Graham County Housing Strategy Steering Committee Meeting

2/26/25

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Agenda

1. Brief recap from January meeting
2. Overview of housing-related definitions
3. Presentation & discussion: Housing Needs Assessment and Market Analysis
4. Presentation & discussion: housing survey & community engagement
5. Next steps

Elements of a Housing Strategy

1. Housing Market Study to assess existing and future housing needs as well as housing development capacity
2. Site Selection and Analysis for at least 2 sites suitable for developing housing
3. Housing Strategy that includes strategies to attract housing developers and encourage other builders and property owners to construct additional/preserve existing housing stock
4. Implementation Plan that includes specific actions and timelines for implementing the Strategy

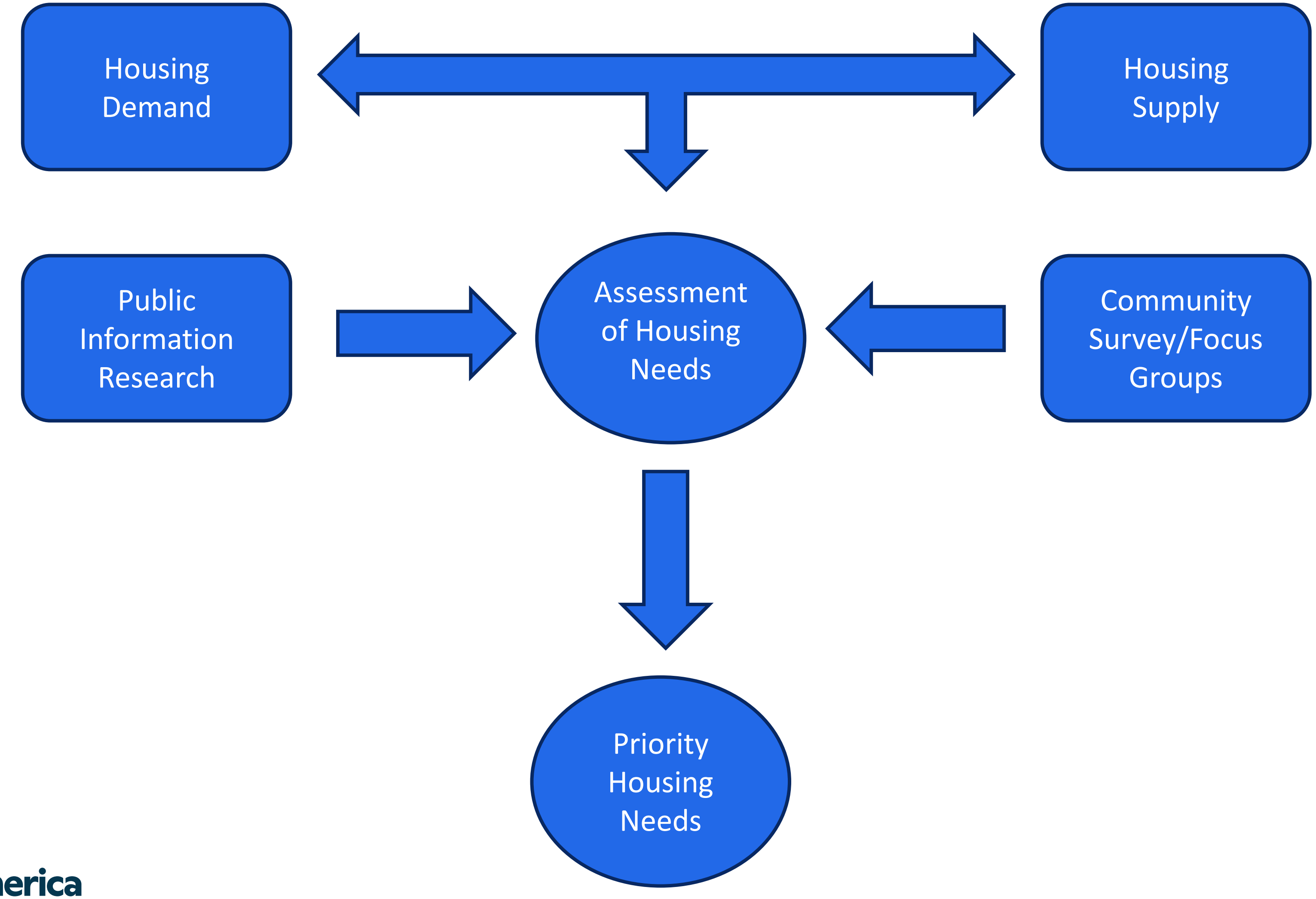
Some definitions

- Market Rate Housing = Housing where the sales price or rental rate is determined by what households are willing to pay.
- Housing that is affordable = Housing where the household is spending no more than 30% of their gross income on housing costs. Households that spend more than 30% of their gross income on housing costs are considered “*housing cost burdened*”.
- Affordable Housing or Subsidized Housing = Housing where government subsidies/incentives are provided to the owner or occupant of housing in order to reduce the household’s housing costs. Restricted sales process/rents are usually enforced through a deed restriction.

Some definitions

- Naturally Occurring Affordable Housing (NOAH) = Housing that is offered at lower-than-average rental rates due to its age, location, lack of amenities, and lack of upkeep. NOAH is often not decent, safe, and sanitary. If a NOAH property is sold and rehabbed, the rents will also rise.
- Mixed Income Housing = a housing development that includes some housing units where sales/rental rate is restricted and other housing units that are market rate.
- Planned Unit Development (PUD) = a residential subdivision that includes both single-family, condominiums, duplexes/4plexes, and multifamily homes.

Housing Market Study



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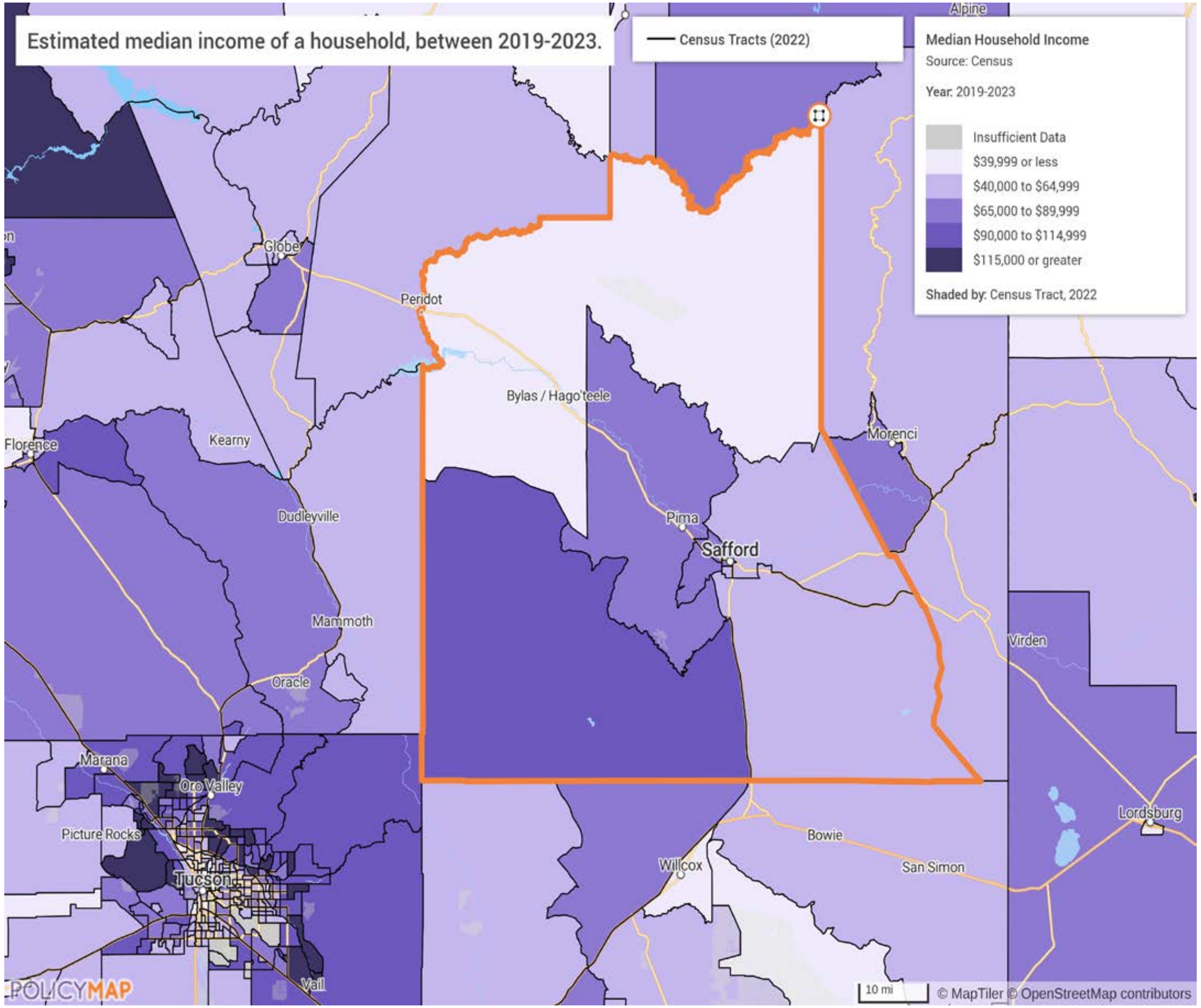
Assessment of Housing Needs

- Population growth trend – Slight population growth (3% growth), steep decline in number of young children (10% decline)
- Household size and composition trend – Size of HHs and families is declining slightly
- Household income growth trend – Significant growth in median household income (40% growth from ~$48,000 to $67,000)



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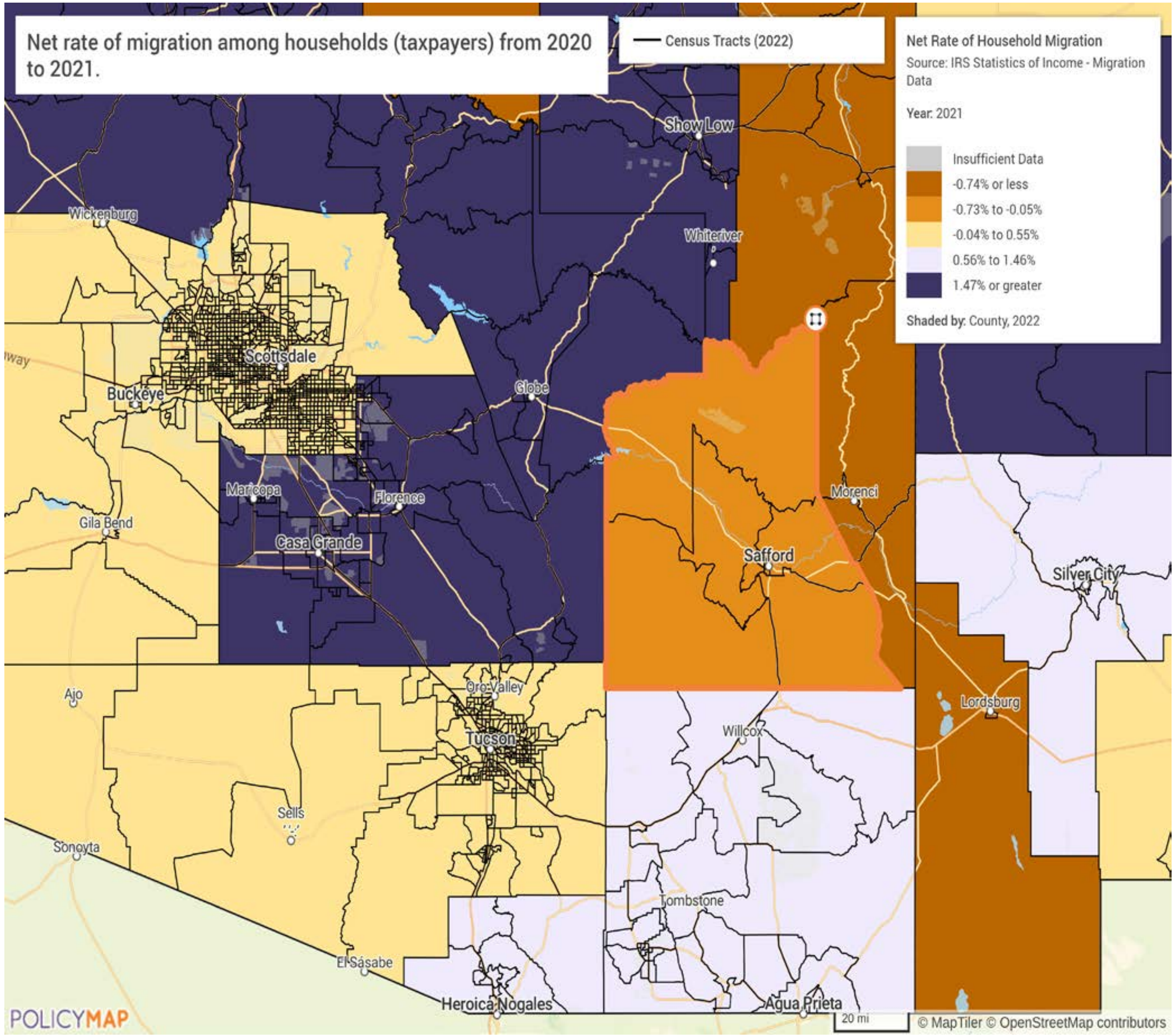
Assessment of Housing Needs (cont.)

- Housing cost-burden trend – Significant rise in share of owners who are housing cost-burdened; significant decline in share of renters who are housing cost-burdened
  - 26% of homeowners (increase of 26%)
  - 32% of renters (decline of 26%)
- Household Mobility – 17% of residents moved within past year; no international migration, very little interstate migration; most new residents moved from within the county (7.4%) or within the state (6.1%)



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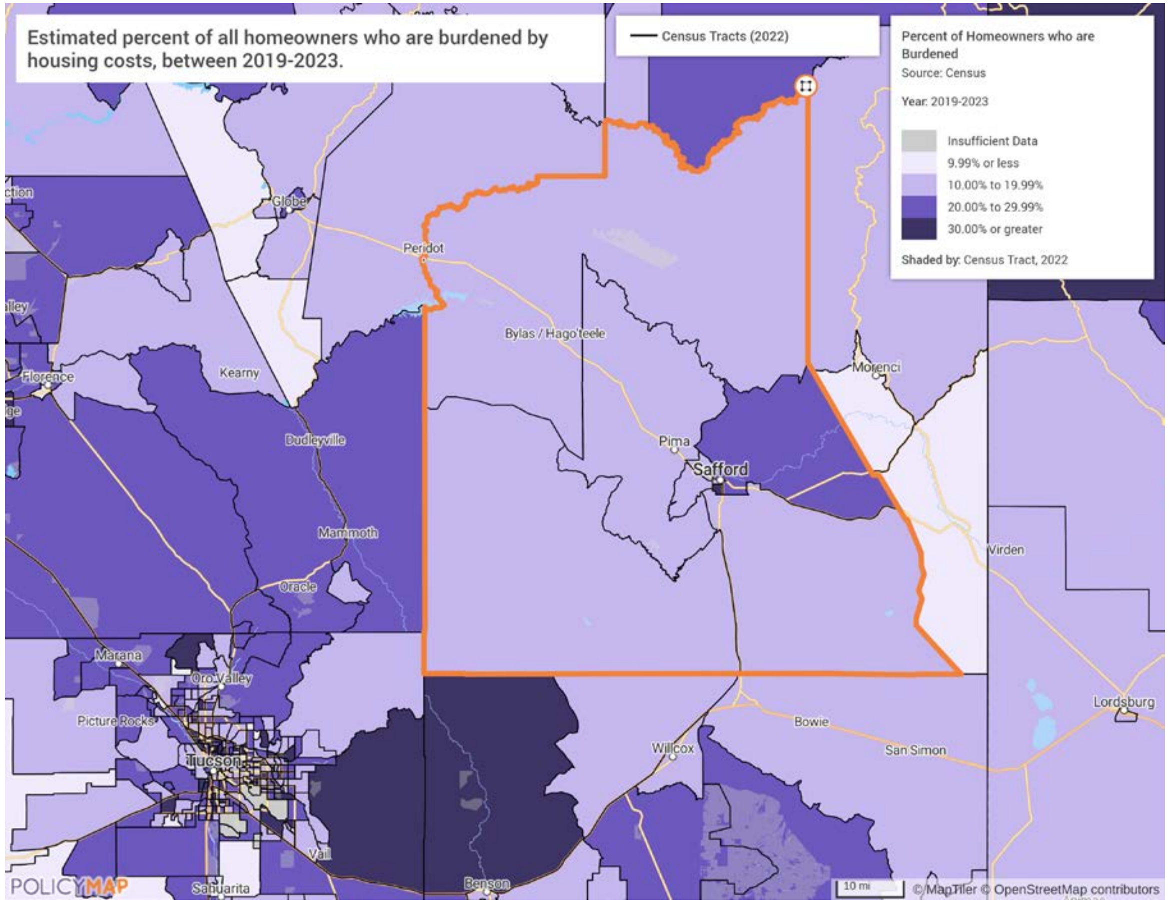
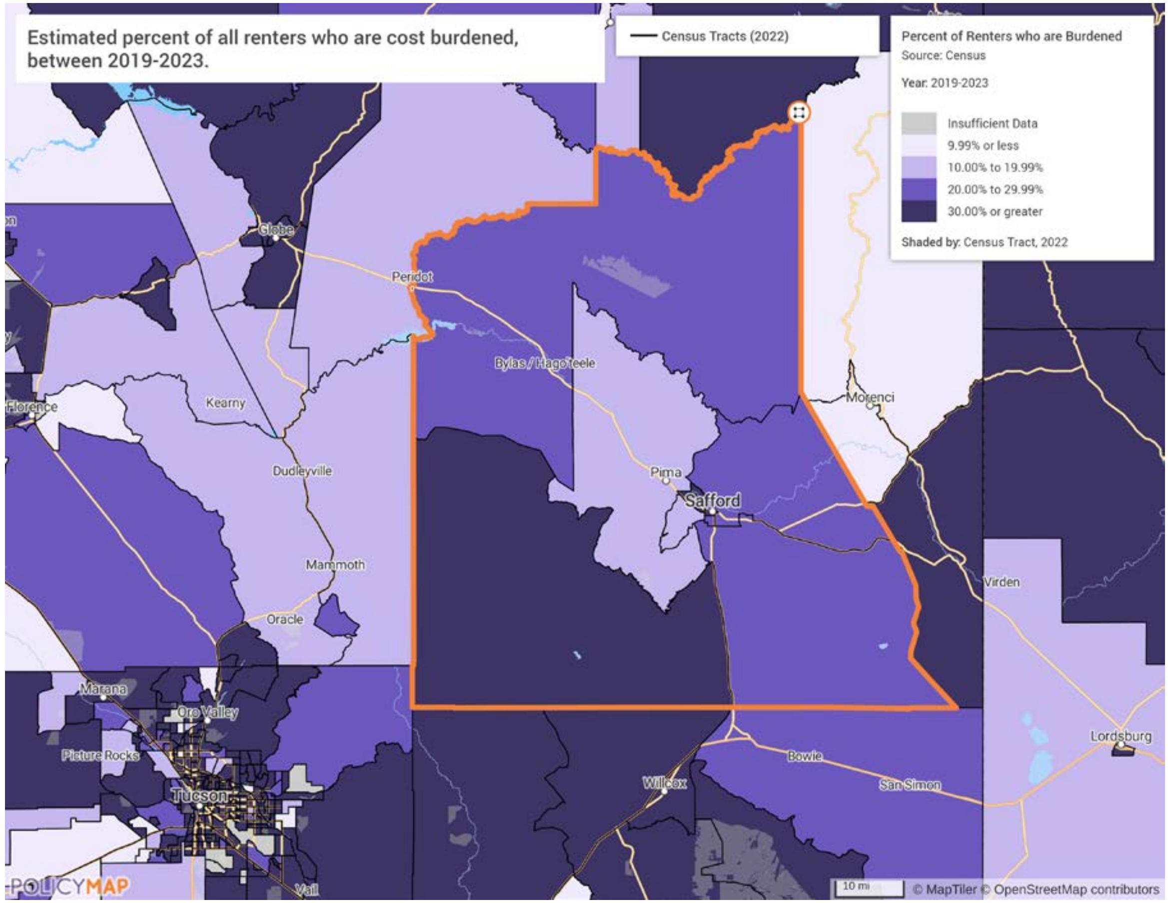
Assessment of Housing Needs (cont.)





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Key Takeaways from Assessment of Housing Needs

- Graham County is not a major destination for new full-time residents (i.e. slight decline in net migration)
- Countywide household income growth is primarily driven by income growth in the southwestern and central areas of the County (Pima & Thacher)
- The central area of the County (Pima & Thacher) also provides a greater degree of housing affordability for owners and renters.

Assessment of Market Conditions

- Number of housing unit trends – ~14,000 housing units; slight growth in # of housing units (4% growth)
- Type of housing units – Most homes are single-family detached homes (75%), but ~18% of homes are manufactured homes
- Housing vacancy rate trends – Owner vacancy rate is stable (~2%), rental vacancy rate has sharply declined (from 13% to ~3%)
- Age of housing units – Relatively young housing stock, ~60% of housing stock built between 1980-2019, very few units built since 2020
- Building permits – Significant number of SF permits issued in unincorporated Graham County are for manufactured housing/RVs (40% of permits); Majority of MF permits are for smaller buildings (10 or less units).

Snapshot of Graham County

Housing Supply – Single Family Residential Permits Issued

Year	Graham County	Safford	Thatcher	Total
2021	18	29	68	115
2022	114	20	24	158
2023	108	5	24	137
2024	110	10	44	164
Total	350	64	160	574
% of Total	61%	11%	28%	

40% of Graham County permits issued were for manufactured homes and RVs.

Many undeveloped lots with permits, e.g. only 30% of permits issued in Thatcher have been developed into housing.

Snapshot of Graham County

Housing Supply – Multi Family Residential Permits Issued by units

Year	Graham County	Safford	Thatcher	Total
2021	0	0	0	0
2022	0	2	0	2
2023	2	6	76	84
2024	2	0	78	80
Total	4	8	154	166
% of Total	2%	5%	93%	100%

Multi family includes duplexes and fourplexes.

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Assessment of Market Conditions (cont.)

- Tenure – Majority of homes are owner-occupied (73.5%)
  - Homeowners – 80% of owners live in a single-family home; ~20% live in a manufactured home or RV
  - Renters - ~60% of renters live in a single-family home, ~11% live in a 2-4 unit building, ~18% live in a manufactured home or RV
- Home Sales Activity and Prices - 2019 vs. 2024
  - Average sales price has risen from ~$160,000 to $270,00
  - Average "days on market" has dropped from ~4 months to 3 months
  - Percentage of homes sold without a realtor ("for sale by owner") has risen from 46% to 71%
- Rent Growth - 2017 vs. 2023 (U.S. Census & CoStar)
  - Median rent has risen 21% from $793 to $890
  - Current average "asking" rent* ranges from $756 – $1,818
  - 7 subsidized affordable properties – average "asking" rent* ranges from $665 – $1,147

Snapshot of Graham County

Housing Demand – Single Family Sales

Year	Graham County	Safford	Thatcher	Total Sales	% Growth	Avg Sale $
2019	65	344	119	528	14%	$158,417
2020	90	346	126	562	6%	$182,473
2021	99	394	159	652	16%	$210,626
2022	86	284	97	467	-28%	$240,259
2023	63	239	86	388	-17%	$249,086
2024	76	249	76	401	3%	$266,506
Total	479	1,856	663	2,998	-16%	
% of Total	16%	62%	22%	100%		

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Snapshot of Graham County

Housing Demand – Single Family Sales cont.

Year	Graham County	Safford	Thatcher	Total Sales	DOM	FSBO%
2019	65	344	119	528	129	46%
2020	90	346	126	562	119	48%
2021	99	394	159	652	91	49%
2022	86	284	97	467	80	63%
2023	63	239	86	388	99	60%
2024	76	249	76	401	90	71%
Total	479	1,856	663	2,998		54%
% of Total	16%	62%	22%	100%		

Key Takeaways from Assessment of Market Conditions

- The most common housing options in Graham County are single family detached homes, manufactured homes, and apartments in small buildings (very few building that more productively use land - duplexes, townhomes, or 20+ unit buildings).
- A significant amount of "construction activity" in unincorporated Graham County is related to installation of manufactured homes, not "stick-built" construction.
- Significant For-Sale-By-Owner activity may be impacting in-migration and home values, since non-County residents may not be aware of for-sale homes.
- Low vacancy rates indicate an opportunity to gradually add supply.

Estimated Housing Needs in GC 2023

Projected Community Housing Needs (Demand)	
Population ACS 2023	38,860
- Number of Persons in Group Quarters	-
= Household Population	38,860
/ Average HH size ACS 2023	2.87
= Actual HHs ACS 2023 HHs	12,460
x 1 + Vacancy Rate ACS 2023	1.106
= Projected # of Housing Units Needed	13,781
Projected Community Housing Available (Supply)	
Existing Number of Housing Units (ACS 2023)	13,941
- Projected # of existing units beyond repair by 2025 (Est 3%)	418
= Projected # of Housing Units Available 2025	13,523
Demand For Additional Housing Units	
Projected # of Housing Units Needed	13,781
- Projected # of Housing Units Available	13,523
= Projected Number of Additional Units Needed	258
Source: UW-Madison, Extension Division 2022	

Estimated Housing Needs in GC 2027

Projected Community Housing Needs (Demand)	
Est Population 2027	40,000
- Number of Persons in Group Quarters	-
= Household Population	40,000
/ Est Average HH size 2027	2.73
= Projected HHs 2027	14,652
x 1 + Estimated Vacancy Rate	1.050
= Projected # of Housing Units Needed	15,385
Projected Community Housing Available (Supply)	
Projected # of Housing Units Available from 2025	13,523
- Projected # of existing units beyond repair by 2027 (Est 3%)	406
= Projected # of Housing Units Available 2025	13,117
Demand For Additional Housing Units	
Projected # of Housing Units Needed	15,385
- Project# of Housing Units Available	13,117
= Project number of Additional Units Needed	2,268

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Early-Stage Assessment of Housing Needs

- Need to better understand market preferences for SFR and multifamily development (Survey)
  - Location
  - Size (SFR and lot, unit mix)
  - Amenities
  - Existing owner HHs not willing to sell – must buy at higher price and with higher interest rate
- Develop to market preferences
  - Extended Stay Hotel for workforce/contractors may free up existing rentals
  - Clearly more multifamily units needed
- Some economists are forecasting increasing construction costs and believe higher interest rates are impacting homebuyers' decision making
  - Some economists predict at minimum a 1% drop-in mortgage rates is needed to entice buyers

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Housing Survey & Community Engagement

Housing Survey

- Link to preview of housing survey:

www.surveymonkey.com/share/76ee6985-051e-4f47-bfbe-65afe9afd4d9

- Please provide feedback by 5pm on March 3, 2025.

Community Engagement

- Timeframe
- Stakeholders

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Thank you

Questions?

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Appendix

Snapshot of Graham County

- Population and Age

	2017 ACS	2023 ACS	% Increase/(Decrease)
Total	37,700	38,860	3%
Under 5	2,868	2,540	-10%
5 to 19	8,598	8,766	2%
20 to 24	2,916	2,779	-5%
25 to 64	18,501	19,229	3%
65 and over	4,849	5,546	1%
Median Age	33	34	N/A

Snapshot of Graham County

- Population, Employment & Income

	2017 ACS	2023 ACS	% Increase/(Decrease)
Total population	37,700	38,860	3%
Population 16 and over (workforce)	28,550	29,716	4%
In labor force	49.5%	50.8%	
Unemployment rate	12.2%	6.3%	
Worked from home	3.3%	4.6%	
Median HH Income	$48,173	$67,326	40%
Mean HH Income	$56,591	$80,094	42%

Snapshot of Graham County

- Employment by industry

	2017 ACS	2023 ACS	% Increase/(Decrease)
Population In labor force	12,412	14,151	14%
Resource Extraction	12.5%	15%	18%
Construction	6.3%	10.1%	60%
Manufacturing	3.3%	1.9%	-42%
Wholesale	1.3%	1.7%	
Retail	14.9%	11.4%	-23%
Transport, Warehouse & Utils	2.7%	4.4%	63%

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Snapshot of Graham County

- Employment by industry continued

	2017 ACS	2023 ACS	% Increase/(Decrease)
Population In labor force	12,412	14,151	14%
FIRE	3.3%	3.3%	
Prof, Scientific, and Management	4.3%	7.4%	72%
Education services, healthcare, social assistance	25.2%	22.1%	-12%
Arts, Entertainment, Recreation, Accommodation & Food Services	11%	9.9%	-10%
Other services except public admin	5.4%	4.2%	-22%
Public Admin	8.2%	7.9%	

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Snapshot of Graham County

- HH Income Bands

	2017 ACS	2023 ACS	% Increase/(Decrease)
Total HHs	10,976	12,460	14%
HH Income less than $24,499	28%	19.3%	-30%
HH Income between $25k & $49,999	2%	18.4%	-30%
HH Income between $50k & $74,999	19%	19%	
HH Income between $75k & $99,999	15.1%	13.9%	-8%
HH Income between $100k & $149,999	11.3%	16.4%	45%
HH Income greater than $150k	3.2%	13%	306%

Snapshot of Graham County

- Households Sources of Income

	2017 ACS	2023 ACS	% Increase/(Decrease)
Total HHs	10,976	12,460	14%
HHs with Earned Income	72.5%	73%	
Mean HH Earned Income	$58,357	$83,156	42.5%
HHs with Retirement Income	21%	25.9%	23.33%
Mean Retirement Income	$20,531	$26,986	31.44%
HHs with Social Security Income	34.7%	36.4%	5.9%
Mean Social Security Income	$18,143	$20,185	22%

Snapshot of Graham County

Residence 1 Year Ago

	2017 ACS	2023 ACS	% Increase/(Decrease)
Same House	30,674	31,936	4%
Diff house in US	6,309	6,502	3%
Diff house in same County	2,596	2,849	10%
Diff county same state	2,212	2,355	6%

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Snapshot of Graham County

Households & Families

	2017 ACS	2023 ACS	% Increase/(Decrease)
Total HHs	10,976	12,460	14%
Family HHs	7,670	5,826	-24%
Family HHs with children under 18	3,515	2,477	-30%
HH's with children under 18	4,222	4,973	18%
HH's with one or more people 65+	3,359	4,080	21%
Average HH Size	3.04	2.87	-5%
Average Family Size	3.67	3.31	-10%

Snapshot of Graham County

Housing Occupancy

	2017 ACS	2023 ACS	% Increase/(Decrease)
Total Housing Units	13,348	13,941	4%
Occupied Housing Units	82.2%	89.4%	7%
Vacant Housing Units	17.8%	10.6%	-7%
Rental Vacancy Rate	9.4%	3.2%	-6%
Owner Occupied	68%	73.5%	5.5%
Renter Occupied	32%	26.5%	-5.5%
Avg HH Size Owner Occupied	3.06	2.89	-6%
Avg HH Size Renter Occupied	2.98	2.82	-5%

Snapshot of Graham County

Housing Units in Structure

	2017 ACS	2023 ACS	% Increase/(Decrease)
Total Housing Units	13,348	13,941	4%
1-Unit detached	62%	74.6%	20%
1-Unit attached	1.3%	1.3%	0%
2 Units	1.4%	1.9%	36%
3 or 4 Units	2.8%	1%	-64%
5 to 9 Units	2.1%	1.2%	-43%
10 to 19 units	1%	0.2%	-80%
20 or more units	1.9%	1.7%	-11%
Mobile Home	27.2%	17.6%	-35%

Snapshot of Graham County

Housing Units Age

	2017 ACS	2023 ACS	% Increase/(Decrease)
Total Housing Units	13,348	13,941	4%
Built 2020 or later	N/A	1.6%	
Built 2010 to 2019	4.6%	10.7%	
Built 2000 to 2009	19.1%	19%	
Built 1990 to 1999	17.5%	13.3%	
Built before 1990	58.8%	55.4%	

Snapshot of Graham County

Year Moved In

	2017 ACS	2023 ACS	% Increase/(Decrease)
Total Housing Units	13,348	13,941	4%
2021 or later	N/A	8.3%	
2018 to 2020	N/A	23.2%%	
2010 to 2017	41%	31%	
2000 to 2009	26%	17%	
Before 1999	33%	21%	

Snapshot of Graham County

Homeowners

	2017 ACS	2023 ACS	% Increase/(Decrease)
Owner Occupied Units	7,469	9,163	23%
With a mortgage	54.9%	54.4%	-1%
Median Monthly Owner Cost with a mortgage	$1,116	$1,417	27%
Cost less than $999	39%	12%	-60%
Cost between $1,000 & $1,499	38.6%	45.3%	17%
Cost between $1,500 & $1,999	17.8%	29%	65%
Cost over $2,000	4.4%	13.4%	204%
Cost burdened homeowners	21%	26%	26%

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Snapshot of Graham County

Renters – Gross Rents

	2017 ACS	2023 ACS	% Increase/(Decrease)
Occupied Units Paying Rent	3,008	2,973	-21%
Median Rent	$793	$890	21%
Rent less than $999	71%	61%	-14%
Rent between $1,000 & $1,499	25.4%	22.6%	11%
Rent between $1,500 and $1,999	3.1%	13.4%	333%
Rent over $2,000	0.6%	3.4%	466%
Cost burdened renters	43%	32%	-26%

Additional notes re SFR Sales

- 2021 had the most sales between 2015 and 2024 – impact of COVID and low interest rates
- Double digit avg sales price growth in 20, 21, 22 - impact of COVID and low interest rates, but back to single digits in 23 and 24 – impact of rising rates
- DOM tightening up since 2021 – demand exceeding supply and/or supply not what buyers want?
- Total # of sales declined in 22 and 23, returned positive in 2024 – impact of rising, then declining interest rates, cautious optimism
- FSBO has been 55% of sales since 2021?
- Graham County remains a buyer's market
  - Avg sale price was at a discount to list price in every year – avg $1,770 per year
  - Avg sale price was greater than median sales price in every year - $5,226 per year

Additional notes re SFR Sales (cont.)

- Graham County remains a buyer's market
  - Average homes prices are affordable given median and mean HHI
    - Avg sale price was at a discount to list price in every year since 2015 – avg $1,770 per year
  - Many SFR permitted lots remain undeveloped
    - Not in preferred geography?
    - Not what the market wants?
    - Higher interest rates holding buyers back?
    - Prefer to rent than own?
    - Cost build > future value?
    - Existing owner HHs not willing to sell – must buy at higher price and with higher interest rate
  - Avg sale price was greater than median sales price in every year - $5,226 per year

Additional notes re Rental Units

- Only 2 multifamily rental developments with more than 10 units in GC since 2021
    - Thatcher
- All other multifamily development = duplexes, 12 units total in GC since 2021
- Review of Apartments.com 2/19/25
    - Only 7 rental units including 6 apartments and 1 house for rent
    - Madrean Vista seeking $1,750 - $1,975 rent for 1 – 3 bedroom units.
- Review of Realtor.com 2/19/25
    - Only 12 rental units including 3 apartments and 9 homes
        - 7 units 1 bed, 1 bath
        - 3 units 2 bed, 1 bath
        - Rents range $635 (1br, 1bath) to $4,000 (4br, 3.5 bath)

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Unanswered Questions Regarding Housing Needs

- Major drivers of housing need?
  - FMI
    - Workers/contractors who desire to live full-time in Graham County
    - Workers/contractors who need temporary housing
    - Owners (and employees) of new & expanding businesses who desire to live full-time in Graham County
  - Hospital, Corrections and others local workers who desire to live full-time in Graham County
  - 2nd home/remote workers
  - College
    - Students who need temporary housing
    - Students who desire to live full-time in Graham County post graduation