

Housing Element

Residential excellence represents a driving force in planning the Town of Pinetop-Lakeside. Along with Open Space, Housing areas -- those already built as well as designated for future development -- constitute disproportionately high percentages of the overall Land Use pattern. Only relatively small, strategically-located allotments of real estate are left for commerce, employment and institutional uses. Although residential land utilization is important to quality of life everywhere -- from the tiniest settlement to large, sprawling cities -- it is especially critical here.

Arizona State Statutes (ARS §9-461.05) require the Element to address:

- a. standards and programs for the elimination of substandard dwelling conditions, for the improvement of housing quality, variety and affordability and for provision of adequate sites for housing;*
- b. identification and analysis of existing and forecasted housing needs; and*
- c. equal provision for the housing needs of all segments of the community regardless of race, color, creed or economic level.*

The developed community form in Pinetop-Lakeside integrates housing with the surrounding forest. It is as if the places where people reside act as an insulating blanket between natural environment and potential intrusions by more intense, urban activities.

In fact, the community embraces multiple modes of living alongside the forests, lakes and streams. There are the year-round neighborhoods with working families and long-time residents who have retired. There are the second homes of seasonal residents; and living accommodations in hotels, lodges or campgrounds that house thousands of visitors each year.

Many of the Town's neighborhoods are older, unplanned, developed piecemeal over time -- in some cases including summer homes from decades past that have been converted into permanent residences. Other neighborhoods are newer, master-planned, marketed as high-end "vacation homes" with numerous amenities; some gated for privacy and security. Increasingly, however, the owners of many of these homes are taking up full-time residence in the Town.

Overall, there is a preference among local citizens to maintain lower housing densities. This General Plan Housing Element cites recommendations from the Housing Assessment Study conducted by the Drachman Institute (March 2010) as well as principles from the Town Plan that are meant to retain residential spaciousness. Mixed-use development in the proposed Node locations, for instance, may provide the means to respond to housing demand in the shorter and mid-term, without absorbing acreage in undeveloped portions of the community.

The slow homebuilding market, expected to continue for the foreseeable future, offers an opportunity to adjust housing priorities and reduce incursions into Pinetop-Lakeside natural surroundings. New open space-housing policies can be put in place.

I. EXISTING CONDITIONS

The variety of housing types in Pinetop-Lakeside, ranging from manufactured housing and smaller, older homes to rustic cabins and palatial, woodland, second residences, does not necessarily represent a full spectrum of living choice. The stock of existing workforce housing has resulted from the "pass down" market. That is, cottages and trailers previously owned by seasonal residents from metropolitan areas have become affordable as a result of dwelling value depreciation. Relatively few rental apartments are available, although some free-standing units (site built and mobile homes) can be leased. Local observers suggest that there appears to be a decline in percentage of home ownership; and, therefore, a corresponding increase in rentals. This may have some important long-term impacts.

Homebuilding has predominantly been on a lot-by-lot basis. Marketing new subdivisions is represented mostly by custom or semi-custom homes in master-planned enclaves. Entry-level subdivisions, including townhomes and manufactured dwellings, tend to be small, offering a limited number of models or relatively few lots -- achieving relatively low economies of scale in production costs. Apartments and group living quarters, also, generally are built a few units at a time, in keeping with the Town's population and economy.

"Taking a breather" in preparing for future demand in all forms of shelter should be beneficial from multiple perspectives. The Town and utility providers can plan for more cost-beneficial service expansion. Developers may re-evaluate their land inventories, dwelling designs and sales strategies. Home owners and the construction industry share potential opportunities in rehabilitating dwellings with modernizing and/or energy-saving improvements.

A. Housing Demand

The Town of Pinetop-Lakeside's population grew more rapidly during the first decade of the Twenty-First Century than had been forecast. To house newcomers, as well as an increasing number of persons acquiring vacation homes, residential construction performed at a rapid pace.

A sizeable proportion of housing starts during the 2001-06 period continued to be second homes. The six-year total added an estimated 674 dwelling units, while population gain was pegged at ± 708 persons. This indicates that less than half of the new units' residents were counted toward the Town's year-round population – the others serving as second homes.

As the national and State-wide housing markets slowed to a near halt in late 2007-2008, however, housing starts bottomed in the White Mountains as well. The following table demonstrates the abrupt decline of building activity in Pinetop-Lakeside:

	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD Est 2010
Single Family Residential	52	39	65	87	152	66	30	16	8	4
Multi-Family	1	3	2	1	2	20	1	2	1	1
Number of Units	2	10	8	4	66	72	2	5	2	
Manufactured Homes	3	10	13	5	8	12	5	5	1	4
New Commercial Construction	7	5	8	14	9	11	5	1	2	0
Commercial Additions	8	5	7	6	5	5	8	1	4	0

Source: Town Permit Records

Developer-builders were prepared to continue constructing custom homes, including some limited spec development. Several entrepreneurs had planned for on-going activity with numerous platted lots, served by utilities, streets in place or ready to be improved. But, as the homebuilding slowdown extended through 2009 and into 2010, these numerous, developed lots have been on the market for months. Sales have been slow or non-existent.

Experienced local developers who served as stakeholder advisors during the General Plan Update process expressed opinions that the local housing market will not significantly rebound until well into the Plan's intended ten-year timespan. Their projections suggest that it will take a decade or longer to absorb the homesites that are currently in "ready to build" inventory.

B. Sustaining the Residential Inventory

Aging housing stock can be found throughout the vicinity. Structures that were once vacation homes (both in the original Lakeside settlement and in locations that are still unincorporated) have been expanded and improved for year-round living. Many of these residences are now in need of more extensive rehabilitation.

Reinvestment projects on individual properties, such as weatherization and other energy-efficiency measures, are helping to prolong the structural life of numerous residences in the area. Stabilizing older homes' values helps the local housing market meet demand for affordable shelter. A fairly steady stream of building permits for remodels and additions (mostly residential) demonstrates property owners' interest in upgrading their homes. The number of these projects has averaged more than 40 per year over the past decade.

Maintenance is especially critical in the White Mountains environment. Measures need to be taken on regional, Town-wide and individual lot levels to prevent damage to homes from wildfire, wind, winters, and flooding.

C. Redevelopment Area

The Lakeside Village Redevelopment Area, illustrated to the right, was established in November 1999 and re-designated in November 2009 to commence revitalization projects along White Mountain Boulevard (SR260) between the public school campus at the south and continuing up Porter Mountain Road to Flag Hollow Road. The Area encompasses adjacent residential neighborhoods with public uses (e.g., Town Hall, Courts, Post Office) and commercial establishments fronting on the highway.



A second phase, begun in July 2008, utilized Transportation Enhancement funds to promote pedestrian safety and convenience in the Area. Extensive upgrades for pedestrian safety and community appearance are continuing to add living amenities to this older, mixed-use Redevelopment Area with its single-family homes, apartments, hospitality industry, shopping and services.

Plans and recommendations for on-going safety and community appearance projects along White Mountain Boulevard (reported in the Circulation Element and Lima Study) will further upgrade residential properties in the interior neighborhoods. Sites in the Lakeside Village Redevelopment Area offer excellent opportunity for infill and modernization of existing dwellings. Currently, Jackson

Lane is scheduled to receive improvements through an Arizona Department of Transportation Enhancement grant to install a sidewalk from SR-260 connecting to the Lakeside Post Office. Although the Redevelopment Area has yet to produce major improvements to the vicinity, retaining the designation allows the Town to apply for future funding in order to make possible improvements.

D. Directions of Residential Development in Pinetop-Lakeside

Estimated numbers of dwelling units added since 2000 total 756, mostly (nearly seventy percent) single-family dwellings. About 90% of the gain was recorded in the six years between 2001-6 (87.5% of new single-family; 94.7% of multi-family), accounting for the Town's more rapid than expected population growth. For the decade to date, including partial 2010 records, multi-family, duplexes, townhomes and manufactured housing represent about 237 units; single-family, 519 homes.

General Plan Advisory Committee members and other stakeholders observed that there is a trend to increased numbers of "second home" owners becoming full-time residents. This potential increase in rising numbers of residents being counted in the 2010 Census may be offset as a result of working individuals/families outmigration in search of jobs elsewhere.

The "vacation home market" nominally represents a major share of the platted lot inventory in Pinetop-Lakeside and nearby unincorporated areas. The existence of numerous parcels that are vacant suggests that, in appropriate locations, portions of planned developments could be targeted for alternative types of housing for buyers or tenants. For example, where zoning and deed restrictions permit, group living clusters -- appealing to active retirees, special needs populations and seasonal visitors (i.e. timeshare, hospitality industry casitas) -- might utilize residential properties for which infrastructure is already largely in place.

As noted below in Issues discussions, there is ample supply of developable land available for future housing needs. Residential densities are predominantly single-family medium density in neighborhoods adjacent to White Mountain Boulevard and lower density in planned developments to the south and unincorporated areas. Medium density housing is called for primarily in the designated Nodes' mixed-use concept to allow for open space preservation in and around activity centers.

II. ISSUES

For most residents, Housing is the most basic of General Plan Elements. Where and how well people live in Pinetop-Lakeside depends on security, privacy, property rights and economic values. There are recognized needs for affordable housing, as well as places for seniors and other special needs persons to live. However, land and construction costs restrict the feasibility of meeting these needs locally.

An open, participatory approach is necessary to evaluate proposals for sustaining, improving or adding to the Town's housing stock. The Element's goals and objectives are founded in citizens' desires for wholesome living conditions, but there are also concerns about protecting residents' investments in their homes.

A. Protect Residential Values

Declining quality of life can occur from a variety of negative impacts on residential areas. Many of these detrimental effects are external such as traffic congestion, noise, industrial emissions; but some may come from nearby dwellings: overgrown yards, unsightly storage, inappropriate business uses.

Incompatibilities and nuisances affect the sales or rental price of residential property. Perhaps more serious is the widespread devaluation of housing nationwide that has inspired foreclosures, vacancies and lack of upkeep.

As elsewhere, the housing market in the Pinetop-Lakeside vicinity has lost its vitality. Developed lots are not moving -- even at asking prices just one-fifth of what comparable parcels brought two or three years previously. High-end homes are going for half of their earlier (2006-07) appraisal.

B. Neighborhood Stability

The previously-mentioned signs of aging, need for maintenance and eyesores that detract from positive residential image occurs in housing at all price ranges. Lapses in neighborhood pride can detract from an entire area's value. Cooperative, neighbor-helping-neighbor efforts can improve appearance, capitalize on scenic surroundings and foster an image of cared-for stability

Too many residential enclaves -- even those with homeowners' associations -- lack the organization needed to monitor potentially detrimental conditions or take advantage of opportunities. A good way to protect residents' economic investment is to engage in cooperative planning. General Plan commitments to developing a trail system, for instance, could encourage homeowners to explore ways to connect their neighborhood into Town-wide trails or to cooperate on projects to upgrade involving multiple residences (e.g., remodeling, weatherization). These efforts can generate significant cost savings for individual families, engender neighborhood pride and contribute to neighborhood stability.

C. Consensus on Housing Principles

There is a diversity of opinion among Pinetop-Lakeside residents regarding growth. The "growth debate" extremes -- aggressive development as opposed to "preserving" other peoples' property -- are unlikely to be achieved for a variety of social, economic and political reasons.

Residential construction, with its related hospitality industry production of tourist accommodations, benefits in the long run from attention to Town citizens' priorities to save the natural environment. There is broad agreement, on all sides,

that lower density housing is preferred for most of the community. Clustering dwelling units to allow for larger tracts of protected open space seems to be generally accepted in certain, specified locations. Still, there is disagreement in the community about the number, location, size, pricing and types of new housing that should be built.

The Woodland Lake Park lands exemplify the need for consensus. A substantial number of residents favor retaining the large tract, currently managed the U.S. Forest Service, as open space. However, the Forest Service has expressed an intention to dispose of the land and the Town doesn't have the resources to acquire the property. Can a compromise be reached with a prospective purchaser to preserve some of the tract while allowing development of a portion? What uses and housing densities would be appropriate?

D. Housing Value

During the coming decade, the Town can expect a recalibration in its housing stock. Fluctuations in the price of residential land, existing and planned dwellings will bring about new approaches in buying, selling and leasing shelter space that people enjoy when visiting or living here. What most General Plan participants agree on is that living quality should not be sacrificed for quantity and that much of the Town's unique character is in its scenic forest, lakes and open space.

Housing strategies should aim to attract residents with incomes that will help to sustain the Pinetop-Lakeside economy. Maintaining and celebrating the Town's natural attributes appeals to employers who seek an excellent living environment for their workers as well as to persons, retired or otherwise, who strongly prefer the small-town, four-seasons atmosphere. The housing market recognizes the importance of ample, scenic and accessible open space to all residents. Preserving community quality, as the foundation for appreciation in Pinetop-Lakeside property values, takes priority over the cost and size of a house in opinions expressed by many General Plan participants.

Although some citizens express concerns about low-income housing, working people, particularly policemen, firefighters, teachers and healthcare employees, should be able to afford decent living accommodations in the community they serve. As noted in the Drachman Study, the average home price in the Pinetop-Lakeside area is \$330,000 (November 2009). The median household income of approximately \$52,000 affords a \$124,000 house. As noted, dwellings in that price range are limited, in the main, to older, smaller "pass down" homes.

III. GOALS AND OBJECTIVES

The Housing Element emphasizes the blending of living space with the community's natural assets, together with opportunities for a diverse population to live here.

Goal 1. Provide a diverse variety of housing types, sited, designed and built to be sensitive to the natural environment.

Objective a: Respond to market demands in for-sale and rental homes at different cost levels: single-family, multi-family, townhomes, condominiums.

Objective b: Sustain homeowners' property values by providing for all income levels, from entry level to move-up market.

Objective c: Assure compatibility among different land uses and residential densities through buffering, setback, design and screening criteria.

Goal 2. Accommodate a full range of residential needs and preferences.

Objective a: Seek funding assistance for home rehabilitation, weatherization, infill, redevelopment and first-time homebuyers.

Objective b: Allow appropriate integration of manufactured and modular housing.

Objective c: Support adequate numbers of housing units for seniors and other special needs populations, accessible to transportation and shopping.

Goal 3. Recognize the economic role housing can play in attracting new business through maintaining a range of desirable housing choices for employees.

- Objective a:* Actively seek residential developments that are affordable to median income households in terms of purchase price or rent and energy costs.
- Objective b:* Consider incentives or other programs that encourage the inclusion of workforce and/or affordable housing in Planned Developments.

IV. ELEMENT FINDINGS/RECOMMENDATIONS

Pinetop-Lakeside has the opportunity to secure basic community values for retaining open space as additional homes are developed. Individual property owners, as well as developers and Town government, need to become more proactive in neighborhood protection.

A. Future Housing Development

The existing buildable lot inventory is sufficient for an extended period of time, according to local professionals. Over the next five to ten years, already platted residential lots are likely to experience some absorption. Under current homebuilding conditions, therefore, proposals for large-scale, new residential rezonings, density increases and/or planned developments -- other than in Growth Area nodes -- may come more slowly until there is an economic turnaround. Possible changes in developers' marketing approach, such as introducing new housing types and price points, could accelerate the homebuilding pace. Infill and remodeling projects have potential for keeping local contractors active.

Town Plan Nodes offer a strong option for including more compact dwelling complexes in the future housing mix. The recommended master-planning approach for multiple-use developments would very likely provide a variety of residential types along with commercial and employment land uses. Buffered from existing neighborhoods, these dwellings could introduce new choices for convenience and affordability to newcomers, local residents interested in downsizing and persons seeking low-maintenance second homes.

B. Housing Production Forecast

Public actions intended to emphasize community character will also help to boost the housing market in the Pinetop-Lakeside region. As in other planning initiatives, the Housing Element accentuates the integration of building unobtrusively into the Town's natural setting.

The following table suggests a slower, but still steady, rate of housing construction, based on 2010 economic conditions, lot inventories and prospects for infill/nodal development:

	2000	2006 est.	2010 est.	2015 est.	2020 est.
Year Round Households	1,063	1,253	1,295	1,350	1,450
Second Homes*	(1,314)	(1,600)	(1,650)	(1,700)	(1,800)
Rental/Condo	373	600	650	710	800
TOTAL HOUSEHOLDS	1,436	1,853	1,945	2,060	2,250

**household/population not counted*

During the 2011-2020 decade, a slow-to-moderate growth rate (in comparison with 2001-10) is likely. The numbers of persons per household may be slightly less, and the proportionate gain of "year round" residents might be slightly more (compared with the number of housing starts) as a result of a continuing trend to second homeowners becoming permanent residents. Vacation home building will continue, but more of these part-time residents are likely to plan for a shorter time transition before becoming permanent citizens.

C. Housing Recommendations

Pinetop-Lakeside's residential planning component does not advocate radical change. Small-community living, adjusted to welcome and accommodate visitors, takes advantage of the White Mountains special geography. Urban development and high-density living is downplayed in favor of high country spaciousness with ample choice in dwelling types and costs.

1. **Focus on neighborhoods fitting into the environment** requires solid commitment from the private and public sectors to preserve open, natural spaces. Programs to plan, maintain and re-energize housing enclaves should be fostered by government, business and utility providers as means to enhance community sustainability. Homeowners need to take control, utilizing resources that sponsoring agencies make available to them.

2. **Clustering moderate-density residential development in Nodes** responds to the Town's preferred community form. Sites containing five or more dwelling units per acre should be limited to master-planned areas where there is convenient access to common open space, the community trail system and, preferably, nearby shopping and/or employment. Although the Plan-designated nodes are not the only possible locations for more intense housing, there is a presumption that most new residential construction will conform to the prevailing pattern of low- to medium-density lot sizes.

3. **Providing different living options** demonstrates how housing policy goes hand-in-hand with Economic Vitality objectives. The Nodes could offer the distinct advantage of clustered housing options -- with proximity to easy highway access, open space/pathways, nearby shopping and employment -- so that there is an attraction for families, active retirees, entrepreneurs and others to live inside the Town of Pinetop-Lakeside. Business-friendly living arrangements, whereby housing is compatible with neighborhood commerce and open space is preserved, is the Nodes' preferred build-out form. Neighborhood residents appreciate the friendly, personalized service that local sales and service establishments provide and will patronize the businesses in the community.