

Housing Needs Assessment & Five-Year Housing Action Plan City of Sedona, Arizona

Volume 1: Existing Conditions & Housing Gap Assessment

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Executive Summary

Purpose of Report

The purpose of this report is to provide the City of Sedona and the Housing Assessment Advisory Committee with the initial findings of the existing conditions analysis and housing gap assessment. Included with this assessment are:

1. A summary of the findings of the employee survey conducted in December 2019, and
2. A summary of the interviews conducted with employer groups in February 2020.

Both of these documents are included in the Appendix of this report.

Housing Gap Assessment Findings

- There has been much discussion about the term “affordable housing”. “Affordable” is often associated with housing for the lowest income households. “Workforce” or “attainable” housing is often associated with the demand from critical service providers and other service workers. In the context of this study, the term “affordable” will apply to all households that are burdened by housing costs or those that can’t find housing due to its cost relative to household income. Affordable housing refers to a continuum of housing demand that affects persons from the lowest income levels to those earning above the area median income. A healthy economy and housing market must address all these demand sectors.
- The method for determining housing affordability is based on the relationship between household income and the cost of housing. The threshold for affordability established by HUD is a household paying no more than 30% of income toward housing. For renters, this estimate includes rent and utilities; for a homeowner it includes a mortgage payment, property taxes, and insurance. Households that are “cost-burdened” by housing are those that pay more than 30% of income on rental or ownership housing.
- The housing “gap” is the difference between the demand for housing units available at different income levels and the supply of those units. The “gap” affects both homeowners as well as renters. However, homeowners have more options to reduce their housing costs; renters, however, have limited options other than to find more affordable housing farther from their place of employment, to double up with roommates to share rent, or in some cases seek substandard accommodations in sheds, tents or other unsafe spaces. The effort to address affordable housing should approach both ownership units (which help bring stability to neighborhoods) as well as providing rental units for all income levels. The provision of affordable housing in a community carries with it a variety of benefits, not the least of which is the spending of resident

incomes in the community on retail goods and services. If workers are forced to move to other communities, those benefits are lost.

- Single family detached units and mobile home units account for 87% of all housing units in the City. According to the U.S. Census, 442 of 786 mobile homes in Sedona (56%) were built before 1979. It is likely that many of these units may pose health and safety hazards for residents if built before June 1976 when HUD established minimum standards for construction. Further, some of the mobile home communities are age-restricted which further limits the housing options for the City's younger households.
- By comparison, Sedona only has 257 units within what would be considered traditional apartment complexes and only 211 occupied single family attached units or townhomes. The lack of apartment units limits the inventory of affordable housing units for low and moderate income households.
- The price of housing in Sedona has been cyclical and was dramatically impacted by the Great Recession and housing bubble. The price of housing, including all types of units, rose to \$593,000 in 2007 before declining by 36% in 2009. In 2016, prices started to rise again and have now eclipsed the highest price reached during the housing bubble reaching \$636,000. Since 2015, prices have risen by 45%. Housing sales prices in the other Verde Valley communities are significantly lower, generally in the \$250,000 range.
- Employment in the Verde Valley is expected to see significant growth over the next ten years with Sedona forecasted to increase from 8,179 jobs in 2019 to 9,788 in 2030. The predominance of job growth in Sedona over the next ten years is forecasted to be in the Accommodations & Food Service industry (restaurants and hotels) and tourist-oriented jobs. This increase of more than 1,600 jobs will continue to place demands on the housing inventory in Sedona. However, there are significant risks in the economy over the near term due to the COVID-19 pandemic that is affecting airline travel and potentially planned commercial or hotel development in Sedona. While the City is seeing continued interest in hotel development, the employment forecast for Sedona has been adjusted for the short-term uncertainty in the economy. Job growth is expected to range from 950 to 1,100 jobs over the next ten years.
- Nearly 58% of the renters in Sedona (over 800 households) are cost burdened, paying more than 30% of their household income on rent. The lack of affordable units most affects those households earning less than \$50,000 including service workers, teachers, and critical service employees such as police and fire fighters. Homeowners earning less than \$50,000 are also affected by the lack of affordable housing supply. This core ownership group encompasses more than 900 households earning less than \$50,000

per year.

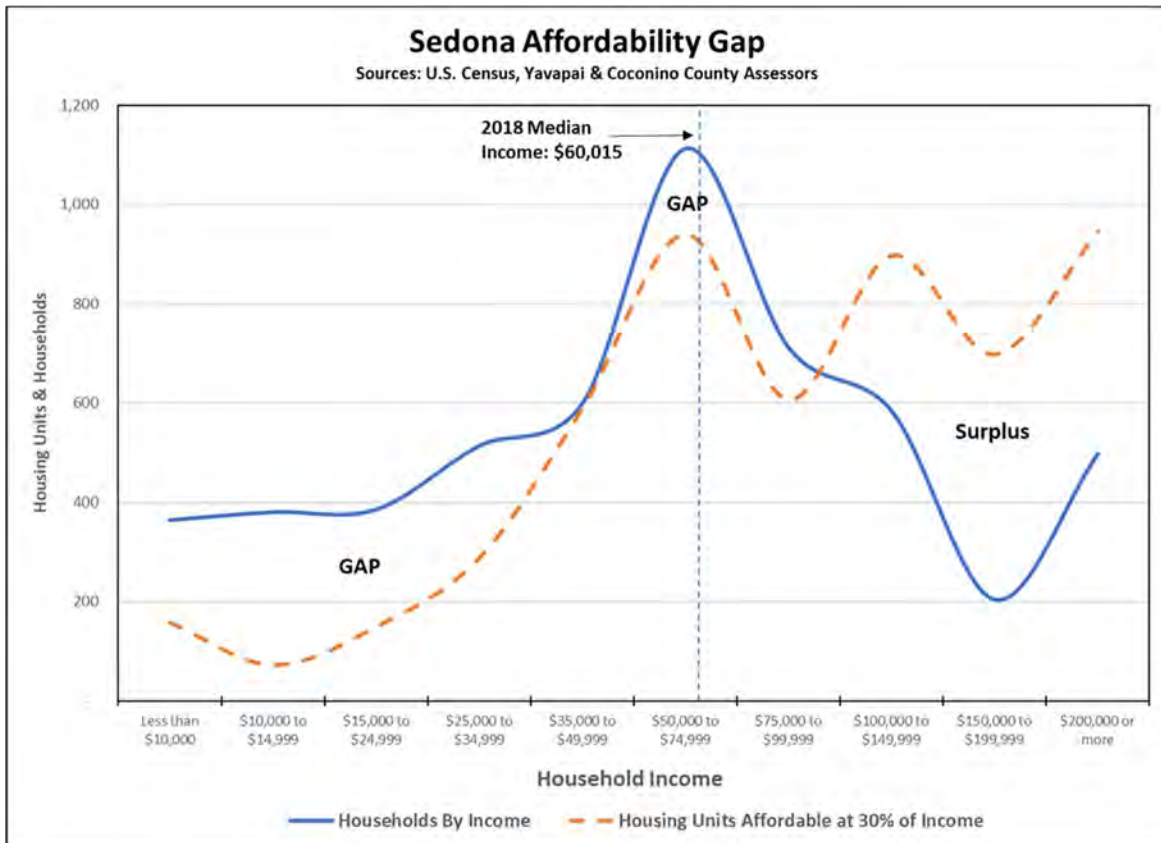
Table A

Housing Costs as a Percentage of Household Income			
Housing Tenure & Income	City of Sedona		
	Total Households	Paying More Than 30% Toward Housing	% Paying More Than 30% Toward Housing
Owner-Occupied Housing Units			
Less than \$20,000:	454	437	96.3%
\$20,000 to \$34,999:	378	232	61.4%
\$35,000 to \$49,999:	430	253	58.8%
\$50,000 to \$74,999:	814	260	31.9%
\$75,000 or more:	1,709	270	15.8%
Zero or negative income	41	-	0.0%
Totals	3,826	1,452	38.0%
Renter-Occupied Housing Units			
Less than \$20,000:	392	392	100.0%
\$20,000 to \$34,999:	150	113	75.3%
\$35,000 to \$49,999:	237	189	79.7%
\$50,000 to \$74,999:	271	89	32.8%
\$75,000 or more:	189	24	12.7%
Zero or negative income	53	-	0.0%
No cash rent	102	-	0.0%
Totals	1,394	807	57.9%
Total Households	5,220	2,259	43.3%
Source: 2013-2017 American Community Survey 5-Year Estimates			

- Short Term Rentals (STRs) advertised on sites such as Airbnb and Vrbo have become a significant housing issue for many residents of Sedona. STRs have proliferated over the last few years reaching a total of 744 verified listings in mid-2019 representing approximately 12% of all housing units in the City. State legislation prevents cities and towns from regulating or prohibiting STRs. Of utmost concern with STRs is the conversion of housing units from permanent to transient use, many units of which would be affordable to moderate income households. STRs can also change the character of the City’s residential neighborhoods and result in the reduction of property values for the community’s permanent residents. Unfortunately, STRs will be a significant part of Sedona’s housing inventory until legislation is enacted at the State level to either regulate them or prohibit them. Recent STR data from various sources appears to indicate that the market has not been materially affected by the COVID-19 pandemic and the industry is currently outperforming the hotel industry.
- This affordability gap analysis prepared for this study evaluates the relationship between the household incomes of residents and the availability of housing units that

are affordable to those households based on available Census data. For instance, the number households within Sedona at each income level are compared to the available housing units that they can afford. The “gap” occurs where there are more households than units. For Sedona, the analysis demonstrates that the gap extends to households earning up to \$100,000 and the total cumulative gap is more than 1,250 units or approximately 23.5% of all households. The following table illustrates the results of the analysis.

Chart A



The large surplus of housing units available for households earning above \$100,000 is an anomaly not found in many other communities. The explanation may be that there are retired households that have significant wealth and can purchase high priced homes, but do not have a commensurate income because they are retired.

- An additional source of affordable housing demand in Sedona is the growth of employment as employees moving to the City for work search for housing close to their place of employment. A pre-pandemic forecast suggested that employment in Sedona over the next ten years was expected to increase by more than 1,600 jobs. Most of the forecasted job growth in Sedona is expected to be in the restaurant and hotel industries and tourist-oriented service jobs. However, due to the pandemic, planned commercial

or hotel development in Sedona may be impacted until the tourism industry fully recovers. However, as of the date of this report, City staff reports that planned hotels are still moving forward to development.

Given the risks and uncertainty in the economy, the employment forecast for Sedona over the next ten years has been adjusted to a range of 950 to 1,100 jobs or an average of 95 to 110 jobs per year. This forecast is further reduced for the number of dual income households and those households that would be expected to earn less than 100% of the Yavapai County area median income (\$64,600). Based on those criteria, the demand for affordable units generated by employment growth is expected to range from 44 to 51 units per year or 220 to 255 units over the next five years.

- Sedona has a large inventory of mobile homes totaling 786 units with 442 built before 1979. In 1976, HUD established the Manufactured Home Construction and Safety Standards which regulate all aspects of the construction of mobile homes. Many of the units built before 1979 may be uninhabitable or unsafe and do not meet today's standards. However, they do provide low cost, affordable housing for low and moderate income households. If units are removed from the housing inventory and not replaced, residents of those units would need to relocate to another low cost unit (perhaps an unsafe one) or move to another community. The City needs to recognize the situation with its older mobile home inventory and create a plan or policy for their replacement over time.
- In summary, the final five-year affordable housing gap for Sedona is a combination of:
 - Addressing the current shortage of affordable housing for existing residents estimated at 1,260 units.
 - Providing for housing needs of low and moderate income persons who will be filling new employment opportunities within the City over the next five years. That demand is estimated at a total of 220 to 255 units.

In total, the five-year affordable housing demand is estimated at 1,480 to 1,515 units.

Summary Findings and Conclusions - Sedona Employee Housing Survey

As part of the City of Sedona Housing Needs Assessment and Action Plan, an online survey was prepared and distributed to persons who work within the City limits. Distribution of the survey was coordinated with the Sedona Chamber of Commerce, the City of Sedona, and local businesses in the community. The survey questionnaire was divided into three sections as follows:

- Work Environment
- Housing Situation

- About You (Demographic information)

Distribution of the survey was highly successful with 417 individual responses.

The primary take-aways from the survey are that employees like living in the Verde Valley and many have settled in as a place to raise a family. They have shown longevity in working and living in the area. Most also say they will continue to live and work in the Sedona area and 60% of those not living in Sedona would like to live in the community if affordable housing was available.

Work Environment

- Approximately one-third of all respondents live within the City of Sedona. Cottonwood, Cornville/Page Springs, and Oak Creek are the next most popular places to reside.
- There is longevity in persons working in Sedona. The majority of survey respondents have worked in Sedona for more than five years and 75% have worked in the City for more than three years.
- More than 90% of workers plan on continuing to work in Sedona. This indicates employee's satisfaction with the Verde Valley lifestyle, despite housing affordability issues, traffic congestion, and other tourism-related dislikes.
- The average worker has lived in the Sedona area for 13 years – longevity again.

Housing Situation

- Almost 90% of homeowners live in a single family home. Another 9% live in a mobile home.
- Renters live in a variety of housing units including single family homes (35%), apartments (28%), condos (12%), and mobile homes (9%).
- The average monthly rent for Sedona employees across the Verde Valley is \$1,210. The highest monthly rent is found in Sedona while the lowest rents are in Camp Verde, Clarkdale, and Cottonwood.
- The federal government has established the standard for housing cost burden as those households that spend more than 30% of household income on rent or mortgage payments. For renter households, 56% of Sedona employees are paying more than 30% of their income for housing including 16% paying more than 50% toward housing. Approximately 19% of homeowners pay more than 30% of income toward housing.

Housing Cost Burden				
Burden Range	Owners		Renters	
	Households	% of Total	Households	% of Total
Less Than 20%	94	55.0%	25	17.9%
20% - 29.9%	45	26.3%	37	26.4%
30.0% - 49.9%	29	17.0%	55	39.3%
More than 50%	3	1.8%	23	16.4%
Total	171	100.0%	140	100.0%
Average Cost Burden	17.5%		28.2%	

- About one-third of renters plan on purchasing a home in the next two years and three-quarters prefer owning to renting.
- Obstacles to homeownership are lack of affordable units, lack of a down payment, and not earning enough income.
- 60% of respondents who do not live in Sedona would like to live in the City if affordable housing was available. This is an important finding that show employees would like to live closer to their place of employment despite some of the issues they may have with traffic congestion and other tourism-related dislikes.
- For those respondents who would not like to live in Sedona, traffic congestion and tourists were primary reasons. Others indicated they were happy with where they now live.

About You

The demographic characteristics of the survey respondents show that their average age is 43 and the average household size is 2.5 persons. The majority of households are dual income with homeowners averaging \$98,800 in income and renters averaging \$52,800 per household.

Stakeholder Interview Primary Findings - February 10, 2020

1. There is an overwhelming need for affordable employee housing in Sedona whether it is in the retail, restaurant, tourism, hospitality, education, or government industries. Very few employees working in Sedona can live and work in Sedona.
2. Because so few people can live and work in Sedona, the sense of community is declining.
 - People don't know their neighbors.
 - Entering kindergarten classes have declining enrollment every year.
 - There is a constant churning of employees resulting in constantly retraining new hires.

- Even many business owners cannot afford to live in Sedona and thereby they have less ability to control their fates because they cannot vote in elections.
3. Short term vacation rentals (STRs) have resulted in constant turnover in neighborhoods and no one knows their neighbor. STRs have also reduced the availability of housing for working individuals.
 4. Businesses are having to find housing for their employees in nearby communities to ensure that they have a sufficient workforce for entry level jobs. A few employers are providing a limited amount of housing for their employees as well as providing transportation for these workers so they can get to and from their jobs. This is an additional cost that is passed on to consumers and tourists. It was reported that the competition for good employees was so strong that workers have left jobs for a 10 cent per hour increase in pay.
 5. The community needs more “tools in the toolbox” to expand housing availability. A variety of housing types for all levels of income are needed. Apartments, shared living, ADUs are a few options that were suggested.
 6. Traffic is a major issue and becomes worse as the tourist season arrives.
 7. Advocates for preservation of views and small town character are very vocal and influential. They have been successful in limiting non-traditional development options that could address the affordable housing issue. There is no clear-cut definition of “small town character” that several participants describe as a goal for the community. Building height appears to be a significant element of small town character, but other opinions include additional components. Without a clear-cut definition, there is limited direction on how to proceed with expanding housing options.

1.0 Introduction

The purpose of this report is to provide the City of Sedona and the Housing Assessment Advisory Committee with the findings of the existing conditions analysis and housing gap assessment. The report is comprised of two sections:

- A Demographic and Economic Analysis summary for the City of Sedona which outlines the characteristics of the residents of the community and its economic strengths. The analysis will differentiate Sedona from other Verde Valley communities.
- A Housing Conditions & Trends analysis which outlines the current housing environment, future population and housing growth forecasts, and the housing affordability gap.

The “gap” is the difference between the number of households within each income range and the number of housing units affordable to those households. The “gap” typically occurs at the lower end of the income range where there are more households than affordable units. Homeowners have more options to reduce their housing costs. Renters, however, have limited options other than to find more affordable housing farther from their place of employment, to double up with roommates to share rent, or in some cases seek substandard accommodations in sheds, tents or other unsafe spaces. The primary standard of determining the gap is estimating the number of households that are paying more than 30% of income towards housing.

Also included with this Assessment in the Appendix are:

1. A summary of the findings of the employee survey conducted in December 2019, and
2. A summary of the interviews conducted with employer groups in February 2020.



2.0 Demographic & Economic Analysis

Most of the data presented in this section is a comparative analysis of the City of Sedona to other jurisdictions in the Verde Valley. This provides perspective on how Sedona compares to its Verde Valley neighbors and the Verde Valley as a whole. Verde Valley Communities include in this analysis are the incorporated municipalities of Camp Verde, Clarkdale, Cottonwood, and Jerome as well as unincorporated areas of Cornville, Lake Montezuma, Verde Village and Village of Oak Creek.

2.1 Demographic Profile

The 2019 population of City of Sedona is estimated by the Arizona Office of Economic Opportunity (OEO) at 10,374 persons (Table 1), a slight increase from 10,305 persons in 2018. The Verde Valley population as a whole is estimated at 65,556 persons. OEO estimates between the decennial census years are based on surveys, permit data, and other sources. The true resident population for the Verde Valley communities will not be known until the 2020 Census.

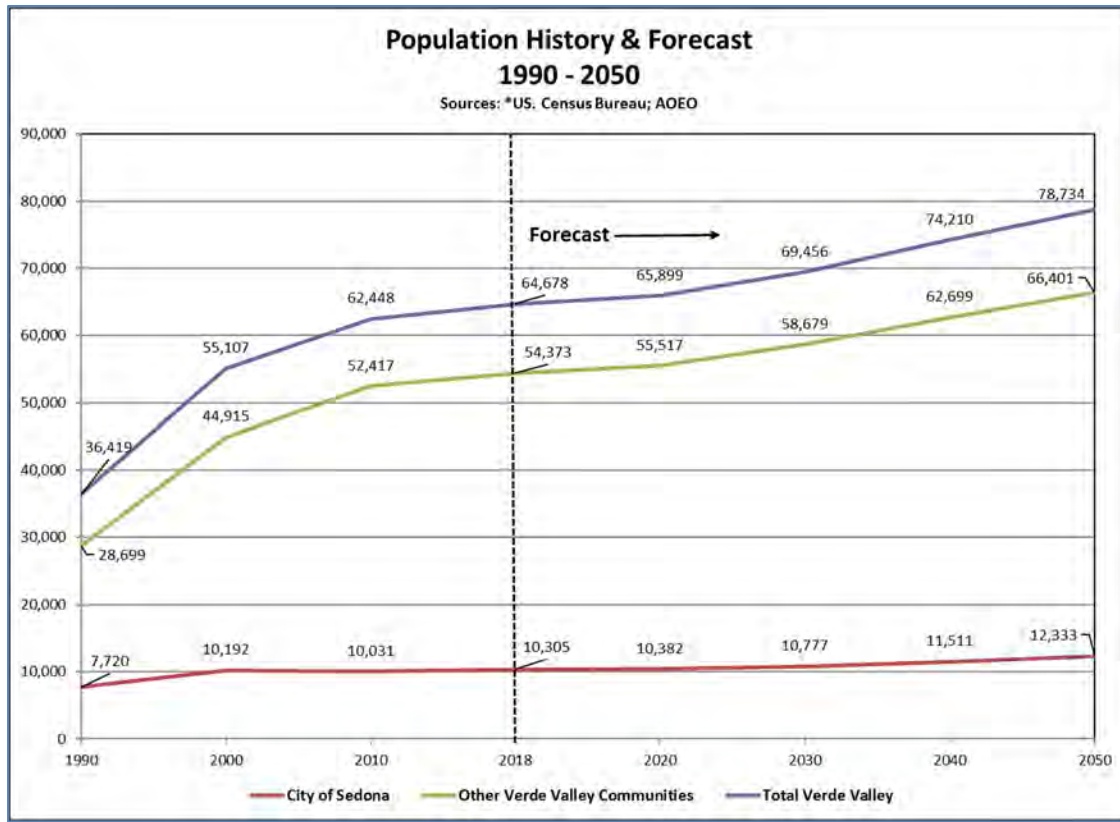
Table 1

2019 Population & Household Estimates			
Municipalities	Population	Households	Persons Per Household
Sedona	10,374	5,285	1.96
Camp Verde	11,162	4,361	2.56
Clarkdale	4,517	2,384	1.89
Cottonwood	12,249	5,589	2.19
Jerome	450	222	2.03
Unincorporated Areas			
Cornville	3,665	1,542	2.38
Lake Montezuma	5,784	2,486	2.33
Village of Oak Creek	5,888	2,232	2.64
Verde Village	11,466	5,785	1.98
Total Verde Valley	65,556	29,886	2.19
Source: U.S. Census Bureau; Office of Economic Opportunity			

Chart 1 compares the historic and forecasted growth of City of Sedona over the next 30 years to that of its neighboring Verde Valley communities. The City of Sedona has experienced very little growth since 1990 and is forecasted by the Arizona Office of Economic Opportunity (AOEO) to grow from its current 10,300-person population to 12,300 over the next 30 years. The majority of the population growth in the Verde Valley will be concentrated in Camp Verde and Cottonwood as well as the unincorporated areas.



Chart 1



The average household size of the City of Sedona residents is among the lowest of all Verde Valley communities (Table 2). Across the Verde Valley, renter-occupied units have larger households than owners, something not typically found in the demographic characteristics of a region. Normally, renters have lower household sizes because they are younger and do not have children. This factor may reflect the difficulty of finding affordable ownership housing in this part of Yavapai County.

Residents of the City of Sedona are on average older than the Verde Valley median age. Surprisingly, the median age of the entire Verde Valley is significantly higher than the statewide median of 37.2 years. The older median age for the Verde Valley may show that it is a magnet for retirees desiring to live an environment with significant natural beauty and with a moderate climate.



Table 2

Average Household Size & Median Age				
Communities	Average Household Size	Owner Occupied Units	Renter Occupied Units	Median Age
City of Sedona	1.96	2.01	1.84	58.70
Other Verde Valley Communities	2.31	2.28	2.37	50.19
Total Verde Valley	2.25	2.23	2.29	51.53

Source: 2013-2017 American Community Survey 5-Year Estimates

The level of education completed by the population is typically a reflection of household income and the employment characteristics of the region. Educational attainment for City of Sedona residents demonstrates that wealth factor with 46% of residents having a bachelor’s degree or higher. Comparatively, only 22% of the remaining of Verde Valley residents have attained a bachelor’s degree or higher. The number of persons who have less than 9th grade through some college but no degree education level is lower in the City of Sedona compared to Other Verde Valley Communities and the Verde Valley as whole.

Table 3

Educational Attainment - Last year Completed in School			
Percent of Persons Age 25 and Older			
Educational Level	City of Sedona	Other Verde Valley Communities	Total Verde Valley
Population 25 years and over	8,983	33,470	50,406
Less than 9th grade	2.5%	3.9%	3.7%
9th to 12th grade, no diploma	2.6%	7.5%	6.6%
High school graduate	16.7%	27.9%	25.9%
Some college, no degree	23.2%	30.2%	29.0%
Associate's degree	9.2%	8.8%	8.9%
Bachelor's degree	25.1%	12.2%	14.5%
Graduate or professional degree	20.7%	9.5%	11.5%

Source: 2013-2017 American Community Survey 5-Year Estimates

As expected, household incomes in the City of Sedona are higher than virtually every other community in the Verde Valley except for Cornville. However, average incomes, which are skewed by high income households, are significantly higher in Sedona. However, both Jerome and the Village of Oak Creek also have high average income households as well. The high incomes are a reflection of the natural and historic characteristics of each community which attract above-average income individuals to work, live, and retire there.



Table 4

Median & Average Household Incomes		
Municipalities	Median Income	Average Income
Sedona	\$58,417	\$82,535
Camp Verde	\$40,465	\$48,440
Clarkdale	\$45,901	\$59,836
Cottonwood	\$32,746	\$43,177
Jerome	\$48,125	\$74,583
Unincorporated Areas		
Cornville	\$60,455	\$69,805
Lake Montezuma	\$38,422	\$49,050
Village of Oak Creek	\$53,735	\$79,520
Verde Village	\$49,016	\$60,736
Total Verde Valley	\$46,532	\$61,442

Source: 2013-2017 American Community Survey 5-Year Estimates

Income estimates are based on a survey undertaken by the Census and can show great variability. For instance, the following table shows the number of households and average household income for Sedona from 2009 through 2017. The household count has declined by more than 500 households over that time and average incomes have essentially remained flat, although they rose in 2011 and 2012. The 2020 Census will provide more accurate estimates of income.

Table 5

Historic Average Household Income City of Sedona		
Year	Households	Mean income
2009	5,754	\$84,309
2010	5,307	\$86,186
2011	5,479	\$96,364
2012	5,293	\$101,434
2013	5,302	\$81,134
2014	5,136	\$74,702
2015	5,205	\$81,987
2016	5,125	\$80,995
2017	5,220	\$82,535

Source: American Community Survey 5-Year Estimates



Despite the high incomes in the City of Sedona, there are still families and households that have very modest incomes. According to the Census, 43% of Sedona households have incomes that are less than \$50,000 per year. These are the households that are most vulnerable to increases in housing values and rents. For the entire Verde Valley, 54% of households have incomes less than \$50,000.

Table 6

Household Income by Income Range						
	City of Sedona		Other Verde Valley Communities		Total Verde Valley	
	Estimate	% of Total	Estimate	% of Total	Estimate	% of Total
Total Households	5,220		23,153		28,373	
Less than \$25,000	1,085	20.8%	6,342	27.4%	7,427	26.2%
\$25,000 to \$49,999	1,152	22.1%	6,857	29.6%	8,009	28.2%
\$50,000 to \$74,999	1,085	20.8%	4,574	19.8%	5,659	19.9%
\$75,000 to \$99,999	742	14.2%	2,365	10.2%	3,107	11.0%
\$100,000 to \$124,999	311	6.0%	1,312	5.7%	1,623	5.7%
\$125,000 to \$149,999	188	3.6%	568	2.5%	756	2.7%
\$150,000 to \$199,999	181	3.5%	642	2.8%	823	2.9%
\$200,000 or more	476	9.1%	493	2.1%	969	3.4%
Median Income	\$58,417		\$43,852		\$46,532	
Mean Income	\$82,535		\$56,687		\$61,442	

Source: 2013-2017 American Community Survey 5-Year Estimates

Table 7 looks at the change in the number of households in the City between 2009 and 2018 by income and tenure (homeowner or renter). The data confirms some of the comments received in focus groups regarding the loss of moderate-income households in the community and the resulting decline in school enrollment. These comments are further confirmed by Table 8 which evaluates the change in number of households by the age of the primary householder and tenure. The table shows a loss of residents, both homeowners and renters, between the ages of 25 and 59 since 2009. Some of this population loss may be due to the increase in short term rentals in the community which reduces affordable housing options. The increase in housing values and rents also contributes to families moving from Sedona to other parts of the Verde Valley.



Table 7

Tenure by Household Income 2009 & 2018			
Tenure & Income	2009	2018	Change
Total Households	5,754	5,348	(406)
Owner occupied:	4,136	4,113	(23)
Less than \$5,000	103	101	(2)
\$5,000 to \$9,999	190	100	(90)
\$10,000 to \$14,999	117	161	44
\$15,000 to \$19,999	96	159	63
\$20,000 to \$24,999	187	114	(73)
\$25,000 to \$34,999	432	391	(41)
\$35,000 to \$49,999	581	337	(244)
\$50,000 to \$74,999	667	905	238
\$75,000 to \$99,999	569	626	57
\$100,000 to \$149,999	528	558	30
\$150,000 or more	666	661	(5)
Renter occupied:	1,618	1,235	(383)
Less than \$5,000	142	92	(50)
\$5,000 to \$9,999	14	68	54
\$10,000 to \$14,999	8	219	211
\$15,000 to \$19,999	69	77	8
\$20,000 to \$24,999	74	37	(37)
\$25,000 to \$34,999	444	123	(321)
\$35,000 to \$49,999	377	262	(115)
\$50,000 to \$74,999	164	205	41
\$75,000 to \$99,999	38	86	48
\$100,000 to \$149,999	111	27	(84)
\$150,000 or more	105	39	(66)

Source: 2014-2018 American Community Survey 5-Year Estimates



Table 8

Tenure by Age of Householder			
2009 & 2017			
Tenure & Age	2009	2017	Change
Total Households	5,754	5,220	(534)
Owner occupied:	4,136	3,826	(310)
Householder 15 to 24 years	-	7	7
Householder 25 to 34 years	90	10	(80)
Householder 35 to 44 years	229	302	73
Householder 45 to 54 years	755	466	(289)
Householder 55 to 59 years	831	588	(243)
Householder 60 to 64 years	527	526	(1)
Householder 65 to 74 years	941	1,093	152
Householder 75 to 84 years	630	498	(132)
Householder 85 years and over	133	336	203
Renter occupied:	1,618	1,394	(224)
Householder 15 to 24 years	13	41	28
Householder 25 to 34 years	229	189	(40)
Householder 35 to 44 years	457	334	(123)
Householder 45 to 54 years	385	189	(196)
Householder 55 to 59 years	240	182	(58)
Householder 60 to 64 years	43	167	124
Householder 65 to 74 years	176	194	18
Householder 75 to 84 years	23	98	75
Householder 85 years and over	52	-	(52)

Sources: 2005-2009 and 2013-2017 American Community Survey 5-Year Estimates

The U.S. Department of Housing and Urban Development (HUD) produces data on low and moderate-income households. The information is used to determine housing need. HUD classifies the income data in the following manner:

- Extremely low income: Persons in households earning less than 30% of the area median income (AMI). For Yavapai County, the current AMI is \$64,600 per year.
- Very low income: Persons in households that earn less than 50% of the area median income (AMI).
- Low income: Persons in households that earn between 50% and 80% of AMI.
- Moderate income: Persons in households that earn between 80% and 100% of AMI.

The estimates of low and moderate-income households are shown on Table 9. The data is somewhat dated as 2016, but the most current information available from HUD. In 2016, the median family income was estimated at \$52,200. Combined, 32.3% of the City's population is classified as low and moderate-income or 1,655 households.



Table 9

Low & Moderate-Income Households			
City of Sedona			
% of Median Family Income	Income for Family of 4	Total Households	% of Total Households
0%-30%	\$0 - \$24,300	545	10.6%
30%-50%	\$24,301 - \$26,600	480	9.4%
50%-80%	\$26,601 - \$42,600	630	12.3%
80%-100%	\$42,601 - \$52,200	495	9.7%
>100%	\$52,201+	2,975	58.0%
Total		5,125	100.0%

Sources | U.S. Census 2012-2016 American Community Survey, HUD CHAS Dataset

Another method of evaluating the well-being of a community is the poverty level. The U.S. government establishes the criteria for poverty as noted on the table below based on household or family size. The poverty level is established for all 48 contiguous states (excluding Alaska and Hawaii which have higher limits) and is calculated at three times the cost of a minimum food diet, updated annually for inflation. The official poverty rate for the U.S. in 2017 was 13.4% of the population or 42.6 million persons. For the typical family of four persons, the poverty level is an income of less than \$26,370 per year in 2019. According to federal sources, Arizona has a high level of “deep” poverty (those persons earning less than 50% of the poverty level).

Table 10

Poverty Income Guidelines		
Persons in Family/ Household	2015 Poverty Level	2019 Poverty Level
1	\$11,770	\$13,300
2	\$15,930	\$17,120
3	\$20,090	\$19,998
4	\$24,250	\$26,370
5	\$28,410	\$31,800
6	\$32,570	\$36,576
7	\$36,730	\$42,085
8	\$40,890	\$47,069

Source: U.S. Federal Register

Poverty data for counties and towns is only estimated periodically by the Census. The numbers shown on the following table are five year estimates from the 2017 American Community Survey. Overall, poverty in the City of Sedona is well below the statewide average. Other



Verde Valley communities’ poverty levels are above the statewide average. Approximately 1,118 persons or 10.9% of the City of Sedona’s population is considered to live in poverty in 2017.

Table 11

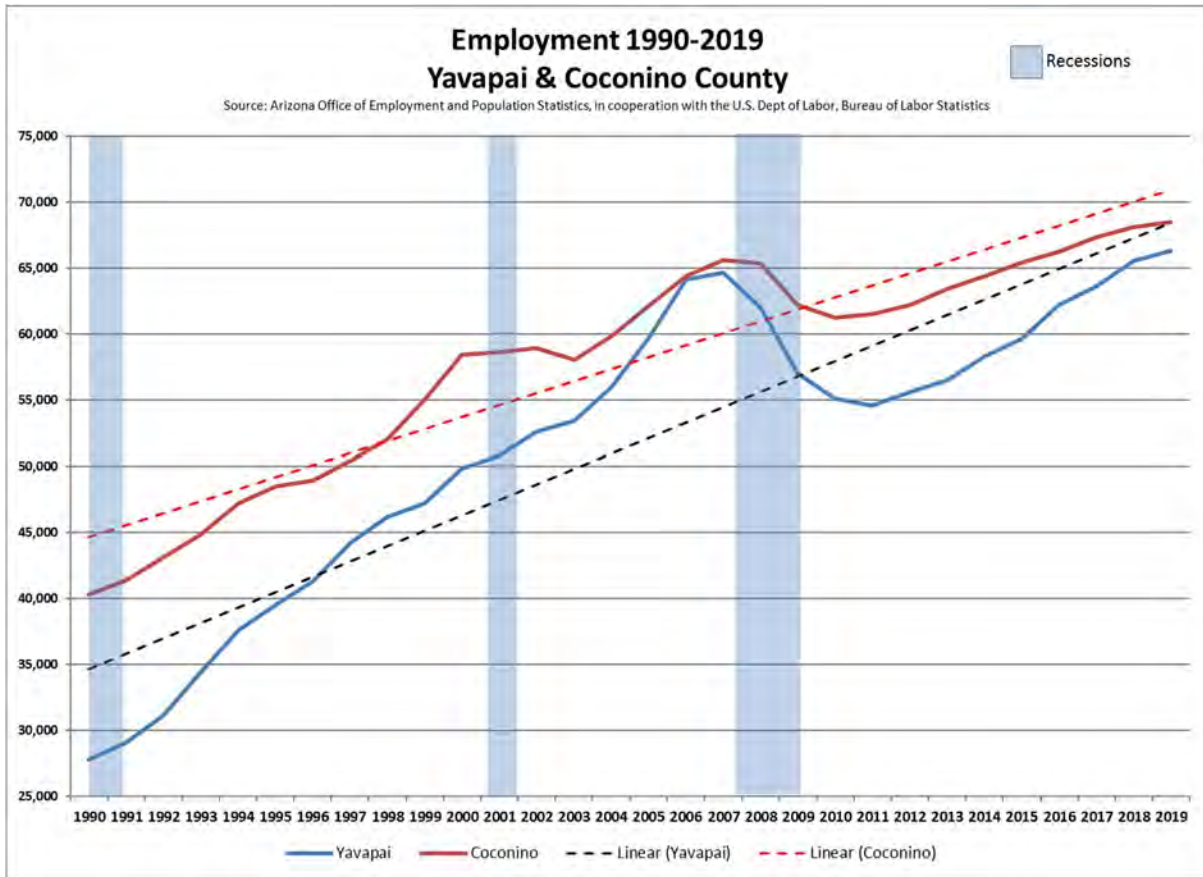
Poverty		
Jurisdiction	Persons in Poverty	% of Total Population
City of Sedona	1,118	10.9%
Other Verde Valley Communities	9,312	17.3%
Total Verde Valley	10,430	16.3%
Arizona	1,128,046	17.3%
Source: Estimates are from the 2013-2017 American Community Survey 5-Year Estimates. Estimateds only include the population for whom poverty status are determined		

2.2 Economic Profile

Employment in Yavapai County has grown slowly since 1990 and, at times, has been highly cyclical. The trendline for employment growth is upward sloping as shown on Chart 3. By comparison, neighboring Coconino County’s employment base has grown at a slower rate and only has 3% more jobs than Yavapai County.



Chart 2



Yavapai County is similar to the rest of Arizona counties due to its dependence on services. Approximately 84% of all jobs in the County are categorized as “Service-Providing” which includes the trade, transportation and utilities, professional and business services, education and health services and government among others. By comparison, 90% of Coconino County’s employment base is comprised of service-providing jobs with only 15% categorized as goods-producing. Across Arizona, service-providing jobs comprise 87% of all jobs (and has been increasing for the last 30 years) while government makes up 14% of the state’s employment base. Coconino County is highly dependent on the tourism industry and government.



Table 12

Employment by Type 2019 Yavapai & Coconino Counties						
Job Type	Yavapai County		Coconino County		Arizona (1,000's)	
	Jobs	% of Total	Jobs	% of Total	Jobs	% of Total
Total Nonfarm Employment	66,300		68,500		2,930.8	
Goods Producing	10,300	15.5%	7,100	10.4%	366.0	12.5%
Service-Providing	56,000	84.5%	61,400	89.6%	2,564.8	87.5%
Trade, Transportation, and Utilities	12,300	18.6%	9,300	13.6%	545.0	18.6%
Information	500	0.8%	400	0.6%	47.4	1.6%
Financial Activities	2,000	3.0%	1,400	2.0%	222.5	7.6%
Professional and Business Services	4,500	6.8%	3,400	5.0%	441.0	15.0%
Educational and Health Services	13,000	19.6%	9,400	13.7%	465.0	15.9%
Leisure and Hospitality	10,900	16.4%	16,000	23.4%	331.9	11.3%
Other Services	2,200	3.3%	1,700	2.5%	95.3	3.3%
Government	10,600	16.0%	19,800	28.9%	416.7	14.2%
Federal Government	1,500	2.3%	2,700	3.9%	56.6	1.9%
State and Local Government	9,000	13.6%	17,100	25.0%	360.1	12.3%

Source: Arizona Office of Economic Opportunity

Unemployment declined significantly across the State between 2012 and 2019. The unemployment rate in 2019 for the U.S. was 3.9%, considered to be full employment. Arizona’s 2019 average unemployment rate was slightly higher at 4.8%, down from 8.3% in 2012. Most communities and counties enjoyed unemployment rates in the 5.0% range in 2019. That came to an end in March 2020 when the economy shut down due to the COVID-19 pandemic. Unemployment peaked at 13.1% in the state in April 2020 and has slowly declined since then reaching 7.9% in October. The average unemployment rate through October 2020 is slightly higher reflecting the high rates in the early part of the year. Yavapai County’s unemployment rate is below the statewide rate. Most cities in the Verde Valley have recovered much of their job losses except for Clarkdale and Jerome.



Table 11

Unemployment Rate							
Year	Arizona	Yavapai County	Camp Verde	Clarkdale	Cottonwood	Jerome	Sedona
2012	8.3%	8.6%	9.9%	13.6%	8.7%	5.4%	7.1%
2013	7.7%	7.7%	8.9%	12.3%	7.8%	5.0%	6.6%
2014	6.8%	6.4%	7.4%	10.5%	7.1%	7.4%	6.3%
2015	6.1%	5.6%	6.5%	9.3%	6.3%	6.6%	5.7%
2016	5.4%	4.9%	5.7%	8.3%	5.5%	5.7%	5.2%
2017	4.9%	4.5%	5.3%	7.6%	5.1%	5.2%	4.7%
2018	4.8%	4.5%	5.2%	7.5%	5.0%	5.1%	4.7%
2019	4.8%	4.5%	5.3%	7.6%	5.0%	5.2%	4.6%
2020 Average Through Oct.	8.6%	8.0%	6.3%	12.8%	7.1%	12.9%	8.5%
Oct 2020	7.9%	6.9%	5.6%	10.6%	6.2%	10.7%	7.3%

Source: Arizona Office of Economic Opportunity

The occupations of City of Sedona employees are heavily oriented towards management, business, science, and arts occupations. Employees in the remainder of the Verde Valley are more oriented towards (1) natural resources, construction, and maintenance occupations, (2) service occupations, and (3) production and transportation.

Table 14

Employment by Occupation			
	City of Sedona	Other Verde Valley Communities	Total Verde Valley
Civilian employed population 16 years and over	4,516	21,179	25,695
Management, business, science, and arts occupations	40.9%	30.5%	32.4%
Service occupations	21.6%	27.2%	26.2%
Sales and office occupations	26.8%	22.9%	23.6%
Natural resources, construction, and maintenance occupations	4.3%	10.7%	9.6%
Production, transportation, and material moving occupations	6.3%	8.8%	8.3%

Source: 2013-2017 American Community Survey 5-Year Estimates

The average commute time for City of Sedona residents is 16.3 minutes, primarily because most of the jobs are located in the City of Sedona. The average commute time for Other Verde Valley Communities residents is higher than the Verde Valley average.



Table 15

Average Travel Time to Work	
Jurisdiction	Minutes
City of Sedona	16.4
Other Verde Valley Communities	25.3
Total Verde Valley	23.7
Source: 2013-2017 American Community Survey 5-Year Estimates	

Additional data was collected on “place of work” to determine whether residents work within their county of residence. For Sedona, the percentage of workers who work within their county of residence is slightly lower than the statewide average. This may be due to the fact that Sedona is situated in two counties or it could mean that some people commute to places like Flagstaff for work. This pattern is more apparent for male workers. The remaining Verde Valley communities work within their county of residence at rates similar to the statewide average.

Table 16

Workers by Place of Work by Sex						
Place of Work	City of Sedona		Other Verde Valley Communities		Total Verde Valley	
Total Workers 16 Years & Older	4,378		20,466		24,844	
Worked in state of residence:	4,218	96.3%	20,255	99.0%	24,473	98.5%
Worked in county of residence	3,530	80.6%	18,390	89.9%	21,920	88.2%
Worked outside county of residence	688	15.7%	1,865	9.1%	2,553	10.3%
Worked outside state of residence	160	3.7%	211	1.0%	371	1.5%
Male:	2,201		11,061		13,262	
Worked in state of residence:	2,085	94.7%	10,937	98.9%	13,022	98.2%
Worked in county of residence	1,736	78.9%	9,845	89.0%	11,581	87.3%
Worked outside county of residence	349	15.9%	1,092	9.9%	1,441	10.9%
Worked outside state of residence	116	5.3%	124	1.1%	240	1.8%
Female:	2,177		9,405		11,582	
Worked in state of residence:	2,133	98.0%	9,318	99.1%	11,451	98.9%
Worked in county of residence	1,794	82.4%	8,545	90.9%	10,339	89.3%
Worked outside county of residence	339	15.6%	773	8.2%	1,112	9.6%
Worked outside state of residence	44	2.0%	87	0.9%	131	1.1%
Source: 2013-2017 American Community Survey 5-Year Estimates						

The U.S. Census Bureau produces a model that estimates commuting patterns of residents for counties and cities. The data is somewhat dated from 2017 but provides some indication of where residents live and work. The following table shows the inflow and outflow of all jobs for the City of Sedona. In total, of the 5,979 persons working in Sedona, 74.2% live outside Sedona



(4,435 persons) while 25.8% or 1,544 persons lived and worked in the Sedona. Verde Village, Cottonwood, and Village of Oak Creek are the three primary areas where Sedona workers live.

Of the 3,725 working persons who live in City of Sedona, 2,181 leave the city for work while 1,544 live and work in the city. Over 40% of all working adults who live in the Sedona also work in Sedona.

Table 17

City of Sedona Inflow/Outflow Job Counts 2017					
City of Sedona					
Where Sedona Workers Live			Where Sedona Residents Are Employed		
Place	Count	Share	Place	Count	Share
All Places	5,979	100.0%	All Places	3,725	100.0%
Sedona	1,544	25.8%	Sedona	1,544	41.4%
Verde Village	637	10.7%	Phoenix	418	11.2%
Cottonwood	615	10.3%	Flagstaff	211	5.7%
Village of Oak Creek	475	7.9%	Scottsdale	115	3.1%
Camp Verde	252	4.2%	Cottonwood	90	2.4%
Flagstaff	237	4.0%	Tempe	80	2.1%
Phoenix	208	3.5%	Village of Oak Creek	74	2.0%
Cornville	198	3.3%	Prescott	64	1.7%
Lake Montezuma	132	2.2%	Camp Verde	56	1.5%
Prescott Valley	106	1.8%	Mesa	46	1.2%
All Other Locations	1,575	26.3%	All Other Locations	1,027	27.6%

Source: U.S. Census Bureau's OntheMap

As a community that is dependent on tourism, Sedona has an extremely high level of per capita sales for retail services and restaurants and bars. Sedona’s per capita retail sales is nearly twice the statewide average and 5.7 times the statewide rate for restaurants and bars. These sales figures provide the City with a tremendous revenue source that is not found in most small communities. On the other hand, the City’s expenditures likely reflect the demands placed on the town for services, particularly public safety.



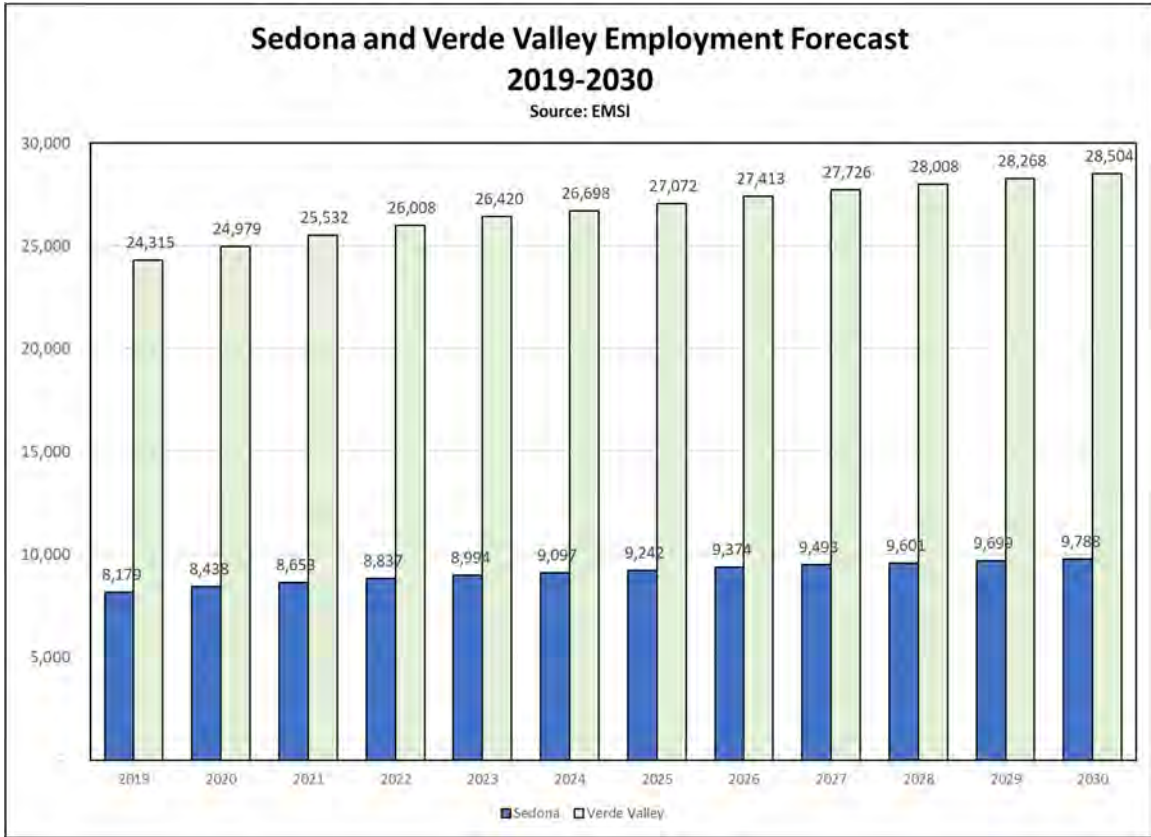
Table 18

FY2019 Per Capita Taxable Sales			
Jurisdiction	Population	Retail Trade	Restaurants and Bars
Arizona	7,187,990	\$9,970	\$2,119
Yavapai County	232,024	\$8,725	\$1,831
Phoenix	1,617,344	\$10,202	\$2,422
Sedona	10,305	\$19,698	\$12,108
Sources: City CAFRs, OEO Population Estimate 7/1/2019			

Employment in the Verde Valley is expected to continue to grow over the next ten years although the growth rate may be affected by the COVID-19 pandemic. Forecasts prepared prior to the pandemic expected the region to grow at an annual rate of 1.65% through 2030. Employment is forecasted to increase from 24,300 jobs in 2019 to 28,500 jobs by 2030. Sedona is also expected to experience significant growth, increasing from 8,179 jobs in 2019 to 9,788 in 2030. This increase of more than 1,600 jobs will continue to place demands on the housing inventory in Sedona. The pandemic could result in a slowdown of significant commercial or hotel development in the near term resulting in limited job prospects. However, according to city information, retail sales activity has recovered as of the date of this report and hotel development activity does not appear to be affected by the pandemic.



Chart 3

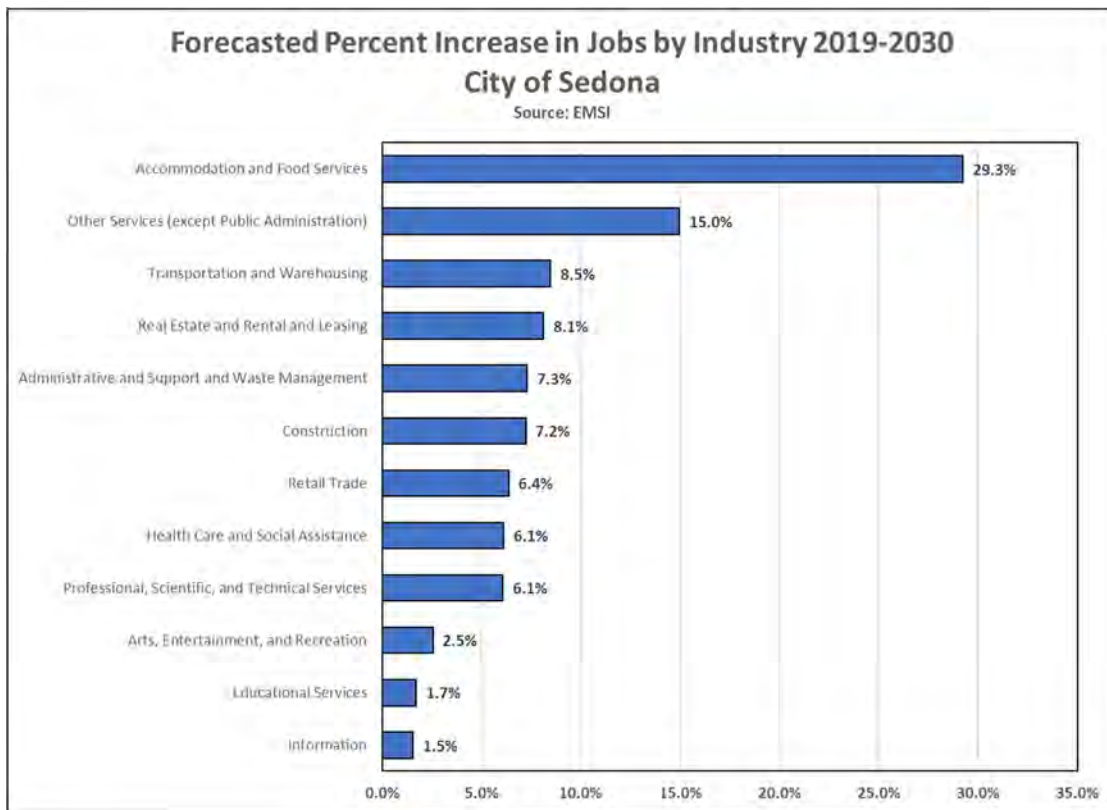


The predominance of job growth in Sedona over the next ten years is forecasted to be in the Accommodations & Food Service industry – essentially restaurants and hotels. Other services, primarily tourist-oriented jobs, are also forecasted for significant growth. Beyond those two industries, most of the growth is related to support services related to increases in the tourism industry and growth in population.

As of the date of this report, Arizona has weathered the pandemic very well and is one of the leading economies in the country during the closing of the economy and recovery. However, air travel has been affected and has limited the number of out of state and out of country visitors to Arizona. Visitors to Arizona are likely driving from nearby states instead of flying from more distant locations. According to information from the Sedona Chamber of Commerce, occupancy at hotels in Sedona was down 18.8% for fiscal year 2020. Bed tax collections were down 13% for FY 2020 although retail and restaurant sales started to recover in the last two months of the fiscal year. City sales taxes in total were down 6% for the fiscal year.



Chart 4



The ultimate increase in Sedona’s employment base over the next ten years may not reach the 1,600 jobs forecast. There is still risk in the economy in the near term. Future employment growth in Sedona over the next ten years will likely range from 950 to 1,100 jobs.

2.3 Summary

Following are the primary findings regarding the demographic and economic characteristics of Sedona and the Verde Valley.

- Sedona is forecasted by the Arizona Office of Economic Opportunity to grow from its current 10,300-person population to 12,333 over the next 30 years. Neighboring communities in the Verde Valley are expected to grow at a faster rate in the future, adding another 12,000 persons by 2050 or about 400 persons per year.
- As expected, Sedona’s median household income is higher than other Verde Valley communities, reflecting its natural attributes and the desire of persons to retire to the area. High income levels are not typically found in the non-urban parts of the state.
- The population of Sedona is well educated, reflecting its above average income levels.
- Poverty in City of Sedona is well below the statewide average. Other neighboring communities in the Verde Valley have poverty levels that are equal to the statewide average.



- Employment in Yavapai County has a lower level of service-providing jobs than Coconino County and the state. It appears that most of the goods producing jobs in Yavapai County are located in the Prescott area. Leisure and hospitality employment in Yavapai County is above the statewide average, but lower than that found in Coconino County.
- Employee commuting patterns are an important indicator of the difficulty in finding affordable housing. For Sedona, 75% of those employees who work in the city live in another community. An estimated 39% of Sedona workers live in the Verde Valley region, primarily in Cottonwood, Verde Village, Camp Verde or Village of Oak Creek.
- According to Census data, the City has experienced a loss of moderate-income households in the community that coincides with a decline in school enrollment. The data shows a loss of residents, both homeowners and renters, between the ages of 25 and 59 since 2009. Some of this population loss may be due to the increase in short term rentals in the community which reduces affordable housing options.
- Sedona was forecasted to see significant employment growth over the next ten years, primarily in the hotel and restaurant industries and tourism-related businesses. The COVID-19 pandemic may slow that growth over the next one to two years. Employment growth in the City is expected to range from 950 to 1,100 jobs through 2030.



3.0 Housing Conditions & Trends

The best available housing data for non-urban areas of the state comes from the American Community Survey of the U.S. Census. The data has been compiled from the 2013-2017 Five Year Estimates. Five Year estimates are only available for areas with smaller populations where there are too few households to provide a reliable survey estimate. To compute the estimates, the Census pools survey responses for the entire five-year period and applies measures to account for changes in geography, value of the dollar, margins of error, and similar factors.

Throughout most of this section, data will be shown for the City of Sedona, Other Verde Valley Communities and Total Verde Valley. The Verde Valley communities include Sedona, Camp Verde, Clarkdale, Cornville, Cottonwood, Jerome, Lake Montezuma, Verde Village, and Village of Oak Creek.

3.1 Housing Occupancy

According to the Census, Sedona has 6,450 housing units, of which 1,230 are considered vacant. Vacancy data from the Census has often been questioned for its accuracy and the Sedona estimate of nearly one-fourth of its inventory considered as vacant may be inaccurate or misunderstood. Vacant units can include seasonal housing, abandoned units, units that are vacant but for sale, units that are available for rent but are currently vacant, and similar conditions. Sedona's vacancy rate of 19.1% is well above the Verde Valley average.

The impact of short term rentals (STRs) on housing vacancy estimates is likely not reflected in the numbers outlined above since STRs really became an issue in the last two years. The 2020 Census may show different vacancy numbers since STRs may be noted as vacant if only occupied a few days during a month.

Of note is the number of seasonal or recreational units in Sedona and the Verde Valley. In Sedona, 14.6% of all vacant units are listed as seasonal or 946 units. This likely understates the true seasonal characteristic of the housing market since other occupied units may be used seasonally as well. However, the remaining Verde Valley communities also have a large portion of their housing stock in seasonal use as well totaling another 1,743 units. The seasonal units correlate with the higher median age of residents found in the Verde Valley.

Vacancy rates for both owner-occupied and renter-occupied units are very low and demonstrate the strong demand for units and the lack of available inventory. Rates in the 2%



to 3% range typically mean a market is in full occupancy, taking into account the normal turnover of homes and rental units in the marketplace.

Table 19

Total Household Units						
Occupancy Status	City of Sedona		Other Verde Valley Communities		Total Verde Valley	
	Estimate	% of Total	Estimate	% of Total	Estimate	% of Total
Total Units	6,450		26,633		33,083	
Occupied	5,220	80.9%	23,153	86.9%	28,373	85.8%
Vacant	1,230	19.1%	3,480	13.1%	4,710	14.2%
For rent	46	0.7%	383	1.4%	429	1.3%
Rented, not occupied	28	0.4%	99	0.4%	127	0.4%
For sale only	142	2.2%	387	1.5%	529	1.6%
Sold, not occupied	18	0.3%	6	0.0%	24	0.1%
For seasonal, recreational use	942	14.6%	1,743	6.5%	2,685	8.1%
For migrant workers	-	0.0%	-	0.0%	-	0.0%
Other vacant	54	0.8%	862	3.2%	916	2.8%
Homeowner Vacancy Rate	3.6%		2.4%		2.7%	
Renter Vacancy Rate	3.1%		4.4%		4.2%	

Source: 2013-2017 American Community Survey 5-Year Estimates

Sedona has a high percentage of single family detached units followed by mobile home units. Together, these units account for 87% of all units in the city. Mobile homes also comprise a high percentage of units in the other Verde Valley communities. Depending on the age of these units, some may pose health and safety hazards for residents if built before June 1976 when HUD established minimum standards for construction. **According to the U.S. Census, 442 of 786 mobile homes in Sedona (56%) were built before 1979. It is likely that most of these units do not meet the current construction standards for mobile homes.**

By comparison, Sedona only has 257 units within what would be considered traditional apartment or condo units (from 5 to 50 units in a structure, excluding duplexes, triplexes, and four-plexes). This total represents approximately 4.0% of total dwelling units in the City. In addition, there are only 211 occupied single family attached units (townhomes) in the city (3.3% of total units), 58 of which are considered vacant and most likely used on a seasonal basis. Comparatively, across the state multifamily complexes account for 16.4% of all housing unit; in Maricopa County, the percentage is even higher at 20.7% of total units. The lack of both apartment units and townhome units create a significant impediment for providing affordable housing to working families.



Table 20

Total Housing Units by Unit Type						
Units in Structure	City of Sedona	% of Total Units	Other Verde Valley Communities	% of Total Units	Total Verde Valley	% of Total Units
Total Housing Units	6,450		26,633		33,083	
1, detached	4,794	74.3%	16,307	61.2%	21,101	63.8%
1, attached	211	3.3%	1,051	3.9%	1,262	3.8%
2	221	3.4%	1,038	3.9%	1,259	3.8%
3 or 4	109	1.7%	692	2.6%	801	2.4%
5 to 9	133	2.1%	642	2.4%	775	2.3%
10 to 19	58	0.9%	590	2.2%	648	2.0%
20 to 49	57	0.9%	403	1.5%	460	1.4%
50 or more	9	0.1%	394	1.5%	403	1.2%
Mobile home	846	13.1%	5,470	20.5%	6,316	19.1%
Boat, RV, van, etc.	12	0.2%	46	0.2%	58	0.2%

Source: 2013-2017 American Community Survey 5-Year Estimates

As a result of the lack of apartment units in Sedona, many residents are forced to rent single family homes or mobile homes. Overall, 18% of all occupied single family homes and 39% of occupied mobile homes in Sedona are rented. In addition, 40% of the townhomes in Sedona are rented as well.



Table 21

Occupied-Housing Units by Unit Type						
Units in Structure	City of Sedona		Other Verde Valley Communities		Total Verde Valley	
	Units	% of Total	Units	% of Total	Units	% of Total
Total Occupied Housing Units	5,220		23,153		28,373	
Owner-occupied housing units:	3,826	73.3%	15,365	66.4%	19,191	67.6%
1, detached	3,181	83.1%	11,743	76.4%	14,924	77.8%
1, attached	91	2.4%	433	2.8%	524	2.7%
2	25	0.7%	125	0.8%	150	0.8%
3 or 4	28	0.7%	22	0.1%	50	0.3%
5 to 9	9	0.2%	-	0.0%	9	0.0%
10 to 19	-	0.0%	19	0.1%	19	0.1%
20 to 49	-	0.0%	-	0.0%	-	0.0%
50 or more	9	0.2%	-	0.0%	9	0.0%
Mobile home	471	12.3%	2,985	19.4%	3,456	18.0%
Boat, RV, van, etc.	12	0.3%	38	0.2%	50	0.3%
Renter-occupied housing units:	1,394	26.7%	7,788	33.6%	9,182	32.4%
1, detached	695	49.9%	2,708	34.8%	3,403	37.1%
1, attached	62	4.4%	508	6.5%	570	6.2%
2	81	5.8%	735	9.4%	816	8.9%
3 or 4	81	5.8%	598	7.7%	679	7.4%
5 to 9	98	7.0%	609	7.8%	707	7.7%
10 to 19	58	4.2%	380	4.9%	438	4.8%
20 to 49	16	1.1%	362	4.6%	378	4.1%
50 or more	-	0.0%	348	4.5%	348	3.8%
Mobile home	303	21.7%	1,532	19.7%	1,835	20.0%
Boat, RV, van, etc.	-	0.0%	8	0.1%	8	0.1%

Source: 2013-2017 American Community Survey 5-Year Estimates

Sedona's housing stock is older than its neighboring communities (Table 22). By 2020, nearly 40% of all housing units in the City will be more 40 years old. By comparison, the Verde Valley communities only have 28.3% of their housing stock built before 1980.



Table 22

Total Housing Units by Year Built						
Year Built	City of Sedona		Other Verde Valley Communities		Total Verde Valley	
	Units	% of Total	Units	% of Total	Units	% of Total
Total Units	6,450		26,633		33,083	
Built 2014 or later	49	0.8%	196	0.7%	245	0.7%
Built 2010 to 2013	66	1.0%	321	1.2%	387	1.2%
Built 2000 to 2009	809	12.5%	5,824	21.9%	6,633	20.0%
Built 1990 to 1999	1,576	24.4%	6,884	25.8%	8,460	25.6%
Built 1980 to 1989	1,420	22.0%	5,863	22.0%	7,283	22.0%
Built 1970 to 1979	1,507	23.4%	4,186	15.7%	5,693	17.2%
Built 1969 or earlier	1,023	15.9%	3,359	12.6%	4,382	13.2%

Source: 2013-2017 American Community Survey 5-Year Estimates

Construction activity in Sedona, according to the U.S. Census, has been modest with only 331 single family units built between 2013 and 2018 or an average of 55 per year. Data for 2019 is not yet available. By comparison, in Yavapai County 1,696 single family homes were built in 2018 alone. The County has also seen a number of multi-family complexes built over those six years.

Table 23

Residential Building Permits Units Constructed					
Year	Single Family	Duplex	3-4 Plex	Apartment	Total
Sedona					
2013	30	-	-	-	30
2014	46	-	-	-	46
2015	56	-	-	-	56
2016	70	-	-	-	70
2017	74	2	-	-	76
2018	55	-	-	-	55
Yavapai County					
2013	841	20	-	-	861
2014	948	8	4	80	1,040
2015	1,120	12	17	228	1,377
2016	1,336	22	-	214	1,572
2017	1,493	54	12	417	1,976
2018	1,696	56	18	309	2,079

Source: U.S. Census



Short Term Rentals (STRs)

Over the past three years, short term rentals advertised on sites such as Airbnb and Vrbo have become a significant housing issue for many residents of Sedona. As a tourist community, Sedona had taken the stance to prohibit short term rentals since the mid-1990s. However, in January 2017, SB1350 became law and preempted cities and towns from prohibiting and regulating STRs. Since that time, STRs have proliferated in Sedona reaching a total of 744 verified listings in mid-2019, excluding hotels, lodges, B&Bs, and timeshare properties. The STR inventory represents approximately 12% of all housing units in Sedona (although some STRs advertised on websites include RVs, tents, and cave dwellings). Through other legislation, Sedona is able to place a sales tax on STRs and require owners to post emergency contact information on the properties. Sedona is also creating a hot line for residents to lodge complaints about the use of STRs.

STRs present a variety of negative impacts for Sedona neighborhoods. These include illegal conversions of buildings to residential use, the lack of parking for homes that can accommodate large tourist groups, the introduction of commercial uses in a residential areas, and the violation of building and safety codes that normally apply to hotels or other guest properties. Of utmost concern is the conversion of housing units from permanent to transient use, many units of which would be affordable to moderate income households. STRs can also change the character of the City's residential neighborhoods and result in the reduction of property values for the community's permanent residents. Focus group interviews conducted for this study suggested that STRs have led to the loss of young families in the community as a result of the reduction in the available housing inventory. This may also explain the City's loss of residents between the ages 25 and 59 since 2009 (Table 8 of this report).

Recent STR data from various sources appears to indicate that the market has not been materially affected by the COVID-19 pandemic and the industry is currently outperforming the hotel industry. As a result, a transition or conversion of STR units from short-term rentals to long term rentals due to the pandemic will not likely occur to any extent.

Unfortunately, STRs will be a significant part of Sedona's housing inventory until legislation is enacted at the State level to either regulate them or prohibit them. A number of states and cities have enacted prohibitions to restrict their continued proliferation. Sedona is taking a proactive approach to monitor the STR inventory and work with State legislators to resolve the impact on the community.



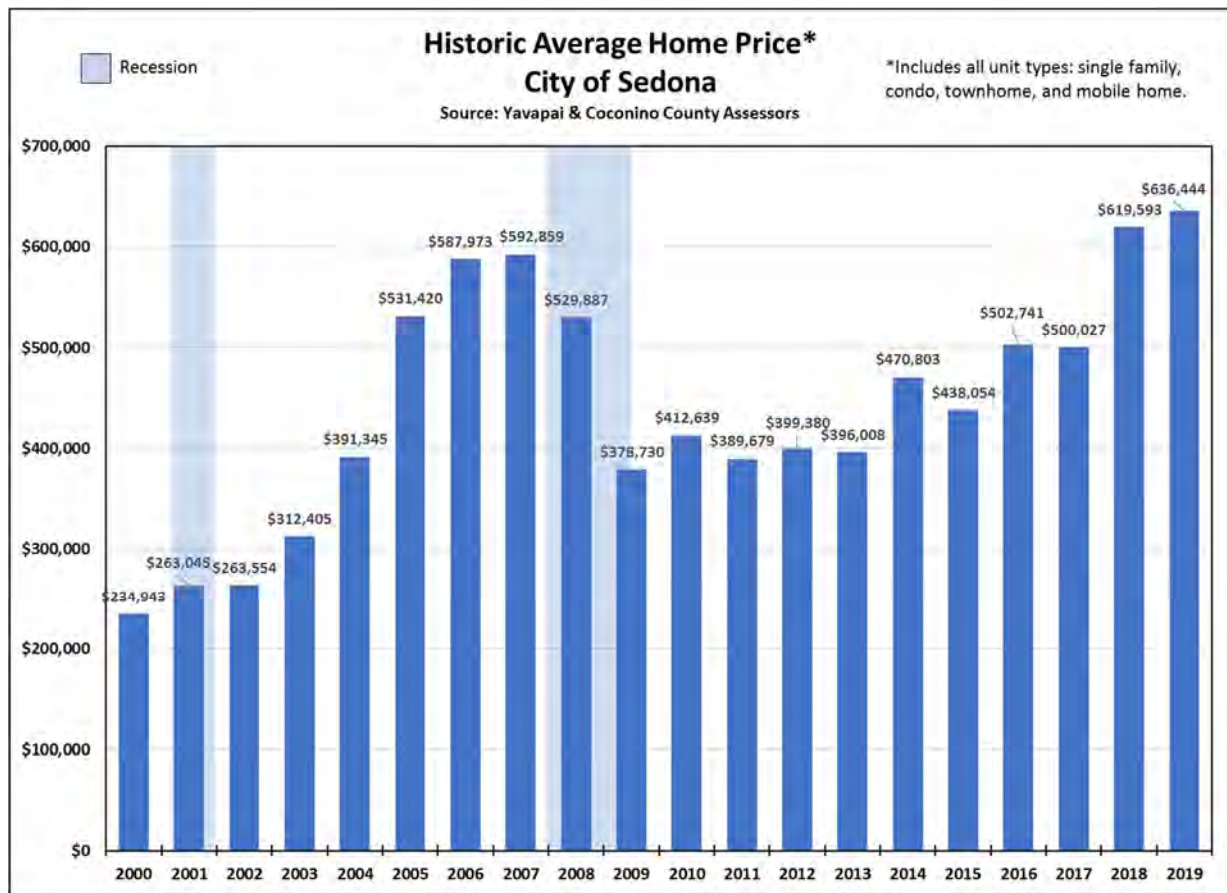
3.2 Housing Prices and Rents

Housing Prices

Housing value data from the U.S. Census is notoriously out-of-date and dependent on the homeowner’s opinion of value. As a result, the authors of this study requested housing sales data from the Assessors for Yavapai and Coconino County. They graciously provided the latest information on recorded housing sales in the Verde Valley. The results of the data are outline herein.

The price of housing in Sedona has been cyclical and dramatically impacted by the Great Recession and housing bubble. The price of housing, including all types of units, rose to \$593,000 in 2007 before declining by 36% in 2009. From that point forward until 2016, prices were flat. However, in 2016, prices started to rise again and have now eclipsed the highest price reached during the housing bubble. In 2019, the average price of housing units reached \$636,000. Since 2015, prices have risen by 45%.

Chart 5



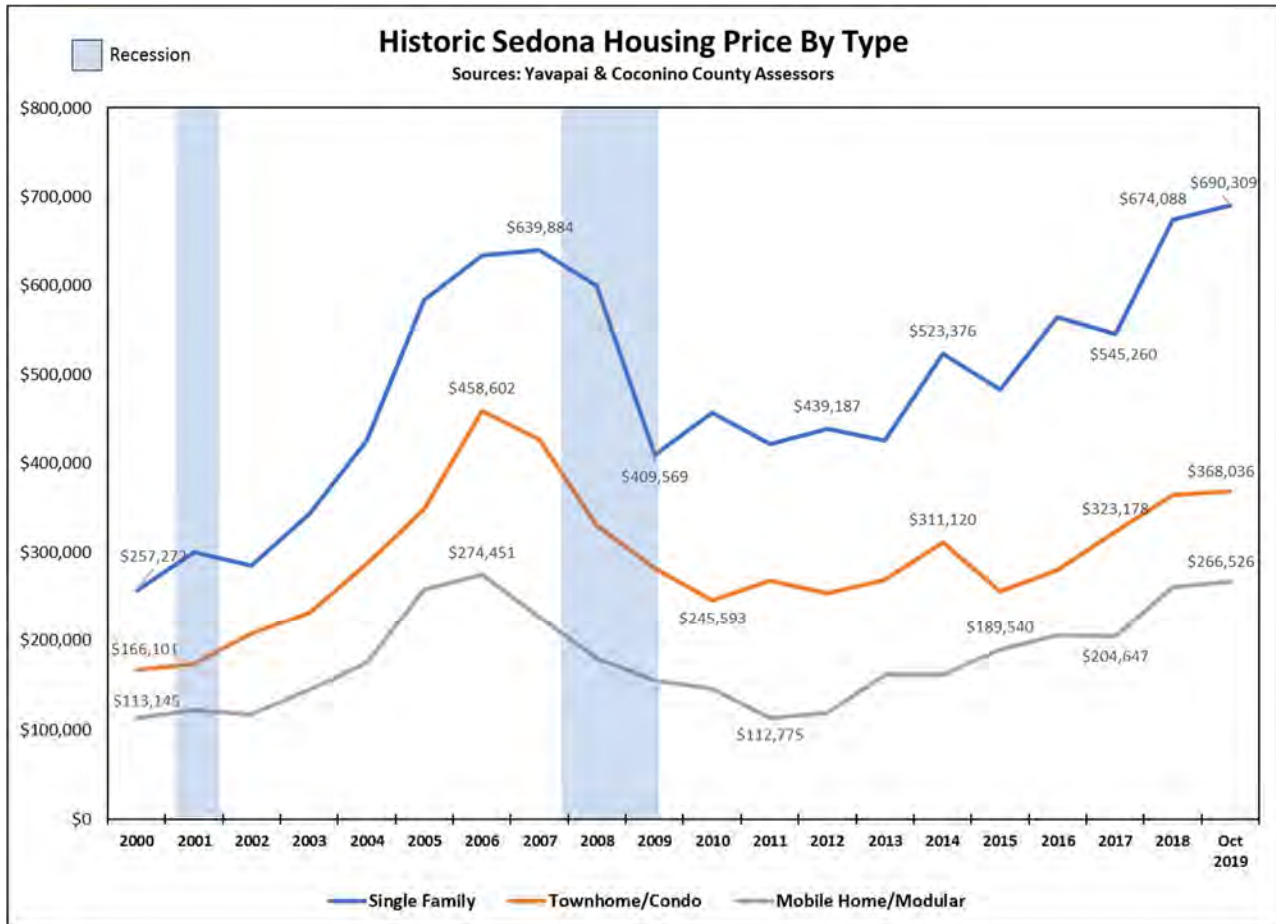
Housing prices naturally vary by type. The average price of a single family home in Sedona is closing in on \$700,000 in 2019. Likewise, townhomes/condos and mobile homes have also



risen rapidly in the past few years. For instance, since the time prices hit their lowest point after the Great Recession, prices have risen to 2019 by the following percentages:

- Single family homes: 69%
- Townhomes/condos: 50%
- Mobile/modular homes: 136%

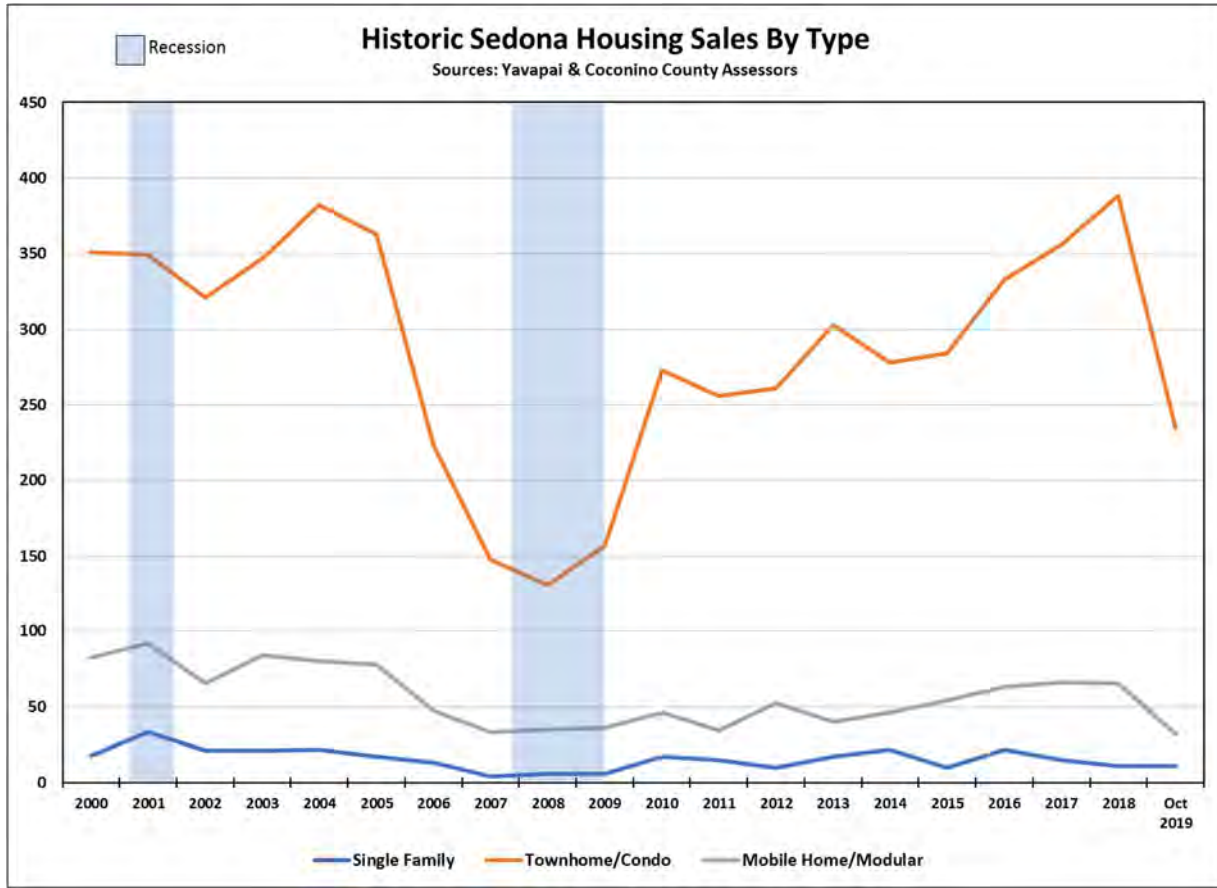
Chart 6



The number of housing sales have varied over the past 19 years with single family homes showing a sharp decline between 2005 and 2009 prior to the start of the recession. This is likely the result of rapidly rising prices that slowed the number of sales. A decline in sales is noted for 2019. This is partly due to the lack of sales data for the last two months of the year. However, the rise in prices likely also has slowed the sales rate.



Chart 7



Housing sales prices in the other Verde Valley communities are significantly lower than those found in Sedona. Prices in most of the communities are in the \$250,000 to \$300,000 range. The unincorporated area of Yavapai County shows the highest average price outside of Sedona with Cornville and the Village of Oak Creek seeing prices rise over the past few years.



Chart 8

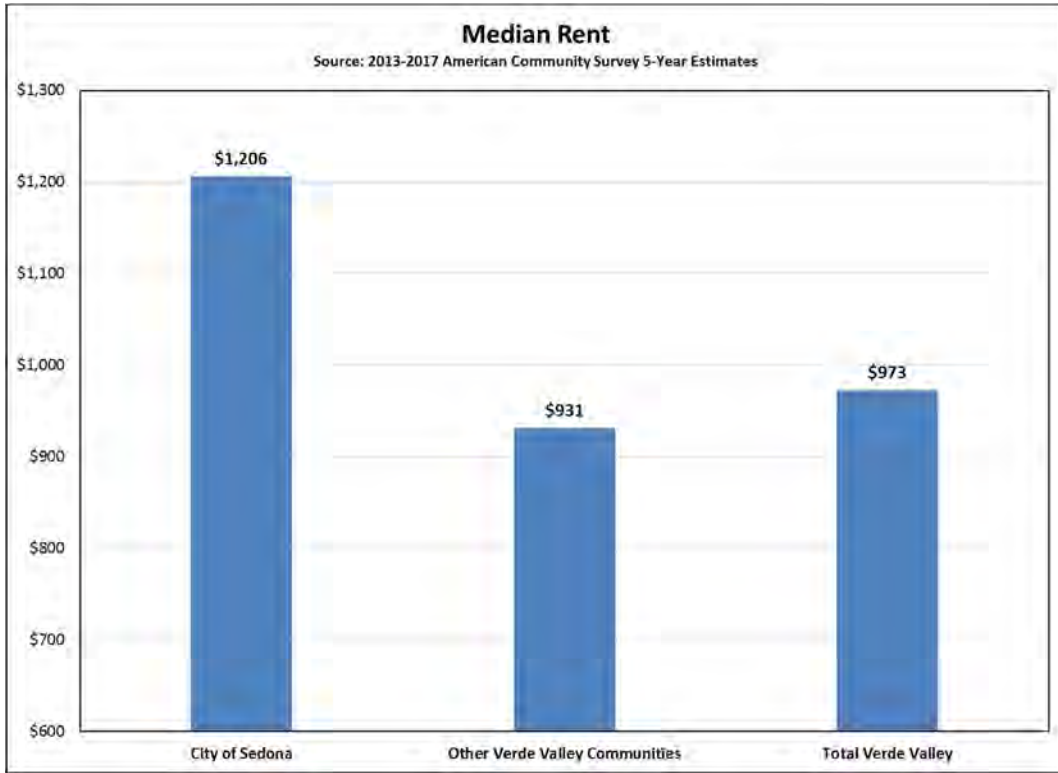


Rents

Similar to housing price information from the U.S. Census, rental data is out-of-date and has not accounted for the rapid increase in rents over the past few years. Median rents for Sedona and the Verde Valley from the Census are shown on Chart 7. The median gross rent in Sedona is 24% higher than the Verde Valley median and 30% higher than rents found in neighboring Verde Valley communities.



Chart 9



In order to provide more up-to-date rental information, data was collected from a variety of sources. Zillow, for instance, provides county rent data. The following table outlines the average rents for Yavapai County from 2010 to 2019. Of note is the large percentage increase in rents since 2017 averaging more than 10% each year.

Table 24

Yavapai County Average Rents		
Year	Average Rent	% Change
2010	\$665	
2011	\$687	3.4%
2012	\$651	-5.3%
2013	\$676	3.9%
2014	\$751	11.1%
2015	\$803	6.9%
2016	\$832	3.7%
2017	\$922	10.8%
2018	\$1,019	10.5%
2019	\$1,121	10.0%

Source: Zillow



Another source to track rent increases is through HUD's Fair Market Rent (FMR) analysis. Each year, HUD updates its FMR data for all communities in the country. FMRs are based on standard quality rents and complexes and include the cost of shelter (contract rent) and utilities (which do not include telephone, cable TV, or internet services). The rent calculations are used to determine payment standards for voucher programs, public housing rents, and other rent related payment programs.

For the Verde Valley, rents have increased dramatically by more than 20% between 2015 and 2020 (Table 5). The highest rent increases occurred in the Cornville area followed by Sedona. Cornville experienced a 54% increase in rents across all unit sizes while Sedona's rents increased by 34%. Rents across most communities were well above the rate of inflation that averaged less than 2% annually over the last five years or a total of approximately 10% for the last five years.



Table 25

Fair Market Rent Comparison 2015 & 2020 Verde Valley Communities							
2015 Fair Market Rents							
Community	ZIP Code	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	Average
Camp Verde	86322	\$540	\$610	\$770	\$1,130	\$1,200	\$850
Clarkdale	86324	\$690	\$780	\$990	\$1,460	\$1,540	\$1,092
Cornville	86325	\$620	\$700	\$890	\$1,310	\$1,390	\$982
Cottonwood	86326	\$550	\$630	\$790	\$1,160	\$1,230	\$872
Jerome	86331	\$610	\$690	\$870	\$1,280	\$1,360	\$962
Rimrock	86335	\$540	\$610	\$770	\$1,130	\$1,200	\$850
Sedona	86336	\$710	\$810	\$1,020	\$1,500	\$1,590	\$1,126
Oak Creek	86351	\$680	\$780	\$980	\$1,440	\$1,530	\$1,082
2020 Fair Market Rents							
Camp Verde	86322	\$670	\$740	\$970	\$1,360	\$1,420	\$1,032
Clarkdale	86324	\$750	\$820	\$1,080	\$1,510	\$1,580	\$1,148
Cornville	86325	\$990	\$1,080	\$1,420	\$1,990	\$2,080	\$1,512
Cottonwood	86326	\$720	\$780	\$1,030	\$1,440	\$1,510	\$1,096
Jerome	86331	\$650	\$680	\$900	\$1,260	\$1,320	\$962
Rimrock	86335	\$730	\$800	\$1,050	\$1,470	\$1,540	\$1,118
Sedona	86336	\$1,010	\$1,090	\$1,410	\$1,940	\$2,110	\$1,512
Oak Creek	86351	\$850	\$930	\$1,220	\$1,710	\$1,780	\$1,298
Percent Increase 2015-2020							
Camp Verde	86322	24.1%	21.3%	26.0%	20.4%	18.3%	21.4%
Clarkdale	86324	8.7%	5.1%	9.1%	3.4%	2.6%	5.1%
Cornville	86325	59.7%	54.3%	59.6%	51.9%	49.6%	54.0%
Cottonwood	86326	30.9%	23.8%	30.4%	24.1%	22.8%	25.7%
Jerome	86331	6.6%	-1.4%	3.4%	-1.6%	-2.9%	0.0%
Rimrock	86335	35.2%	31.1%	36.4%	30.1%	28.3%	31.5%
Sedona	86336	42.3%	34.6%	38.2%	29.3%	32.7%	34.3%
Oak Creek	86351	25.0%	19.2%	24.5%	18.8%	16.3%	20.0%
Average Annual Percent Increase 2015-2020							
Camp Verde	86322	4.4%	3.9%	4.7%	3.8%	3.4%	4.0%
Clarkdale	86324	1.7%	1.0%	1.8%	0.7%	0.5%	1.0%
Cornville	86325	9.8%	9.1%	9.8%	8.7%	8.4%	9.0%
Cottonwood	86326	5.5%	4.4%	5.4%	4.4%	4.2%	4.7%
Jerome	86331	1.3%	-0.3%	0.7%	-0.3%	-0.6%	0.0%
Rimrock	86335	6.2%	5.6%	6.4%	5.4%	5.1%	5.6%
Sedona	86336	7.3%	6.1%	6.7%	5.3%	5.8%	6.1%
Oak Creek	86351	4.6%	3.6%	4.5%	3.5%	3.1%	3.7%
Source: HUD Fair Market Rents							

An inventory of apartment complexes in the Verde Valley was conducted by this firm using available data sources and online websites. The complexes range from those with five units or more. The data may be incomplete and not account for every complex. Most of the projects were fully occupied and rent data was not provided by managers when contacted. The



inventory is dominated by the Town of Cottonwood with 63% of all units followed by Sedona with an estimated 16% share.

Table 26

Verde Valley Apartment Inventory		
Community	Units	% of Total
Camp Verde	135	9.6%
Clarkdale	67	4.8%
Cottonwood	879	62.7%
Jerome	24	1.7%
Oak Creek	74	5.3%
Sedona	224	16.0%
Total	1,403	100.0%
Source: Elliott D. Pollack & Co.		

The Sedona apartment inventory is primarily comprised of small properties with only two complexes larger than 25 units. Shadowbrook Apartments is the largest complex with 54 units built in 1987. Pinon Lofts opened in 2020 with 45 units. As noted previously in this report, the lack of both apartment units and townhome units create a significant impediment for providing affordable housing to working families. The expected ratio of multifamily units to total units is typically between 15% and 20% of the total unit count.

Table 27

Sedona Apartment Inventory		
Complex Name/Address	Address	Units
325 Price Road		6
515 Sunset Lane		8
200 N. Payne Pl.		10
75 Canyon Circle Dr.		14
550 Jordan Rd.		15
Sedona Terrace Apartments	50 Sombart Ln.	15
150 Sombart Ln.		16
371-390 Cedar St.		18
79 Canyon Diablo Rd.		23
Pinon Lofts	3285 W. State Rte. 89A	45
Shadowbrook Apartments	145 Navajo Rd.	54
Total Units		224
Source: Elliott D. Pollack & Co.		

As noted previously, rental data is not readily available from data sources and vendors and



apartment managers could not be reached or declined requests for information on their rental rates. However, information has been collected for the two major apartment complexes. The following chart shows that Shadowbrook Apartments rates have increased by approximately 20% since 2017 to an average of approximately \$1,436 per month per unit. Much of the increase is for the smaller one-bedroom units. The purpose of this chart is not to disparage the owner of the complex, but rather to show the impact of strong demand for apartment units in Sedona.

Table 28

Shadowbrook Apartments									
BR	BA	Units	SF	2017 Rents		2020 Rents		% Change	
				Rent/SF	Rent	Rent/SF	Rent		
1	1	14	650	\$1.50	\$972	\$1.99	\$1,296	33%	
1	1	14	682	\$1.47	\$1,002	\$1.96	\$1,335	33%	
2	1	10	960	\$1.44	\$1,382	\$1.60	\$1,536	11%	
2	2	10	982	\$1.43	\$1,407	\$1.59	\$1,562	11%	
2	2	6	1,080	\$1.44	\$1,552	\$1.50	\$1,620	4%	
Totals/Averages		54	44,548	\$1.46	\$1,201	\$1.74	\$1,436	20%	

Pinon Lofts is a substantial addition to the Sedona market at 45 units. Average rents at the complex are higher than Shadowbrook and can be justified based on the amenities offered at a new project. Based on the criteria of rents plus utilities equal to 30% of gross income, the required household income to rent a unit ranges from \$60,400 for a one-bedroom unit to \$76,000 for a two-bedroom unit. The complex will provide housing for households earning 117% to 124% of the estimated 2020 Yavapai County area median income (AMI) of \$64,600.

Table 29

Pinon Lofts Apartments							
BR	Units	SF	Rent/SF	Rent	Rent + Utilities	Required Income	Percent of AMI
1	9	652	\$2.20	\$1,435	\$1,510	\$60,400	117%
1	16	742	\$2.06	\$1,530	\$1,605	\$64,200	124%
2	16	1,042	\$1.73	\$1,800	\$1,900	\$76,000	118%
2	4	1,020	\$1.76	\$1,800	\$1,900	\$76,000	118%
Averages		45	\$1.91	\$1,631	\$1,781	\$71,240	110%
Note: The HUD 2020 Area Median Income (AMI) for Yavapai County is \$64,600 (for a 4-Person household). The AMI for a 2-person household is \$51,700. Sources: HUD, Pinon Lofts Website							



The following table outlines the affordable rents for certain Yavapai County occupations and critical service personnel. Wages are based on U.S. Department of Labor surveys for the County. Rents are based on a person spending no more than 30% of their income on housing including utilities. The table demonstrates that teachers, police, firefighters, LPNs, and restaurant and hospitality employees would all find it difficult to obtain rental housing in the City of Sedona. These occupations are critical to the economy of Sedona and its tourism industry, for without these employees, services would suffer.

Table 30

Affordable Rents For Critical Personnel & Service Workers Yavapai County			
Occupation	Annual Wage	Affordable Payment*	Affordable Rent
Teacher	\$46,000	\$1,150	\$1,000
Police	\$54,900	\$1,373	\$1,223
Firefighter	\$53,400	\$1,335	\$1,185
Registered Nurse	\$82,050	\$2,051	\$1,901
LPN	\$54,100	\$1,353	\$1,203
Nursing Assistants	\$33,800	\$845	\$695
Restaurant Cook	\$31,200	\$780	\$630
Waiter	\$40,000	\$1,000	\$850
Housekeeping	\$31,200	\$780	\$630
Area Median Family Income 2020 (HUD)	\$64,600	\$1,615	\$1,465
*Includes rent and utilities			
Source: AZ OEO, U.S. Dept. of Labor 2019			

Census data provides some indication of the impact of rising rents on the renter population. Table 30 outlines the number of renters in Sedona between 2012 and 2017 and the percentage of their income that was spent on rent. Overall, there are nearly 300 fewer renters in Sedona in 2017 and a larger percentage of those renters spend more of their income on their rental unit. In 2012, one-third of all renters paid less than 25% of income on rent. By 2017, that percentage had declined to 22%. Renters paying more than 25% of income on rent increased from 67% in 2012 to 78% in 2017. Those renters paying more than 35% of income on rent also increased dramatically. This data may demonstrate that (1) the number of renter households has declined in Sedona over the past five years and (2) the decline may be due to the increase in rents over the past few years.



Table 31

Gross Rent as Percent of Household Income City of Sedona 2012 & 2017					
Rent as Percent of Income	2012		2017		2012-2017 Change
	Renters	% of Total	Renters	% of Total	
Total Renters	1,531		1,239		(292)
Less than 15.0%	260	17.0%	41	3.3%	(219)
15.0% - 19.9%	110	7.2%	100	8.1%	(10)
20.0% - 24.9%	136	8.9%	130	10.5%	(6)
25.0% - 29.9%	90	5.9%	161	13.0%	71
30.0% - 34.9%	205	13.4%	88	7.1%	(117)
More than 35.0%	729	47.6%	719	58.0%	(10)

Sources: 2008-2012 and 2013-2017 American Community Survey 5-Year Estimates

For those persons interested in purchasing a housing unit, the situation is the same given the limited inventory of moderately priced single family homes or condo/townhouses in Sedona, even with historic low interest rates. For a \$250,000 unit, the minimum required income with a 5% down payment is \$59,400. For a \$300,000 unit, the qualifying income jumps to \$71,300. Clearly, many of the service employees and critical service workers do not have the incomes to qualify for a mortgage payment unless they have a large down payment. But even with a 20% down payment, a \$300,000 housing unit would require an income of \$65,000.

Table 32

Sample Monthly Housing Payment & Qualifying Income				
	5% Down Payment		5% Down Payment	
Home Price	\$250,000		\$300,000	
Down Payment	\$12,500	5%	\$15,000	5%
Loan Amount	\$237,500		\$285,000	
Interest Rate	3.5%		3.5%	
Payment (30 Years)	\$1,066		\$1,280	
Property Tax	\$188	0.90%	\$225	0.90%
Insurance	\$73	0.35%	\$88	0.35%
PMI	\$158	0.80%	\$190	0.80%
Total Payment	\$1,485		\$1,782	
Qualifying Income	\$59,409		\$71,291	



3.3 Housing Cost Burden

The accepted method for determining housing affordability is based on the relationship between household income and the cost of housing. The threshold for affordability established by HUD is a household paying no more than 30% of income toward housing. For renters, this estimate includes rent and utilities; for a homeowner it includes a mortgage payment, property taxes, and insurance. Table 33 outlines those households that are burdened by housing payments in the City of Sedona and in the remainder of the Verde Valley. Overall, 43.3% of households are considered burdened in Sedona. In the remainder of the Verde Valley communities, 36.1% of all households are burdened by housing costs.

Typically, high housing costs primarily affect renters since they have few options for securing a suitable and safe place to live. Their housing options are to find affordable housing farther from Sedona or double up with roommates to share rent. Owner-occupants can also have high housing cost burdens, but they have more options to alleviate the situation by selling their home and moving to a rental unit.

Across the Verde Valley, 80% of households earning less than \$20,000 per year are burdened by housing costs. For renters with the same incomes, 87% are burdened by housing costs. For renter occupied units, nearly 100% for Sedona renter households earning less than \$20,000 are rent burdened. In addition, Sedona's housing cost burden is significantly higher for owner-occupied units than the other Verde Valley communities. Some of these households may be long term owners of real estate in the City who are now retired and living on limited incomes. Other owners may be stretching their budgets to live near their place of employment. The core ownership gap encompasses more than 900 households earning less than \$50,000 per year.



Table 33

Housing Costs as a Percentage of Household Income						
Housing Tenure & Income	City of Sedona			Remainder of Verde Valley		
	Total Households	Paying More Than 30% Toward Housing	% Paying More Than 30% Toward Housing	Total Households	Paying More Than 30% Toward Housing	% Paying More Than 30% Toward Housing
Owner-Occupied Housing Units						
Less than \$20,000:	454	437	96.3%	2,514	1,950	77.6%
\$20,000 to \$34,999:	378	232	61.4%	2,558	1,088	42.5%
\$35,000 to \$49,999:	430	253	58.8%	2,372	832	35.1%
\$50,000 to \$74,999:	814	260	31.9%	3,485	713	20.5%
\$75,000 or more:	1,709	270	15.8%	4,225	152	3.6%
Zero or negative income	41	-	0.0%	211	-	0.0%
Totals	3,826	1,452	38.0%	15,365	4,735	30.8%
Renter-Occupied Housing Units						
Less than \$20,000:	392	392	100.0%	1,762	1,486	84.3%
\$20,000 to \$34,999:	150	113	75.3%	1,708	1,396	81.7%
\$35,000 to \$49,999:	237	189	79.7%	1,392	579	41.6%
\$50,000 to \$74,999:	271	89	32.8%	1,037	125	12.1%
\$75,000 or more:	189	24	12.7%	1,093	43	3.9%
Zero or negative income	53	-	0.0%	118	-	0.0%
No cash rent	102	-	0.0%	678	-	0.0%
Totals	1,394	807	57.9%	7,788	3,629	46.6%
Total Households	5,220	2,259	43.3%	23,153	8,364	36.1%

Source: 2013-2017 American Community Survey 5-Year Estimates

Overcrowding is another housing problem that is defined by HUD as more than one person per room living in a housing unit. In Sedona, 1.5% of owner-occupied units are considered overcrowded, all within owner-occupied units. Remarkably, the Census does not find any overcrowded rental units in the City. Rental units typically have a higher rate of overcrowding than owner-occupied units. Overcrowding is apparent in the other Verde Valley communities where 2.5% of households have more than 1 person per room. In the Verde Valley, 660 units are considered overcrowded or 2.3% of the total occupied housing inventory. About 0.6% of total households (183 units) are considered extremely overcrowded with more than 1.50 persons per room.

Overcrowding does not appear to be a significant housing issue in Sedona or the Verde Valley. However, it is a symptom of the lack of affordable housing when persons are forced to acquire housing that is smaller than their needs or where people must double-up in housing to make ends meet.



Table 34

Overcrowded Housing Units						
	City of Sedona		Other Verde Valley Communities		Total Verde Valley	
	Units	% of Total	Units	% of Total	Units	% of Total
Total households	5,348		23,076		28,424	
Owner occupied households	4,113		15,699		19,812	
0.50 or less occupants per room	3,669	89.2%	12,968	82.6%	16,637	84.0%
0.51 to 1.00 occupants per room	365	8.9%	2,588	16.5%	2,953	14.9%
1.01 to 1.50 occupants per room	79	1.9%	110	0.7%	189	1.0%
1.51 to 2.00 occupants per room	-	0.0%	33	0.2%	33	0.2%
2.01 or more occupants per room	-	0.0%	-	0.0%	-	0.0%
Overcrowded Owner Occupied Households	79	1.9%	143	0.9%	222	1.1%
Renter occupied households	1,235		7,377		8,612	
0.50 or less occupants per room	822	66.6%	4,841	65.6%	5,663	65.8%
0.51 to 1.00 occupants per room	413	33.4%	2,098	28.4%	2,511	29.2%
1.01 to 1.50 occupants per room	-	0.0%	288	3.9%	288	3.3%
1.51 to 2.00 occupants per room	-	0.0%	150	2.0%	150	1.7%
2.01 or more occupants per room	-	0.0%	-	0.0%	-	0.0%
Overcrowded Renter Occupied Households	-	0.0%	438	5.9%	438	5.1%
Total Overcrowded Households	79	1.5%	581	2.5%	660	2.3%

Source: 2014-2018 American Community Survey 5-Year Estimates

3.4 Summary

Following are the primary findings and conclusions of Housing Conditions and Trends analysis.

- Sedona and the Verde Valley have a high percentage of seasonal housing units which fits with the tourism economy of the area and the age and incomes of local residents. In the collection of Census data for 2020, the seasonal and vacant housing inventory may increase dramatically due to the abundance of short term rentals in Sedona.
- Sedona only has 257 units within what would be considered traditional apartment complexes and only 211 occupied single family attached units or townhomes. The lack of apartment and townhome complexes limits the inventory of affordable housing units.
- Single family detached units and mobile home units account for 87% of all housing units in the City. According to the U.S. Census, 442 of 786 mobile homes in Sedona (56%) were built before 1979. It is likely that many of these units may pose health and safety hazards for residents if built before June 1976 when HUD established minimum standards for construction. The City may want to consider a developing a policy or plan for the eventual replacement of the older mobile home units.
- The price of housing in Sedona has been cyclical and dramatically impacted by the



Great Recession and housing bubble. The price of housing, including all types of units, rose to \$593,000 in 2007 before declining by 36% in 2009. In 2016, prices started to rise again and have now eclipsed the highest price reached during the housing bubble reaching \$636,000. Since 2015, prices have risen by 45%. Housing sales prices in the other Verde Valley communities are significantly lower, generally in the \$200,000 range.

- The Sedona apartment inventory is primarily comprised of small properties with only two complexes larger than 25 units. Shadowbrook Apartments is the largest complex with 54 units built in 1987. Pinon Lofts with 45 units was recently completed in 2020. The lack of apartment and townhome units in Sedona restricts the opportunities for low and moderate income households to find affordable housing.
- Between 2012 and 2017, the number of renters in Sedona declined by 300 households. This data may demonstrate that the decline may be due to the increase in rents over the past few years.
- Nearly 58% of Sedona renters are cost burdened or over 800 households. The lack of affordable units most affects those households earning less than \$50,000 including service workers, teachers, and critical service employees such as police and fire fighters. Homeowners earning less than \$50,000 are also affected by the lack of affordable housing supply. More than 900 households earning less than \$50,000 per year pay more than 30% of their income on housing.
- According to HUD, fair market rents in Sedona have increased by 34.3 % since 2015 or an average of 6.1% each year. This rate of increase is approximately three times the rate of inflation over the past five years.
- Short Term Rentals have become a significant housing issue for Sedona over the past three years, today totaling 744 units. Aside from the disruption of neighborhoods, STRs have resulted in the conversion of housing units from permanent to transient use, many units of which would be affordable to moderate income households. The loss of this housing inventory has exacerbated the affordable.



4.0 Affordable Housing Gap Analysis

The housing gap is the difference between the rents or housing values in a community and ability of households to afford those rents or values. Affordability has become an issue over the past few years for many income levels due to rents and values that have increased well above the rate of inflation. At the same time, wages have stagnated. Housing affordability affects low and moderate income households as well as workforce households that include many essential occupations such as teachers, police, firemen, and nurses.

There has been much discussion about the term “affordable housing”. “Affordable” is often associated with housing for the lowest income households. “Workforce” or “attainable” housing is often associated with the demand from critical service providers or essential personnel such as police, firefighters, nurses, schoolteachers, and others. In the context of this study, the term “affordable” will apply to all households that are burdened by housing costs or those that can’t find housing due to its cost relative to household income. Affordable housing refers to a continuum of housing demand that affects persons from the lowest income levels to those earning above the area median income. A healthy economy and housing market should address all these demand sectors.

There are two primary components of the housing gap:

- The gap affecting existing residents in the community who cannot find affordable housing and are forced to pay more than 30% of their income on housing and
- The demand for housing generated from new jobs created in the community.

Each component will be described in this section of the report.

4.1 Gap Affecting Existing Residents

This section report describes the gap analysis for existing residents living and working in the Verde Valley. The analysis will focus on the housing gap for Sedona along with the gap for the Verde Valley’s four other towns and cities and the unincorporated area of Yavapai County. Housing data is available from the U.S. Census American Community Survey (ACS) for the towns and cities as well as for four unincorporated areas known as Cornville, Lake Montezuma, Verde Village, and Village of Oak Creek.

There are two methods for determining the housing gap:

- Evaluating the resident population that pays more than 30% of income towards housing known as the housing cost burden. The recognized national standard for affordability is the 30% figure.



- Evaluating the relationship between the household incomes of residents and the availability of housing units that are affordable to those households. This data is derived from the ACS as well although it is dated by a year or two and does not provide up-to-date housing values or rents. This approach is referred to in this study as the Affordable Housing Analysis Approach.

Each approach will be outlined in this report.

Housing Cost Burden Approach

As noted above, households are considered burdened by the cost of housing if rent or other housing costs total more than 30% of total household income. For a homeowner, the cost of housing typically includes a mortgage, property taxes, and insurance. For a renter, the cost of housing is rent and utilities. The U.S. Department of Housing and Urban Development also recognizes households that pay more than 50% of income towards housing known as an “severely cost burdened.” Across the country, approximately one-third of all households are considered cost burdened and about 16% are severely burdened.

The following table summarizes the housing cost burden for the Verde Valley by city or town including the unincorporated area of Yavapai County. The detailed table by community and income range follows thereafter. Across the Verde Valley, approximately 36% of all households are considered cost burdened or 10,300 households out of 28,400 total households. Of those 10,300 cost burdened households, approximately 45% or 4,600 households are considered severely burdened paying more than 50% of income towards housing. These severely burdened households represent 16% of total households in the Verde Valley. Overall, these numbers are relatively consistent with national estimates.

Table 35

Verde Valley Housing Cost Burden Summary							
	Camp Verde	Clarkdale	Cottonwood	Jerome	Sedona	Yavapai County	Total Verde Valley
Total Households	3,956	2,226	5,253	227	5,348	11,414	28,424
Cost Burdened Households	1,144	1,034	2,135	62	2,275	3,686	10,336
% Cost Burdened Households	28.9%	46.5%	40.6%	27.3%	42.5%	32.3%	36.4%
Paying 30%-50% of Income	554	882	1,174	14	1,060	2,024	5,708
Paying More Than 50% of Income	590	152	961	48	1,215	1,662	4,628
% Paying More Than 50% of Income	14.9%	6.8%	18.3%	21.1%	22.7%	14.6%	16.3%

Source: 2018 American Community Survey 5-Year Estimates

The highest levels of cost burdened households are found in Clarkdale, Cottonwood, and Sedona, all above 40%. Sedona also has the highest number of severely burdened households



among the municipalities paying more than 50% of income towards housing. The unincorporated areas of Yavapai County have the highest level of housing cost burden on an absolute basis although its percentage is lower due to a larger population.

In Sedona, housing cost burden reaches to those households earning more than \$75,000 (see Table 36). Of the 5,348 households in Sedona, 2,275 are considered cost burdened (42.5%); renters have an even higher cost burden with 62.4% paying more than 30% of income on housing. Out of those cost burdened households, approximately 1,215 are judged to be severely cost burdened paying more the 50% of their income on housing.

Cost burden is often cited as the basis for determining the affordability gap. However, the absolute numbers of persons and households subject to a housing cost burden is rather significant and does not consider households that may be paying up to 35% or 40% of income on housing which for some apartment rental managers is an acceptable payment level. As a result, alternative affordability gap approaches are often considered as well.



Table 36

Housing Cost Burden (More Than 30% of Household Income Paid to Housing)												
Verde Valley												
Housing Tenure & Income	Camp Verde			Clarkdale			Cottonwood					
	Total Households	Paying More Than 30% To Housing	% Paying More Than 30% To Housing	Total Households	Paying More Than 30% To Housing	% Paying More Than 30% To Housing	Total Households	Paying More Than 30% To Housing	% Paying More Than 30% To Housing	Total Households	Paying More Than 30% To Housing	% Paying More Than 30% To Housing
Owner-Occupied Housing Units												
Less than \$20,000:	400	298	74.5%	292	181	62.0%	455	423	93.0%			
\$20,000 to \$34,999:	600	182	30.3%	82	24	29.3%	615	216	35.1%			
\$35,000 to \$49,999:	528	112	21.2%	318	163	51.3%	357	102	28.6%			
\$50,000 to \$74,999:	661	85	12.9%	367	240	65.4%	513	33	6.4%			
\$75,000 or more:	575	21	3.7%	410	-	0.0%	593	-	0.0%			
Zero or negative income	99	-	0.0%	60	-	0.0%	2	-	0.0%			
Totals	2,863	698	24.4%	1,529	608	39.8%	2,535	774	30.5%			
Renter-Occupied Housing Units												
Less than \$20,000:	308	235	76.3%	194	189	97.4%	728	557	76.5%			
\$20,000 to \$34,999:	219	201	91.8%	142	142	100.0%	755	618	81.9%			
\$35,000 to \$49,999:	74	10	13.5%	116	95	81.9%	247	91	36.8%			
\$50,000 to \$74,999:	142	-	0.0%	123	-	0.0%	527	75	14.2%			
\$75,000 or more:	171	-	0.0%	54	-	0.0%	315	20	6.3%			
Zero or negative income	7	-	0.0%	-	-	0.0%	26	-	0.0%			
No cash rent	172	-	0.0%	68	-	0.0%	120	-	0.0%			
Totals	1,093	446	40.8%	697	426	61.1%	2,718	1,361	50.1%			
Total Households	3,956	1,144	28.9%	2,226	1,034	46.5%	5,253	2,135	40.6%			
Estimated Severely Cost Burdened (Paying 50%+)		590			152			961				
% of Burdened Households that are Extremely Burdened		51.6%			14.7%			45.0%				
Housing Tenure & Income	Jerome			Sedona			Unincorporated Yavapai County			Total Verde Valley		
	Total Households	Paying More Than 30% To Housing	% Paying More Than 30% To Housing	Total Households	Paying More Than 30% To Housing	% Paying More Than 30% To Housing	Total Households	Paying More Than 30% To Housing	% Paying More Than 30% To Housing	Total Households	Paying More Than 30% To Housing	% Paying More Than 30% To Housing
Owner-Occupied Housing Units												
Less than \$20,000:	13	6	46.2%	489	480	98.2%	1,181	814	68.9%	2,830	2,202	77.8%
\$20,000 to \$34,999:	22	9	40.9%	505	273	54.1%	1,062	511	48.1%	2,886	1,215	42.1%
\$35,000 to \$49,999:	16	13	81.3%	337	192	57.0%	1,338	453	33.9%	2,894	1,035	35.8%
\$50,000 to \$74,999:	15	-	0.0%	905	268	29.6%	2,125	382	18.0%	4,586	1,008	22.0%
\$75,000 or more:	72	2	2.8%	1,845	291	15.8%	2,917	136	4.7%	6,412	450	7.0%
Zero or negative income	-	-	0.0%	32	-	0.0%	11	-	0.0%	204	-	0.0%
Totals	138	30	21.7%	4,113	1,504	36.6%	8,634	2,296	26.6%	19,812	5,910	29.8%
Renter-Occupied Housing Units												
Less than \$20,000:	18	10	55.6%	378	378	100.0%	551	551	100.0%	2,177	1,920	88.2%
\$20,000 to \$34,999:	16	16	100.0%	131	116	88.5%	603	543	90.0%	1,866	1,636	87.7%
\$35,000 to \$49,999:	17	6	35.3%	244	187	76.6%	547	218	39.9%	1,245	607	48.8%
\$50,000 to \$74,999:	13	-	0.0%	205	65	31.7%	318	62	19.5%	1,328	202	15.2%
\$75,000 or more:	-	-	0.0%	152	25	16.4%	472	16	3.4%	1,164	61	5.2%
Zero or negative income	11	-	0.0%	53	-	0.0%	27	-	0.0%	124	-	0.0%
No cash rent	14	-	0.0%	72	-	0.0%	262	-	0.0%	708	-	0.0%
Totals	89	32	36.0%	1,235	771	62.4%	2,780	1,390	50.0%	8,612	4,426	51.4%
Total Households	227	62	27.3%	5,348	2,275	42.5%	11,414	3,686	32.3%	28,424	10,336	36.4%
Estimated Severely Cost Burdened (Paying 50%+)		48			1,215			1,662			4,628	
% of Burdened Households that are Extremely Burdened		77.4%			53.4%			45.1%			44.8%	

Source: 2018 American Community Survey 5-Year Estimates



Affordability Gap Analysis Approach

This alternative affordability gap analysis evaluates the relationship between the household incomes of residents and the availability of housing units that are affordable to those households based on available Census data. The “gap” occurs where there are more households than units. Table 37 is an example of the approach for the City of Sedona.

On the far-left side of the table is the number of households by income range and the affordability range based on the 30% cost burden. For instance, a household earning \$10,000 per year could afford a monthly payment of \$250.

For those units that are owner-occupied, the affordable monthly payment for housing has been converted to a value or cost of a housing unit. The assumptions used for this calculation assume a 5% down payment and a 4% interest rate on a home loan over 30 years. In addition, the monthly mortgage payment is increased by a factor of 1.45 to account for private mortgage insurance (for any loan with less than a 20% down payment), property taxes, and home insurance. For a household earning \$10,000, in theory they could afford a housing unit valued at \$38,000. They could also afford a rental unit with a \$250 monthly rent.

The number of owner and renter-occupied units available within Sedona at each income level shown on the right side of the table is based on Census data. The “gap” is the difference between available units and the number of households at each income level. For Sedona, the resulting calculation demonstrates that the gap extends to households earning up to \$100,000 and the total cumulative gap is more than 1,250 units. This represents approximately 23.5% of all households.



Table 37

Sedona Affordability Gap Analysis

Assumptions													
Maximum % of Income for Housing		30%											
Interest Rate		4.00%											
Down Payment		5.00%											
Median Household Income		\$60,015											
PMI/Home Insurance/Property Tax Factor		1.45											
Household Income		Total Households	Affordability Range		House Value		Monthly Rent		Units Available		Total Units Available	GAP	Cumulative GAP
			Low	High	Low	High	Low	High	Owner Occupied	Renter Occupied			
\$0	\$10,000	364	-	\$250	-	\$38,000	\$0	\$250	86	72	158	(205)	(205)
\$10,000	\$14,999	380	\$250	\$375	\$38,000	\$57,100	\$250	\$375	38	35	73	(306)	(512)
\$15,000	\$24,999	385	\$375	\$625	\$57,100	\$95,100	\$375	\$625	50	100	150	(235)	(747)
\$25,000	\$34,999	513	\$625	\$875	\$95,100	\$133,100	\$625	\$875	112	176	288	(225)	(972)
\$35,000	\$49,999	599	\$875	\$1,250	\$133,100	\$190,200	\$875	\$1,250	288	302	590	(9)	(981)
\$50,000	\$74,999	1,112	\$1,250	\$1,875	\$190,200	\$285,300	\$1,250	\$1,875	590	350	940	(173)	(1,154)
\$75,000	\$99,999	711	\$1,875	\$2,500	\$285,300	\$380,400	\$1,875	\$2,500	487	121	607	(104)	(1,258)
\$100,000	\$149,999	583	\$2,500	\$3,750	\$380,400	\$570,600	\$2,500	\$3,750	817	80	897	314	(943)
\$150,000	\$199,999	203	\$3,750	\$5,000	\$570,600	\$760,700	\$3,750	\$5,000	699	-	699	495	(448)
\$200,000	-	497	\$5,000	\$0	\$760,800	\$0	\$5,000	\$0	945	-	945	448	-
		5,348							4,113	1,235	5,348		

Source: U.S. Census American Community Survey 2018 5-Year Estimates



The above analysis is theoretical in some respects and assumes that each household can find a unit relative to its income up until the point that affordable units are no longer available. Unfortunately, housing demand is not distributed evenly to where it is most needed. Some higher income households occupy units that could be affordable to lower income households. As a result, some households are forced to live in units that cost more than 30% of their income because they are crowded out of affordable units. Alternatively, they may live in substandard units such as older mobile homes or live with roommates to share housing costs.

Affordability for ownership housing is at an all-time high. The analysis uses a 4% mortgage interest rate for ownership housing which is about 1% higher than current interest rates. The 4% rate approximates interest rates found in the market prior to the start of the pandemic. Affordability at the present time is therefore extended beyond historic levels. Higher interest rates in the future would reduce affordability. The Federal Reserve recently announced that they would likely maintain the current low interest rate environment through 2023.

For this approach, the housing affordability gap for Sedona is judged to be 1,258 units. This approach represents a more realistic estimate of the gap compared to the housing cost burden approach. This estimate may form the basis for determining a housing affordability goal.

One further note, throughout the Verde Valley there are an estimated 5,462 mobile homes representing nearly 20% of all housing units. Included in that amount are 1,708 units that were built before 1979. In 1976, HUD established the Manufactured Home Construction and Safety Standards which regulate all aspects of the construction of mobile homes including design and construction strength, durability, transportability, fire resistance, and energy efficiency. Many of the units built before 1979 may be uninhabitable or unsafe and do not meet today's standards. However, they do provide low cost, affordable housing for low and moderate income households.

Sedona has a large inventory of mobile homes totaling 786 units with 442 built before 1979. These older units could be unsuitable for habitation. However, if removed from the housing inventory, the gap would increase for each unit that is removed. If replacement units are not provided, residents of those units would need to relocate to another low cost unit or move to another community. The City needs to recognize the situation with its older mobile home inventory and create a plan or policy for their replacement over time.



Table 38

Verde Valley Mobile Home Inventory							
	Camp Verde	Clarkdale	Cottonwood	Sedona	Jerome	Yavapai County	Verde Valley Total
Total Mobile Homes	1,290	184	964	786	6	2,232	5,462
Mobile Home Built Before 1979	528	0	142	442	6	590	1,708
% of Homes Built Before 1979	40.9%	0.0%	14.7%	56.2%	100.0%	26.4%	31.3%

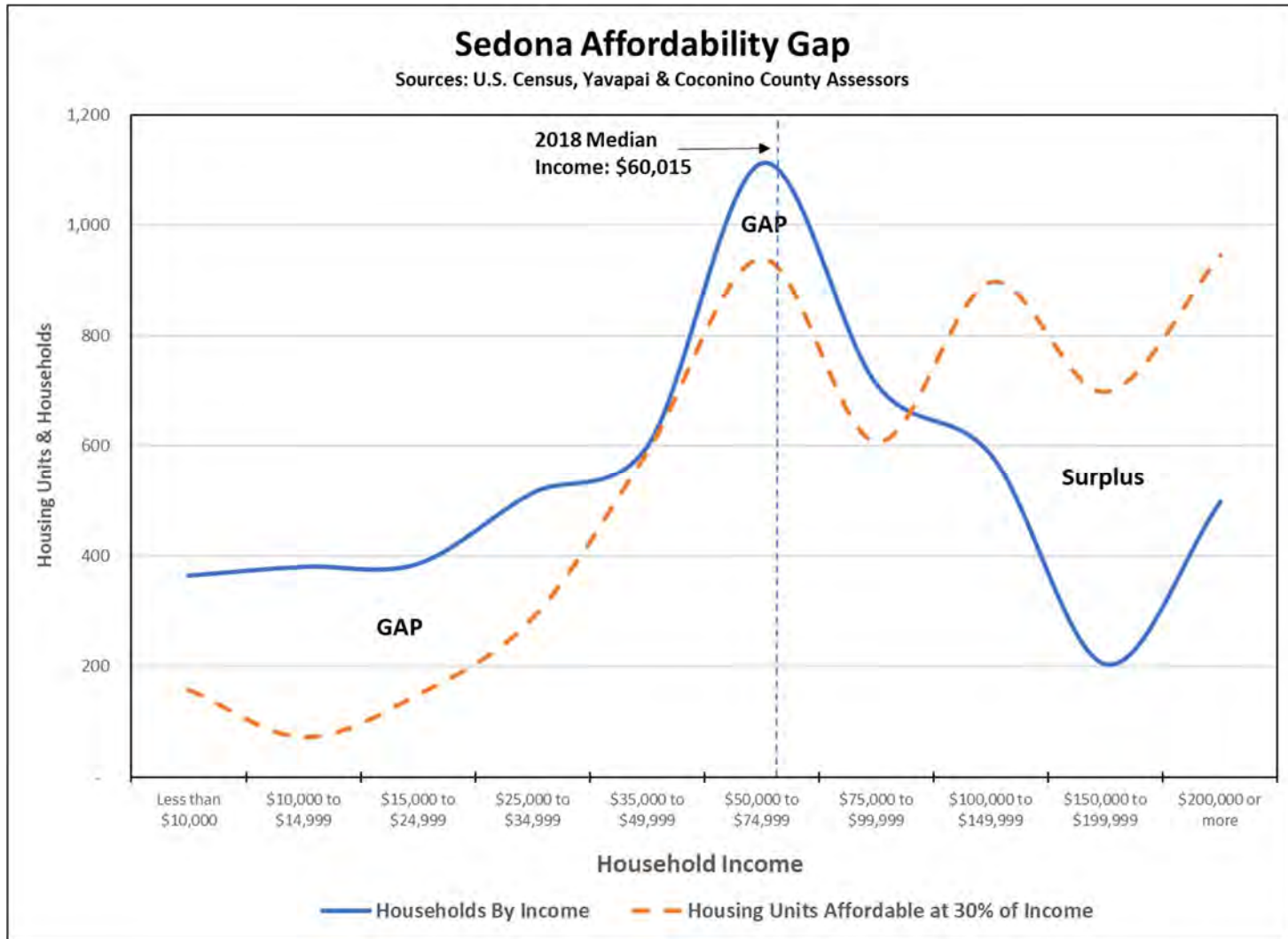
Source: U.S. Census American Community Survey 2018 5-Year Estimates

A chart illustrating the Sedona housing affordability gap follows. Essentially, the gap extends to those households earning up to \$100,000 with the largest gap occurring for persons earning below \$50,000.

The large surplus of housing units available for households earning above \$100,000 is an anomaly not found in many other communities. The explanation may be that there are retired households that have significant wealth and can purchase high priced homes, but do not have a commensurate income because they are retired.



Chart 10



The housing affordability gap for each community in the Verde Valley and the unincorporated area is summarized on the following table. The gap is considered the largest number within the column marked “cumulative gap”. For the entire Verde Valley, the gap is 2,285 units or approximately 8.0% of total households. That gap affects persons earning less than \$25,000.

The comparison of data among the communities shows the difference between Sedona and the remaining towns and cities. For Sedona, the affordability gap affects households up to \$100,000 of income. For all other jurisdictions, the gap is at the lower end of the income range under \$25,000. This outcome may dictate different strategies for Sedona compared to the remainder of the Verde Valley. For instance, Sedona may need to address the housing needs of low and moderate income households as well as middle income households – essential workers such as police, firemen, nurses, teachers, etc.



Table 39

**Housing Gap Estimate
Verde Valley**

Household Income Range	Camp Verde			Clarkdale			Cottonwood		
	Households	Affordable Units	Cumulative Gap	Households	Affordable Units	Cumulative Gap	Households	Affordable Units	Cumulative Gap
Less than \$10,000	451	369	(82)	294	200	(94)	357	281	(76)
\$10,000 to \$14,999	206	318	30	109	57	(146)	394	406	(64)
\$15,000 to \$24,999	585	460	(95)	263	129	(280)	1,014	709	(370)
\$25,000 to \$34,999	534	602	(27)	114	360	(34)	909	1,081	(198)
\$35,000 to \$49,999	625	694	42	434	456	(12)	620	1,227	409
\$50,000 to \$74,999	803	703	(57)	490	512	11	1,056	1,090	444
\$75,000 to \$99,999	261	327	9	127	155	39	415	287	316
\$100,000 to \$149,999	348	350	10	294	169	(86)	462	149	2
\$150,000 to \$199,999	40	109	80	31	188	71	16	16	2
\$200,000 or more	99	23	4	71	-	-	16	8	(5)
Totals	3,952	3,956	-	2,226	2,226	-	5,258	5,253	-

Household Income Range	Jerome			Sedona			Unincorporated Yavapai County			Total		
	Households	Affordable Units	Cumulative Gap	Households	Affordable Units	Cumulative Gap	Households	Affordable Units	Cumulative Gap	Households	Affordable Units	Cumulative Gap
Less than \$10,000	30	25	(5)	364	158	(205)	620	411	(209)	2,116	1,444	(671)
\$10,000 to \$14,999	13	18	(0)	380	73	(512)	501	164	(546)	1,603	1,035	(1,238)
\$15,000 to \$24,999	35	24	(11)	385	150	(747)	1,148	913	(782)	3,430	2,384	(2,285)
\$25,000 to \$34,999	9	24	4	513	288	(972)	1,327	1,502	(606)	3,406	3,858	(1,833)
\$35,000 to \$49,999	33	19	(10)	599	590	(981)	1,951	2,363	(195)	4,262	5,349	(746)
\$50,000 to \$74,999	35	38	(7)	1,112	940	(1,154)	2,473	2,709	42	5,969	5,994	(722)
\$75,000 to \$99,999	16	34	12	711	607	(1,258)	1,199	1,181	23	2,729	2,592	(859)
\$100,000 to \$149,999	20	43	35	583	897	(943)	1,327	1,192	(112)	3,034	2,799	(1,094)
\$150,000 to \$199,999	21	2	15	203	699	(448)	525	415	(222)	836	1,428	(501)
\$200,000 or more	15	-	0	497	945	-	343	565	(0)	1,042	1,541	(2)
Totals	227	227	-	5,348	5,348	-	11,415	11,414	-	28,426	28,424	-

Source: 2018 American Community Survey 5-Year Estimates



Affordability gap charts for each community in the Verde Valley are found in the Appendix to this report.

4.2 Demand for Housing Generated by Employment Growth

Sedona's population is forecasted to grow by approximately 395 persons between 2020 and 2030. Based on an average household size of 2.0 persons per unit, this forecast translates into a housing demand for 200 units or 20 new units per year. There will likely be some redevelopment activity over that time frame that may result in the loss of older housing units and the construction of new units in their place. In any case, the forecasted housing demand is modest.

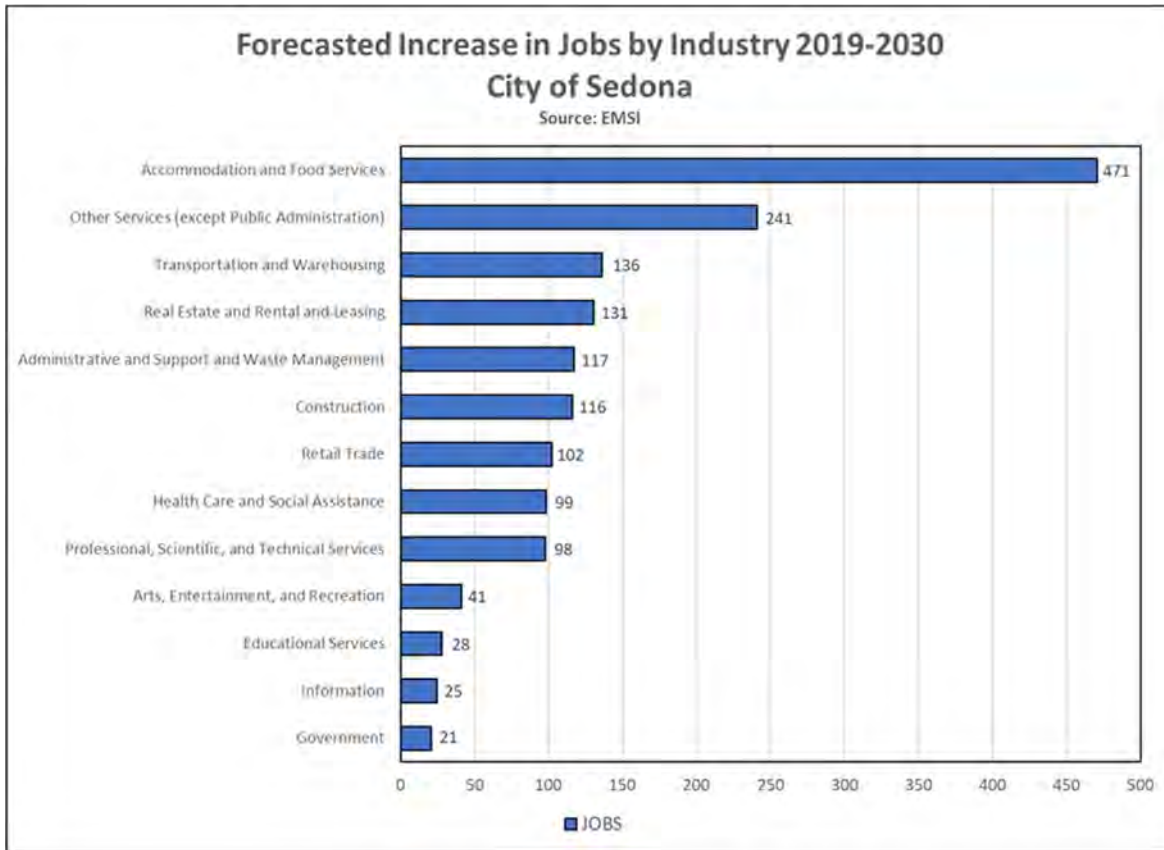
Of more significance is the forecasted growth in employment for Sedona over the next ten years that totals more than 1,600 jobs (as noted in Section 2.2 of this report). Employment is the primary factor that will generate demand for housing in Sedona, with employees searching for housing close to their place of work. However, this employment forecast was prepared prior to the COVID-19 pandemic. The postponement of commercial or hotel development in Sedona will likely occur until the tourism industry fully recovers. In the short term, job prospects may be limited.

With the assistance of the City staff, it may be reasonable to determine if the forecast of employment growth outlined in this report is accurate based on commercial building permit activity (industrial, retail, office, institutional, and hotel land uses). Employment estimates can be developed based on the square footage of historic commercial building activity and forecasted into the future.

Most of the forecasted job growth in Sedona is expected to be in the restaurant and hotel industries. The "other services" category, primarily tourist-oriented jobs, is also forecasted for significant growth. Any remaining employment growth is largely related to support services related to the growth of the tourism industry and growth in population (Table 40).



Chart 11



As noted in Section 2.2 of this report, Sedona’s employment base over the next ten years will likely not reach the 1,600 jobs forecast due to the near-term risk in the economy from the pandemic. Future employment growth in Sedona over the next ten years will likely range from 950 to 1,100 jobs or an average of 95 to 110 jobs per year.

Using the results of the Sedona Employee Survey, the above employment forecast is reduced by the percentage of dual income households and those households that would be expected to earn more than 100% of the Yavapai County area median income (\$64,600). Based on those criteria, the demand for affordable units is expected to range from 44 to 51 units per year or 220 to 255 units over the next five years.

Summary

The final five-year affordable housing gap for Sedona is a combination of:

- Addressing the current shortage of affordable housing for existing residents. This estimate is 1,260 units.
- Providing for housing needs of low and moderate income persons who will be filling new employment opportunities within the City over the next five years. That demand



is estimated at a total of 220 to 255 units.

In total, the five-year affordable housing demand is estimated at 1,480 to 1,515 units.



Appendix 1: Verde Valley Affordability Gap Charts

Following are the Affordability Gap charts for the communities in the Verde Valley including the unincorporated area. Cottonwood is an example of a typical affordability curve where there is a gap at the lower end of the income range and a surplus of units at the middle income or median income range. Theoretically, in this situation, we believe that the lower income households are forced into the “surplus” in the middle income range and end up paying more than 30% of income towards housing. But, higher income households also crowd into the surplus area attempting to reduce their housing cost. The result is a shortage of housing for the lowest income households.

Chart 12

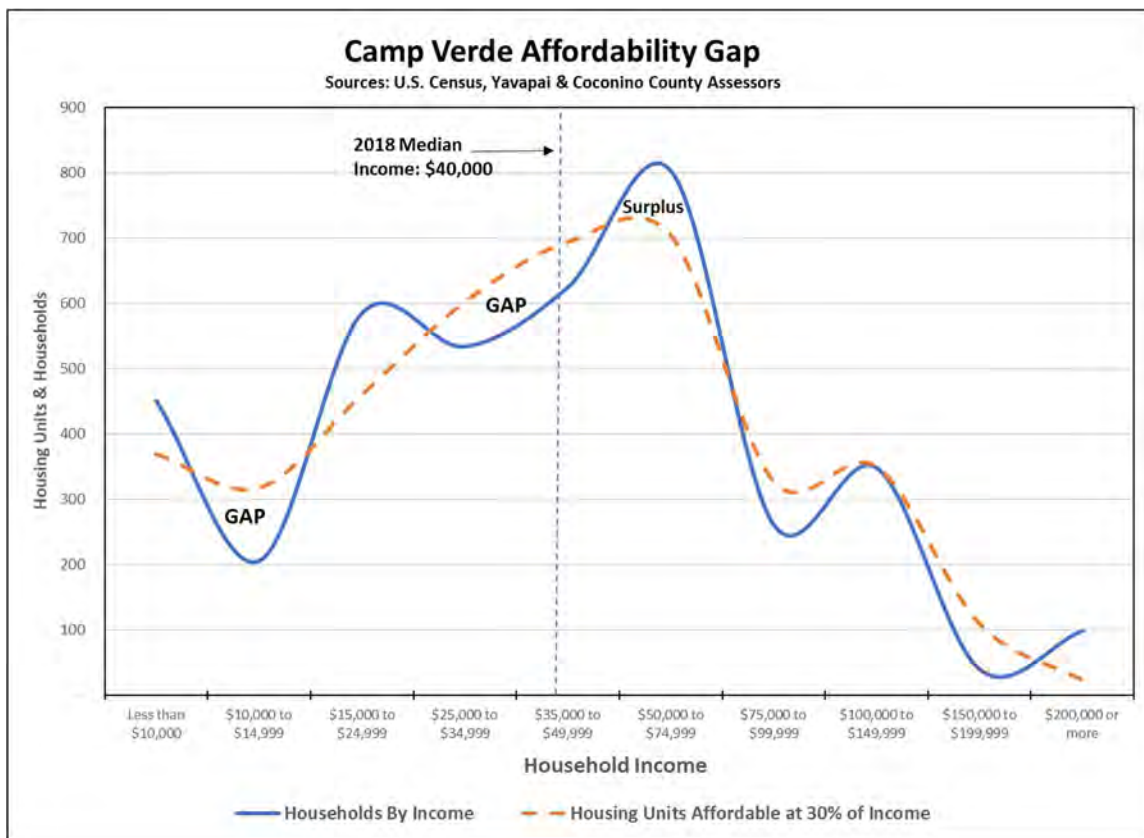


Chart 13

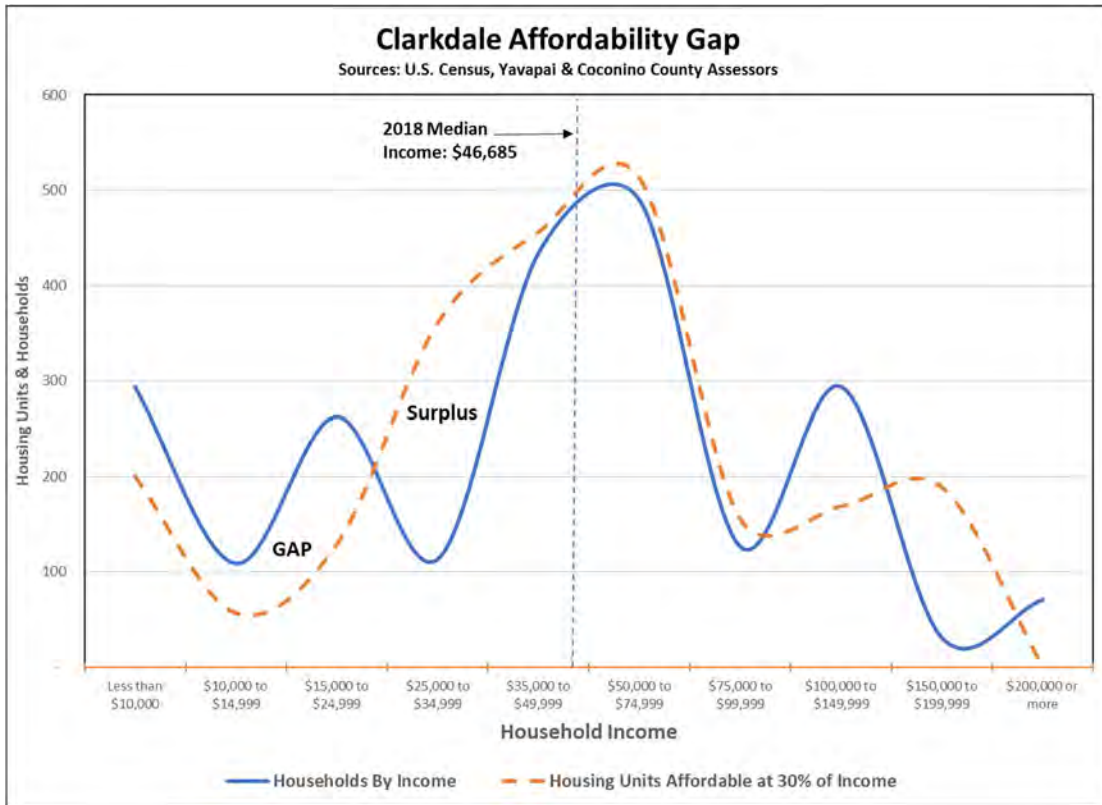


Chart 14

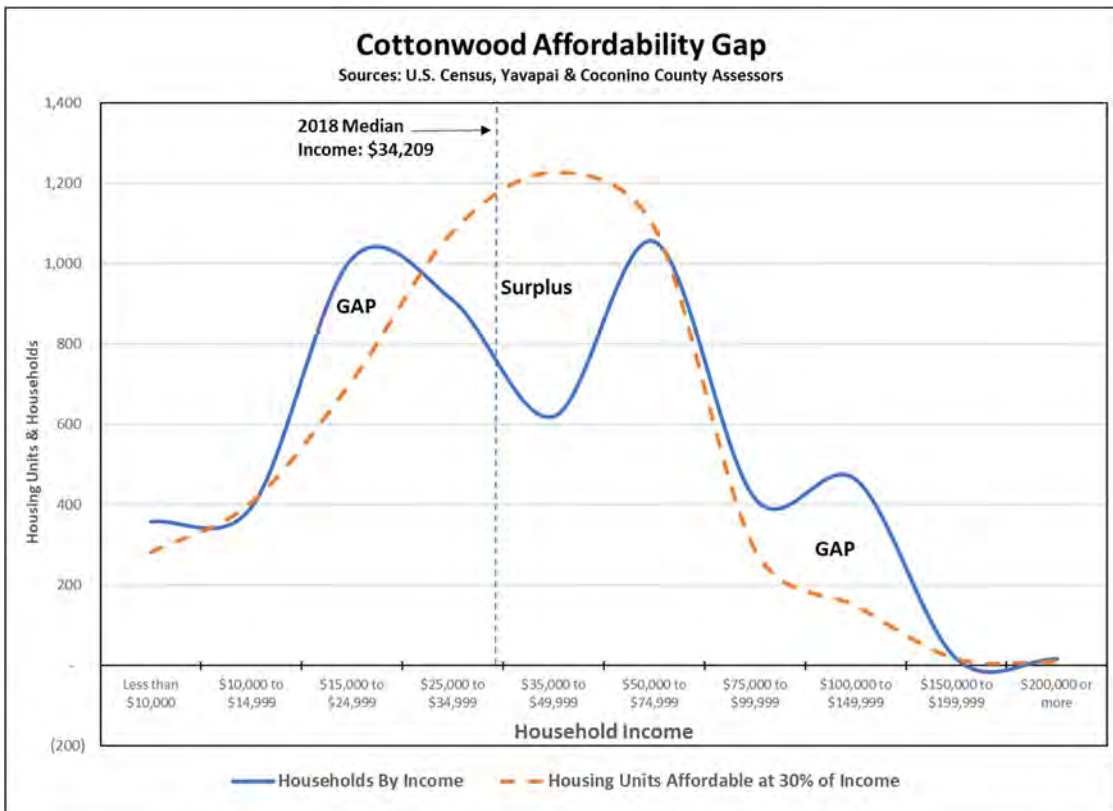


Chart 15

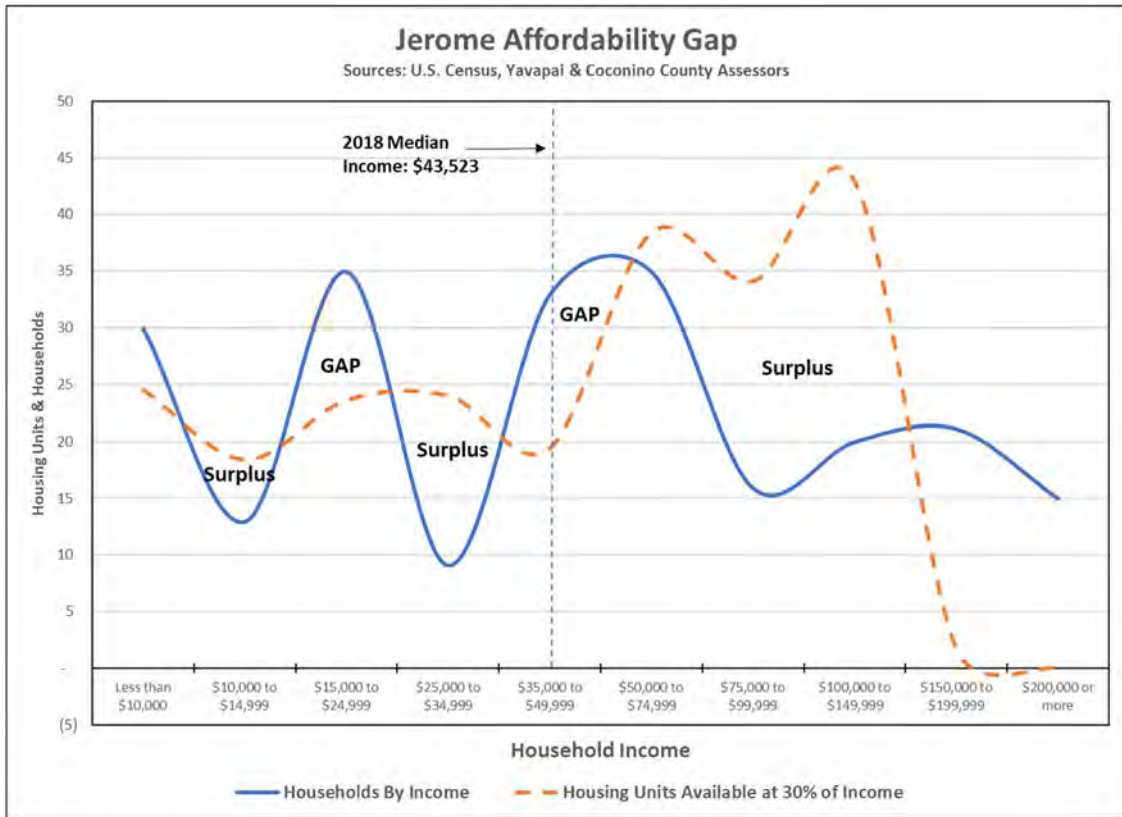
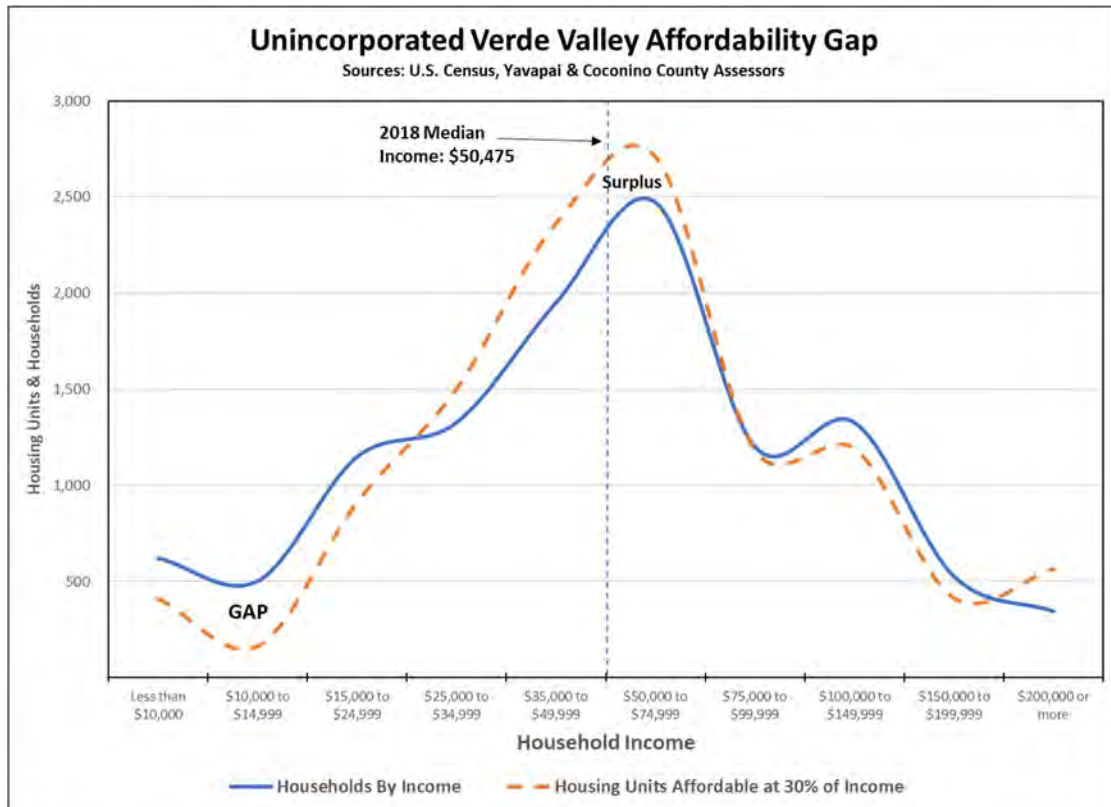


Chart 16



Appendix 2: Summary Findings and Conclusions - Sedona Employee Housing Survey

As part of the City of Sedona Housing Needs Assessment and Action Plan, an online survey was prepared and distributed to persons who work within the City limits. The purpose of the survey was to evaluate the housing availability in Sedona, where employees live, the amounts they pay for housing, and their views on living and working today in the Verde Valley. Distribution of the survey was coordinated with the Sedona Chamber of Commerce, the City of Sedona, and local businesses in the community. All responses are kept strictly confidential and individual responses will not be revealed to any employer or business.

The survey questionnaire was divided into three sections as follows:

- **Work Environment:** Questions related to type of business the employee works in, commuting patterns, where they live, and how long they have worked in Sedona.
- **Housing Situation:** What type of housing the employee lives in, the amount of rent or mortgage payment, and satisfaction with the employee's housing situation.
- **About You:** Demographic information on the employee and their family including household income.

This Summary Report is organized in the following manner.

1. The primary findings and conclusions of the survey are summarized in the following section.
2. Summary tables for each of the survey questions are outlined thereafter.
3. The survey questionnaire is attached to this report for reference.

From all appearances, distribution of the survey was highly successful with 417 individual responses. The additional open-ended comment section at the end of the survey received 170 responses, some of which are very revealing. These responses were separated into several categories and some will be noted in the final Housing Needs Assessment report. We also note from these responses that a couple of employers took the survey. These employers appear to be small single-person proprietors whose responses did not affect the outcome of the survey.

Primary Findings and Conclusions

Work Environment

- There is a heavy weighting toward government and public safety employees representing about 29% of all responses. While not a major concern, it probably shows that City employees were encouraged to take the survey. However, there is also a good response from workers in service and retail jobs, recreation (tourism), and hotels. (Table 1)
- Approximately one-third of all respondents live within the City of Sedona. Cottonwood, Cornville/Page Springs, and Oak Creek are the next most popular places to reside. (Table 2)



- Overall, commuting times and miles are fairly modest and equal to or less than commuting times found in the Greater Phoenix area. (Table 3 and 4)
- There is longevity in persons working in Sedona. The majority of survey respondents have worked in Sedona for more than five years and 75% have worked in the City for more than three years. (Table 7)
- More than 90% of workers plan on continuing to work in Sedona. This indicates employee's satisfaction with the Verde Valley lifestyle, despite housing affordability issues, traffic congestion, and other tourism-related dislikes. (Table 8)
- The average worker has lived in the Sedona area for 13 years – longevity again. (Table 9)

Housing Situation

- Almost 90% of homeowners live in a single family home. Another 9% live in a mobile home. (Table 11)
- Renters live in a variety of housing units including single family homes (35%), apartments (28%), condos (12%), and mobile homes (9%). (Table 12)
- Of the survey respondents, the homeownership to renter ratio is about equal at 53% owner to 47% renter. However according to the U.S. Census, within the entire Verde Valley area the homeownership rate is about 68% of all households. (Table 13)
- The average monthly rent for Sedona employees across the Verde Valley is \$1,210. The highest monthly rent is found in Sedona while the lowest rents are in Camp Verde, Clarkdale, and Cottonwood. (Table 14)
- Housing Cost Burden: The federal government has established the standard for housing cost burden as those households that spend more than 30% of household income on rent or mortgage payments. To address this question, renter and owner housing cost burdens were estimated by comparing rent and mortgage payments to household income. For renters, the survey question was stated for the respondent to provide their rent payment. The Census definition of rent burden includes both rent and utilities. To adjust for utilities, the average renter utility bill was assumed at \$150 per month and added to the total rent payment. The average rent burden for Sedona employees is approximately 28.2% according to survey results (Table 15). Cottonwood and Flagstaff are showing the highest average rent burden above 30%. Average homeowner cost burden is much lower at 17.5% (Table 16). Only households in Cordes are showing a burden above 30%. Homeowners have more options for relieving cost burden by moving and/or selling their homes. Renter populations do not have similar options.

Table 17 shows the cost burden for homeowners and renters by the range of burden. For renter households, 56% are paying more than 30% of their income to housing including 16% paying more than 50% toward housing. These levels are higher than those noted by the U.S. Census. Approximately 19% of homeowners pay more than 30% of income toward housing. The housing cost burden table is shown below for reference.



Housing Cost Burden				
Burden Range	Owners		Renters	
	Households	% of Total	Households	% of Total
Less Than 20%	94	55.0%	25	17.9%
20% - 29.9%	45	26.3%	37	26.4%
30.0% - 49.9%	29	17.0%	55	39.3%
More than 50%	3	1.8%	23	16.4%
Total	171	100.0%	140	100.0%
Average Cost Burden	17.5%		28.2%	

- Not surprisingly, renters are less satisfied with their housing situation than owners. (Tables 18 and 19)
- About one-third of renters plan on purchasing a home in the next two years (Table 20) and three-quarters prefer owning to renting. (Table 21)
- Obstacles to homeownership are lack of affordable units, lack of a down payment, and not earning enough income. (Table 22)
- The condition of their residence varies by owner-renter. Approximately 63% of owners consider their home in excellent or above average condition; 42% of renters have the same response. (Table 23)
- 60% of respondents who do not live in Sedona would like to live in the City if affordable housing was available. This is an important finding that show employees would like to live closer to their place of employment despite some of the issues they may have with traffic congestion and other tourism-related dislikes. (Table 24)
- For those respondents who would not like to live in Sedona, traffic congestion and tourists were primary reasons. Others indicated they were happy with where they now live. (Table 25)

About You

The demographic characteristics of the survey respondents show that their average age is 43 and the average household size is 2.5 persons. The majority of households are dual income with homeowners averaging \$98,800 in income and renters averaging \$52,800 per household.

Summary Comments

The primary take-aways from the survey are that employees like living in the Verde Valley and many have settled in as a place to raise a family. They have shown longevity in working and living in the area. Most also say they will continue to live and work in the Sedona area and 60% of those not living in Sedona would like to live there if affordable housing was available. Affordability issues in Sedona are also noted in open ended questions which are still being evaluated.



Work Environment

Table 1

Type of Business Worker Employed In		
Business Type	Employees	% of Total
Service or retail worker	90	21.6%
Government	86	20.6%
Recreation	67	16.1%
Hotel	39	9.4%
Public Safety	37	8.9%
Professional	30	7.2%
Non-Profit Agency	19	4.6%
Medical/Healthcare/Wellness	16	3.8%
Education	10	2.4%
Fine Arts	10	2.4%
Self-Employed	4	1.0%
Construction	2	0.5%
Manufacturing	2	0.5%
Business owner	1	0.2%
No Business Identified	4	1.0%
Total	417	100.0%

Table 2

Community Where Employee Lives		
Community	Employees	% of Total
Sedona	158	37.9%
Cottonwood	92	22.1%
Cornville/Page Springs	36	8.6%
Oak Creek	31	7.4%
Camp Verde	23	5.5%
McGuireville/Lake Montezuma/Rimrock	20	4.8%
Flagstaff	18	4.3%
Clarkdale	11	2.6%
No Community Identified	9	2.2%
Verde Village	6	1.4%
Prescott/Prescott Valley/Chino Valley	3	0.7%
Scottsdale	3	0.7%
Yavapai County	3	0.7%
Cordes	2	0.5%
Gilbert	2	0.5%
Total	417	100.0%



Table 3

Average Commuting Miles	
Community	Average Miles
No Community Identified	31
Camp Verde	31
Clarkdale	24
Cornville/Page Springs	18
Cottonwood	20
Flagstaff	28
Gilbert	128
McGuireville/Lake Montezuma/Rimrock	23
Oak Creek	9
Prescott/Prescott Valley/Chino Valley	61
Scottsdale	133
Sedona	4
Verde Village	18
Yavapai County	14
Average All Communities	16

Table 4

Average Commuting Minutes	
Community	Average Minutes
No Community Identified	37
Camp Verde	41
Clarkdale	35
Cordes	85
Cornville/Page Springs	25
Cottonwood	26
Flagstaff	49
Gilbert	123
McGuireville/Lake Montezuma/Rimrock	36
Oak Creek	18
Prescott/Prescott Valley/Chino Valley	70
Scottsdale	120
Sedona	10
Verde Village	24
Yavapai County	20
Average All Communities	24



Table 5

Method of Getting to Work								
Community	Bicycle	Carpool	Drive Yourself	Public transit (Verde Lynx)	Walk	Work From Home	Other	Total
No Community Identified	1		6				2	8
Camp Verde		2	21				-	23
Clarkdale		1	10				-	11
Cordes			2				-	2
Cornville/Page Springs		2	33				1	36
Cottonwood		3	84	3			2	92
Flagstaff		3	15				-	18
Gilbert			2				-	2
McGuireville/Lake Montezuma/Rimrock		1	18				1	20
Oak Creek			31				-	31
Prescott/Prescott Valley/Chino Valley			3				-	3
Scottsdale			3				-	3
Sedona	7		130	1	8	3	9	158
Verde Village			6				-	6
Yavapai County			3				-	3
Totals	8	12	367	4	8	3	15	416
% of Total	1.9%	2.9%	88.2%	1.0%	1.9%	0.7%	3.6%	100.2%

Table 6

Type of Employee		
Community	Full-time	Part-time
No Community Identified	6	-
Camp Verde	22	-
Clarkdale	11	-
Cordes	-	2
Cornville/Page Springs	33	3
Cottonwood	81	8
Flagstaff	15	3
Gilbert	2	-
McGuireville/Lake Montezuma/Rimrock	20	-
Oak Creek	29	1
Prescott/Prescott Valley/Chino Valley	3	-
Scottsdale	3	-
Sedona	116	34
Verde Village	6	-
Yavapai County	3	-
Total	350	51



Table 7

Years Working in Sedona						
Community	Less than 1 year	1 – 2 years	3 – 5 Years	5 – 10 years	More than 10 years	Total
No Community Identified	-	1	1	3	3	8
Camp Verde	3	5	8	3	4	23
Clarkdale	-	2	4	2	3	11
Cordes	-	2	-	-	-	2
Cornville/Page Springs	2	3	6	6	19	36
Cottonwood	12	18	19	16	26	91
Flagstaff	1	4	3	5	5	18
Gilbert	-	2	-	-	-	2
McGuireville/Lake Montezuma/Rimro	4	3	2	5	6	20
Oak Creek	4	6	3	5	13	31
Prescott/Prescott Valley/Chino Valley	1	-	-	1	1	3
Scottsdale	-	-	-	2	1	3
Sedona	9	25	33	25	62	154
Verde Village	1	-	2	1	2	6
Yavapai County	-	-	-	2	1	3
Totals	37	71	81	76	146	411
% of Total	9.0%	17.3%	19.7%	18.5%	35.5%	100.0%

Table 8

Planning on Continuing to Work in Sedona			
Community	No	Yes	Total
No Community Identified	-	8	8
Camp Verde	5	18	23
Clarkdale	-	11	11
Cordes	2	-	2
Cornville/Page Springs	2	34	36
Cottonwood	5	86	91
Flagstaff	1	17	18
Gilbert	-	2	2
McGuireville/Lake Montezuma/Rimrock	-	20	20
Oak Creek	3	28	31
Prescott/Prescott Valley/Chino Valley	-	3	3
Scottsdale	-	3	3
Sedona	14	139	153
Verde Village	1	5	6
Yavapai County	-	3	3
Total	33	377	410
% of Total	8.0%	92.0%	100.0%



Housing Situation

Table 9

Years Living in Sedona or Nearby Communities	
Community	Average
No Community Identified	11
Camp Verde	16
Clarkdale	16
Cordes	30
Cornville/Page Springs	18
Cottonwood	14
Flagstaff	10
McGuireville/Lake Montezuma/Rimrock	12
Oak Creek	12
Prescott/Prescott Valley/Chino Valley	27
Scottsdale	3
Sedona	12
Verde Village	14
Yavapai County	13
Average All Communities	13

Table 10

Type of Residence Homeowners Live In						
Community	Single family home	Duplex	Condo/ Townhome	Mobile or Manufactured Home	RV	Total
No Community noted	4	-	-	-	-	4
Camp Verde	8	-	-	3	-	11
Clarkdale	7	-	1	1	-	9
Cordes	2	-	-	-	-	2
Cornville/Page Springs	20	-	-	1	-	21
Cottonwood	46	1	-	1	1	49
Flagstaff	9	-	-	1	-	10
Gilbert	1	-	-	-	-	1
McGuireville/Lake Montezuma/Rimrock	10	-	-	3	-	13
Oak Creek	14	-	-	-	-	14
Prescott/Prescott Valley/Chino Valley	3	-	-	-	-	3
Scottsdale	3	-	-	-	-	3
Sedona	60	-	-	8	-	68
Verde Village	4	-	-	-	-	4
Yavapai County	2	-	-	1	-	3
Total	193	1	1	19	1	215
% of Total	89.8%	0.5%	0.5%	8.8%	0.5%	100.0%



Table 11

Type of Residence Renters Live In												
Community	Single family home	Duplex	Triplex	Apartment	Condo/ Townhome	Mobile or manufacture d home	RV	Guesthouse or Casita	Roomates/ Shared/ Rental	Rent a Room	Homeless	Total
No Community noted	2	-	-	1	-	-	-	-	-	-	-	3
Camp Verde	4	-	-	4	-	3	1	-	-	-	-	12
Clarkdale	1	-	-	1	-	-	-	-	-	-	-	2
Cornville/Page Springs	11	-	-	1	-	2	-	-	-	-	1	15
Cottonwood	12	8	-	10	6	1	-	-	-	3	-	40
Flagstaff	1	-	-	6	-	-	-	-	-	1	-	8
Gilbert	-	-	-	1	-	-	-	-	-	-	-	1
McGuireville/Lake Montezuma/Rimrock	3	-	-	-	-	3	-	-	-	-	-	6
Oak Creek	6	-	-	5	4	1	-	-	1	-	-	17
Sedona	27	4	1	22	12	6	-	7	4	-	-	83
Verde Village	-	-	-	1	-	1	-	-	-	-	-	2
Total	67	12	1	52	22	17	1	7	5	4	1	189
% of Total	35.4%	6.3%	0.5%	27.5%	11.6%	9.0%	0.5%	3.7%	2.6%	2.1%	0.5%	100.0%

Table 12

Average Years Living in Present Home		
Community	Owner	Renter
No Community Identified	26	2
Camp Verde	8	5
Clarkdale	6	2
Cordes	4	-
Cornville/Page Springs	10	2
Cottonwood	6	3
Flagstaff	8	3
Gilbert	3	1
McGuireville/Lake Montezuma/Rimrock	6	7
Oak Creek	10	4
Prescott/Prescott Valley/Chino Valley	3	-
Scottsdale	6	-
Sedona	8	3
Verde Village	14	6
Yavapai County	11	-
Average All Communities	8	3



Table 13

Tenure (Owner-Renter)			
Community	Own	Rent	Total
No Community Identified	5	3	8
Camp Verde	11	12	23
Clarkdale	9	2	11
Cordes	2	-	2
Cornville/Page Springs	21	15	36
Cottonwood	50	39	89
Flagstaff	10	8	18
Gilbert	1	1	2
McGuireville/Lake Montezuma/Rimrock	14	6	20
Oak Creek	14	17	31
Prescott/Prescott Valley/Chino Valley	3	-	3
Scottsdale	3	-	3
Sedona	66	85	151
Verde Village	4	2	6
Yavapai County	3	-	3
Totals	216	190	406
Percent of Total	53.2%	46.8%	100.0%

Table 14

Average Monthly Rent		
Community	Households	Average Rent
No Community Identified	3	\$1,400
Camp Verde	10	\$928
Clarkdale	2	\$975
Cornville/Page Springs	12	\$1,118
Cottonwood	39	\$970
Flagstaff	8	\$1,137
McGuireville/Lake Montezuma/Rimrock	5	\$1,040
Oak Creek	15	\$1,085
Sedona	79	\$1,423
Verde Village	2	\$1,025
Total/Average	175	\$1,210



Table 15

Renter Housing Cost Burden					
Average Rent Payment to Average Renter Income					
Community	Households	Average Monthly Rent	Annual Rent + Utilities	Average Income	Rent as % of Income
No Community Identified	3	\$1,400	\$18,600	\$114,000	16.3%
Camp Verde	5	\$1,040	\$14,280	\$63,800	22.4%
Clarkdale	1	\$1,050	\$14,400	\$100,000	14.4%
Cornville/Page Springs	11	\$1,181	\$13,399	\$60,455	22.2%
Cottonwood	36	\$1,002	\$13,485	\$42,083	32.0%
Flagstaff	6	\$983	\$13,590	\$40,068	33.9%
McGuireville/Lake Montezuma/Rimrock	4	\$1,150	\$15,600	\$60,250	25.9%
Oak Creek	14	\$1,133	\$14,426	\$52,214	27.6%
Sedona	60	\$1,363	\$17,880	\$60,543	29.5%
Total	140	\$1,198	\$15,665	\$55,614	28.2%

Table 16

Homeowner Housing Cost Burden					
Average Homeowner Mortgage Payment to Average Income					
Community	Households	Monthly Mortgage Payment	Annual Payment	Average Income	Payment as % of Income
No Community Identified	2	\$75	\$900	\$46,500	1.9%
Camp Verde	9	\$1,246	\$14,955	\$78,889	19.0%
Clarkdale	7	\$1,243	\$14,914	\$90,714	16.4%
Cordes	2	\$650	\$7,800	\$20,000	39.0%
Cornville/Page Springs	19	\$1,395	\$16,741	\$114,895	14.6%
Cottonwood	40	\$1,323	\$15,874	\$85,825	18.5%
Flagstaff	8	\$1,848	\$22,178	\$120,250	18.4%
McGuireville/Lake Montezuma/Rimrock	12	\$1,111	\$13,335	\$75,500	17.7%
Oak Creek	10	\$1,640	\$19,680	\$97,900	20.1%
Prescott/Prescott Valley/Chino Valley	3	\$1,228	\$14,732	\$117,000	12.6%
Scottsdale	3	\$1,667	\$20,000	\$116,667	17.1%
Sedona	49	\$1,667	\$20,005	\$111,329	18.0%
Verde Village	4	\$1,375	\$16,500	\$105,500	15.6%
Yavapai County	2	\$950	\$11,400	\$95,000	12.0%
Total/Averages	170	\$1,430	\$17,158	\$98,289	17.5%



Table 17

Housing Cost Burden				
Burden Range	Owners		Renters	
	Households	% of Total	Households	% of Total
Less Than 20%	94	55.0%	25	17.9%
20% - 29.9%	45	26.3%	37	26.4%
30.0% - 49.9%	29	17.0%	55	39.3%
More than 50%	3	1.8%	23	16.4%
Total	171	100.0%	140	100.0%
Average Cost Burden	17.5%		28.2%	

Table 18

Renter Satisfaction with Housing Situation		
Rating	Households	% of Total
Very satisfied	29	15.3%
Somewhat satisfied	57	30.0%
Neutral	36	18.9%
Somewhat dissatisfied	41	21.6%
Very dissatisfied	27	14.2%
Total	190	100.0%

Table 19

Homeowner Satisfaction with Housing Situation		
Rating	Households	% of Total
Very satisfied	124	56.1%
Somewhat satisfied	59	26.7%
Neutral	25	11.3%
Somewhat dissatisfied	3	1.4%
Very dissatisfied	7	3.2%
No Response	3	1.4%
Total	221	100.0%



Table 20

Renters Planning on Purchasing Home in Next Two Years			
Community	No	Yes	Total
No Community Identified	1	2	3
Camp Verde	5	7	12
Clarkdale	1	1	2
Cornville/Page Springs	10	5	15
Cottonwood	20	20	40
Flagstaff	8	-	8
Gilbert	1	-	1
McGuireville/Lake Montezuma/Rimrock	3	3	6
Oak Creek	10	5	15
Sedona	59	21	80
Verde Village	-	2	2
Total	118	66	184

Table 21

As a Lifestyle Choice, Do You Prefer Owning or Renting?			
Community	Renters		
	Own	Rent	Total
No Community Identified	2	1	3
Camp Verde	11	1	12
Clarkdale	2	-	2
Cordes	-	-	-
Cornville/Page Springs	14	1	15
Cottonwood	34	5	39
Flagstaff	4	4	8
Gilbert	1	-	1
McGuireville/Lake Montezuma/Rimrock	6	-	6
Oak Creek	9	6	15
Prescott/Prescott Valley/Chino Valley	-	-	-
Scottsdale	-	-	-
Sedona	58	24	82
Verde Village	2	-	2
Yavapai County	-	-	-
Total	143	42	185
% of Total	77.3%	22.7%	100.0%



Table 22

Obstacles Preventing Homeownership	
Reason	Responses
Lack of affordable for-sale units	130
Lack of a down payment	104
Not earning enough income	103
Concern about the economy and housing market	43
Credit history/credit score	32
Student debt	28
Will be moving from the area soon	10
High cost of living	2
Medical Debt	1
High cost of home ownership	1
No housing incentives	1
Increasing rents due to AirBNB	1



Table 23

Physical Condition of Residence						
Owners						
Community	Excellent	Above average	Average	Below Average	Poor	Total
No Community Identified	1	3	1			5
Camp Verde	2	4	4	1		11
Clarkdale	2	6	1			9
Cordes			2			2
Cornville/Page Springs	9	6	6			21
Cottonwood	11	24	14	1		51
Flagstaff	3	3	4			10
Gilbert		1				1
McGuireville/Lake Montezuma/Rimrock	2	9	2	1		14
Oak Creek	3	3	7	1		14
Prescott/Prescott Valley/Chino Valley	1	1	1			3
Scottsdale	2	1				3
Sedona	21	20	22	3	1	70
Verde Village		1	3			4
Yavapai County	1		2			3
Grand Total	58	82	69	7	1	221
% of Total	26.2%	37.1%	31.2%	3.2%	0.5%	100.0%
Renters						
Community	Excellent	Above average	Average	Below Average	Poor	Total
No Community Identified	1	-	2	-	-	3
Camp Verde	3	2	3	2	2	12
Clarkdale	-	1	1	-	-	2
Cornville/Page Springs	2	2	6	5	-	15
Cottonwood	10	11	18	1	-	40
Flagstaff	1	4	2	1	-	8
Gilbert	-	1	-	-	-	1
McGuireville/Lake Montezuma/Rimrock	-	2	3	-	1	6
Oak Creek	3	4	6	2	1	17
Sedona	11	20	39	9	5	84
Verde Village	-	1	1	-	-	2
Total	31	48	81	20	9	190
% of Total	16.3%	25.3%	42.6%	10.5%	4.7%	100.0%



Table 24

If Affordable Housing was Available in Sedona, Would You Be Interested in Living in the City?			
Community	No	Yes	Total
No Community Identified	3	4	7
Camp Verde	9	14	23
Clarkdale	5	6	11
Cordes	-	2	2
Cornville/Page Springs	18	18	36
Cottonwood	36	55	91
Flagstaff	10	8	18
Gilbert	-	2	2
McGuireville/Lake Montezuma/Rimrock	5	15	20
Oak Creek	11	19	30
Prescott/Prescott Valley/Chino Valley	-	3	3
Scottsdale	2	1	3
Verde Village	2	4	6
Yavapai County	1	2	3
Total	102	153	255
% of Total	40.0%	60.0%	100.0%

Table 25

For a "No" Answer, Why Would You Not Want to Live in Sedona?	
Reason	Responses
Traffic congestion	26
Happily settled in current city	19
Too many tourists	16
Not well suited for young families or singles	10
Enjoy rural lifestyle outside of Sedona	8
Sedona residents not friendly	6
More housing value in other cities	5
Cost of living	5
Lack of conveniences/shopping	2
Too many AirBNBs	2
NIMBY's	1



Demographic Characteristics

Table 26

Gender of Survey Respondent			
Community	Female	Male	Total
No Community Identified	1	7	8
Camp Verde	15	8	23
Clarkdale	8	3	11
Cordes	2	-	2
Cornville/Page Springs	23	13	36
Cottonwood	53	35	88
Flagstaff	5	13	18
Gilbert	-	2	2
McGuireville/Lake Montezuma/Rimrock	11	9	20
Oak Creek	26	5	31
Prescott/Prescott Valley/Chino Valley	1	2	3
Scottsdale	1	2	3
Sedona	99	55	154
Verde Village	4	2	6
Yavapai County	1	2	3
Total	250	158	408
% of Total	61.3%	38.7%	100.0%

Table 27

Average Age of Respondent	
Community	Average
No Community Identified	33
Camp Verde	34
Clarkdale	40
Cordes	39
Cornville/Page Springs	47
Cottonwood	40
Flagstaff	39
Gilbert	34
McGuireville/Lake Montezuma/Rimrock	42
Oak Creek	46
Prescott/Prescott Valley/Chino Valley	40
Scottsdale	39
Sedona	47
Verde Village	42
Yavapai County	53
Average All Communities	43



Table 28

Average Number of People in Household	
Community	Average
No Community Identified	1.8
Camp Verde	3.2
Clarkdale	2.7
Cordes	3.0
Cornville/Page Springs	2.6
Cottonwood	2.9
Flagstaff	2.8
Gilbert	2.5
McGuireville/Lake Montezuma/Rimrock	2.9
Oak Creek	2.1
Prescott/Prescott Valley/Chino Valley	2.7
Scottsdale	3.3
Sedona	2.1
Verde Village	2.7
Yavapai County	1.7
Average All Communities	2.5

Table 29

Household Income by Business type			
Business	Average Income	Type of Household	
		Dual income	Single income
Construction	\$82,500	1	1
Education	\$149,125	5	4
Fine Arts	\$60,311	7	3
Government	\$82,774	44	40
Hotel	\$70,774	19	19
Manufacturing	\$156,500	0	2
Medical/Healthcare/Wellness	\$72,929	6	9
Non-Profit Agency	\$88,429	10	9
Professional	\$101,455	15	15
Public Safety	\$99,400	23	13
Recreation	\$62,327	34	28
Service or retail worker	\$66,400	53	35
Average All Communities	\$78,799	217	178



Table 30

Average Household Income By Business Type and Owner-Renter		
Business	Owners	Renters
Construction	\$100,000	\$65,000
Education	\$140,448	\$75,000
Fine Arts	\$83,333	\$48,800
Government	\$96,714	\$44,200
Hotel	\$80,524	\$50,300
Manufacturing	\$280,000	\$33,000
Medical/Healthcare/Wellness	\$109,571	\$36,286
Non-Profit Agency	\$104,667	\$59,200
Professional	\$160,556	\$60,538
Public Safety	\$106,714	\$74,100
Recreation	\$86,083	\$40,517
Service or retail worker	\$75,238	\$62,084
Average	\$98,752	\$52,785





City of Sedona Employee Housing Survey

The City of Sedona has retained Elliott D. Pollack & Company of Scottsdale to prepare a Housing Needs Assessment and Action Plan that will address affordable housing in the City. As part of the Assessment, an online survey will be conducted of persons who work within the City limits to determine the need for affordable housing and where it might be found today in the Verde Valley. In conjunction with the Sedona Chamber of Commerce and businesses in the community, we are requesting your participation in the survey to better understand the availability of affordable housing. All responses will be kept strictly confidential and individual responses will not be revealed to any employer or business.

Please take ten minutes to answer the following questions. **Please limit responses to one per household.** Your responses will be immensely important to addressing the housing needs of persons working in Sedona. Thank you for your participation.

Work Environment

1. In what type of business are you currently employed?
 - Service or retail worker
 - Recreation (bike rental, jeep tours)
 - Hotel
 - Professional (engineer, accountant, real estate agent/investor, lawyer)
 - Medical/Healthcare/Wellness (doctor, nurse, etc.)
 - Construction
 - Manufacturing
 - Public Safety (police, fireman)
 - Government
 - Non-Profit Agency
 - Education
 - Fine Arts
 - Other (specify)
2. In what community, city, or town do you reside?
 - Sedona
 - Cottonwood
 - Camp Verde
 - Clarkdale
 - Jerome
 - Oak Creek
 - Cornville/Page Springs
 - McGuireville/Lake Montezuma/Rimrock
 - Flagstaff
 - Munds Park
 - Prescott/Prescott Valley/Chino Valley



-
- Verde Village
 - Other (specify)
3. Approximately how many miles do you commute from your residence to your place of work in Sedona?
4. How many minutes does it take you to commute to work?
5. How do you normally get to work?
- Drive yourself
 - Carpool
 - Public transit (Verde Lynx)
 - Bicycle
 - Walk
 - Other (specify)
6. What type of employee are you?
- Full-time
 - Part-time
7. Are you a seasonal employee, planning to only work in Sedona for a season or two?
- Yes
 - No
8. How long have you worked in Sedona?
- Less than 1 year
 - 1 – 2 years
 - 3 – 5 Years
 - 5 – 10 years
 - More than 10 years
9. Do you plan on continuing to work in Sedona for the future?
- Yes
 - No

Housing Situation

10. How many years have you lived in the Sedona area or nearby communities?
11. What type of residence do you live in?
- Single family home
 - Duplex
 - Apartment
 - Condominium
 - Mobile or manufactured home
 - Other (specify)
12. How many years have you lived in your present home?
13. Do you rent or own your residence?
- 13a. If you rent, what is the monthly rent for your household?



-
- 13b. If you own your residence, what is your monthly housing cost (mortgage payment, property taxes, property insurance).
14. How satisfied are you with your current housing situation?
- Very satisfied
 - Somewhat satisfied
 - Neutral
 - Somewhat dissatisfied
15. What do you like or dislike about your current housing condition?
16. If you are a renter, do you plan on purchasing a home in the Sedona or Verde Valley area in next two years?
- Yes
 - No
17. As a lifestyle choice, which do you prefer, homeownership or renting?
- Homeownership
 - Renting
18. If you prefer homeownership and are currently renting, what are the obstacles preventing you from purchasing a home? (Check all that apply).
- Lack of a down payment
 - Student debt
 - Not earning enough income
 - Will be moving from the area soon
 - Credit history/credit score
 - Lack of affordable for-sale units
 - Concern about the economy and housing market
 - Other (specify)
19. How would you describe the physical condition of your current residence?
- Excellent
 - Above average
 - Average
 - Below average
 - Poor
20. If affordable housing was available in Sedona, would you be interested in living in the City?
- Yes
 - No
- 20.A If you answered "No", why would you not want to live in Sedona?
21. Are you planning on moving from Sedona and the Verde Valley for any of the following reasons? (Check all that apply).
- Lack of employment
 - Low wages
 - Lack of affordable housing



-
- Cost of living
 - Other (specify)

About You

22. Are you:

- Male
- Female

23. What is your age?

24. How many persons live in your household, including yourself?

25. For statistical purposes, what was your annual household income before taxes for 2018?

26. What best describes your household income?

- Single income household
- Dual income household (my spouse or partner also works)

ADDITIONAL COMMENTS

Please provide any additional comments regarding housing in the Sedona and Verde Valley area.

Appendix 3: Stakeholder Interviews February 10, 2020

In addition to the survey of employees that was undertaken in December 2019, focus group interviews were also conducted with employer and industry groups on February 10, 2020. Interviews were organized by industry groups and included:

- Retail/Restaurant/Tourism
- Lodging/Hospitality
- Education/Public Safety/Government
- Miscellaneous

Following are the primary findings of the interviews. Thereafter are direct notes from each of the individual groups.

Primary Findings & Conclusions

1. There is an overwhelming need for affordable employee housing in Sedona whether it is in the retail, restaurant, tourism, hospitality, education, or government industries. Very few employees working in Sedona can live and work in Sedona.
2. Because so few people can live and work in Sedona, the sense of community is declining.
 - People don't know their neighbors.
 - Entering kindergarten classes have declining enrollment every year.
 - There is a constant churning of employees resulting in constantly retraining new hires.
 - Even many business owners cannot afford to live in Sedona and thereby they have less ability to control their fates because they cannot vote in elections.
3. Short term vacation rentals (STRs) have resulted in constant turnover in neighborhoods and no one knows their neighbor. STRs have also reduced the availability of housing for working individuals.
4. Businesses are having to find housing in nearby communities to ensure that they have a sufficient workforce for entry level jobs. A few employers are providing a limited amount of housing for their employees as well as providing transportation for these workers so they can get to and from their jobs. This is an additional cost that is passed on to consumers and tourists. It was reported that the competition for good employees was so strong that workers have left jobs for a 10 cent per hour increase in pay.
5. The community needs more "tools in the toolbox" to expand housing availability. A variety of housing types for all levels of income are needed. Apartments, shared living, ADUs are a few options that were suggested.
6. Traffic is a major issue and becomes worse as the tourist season arrives.
7. Advocates for preservation of views and small town character are very vocal and influential. They have been successful in limiting non-traditional development options that could address the affordable housing issue. There is no clear-cut definition of "small town character" that several participants describe as a goal for the community. Building height appears to be a significant element of small town character, but other opinions include

additional components. Without a clear-cut definition, there is limited direction on how to proceed with housing options.

Notes from Retail/Restaurant/Tourism Group

- Very few employees live in Sedona. Employer has workforce of nearly 120 and everybody drives to work. Hiring seasonal employees starts earlier every year; now starting in winter for spring hires.
- Some employees are living in RVs in the woods. Some start that way and find housing later.
- RV parks are popular for housing. Carpooling is often needed. People had places to live but units have been turned into VRBOs and they get kicked out.
- 80% of Sedona's workforce does not live in Sedona. Very rare that someone lives and works here. VRBOs have pushed everyone outside of town.
- City needs to build housing – no developer will build it. Must live outside of the city in order to find affordable housing.
- Only about 15% of the land is developable. No industrial space available. Building costs are constantly increasing.
- Residential building costs have increased from \$105/sq. ft. to \$150/sq. ft. to build in Clarkdale.
- Few affordable housing units are provided by any companies. Auberge will help fund housing but it must remain affordable. Restaurants and commercial uses need housing for all but they must also pay more for minimum wage plus provide health insurance. Difficult to carry employees over the slow season.
- Spring Creek is organized against affordable housing outside of Sedona.
- Need government intervention to make it happen.
- Lots of NIMBY's.
- Transportation links from housing outside of Sedona needs to be explored
- City needs to relax fees. Public Private Partnership. Reduce land costs.
- Help create a sense of community – increase density.
- Social impacts – closing of schools – more calls to police and fire because of VBROs.
- Low turnover in restaurant industry. Restaurants servers make \$3 less per hour than minimum wage but make it up on tips. Restaurant servers very stable - don't move around. Cooks can make up to \$22/hr.
- Minimum wage didn't affect employee turnover, but those at the lower end are finding it harder to get housing.
- Don't have high school students working in tourism industry – they go to fast food restaurants.
- 8 homes in one person's neighborhood switched to VBRO.
- Keep Sedona Beautiful movement – core members are old time Sedona residents.
- People who are voting live in the community but are relatively recent residents. Business owners and their employees don't live here either – hard to organize employee interest.
- 1,200 units of employee housing needed now.

- Long term residents moved here for small time, quiet community but then mobilize against apartment complex close to them.
- Low hanging fruit is city owned land by water treatment facility. Land swapping with Forest Service could expand the land by 200 acres potentially. Create master plan the community. City could make money off the rentals and property.
- Red Rock Fever – love the place but no place to live.
- Focus on rental housing – more impact for expanding housing availability.
- Commute times will double or triple during the season starting March 15.
- Increase the number of smaller apartment complexes – help to bring in affordable housing.
- Are other communities making financial commitments to the other study? Verde Valley housing consortium has been created. All communities and county are participating in the housing situation.
- Streamlined building application process for the County is now available.
- What does KSB want? How can we incorporate their needs/wants into the process?

Notes from Lodging/Hospitality Group

- Very hard to find housekeepers. They can work “under the table” and earn more from VRBOs.
- Affordable housing at \$1,000 for 1 bedroom is not affordable.
- What is affordable housing? 40 employees – only 1 employee lives in Sedona. Must pay more to offset travel expenses.
- Housing cost should be one-week of salary. Current entry level \$12-15/hour.
- Two employees live here – they are retired and just want work but could not find units to rent. Hotel engineer could not find housing.
- Lack of availability. Leases come up and units turn to VRBOs.
- Resort with 500 employees – rent 24 units in Cottonwood. Can accommodate max of 96 employees. Impossible to bring even Director and Manager positions here due to quality of housing. Older homes not up to standards. This is a community issue – teachers, police cannot live here. Cottonwood is now turning to VRBOs. Single room is \$1300. Need more density to get rents affordable.
- Need transportation – bus lines don’t run 24 hours.
- Managers of other resorts rent their homes in Sedona and live in other places.
- J1 visa employees work for 3-4 months - international workers.
- Master Corp is providing housing for employees – bring in exchange workers. As minimum wage goes up so do expenses for the resorts as they provide housing for the workers. Third party administrative costs increase expenses for resorts and hotels.
- Group opinion: 1,000 or more units needed.
- Need to catch up with demand – haven’t addressed housing issue for years.
- \$800 a month may be affordable for \$15/hour employee. Seasonality makes a difference – cut employee hours when out of season, but rents don’t go lower. High seasons: March – May and Sept – October.

- Workers do not want to work overtime.
- Employee turnover – try to hold on to good employees and pay overtime during busy season. Pay regular wages remainder of time. Employees will leave job of 10 cents an hour increase saying they don't have money for gas.
- Nothing to buy to provide affordable housing. Company would buy units, but investors buy quickly and turn them to VRBOs.
- Communities cannot control their future due to VRBO restrictions. Lack of community – different neighbors every week – surrounded by VRBOs.
- Summer season – can't find workers. NAU intern program moved to Scottsdale.
- City okays new hotels – but can't get staff and have congestion problems.
- Other communities are building medical facilities and other facilities. Employees don't need to come to Sedona – go to Cottonwood.
- No low hanging fruit. Land costs are too high.
- Not just KSB, lots of vocal minority groups oppose everything.
- Courtyard – only 2 units for affordable housing required. Time share had to pay fee to Sedona. How was money used? What are the stipulations?
- Hold developers accountable for the impacts on the community
- Want to know what the City's housing fund will go towards? We prefer to own and manage units. Looking for options – look for partners to help mitigate costs.
- Site for housing – Spring Creek in Cornville – long term owners.
- Cornville/Rimrock – reduced rental units. Difficult to get through process – very isolated.
- Rental housing preferred – residents cannot afford down payment nor qualify to purchase housing.
- Bus stops need improvement – address congestion problem.

Notes from Education/Public Safety/Government Group

- Residents of other communities lash out at Sedona that it doesn't want affordable or attainable housing. Interviewee monitors social media and sees backlash against the City. 90 applicants to rent one small home in Camp Verde. Beaver Creek 300+ condo development. Negative comments from local residents targeted at Sedona.
- Interviewee just moved to Sedona – where can I live? Lose great top-level employees because they cannot afford to live here. We do not have the land. Cost of land is too high.
- Sedona is a tourist destination – short term rentals have increased to keep up with tourist demands.
- Doubled room rents in the last two years. Eclipsed by VRBO increases. Over 1,000 units converted to short term rentals.
- Impact on school district – enrollment dropping. Only 4% of population are families. First recession hit then short-term rentals – double whammy. Incoming K classes are decreasing every year. Hard to recruit teachers – recruit from around the country to get teachers. Housing

costs are a big problem in getting teachers in Sedona. Young professionals don't want to co-habitat or rent a tiny house.

- How long am I willing to live under these conditions?
- Similar situation with hiring at community college – older adults getting new skills have problems finding housing
- Parents are 45 minutes away for work, education, or getting kids to school. School choice causes pressures on the community – shrinking family population in mid 30s to late 40s.
- Older population – Yavapai County residents are older than general AZ population
- Planned area development Spring Creek Ranch, halfway between Sedona and Cottonwood, asking for substantially higher density. Opponents from Sedona about the density – KSB – Sedona is seen as blocking it.
- Encouraged ownership housing - not all rentals – not as much opposition.
- “Modular home” – need different term. These terms make things more negative. Need comprehensive approach to housing, not just a Sedona problem.
- Fire Dept. 75 out of 98 work do shift work. Employees must live in district – 212 sq. miles. Administrative generalist position open – see what happens.
- School district superintendent had trouble finding housing – made this known during interview process.
- Many City positions require living in Sedona. Must look at housing availability first – many do not continue with interview.
- Police Dept. – 40 employees. 4 live in the City. 3 people drive to the valley on weekends and rent locally. They must live within 30 miles. Community feels safer when police live in the community. Residents see police cars in driveways, etc.
- School district wants teachers to live in the community but Cottonwood isn't that much cheaper than Sedona. Teachers aren't available for school events. Not sure what percent live in Sedona.
- Only 30% City workforce live in City. Recruitment: beautiful place but can't live here.
- School district recruits from South Dakota.
- Hospital changing in Sedona – turning into Cancer Center. Administrators didn't realize housing conditions in the city. They thought doctors and related staff could live here. Now incorporating housing units into the development.
- Short-term rentals make leasing a difficult situation. People living in smaller units. Generates calls to police against policy.
- Fire safety code violations are occurring. They don't know about them until something bad happens
- Haven't seen a lot of nuisance calls because of VRBOs.
- Fire operations people will drive farther because only drive 2 times a week
- Need housing at \$1,000 per month. School district starting salary is \$40,000. With some experience \$45,000 to \$50,000.
- Community college: Wide range of salaries \$15/hour entry level, Advisors start at \$40,000, Faculty \$60,000+.

- Need \$60K or higher income for interviewee's rental property – 3 bedroom on the market in Camp Verde for rental at \$850. Yet \$2000 per month for rent on adjacent property. People have the income but there is a shortage of housing.
- Need \$250,000 lowest priced house to appeal to Sedona workers.
- Vacation rental - \$50K increase in price for a vacation rental. \$300K is the threshold for ownership for City employees.

Notes from Miscellaneous Group

- Employees do not consider themselves part of the community. They are scattered throughout the Verde Valley area. They have one employee who lives in Sedona with parents. Families are leaving because so few kids in the community. They move to other communities for T-ball and other sports. There are fewer education options. People see ads in paper really consider transportation costs which are about \$400 per month before they apply for a job. Employers don't consider people from Flagstaff, Chino Valley or Prescott for jobs. The drive is too much and they leave after a year. Camp Verde resident typically has kids in day care in Cottonwood. If they work in Sedona a huge burden when kids get sick. New owners from Minnesota kept company in Sedona. Could have lost 50 jobs in the community because the new buyers wanted to move the company to Phoenix and have a place in Sedona for Superintendents to stay when in the area. The situation has gotten worse on the past few years.
- Natural topography could support more levels of housing.
- Humane society south of 89A – Shelby and Sunset area is a community focus area. Special rules for the area. Proposal to increase the height from 2 to 3 stories up against the Mesa for affordable workforce housing. By the time it got to Council it was 4 stories and the entire community focus area moving towards affordable housing and office buildings. They worried about the slippery slope of preserving small town character of the city in the community plan.
- Are the City rules going to result in what we want? There are conflicting ideas in the plan. What is the gap? How much of the problem should the City of Sedona solve? Public/private partnership – can we trade? Need study to help and provide good ideas.
- Good to hear Council is struggling with these ideas. What does a healthy community look like? How do we have economic diversity? Not everybody can afford to live where they want. Define small town character. Issues: Do we need to acquire more land, ownership versus rental. Spring Creek – none of the units are owned? Flagstaff is using some assets to develop land for LIHTC housing. Habitat - are these places going to work?
- Build housing in the Dells and County. Be part of our community. Cannot live here now.
- Greater diversity sending housing outside the community doesn't make it a part of the community. Not enough kids to get federal \$ for HeadStart program.
- Young families want to be with other young families
- Survey for the residents of Sedona? Haven't included that in the scope of work. We need to do something for the workforce to provide housing. If you work in Sedona have a reasonable commuting distance. 30 minute commute is nothing. Everybody who works in Sedona cannot

live here. Not a God-given right. We want our teachers and police officers living here or within reasonable commute distance. Short term rentals are the 800 lb. gorilla in the room. Having a tremendous impact. Workforce housing situation is worsening. Small town character isn't Flagstaff with tall buildings. You know it when you see it.

- Dells is 400 acres – 200 acres can be developed now.
- We want workforce housing, not affordable housing in Sedona. Think outside of the box but there are constraints.
- Worry about social stigma - number of units by apartment size and number of for-sale product. If we are going to solve it all – how much will Sedona have to do?
- Regional Housing Authority needed in order to create the supply in the area.
- Development for surrounding community lands – everyone is against anything – opposition. Land use planning – water quantity and quality. Spring Creek will have great impact. A lot of communities have urban growth boundaries. Development may be farther away but traffic may be less.
- County is not planning.
- Spring Creek – no contact with the City of Sedona in the planning process'
- In resorts towns, YIMBY is growing. We need ADUs (accessory dwelling units). Need to educate community about what density looks like. Community Enhancement Program, distributed sites, incremental infill on edges of neighborhoods. Example: Beach housing – 48 units on 5 different sites, small scale incremental housing options. Difficult in Sedona to get numbers to work even for 400 sq. ft units. Likely need gap dollars from city during construction. Friends from Silicon Valley looking to move here and invest here. Housing for locals – large scale projects will not fly. 10 units or less – bite size answers.
- Council has spoken about “ownership”. Not sure what that is – more small condos or townhouses. Senior population is not a part of this community – no place to go if cannot live in here 3000 sq/ft home. Missing some segments of housing market. No options for seniors to age in place.
- \$1M per acre is the price of land in Sedona.
- City as the landowner – do long term leases let someone else run it.
- What is the “small town character?” Conversation is needed.
- Economic diversification – no place for workers to live. Meld housing report into the economic diversification study
- Solution has always been the Dells – small houses, etc.
- Only way that would fly would be to develop appropriate housing for the community – rural character.
- Harmony area may be appropriate for new housing near the City Hall.