

Balanced Housing Plan

City Council October 19th, 2023

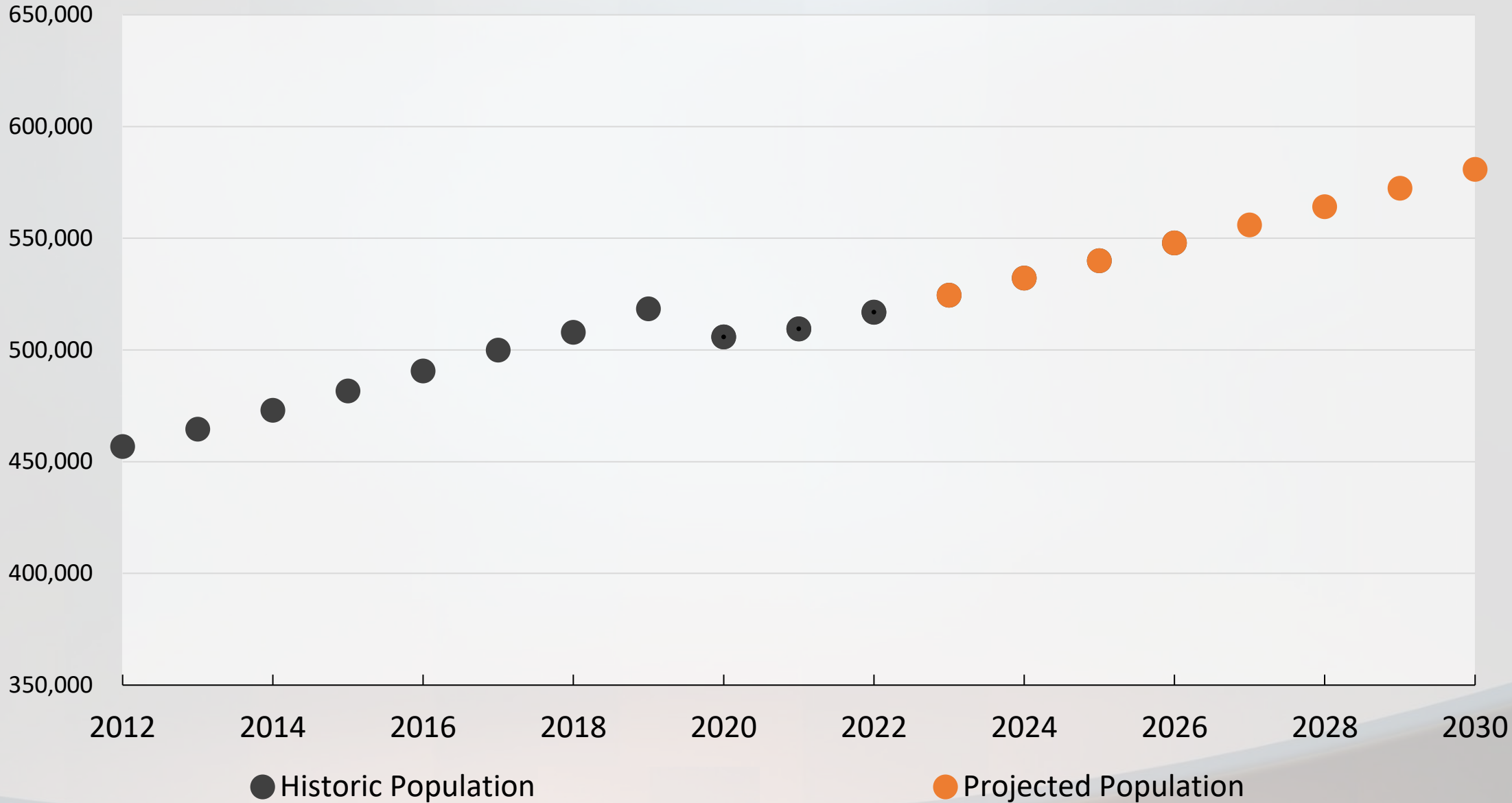


Nana Appiah, PhD, AICP
Development Services Director

Jeff Robbins, CEcD
Senior Project Manager

Consultant Susan Becker, AICP
Vice President Zions Public Finance

Mesa Population (2012-2030)



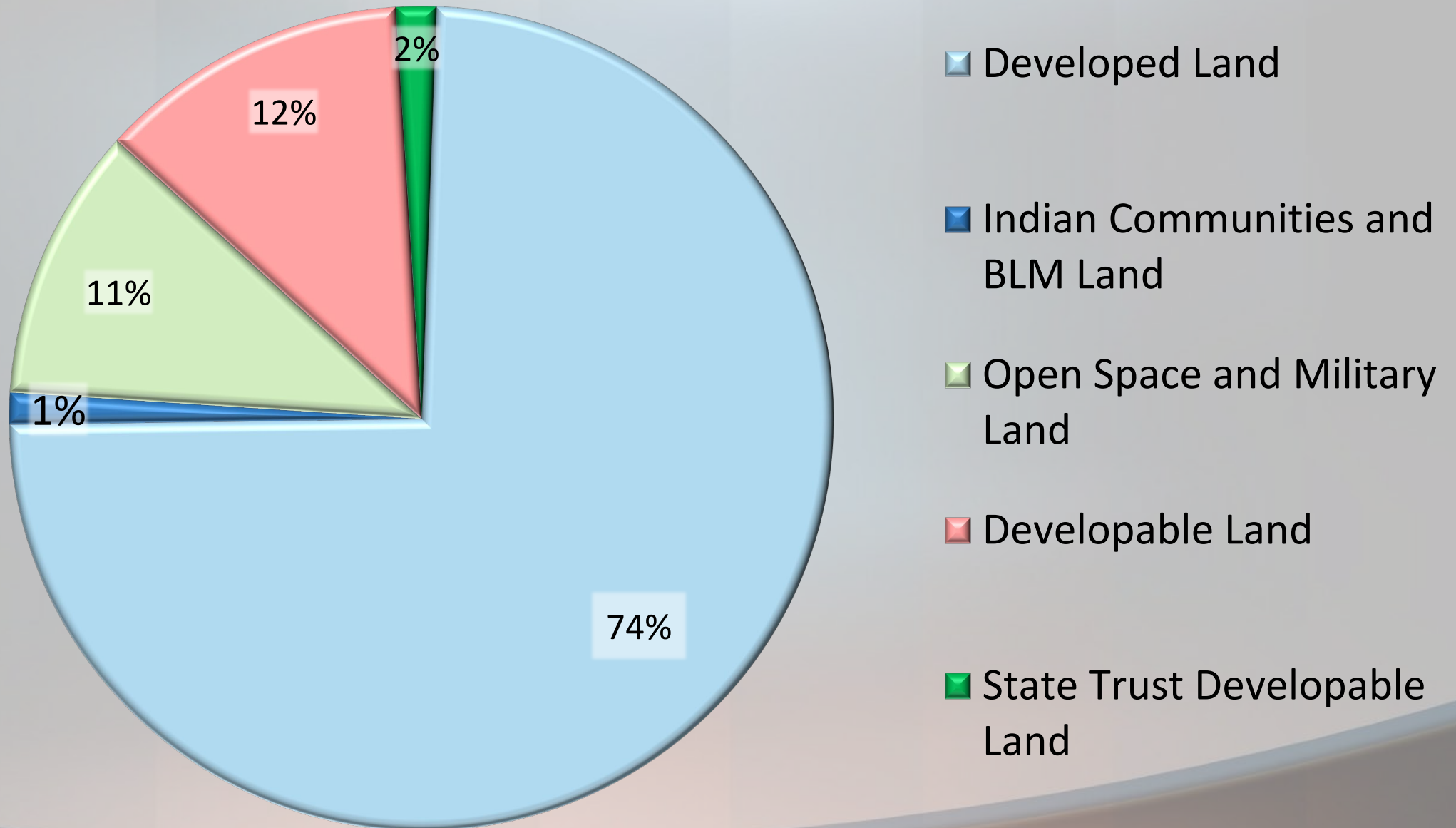
Source: US Census Bureau ACS 5 – Year Estimates, Multiple Years

Why a Balanced Housing Plan?

- ✓ Use data to help inform city policy
- ✓ Ensure city policy aligns with housing needs and supply
 - Identify housing trends and gaps
 - Create strategies to close housing gaps
 - Foster public-private partnership for housing supply
- ✓ Element of The 2050 General Plan



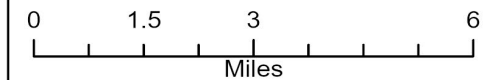
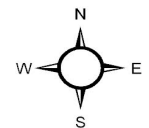
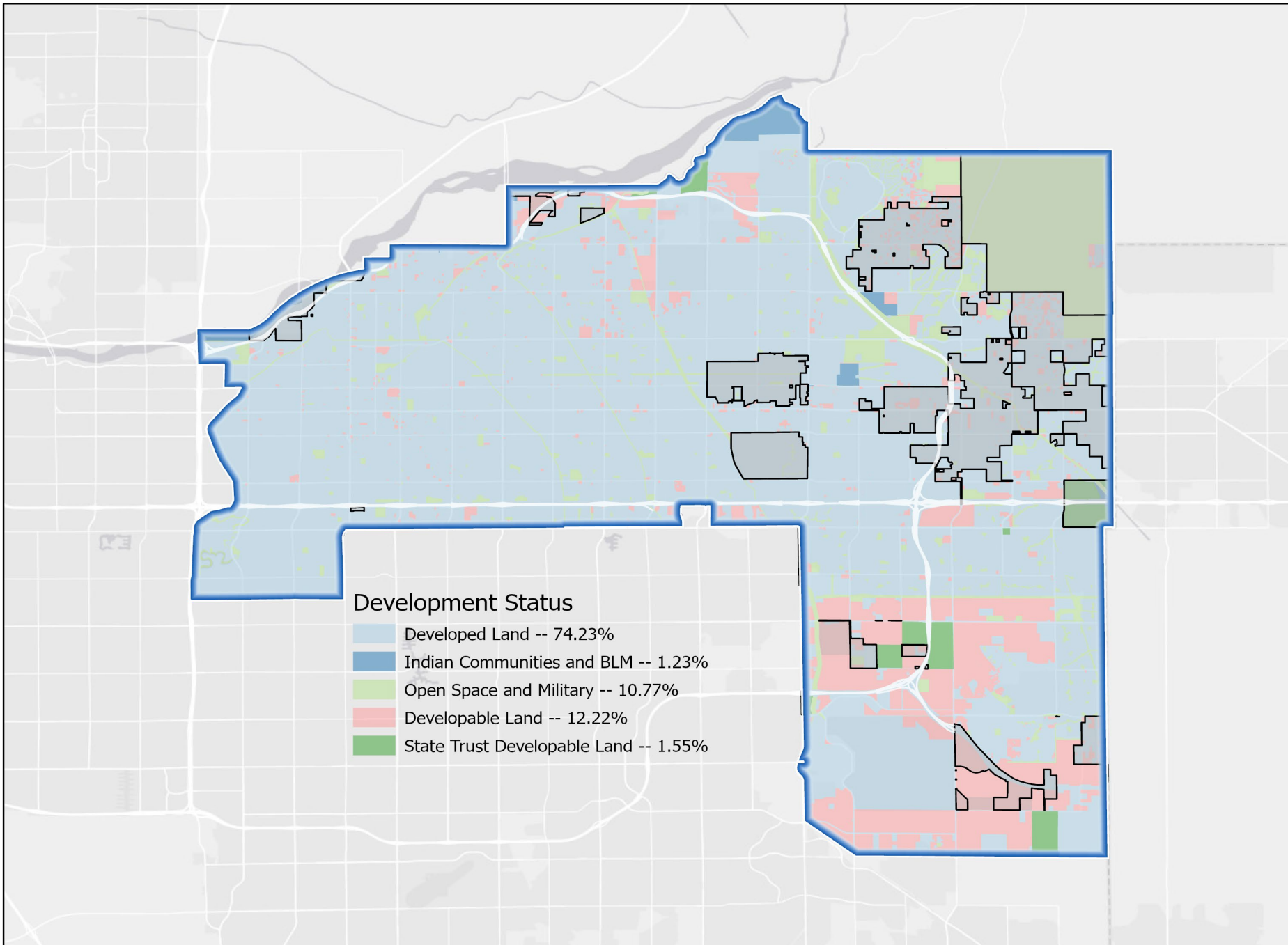
Status of Land Development in Mesa Planning Area (2022)





Status of Land Development in Mesa Planning Area (2022 Data)

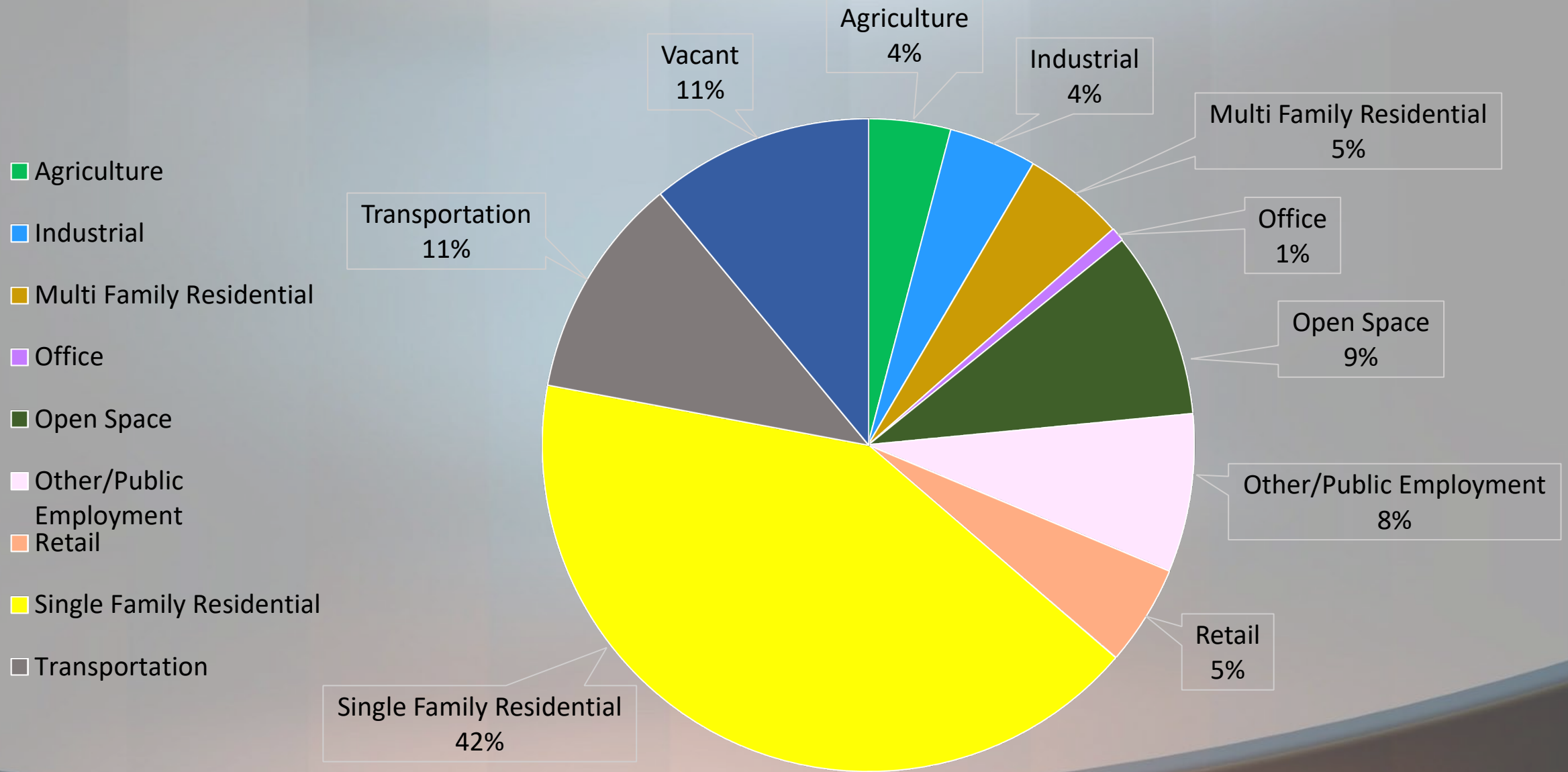
Total Developed Land: 86.2%
Total Undeveloped Land: 13.8%



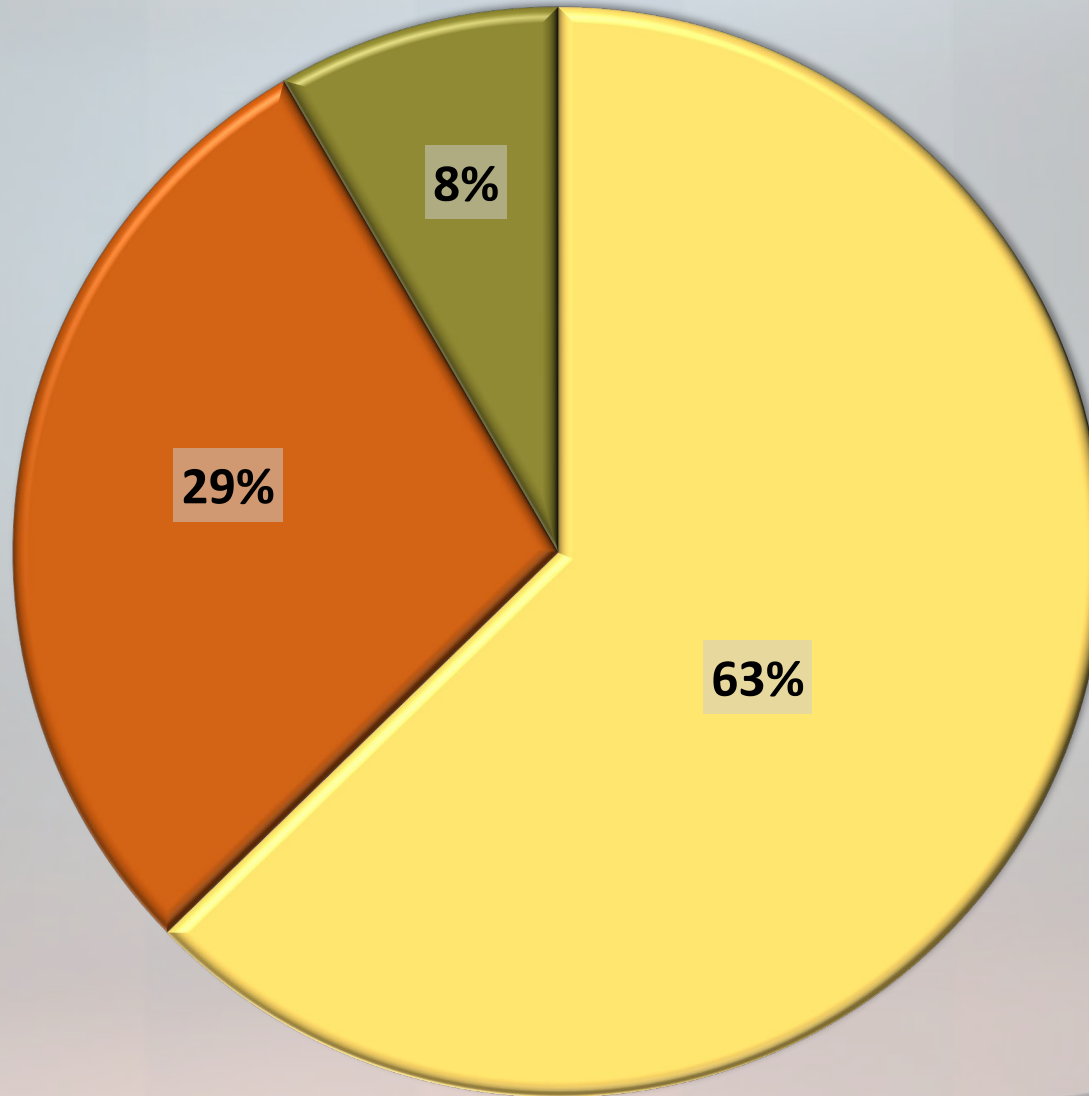
Created By: City of Mesa Planning GIS
Created Date: 10/16/2023
Source: City of Mesa

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Land Area Developed by Land Use (2022)



Residential Units in Mesa by Type (2022)



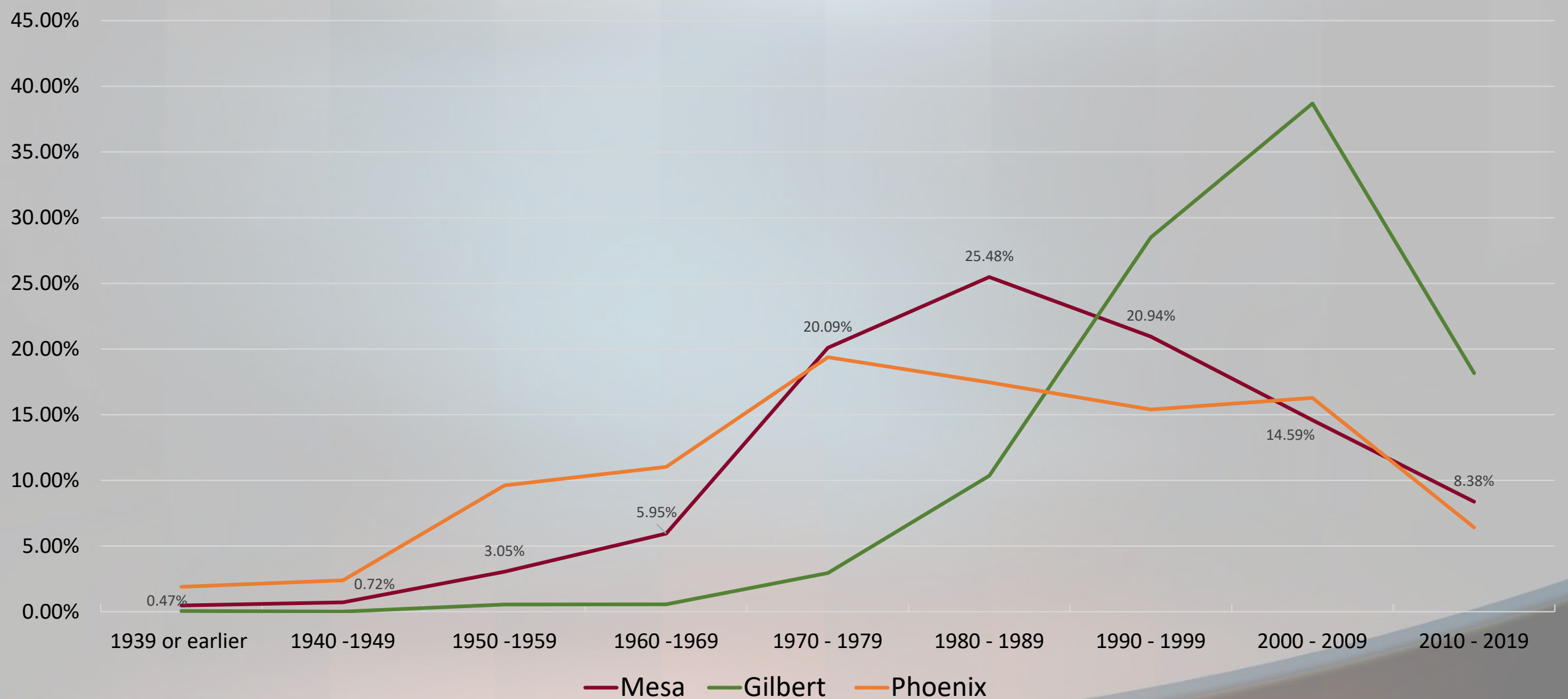
Single Family Residence (SFR)

Multi-family Residences (MFR) and Other Rentals

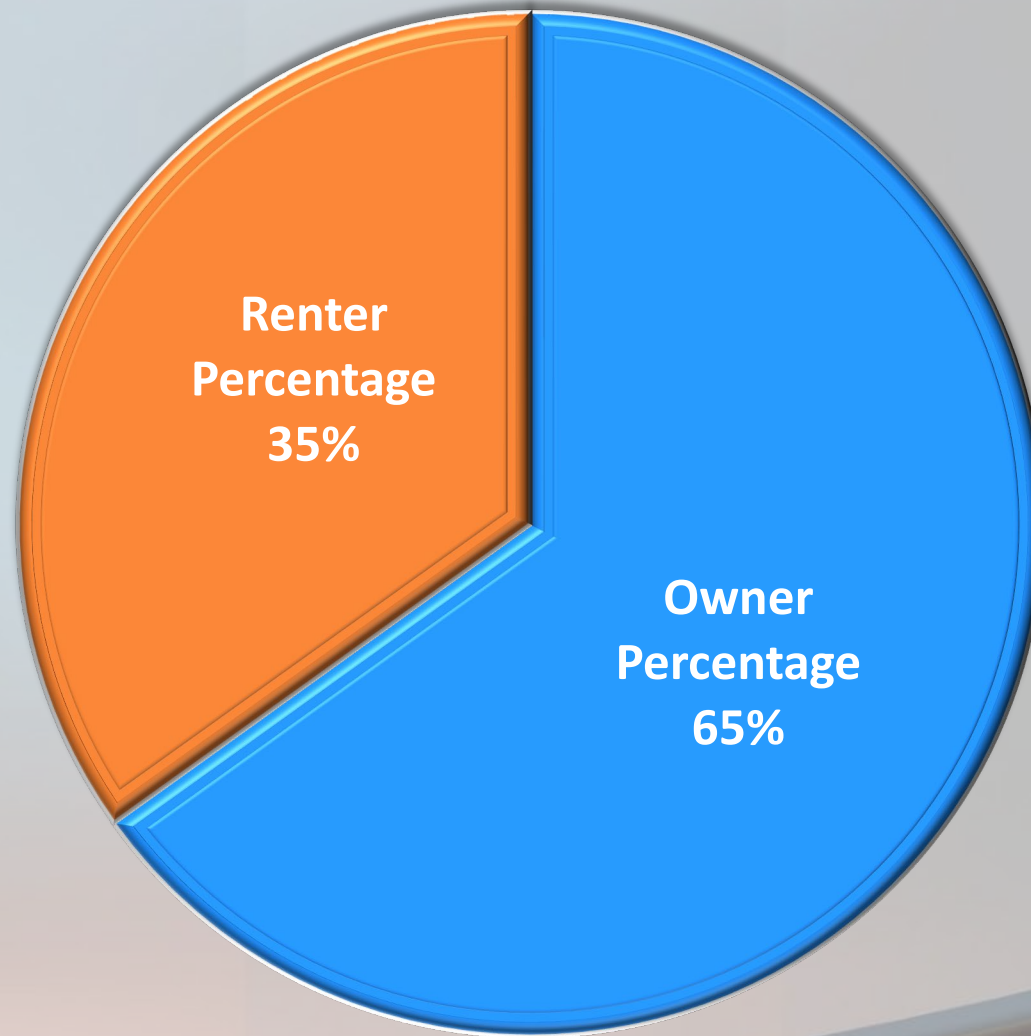
Condos and Townhomes



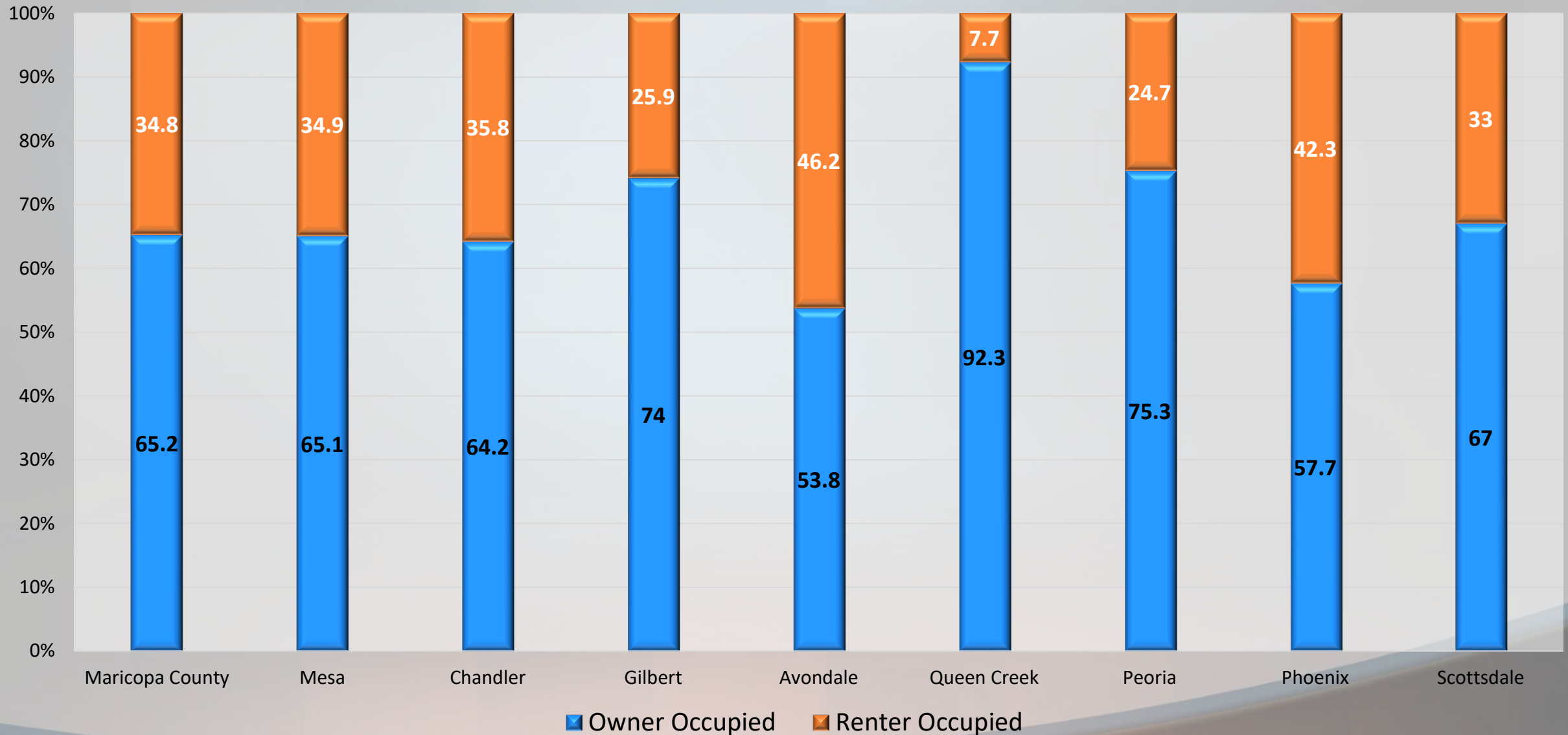
Proportion of Housing Built (1939-2019)



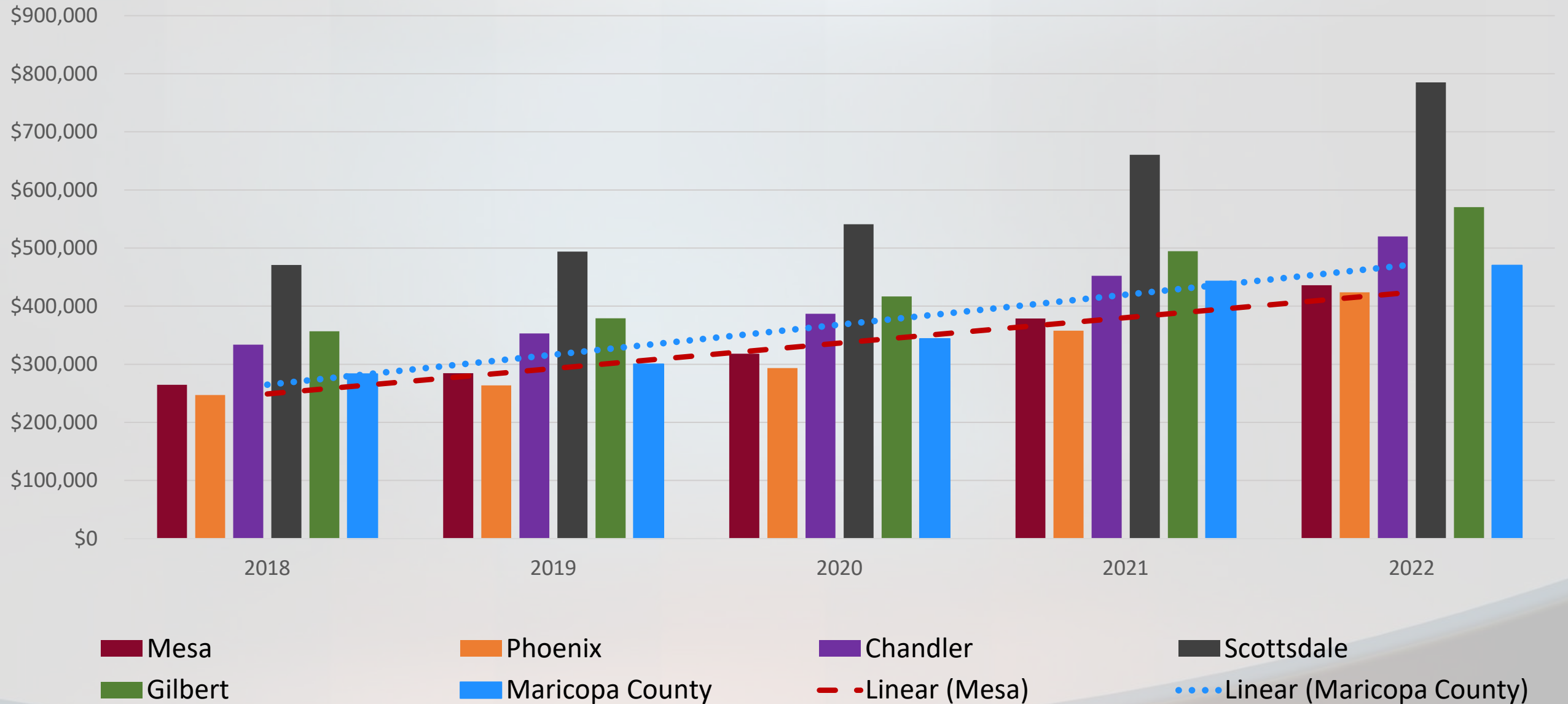
Owner and Renter Occupied Households (2022)



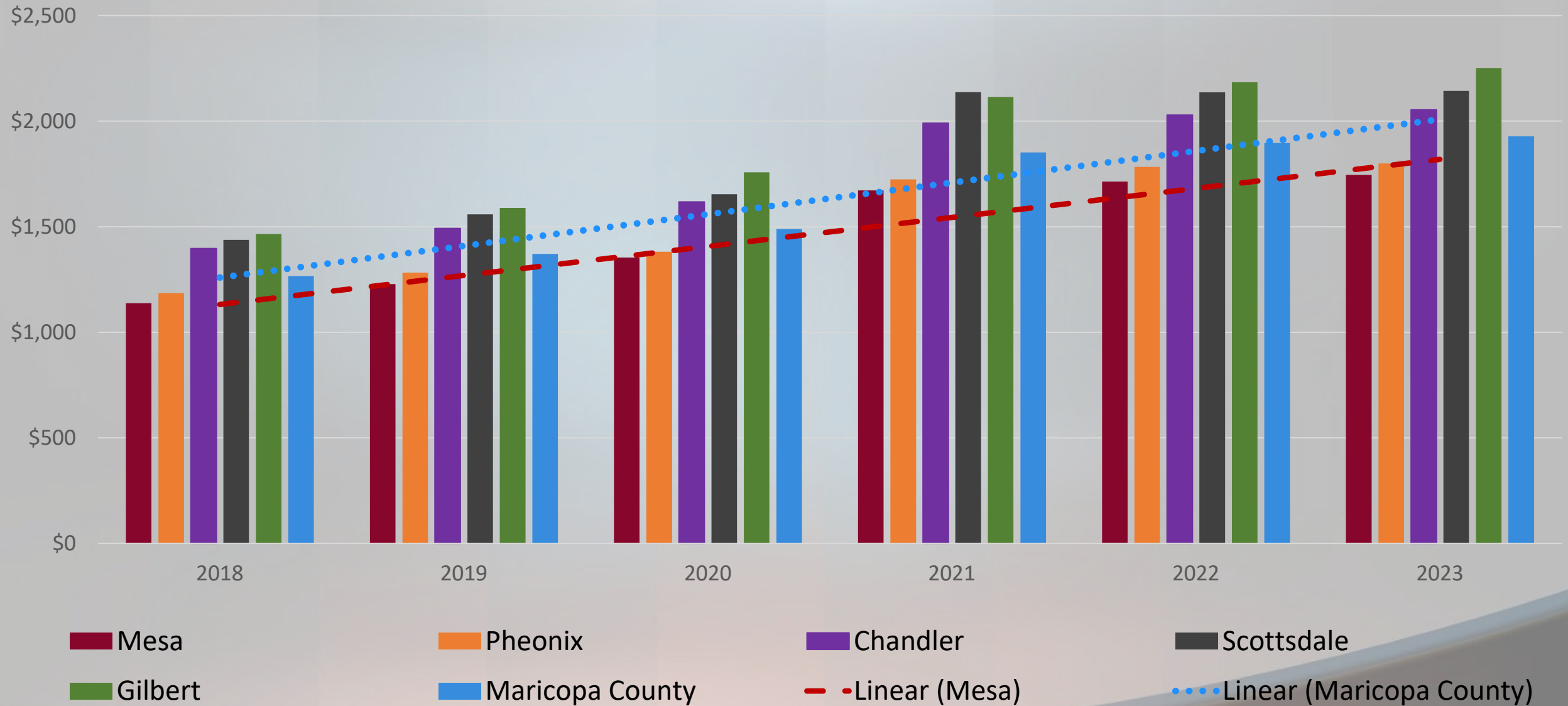
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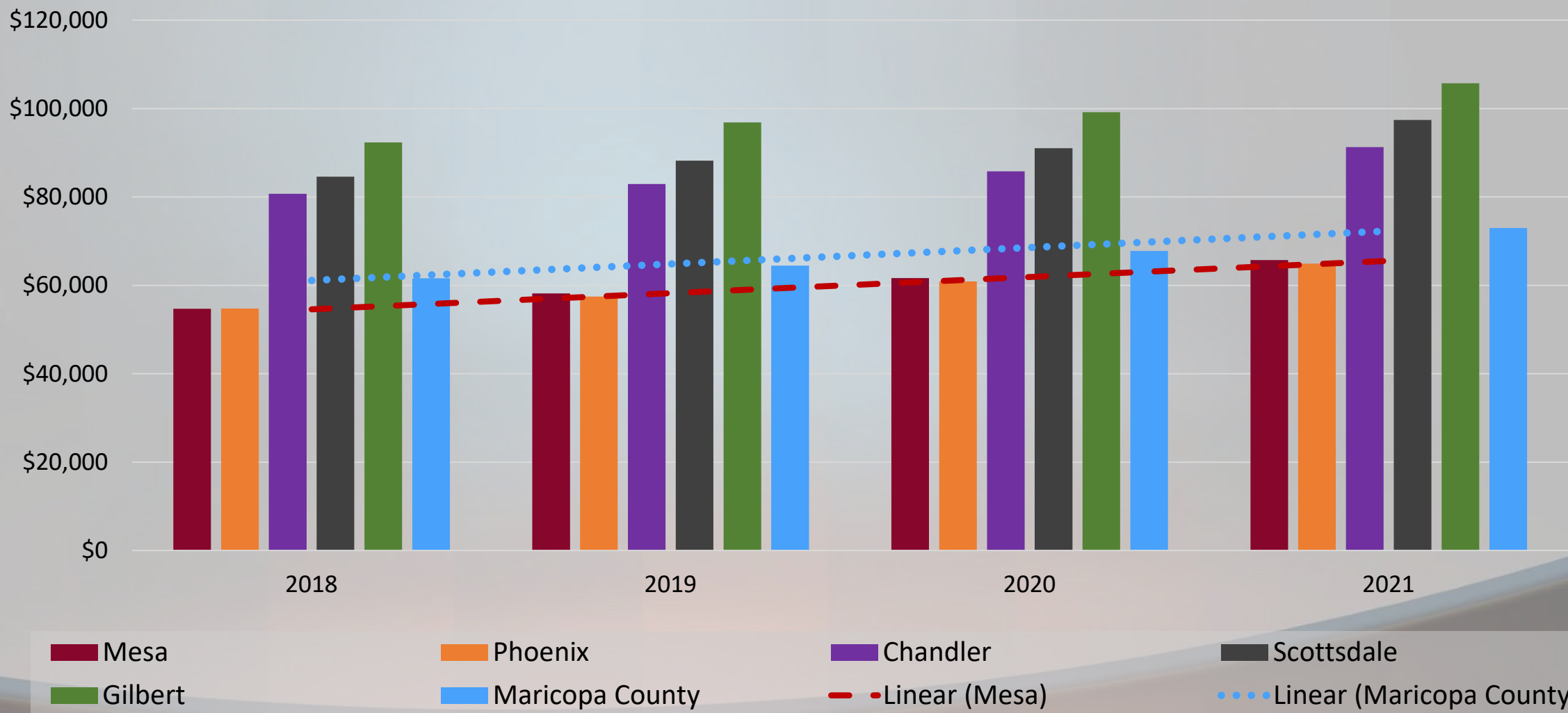
Median Home Price (2018 – 2022)



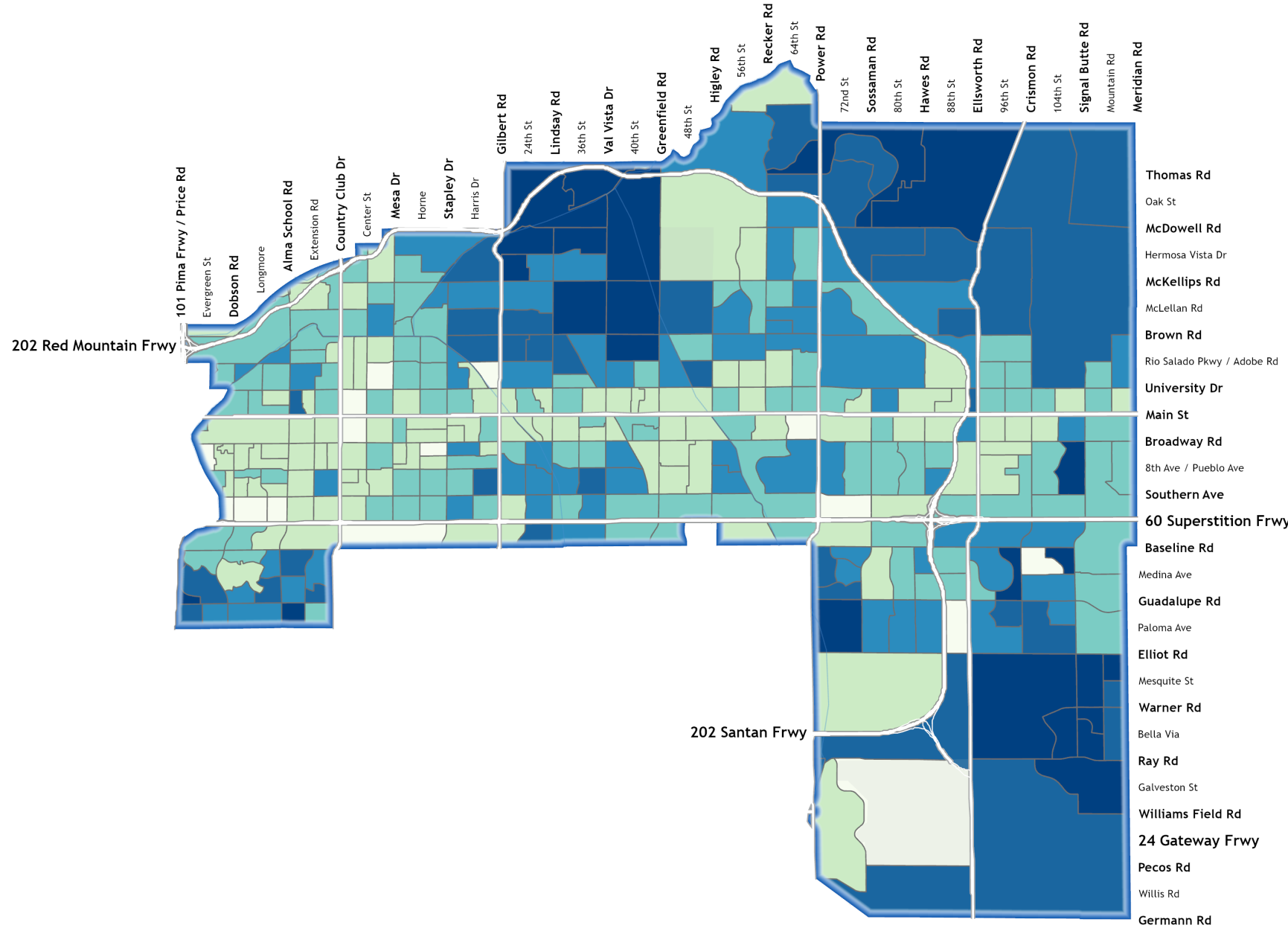
Monthly Rent (2018 - 2023)



Median Income For Mesa Statistical Area (MSA)



Median Household Income by Census Block (2021)



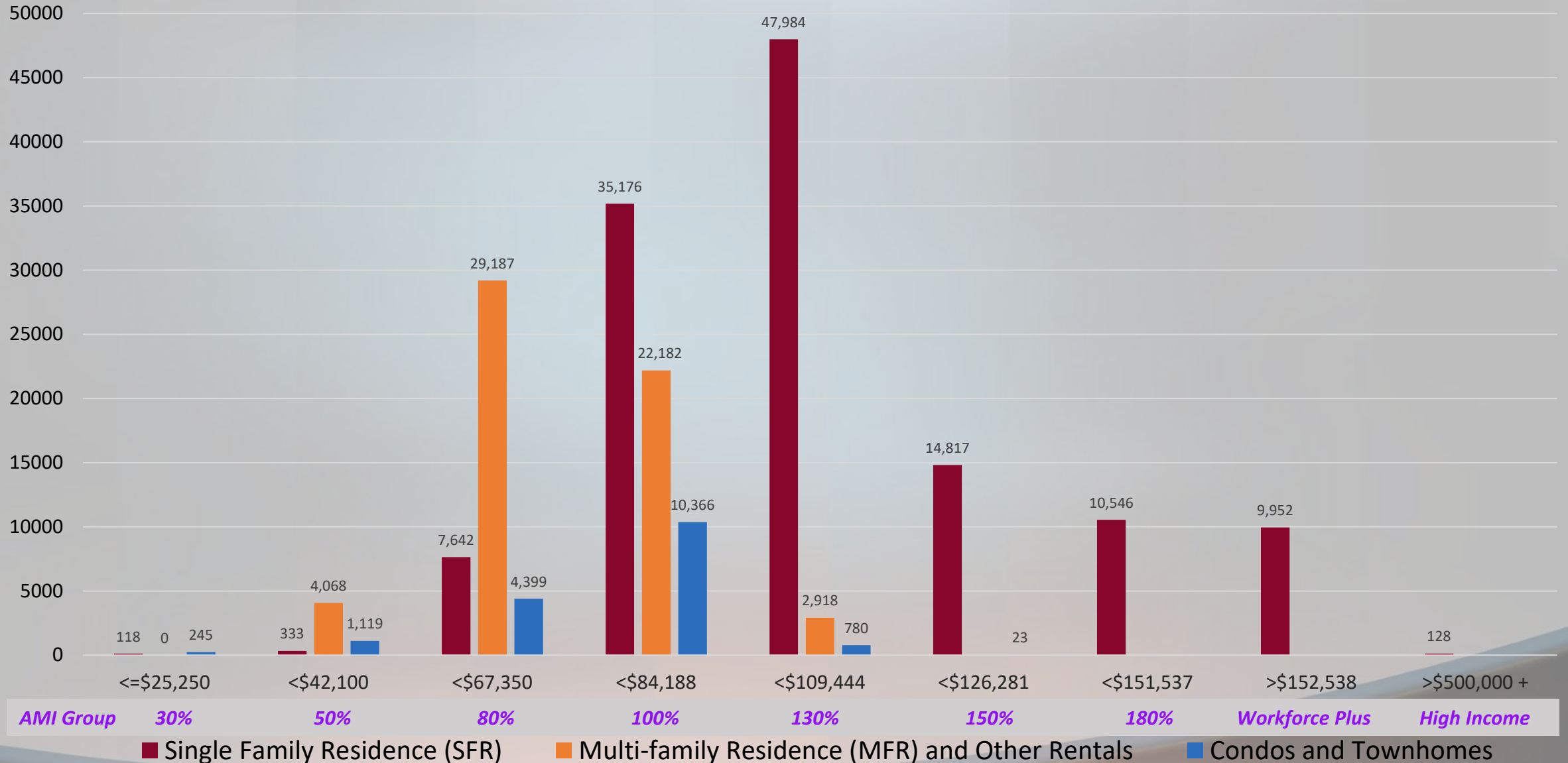
Median Household Income 2021 by Census Block

- <\$25,000 (30% AMI)
- \$25,001-50,000 (50% AMI)
- \$50,001-75,000 (80% AMI)
- \$75,001-100,000 (100% AMI)
- \$100,001-125,000 (130% AMI)
- >\$125,001 (180+% AMI)

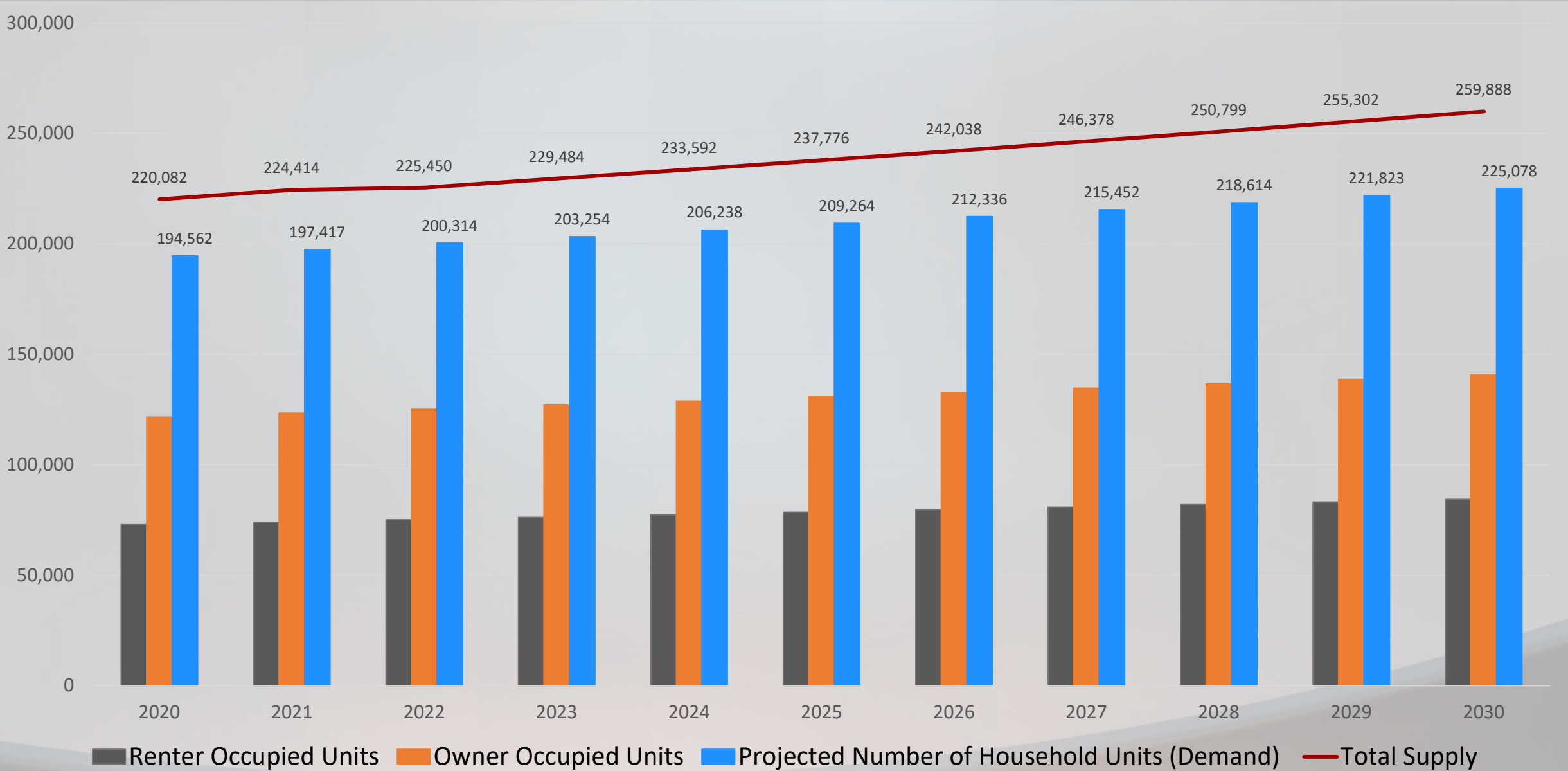
Created By: City of Mesa Planning GIS
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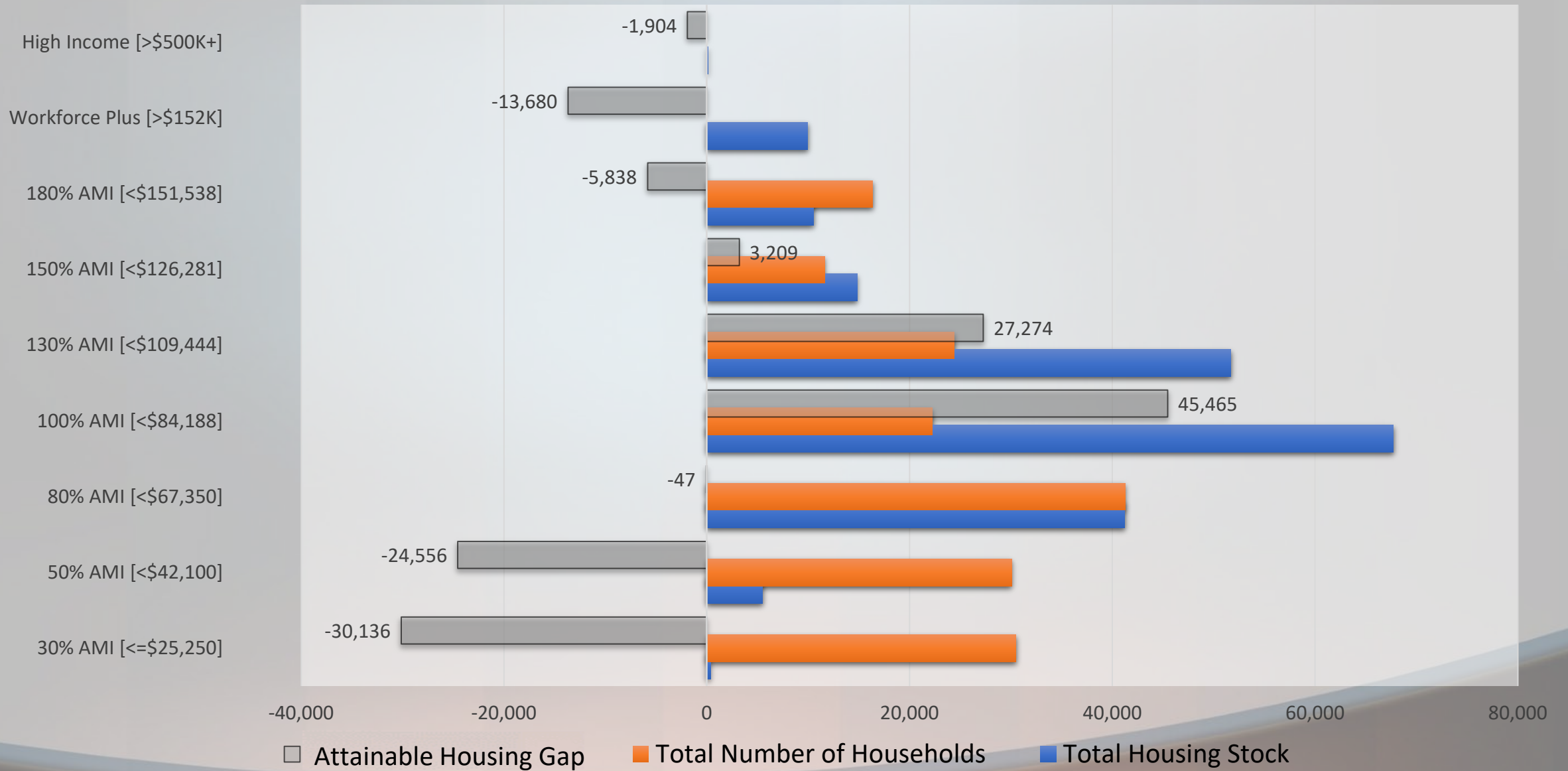
Housing Stock by Area Median Income (AMI)



Housing Demand and Supply



Mesa Housing Analysis by Area Media Income (AMI)



Key Observations (Mesa)

- ✓ Limited land remaining for development
- ✓ Homeownership and renting are mostly at par with Maricopa County Average, and surrounding cities
- ✓ Mesa has one of the lowest median home prices and rents in Maricopa County
- ✓ Mesa has significant housing supply available for median income earners
- ✓ There is a shortage of housing supply for workforce (Plus) and high income earners
- ✓ There is a shortage of housing supply for low-income earners (50% AMI and Below)
- ✓ Projected housing supply exceeds demand in the majority of attainable housing ranges

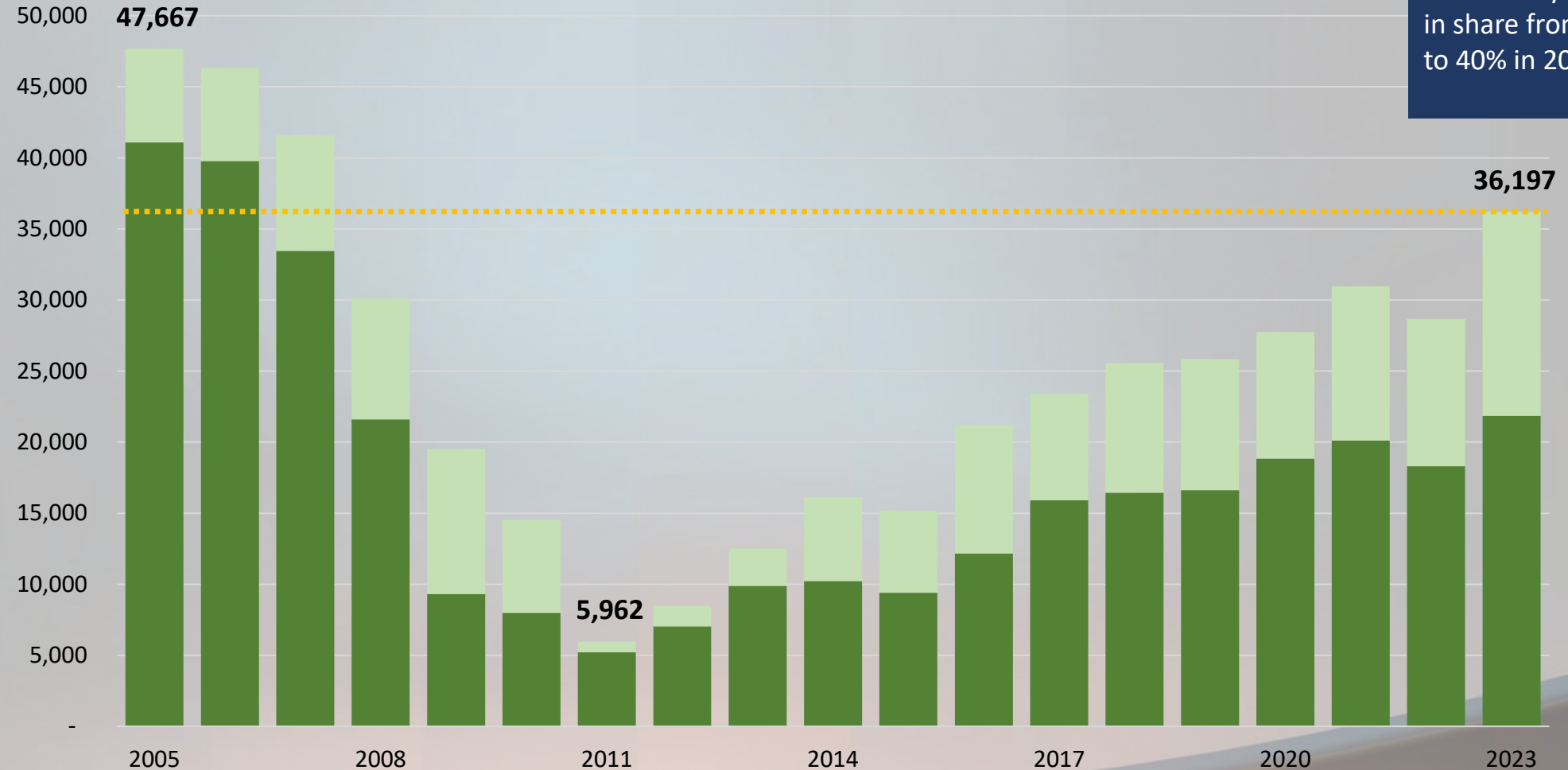
Phoenix MSA (Regional) Trends

Maricopa County residential completions are reaching pre-recession levels

Residential Completions by Unit Type

■ Single Family

■ Multifamily

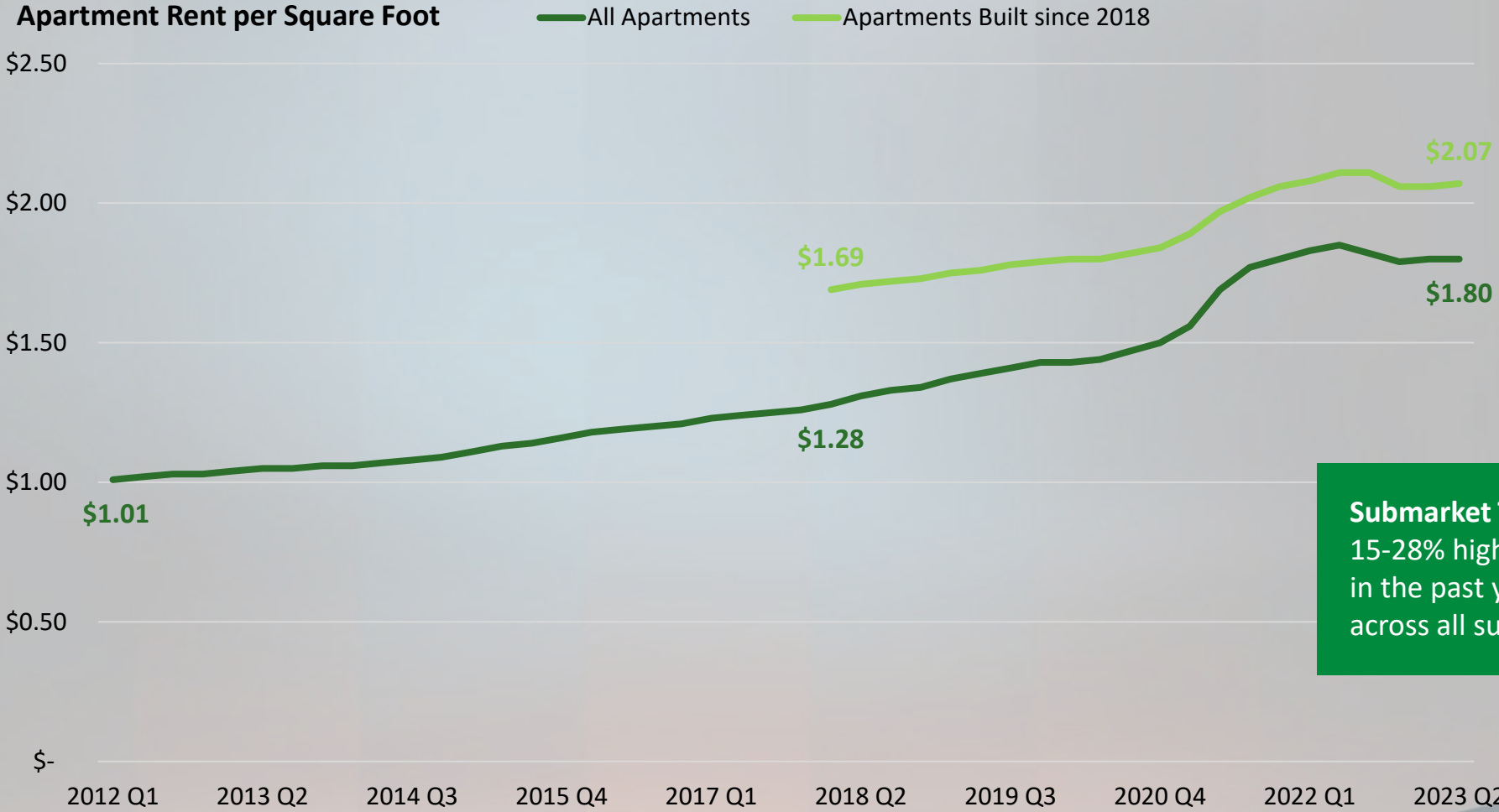


Multifamily has increased in share from 14% in 2005 to 40% in 2023

Source: Maricopa Association of Governments, Residential Completions by Fiscal Year



Newly-built apartment rent is 15% higher (Phoenix MSA)

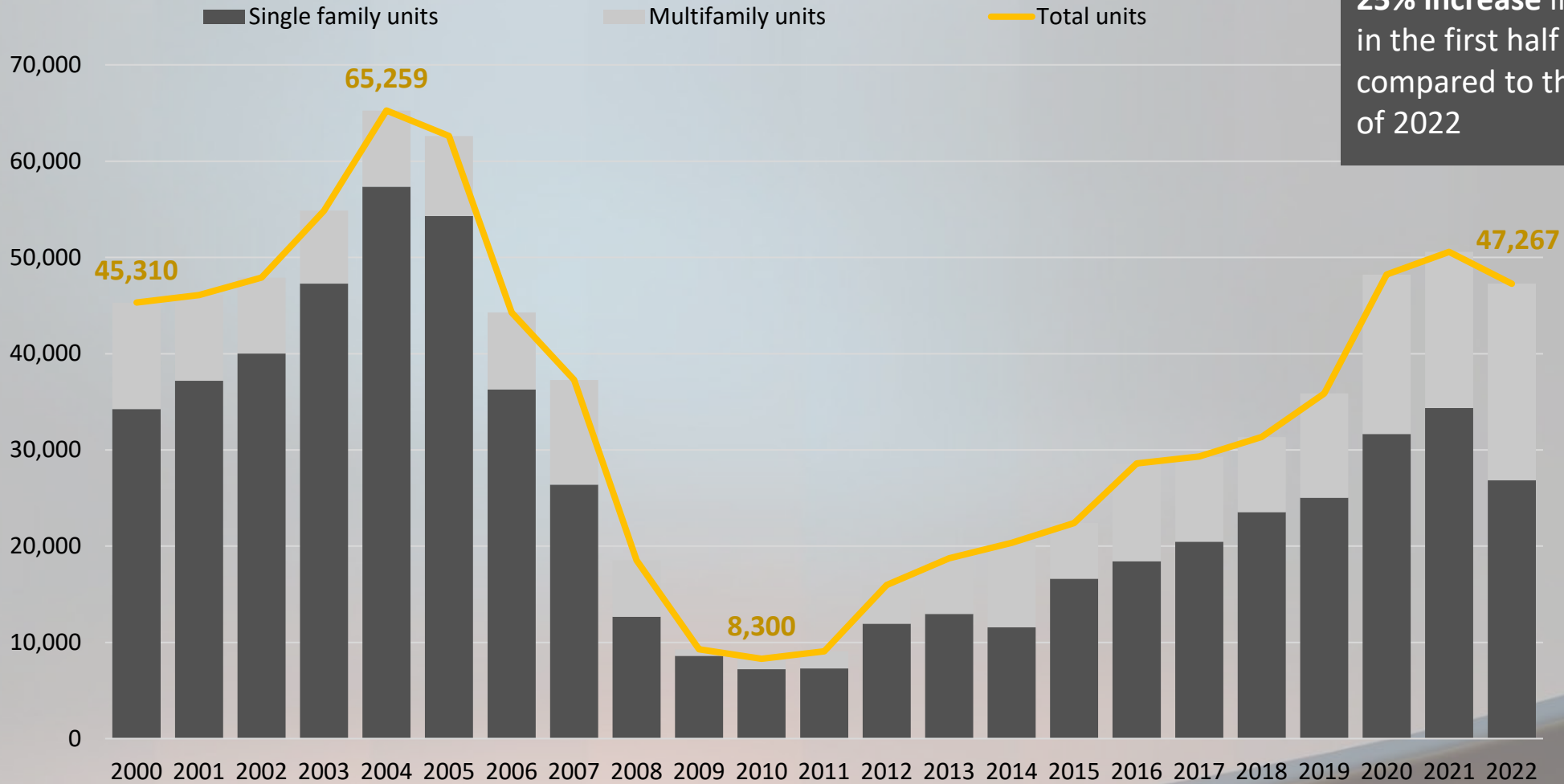


Submarket Trends:
 15-28% higher than 2020, but
 in the past year, 2-4% decline
 across all submarkets

Source: CoStar



Phoenix MSA saw a significant increase in number of residential permits since 2010



25% increase in permits in the first half of 2023 compared to the first half of 2022

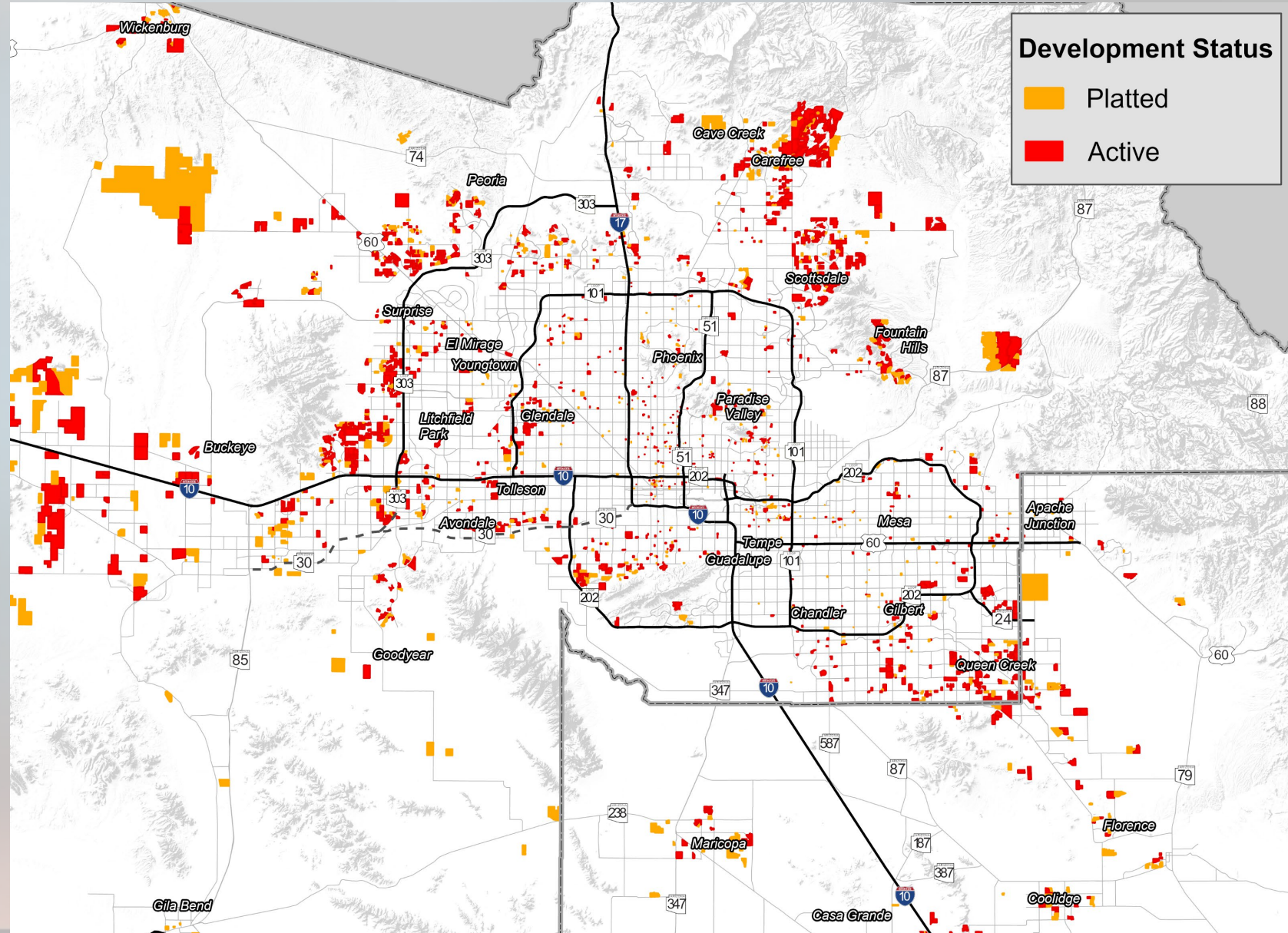
Source: U.S. Census Bureau, Building Permits Survey



Housing Development Pipeline

*Active and Platted Units, 2023 YTD
Phoenix MSA*

- ▶ 275,000 housing units are in the pipeline
- ▶ 178,000 housing units in Active Projects
- ▶ 106,000 units in the active projects remain unbuilt – nearly 3 years' worth of units
- ▶ Additional 97,000 housing units are in projects that have not started yet



Source: Maricopa Association of Governments,
September 2023



Multi-Residence Permits Issued (2020-2023)

Year (dwelling units)

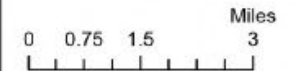
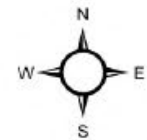
- 2020 (1340)
- 2021 (2269)
- 2022 (2239)
- 2023 (139)

5987 total dwelling units*

Permits Not Yet Issued (dwelling units)

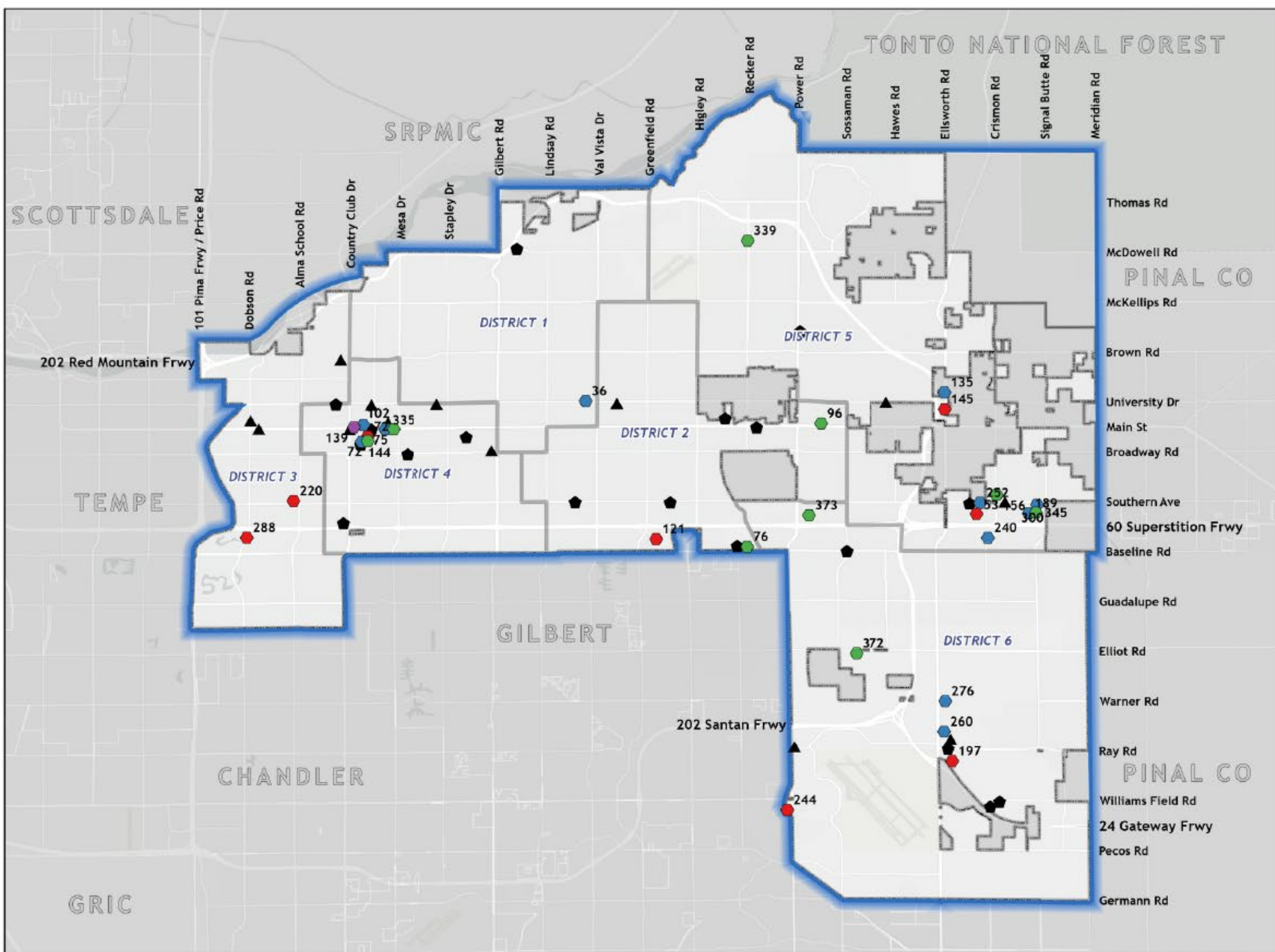
- ▲ Building / Construction Plan Review (1703)
 - ◆ Site Plan / Zoning Approved (2548)
- 4251 total dwelling units

*2023 number is building permits issued year-to-date



Created By: City of Mesa Planning GIS
Created Date: 5/25/2023
Source: City of Mesa

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Housing Development Pipeline Phoenix MSA

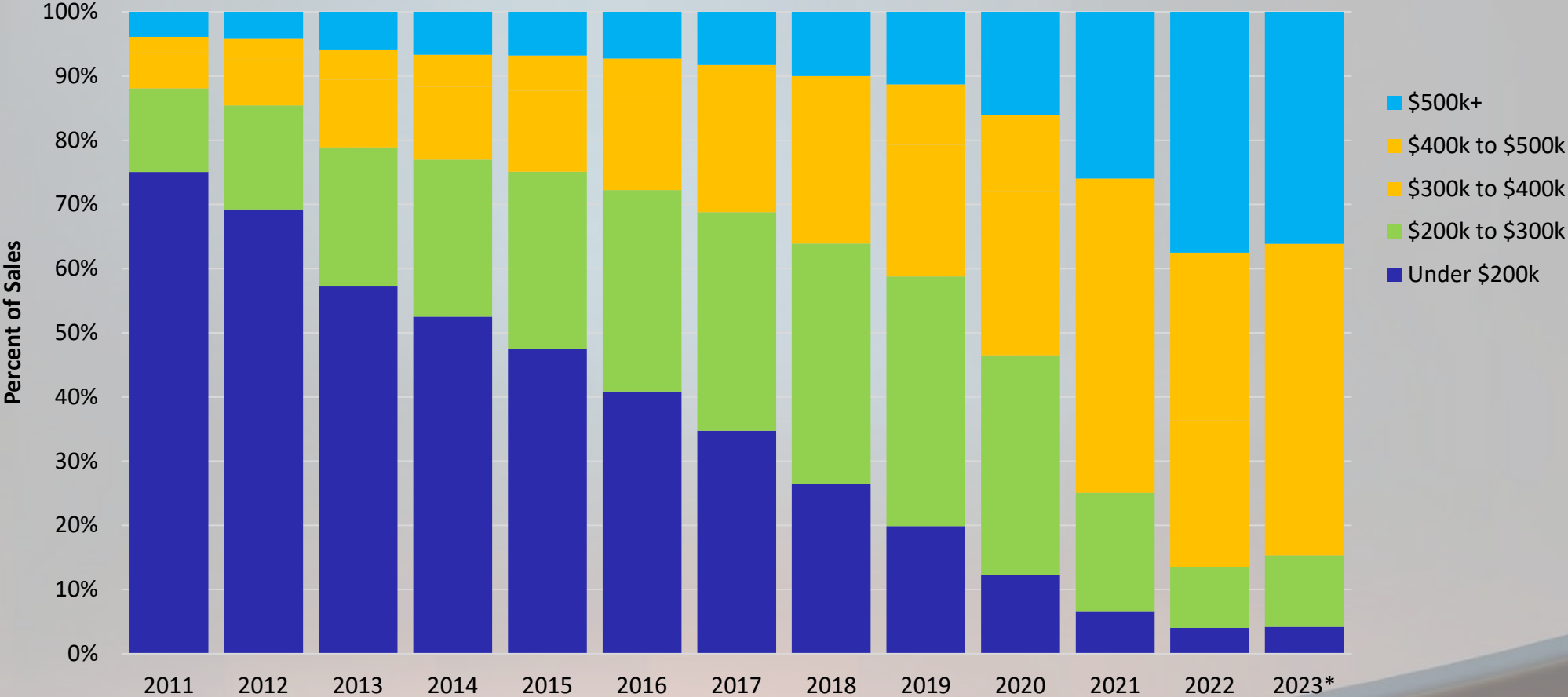
Pipeline	2021	2023 YTD
Total Pipeline	239,000	275,000
Platted Not Started	63,400	97,000
Unbuilt Units in Active Developments	119,300	106,000

Source: Maricopa Association of Governments, September 2023



In the Phoenix MSA, sales transactions under \$300k have decreased 73 percentage points since 2011

Sales Transactions, 2011-2023



Source: The Information Market
Adjusted for inflation, *2023 data through Q2 only



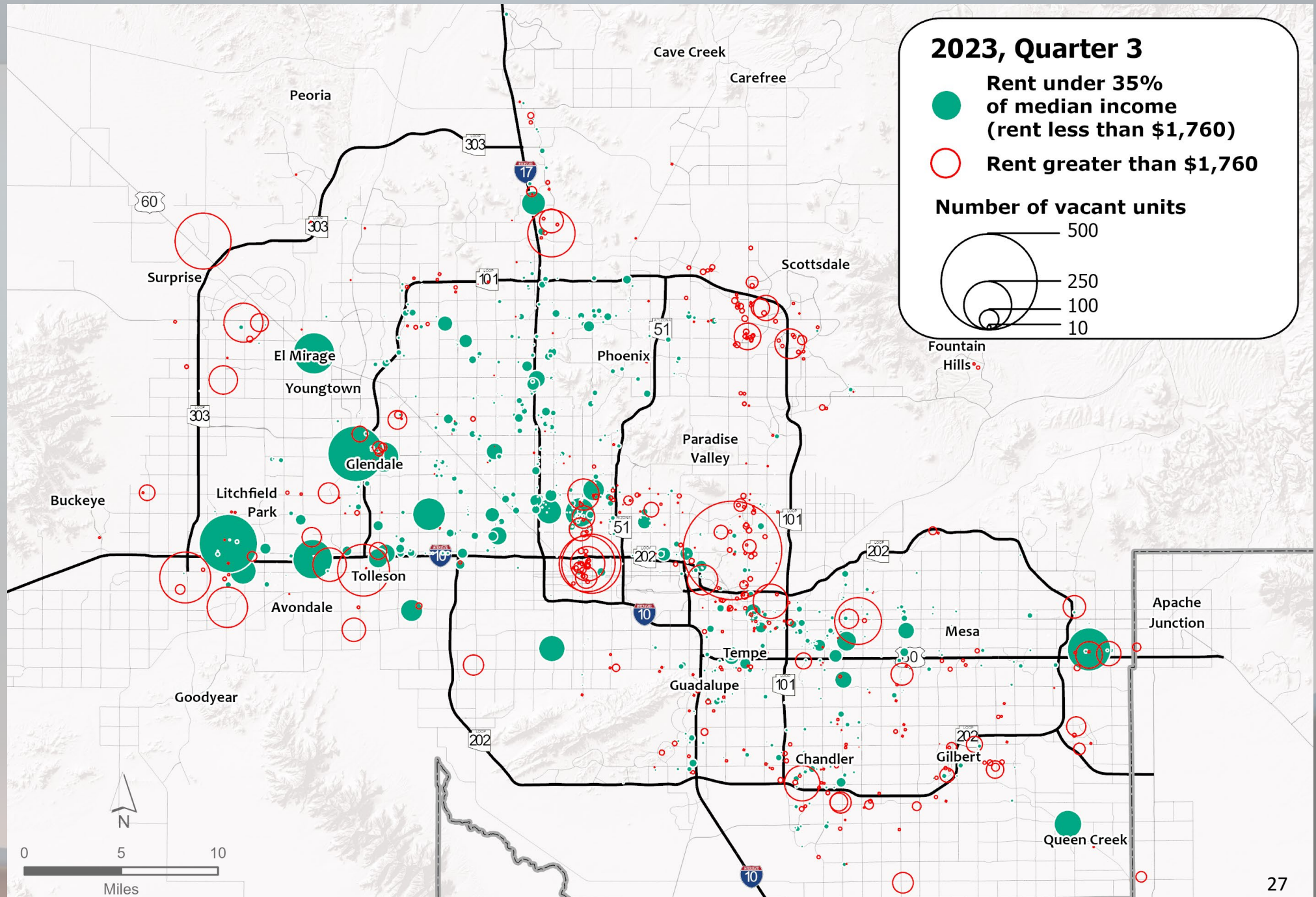


2023 Vacant Apartment Units

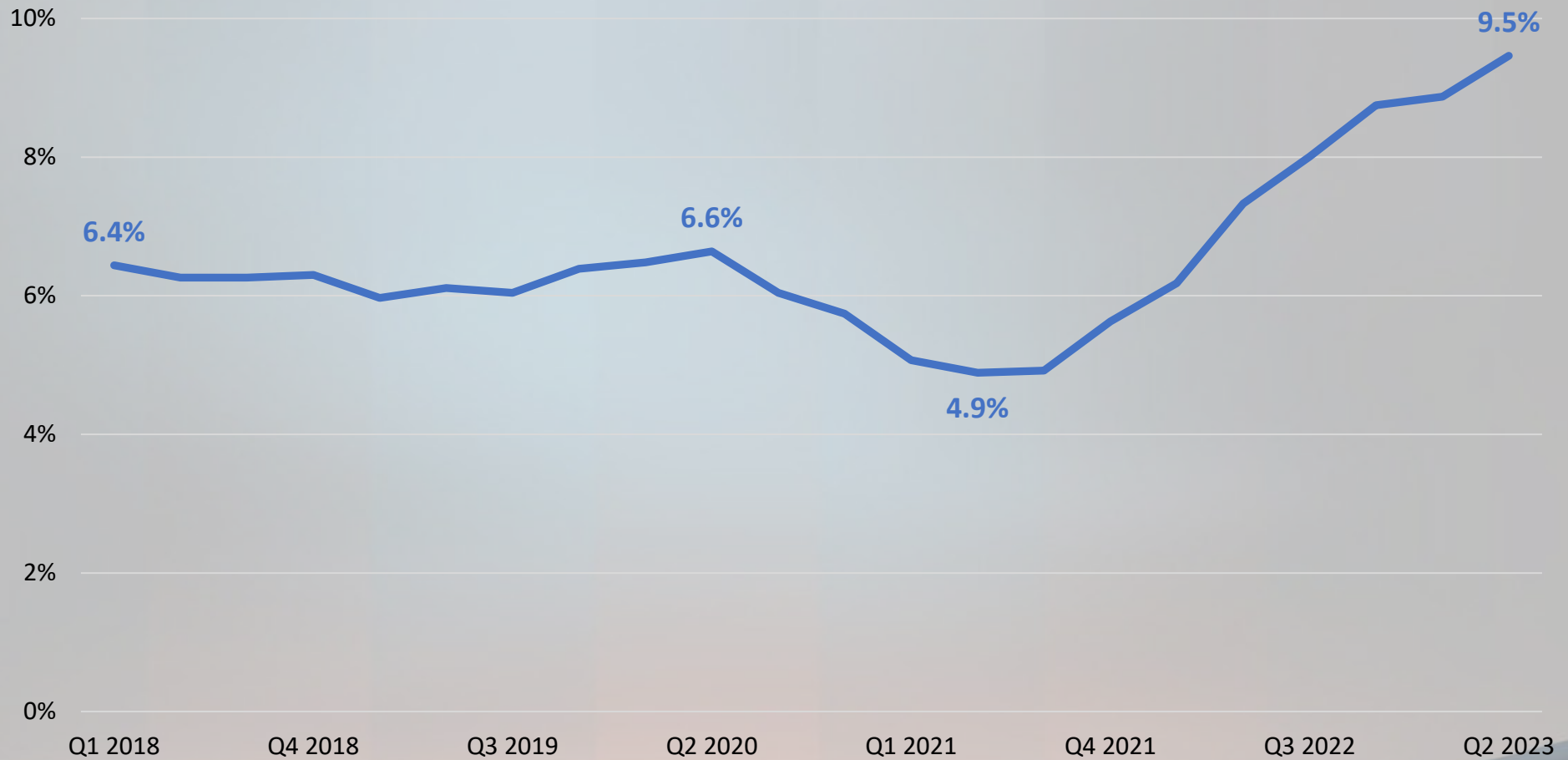
19,990 units with
rent under 35% of
median renter
income

*Each circle represents
an apartment complex*

Source: RealData, Inc



Multifamily vacancy rate has increased to 9.5% (Phoenix MSA)



Source: CoStar



Key Observations (Phoenix MSA)

- ✓ Housing completions return at 2007 peak level
- ✓ Increased residential permit activity
- ✓ Increased in residential vacancy rate
- ✓ Affordability easing in some submarkets
- ✓ Increase in approved residential permits



Next Steps

- ❑ Review findings with stakeholders and solicit input on policy recommendations
 - ❑ Meetings with developers, bankers, non-profit groups, and city departments
- ❑ Develop Balanced Housing Plan with policy recommendations
- ❑ Present draft Plan with policy recommendations to City Council

Questions?





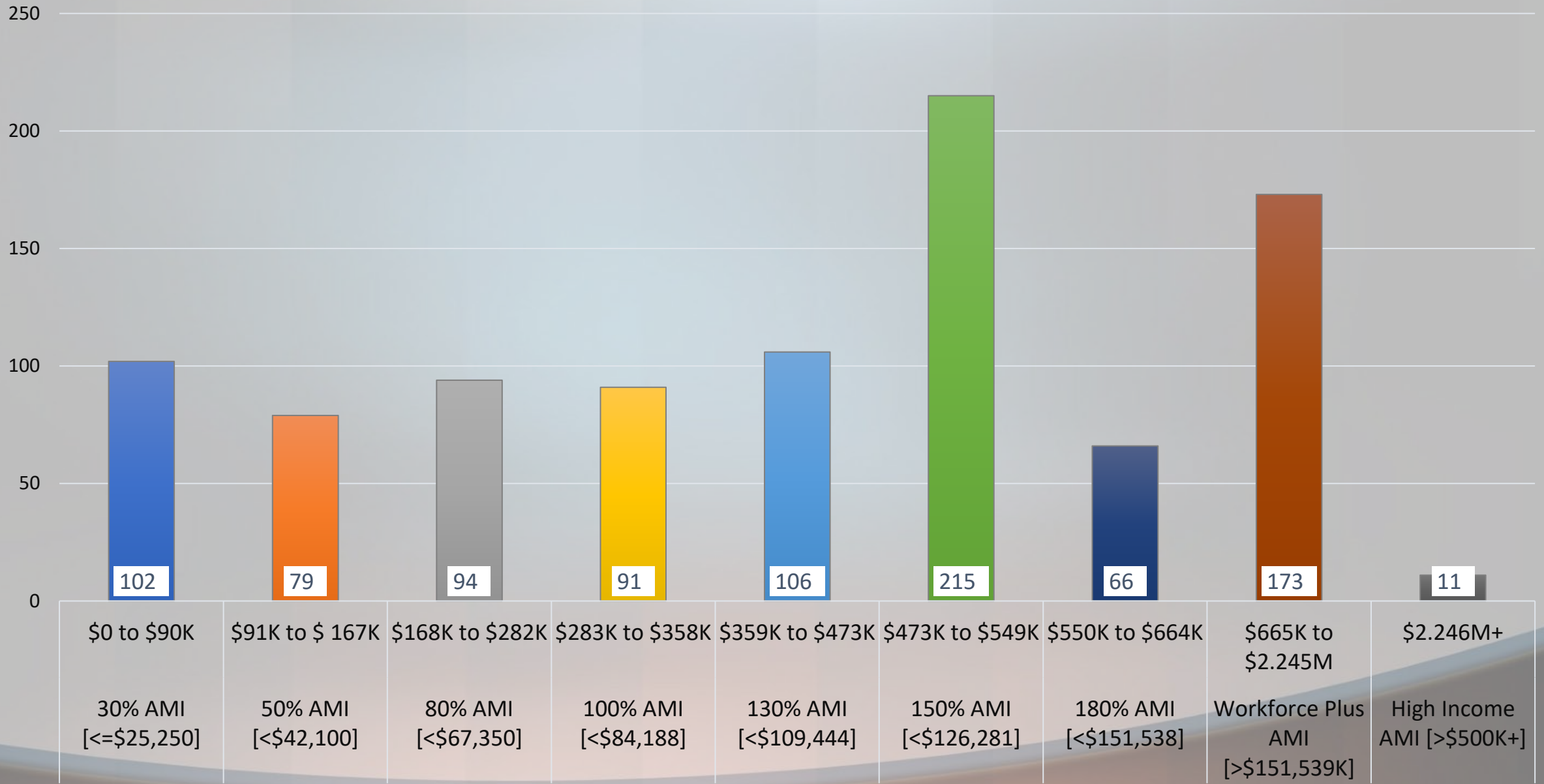
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Mesa Sector Employment

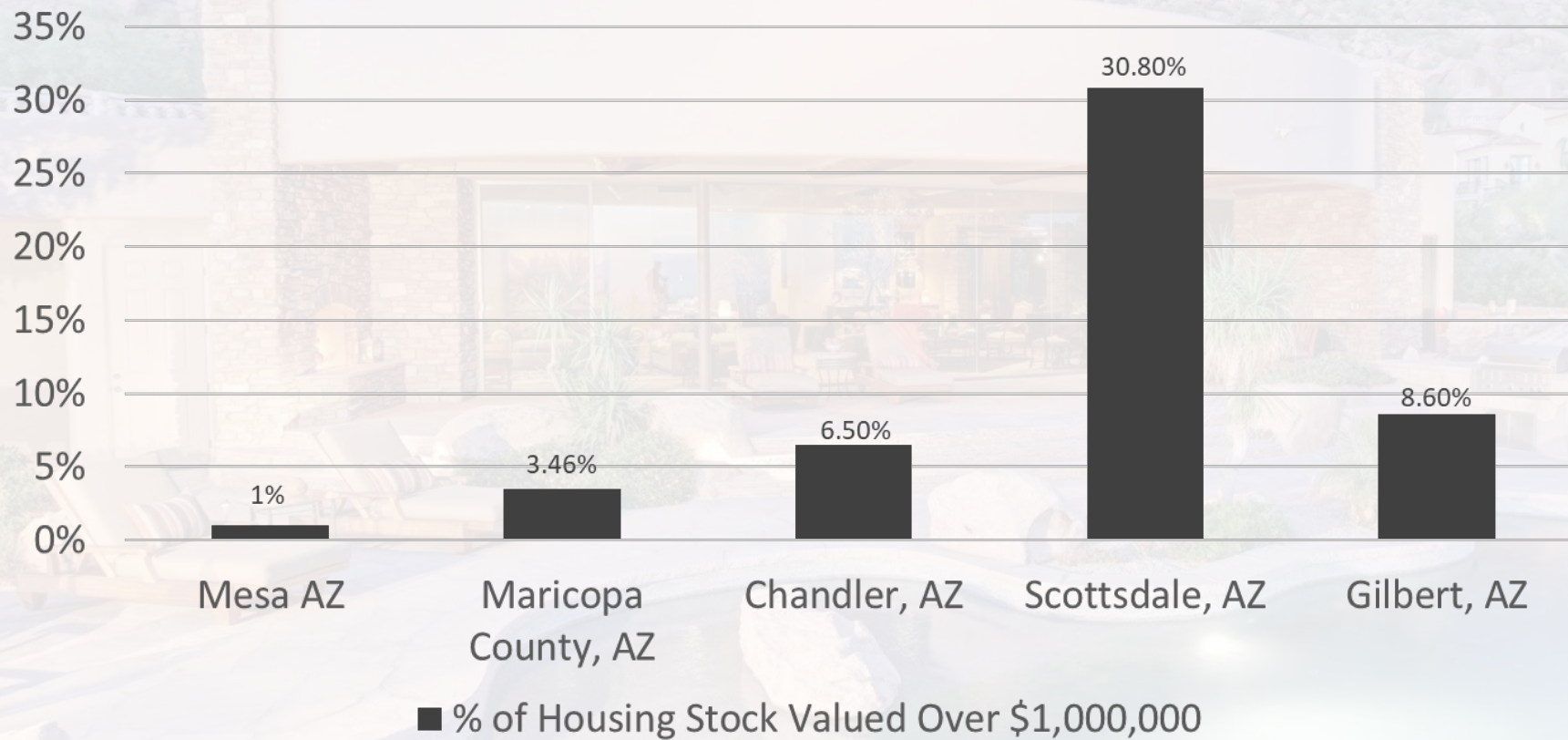
Industry Cluster	Annual Wage	Dual Income Household Wage Adjustment	Maximum Affordable Home Price (HUD Guidelines for Max. Gross Income)
Management	\$94,949	\$148,292	\$648,506
Business and Finance Operations	\$68,100	\$106,359	\$458,210
Computer and Financial Operations	\$87,302	\$136,349	\$594,307
Architecture and Engineering	\$70,312	\$109,814	\$473,888
Life, Physical, and Social Science	\$46,108	\$72,011	\$302,339
Legal	\$74,675	\$116,628	\$504,811
Educational Instruction and Library	\$47,625	\$74,807	\$315,026
Arts, Design, Entertainment, Sports, and Media	\$47,898	\$74,807	\$315,026
Healthcare Practitioners and Technical	\$78,663	\$122,856	\$533,077
Healthcare Support	\$28,868	\$45,086	\$180,149
Protective Services	\$48,324	\$75,472	\$318,045
Food Preparation and Serving Related	\$27,288	\$42,524	\$168,525
Building and Grounds Cleaning and Maintenance	\$31,565	\$49,298	\$199,264
Personal Care and Service	\$32,402	\$50,605	\$205,196
Sales and Related	\$32,357	\$50,535	\$204,877
office Administrative Support	\$39,519	\$61,719	\$255,632
Farming, Fishing and Forestry	\$28,106	\$43,869	\$174,748
Construction and Extraction	\$47,677	\$74,462	\$313,460
Installation, Maintenance, and Repair	\$48,076	\$75,085	\$316,288
Production	\$37,975	\$59,309	\$244,696
Transportation and Material Moving	\$33,529	\$52,365	\$213,184
Military-only	\$36,776	\$57,437	\$236,197

Source: City of Mesa, Lightcast 2023 Q2, US Census Bureau ACS 5 – Year Estimates, 2017 - 2021

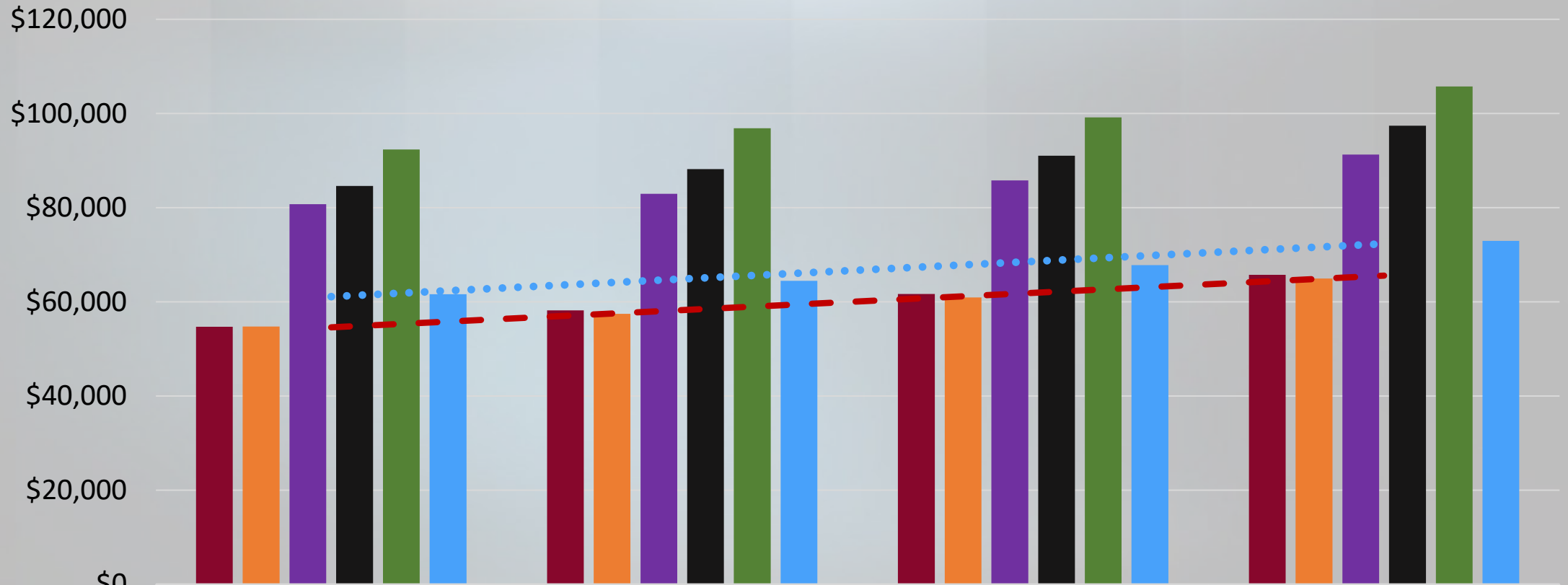
Number of Listing by Price (Oct 2023)



Executive Housing as a Percentage of Total Housing Stock

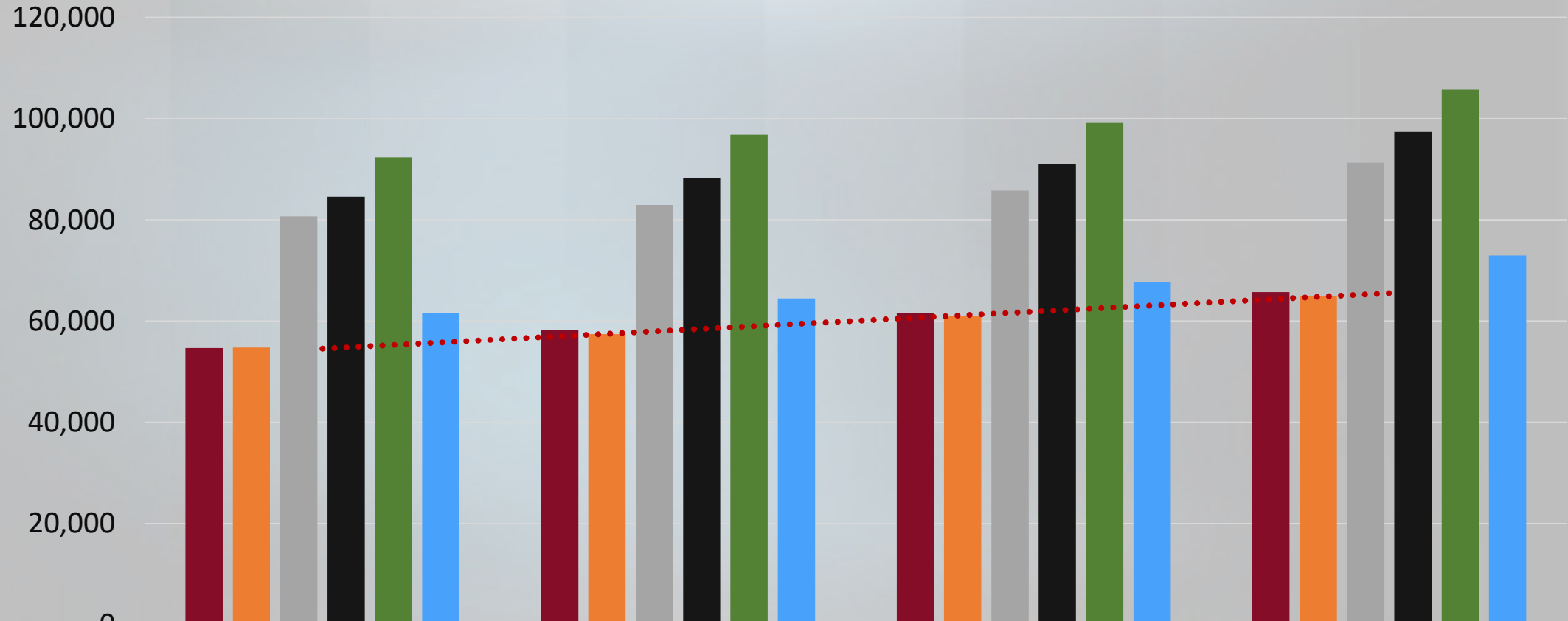


Median Income For Mesa Statistical Area (MSA)



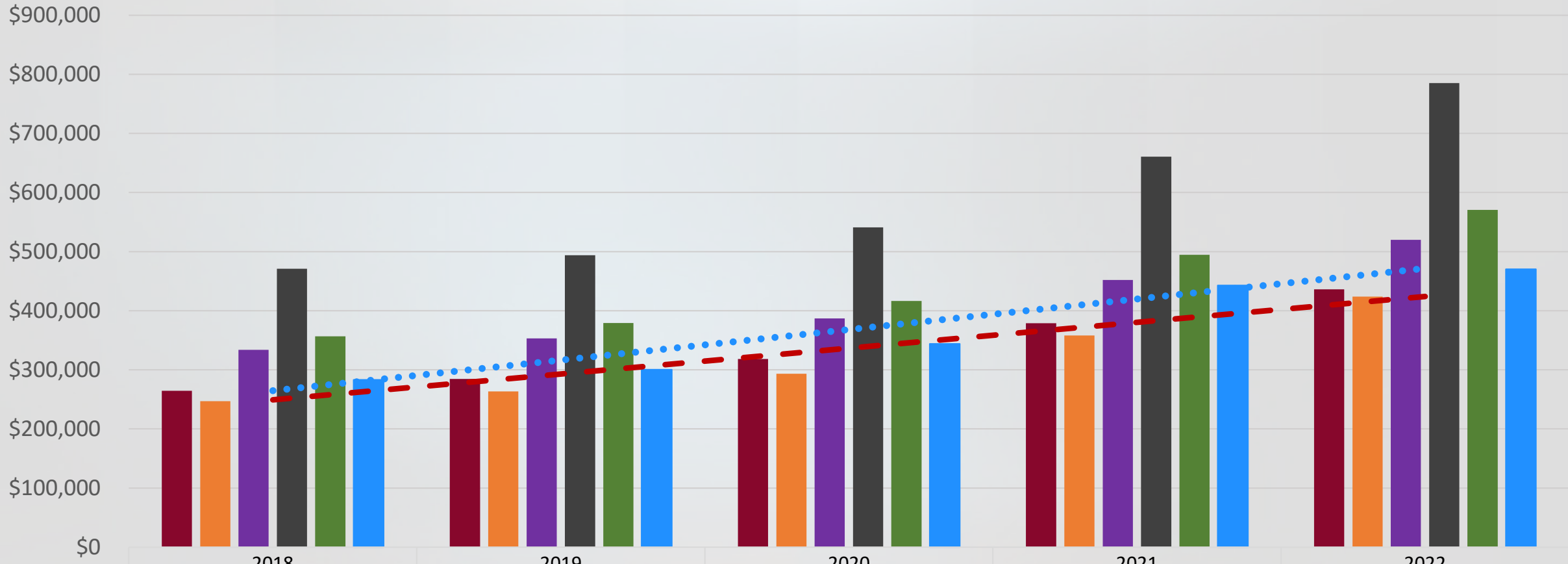
	2018	2019	2020	2021
Mesa	54700	58181	61640	65725
Phoenix	54765	57459	60914	64927
Chandler	80716	82925	85796	91299
Scottsdale	84601	88213	91042	97409
Gilbert	92350	96857	99154	105733
Maricopa County	61606	64468	67799	72944

Median Incomes for Mesa and Surrounding Regions



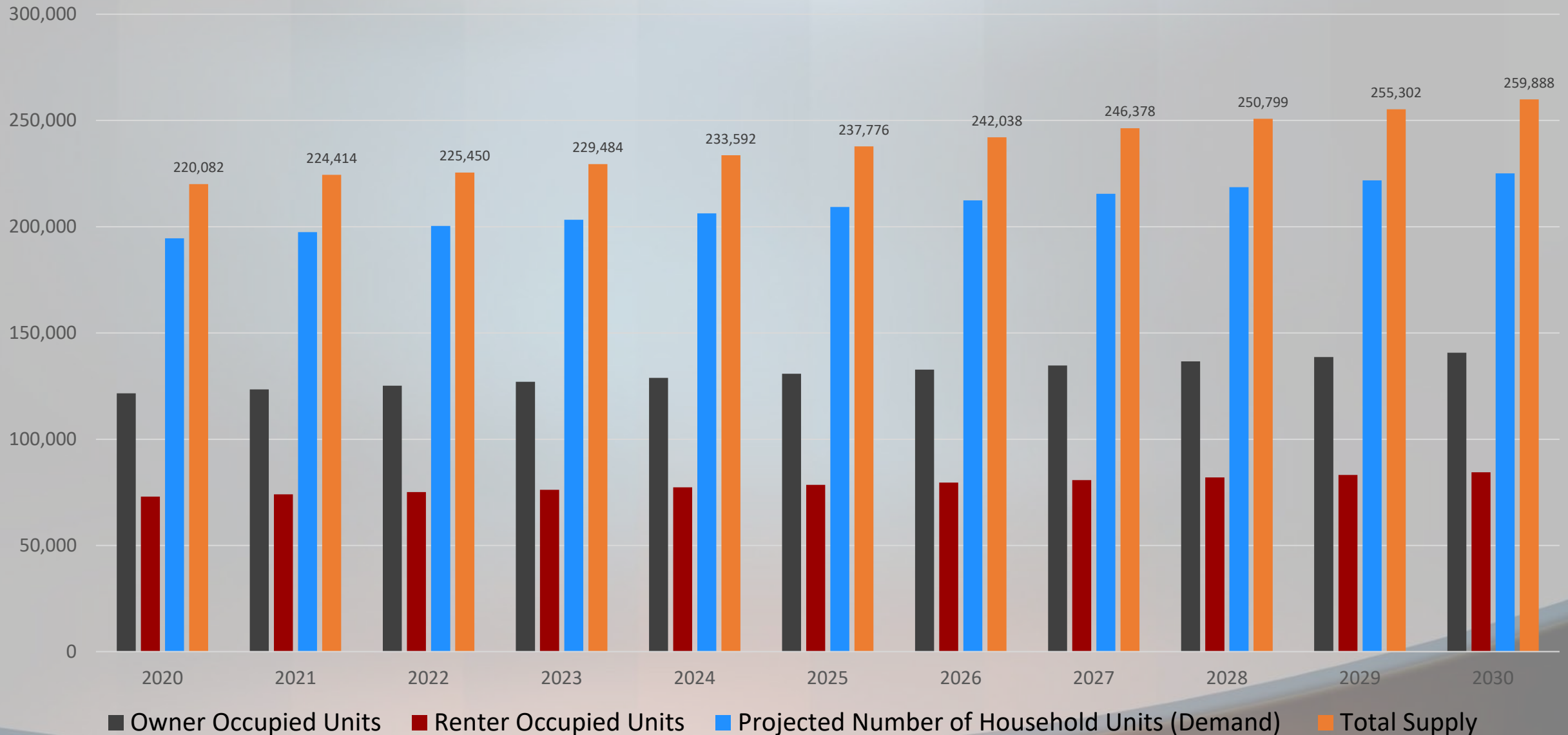
	2018	2019	2020	2021
Mesa	54,700	58,181	61,640	65,725
Phoenix	54,765	57,459	60,914	64,927
Chandler	80,716	82,925	85,796	91,299
Scottsdale	84,601	88,213	91,042	97,409
Gilbert	92,350	96,857	99,154	105,733
Maricopa County	61,606	64,468	67,799	72,944

Median Home Price (2018 – 2022)



	2018	2019	2020	2021	2022
■ Mesa	\$264,603	\$284,625	\$318,366	\$378,718	\$436,185
■ Phoenix	\$247,009	\$263,531	\$293,354	\$357,932	\$423,840
■ Chandler	\$333,718	\$353,017	\$387,095	\$452,186	\$520,074
■ Scottsdale	\$470,924	\$493,767	\$541,033	\$660,537	\$785,046
■ Gilbert	\$356,685	\$379,229	\$416,630	\$494,661	\$570,489
■ Maricopa County	\$283,239	\$300,244	\$343,871	\$442,772	\$470,272

Total Housing Demand and Supply

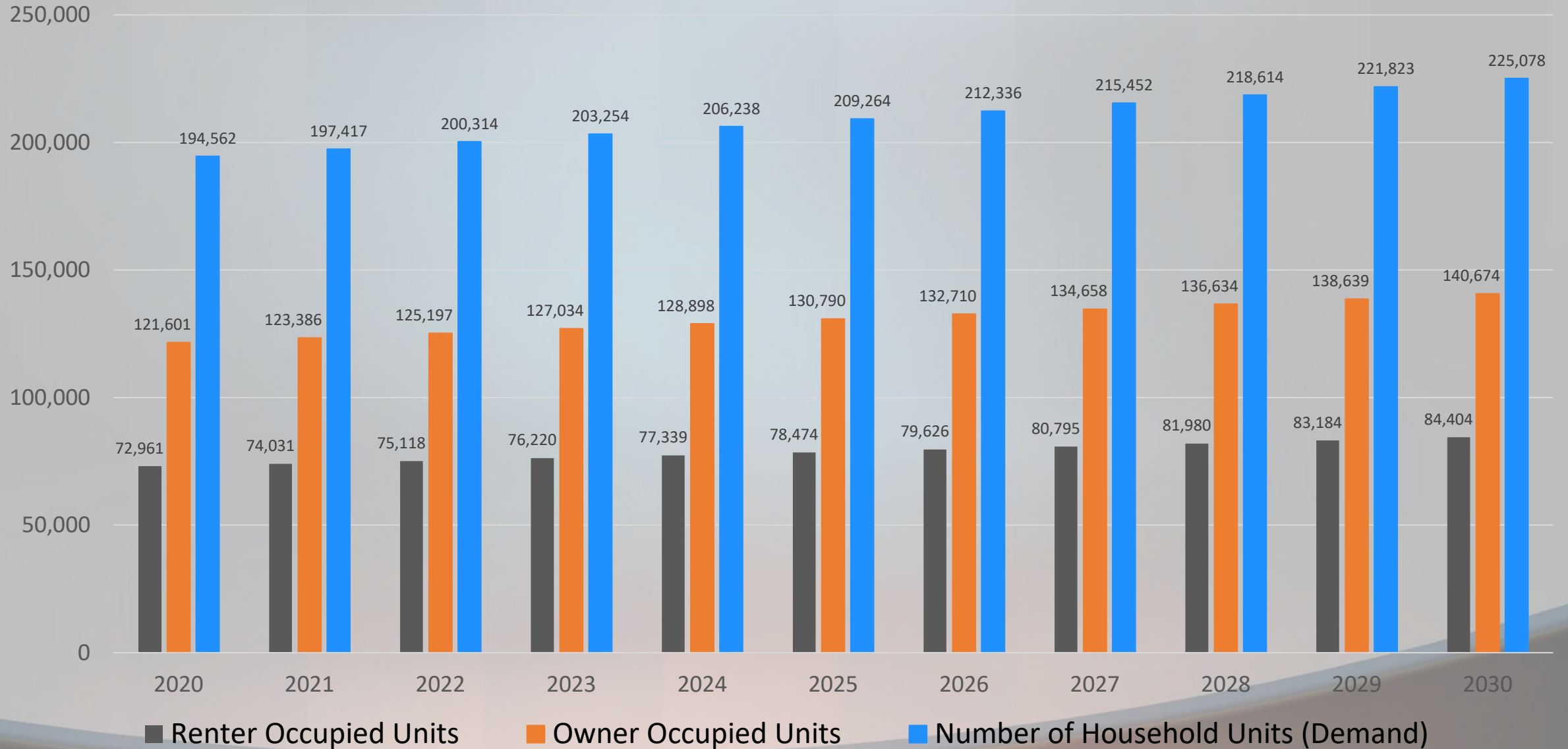


Building Permits Issued in Mesa (2013 to 2023)



Source: Mesa Open Data Portal 9.21.2023

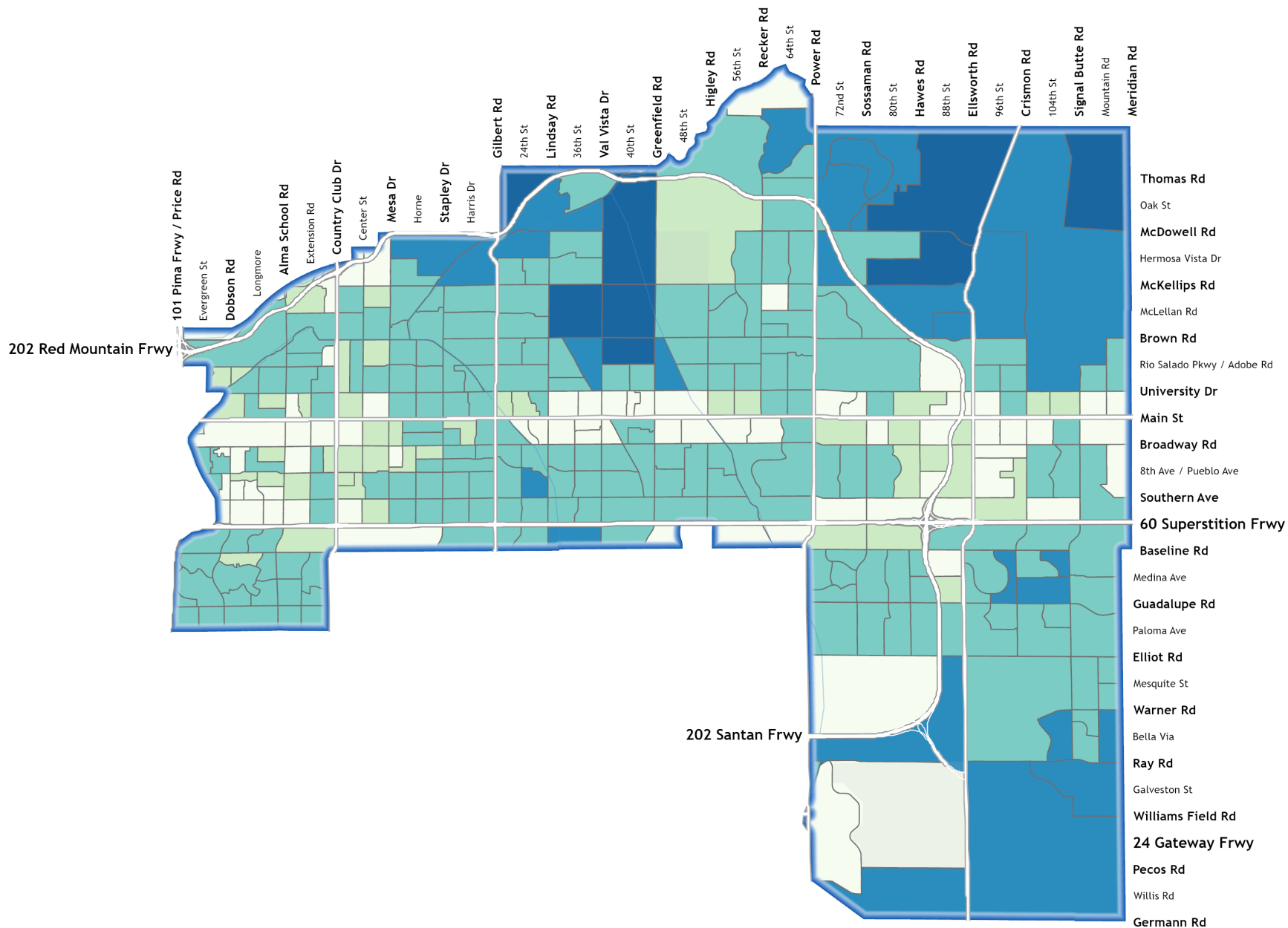
Total Number of Household Units (Demand 2020-2023)



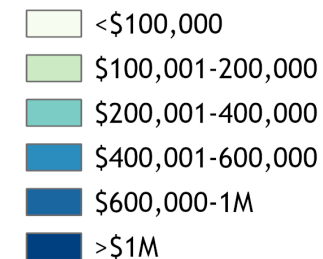
Housing Demand and Supply

Year	Number of Household Units (Demand)	Total Supply	Difference	Percentage Difference
2020	194,562	220,082	25,520	11.6%
2021	197,417	224,414	26,997	12.0%
2022	200,314	225,450	25,136	11.1%
2023	203,254	229,484	26,229	11.4%
2024	206,238	233,592	27,354	11.7%
2025	209,264	237,776	28,512	12.0%
2026	212,336	242,038	29,702	12.3%
2027	215,452	246,378	30,926	12.6%
2028	218,614	250,799	32,185	12.8%
2029	221,823	255,302	33,479	13.1%
2030	225,078	259,888	34,810	13.4%

Median Home Value by Census Block (2021)



Median Home Value 2021 by Census Block

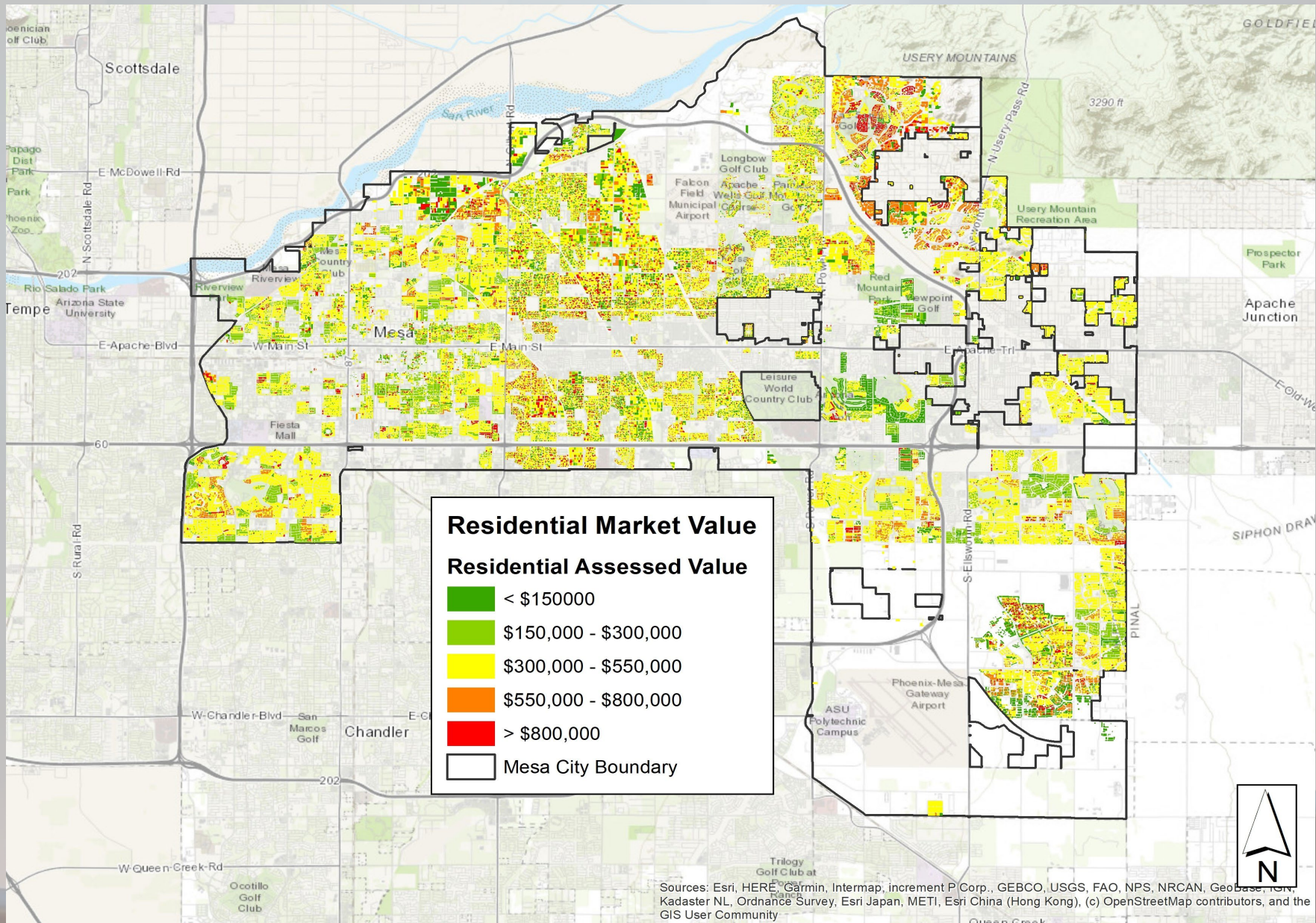


- Thomas Rd
- Oak St
- McDowell Rd
- Hermosa Vista Dr
- McKellips Rd
- McLellan Rd
- Brown Rd
- Rio Salado Pkwy / Adobe Rd
- University Dr
- Main St
- Broadway Rd
- 8th Ave / Pueblo Ave
- Southern Ave
- 60 Superstition Frwy
- Baseline Rd
- Medina Ave
- Guadalupe Rd
- Paloma Ave
- Elliot Rd
- Mesquite St
- Warner Rd
- Bella Via
- Ray Rd
- Galveston St
- Williams Field Rd
- 24 Gateway Frwy
- Pecos Rd
- Wittis Rd
- Germann Rd

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Heat Map



Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, Geobase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), (c) OpenStreetMap contributors, and the GIS User Community

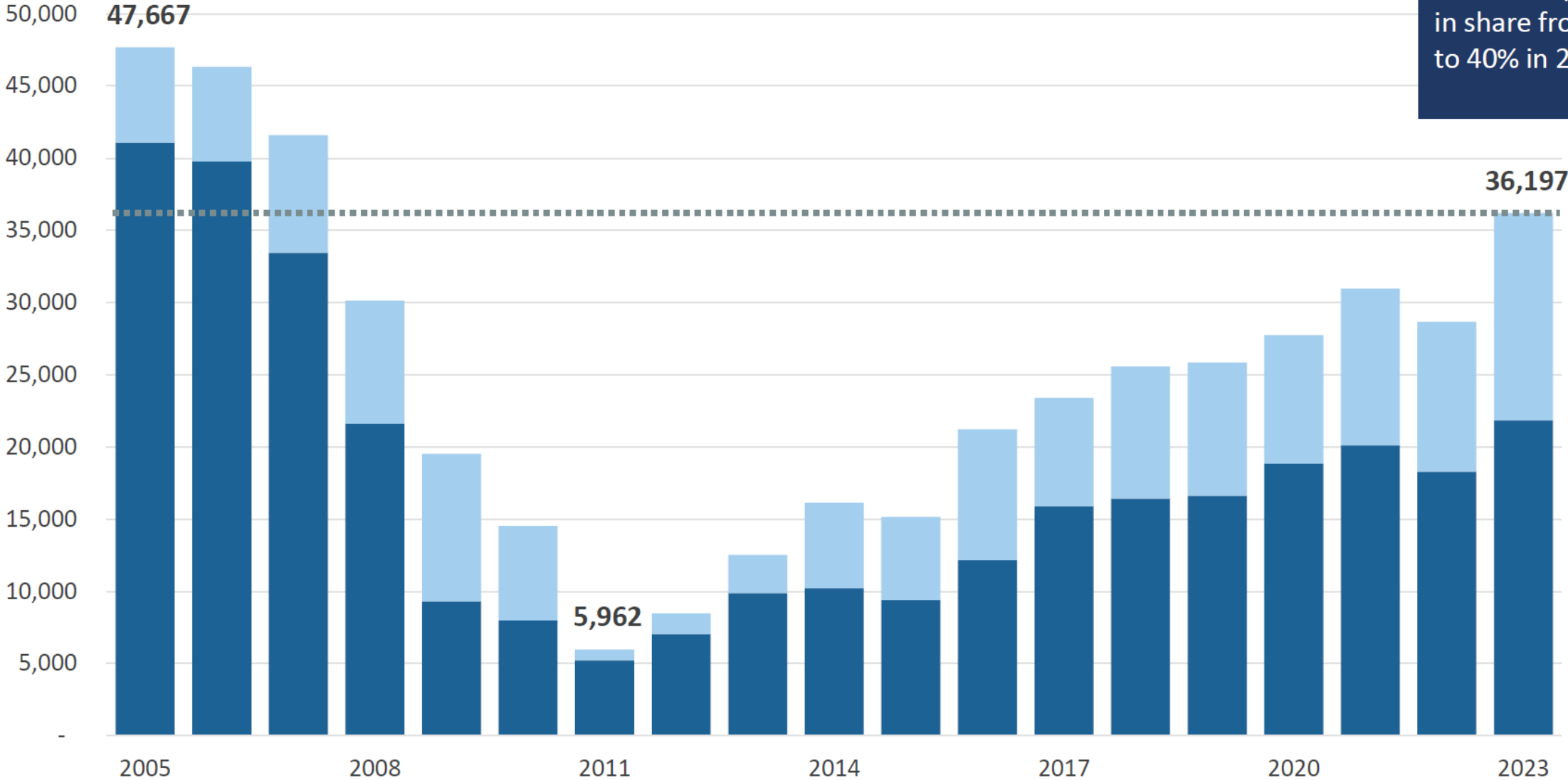
Maricopa County residential completions are reaching pre-recession levels

Residential Completions by Unit Type

■ Single Family

■ Multifamily

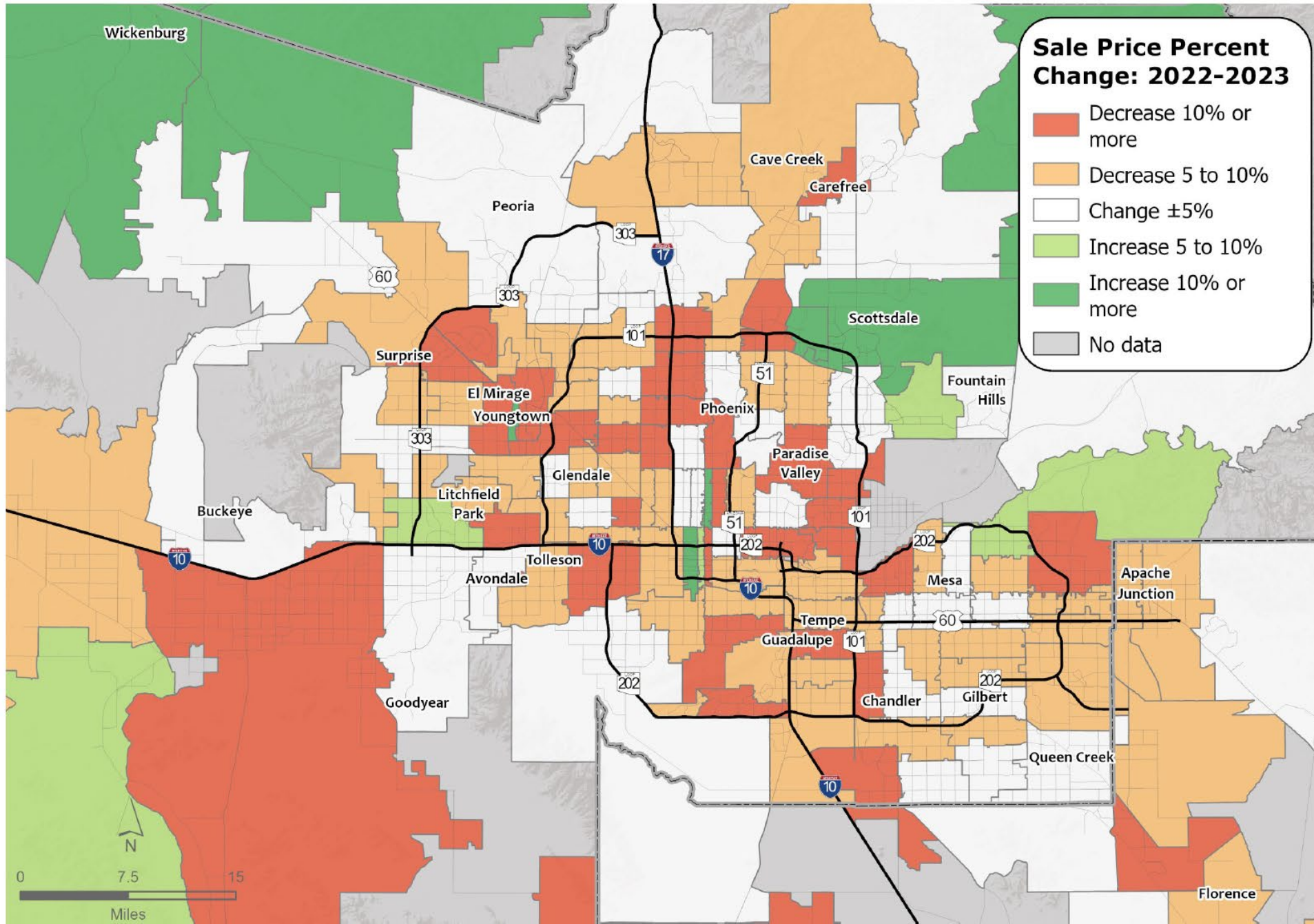
Multifamily has increased in share from 14% in 2005 to 40% in 2023



Source: Maricopa Association of Governments. Residential Completions by Fiscal Year

Median Sale Price Percent Change, 2022-2023

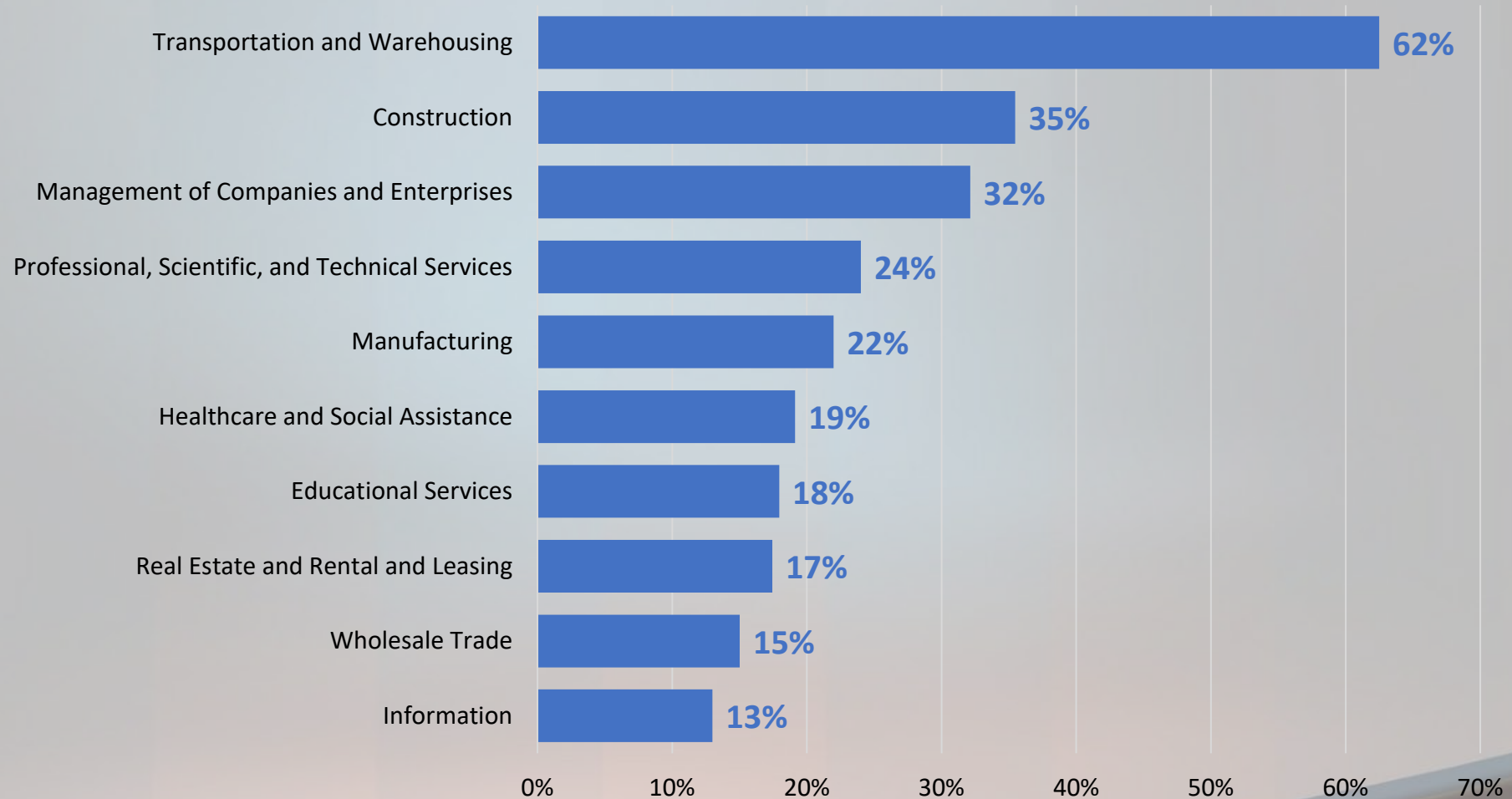
▶ 42 zip codes with decrease of 10% or more



Source: The Information Market

Phoenix MSA diversifying economy

Top 10 Change in Employment by Industry, 2017-2023



Source: University of Arizona Economic and Business Research Center

