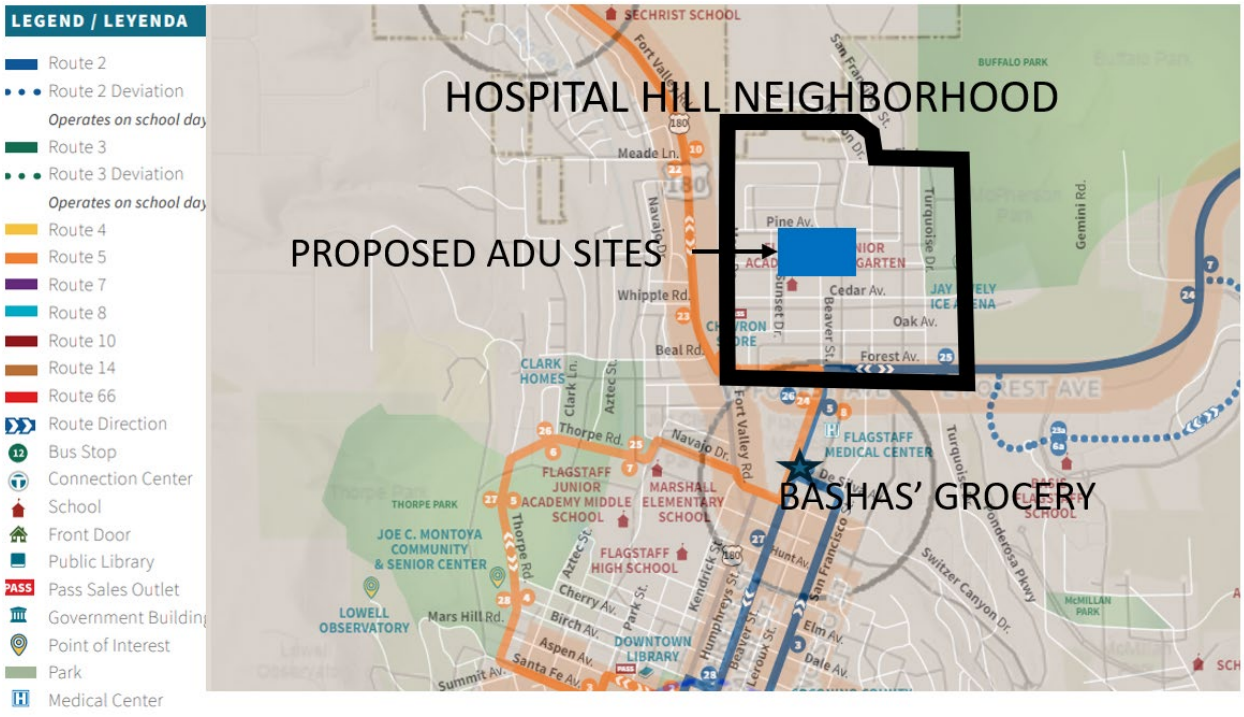

Figure 39. Hospital Hill- bus route proximity

Figure 40. Upper Greenlaw Estates proposed ADUs

Figure 43. Hospital Hill proposed ADUs

The ADU proposals within these neighborhoods are ment to convey the possibility of what infill with ADUs could look like. As property owners actually build them, the areas will be unlikely to experience this sort of intervention in a short period of time. What can be extrapolated is the potential to determine what widespread benefits can happen from multiple ADU installations built according to a specialized program, similar to the one in Clovis. This theoretical program's agendas will be aligned with those of the 10 Year Housing Plan and the Climate Action Bond Proposal. The desire for this program is also validated through the ADU community survey contained within the Justification portion of this study.

5.3 Study Findings

	Greenlaw Estates	Hospital Hill			
Area Parameters					
ADUs proposed	13	10			
Median lot size	7,200 sq. ft.	8,716 sq. ft.			
ADU sqare footage added	7,830 sq. ft.	6,520 sq. ft.			
				Total ADU sq. ft. added =	14,350
Building Cost Approximation					
Estimate for an individual ADU	$57,000	$57,000			
Estimate for the total ADUs	$741,000	$570,000			
				Constuction cost for total ADUs=	$1,311,000
10 Year Affordable Housing Plan Parameters					
Monthly rent estimate for an individual ADU	$1,150	$1,150			
Monthly rent estimate for the total ADUs	$14,950	$11,500			
				Area Rental Generation for total ADUs=	$26,450
Monthly rental savings for and individual ADU	$700	$700			
Monthly rental savings for the total ADUs	$9,100	$7,000			
				MonthlyRental Savings for total ADUs=	$16,100
Annual savings for an individual ADU	$8,400	$8,400			
Annual savings for the total ADUs	$109,200	$84,000			
				Rental Savings for total ADUs=	$193,200
Loan payback time for an individual ADU	50 months	50 months			
Climate Action Bond Proposal Parameters					
Allocation of Funding for an individual ADU	$7,500	$7,500			
Allocation of Funding for the total ADUs	$97,500	$75,000		Allocation of Funding for total ADUs=	$172,500

Figure 42. Suitability Analysis ADU proposal findings

The number of ADUs was determined by zoning parameters as mentioned. The specific sizes of the units replicate the sizes of the 3 different option available in the Clovis program. These were placed according to the amount of maximum footage that can be placed as aligned with the zoning parameters.

The Building Cost Approximation is also replicated from the Clovis study as this was the same amount that the person in the testimonial said to have spent (Clovis N.D). This also correlates with the Flagstaff ADU survey given to community members where the amount spent on construction is given (Figure 45).

Approximately how much did you or someone else pay to construct your ADU? This includes if your ADU was previously existing before you purchased your property (Question 13).

Figure 43. City of Flagstaff ADU Survey 2022, amount paid for ADU (COF, AUD survey 2022)

The $50,000 – $100,000 range represents the amount paid for 23.8% of those surveyed. Although $57,000 is at the lower end of this range, streamlined plans and building practices can be optimized to reduce construction costs. This amount has been chosen to convey the ideal results.

The monthly rental savings amount was determined according to the 2022 *Flagstaff Rental Attainability Report.* The $1,150 monthly rental cost of an ADU in the proposal is aligned with the suggested fair market rental rate for a studio and a 1 bedroom according to HUD data.

Figure 44. Flagstaff Rental Attainability Report 2022 (COF, Rental Retainability 2022)

The rental savings of $700 was determined applicable to each study area by first examining the current rental listing s for both 1-bedroom units and studios. The rental prices collectively range from $1,500 to $2,200 making the median number $1,850 (rent.com 2022). If the fair market price of $1,150 is subtracted from this that leaves a savings of $700 for an individual

renter. The loan payback amount is determined by how long the rental income will take until the construction costs are covered in this case, $57,000 will be paid back in approximately 4 years (Figure 45). After this point, the rent received by the owner will be profit.

As the results concern the parameters of the Climate Action Bond Proposal, there is a proposed allocation of $7,500 dispersed to individual ADUs built that provide affordable rent for a set duration (Flagstaff Climate Action Bond Proposal: 2022: 67). This total amount for both proposed areas of interest is $ 172,500. This will be out of either $1,000,000 or $1,500,000 depending on which option is chosen, a or b (Flagstaff Climate Action Bond Proposal: 2022: 67).

6.0 Summary and Recommendations

Given all the parameters studied in this suitability analysis, if ADUs are built inexpensively as part of a simplified program, individuals can save a substantial amount compared to what they would be spending for other comparable rental spaces and owners can have income and the possibility to provide housing for someone that they want to help. These are all seen as desirable factors according to the Flagstaff ADU survey.

This study was undertaken with consideration to the goals of the 10 Year Housing Plan and the Climate Action Bond Proposal. The goals conveyed in these documents reflect the greater agenda of implementing smart Growth Principles and subsequently, Missing Middle Housing options.

The findings are compelled based on the desire shown by survey participants (Flagstaff ADU Survey 2022). (the pertinent question numbers of the survey will follow the statement):

- Desire to earn additional income (7).
- Desire to increase the Flagstaff housing supply (7).
- 67.5% of existing ADU owners use rental income to offset other housing costs (23).
- Streamlined plans and processes would have helped with the construction cost and process challenges, generally stated by those with ADUs (26).
- 39% of those surveyed who do not have an ADU on their property agreed that pre-approved plans would make the building process easier (38).
- 84% stated that their single-family home property does not contain an ADU (6).

The survey findings illustrate that there is a lot of room in the city to accommodate ADU infill. There is also enough incitive base interest among those surveyed to develop an ADU program like the one initiated in Clovis, CA.

6.1 Future Steps to implement an ADU program

A staff Summary Report should be submitted to the City Council. This should convey the findings of this study's analysis. The alignment of the 10-year Housing Plan and the Climate Acton Bond Proposal goals should be specified. Along with the validation of the Smart Growth Principles and fulfilling Missing Middle Housing options. As well as the validation provided through the Flagstaff ADU Survey results. The agenda should be sending the discourse of the proposed program into the next phases. These may include,

- Establishing an actual finance structure and process
- Bond Procurement
- Concrete steps to initiate program
    - Further community outreach, this should include notifying community members through a mailing initiative. This could include presenting a program pamphlet modeled after the one presented in Clovis (Clovis N.D).

If a program is created, the ongoing monitoring of metrics should be undertaken to replicate Portland's Residential Infill Program's process.

With all the specified steps and measurements in place the Flagstaff ADU program can provide a model for other communities to follow as well.

6.2 Additional considerations

Zoning amendments may need to be considered in certain cases for ADUs to be effectively built. This may be applicable where lots will not allow for the specified orientation within the lot (COF Zoning N.D). It seems this requirement is in place to keep the neighborhood uniform but may restrict some interested residents for building.

Along with this, Attached ADUs are also allowed through city zoning and have not been analyzed in the suitability analysis. This should be conveyed to interested parties. The ADU sizes shown in the suitability analysis are copied from the streamlined options available through the Clovis Cottage Home Program. This was done for basic and substantial finding to be concluded. This was done to show the ideal financial potential to be gained by owners and renters. However, even smaller plans can be made available as well for ADU to be built on smaller lots and in attached variations as mentioned.

Lots in neighborhoods containing many trees were omitted from this study, but special allowances for this should be considered on a case-by-case basis and perhaps even greater amendments to the city's code pertinent to tree cutting and removal protections.

Utilities use should also be considered. There is a water service provision in place in Flagstaff that prevents running water lines above 7,000 ft. This is to keep from having to pump water to high elevations (Jackson 2024). This will not affect the neighborhood in the suitability analysis. However, consideration needs to be given to how much water use will be present if infill is realized largely within neighborhoods, as water and other utility use could potentially be overstressed. This is a consideration to be made and determined by city Engineers, after which point, their findings should be presented and accounted for in the potential ADU and/ or other infill initiatives. This should also coincide with the goals of the Area Plan. The material and costs associated with utilities may be minimized through the utilization a attached ADUs apposed to detached where applicable.

6.3 Study conclusions

Considering the Affordable Housing and Climate Change crises facing Flagstaff and other areas, steps are needed to address these issues. The 10 Year Housing Plan and the Climate Action Bond Proposal have been developed to broadly address how affordable and sustainable housing can be created while also addressing the implementation of Smart Growth Principles and the creation of Missing Middle Housing. Ultimately the underlying goals of all these initiatives are to: bolster walkability and multimodal transportation, create and enhance mixed use activity while creating housing infill among existing housing and infrastructure.

> Objective 1. of this study was to Identify the overlap between the *10 Year Housing Plan* and the *Climate Action Bond Proposal.*

Pertaining to ADU infill, the goals of the Housing Plan to, a) *create housing for different income levels and family sizes* and, b) *create equitable housing solutions* correlate to the Bond Proposals goals of, a) *creating healthy and affordable homes* b) *energy independence and resilience* and c) *community mobility*. All these goals are correlated in that they can be met with ADU infill in nice neighborhoods with direct access to amenities and multimodal transportation. If implemented with these factors in mind, ADUs will help to reduce sprawl and the need for auto travel and the associated detriments while providing affordable housing. All these factors listed represent a path to greater resilience for the community.

> Objective 2 has been to consider the efficacy of implementing more Accessory Dwelling Units in Flagstaff.

Community interest has been demonstrated following the results of an ADU survey. With this, building costs and permit fees had an impact on those who have built an ADU. They were impacted by the permitting process as well. Almost half of those surveyed who do not own an ADU are interested in building one. Over half of those surveyed also conveyed a desire to earn additional income through collecting rent. Over half expressed an interest in helping with the housing crisis also. With consideration to the previous paragraph, ADUs in Flagstaff can be implemented in community character areas, near or within activity centers as well as pedestrian sheds. ADUs built considering these planning parameters will aid with bolstering Smart Growth especially in terms of creating a range of housing choices, strengthening and developing existing communities while making decisions more predictable, fair and cost effective.

Objective 3 has been to Identify the policies needed for implementing an ADU initiative that meets the goals of the City.

The Bond proposal advocates for a comprehensive program to mitigate process costs and challenges. The Clovis Cottage House Program in Clovis, CA provides a good model to follow when creating an ADU program. A similar program in Flagstaff should include similar steps to follow including site evaluation, to make sure that the zoning and physical requirements are met. An application process should be created to expedite the permitting process. Loan availability should be analyzed for the applicant for them to have access to a low interest loan for building. In Flagstaff, the financing proposed in the Bond proposal is to be $7,500 dispersed for an ADU built, this should be factored into the financial considerations step as well. Participants should have free, developed building plan options to choose from to avoid further development costs. These plans should integrate efficient and cost-effective building materials.

Portland's Residential Infill Project provides a good model to follow in terms of monitoring metrics after the project's initiation. With this, multiple listing service data should be analyzed to determine infill housing conditions prior to the program, and after the program. Specific development characteristics to be looked at should consider the presence of walkability and mixed use. Finally, this should all be considered to make the process more streamlined and accessible.

If a program is implemented the process and development of ADUs should be recorded and monitored according to the metrics following the example of Portland residential Infill Program. Flagstaff could prove to be a model for other communities to follow.

There is no one solution to address housing affordability and climate change, however implementing and ADU program can be a component in Flagstaff and provide a model for other communities to follow.

Appendix

1.4 Justification

The following is from this source,

Staff, City of Flagstaff. (2022, Mar. 13). *City of Flagstaff 10 year Housing Plan.* Retrieved from, https://www.flagstaff.az.gov/DocumentCenter/View/72509/Flagstaff-10-Year-Housing-Plan---FINAL-6152022

page 18. FLAGSTAFF'S HOUSING CONTINUUM The housing continuum is a strategy that represents a variety of housing types available for households at all income levels. It indicates that households with different levels of income require different levels of subsidy to move up or advance through the housing continuum. For this Plan, we will use the housing continuum as a method to communicate possible housing solutions for households at all income levels. For example, an extremely low-income, three-person household earning less than $21,960 (30% AMI) annually will require a greater level of housing subsidy (such as move-in assistance and public housing). This household would fall lower on the housing continuum compared to a low-income, three-person household earning less than $55,350 (80% AMI), who may need a smaller housing subsidy (such as assistance paying for their rental deposit). Addressing the Housing Emergency will require adequate funding for programs such as eviction prevention, down payment assistance, and employer-assisted housing programs. It will also require the creation and preservation of affordable rental and ownership opportunities. These bold steps must be accomplished in partnership across the housing sector, including all levels of government, non-profit housing providers, private industry, and housing advocacy from our community at large. Housing types such as accessory dwelling units, tiny homes, or co-housing communities are not specifically shown on the basic housing continuum, however, they are a vital part of potential housing options and will be taken into consideration during the Plan's implementation.

FORMS OF HOUSING Since the middle of the 20th century, housing production has focused mostly on the low- and higher-density extremes—detached single-family homes and mid- to high-rise apartment buildings. For Flagstaff to obtain affordability along the housing continuum it will likely need to broaden housing development to include "Missing Middle Housing," a term that describes a range of multi-unit or clustered housing types that are more compatible in scale with single-family homes and neighborhoods. Missing middle building types include duplexes, triplexes, fourplexes, townhomes, live/work, cohousing, accessory dwelling units, and courtyard buildings. These building types are called "missing" because although historically they have played an instrumental role in providing housing choices and affordable options in many cities across the country, they have typically been difficult to build under land-use laws in many cities since the mid-1940s. The term "middle" refers to building types that sit in the middle of the density and affordability spectrum. Missing middle building types have delivered attainable choices to families with a range of incomes and have the potential to play a significant role in achieving attainable rental and ownership housing options across the housing continuum in Flagstaff. Their perceived density—similar in form to single-family homes—is also more

compatible with established neighborhoods where the scale of development is important to local residents. The images below visualize the various missing middle building types:

Missing middle housing not only affects affordability but can also lower our community's carbon footprint by increasing the walkability of our neighborhoods. Higher density housing development with a mix of other land uses within close proximity—such as retail and recreation—encourages walking, biking, and transit use instead of the predominantly car-dependent nature of single-family neighborhoods.

Page 21. CREATE CONNECT PRESERVE PROTECT

Transitioning from car-dependent development to more walkable, pedestrian-oriented development is also integral to achieving the City of Flagstaff's carbon neutrality goals. When a variety of missing middle building types are combined in a neighborhood (often with detached single-family homes), this helps to provide enough households within walking distance to support local businesses and access to groceries and public transit. Missing middle housing can also provide a walkable transition area from low-density single-family neighborhoods to high-density apartment, retail, and office districts. Over the last 50 years, walkable development has focused on mid-/high-rise buildings that offer many units within close proximity of amenities but often lack the independence and sense of community that many households and individuals are looking for. Missing middle housing can increase density and sustainable development patterns while maintaining a sense of community that is attractive to a variety of households. How is Market Rate Housing Funded? Funding for the construction and sale of market rate homes most often utilizes borrowed funds and therefore is based on risk—the lower the risk, the more funding that is available and vice versa. Lenders and other financing institutions look at numerous factors such as market trends and housing supply/demand in determining how much they will lend and at what interest rate for the construction of new housing, thus the availability of funds and what gets built with the funds is highly influenced by the lending and housing market. At the same time, homebuyers access market rate housing primarily through loans that take the households' income, credit, and debt-to-income ratios into account when determining the purchasing power of the household. Therefore, monitoring housing, construction, and market conditions/trends is essential when implementing the 10-Year Housing Plan because they will impact the viability of the 10-Year Housing Plan's policy initiatives and strategies. Refer to the following section regarding what Flagstaff families can afford when it comes to housing in today's market.

Page 48. Zoning and Land Use Arizona Housing Coalition, Best Practice Toolkit for Municipalities, for Increasing the Supply of Affordable Housing in Arizona Limited land and the current shortage in housing supply, relative to demand, are the primary reasons housing costs are increasing. A significant increase in housing supply is necessary to keep pace with current and projected housing demands. Strategies around affordable housing are incomplete when the focus is solely on increasing supply without giving attention to increasing density, establishing building innovation and cost saving practices, preserving affordable housing stock that already exists in our community, and reviewing City codes, processes, and fees to determine whether modification, reductions, or elimination would facilitate cost-saving housing development strategies. Zoning has a profound impact on housing location and type, but it can also impact cost and affordability. In addition to regulating where housing can be built, the Flagstaff zoning codes regulate other elements such as lot sizes, number of bedrooms, lot coverage, parking, and setbacks, all of which can impact the cost of development and overall housing supply. Currently, 58% of

land in Flagstaff is zoned for Singlefamily residential (R1, R1N, ER, and RR categories), which allows for single-family homes and accessory dwelling units on each property. R1N also allows duplexes. These are low-density zones generally capped between one and seven dwelling units per acre. In addition, 5.6% of land is zoned industrial, 12% is Public Open Space, and 10% is Public Facilities. Approximately 14% of the land within the city allows for medium or high-density housing to be constructed, either through the commercial zoning categories as mixed-use or as apartments, condos, etc.41 According to the Arizona Housing Coalition, Best Practice Toolkit for Municipalities, overregulation of land use can create barriers to affordable housing supply. Zoning regulations, parking requirements, height restrictions, lengthy permitting processes, City codes, and community opposition can contribute to increased development costs. Overregulation can restrict the ability of the developer to offer affordable rents and mortgages. Addressing overregulation and reform of land use policy is, therefore, a vital strategy for addressing housing affordability.

A prominent barrier to affordable housing development is the State law prohibition on mandatory inclusionary zoning policy. Inclusionary zoning policies are imposed at the local municipal level to require private developers to set aside a certain percentage of their units within new construction projects at an affordable rent. State law determines whether municipal inclusionary housing measures are mandatory or voluntary. In Arizona, as well as Colorado, Idaho, Indiana, Kansas, Texas, Tennessee, and Wisconsin, local governments are prohibited from adopting at least some form of mandatory inclusionary housing (for ownership housing, rental housing, or both). In some cases, courts have determined that statutes limiting rent control also preempt mandatory inclusionary measures for rental housing. Inclusionary housing is a complicated national issue that varies greatly by state, with litigation and new legislation continually shaping the issue.42 The City of Flagstaff has worked within the confines of state statutes to develop a voluntary program to incentivize the creation of both rental and ownership housing, yet, until such time as our state law is changed, mandatory inclusionary zoning is not a tool available to Arizona's local municipalities for increasing the supply of affordable rental housing.43 While municipalities cannot supersede this state law regulation, they may mitigate its effects through the creation of policies that incentivize the inclusion of affordable units. Land use policy reform can be critical to encouraging equitable development in response to Flagstaff's affordable Housing Emergency.

Scope – Time Commitment & Public Engagement L - Low M - Medium H - High time	Funding Indicator ST - Staff Time $ - Low = $10,000 + $$ - Medium = $100,000 + $$$ - High = $1,000,000 +	Time Commitment	Public Engagement	Requires Council Consideration	Funding Required	Immediate Term (18 Months)	Short-Term (1 - 4 Years)	Long-Term (5-10 Years)	Ongoing	Division/Section Involvement
Create 4: Amend the Flagstaff Zoning Code to facilitate the development of all housing types. (continued)										
Create 4.7	Continue to evaluate and amend the current Accessory Dwelling Unit (ADU) zoning code standards with the goal of increasing supply.	L	M	Yes	ST		X			Zoning Code, Water Services, Housing Section
Create 4.8	Explore allowing additional flexibility for homeowners and landlords to increase density.	M	M	Yes	ST			X		Zoning Code, Building Safety, Planning, Flagstaff Fire Department, Water Services, Housing Section
Create 5: Explore regulatory efficiency and cost-saving practices.										
Create 5.1	Hire an independent consultant to review City codes, processes, and fees to determine whether modifications, reductions, or eliminations would facilitate cost-saving housing development strategies.	H	L	Yes	$$		X			Economic Vitality, Zoning Code, Building Safety, Sustainability, Planning, Flagstaff Police Department, Management Services, Flagstaff Fire Department, Water Services, Housing Section
Create 5.2	Explore innovative tools and techniques to limit costs for regional development impacts on individual development projects, such as infrastructure.	H	L	Inform	ST			X		Zoning Code, Planning, Housing Section, Engineering & Capital Improvements, Water Services
Create 5.3	Create a dedicated team within Planning and Development Services specifically for affordable housing projects.	L	L	No	ST		X			Planning, Housing Section

The following is from this source,

City of Flagstaff. (2022, Mar. 3). Climate Action QA Presentation. *Climate Action Bond Proposal.* Retrieved from; https://www.flagstaff.az.gov/DocumentCenter/View/71553/2022-03-03-Climate-Action-QA-Presentation?bidId=

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Climate Action Bond Proposal

1. Healthy and Affordable Homes	
A. Efficient Homes	$15.5 Million
B. Healthy Homes	$1.05 Million
C. Accessory Dwelling Units Infill Accelerator	$1.5 Million

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C. Accessory Dwelling Units Infill Accelerator To increase efficient and affordable housing availability in existing neighborhoods.

1 Accelerate 200 rental units by incentivizing Accessory Dwelling Units (ADU) in existing neighborhoods. Incentives will be provided for ADUs built with a commitment to provide affordable and efficient rental housing. Incentives of $7,500.00 per home built that provides affordable rent for a set duration. Units that are built to be all-electric will receive pre-approved architectural plan sets to choose from.

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C. Accessory Dwelling Units Infill Accelerator $1.5 Million 1: Healthy and Affordable Homes Impacts • 200 homes built, adding density and vibrancy to Flagstaff's established neighborhoods. • Some residents will be able to live closer to work and their daily needs. • Increased livability in Flagstaff, due to reduced rents and significantly reduced energy use in each home. • Total emissions reduced in 2030: 1,055 MTCO2e

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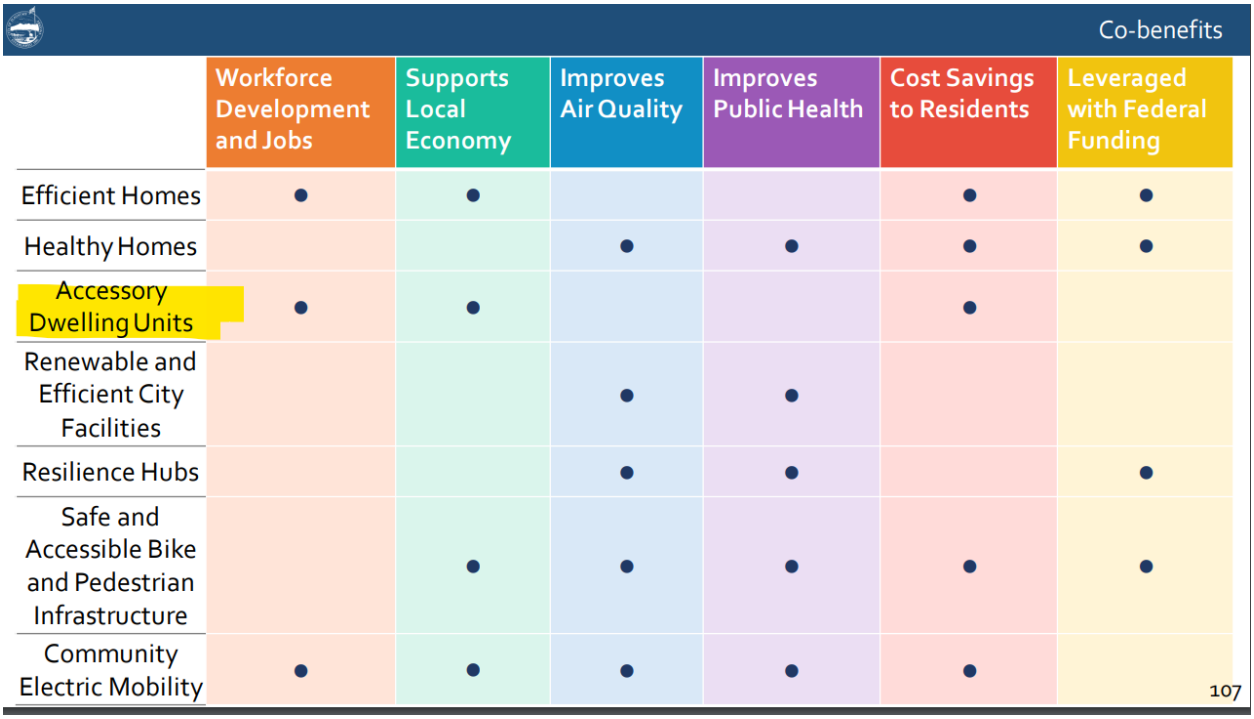

Co-benefits

	Workforce Development and Jobs	Supports Local Economy	Improves Air Quality	Improves Public Health	Cost Savings to Residents	Leveraged with Federal Funding
Efficient Homes	●	●			●	●
Healthy Homes			●	●	●	●
Accessory Dwelling Units	●	●			●	
Renewable and Efficient City Facilities			●	●		
Resilience Hubs			●	●		●
Safe and Accessible Bike and Pedestrian Infrastructure		●	●	●	●	●
Community Electric Mobility	●	●	●	●	●	

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Package	Package elements	Sub-elements	Option 1 $67.75 M	Option 2 $30 M	Option 3 $20 M
Healthy and Affordable Homes	Efficient homes	Retrofits	$ 7,000,000.00	$ 3,000,000	$ 2,000,000
		Rebates	$ 4,000,000.00	$ 1,700,000	$ 1,000,000
		Assisted Loan Program	$ 4,000,000.00	$ 2,000,000	$ 2,000,000
		Workforce development	$ 500,000.00	$ 200,000	
	Healthy Homes	Woodstove rebates	$ 750,000	$ 300,000	
		HEPA filtration system	$ 300,000	$ 200,000	
	Accessory Dwelling Units Infill Accelerator	ADU incentives	$ 1,500,000	$ 1,000,000	
Energy Independence and Resilience	Renewable and Efficient City Facilities	Renewable energy	$ 9,000,000	$ 4,000,000	$ 4,000,000
		City Energy Efficiency	$ 1,000,000	$ 1,000,000	$ 1,000,000
	Resilience Hubs	Redundancy / Resilience Hubs	$ 8,000,000	$ 3,400,000	$ 2,000,000
Community Mobility	Safe and Accessible Bike and Pedestrian Infrastructure	ATMP	$ 30,000,000	$ 11,500,000	$ 8,000,000
	Community Electric Mobility	Bike Share	$ 1,000,000	$ 1,000,000	
		Car share	$ 700,000	$ 700,000	
		TOTAL	**$ 67,750,000**	**$ 30,000,000**	**$ 20,000,000**

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The following is from,

City of Flagstaff. (2023). *What can the City do to make it easier to build an Accessory Dwelling Unit (ADU) in Flagstaff?* Flagstaff Community Forum. Retrieved from, https://www.flagstaff.az.gov/3284/Flagstaff-Community Forum?cf_url=https%3A%2F%2Fcommunityfeedback.opengov.com%2Fportals%2Fflagstaffaz%2FIssue_13254#community_feedback

18. *ADUs are allowed in the City of Flagstaff with an approved Building Permit on any lot or parcel that already contains just one single-family home, if all relevant design standards are met. Prior to taking this survey, were you aware of this?*

19. Please select the area of Flagstaff where you currently live. See the map below for more information.

20. Do you live more than 6 months each year in the Flagstaff region?

21. Please select the option that best describes your living situation in Flagstaff. NOTE: The survey questions you receive next depend on your answer to this question.

22. How long have you owned your single-family home in Flagstaff?

23. *Does your single-family home property currently contain an ADU?*

Questions for single-family homeowners in City limits with an ADU;

24. *Why did you build an ADU? Select all that apply.*

	%	Count
Provide a place for me to live	11.9%	5
Provide a place for extended family or friends to live	33.3%	14
Earn additional rental income	64.3%	27
Increase the housing supply in Flagstaff to help address Flagstaff's housing crisis	31.0%	13
Provide a guest home for family or friends to stay when visiting (but they live somewhere else)	33.3%	14
Provide additional living space or workspace for current members of my household	19.0%	8
Other	21.4%	9

25. Please select the option that best describes the kind of ADU that you have.

ATTACHED: ADU is an addition attached to the main home	42.9%	18
DETACHED: ADU is a free-standing building that is physically separated from the main home	47.6%	20
INTERIOR: ADU was converted from an existing garage, basement, attic, or other room inside the main home	9.5%	4

26. What type of construction was used to build your ADU?

27. What is the current construction status of your ADU?

	%	Count
My ADU is completed	92.9%	39
My ADU is under construction	7.1%	3

28. How many months did it take to complete your ADU, starting with the initial design process through finished construction?

	%	Count
Fewer than 6 months	15.0%	6
6 months to less than 1 year	22.5%	9
1 year to fewer than 1.5 years	22.5%	9
1.5 to 2 years	2.5%	1
My ADU is not finished	2.5%	1
My ADU was finished before I purchased my property	35.0%	14

29. How did you finance the construction of your ADU? Select all that apply.

	%	Count
Cash	45.2%	19
Loan from a bank, including a mortgage or home equity line of credit (HELOC)	26.2%	11
Money from family or friends	4.8%	2
Credit card or unsecured debt	4.8%	2
Not applicable: My ADU was finished before I purchased my property	33.3%	14
Other	2.4%	1

30. Approximately how much did you or someone else pay to construct your ADU? This includes if your ADU was previously existing before you purchased your property.

	%	Count
$0 – $49,999	16.7%	7
$50,000 to $100,000	23.8%	10
$100,001 to $200,000	16.7%	7
$200,001 to $300,000	14.3%	6
I don't know this information	28.6%	12

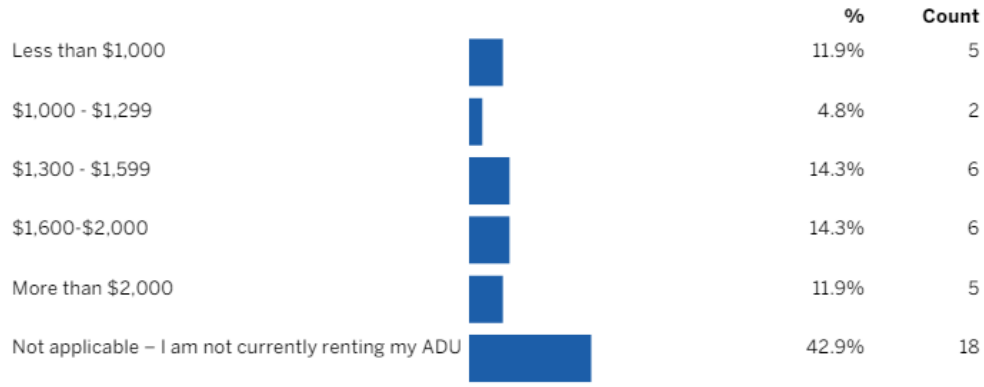
31. How is your ADU currently used?

32. How has your ADU been used in the PAST? Select all that apply.

33. How many people are currently living or staying in your ADU?

34. If you currently rent your ADU, how many total cars do your tenants normally park on the driveway or street?

35. If you currently rent your ADU, what is your average monthly rental income from the ADU?



	%	Count
Less than $1,000	11.9%	5
$1,000 - $1,299	4.8%	2
$1,300 - $1,599	14.3%	6
$1,600-$2,000	14.3%	6
More than $2,000	11.9%	5
Not applicable – I am not currently renting my ADU	42.9%	18

36. If you currently rent your ADU as a short-term rental (lease is fewer than 30 days), what would incentivize you to rent your ADU with a lease of more than 30 days?

37. How is the PRIMARY HOME on the lot where your ADU is located currently used?

38. How has the PRIMARY HOME on the lot where your ADU is located been used in the PAST? Select all that apply.

39. If you currently rent the PRIMARY HOME on the lot where your ADU is located, what is your average monthly rental income from the PRIMARY HOME?

40. Does rental income from your ADU and/or from the primary home help pay a portion of your monthly home ownership costs, such as your mortgage or utilities?

	%	Count
Yes	67.5%	27
No	32.5%	13

41. If you currently rent the PRIMARY HOME as a short-term rental (lease is fewer than 30 days), what would incentivize you to rent the PRIMARY HOME with a lease of more than 30 days?

42. How would you best describe the process to build your ADU?

43. *Please indicate if you experienced any of the following challenges in building your ADU on a scale of 0 to 3 (0 = I did not experience this challenge, 3 = this challenge had a major impact). The entries selected below are shown because they are the experiences where the most challenges have occurred and that can be improved.*

COST - of designing an ADU (such as ADU design or drafting plans)

COST - of building an ADU (construction, site work, materials, labor)

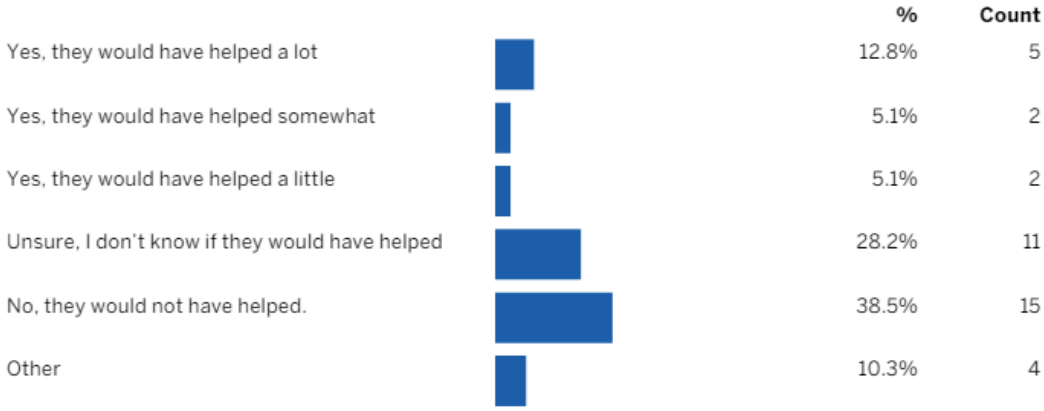
COST – of City permitting fees

PROCESS - Obtaining financing to build an ADU

PROCESS - Navigating the design and City permitting process

PROCESS - Navigating the construction process
REQUIREMENTS - City design standards (setbacks, height, etc).
REQUIREMENTS - City parking requirements (3 spaces total: 1 space for the ADU + 2 spaces for the main single family home)
REQUIREMENTS - Homeowners Association (HOA) design standards (only applies to neighborhoods with Codes, Covenants, and Restrictions [CC&Rs] that an HOA currently enforces)
CONTRACTORS - Finding someone to design an ADU
CONTRACTORS - Finding someone to construct an ADU
SITE - Site constraints (site topography, floodplain, trees, etc).
SITE - Utility connections
OTHER - Neighborhood opposition
OTHER - Supply chain issues or obtaining materials to construct an ADU

44. Did you experience any challenges in building your ADU that are not listed in the question above? If yes, please describe them here.
45. *If pre-approved building plans for detached ADUs were available in Flagstaff, would they have made it easier to build your ADU? See the description of pre-approved building plans below.*



	%	Count
Yes, they would have helped a lot	12.8%	5
Yes, they would have helped somewhat	5.1%	2
Yes, they would have helped a little	5.1%	2
Unsure, I don't know if they would have helped	28.2%	11
No, they would not have helped.	38.5%	15
Other	10.3%	4

46. What else can the City of Flagstaff do to assist residents with building an ADU? Select all that apply.

Questions specific to single-family homeowners in the Flagstaff City limits who DO NOT currently have an ADU

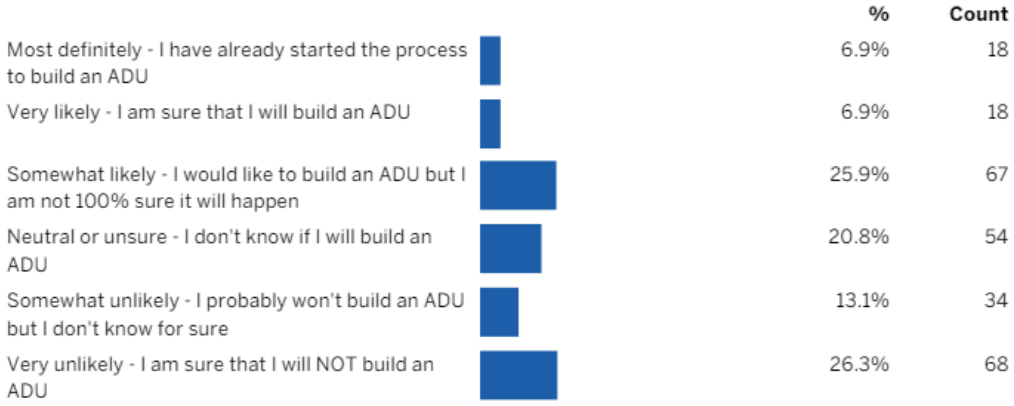
47. *Are you interested in building an ADU, either now or in the future?*

	%	Count
Yes	49.2%	128
No	23.5%	61
Unsure or I need more information	27.3%	71

48. Do any of the reasons below make you interested in building an ADU, either now or in the future? Select all that apply.

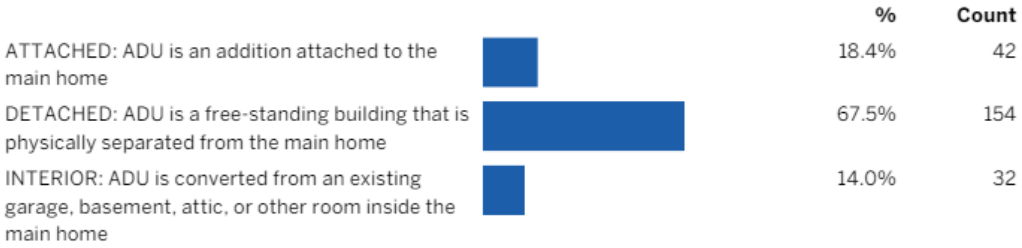
	%	Count
Provide a place for me to live	15.9%	38
Provide a place for extended family members or friends to live	65.7%	157
Earn additional rental income	52.7%	126
Increase the housing supply in Flagstaff to help address Flagstaff's housing crisis	55.6%	133
Provide additional living space or workspace for current members of my household	33.9%	81
Other	7.1%	17

49. How likely are you to pursue building an ADU in the next 0-3 years?



	%	Count
Most definitely - I have already started the process to build an ADU	6.9%	18
Very likely - I am sure that I will build an ADU	6.9%	18
Somewhat likely - I would like to build an ADU but I am not 100% sure it will happen	25.9%	67
Neutral or unsure - I don't know if I will build an ADU	20.8%	54
Somewhat unlikely - I probably won't build an ADU but I don't know for sure	13.1%	34
Very unlikely - I am sure that I will NOT build an ADU	26.3%	68

50. What type of ADU are you most likely to build, if you were to build one now or in the future?



	%	Count
ATTACHED: ADU is an addition attached to the main home	18.4%	42
DETACHED: ADU is a free-standing building that is physically separated from the main home	67.5%	154
INTERIOR: ADU is converted from an existing garage, basement, attic, or other room inside the main home	14.0%	32

51. If you live in a neighborhood with a Homeowners' Association (HOA), are ADUs currently allowed by the HOA's codes, covenants, and restrictions (CC&Rs)?

52. Please rank the following potential barriers to building an ADU on your property on a scale of 0 to 3 based on how large a barrier you believe each one to be (0 = NOT a barrier, 3 = Major barrier). Select option 4 if you don't know if something is a barrier.

COST - of designing an ADU (such as ADU design or drafting plans)

	%	Count
0 = NOT a barrier	17.4%	44
1 = Minor barrier	24.1%	61
2 = Medium barrier	27.7%	70
3 = Major barrier	24.5%	62
4 = I don't know if this is a barrier	5.1%	13

COST - of building an ADU (construction, site work, materials, labor)

	%	Count
0 = NOT a barrier	8.3%	21
1 = Minor barrier	11.5%	29
2 = Medium barrier	26.5%	67
3 = Major barrier	48.6%	123
4 = I don't know if this is a barrier	3.2%	8

COST – of City permitting fees

	%	Count
0 = NOT a barrier	13.8%	35
1 = Minor barrier	25.3%	64
2 = Medium barrier	20.6%	52
3 = Major barrier	19.4%	49
4 = I don't know if this is a barrier	19.4%	49

PROCESS - Obtaining financing to build an ADU

	%	Count
0 = NOT a barrier	18.2%	46
1 = Minor barrier	22.9%	58
2 = Medium barrier	22.1%	56
3 = Major barrier	24.5%	62
4 = I don't know if this is a barrier	10.3%	26

PROCESS - Navigating the design and City permitting process

	%	Count
0 = NOT a barrier	10.3%	26
1 = Minor barrier	18.6%	47
2 = Medium barrier	24.5%	62
3 = Major barrier	31.6%	80
4 = I don't know if this is a barrier	13.4%	34

PROCESS - Navigating the construction process

	%	Count
0 = NOT a barrier	13.8%	35
1 = Minor barrier	22.5%	57
2 = Medium barrier	32.8%	83
3 = Major barrier	21.3%	54
4 = I don't know if this is a barrier	6.3%	16

REQUIREMENTS - City design standards (setbacks, height, etc).

	%	Count
0 = NOT a barrier	7.5%	19
1 = Minor barrier	20.2%	51
2 = Medium barrier	20.6%	52
3 = Major barrier	32.8%	83
4 = I don't know if this is a barrier	15.8%	40

REQUIREMENTS - City parking requirements (3 spaces total: 1 space for the ADU + 2 spaces for the main single family home)

		%	Count
0 = NOT a barrier		28.5%	72
1 = Minor barrier		13.0%	33
2 = Medium barrier		13.4%	34
3 = Major barrier		31.6%	80
4 = I don't know if this is a barrier		11.5%	29

REQUIREMENTS - I don't currently own a property in the Flagstaff city limits that contains just one single-family home
REQUIREMENTS - Homeowners Association (HOA) design standards (only applies to neighborhoods with Codes, Covenants, and Restrictions [CC&Rs] that an HOA currently enforces)

CONTRACTORS - Finding someone to design an ADU

		%	Count
0 = NOT a barrier		23.7%	60
1 = Minor barrier		19.4%	49
2 = Medium barrier		26.1%	66
3 = Major barrier		16.2%	41
4 = I don't know if this is a barrier		11.5%	29

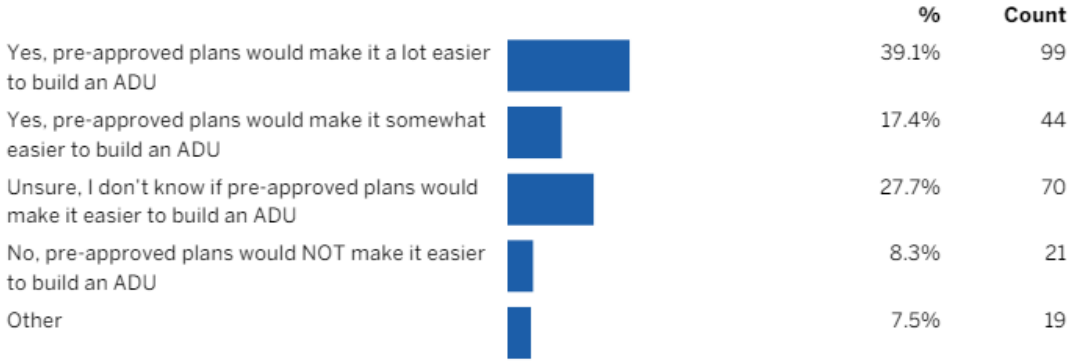
CONTRACTORS - Finding someone to construct an ADU

		%	Count
0 = NOT a barrier		18.6%	47
1 = Minor barrier		11.9%	30
2 = Medium barrier		31.6%	80
3 = Major barrier		23.7%	60
4 = I don't know if this is a barrier		10.3%	26

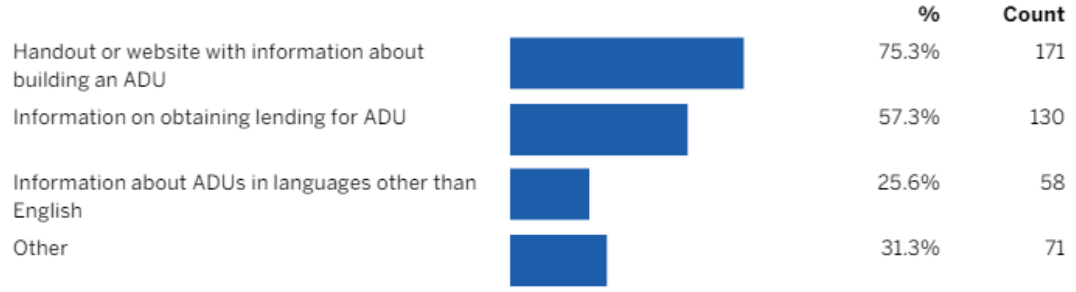
SITE - Site constraints (site topography, floodplain, trees, etc).
SITE - Utility connection
OTHER - Neighborhood opposition
OTHER - Supply chain issues or obtaining materials to construct an ADU

53. Are there any other potential barriers to building an ADU on your property that are not listed in the question above? If yes, please describe them here.
54. If you were to build an ADU on your property, what would incentivize you to rent your ADU with a lease of more than 30 days?

55. *Should the City of Flagstaff develop pre-approved building plans for ADUs that residents can use to build an ADU?*



56. *What else should the City of Flagstaff do to assist residents with building an ADU? Select all that apply.*



Questions specific to single-family homeowners in the Flagstaff City limits who DO NOT currently have an ADU

57. *Do you currently live in an ADU?*

58. *Why do you live in an ADU? Select all that apply*

59. *What type of ADU do you currently live in?*

		%	Count
ATTACHED: ADU is an addition attached to the main home		25.0%	1
DETACHED: ADU is a free-standing building that is physically separated from the main home		50.0%	2
INTERIOR: ADU is converted from an existing garage, basement, attic, or other room inside the main home		25.0%	1

3.0 Factors of Planning

3.3 Smart Growth

The following is from,

N.A., (N.D). *Smart Growth Principles.* Maryland Department of Planning. Retrieved from,

https://smartgrowth.org/smart-growth-principles/

Smart Growth

Create a Range of Housing Opportunities and Choices

Providing quality housing for people of all income levels is an integral component in any smart growth strategy. Housing is a critical part of the way communities grow, because it constitutes a significant share of new construction and development. More importantly, however, housing availability is also a key factor in determining households' access to transportation, commuting patterns, access to services and education, and consumption of energy and other natural resources. By using smart growth approaches to create a wider range of housing choices, communities can mitigate the environmental costs of auto-dependent development, use their infrastructure resources more efficiently, ensure a better jobs-housing balance, and generate a strong foundation of support for neighborhood transit stops, commercial centers, and other services.

No single type of housing can serve the varied needs of today's diverse households. Smart growth represents an opportunity for local communities to increase housing choice not only by modifying land-use patterns on newly developed land, but also by increasing housing supply in existing neighborhoods and on land served by existing infrastructure. Integrating single- and multi-family structures in new housing developments can support a more diverse population and allow more equitable distribution of households of all income levels. The addition of units – through attached housing, accessory units, or conversion to multi-family dwellings – to existing neighborhoods creates opportunities for communities to slowly increase density without radically changing the landscape.

Adding housing can be an economic stimulus for commercial centers that are vibrant during the work day, but suffer from a lack of foot traffic and consumers during evenings or weekends. Most importantly, providing a range of housing choices allows all households to find their niche in a smart growth community – whether it is a garden apartment, a rowhouse, or a traditional single-family home.

Strengthen and Direct Development Towards Existing Communities

Smart growth directs development towards existing communities already served by infrastructure, seeking to utilize the resources that existing neighborhoods offer, and conserve open space and irreplaceable natural resources on the urban fringe. Development in existing neighborhoods also represents an approach to growth that can be more cost-effective, and improves quality of life. By encouraging development in existing communities, communities benefit from a stronger tax base, closer proximity of a range of jobs and services, increased efficiency of already-developed land and infrastructure, reduced development pressure in edge areas (preserving more open space), and, in some cases, strengthening rural communities.

The ease of greenfield development remains an obstacle to encouraging more development in existing neighborhoods. Development on the fringe remains attractive to developers for its ease of access and construction, lower land costs, and potential for developers to assemble larger parcels. Zoning requirements in fringe areas are often less burdensome, as there are few existing building types that new construction must complement, and a relative absence of residents who may object to the inconvenience or disruption caused by new construction.

Nevertheless, developers and communities are recognizing the opportunities presented by infill development, as suggested not only by demographic shifts, but also a growing awareness of the fiscal, environmental, and social costs of urban fringe development. Journals that track real estate trends routinely cite the investment appeal of the “24-hour city” for empty nesters, young professionals, and others, and developers are beginning to respond.

Make Development Decisions Predictable, Fair and Cost Effective

For a community to be successful in implementing smart growth, the concept must be embraced by the private sector. Only private capital markets can supply the large amounts of money needed to meet the growing demand for smart growth developments. If investors, bankers, developers, builders and others do not earn a profit, few smart growth projects will be built. Fortunately, the government can help make smart growth more profitable for private investors and developers. Since the development industry is highly regulated, the value of property and the desirability of a place are affected by government investment in infrastructure and government regulation. Governments that make the right infrastructure and regulatory decisions will support fair, predictable and cost-effective smart growth.

Despite regulatory and financial barriers, developers have created successful examples of smart growth. In many cases, doing so has required them to spend time and money getting variances to the codes. Expediting the approval process is especially helpful to developers, for whom “time is money.” The longer it takes to get approvals, the longer the developer’s capital remains tied up in land and not earning income. For smart growth to flourish, state and local governments need to make development decisions about smart growth more timely, cost-effective, and predictable for developers. By creating a supportive environment for development of innovative, pedestrian-oriented, mixed-use projects, government can provide smart growth leadership for the private sector.

3.4 Accessory Dwelling Units: what they are and why people build them

The following is from,
Eliot, Donald. (2021, July 17) *The Evolving World of ADU Regulations.* SmartGrowth.org.
Retrieved from,
https://smartgrowth.org/the-evolving-world-of-adu-regulations/

The proceeding information is conveyed through a presentation by Donald Elliott, FAICP, of Clarion Associates. The presentation explores how America's cities and counties are regulating ADUs, how those regulations are changing as we gain more experience with their use and impacts, the pros and cons of different approaches, and what types of seemingly permissive regulations function as hinderances to limit ADU development.

As mentioned, ADUs are defined as secondary and subordinate to a permitted primary use of land. It is notable that they are not necessarily smaller than primary units. Thay may be internal or external/ detached free standing structures. They can be constructed or converted. Some typical examples may be internal converted attics, basements, and garages. There are generally basic requirements for living, sleeping, cooking and sanitation. Recreational vehicles and moveable storage container units are not classified as ADUs. They are required to meet standard building codes that include fire and safety codes (Eliot 2021: mins. 1-5).

Potential positive aspects as seen by advocates (Eliot 2021: mins. 19-24):

> They are smaller and more affordable than other housing options and merit consideration as there is a need to use every tool to promote affordability.
>
> They can provide a fair solution to potential occupants as they can be utilized in single family neighborhood zones. The viewpoint here is that single family zoning shouldn't be exempt from promoting affordable housing.
>
> It will be difficult for SF neighborhoods that don't allow ADUs to increase affordable housing on only half of the available land.
>
> Restricting the housing supply is guaranteed not to increase affordable housing.
>
> There may be an unintended effect of promoting privileged land use practices without adaptations to historic SF zoning practices.
>
> SF neighborhoods often make up 50+% of urban land.
>
> NOT allowing ADUs in SF neighborhoods means trying to increase affordability using only half of the available lane.

General “Supply Side” thinking, although the new units themselves may not be affordable, each one (gently) increases supply, and only increased supply will bring down rents and sales prices.

Increasingly, exempting SFD neighborhoods feels like a use of land use laws to defend privilege – even if the neighborhood is neither white nor rich.

Here are some potential negative aspects as seen by opponents (Eliot 2021: mins. 25-30):

They are not always smaller or more affordable. This may be influenced by expensive construction costs and/or rental amounts.

They are unfair concerning single family zoning practices, as many residents in these areas are not wealthy and they fight hard to be in a less crowded neighborhood.

Poorer people can’t afford to build them, there is a potential for them to sell off their properties and subsequently, this could influence gentrification.

It is rare to age in place, and more common to sell property and move.

Globally, people strive for SF home ownership.

“Supply Side” thinking is not working very well – we have been working to increase housing supply for a long time now and rents and prices are not falling. Perhaps value increases by allowing more housing are just being absorbed in land prices.

It’s not defending privilege, because the income inequality figures show that most SF neighborhoods cannot be occupied by the rich – the majority must be occupied by lower and middle- income families who may want to them to remain that way.

The general factors of ADU regulation on a national scale are relative to the following questions that are to be determined on a case-by-case basis based on local regulations, the general conclusions are provided for now (Eliot 2021: mins. 30-45):

- Only available to SFDs?
  Yes, this is almost universal.
- Only one per SFD?
  Yes, this is almost universal - but CA is the Exception, allows for 1 on the inside of a primary unit, and one on the outside.
- Only internal/ Only external?
  Most codes allow both, but there seems to be an even split between those that allow one but not the other.
- Rezoning or special permit required?
  Very few require individual rezoning.

Quite a few require a special permit.

- Maximum size of the unit?
  Yes , this is almost universal, but size limits vary a lot – from 400 to 1,500 square feet (or the size of an attic or basement).
- Minimum size of the unit?
  Less than half.
  Tends to have a perverse incentive- it forces ADUs onto larger properties that are often located further from transit and services.
  This could protect older neighborhoods with smaller lots from speculative investments.
- Cannot be divided or sold apart from SFD?
  Almost universal so far.
  An ADU on its own lot is not “subordinate” to anything.
  But it does limit the opportunity for ADU residents to build equity.
- Owner occupancy of one of the units?
  Almost universal so far.
  Knowing the owner is on the property leads to better self- enforcement and easier neighbor enforcement.
- Who can live in the ADU?
  More rural areas sometimes limit family members.
  Very intrusive to enforce.
- Income level of the ADU occupant?
  Almost no enforcement due to the necessary time and difficulty.
- Parking for the unit?
  Very common
  Tends to prevent ADUs on smaller lots where they are most likely near transit and able to provide lower income households extra income.
- Architectural design (no visible entrance or no change from SFD appearance)
  Not very common
  Usually “no difference from appearance of SFD” of “no entrance facing the street.”
- Cannot be divided or sold apart from SFD?
- Short- term rental or not?
  A major concern
  Still allowed by most regulation, it is likely to get more ADUs built, even though they won’t provide more housing in the short run.
- Separate utilities and fees?

A 50/50 split between those that require or prohibit separate utilities.
The major points of contention regarding ADU implementation on a national scale have emerged as seen by advocates are as follows: (Eliot 2021: min 45).

Owner occupancy requirements

Minimum parking requirements

Limits on who can live in an ADU

Age and disability requirements

Limits on the number of occupants

Maximum size limits

Limiting to ADUs that exist when the ordinance is adopted

Rezoning and non-administering permit requirements

Requiring new utility connections and tap fees

Here are concerns regarding a building contractors' point of view:

Owner Occupancy Requirements

Minimum Parking Requirements

Physical constraints that make small lots virtually unworkable

Infrastructure repair requirements

Banning short term rentals

When ADUs are used for STRs, they can provide income but do not address local housing affordability.

Eliot's synthesis and opinion on the persistent points of contention are that minimum parking requirements are an issue because this disqualifies most of the older housing stock – and expanding the use of those already zoned lots and structures the whole point. Rezoning or non- administrative permit requirements are also an issue, because of time, expense, and reluctance to be adversarial with one's neighbors. The final point that has emerged as an issue on a national scale is, requiring new utility connections and tap fees, as this is very expensive, and the actual impact on utility use is no different than if you grew your family or doubled up in the existing primary unit (Eliot 2021: min. 48)

additional potential positive implications that expand on the mentioned benefits as seen by advocates with concern to nationwide parameters based on regional and local evaluation by (Eliot 2021: mins. 10-20).

“Recognizing that regulations banning or restriction the construction and use of ADUs serve little to no public health or safety purpose and serve as a significant barrier to people looking for affordable housing options, municipalities are beginning to amend their existing ordinances. or enact new ordinances that make it easier for homeowners to construct and rent out ADUs on their property (McBain).”

There are more programs becoming available to help low- and moderate-income households wanting to build and ADU. Seattle, WA added planning amendments to include several assistance programs. Seattle is also one city that has adopted pre- approve ADU plans to simplify the approval process. The West Denver Renaissance Collaborative helps low- and moderate-income qualified homeowners to design, finance and build ADUs. They also identify ADU barriers for the city (Eliot 2021: min 55).

What are the equity impacts? This is complicated, housing should be more affordable. Impacts should spread and influence change evenly. One question that arises is, are changes happening in low-income neighborhoods? Also, will ADUs create affordable housing where it is needed, or could there be an effect where low-income residents live where housing is affordable and ADU installations could gentrify those neighborhoods? Equitable actions must be considered on a locational basis.

The following are different scenarios to consider in terms of speculation and displacement (Eliot 2021: mins. 1:01 -1:05).

> An Investor sees the added value and pays more to buy a property from a willing occupant-owner and redevelops with an ADU.
>
> An Investor sees the added value and pays more to buy a property from a non-occupant owner who evicts the tenant to redevelop with an ADU.
>
> A new household sees that they can afford the mortgage with ADU income (despite costs) and buy to occupy the property. (1:01)
>
> Investors may buy in in low- moderate income/ less expensive neighborhoods (which often has more renters) to reduce the investment they must cover through the combination of primary unit and ADU rentals.
>
> Or counter to that, buying and renovation in a higher income neighborhood could allow you to charge more rent due to higher neighborhood quality. Eliot notes that not much evidence supports that this happens a lot. (1:05)

These concerns may require monitoring of rents and sales to determine if the goals of the effected city are being effectively met.

These are the concerns about Zoning on from a national, general perspective (Eliot 2021: mins. 1:05 -1:12):

Zoning was designed to exclude – so initial ADU (and other) ordinances often over – regulate.

You must work harder to make zoning work to include – and it only works within the limits of market forces (unless you add subsidies).

Every restriction you add increases the likelihood that the provision can only be used by those with more money (or access to money).

The general take aways on a national level are that:

ADUs are increasingly seen as a valuable contributor to increasing hosing supply and (hopefully) affordability.

More communities are allowing them, and few are narrowing or repealing ADU allowances.

ADU regulations are generally getting less restrictive.

Negative impacts appear to be highly localized (meaning immediate neighbors). There are few neighborhood or citywide stories of negative impacts.

Some states are advocating for ADUs to be accepted and incentivized, they are generally becoming less restricted (1:09).

5.0 Methodology

5.1 Study Site Factors

The following is from,

City of Flagstaff. (N.D*). Division 10-40.60 C and .D: Accessory Dwelling Units*. Flagstaff Zoning Code. Retrieved from; https://www.codepublishing.com/AZ/Flagstaff/html/Flagstaff10/Flagstaff1040060.html#10.40.60.025

10-40.60.030 Accessory Dwelling Units (ADUs)

A. **Applicability.** Accessory Dwelling Units (ADUs) or carriage houses (see Section 10-50.110.040, Carriage House,) where allowed by Division 10-40.30, Non-Transect Zones, and Division 10-40.40, Transect Zones, are subject to the requirements of this section.

B. **Not to Be Sold.** An ADU shall not be sold separately from the primary structure.

C. **Design, Development and Exception Standards.**

1. An ADU shall comply with Table 10-40.60.030.C., Accessory Dwelling Unit Design, Development and Exceptions Standards.

Table 10-40.60.030.C. Accessory Dwelling Unit Design, Development and Exceptions Standards	
(1) ADU Standards	(a) Attached ADU: An Attached ADU shall share a common wall or roof structure with the remainder of the primary dwelling unit, and comply with the fire separations of the building and fire codes. (b) Detached ADU: A Detached ADU shall be physically detached from the primary dwelling unit, including a separate roof structure, and comply with the fire separations of the building and fire codes.

Table 10-40.60.030.C. Accessory Dwelling Unit Design, Development and Exceptions Standards	
	(c) Interior ADU: An Interior ADU is a delineated area within the primary dwelling unit, and is neither attached or detached. (Please refer to the definition of Attached, Detached, and Interior ADU in Division 10-80.20).
(2) Alley Orientation (Detached ADU)	(a) When a Detached ADU is adjacent to an alley, the ADU's primary entry/exit access door and windows shall face the alley, unless approved by the Planning Director.
(3) Amenities	(a) An ADU shall contain independent living, sleeping, eating, cooking, and sanitation facilities as part of the ADU, which may be in the same room (i.e., a studio/efficiency dwelling).
(4) Architectural Compatibility	(a) An Attached or Detached ADU shall be designed as a subordinate structure to the primary structure on the lot or parcel in terms of its mass and size; and the ADU's architectural character (colors, details, doors, materials, roof pitch, and windows, etc). shall be compatible with the primary dwelling unit. (b) An Interior ADU shall be designed as an integrated and subordinate part of the primary dwelling unit. The Interior ADU shall, at a minimum, have interior pedestrian access to the common areas such as a foyer, living room, laundry room, basement, etc., of the primary dwelling unit, and share the primary entrance and exit. Exterior modifications to accommodate an Interior ADU shall be developed with an architectural character (colors, details, doors, materials, roof pitch, and windows, etc). consistent with the existing structure. (c) Windows facing an adjoining residential property shall be designed to protect the privacy of neighbors; alternatively, fences, or walls shall be required to provide screening in compliance with Division 10-50.50, Fences and Screening.

Table 10-40.60.030.C. Accessory Dwelling Unit Design, Development and Exceptions Standards	
(5) Building Form and Property Development Standards	(a) Setbacks. (i) A Detached ADU structure may be located in the rear and interior side setbacks; provided, that the following are maintained: (i.a) Minimum rear setback abutting a public alley right-of-way or private alley tract: 0 feet. (i.b) Minimum rear setback abutting another lot or parcel: 5 feet. (i.c) Minimum interior side setback: 5 feet. (ii) An Attached or Interior ADU shall comply with the required setbacks of a lot's or parcel's zone. (iii) Alternative setbacks and placements are allowed in accordance with Section 10-40.60.030.D. (b) (i) Detached ADU Encroachments. (i.a) Only the encroachments in subsection (7) of Table 10-50.40.020.A. are allowed in the setbacks of subsections (5)(a)(i)(i.b) and (5)(a)(i)(i.c) of this Table. No other encroachment indicated in Table 10-50.40.020.A. is allowed in the setbacks of subsection (5)(a)(i) of this Table.
	(i.b) The encroachments of Table 10-50.40.020.A. are allowed into the setbacks of the lot's or parcel's zone. (ii) Attached and Interior Encroachments. The encroachment of Table 10-50.40.020.A. are allowed. (iii) A detached accessory structure constructed prior to February 16, 2016 that is located in the minimum setback(s) of subsection (5)(a)(i) of this Table or in the street side setback may be converted to an ADU or have an ADU as a second floor;

Table 10-40.60.030.C.

Accessory Dwelling Unit Design, Development and Exceptions Standards

	provided, that there is no exterior addition or increase in building height within the minimum setback(s). (c) Building Height. (i) Attached and Interior ADU. Maximum height allowed by the lot's or parcel's zone. (ii) Detached ADU within the required setbacks of a lot's or parcel's zone: 24 feet. (iii) Any portion of a Detached ADU that encroaches into the required setbacks of the property's zone: 16 feet. (d) Lot Coverage. The lot coverage requirements of a property's zone shall: (i) Not apply to Attached and Detached ADU; and (ii) Apply to a dwelling unit containing an Interior ADU.
(6) Density	(a) In single-family residential zones no more than one ADU per single-family residential lot or parcel is allowed. (b) In zones that allow multiple-family developments, the density requirements of the zone count an ADU as a dwelling unit.
(7) Entrance (Attached and Interior ADU)	(a) Attached ADU. The pedestrian entrance to an Attached ADU shall not face the same street as the pedestrian entrance of the primary dwelling unit, except: (i) In zones that allow duplexes that are not required to be part of a Planned Residential Development; (ii) If the facade of the ADU with the pedestrian entrance is set back at least 50 feet from the property line; or (iii) If the ADU's pedestrian entrance will not be visible from the same street that the pedestrian entrance of the primary dwelling unit is visible from.

Table 10-40.60.030.C. Accessory Dwelling Unit Design, Development and Exceptions Standards	
	(b) Interior ADU. A pedestrian entrance to an Interior ADU shall be located on the interior side or rear side of the primary dwelling unit, and may be located on a street side facade of the primary dwelling unit, provided that the primary entrance to the primary dwelling does not face the same street side.
(8) Home Occupations	(a) Home occupations shall be allowed subject to Section 10-40.60.180, Home Occupations, in either the ADU or the primary residence, but not both.
(9) Lot Size (Detached ADU)	(a) Minimum lot size: 6,000 square feet.
(10) Movable Habitable Space	(a) A mobile home, recreational vehicle, or other movable habitable space shall not be used as an ADU. (b) A manufactured or modular unit placed and secured on a permanent foundation in conformance with the Building Code may be used as an ADU in compliance with this section.
(11) Number of Occupants	(a) Maximum number of persons allowed to reside in an ADU: two persons.
(12) Required Occupancy	(a) The property owner, which includes title holders and contract purchasers, shall occupy either the primary dwelling unit or the ADU as their principal residence, unless the primary dwelling unit and ADU are allowed to be separately leased or rented in accordance with subsection G of this section. (b) The primary dwelling unit or the ADU that is not occupied by the property owner that is rented or leased shall be for a period of no less than 30 days.

Table 10-40.60.030.C. Accessory Dwelling Unit Design, Development and Exceptions Standards	
(13) Parking	(a) Parking shall be in compliance with Division 10-50.80, Parking Standards, and the parking standards in Division 10-40.40, Transect Zones. (b) Parking provided with alley access shall maintain a 24-foot-wide back-out area, inclusive of the alley.
(14) Placement	(a) An ADU shall be constructed or placed on the same lot or parcel as the primary dwelling unit. (b) An ADU is allowed only on a lot or parcel containing a detached single-family dwelling unit. (c) An ADU is not allowed on a lot or parcel containing a duplex or triplex on properties zoned Rural Residential (RR), Estate Residential (ER), Single-Family Residential (R1), Single-Family Residential Neighborhood (R1N), Manufactured Housing (MH). (d) Additional placement regulations are contained in Section 10-40.60.030.D.
(15) Size, ADU	(a) Maximum Size. (i) Lots less than one acre: 800 square feet in gross floor area. (ii) Lots equal to or greater than one acre: 1,000 square feet in gross floor area; but, an ADU shall not be larger than fifty percent of the gross floor area of the primary dwelling unit, or 800 square feet, whichever is greater. (b) Allowance for Green Construction. The maximum size of an ADU constructed with green construction methods that cause the exterior walls to be greater than eight inches shall be: (i) Maximum Size. (i.a). Lots less than one acre: 800 square feet in gross floor area, minus the area of the exterior walls.

Table 10-40.60.030.C. Accessory Dwelling Unit Design, Development and Exceptions Standards	
	(i.b). Lots equal to or greater than one acre: 1,000 square feet in gross floor area; but an ADU shall not be larger than 50 percent of the gross floor area of the primary dwelling unit, or 800 square feet, whichever is greater. The area of the ADU shall include the area of the exterior walls.
(16) Subdividing a Lot with an ADU	(a) Attached and Interior ADU. A lot or parcel containing an ADU shall not be subdivided into two or more lots or parcels unless each lot or parcel complies with the Zoning Code and Subdivision Ordinance. The ADU shall completely remain on one lot. (b) Detached ADU. The lot or parcel containing a Detached ADU shall not be subdivided into two or more lots or parcels unless each lot or parcel complies with the Zoning Code and Subdivision Ordinance. (i) When an existing Detached ADU will remain on the new lot or parcel created by subdivision, the property owner is required to modify the primary dwelling unit and ADU of the subdivided lots to comply with the Flagstaff City Code, including providing separate utility services connected to each unit, and obtain a new Certification of Occupancy for the units (when required by the Building Official), prior to City Staff recording the subdivision of the property. The ADU that remains on the new lot or parcel shall be considered a primary dwelling unit, unless a new primary dwelling unit is constructed on the new lot or parcel.
(17) Utility Service	(a) An ADU shall be connected to utilities (except internet, telephone and television), either to the primary dwelling unit, or separate utility services.

D. **Building Placement.** In addition to the standards provided in Table 10-40.60.030.C., ADUs proposed as part of the subdivision platting and approval process may be located on the rear or interior side property line under the following conditions illustrated in Figures 10-40.60.030.D.1. and 10-40.60.030.D.2., and:

1. The ADU is located above a garage; and

2. Four ADUs designed and constructed together are located at the common intersection of the rear and interior side of four lots; or

3. Two ADUs designed and constructed together and with direct access to an alley are located at the common intersection of the rear and interior side of two lots.

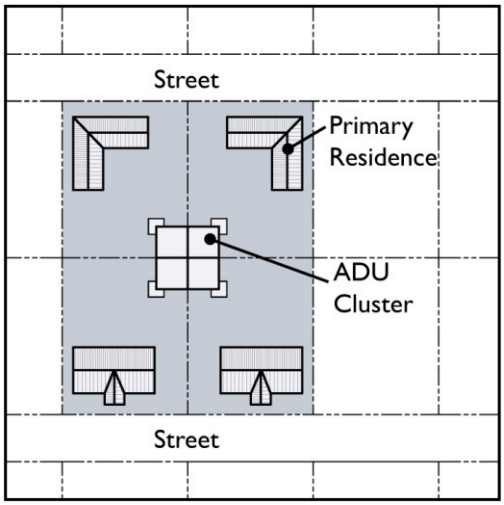


Figure 10-40.60.030.D.1.

Four ADUs located at the common intersection of the rear and interior side of four lots

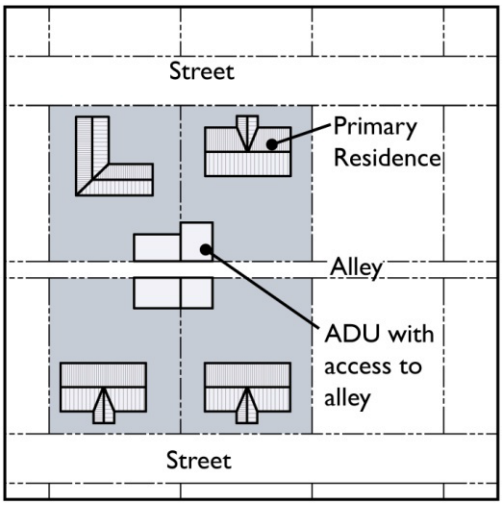


Figure 10-40.60.030.D.2.

Two ADUs with direct access to an alley

E. **Restrictive Covenant.**

1. The following shall be required, unless the property owner participates in the rental dwelling unit incentive of subsection G of this section:

a. The property owner shall sign before a notary public a restrictive covenant that runs with the land on a form prepared by the City Attorney or designee affirming that the property owner shall:

i. Occupy either the primary residence or the ADU; or

ii. If the property owner rents or leases a property with both a primary residence and an ADU to a third party, then neither the primary residence nor the ADU shall be sub-leased.

b. The restrictive covenant shall be submitted to the City prior to the issuance of a building permit for the ADU. The City shall record the restrictive covenant after the building permit has been issued.

F. **Findings for Approval of ADUs.** An application for approval of an ADU shall be based on the following findings:

1. The exterior design of the ADU is compatible with the primary residence and does not dominate it or surrounding properties. This has been achieved through use of compatible and complimentary architectural building forms, construction materials, colors, landscaping, and other methods that conform to acceptable construction practices.

2. The exterior design of the ADU is in suitable proportion with and maintains the scale of the neighborhood.

3. The ADU does not result in excessive noise, traffic or parking congestion.

4. The site plan provides private space and landscaping that is useful for both the ADU and the primary residence. Private space and landscaping provides for privacy and screening of adjacent properties.

5. The location and design of the ADU maintains a compatible relationship to adjacent properties and does not significantly impact the privacy, light, air, solar access or parking of adjacent properties.

6. Major access stairs, decks, entry doors and major windows on one and one-half and two story structures face the primary residence to the maximum extent it is feasible, or the rear alley, if applicable. Windows that face neighboring side or rear setbacks are installed so the bottom of the window is a minimum of six feet above the floor.

7. Buildings, structures, and other features of the site plan, such as walkways and driveways, are oriented and located to maintain natural and historic resources to the maximum extent feasible and to minimize alteration of natural landforms.

G. **Rental Dwelling Unit Incentive.**

1. As an incentive to property owners to construct ADUs and to increase the number of long-term rental dwelling units that are available in the Flagstaff area, the primary residential dwelling unit and the ADU may be rented or leased separately if the property owner agrees to and signs before a notary public a restrictive covenant on a form prepared by the City Attorney or designee affirming that the property owner will not rent or lease either of the dwelling units for a period of less than 30 days. The restrictive covenant shall be submitted to the City prior to the issuance of a building permit for the ADU, or before the property owner rents or leases the primary residential dwelling unit and the ADU, whichever is earlier. The restrictive covenant shall run with the land.

(Ord. 2023-29, Amended, 12/5/2023 (Res. 2023-58); Ord. 2021-16, 7/6/2021 (Res. 2021-32); Ord. 2019-31, Amended, 11/5/2019 (Res. 2019-48); Ord. 2017-10, Amended, 4/4/2017; Ord. 2016-07, Amended, 2/16/2016 (Res. 2016-02))

The following is from,

City of Flagstaff. (N.D). *Landscape and Buffer Yard Standards. Page 18.* Retrieved from; https://www.flagstaff.az.gov/DocumentCenter/View/14962/Title10-Chapter6?bidId=

Flagstaff Tree Ordinance;

DIVISION 10-06-005. TREE PRESERVATION AND PROTECTION 10-06-005-0001 TREE PRESERVATION AND PROTECTION

The purpose of this Division is to save existing, healthy trees whenever possible, as required by resource protection provisions of Chapter 10-04, and to design site plans to retain existing trees.

10-06-005-0002. TREE CUTTING, REMOVAL, AND PROTECTION: A.

Existing live trees of a diameter at breast height (DBH) of six (6) inches or greater may not be felled or removed from a site; and no person, firm, or corporation shall clear-cut, excavate, grade, or otherwise remove topsoil from a site without:

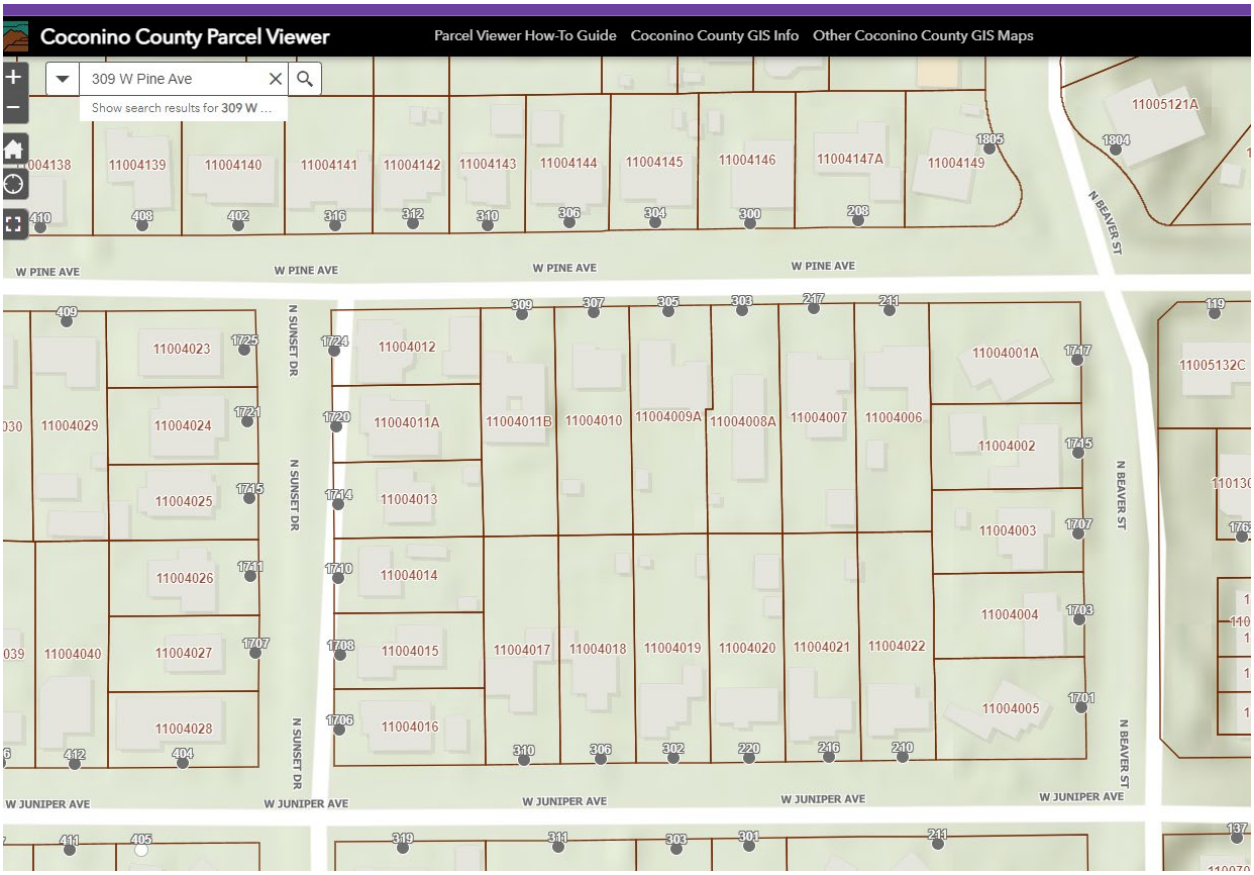
1. A site development plan approved by the City of Flagstaff that shall include, when applicable, a tree protection plan, a landscape plan, and a grading plan; and

2. Issuance of a Building Permit when required, subsequent to approval by the Development Review Board.

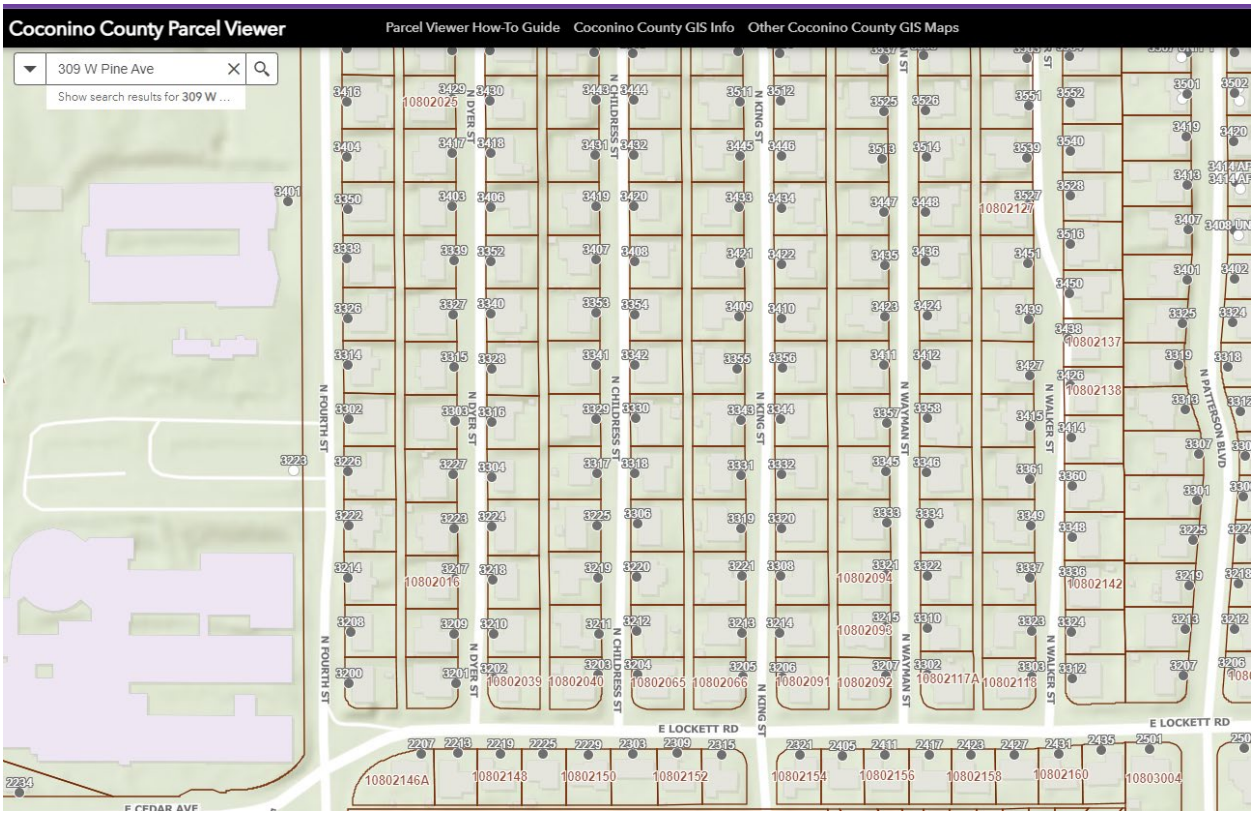
3. Permitted Exceptions a. Thinning of trees which are predominantly within the drip lines of larger, healthy trees, or the removal of dead, dangerous, or diseased trees greater than six (6) inches DBH upon approval by the Planning Director or designated representative, pursuant to a forest stewardship plan approved by the City of Flagstaff under the authority of this Section (Ord. 2000-08, 6/6/00). b. Clear-cutting, grading, or otherwise removing topsoil for installation of necessary road, drainage, or utility improvements as shown on Engineering Construction Plans in connection with an approved Final Subdivision Plat. c. Thinning or removal of trees on lots within single-family subdivisions in the established "E" districts. (Ord. 2000-08, 6/6/00) B. TREE PROTECTION. Trees to be preserved on-site shall be protected before on-site construction commences so as to prevent root damage, trunk damage, and soil compaction. On-site construction includes grading, clear-cutting, trenching, and building construction.

The following is from,

Coconino Co. Assessor. (N.D) Coconino County Parcel Viewer. Retrieved from, https://coconinocounty.maps.arcgis.com/apps/webappviewer/index.html?id=868170827e4443d2be37eb60562446ae



Hospital Hill Neighborhood Parcel Map



Greenlaw Estates Neighborhood Parcel Map

The following is from,
City of Flagstaff. (N.D*). Mountain Line Systems Map.* Retrieved from,
https://mountainline.az.gov/wp-content/uploads/2020/07/Mountain-Line-System-Map-web.pdf

Flagstaff bus Routes,

Bus routes serving the Greenlaw Estates Neighborhood

Bus routes serving the Hospital Hill Neighborhood

The following information pertains to the suitability analysis conducted for this project the primary source can be found here,

City of Flagstaff. (N.D). *Open Data Downloads*. Retrieved from; https://gis.flagstaffaz.gov/portal/apps/sites/#/opendata/pages/Open%20Data%20Downloads

Through Flagstaffs GIS page, I was able to download the following layers: Community Character, Relationship to Activity Centers, Pedestrian Shed Relationship, Future Transportation Network, Roads, Building footprints and a background map of the City.

These layers were then added to Esri's Arc Map 10.6 and basic property adjustments were made to change the colors of these features to make them each distinguished and clear. From here a simple suitability analysis was made to consider applicable lot size according to the physical standards of the Zoning code in conjunction with proximity to the layers specified above. A study of this nature in a larger city should utilize a suitability analysis where lot sizes can be determined in Arc Map. This can be done by selecting the attribute table for the applicable lot layer. A query can be applied to determine that the minimum sized lots and the ones larger are considered. This query result can be added to the map as its own layer. The applicable sites shown in this created layer can be considered according to their proximity to the other layers available. If necessary, a Boolean raster can be created based on how all the layers overlap. The areas where the most overlap occurs will be considered the most desirable for implementing ADUs.

Further consideration was also given to the existing density of lots and heavily treed lots were also omitted from this study.

Once the ideal neighborhoods were identified with the basic criteria, the GIS layers were then exported to Auto CAD and opened after the coordinate system was set to match the one used in Arc Map, in this case NSPS 2011 AZ State Planes, Central Zone, International Foot. I chose to do this as a more expedient way to determine what was necessary for the study purposes. Layers were created in cad to represent the lot lines, and ADU blocks. These Blocks were created to resemble the square footage of the streamlined ADUs available through the Cottage Home Program in Clovis, CA. I applied the blocks to applicable lots with dimensions to show that the zoning standards are met. The lot lines were determined from the county parcel maps.

The bus routes were overlaid on clips of the neighborhood maps from Arc Map using Microsoft Publisher.

The findings (5.3) were then determined based on the criteria specified in that portion.

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