



Graham County Housing Strategy Public Meetings 4/30/25

Sheldon Bartel & Maureen Milligan
Grow America



How we got here

- 3/2024 – SEAGO awarded a grant from United Way of Graham and Greenlee for delivery of a Graham County Housing Strategy



United Way of Graham
& Greenlee Counties

- 8/24 - SEAGO selected Grow America (lead) and Norris Design (subcontractor) to serve as the Housing Strategy Consultants



**NORRIS
DESIGN**
PEOPLE + PLACEMAKING

Agenda

1. Introductions – consultants and steering committee
2. Review of GC socio-economic stats, housing market, and survey results
3. Q&A

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

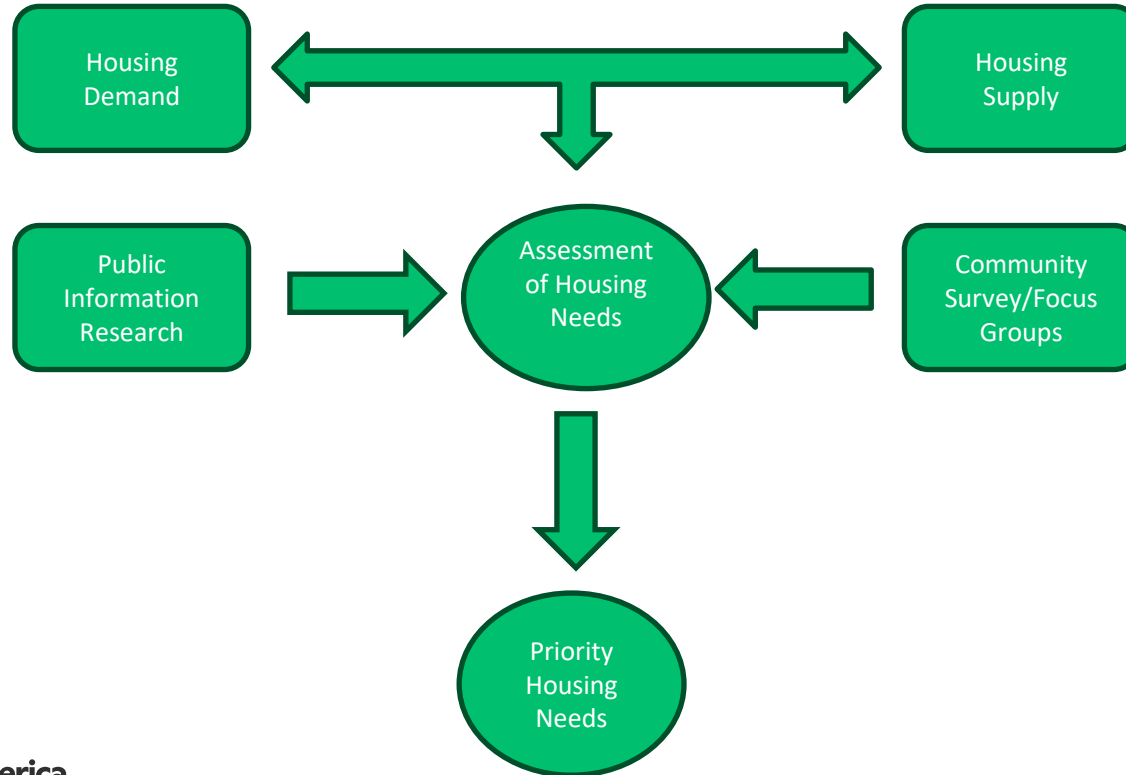
Some definitions

- **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 cont.

- **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



Graham County Community Profile

Median Household Income

\$67,000



Population

38,860 people



Households

12,460



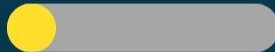
Average HH Size

2.87



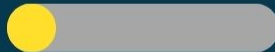
51%

In Labor Force



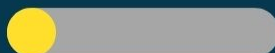
11%

No High School Degree



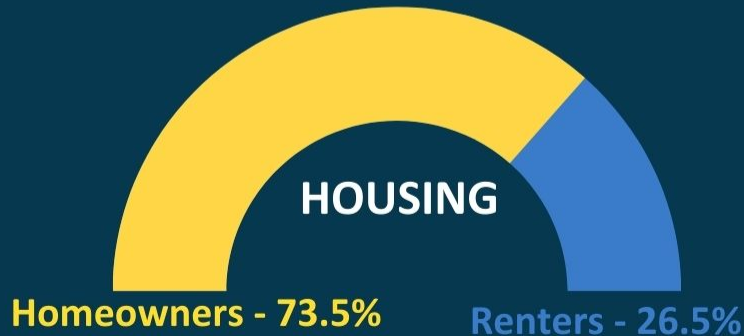
15%

Disabled



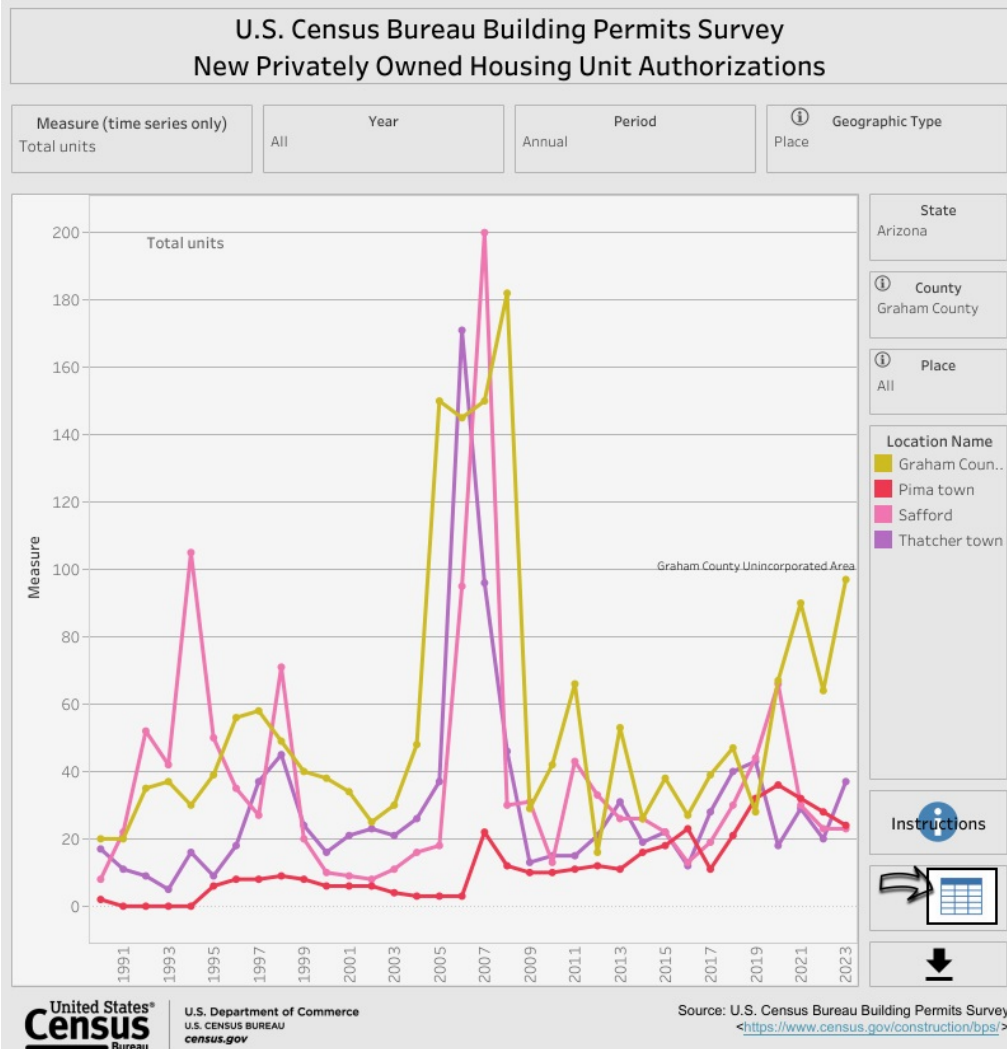
18%

Living in Poverty



Unit Production (Supply)

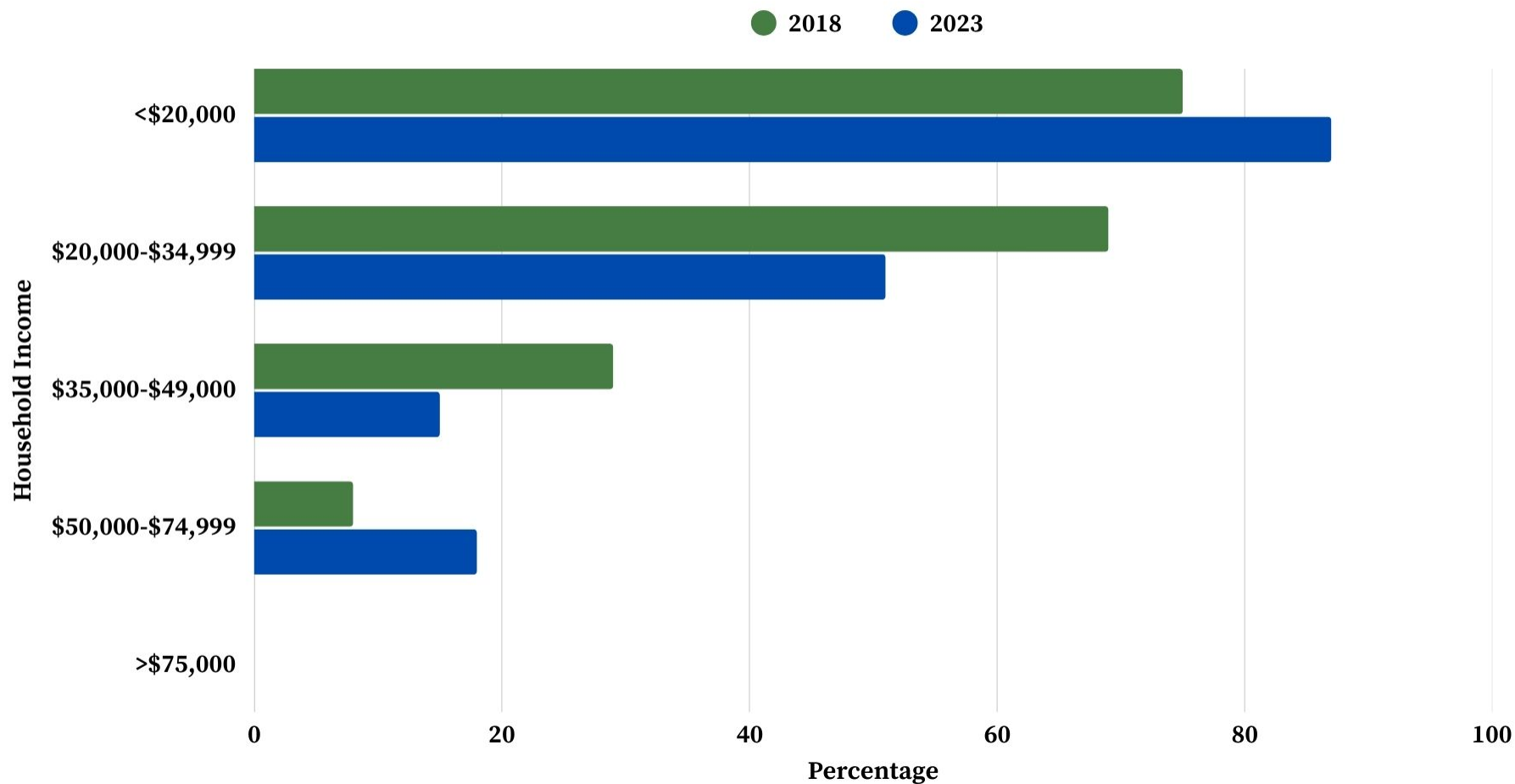
- 574 single family residential permits issued countywide since 2021
- 61% in Graham County, 28% in Thatcher, 11% in Safford
- 40% of Graham County permits were for manufactured homes and RVs
- Many lots (est. 70%) with permits remain undeveloped
- 166 multifamily residential unit permits issued countywide since 2021
- Includes large and small apartment complexes, duplexes and fourplexes (93% in Thatcher)
- **Unit production is slow vs. need**



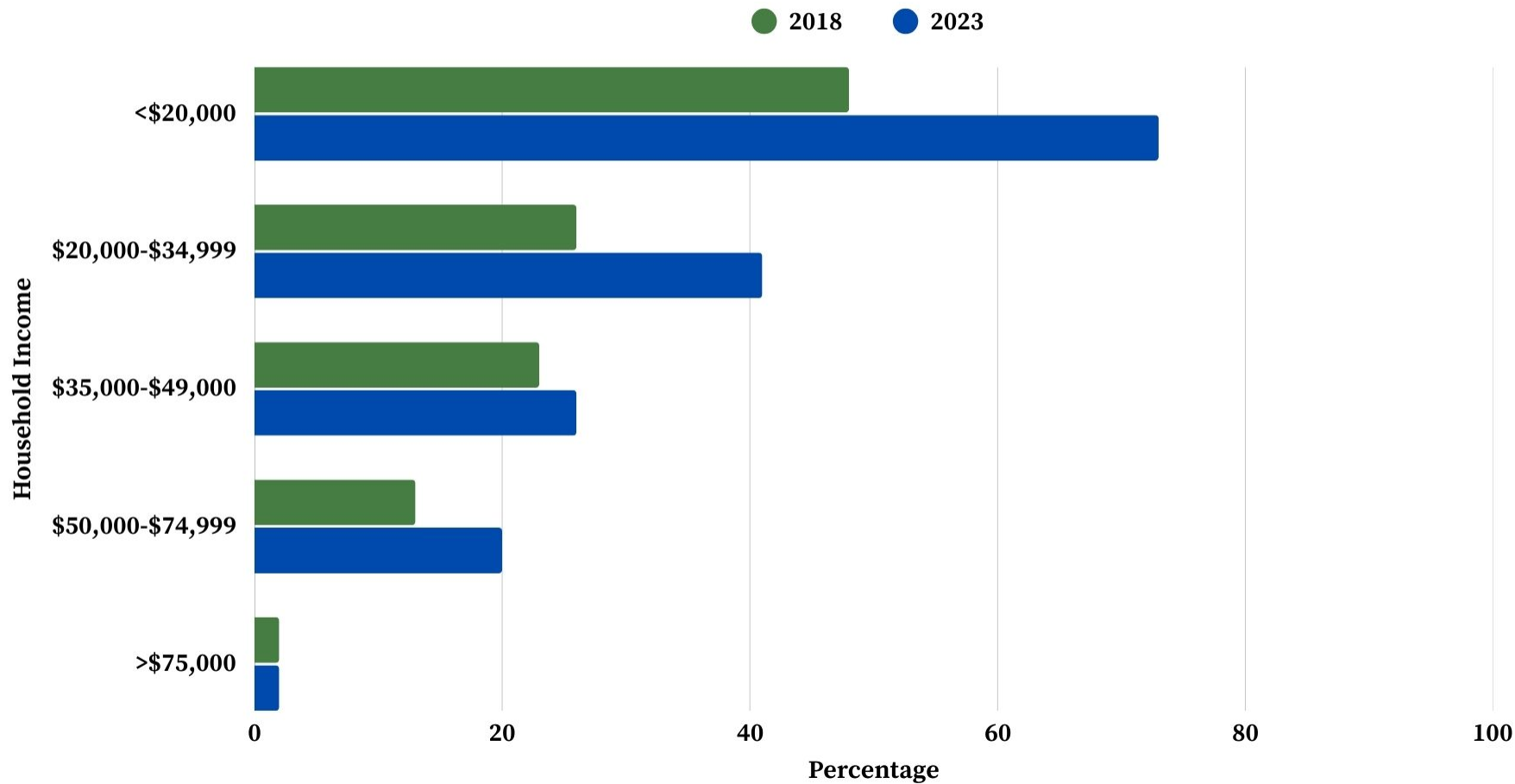
Housing Demand

- **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%)
- **Home sales analysis**
 - 2024 average home sale price +/- \$270k, increased 67% since 2019
 - Annual unit sales peaked in 2021 but declined significantly until 2024
 - Home prices continued to increase during this period.
 - 62% of home sales in Safford, 22% in Thatcher since 2019

Renter Housing Cost-Burden Trends



Homeowner Housing Cost-Burden Trends



Insights

- **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
- **Summary**
 - Housing unit production not keeping up with demand
 - Housing developers unable to provide what the market wants – affordable rentals or for sale units
 - A significant portion of the existing housing stock is considered “inferior or undesirable” aka not desirable to buy or rent
 - Demand exceeds supply = increasing prices/rents

Estimated Housing Needs in GC 2025

Current 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
Current Community Housing Available (Supply)	
Existing Number of Housing Units (ACS 2023)	13,941
- Projected # of existing units beyond repair by 2025 (Est 5%)	697
= Projected # of Housing Units Available 2025	13,244
Current Demand For Additional Housing Units	
Projected # of Housing Units Needed	13,781
- Projected # of Housing Units Available	13,244
= Projected Number of Additional Units Needed	537

Notes:

- 571 single family permits issued since 2021
- 166 apartment unit permits issued since 2021
- Units not coming online fast enough
- New unit prices not affordable or meeting market demands/needs

Estimated Housing Needs in GC 2027

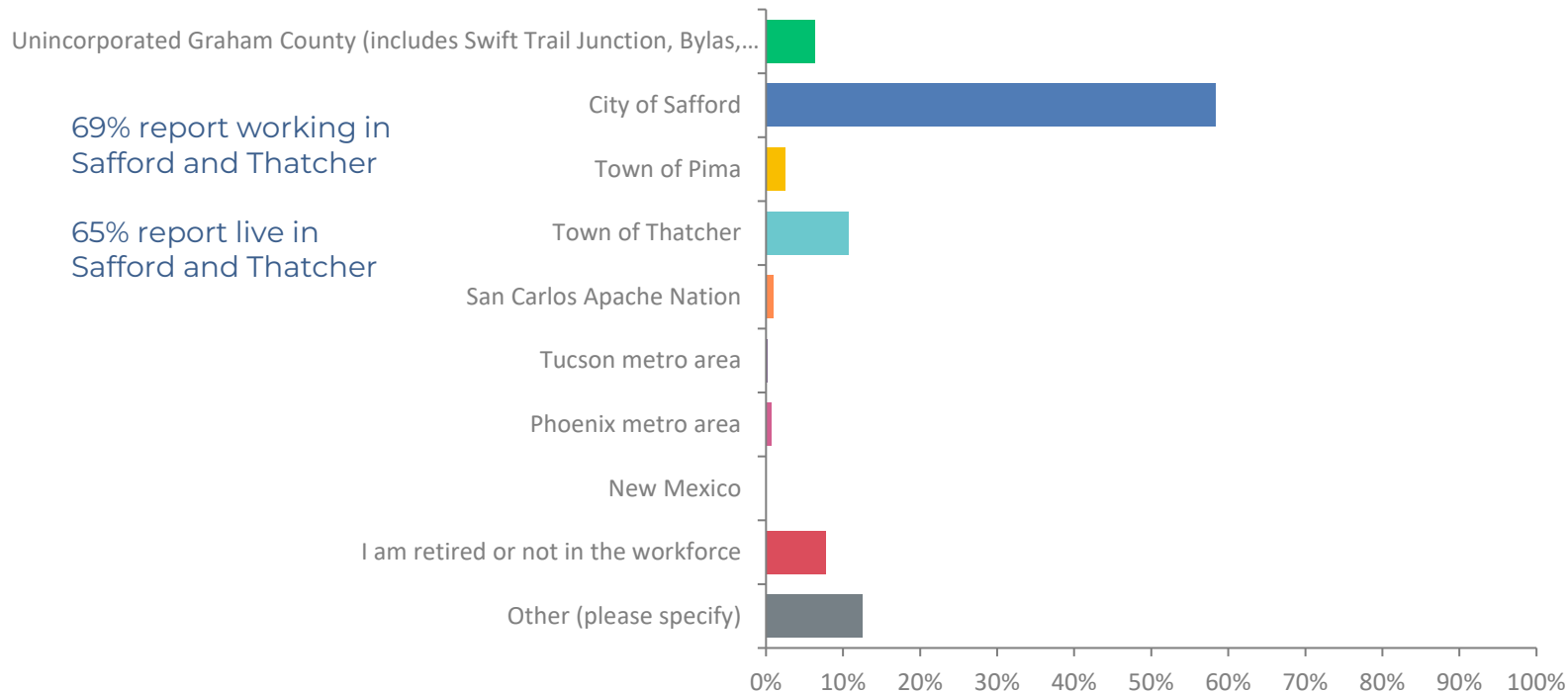
Projected Community Housing Needs (Demand)	
Est Population 2027	40,414
- Number of Persons in Group Quarters	-
= Household Population	40,414
/ Est Average HH size 2027	2.87
= Projected HHs 2027	14,082
x 1 + Estimated Vacancy Rate (10%) ACS 2023	1.100
= Projected # of Housing Units Needed	15,490
Projected Community Housing Available (Supply)	
# of Housing Units Available from 2023	13,941
- Projected # of existing units beyond repair by 2027 (Est 5%)	697
= Projected # of Housing Units Available 2027	13,244
Projected Demand For Additional Housing Units	
Projected # of Housing Units Needed	15,490
- Project# of Housing Units Available	13,244
= Project number of Additional Units Needed	2,246

Assumptions:

- Population growth rate 4% from 2023 to 2027
- Average HH size remains the same
- HH size is smaller = more units required
- Vacancy rate remains the same
- Vacancy rate goes down = less housing units needed (existing stock is utilized)

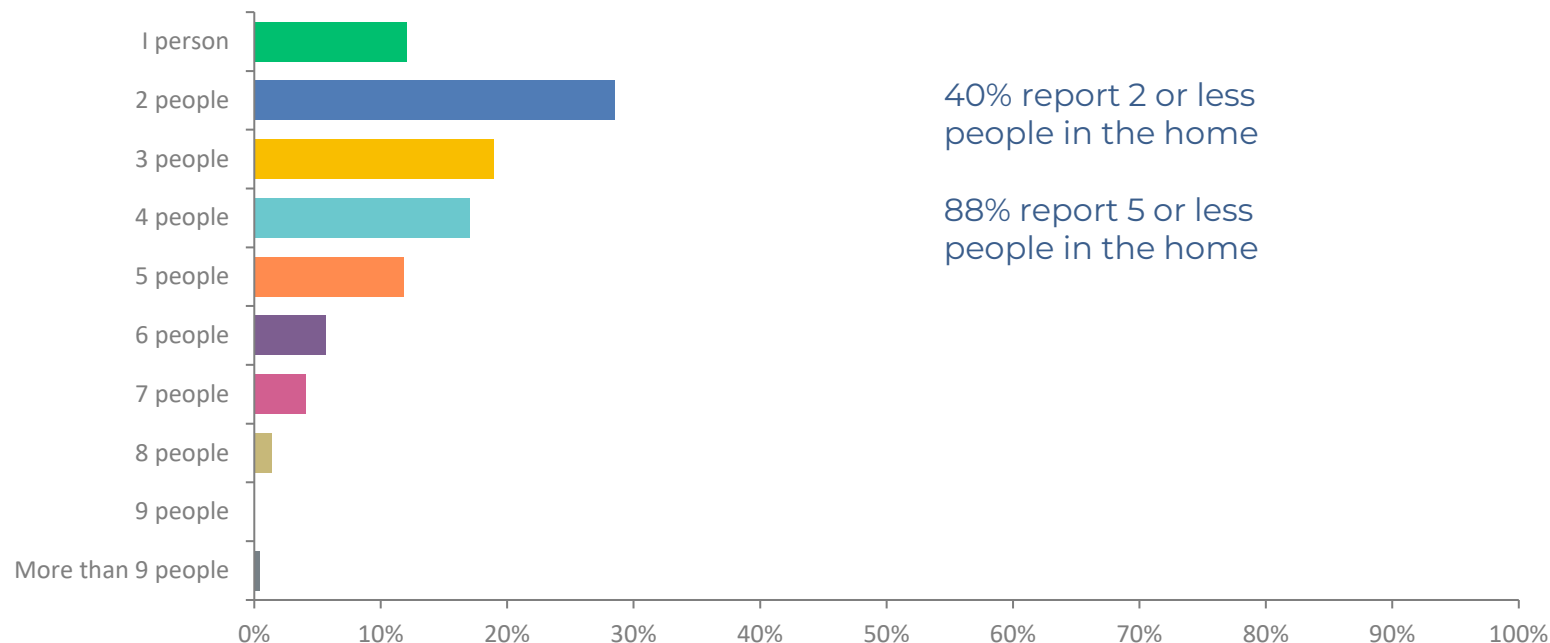
Survey 4/16/25 (439 responses)

Q2: In what community is your primary place of work?



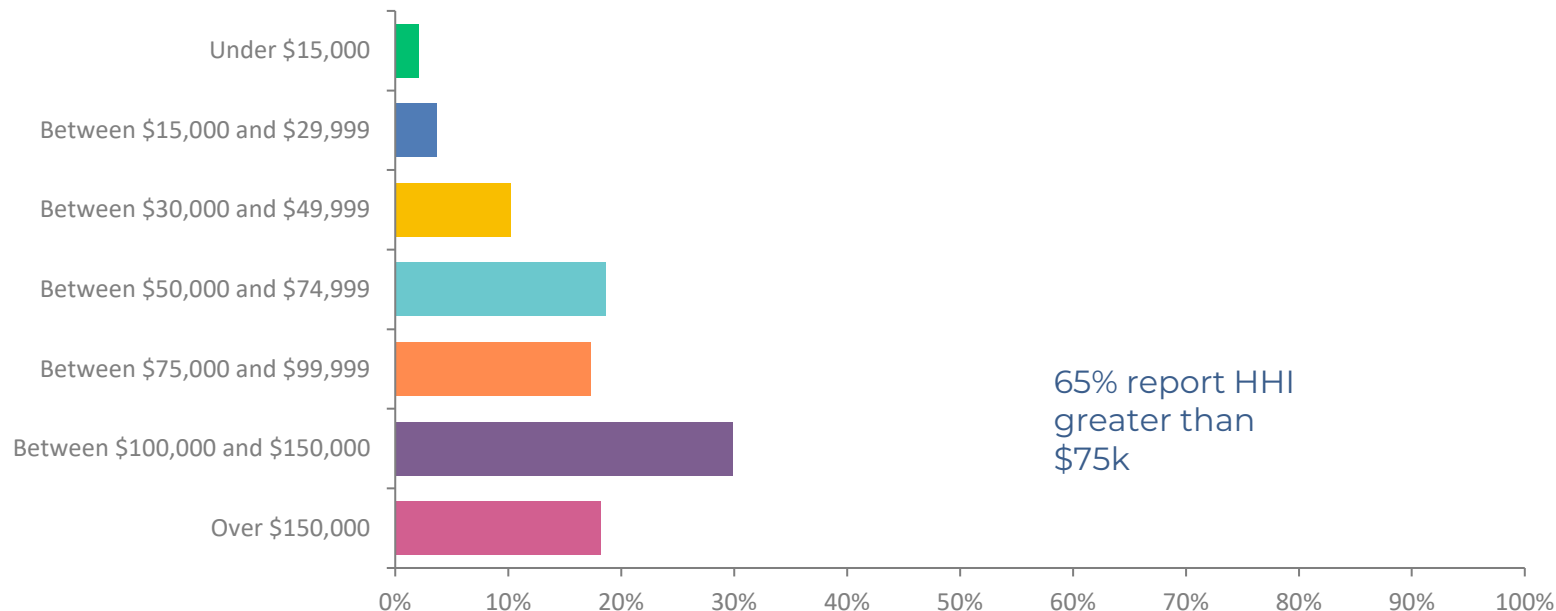
Survey 4/16/25 (439 responses)

Q7: Including yourself, how many people live in your home?



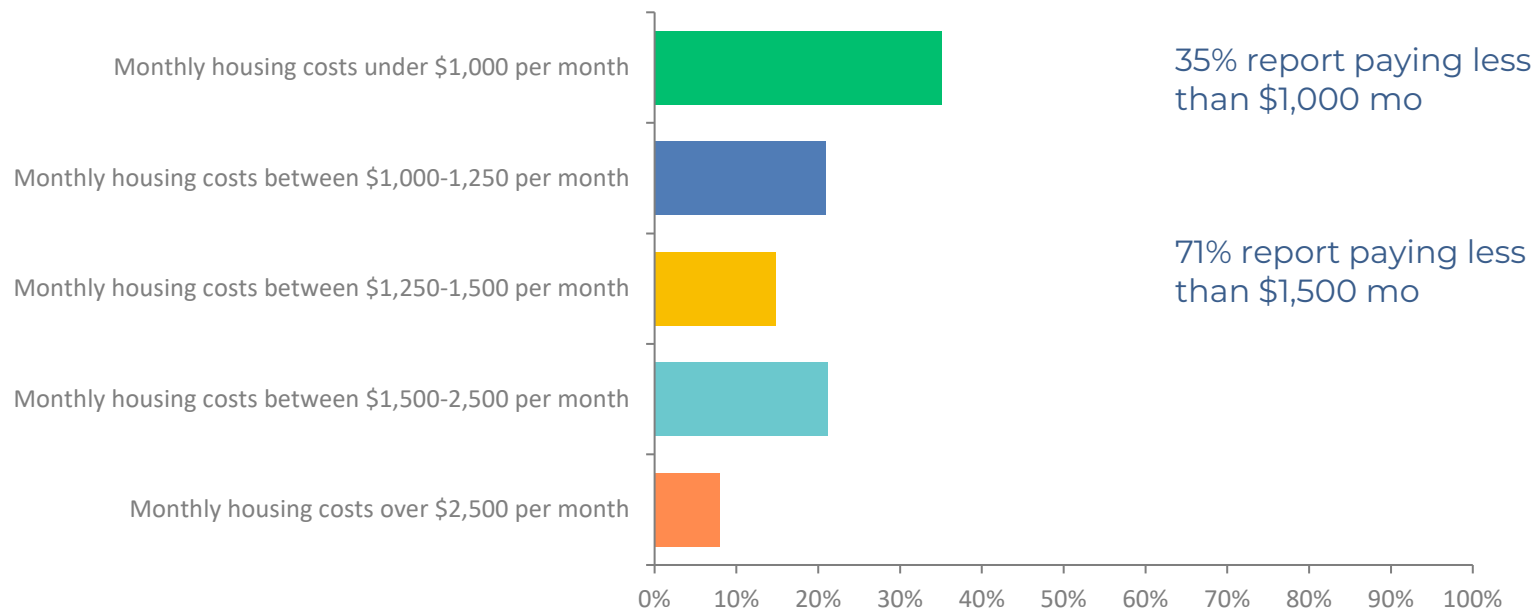
Survey 4/16/25 (439 responses)

Q8: What is your combined annual household income? (Select the range that includes all members of your household)



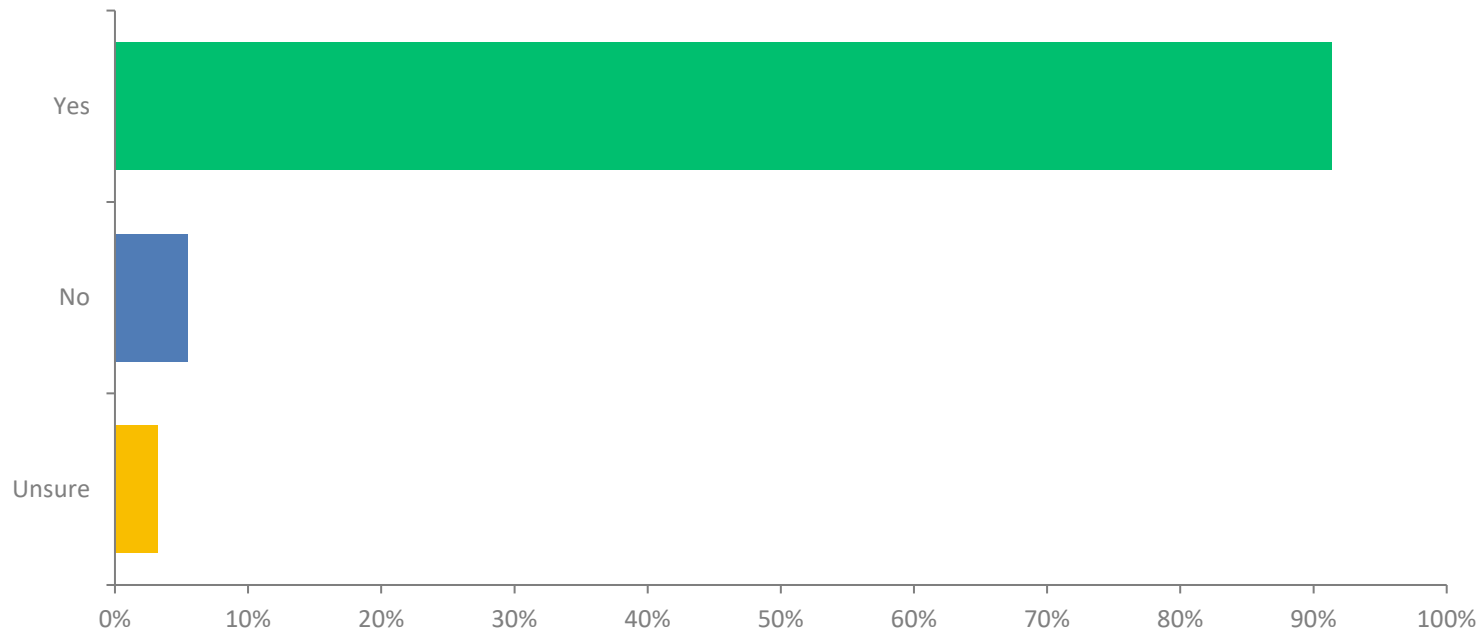
Survey 4/16/25 (425 responses)

Q6: What is your current monthly rent or mortgage payment in Graham County? (Select one)



Survey 4/16/25 (439 responses)

Q9: Are you concerned with the overall cost of rental housing/homeownership in Graham County?



Survey 4/16/25 cont.

Future housing development should focus on (in rank order)

1. Families with school aged children
2. Working class households (some commenters stated FMI employees should be excluded from this category given higher wages and housing allowance)
3. Single young professionals
4. Seniors/empty nesters

If you could choose which type of housing is developed (in rank order)

1. SFH
2. Townhome
3. Small apartment complex
4. Casita/ADU
5. Patio home

"There are no affordable housing options to rent or buy for young first-time buyers or people with small families that are affordable"

Survey 4/16/25 cont.

Which of the following are housing-related issues occurring in GC (in rank order)

1. Lack of homes for rent at affordable prices
2. Lack of homes for sale at affordable prices
3. Poor condition of existing housing stock

Primary reasons there are not more housing options (in rank order)

1. Too expensive to build
2. Too difficult or expensive to obtain mortgage financing

"This town is full of working-class individuals and families with mining salaries, we need more appropriate housing: middle class rentals for singles/couples and affordable houses for families".

Insights from Survey

- There is a strong preference for the construction of more single-family homes and for affordable homeownership opportunities. Respondents also voiced support for the development of townhomes, patio homes, small apartment complexes, and casitas.
- Based on responses/comments, it appears that many residents are “involuntary” renters who would prefer to be homeowners but for:
 - The cost and condition of the existing housing stock.
 - The cost of new housing stock.
- There is a perception that the local mines negatively impact housing supply and housing affordability (due to higher wages and a housing allowance)

“Need more affordable housing in GC. Prices are inflated due to mine workers and contractors from out of GC. “

Insights from Survey cont.

- Survey respondents seem well-aware that lack of infrastructure and landowner price demands can limit the supply of housing.
- Responses/comments support perception that existing housing stock is in poor shape and over-priced
- Many comments support the notion that newly constructed homes are not affordable to many (perception that all new homes are “luxury”)

“I don’t mind the focus on single family and/or duplexes, but when new builds are still beyond the means of the typical GC resident that leaves the older small houses which are sad and beat down and need many fixes”

Current State of the Market

1. Realtor.com (4/17/25) reports the median list price of 198 GC homes for sale as \$300k. GVMLS reported the median list price of homes that sold in 2024 was +/- \$260k.
 1. There were 106 homes for sale priced under \$300k.
 2. Likely many of these units are undesirable – the existing available housing stock is in very poor shape and undesirable
2. Realtor.com reports 57 **newly-constructed** homes for sale in GC today.
 1. Only 4 new construction homes listed at less than \$300k.

“Area is too focused on building large square footage homes and not smaller more affordable homes. What is considered affordable is not reasonable rent or housing prices.”

Current State of the Market cont.

1. Realtor.com (4/17/25) reports the median rent in GC as \$1,330.
 1. 12 rentals were listed
 2. 11 rentals were priced under \$1,500 per month of which 7 were 1 bed 1 bath (all less than \$1,000 per month).
2. Apartments.com listed 3 rentals available in GC today.
 1. Only 1 of these is an apartment.
3. Keyhole Properties has 4 rental properties available
 1. Only one at less than \$1,500 per month.
4. A 1 bed 1 bath at Madrean Vista Apts is listed for rent at \$1,750.
5. Goodman Properties has 1 unit available for less than \$1,000 (1 bed/1 bath).

“Absolutely no rental options that aren’t super expensive for people who are newly married or families.”

Current State of the Market cont.

1. Hotels are running at very high occupancy rates due to FMI and their contractors
 1. Existing extended stay units are almost always occupied
2. New extended stay hotel units will increase:
 1. Marriott with 69 units under construction in Thatcher
 2. Other local hotel operators are considering adding more units
- 3. These developments may “free up” some existing rental properties**
4. New RV park development is cost prohibitive

“I feel like our high housing cost is simply due to demand and supply. We have a shortage; therefore, builders charge what they do, and existing houses can be sold for a premium and with the same amount of rent being charged. “

CALCULATING RENTAL AFFORDABILITY - MEDIAN HH INCOME

Household Budget		Income
30%	Housing & utilities, & related expenses	\$20,100
20%	Transportation, food	\$13,400
20%	Savings, retirement, and consumer debt payments	\$13,400
30%	Child care, health insurance, other personal expenses	\$20,100
100%		\$67,000



Annual Payment For Rent & Utilities

$$\begin{aligned} \$67,000 \times 30\% \\ = \$20,100 \end{aligned}$$



Max Monthly Rent & Utility Payment

$$\$20,100 / 12 = \$1,750$$

Median Graham County Monthly Rent (2019-2023 ACS)
\$890

CALCULATING RENTAL HOUSING AFFORDABILITY - 50% AMI

Household Budget		Income
30%	Housing & utilities, & related expenses	\$12,165
20%	Transportation, food	\$8,110
20%	Savings, retirement, and consumer debt payments	\$8,110
30%	Child care, health insurance, other personal expenses	\$12,165
100%		\$40,550



Annual Payment For Rent & Utilities

$$\begin{aligned} \$40,550 \times 30\% \\ = \$12,165 \end{aligned}$$



Max Monthly Rent & Utility Payment

$$\$12,165 / 12 = \$1,013$$

Median Graham County Monthly Rent (2019-2023 ACS)
\$890

CALCULATING HOMEBUYER AFFORDABILITY - MEDIAN INCOME



Mortgage Lender Underwriting Considerations

Annual Income: \$67,000

Interest Rate: 6.5%

Loan Term/Amortization: 30 years

Down Payment: 20%

Closing Costs: 2% of loan

**Assumes other standard underwriting ratios that take into account property taxes and home insurance*



**Median Listing Price
Graham County SF Home
(Realtor.com)
\$300,000**

Maximum Loan: \$201,824

Down Payment: \$60,000

Gap: \$42,212

CALCULATING HOMEBUYER AFFORDABILITY - MEDIAN INCOME



Mortgage Lender Underwriting Considerations

Annual Income: \$67,000

Interest Rate: 6.25%

Loan Term/Amortization: 30 years

Down Payment: 3%

Down Payment Assistance: 4% of loan

Closing Costs: 2% of loan

**Assumes other standard underwriting ratios that take into account property taxes and home insurance*



Median Listing Price
Graham County SF Home
(Realtor.com)
\$300,000

Maximum Loan: \$234,388
Down Payment Assistance: \$9,376

Down Payment: \$9,000
Gap: \$51,924

CALCULATING HOMEBUYER AFFORDABILITY - HIGHER INCOME



Mortgage Lender Underwriting Considerations

Annual Income: \$134,000

Interest Rate: 6.5%

Loan Term/Amortization: 30 years

Down Payment: 20%

Closing Costs: 2% of loan

**Assumes other standard underwriting ratios that take into account property taxes and home insurance*



Median Listing Price
Graham County SF Home
(Realtor.com)
\$300,000

Maximum Loan: \$240,000

Down Payment: \$60,000

Gap: \$4,800

Summary of the Market Study

- **Challenges to housing development:** Interviews with housing developers and realtors as well as comments during this housing study steering committee meetings find the following challenges:
 - Very slow development permitting process (e.g. zoning, permitting)
 - Preference for larger lots sizes by political jurisdictions increases cost of developments and reduces number of units that can be developed
 - Limited number of local housing developers, contractors, trades people
 - GC is remote resulting in high costs for construction materials
 - Lack of access to affordable capital in sufficient amounts for local housing developers
 - Limited potable water infrastructure
 - The existing available housing stock is perceived as in very poor condition meaning cost prohibitive to rehabilitate
- **These challenges result in project costs exceeding sources of project funding – limits the capacity of developers to produce larger quantities of affordable units for rent or sale**

Summary of the Market Study

- **Overall:** Survey results and market data demonstrate that the GC housing development/finance community are constrained (due to the challenges identified) when seeking to provide what a large portion of GC residents and employers need/want – more affordable housing options (for sale and rent).
- The housing development/finance community must focus on building and selling larger expensive homes/rentals (due to the challenges identified) to be viable; however current GC residents are demanding more affordable options required by workforce, new families, single young professionals, and seniors/empty nesters.
- The existing available housing stock is perceived as in very poor condition and overpriced (for sale and rent)

"I think it important to focus housing efforts on those who contribute to the economy. I understand there are many open positions that cannot be filled because employees cannot find appropriate housing."

Discussion - Activities and Next Steps

Discussion

- Questions?
- Where should future housing be developed?
- What does a single family home look like – lot size, house size, # of beds and baths, garage or carport, heating and cooling systems, etc
- What does an apartment home look like - # of units in the complex, #of beds and baths, garage or carport, heating and cooling systems, onsite management, etc

Next Steps

- Recommendations for housing types
- Identify at least 2 sites for future housing development
- Provide development financing estimates for priority housing types
- Provide implementation steps

Discussion – Board Activities

We Want Your Input

Discussion

- Questions?
- Where should future housing be developed?
- What does a single family home look like – lot size, house size, # of beds and baths, garage or carport, heating and cooling systems, etc
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Next Steps

Next Steps

- Recommendations for housing types
- Identify at least 2 sites for future housing development
- Provide development financing estimates for priority housing types
- Provide implementation steps

**Thank You
For Your Time and Comments
Today**

