



Balanced Housing Plan

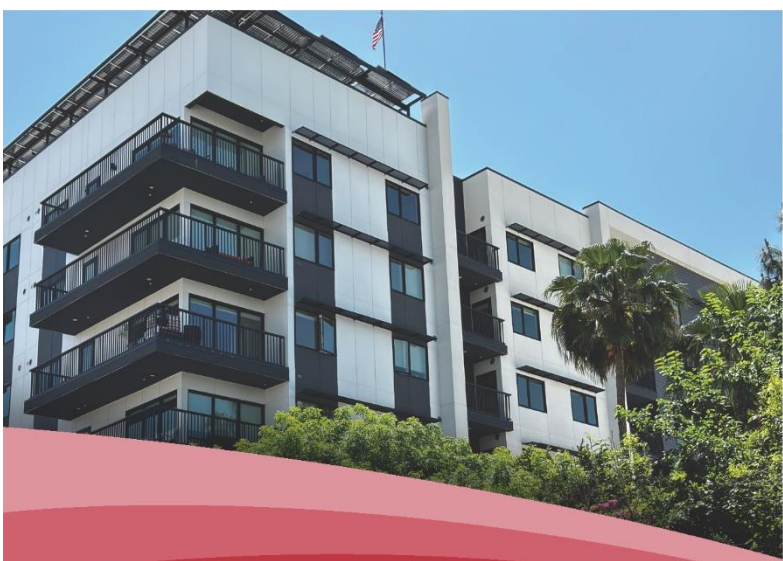


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Chapter 01

Introduction



Introduction

The Balanced Housing Plan (Plan) is a guiding document intended to equip the City with an understanding of current housing and socio-economic conditions, future household and employment growth, market conditions, and an assessment of the City's housing gap. The Plan provides a more comprehensive understanding of current housing conditions in Mesa and makes recommendations for policy and program strategies. Chapter 1 serves as an introduction to the Plan; Chapters 2, 3, and 4 provide a detailed analysis of demographics, household characteristics, housing stock, and employment growth; and Chapter 5 identifies recommended policies and programs for the City for consideration in addressing the current and future housing needs and supply in Mesa.

Input regarding housing needs was gathered from a wide variety of sources as part of the plan making process, including focus groups with realtors, developers, and non-profits, as well as extensive feedback on housing needs from residents during the City's 2050 General Plan update public participation process. Specifically, staff held meetings with realtors and nonprofit housing groups to discuss challenges and opportunities for housing provisions in the City. Major themes that emerged from the meetings include the City continuing to find opportunities to increase affordable "missing middle housing" such as townhomes, duplexes, and accessory dwelling units (ADUs), based on the City's workforce and median income and wages. The groups also identified rising housing costs, high interest rates, wages not keeping pace with housing costs, and rising construction costs as major issues for meeting housing needs of residents. The stakeholders recommended the City continue exploring more opportunities, such as encouraging ADUs, easing permit entitlement and regulatory processes, expanding housing assistance programs, and working with affordable housing developers to help increase housing supply for those making less than 50 percent of the City's area median income (AMI). Staff also discussed the Plan's efforts with the City's Housing and Community Advisory Board, who provided a wealth of knowledge and experience on the housing needs of the City.

The following key historical and recent trends help frame the context for the Plan and are important drivers of housing demand:

- Historically, the City has grown by about 2,000 housing units per year, and this trend is expected to continue in the near future.
- The City is poised for robust employment growth, projecting approximately 3,100 new jobs annually. This positive trajectory is further bolstered by the recent influx of major employers, augmenting the local economy, and stimulating housing demand.
- The City's population is aging slightly faster than that of Maricopa County and nationwide.
- Household incomes are slightly less than that of the County and nation.
- Household size is similar to both the County and nation.

Current market conditions challenge housing affordability. According to Zillow, the typical home value in the City increased 58.9 percent from \$263,813 in January 2019 to \$419,138 in January 2022.¹ Rents increased from an average of \$1,093 per month in January 2019 to an average of \$1,597 in 2022.² This represents an increase of 46.1 percent over the three-year period. Over the same period, average **mean earnings** for full-

¹ Zillow Home Value Index - Mesa

² Zillow Observed Rent Index - Mesa

time, year-round workers increased from \$56,702 in 2019 to \$68,865 in 2022, an increase of 21.5 percent.³ Wages have not kept up with housing costs. Rising interest rates and increasing construction costs further compound the issue.

The Plan’s housing gap analysis to be discussed in Chapter 5 of this Plan illustrates a gap in two income brackets. The analysis shows that the City has a robust housing supply for middle-income households but lacks housing units for lower and higher-income households. Over time, the City can benefit from approximately 23,400+⁴ total housing units at monthly payments affordable for households that make 50 percent or less of the AMI (\$42,000 or less), although such rental units or for sale homes are becoming less feasible in the current housing market. Additionally, in the coming years, the City could use nearly 11,800 more units for individuals making 200 percent or more of the AMI (\$168,000+) as this type of housing is critical to support housing need for higher-wage jobs and minimize migration of such income earners from the City. In addition, as high wage jobs are located in the City, more of such units will be needed to support those income earners.

In summary, the policies and programs in the Plan are designed to provide recommendations to address urgent housing needs for households and ensure a diversity of housing products for all residents and workers in a City that is rapidly growing and has a thriving economy.

Who are Mesa’s Residents?

The City is in a fast-growing region, with the US Census Bureau reporting that Maricopa County had the largest population gain in the nation in 2022. Mesa grew from 439,639 residents in 2010 to 523,000 residents in 2023, making it the 37th largest city in the nation.⁵ The City is projected to add another 20,900 residents by 2030, reaching a population of 543,900.⁶

Demographic trends suggest the City is aging at a faster rate than the United States as a whole. Between 2010 and 2022, the median age in Mesa increased from 34.5 years to 36.8 years – an increase of 2.3 years. Over the same period, the median age in the United States increased from 36.9 years to 38.5 years – an increase of 1.6 years. In 2023, 34.3 percent of City’s residents were over the age of 50. In 2030, this age group is projected to increase by 2.5 percent. In 2010, 14.4 percent of the City’s population was over the age of 65 and the share is projected to be 16.9 percent by 2030 – an increase of 2.5 percent. This shift in population distribution will influence housing preferences and services the City provides.⁷

According to the US Census 2018–2022 American Community Survey (ACS) 5-Year Estimates, the median household income in the City is \$73,766. This is lower than the national median income (\$75,149) and

³ US Census Bureau ACS 5 Year Estimates, 2019 – 2022, Table S2001

⁴ The analysis of Chapter 5 shows that the City can benefit by approximately 23,400 units for households making less than 50 percent of AMI. When using ACS Census data for the analysis, the City can benefit by 20,000+ units for households making less than \$35,000 annually.

⁵ US Census Bureau Decennial Census 1920 – 2020, Maricopa Association of Governments 2023 Socioeconomic Projections

⁶ Maricopa Association of Governments (MAG)

⁷ US Census Bureau ACS 5-Year Estimates, 2018-2022; Maricopa Association of Governments

Maricopa County's median income (\$80,675). Income influences the type and cost of housing affordability and preferences of households.

As of 2022, the City had 190,363 households. The average household in the City has 2.58 persons, similar to the 2.57 persons in the United States and only slightly smaller than Maricopa County's average size of 2.62.⁸ Approximately 59 percent, or 113,312 of the City's households, live in single-family detached units as of 2022. Another six percent of the population lives in single-family attached units, making a total of 65 percent of households residing in single-family units. Rentals account for 21,873 units of the single-family households. Ten percent of households live in mobile homes, and the remaining 25 percent live in multi-family units.

Since 2010, single-family detached units have increased as a percentage of total City housing units, as have larger apartment complexes (10+ units). Mobile homes have declined as a percentage of total units, from 15.0 percent in 2010 to 12.9 percent in 2022.⁹ The ratio of renter-occupied units has increased slightly since 2010 but has decreased from a high of nearly 40 percent in 2015 to about 37 percent in 2022. However, multi-family building permits have outpaced single-family permits since 2021. This trend is expected to continue due to high interest rates and the rise in home prices.¹⁰

What are Workforce Needs in Mesa?

The City has a relatively low number of jobs per capita compared with other regional cities. Currently, the City has 0.41 jobs per capita compared to 0.54 in Gilbert and 0.56 in Chandler. Overall, the jobs per capita ratio in Maricopa County is 0.53. Jobs per capita is one metric that reflects opportunities for professional mobility and growth because of more job options. If residents are able to move up in their professions in the City, higher incomes will result and housing needs and preferences will change.

There are a significant number of commuters living in the City, reflecting the City's lower jobs per capita ratio. Approximately 166,000 residents leave the City daily for employment, while 116,380 persons who live outside of the City commute into the City for work; only 55,385 persons live and work in the City. This dynamic provides an opportunity for the City to capture jobs through focused recruitment of employers, particularly those with higher-paying wages. Such action would increase job opportunities for residents while reducing residents' transportation costs by providing more opportunities for residents to live and work in their community.

The City is home to internationally recognized employers such as Banner Health, Gulfstream, Boeing, Dexcom, and others. Many of these employers pay comparatively higher wages and enable households to acquire higher-priced housing. Recently, the City has attracted major employers like Google and Facebook that offer higher-paying jobs. Healthcare is the largest sector of the City's economy, followed by Retail Trade and Accommodation and Food Services.

⁸ US Census Bureau ACS 5-Year Estimates, 2018-2022

⁹ US Census Bureau ACS 5-Year Estimates, 2006-2010 and 2018-2022

¹⁰ US Census Bureau ACS 5-Year Estimates, 2006-2010 and 2018-2022

Employment projections listed in Figure 1-1 for the City show growth expectations of 3,100 jobs per year through 2030¹¹ with an average annual wage of \$48,403.¹² Many projected new jobs in the City are in lower-wage sectors like Food Preparation and Serving, and Healthcare Support. This job opportunity inadvertently creates increased demand for lower-priced housing often provided by rental units.

FIGURE 1-1. EMPLOYMENT GROWTH FORECAST IN MESA

Industry Cluster	Annual Employment Change	Annual Wage	1.5* Worker Household Wage Adjustment	Maximum Affordable Home Price
Management	222	\$94,949	\$148,292	\$648,506
Business and Finance Operations	170	\$68,100	\$106,359	\$458,210
Computer and Financial Operations	113	\$87,302	\$136,349	\$594,307
Architecture and Engineering	18	\$70,312	\$109,814	\$473,888
Life, Physical, and Social Science	88	\$46,108	\$72,011	\$302,339
Legal	24	\$74,675	\$116,628	\$504,811
Educational Instruction and Library	96	\$47,625	\$74,807	\$315,026
Arts, Design, Entertainment, Sports, and Media	33	\$47,898	\$74,807	\$315,026
Healthcare Practitioners and Technical	315	\$78,663	\$122,856	\$533,077
Healthcare Support	398	\$28,868	\$45,086	\$180,149
Protective Services	49	\$48,324	\$75,472	\$318,045
Food Preparation and Serving Related	403	\$27,288	\$42,524	\$168,525
Building and Grounds Cleaning and Maintenance	95	\$31,565	\$49,298	\$199,264
Personal Care and Service	120	\$32,402	\$50,605	\$205,196
Sales and Related	167	\$32,357	\$50,535	\$204,877
Office Administrative Support	174	\$39,519	\$61,719	\$255,632
Farming, Fishing and Forestry	(0)	\$28,106	\$43,869	\$174,748
Construction and Extraction	175	\$47,677	\$74,462	\$313,460
Installation, Maintenance, and Repair	149	\$48,076	\$75,085	\$316,288
Production	50	\$37,975	\$59,309	\$244,696
Transportation and Material Moving	238	\$33,529	\$52,365	\$213,184
Military-only	6	\$36,776	\$57,437	\$236,197

Source: City of Mesa, Lightcast 2023, US Census 2017-2021 ACS 5-Year Estimates
**Based on total employment to total households*

¹¹ City of Mesa Lightcast data

¹² Note that wages are different than household income which often reflects more than one wage earner, or a worker holding more than one job.

What is Affordable Housing for Mesa Residents?

The US Department of Housing and Urban Development's (HUD) affordability guidelines state that, for housing to be affordable, a household should spend no more than 30 percent of its income on housing costs, including utilities. The HUD-defined affordable levels in Figure 1-2 of the Plan are for a household in the City with three persons and show that a household making 100 percent of the Area Median Income (AMI) should spend no more than \$292,535 on for-sale housing and utilities or \$1,855 on rent and utilities.

FIGURE 1-2. AFFORDABLE HOUSING PRICE RANGE IN MESA BASED ON HUD 2023 GUIDELINES

Income Level	Income Range	Housing Price Range	Rent Range
30% AMI	\$0 - \$25,250	\$60,134	\$381
50% AMI	\$25,250 - \$42,100	\$60,134 - \$126,577	\$381 - \$803
80% AMI	\$42,100 - \$67,350	\$126,577 - \$226,143	\$803 - \$1,434
100% AMI	\$67,350 - \$84,187	\$226,143 - \$292,535	\$1,434 - \$1,855
130% AMI	\$84,187 - \$109,443	\$292,535 - \$392,125	\$1,855 - \$2,486
150% AMI	\$109,443 - \$126,280	\$392,125 - \$458,516	\$2,486 - \$2,907
180% AMI	\$126,280 - \$151,536	\$458,516 - \$558,106	\$2,907 - \$3,538
Workforce Plus (200%)	\$151,536 - \$168,374	\$558,106 - \$624,502	\$3,538 - \$3,959
High Income Earner	\$168,374 - \$300,000+	\$624,502 - \$1,143,531+	\$3,959 - \$7,250+

**Workforce plus and high-income earner categories are not defined by HUD but are added to the analysis to better analyze higher income levels*

What are Current Housing Market Conditions?

The cost of new housing in Mesa has significantly increased over the past six years. The average permitted value for single-family homes increased from \$324,436 in 2018 to \$469,546 in 2023¹³— an increase of 45 percent. This steep rise, particularly between 2022 and 2023, is driven by increased construction costs, rising interest rates, and strong population growth (thereby reducing available supply). Notably, new construction permits for multi-family units have outpaced single-family homes since 2021, indicating a potential shift in the market for housing types.

Using HUD guidelines, a Mesa household with 100 percent AMI (\$84,187) cannot afford the typical home on the market today. The average February 2024 MLS list price of \$478,697 exceeds the 100 percent AMI affordability threshold (Figure 1-2). The rising cost of home prices has placed increased pressure on rental units in the City.

Not surprisingly, rent rates¹⁴ in the City have increased from an average of \$1,006 per month in January 2018 to an average of \$1,613 in January 2023.¹⁵ This represents an increase of 60.2 percent over the past five years. However, rent rates have recently stabilized.

¹³ Builders Association of Central Arizona

¹⁴ Average rent across all unit types and bedroom counts. According to the US Census Bureau (ACS 5-Year Estimates, 2013-2022, Table B25031), rents increased across all unit sizes from 2017 to 2022; by 2022, studio (no bedroom) unit rents increased the most (up 62.8%) and 4-bedroom units increased the least (up 27.3%) relative to 2017 levels.

¹⁵ Zillow Observed Rent Index - Mesa

What is the Housing Gap?

A housing gap analysis compares existing housing stock with households in various income categories to identify areas where there may be a mismatch or lack of suitable housing. The analysis shows a shortage of more than 20,000 units for households making less than 50 percent of AMI. As stated, households at this level can afford rent of no more than \$803 per month or a home valued at more than \$126,577. The gap analysis also shows a lack of housing opportunity of approximately 11,760 units for households making more than 200 percent of AMI, or more than \$151,536 annually. If the income threshold is 150 percent of AMI, then the shortage of units increases to 16,815.

FIGURE 1-3. HOUSING GAP ANALYSIS BY HUD INCOME DESIGNATIONS IN MESA

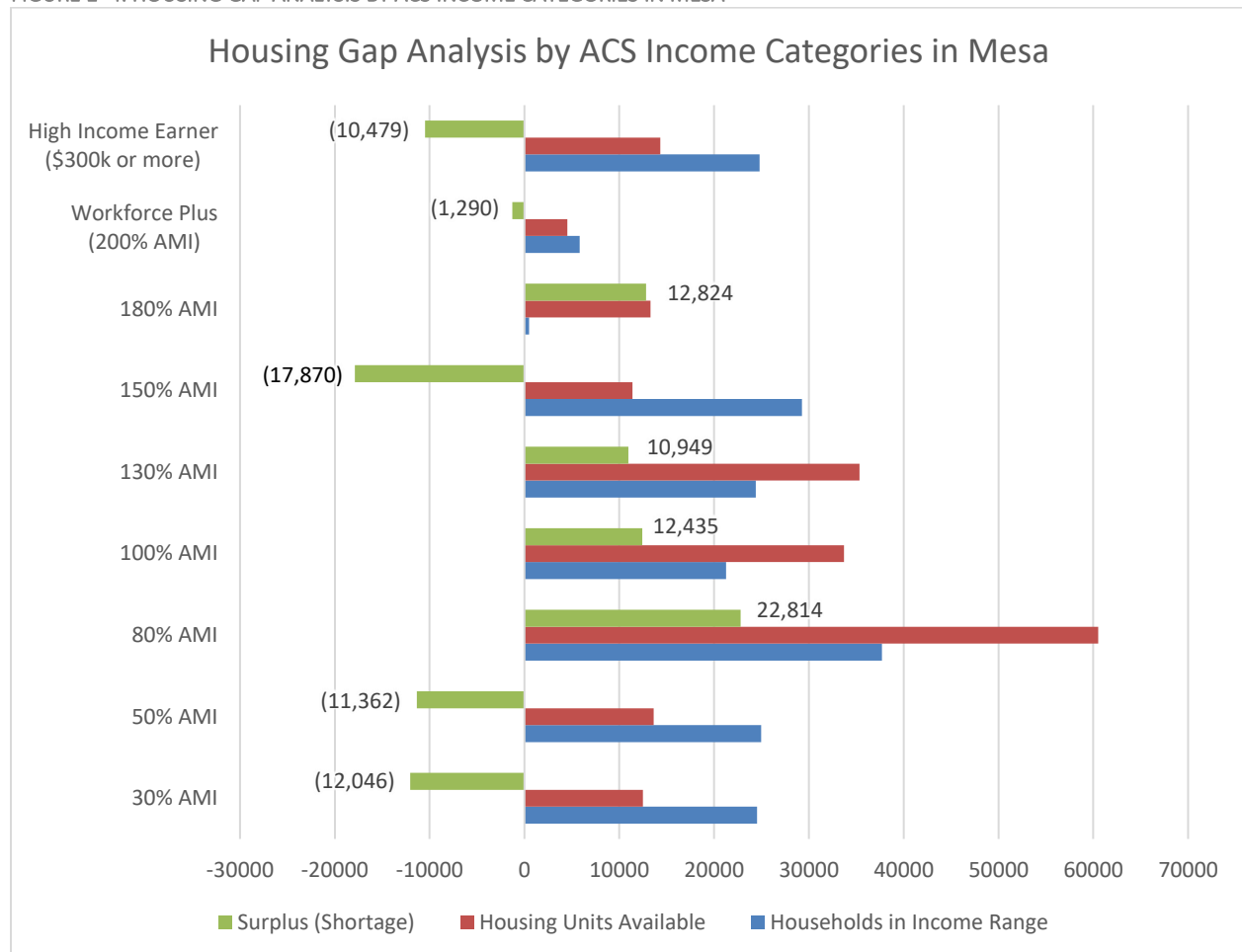
Income Level	Income Range	Number of Households	Owner Units	Rental Units	Surplus (Shortage)
30% AMI	\$0 - \$25,250	24,542	11,464	1,032	(12,046)
50% AMI	\$25,250 - \$42,100	24,984	5,929	7,693	(11,362)
80% AMI	\$42,100 - \$67,350	37,711	15,771	44,754	22,814
100% AMI	\$67,350 - \$84,187	21,281	21,680	12,036	12,435
130% AMI	\$84,187 - \$109,443	24,404	28,807	6,546	10,949
150% AMI	\$109,443 - \$126,280	29,275	11,319	86	(17,870)
180% AMI	\$126,280 - \$151,536	487	11,843	1,468	12,824
Workforce Plus (200%) *	\$151,536 - \$168,374	5,825	4,126	409	(1,290)
High Income Earner*	\$168,374 - \$300,000+	24,807	14,121	207	(10,479)

**Workforce Plus and High-Income Earner categories are not defined by HUD but are added to the analysis to better analyze higher income levels*

Source: HUD; US Census Bureau 2018-2022 ACS 5-Year Estimates; Maricopa County Assessor's Office

The shortage of units in lower and upper-income categories confirms opportunities for the City to gain housing outside of the current middle band of supply.

FIGURE 1-4. HOUSING GAP ANALYSIS BY ACS INCOME CATEGORIES IN MESA



Source: US Census 2018-2022 ACS 5-Year Estimates, ZPFI

In addition to existing housing gaps, the aging population in the City will increase the need for senior housing in the future, unless the City attracts a younger population and changes the trend. Currently, as of March 2024, there are about 25 senior living communities with available space in the City. Therefore, housing resources for this age group appear stable at present.

What Should the City of Mesa Do?

If current trends persist, the City will continue to have a shortage of affordable units for households with incomes at 50 percent of AMI or less and a lack of options for high-income earner (i.e. those making 150 percent of AMI, and 200 percent of AMI and above) households. Therefore, the City may benefit from

building on the 2050 General Plan's (Tomorrow Mesa) Housing Guiding Principle and Strategies to ensure that **"our housing is attainable for all"** and meets the needs and stages of the life cycle of all income levels.

As previously noted, the City faces challenging market conditions, including high mortgage and interest rates, rapid growth in the region, and escalating construction costs. These factors fuel rising rent rates and house prices, which add to household cost burden.

The City currently coordinates many successful housing outreach efforts, including administering Housing Choice Vouchers (HCV), managing Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) projects, and working with other programs such as down payment assistance, rental assistance, security and utility deposits, emergency shelters, veterans' programs, self-sufficiency programs, child welfare, and other supportive services. Future policies should continue to build on the successful programs in the City. Also, there are other identified policies discussed in detail in Chapter 5 to help guide the City in making informed decisions on its housing policies. The goals and recommendations were built on the Housing Guiding Principle in the General Plan, and further complement strategies in the Plan.

Guiding Principle: Our Housing is Attainable for All.

The following are major goals of the Balanced Housing Plan (BHP).

Goal 1. Evaluate Development Standards and Requirements to boost housing supply. Review the City's regulatory requirements for possible revisions to encourage greater development of high-quality housing, which may include:

- Review current parking standards to ensure appropriate and suitable standards for various housing types
- Encourage use of form-based codes in appropriate areas
- Encourage mixed-use development
- Review and reduce setback standards to make infill more feasible
- Reduce or waive fees for affordable housing development
- Increase administrative approval processes to reduce review timeframes
- Review zoning districts to allow:
 - Diversification of permissible housing types
 - Missing middle housing
- Promote the use of ADUs where appropriate

Goal 2. Expand Successful, Existing Programs. Explore more opportunities to expand existing identified successful programs which may include:

- Expansion of or revisions to the City's existing voucher programs where allowed by HUD
- Expansion of or revisions to the City's existing down payment assistance programs when market conditions and HUD program requirements allow
- Supporting programs to rehabilitate older neighborhoods
- Providing supportive programs for the aging and elderly

Goal 3. Care for the Homeless. Continue the City's efforts to supporting its residents with various homelessness with programs that may include:

- Continue to support Mesa's Housing Path
- Expanding or revising existing programs

- Facilitate co-location of essential services to support housing

Goal 4. Attract Higher-Wage Employment Opportunities to Improve Housing Affordability. Continue the City's economic development efforts to attract and retain high wage jobs and provide high income housing to its residents with strategies that may include:

- Attract, retain and grow employment opportunities for high-wage earners
- Continue to support current workforce development programs
- Encourage development of higher-priced homes and more middle housing types to minimize migration of residents to other cities

Goal 5. Create Opportunities To Encourage and Support Homeownership. Look into strategies that encourage and support homeownership which may include:

- Initiate a platting or land division process that supports the division of lots into middle-housing lots
- Explore opportunities to provide no cost pre-approved single family home designs, including middle-housing

Chapters 2, 3 and 4 showcase detailed data that provide the foundation for the recommended policies and programs presented in Chapter 5 of the Plan.

Chapter 02

Socioeconomic Profile



Socioeconomic Profile

This Chapter provides a descriptive baseline for community leaders, planners and citizens to address and implement a balanced housing plan. It analyzes household growth and socio-economic characteristics in the City and in neighboring areas, and examines key factors influencing housing development, including age, household size, educational attainment, migration patterns of people moving to and from the City, and income distribution.

Summary

According to the US Census Bureau, “The Desert Southwest region has long set a dizzying pace for population growth, expanding by at least twice the national average every decade from 1950 and 2010.”¹⁶ The City is reflective of this rapid growth, growing from 439,639 residents in 2010 to approximately 523,000 in 2023. This is a growth rate of 1.75 percent per year, substantially higher than the United States average growth rate of 0.8 percent annually over the same time period. The City is expected to grow to 543,900 people by 2030.

In fact, according to the United States Census Bureau, “Maricopa County, Arizona, remained the largest-gaining county in the nation, adding 56,831 residents in 2022.”¹⁷ This presents great opportunities, as well as challenges, for the entire region. Much of Maricopa County's population change is from in-migration (people moving into the area) rather than births or deaths. The Census Bureau notes that “domestic migration was the component of population change which made the largest contribution to Maricopa County's growth.”¹⁸ Approximately one in every five persons who moved to Arizona between 2017 and 2021 came from California.¹⁹

In terms of the type of housing product needed to meet the City's growth, it should reflect the demands and preferences of various socioeconomic criteria such as age, household size and income levels. The median age in the City is 36.8 years and, as of 2023, 34.3 percent of the population is age 50 or older. The median age in the United States is 38.5 years. Mesa's average household size of 2.6 persons per household is about the same as the United States and Maricopa County. According to the US Census 2018-2022 ACS 5-Year Estimates, the median household income in Mesa is \$73,766. This is lower than the US median income (\$75,149) and Maricopa County's median household income (\$80,675).

These socioeconomic factors are discussed in more detail in the following sections of this chapter and provide an important foundation for understanding not only the number of household units needed in the future, but also the diversity of housing product that will be required.

¹⁶ <https://www.census.gov/library/stories/2021/09/business-growth-in-desert-southwest-more-than-twice-national-average.html>

¹⁷ <https://www.census.gov/newsroom/press-releases/2023/population-estimates-counties.html>

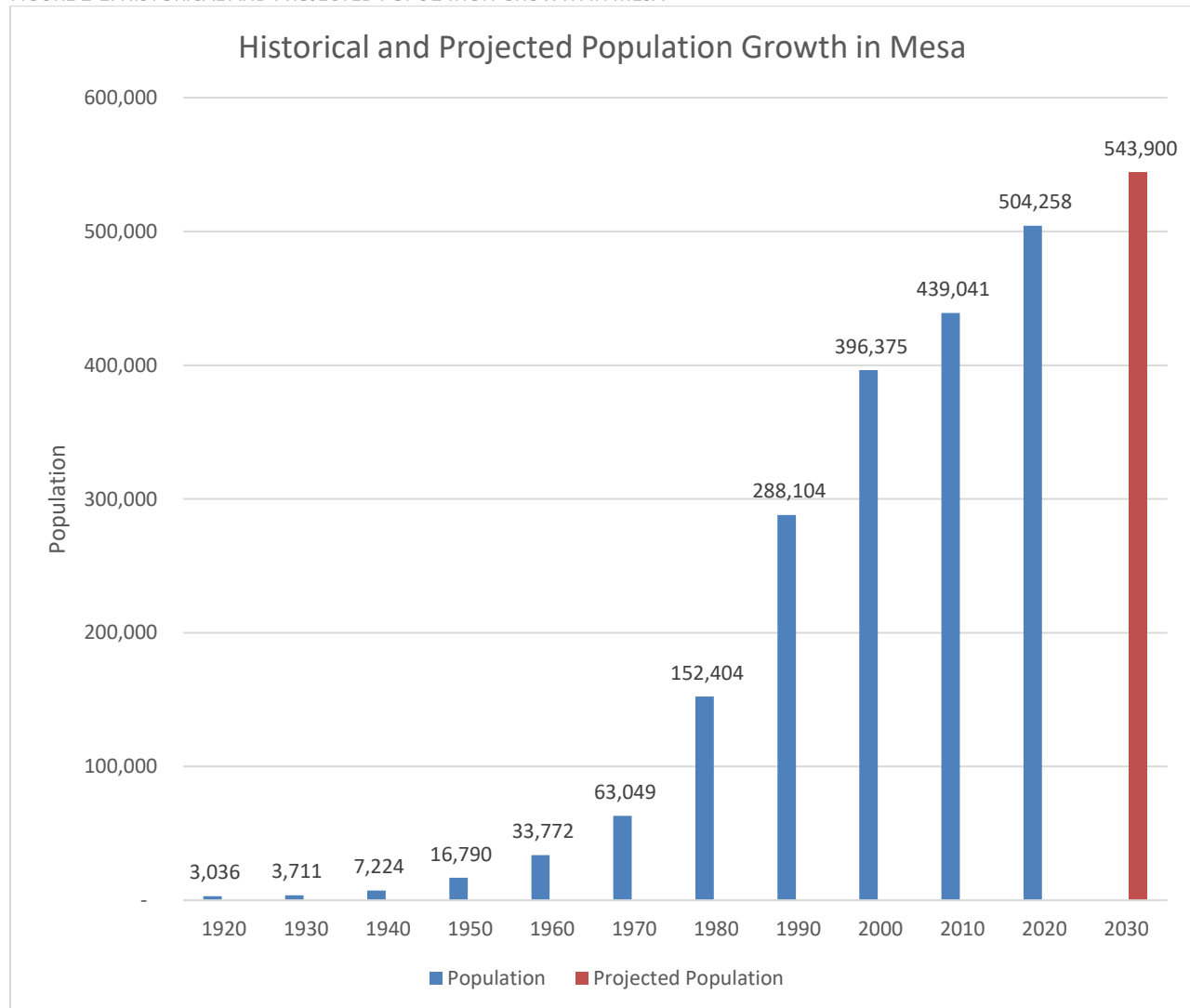
¹⁸ <https://www.census.gov/newsroom/press-releases/2023/population-estimates-counties.html>

¹⁹ Fox 10 Phoenix, December 27, 2023; <https://www.fox10phoenix.com/news/california-residents-moving-relocating-arizona-phoenix-us-states-data-shows>

Population Growth

As of 2023, the City's population was 523,000 and is expected to grow to 543,900 persons by 2030, adding 20,900 people to the city, for an average annual growth rate of 0.56 percent, or about 2,600 persons per year. Not only is the City growing, but it is in the midst of a rapidly growing region. According to projections from the Maricopa County Association of Governments, the County is expected to add 770,000²⁰ people between 2022 and 2030.

FIGURE 2-1. HISTORICAL AND PROJECTED POPULATION GROWTH IN MESA

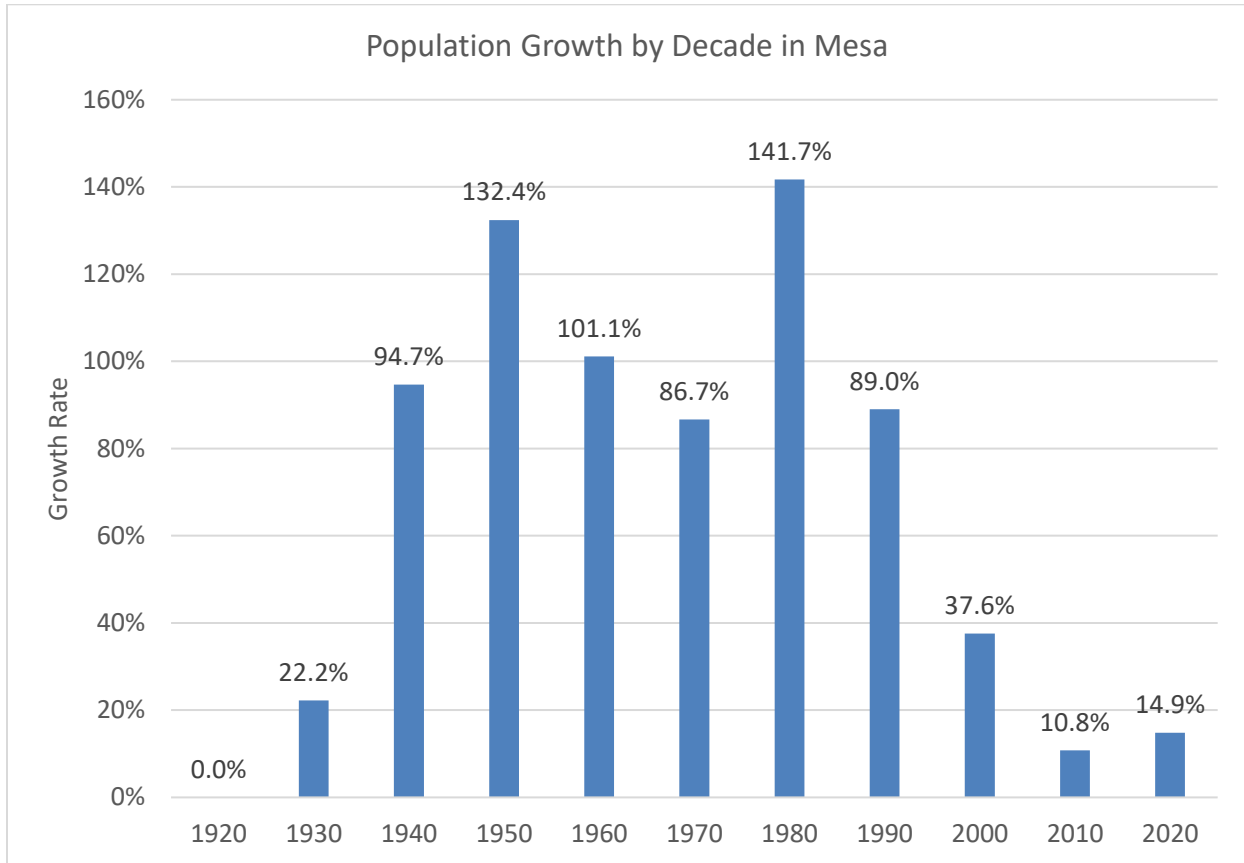


Source: US Census Bureau Decennial Census 1920 – 2020, Maricopa Association of Governments 2023 Socioeconomic Projections

Mesa saw the most rapid growth in the 1980s, when its population nearly doubled. Since then, although still experiencing strong growth, its growth rate has slowed, as shown in Figure 2-2.

²⁰ Maricopa County Association of Governments Long Term Population Projections, 2023

FIGURE 2-2. POPULATION GROWTH BY DECADE IN MESA



Source: US Census Bureau Decennial Census 1920 – 2020; ZPFI Calculation

In comparison to surrounding cities, Mesa has grown more rapidly than Phoenix, Scottsdale, and Tempe but not as rapidly as Chandler and Gilbert.

FIGURE 2-3. POPULATION IN MESA AND SURROUNDING COMMUNITIES

City/County	2010 Population	2022 Population	CAGR
Mesa	439,639	503,390	1.1%
Phoenix	1,450,206	1,609,456	0.9%
Chandler	229,531	275,618	1.6%
Scottsdale	218,770	240,537	0.8%
Tempe	164,147	181,005	0.8%
Gilbert	195,046	267,267	2.7%
Maricopa County	3,751,410	4,430,871	1.3%

Source: US Census 2006-2010 and 2018-2022 ACS 5-Year Estimates

Figures 2-4 and 2-5 show components of population growth in Mesa. Since 2016, the number of residents moving to Mesa from other counties in Arizona has decreased while in-migration from other states has increased.

FIGURE 2-4. COMPONENTS OF POPULATION CHANGE IN MESA, 2016 - 2022

	2022	2021	2020	2019	2018	2017	2016
Living in Same House 1 Year Ago	411,650	402,329	407,774	397,103	388,541	380,967	372,501
Moved within Same County	59,164	62,912	66,927	67,804	67,930	65,074	64,726
Moved from Different County in Arizona	5,685	5,594	6,175	6,625	6,930	7,535	8,026
Moved from Different State	18,061	18,479	19,202	18,590	18,675	16,843	16,495
Moved from Abroad	2,978	2,570	2,715	2,735	2,736	2,930	3,048
Moved from Outside Mesa**	85,888	89,555	95,019	95,754	96,271	92,382	92,295
*Population numbers in this figure, provided by US Census Bureau 5-Year Estimates, only tracks the population over 1 year of age; therefore, population as shown in this figure differs slightly from total population							
**Total moved including the above-listed categories of Moved within Same County, Moved from Different County in Arizona, Moved from Different State and Moved from Abroad.							

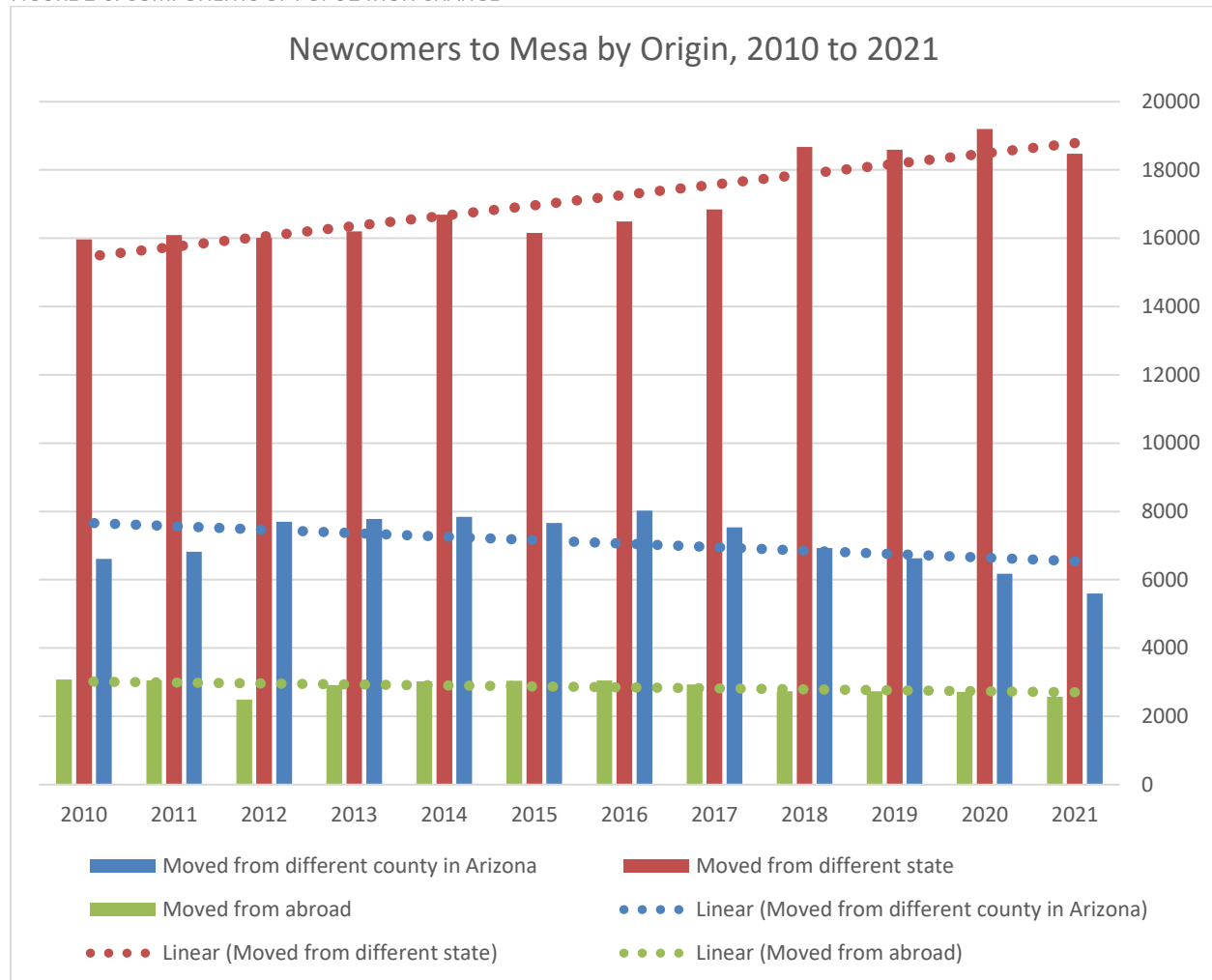
FIGURE 2-5. COMPONENTS OF POPULATION CHANGE IN MESA, 2010 - 2015

	2015	2014	2013	2012	2011	2010
Living in Same House 1 Year Ago	361,295	356,018	348,977	349,540	350,968	352,028
Moved within Same County	64,527	62,560	64,625	61,553	58,087	55,159
Moved from Different County in Arizona	7,665	7,842	7,780	7,694	6,822	6,607
Moved from Different State	16,157	16,693	16,201	16,013	16,091	15,969
Moved from Abroad	3,042	3,021	2,914	2,493	3,054	3,082
Moved from Outside Mesa	91,391	90,116	91,520	87,753	84,054	80,817
Source: US Census 2010-2022 ACS 5-Year Estimates						

The graph below shows the change between new residents in Mesa coming from within Arizona versus out of state, demonstrating that out-of-state in-migration peaked in 2020 with approximately one out of five new arrivals coming from California.²¹

²¹ Fox 10 Phoenix, December 27, 2023; <https://www.fox10phoenix.com/news/california-residents-moving-relocating-arizona-phoenix-us-states-data-shows>

FIGURE 2-6. COMPONENTS OF POPULATION CHANGE



Source: US Census 2010-2022 ACS 5-Year Estimates

Who are Mesa's Residents?

The following section of the Plan discusses factors such as age, education levels, and income, as household and socioeconomic characteristics analysis influences a community's housing needs.

Mesa had nearly 190,363 households in 2022,²² representing approximately 12 percent of the County's households. Household growth in the City leapt in the 1970s, with 90 percent of the City's growth occurring since then. The decade with the highest growth was the 1980s, when 24 percent of growth occurred in the City.

²² US Census 2018-2022 ACS 5-Year Estimates. There will be differences between housing estimates provided by different data sources. Different organizations use different methodology for estimates which results in some differences in the estimated number of households in Mesa.

Household Size

American Community Survey (ACS) Census 2022 estimates show that Mesa’s average household size is 2.58 persons, similar to the 2.57 persons per household in the United States and only slightly smaller than Maricopa County’s average size of 2.62 persons. But there are differences in household size based on type of unit. In the City, household size differs by whether the unit is owner or renter occupied. Owner-occupied households tend to be larger – 2.61 persons compared to 2.52 persons in rental units.

FIGURE 2-7. HOUSEHOLD SIZE COMPARISONS

	Mesa	Maricopa County	Arizona	United States
Household Size	2.58	2.62	2.56	2.57

Source: US Census 2018-2022 ACS 5-Year Estimates

FIGURE 2-8. AVERAGE HOUSEHOLD SIZE BY OWNERSHIP TYPE

	Mesa	Maricopa County	Arizona	United States
Household Size	2.58	2.62	2.56	2.57
Owner Occupied	2.61	2.70	2.62	2.67
Renter Occupied	2.52	2.48	2.45	2.38

Source: US Census 2018-2022 ACS 5-Year Estimates

Household Type

According to Census data, approximately 27 percent of households in Mesa have children under the age of 18; therefore, 73 percent of households do not have children under 18 living at home. In comparison, Maricopa County has 28 percent of households with children, Arizona has 26 percent, and the United States has 27 percent. While the City does not differ from these other areas in the makeup of its households, housing needs will vary based on household type – with children and without.

FIGURE 2-9. HOUSEHOLDS WITH AND WITHOUT CHILDREN

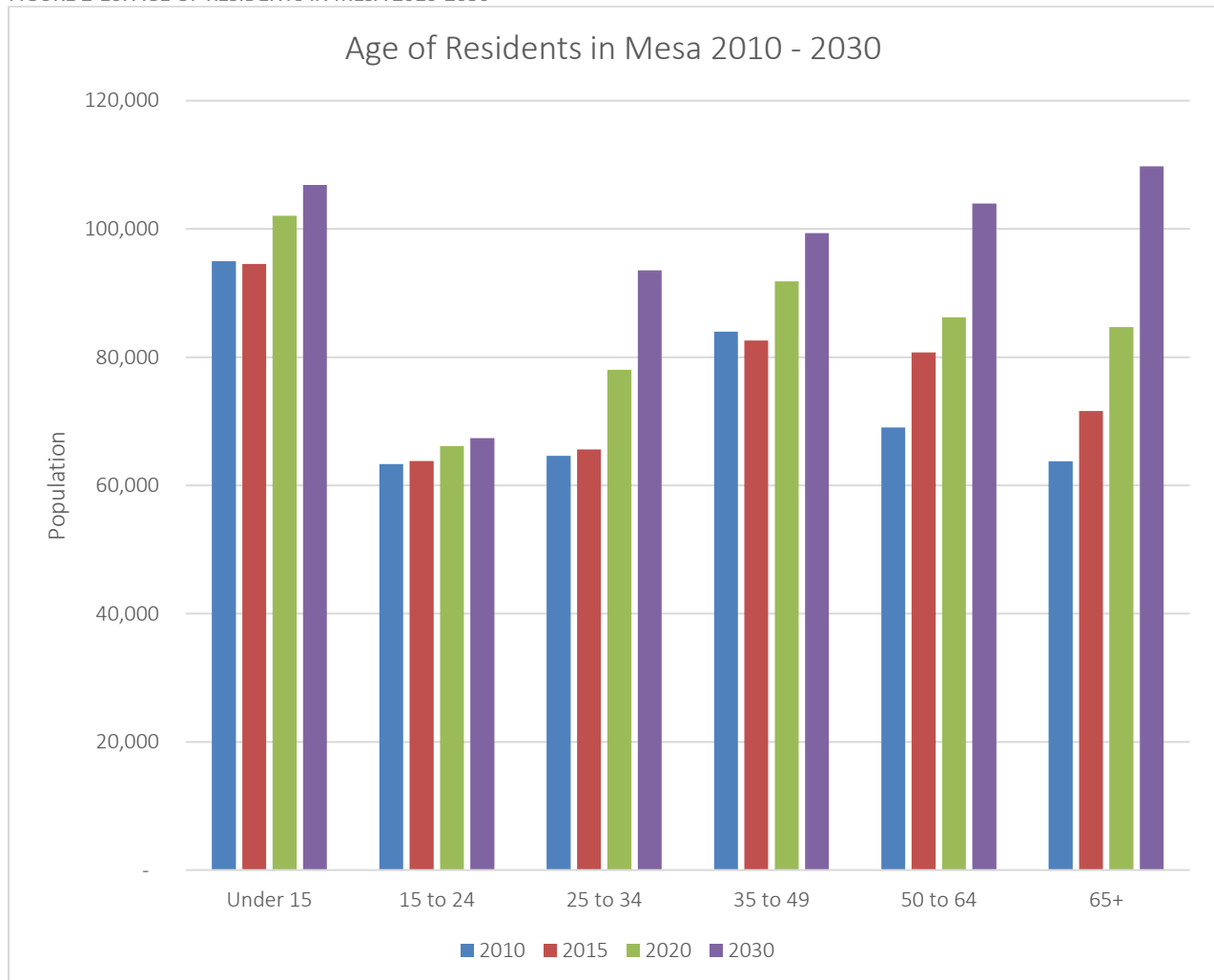
	Mesa	Maricopa County	Arizona	United States
Married Couple Households	47.00%	47.50%	47.2%	47.50%
With Children	17.20%	19.00%	17.4%	18.40%
Without Children	29.80%	28.50%	29.8%	29.10%
Cohabiting Households	8.20%	8.40%	8.2%	6.90%
With Children	2.90%	2.90%	2.9%	2.30%
Without Children	5.30%	5.50%	5.3%	4.60%
Male Householder, No Spouse Present	18.40%	18.30%	18.6%	18.10%
With Children	1.40%	1.50%	1.4%	1.20%
Without Children	17.00%	16.80%	17.2%	16.90%
Female Householder, No Spouse Present	26.30%	25.80%	26.0%	27.40%
With Children	5.40%	4.90%	4.7%	5.00%
Without Children	20.90%	20.90%	21.3%	22.40%

Source: Census ACS 5 Year Estimates 2018 - 2022

Age

The median age in Mesa is 36.8. It increased from 34.5 in 2010 to 36.8 in 2022, similar to the national trend of 36.9 in 2010 to 38.5 in 2022. In Maricopa County, the median age increased from 34.1 to 37.1 over the same time period.²³

FIGURE 2-10. AGE OF RESIDENTS IN MESA 2010-2030

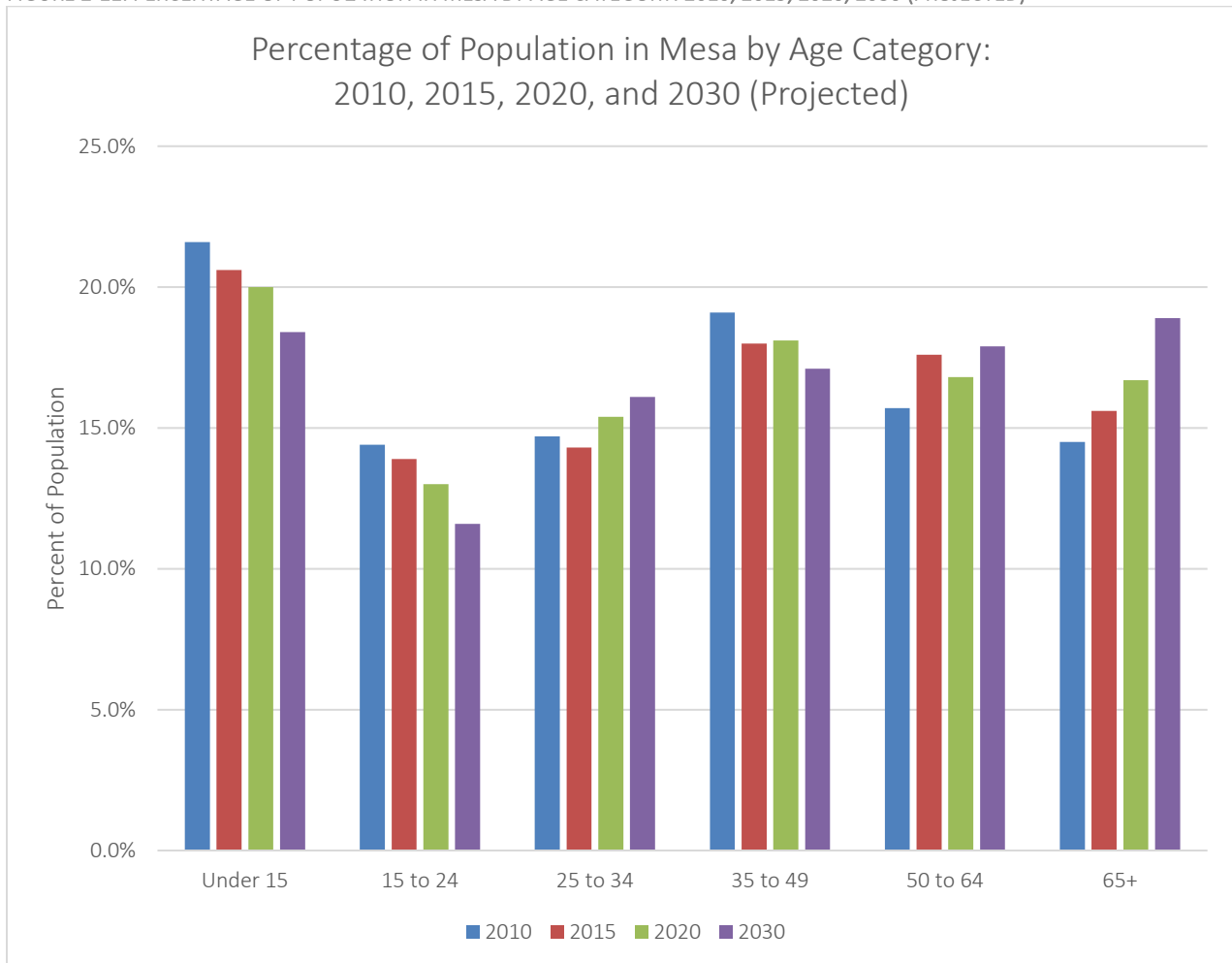


Source: US Census 2010, 2015, 2020 ACS 5-Year Estimates; ZPFI Projection

As seen in Figure 2-11 below, the percentage of residents under 24 years of age is expected to decline, while residents aged 50 and older will increase. In 2023, 34.3 percent of Mesa's residents were over the age of 50; in 2030, this age group is projected to increase to 36.8 percent. In 2010, 14.4 percent of the City's population was over the age of 65; by 2030 the proportionate share of the population over 65 is estimated to increase to 16.9 percent. This shift in population distribution will influence housing preferences and services the City provides.

²³ US Census 2018-2022 ACS 5-Year Estimates

FIGURE 2-11. PERCENTAGE OF POPULATION IN MESA BY AGE CATEGORY: 2010, 2015, 2020, 2030 (PROJECTED)



Source: US Census 2010, 2015, 2020 ACS 5-Year Estimates; ZPFI Projection

Meeting the needs of the senior population is an important component of a balanced housing plan. This includes the need for various types of senior housing, including independent living, congregate care, and assisted living. At present, the City is meeting these needs.

FIGURE 2-12. SENIOR CITIZENS IN MESA, 2022

Age Group	Number of Persons in Age Group	Percent of Mesa's Total Population
65 to 69 Years	25,716	5.1%
70 to 74 Years	22,722	4.5%
75 to 79 Years	16,417	3.3%
80 to 84 Years	10,007	2.0%
85 Years or Older	10,162	2.0%

Source: US Census 2018-2022 ACS 5-Year Estimates

Race and Ethnicity

More than 27 percent of the population in Mesa is Hispanic or Latino, which is less than the County at nearly 32 percent. Over 60 percent of residents in Mesa identify as White, compared to nearly 54 percent in the County.

FIGURE 2-13. RACE AND ETHNICITY FOR MAJOR CITIES IN MARICOPA COUNTY AND COUNTY AVERAGE, AZ

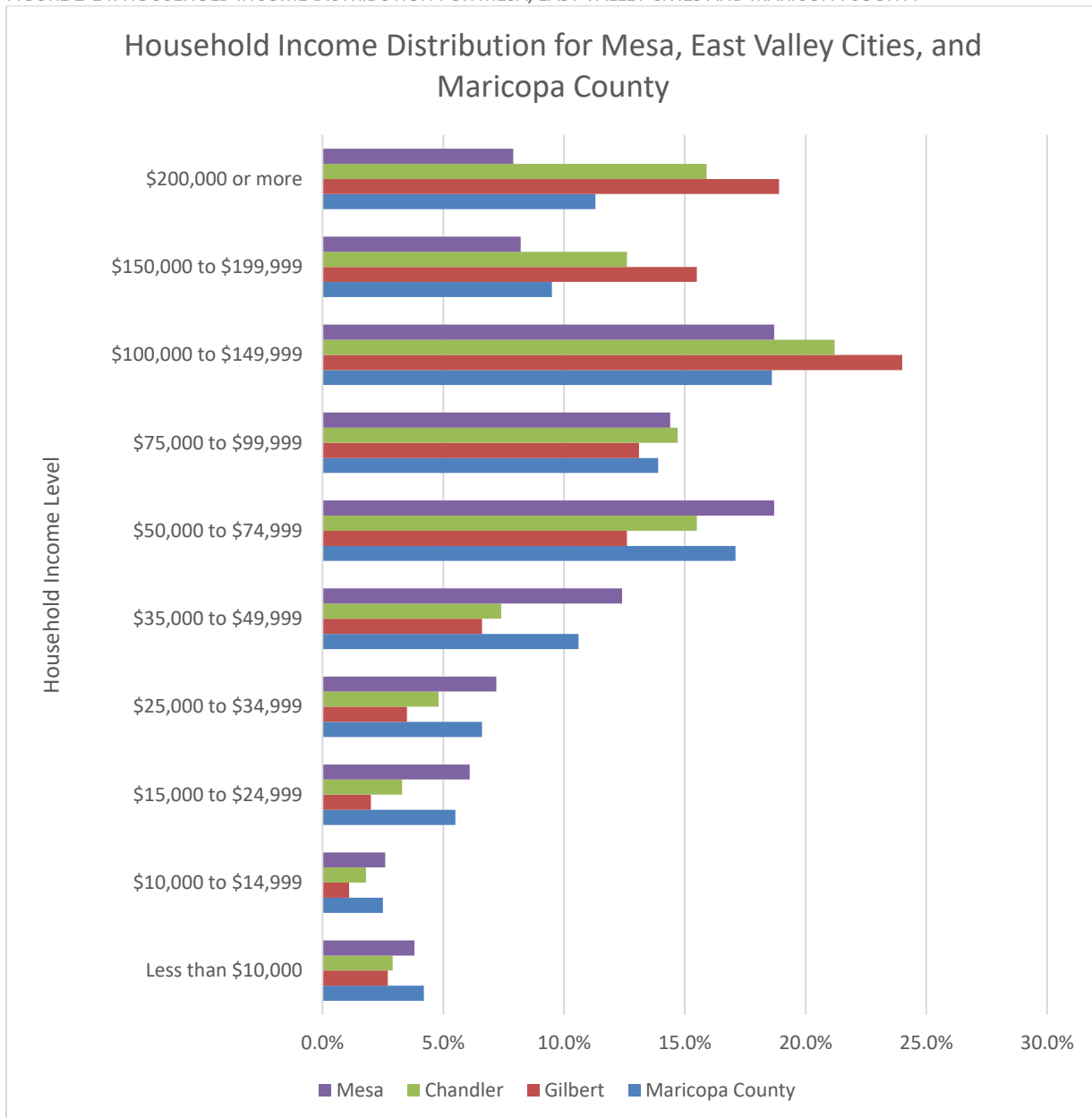
Demographic Category	Phoenix	Glendale	Scottsdale	Tempe	Gilbert	Mesa	Maricopa County
White Alone	41.2%	43.6%	77.90%	53.50%	67.1%	60.3%	53.2%
Black or African American	7.0%	6.5%	2.10%	6.90%	3.8%	4.4%	5.4%
American Indian and Alaska Native Alone	1.5%	1.2%	0.75	1.80%	0.5%	1.6%	1.4%
Asian Alone	3.6%	4.2%	5.10%	8.80%	6.0%	2.2%	4.2%
Native Hawaiian and Other Pacific Islander Alone	0.2%	0.1%	0.20%	0.50%	0.1%	0.2%	0.2%
Some Other Races Alone	0.4%	0.2%	0.50%	0.50%	0.40%	0.2%	0.4%
Two or More Races	3.2%	3.8%	3.10%	4.50%	4.60%	3.8%	3.6%
Hispanic or Latino of Any Race	42.9%	40.4%	10.40%	23.50%	17.60%	27.3%	31.7%

Source: US Census 2018-2022 ACS 5-Year Estimates

Income

According to the US Census 2018-2022 ACS 5-Year Estimates, the median income in Mesa is \$73,766. This is lower than the national median income (\$75,149) and Maricopa County's median income (\$80,675).

FIGURE 2-14. HOUSEHOLD INCOME DISTRIBUTION FOR MESA, EAST VALLEY CITIES AND MARICOPA COUNTY



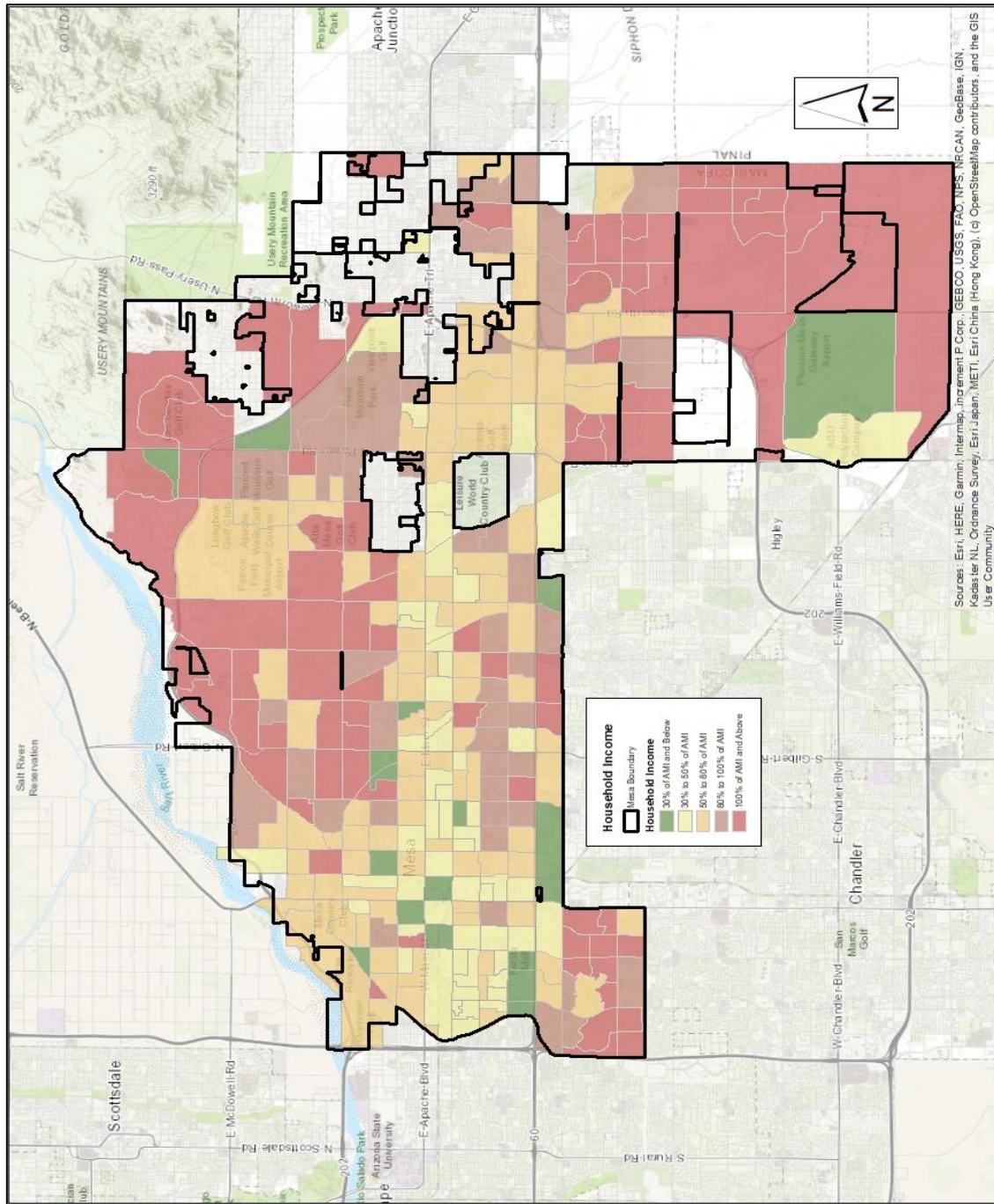
Source: US Census 2018-2022 ACS 2021 5-Year Estimates

Household income is an important consideration that influences a balanced housing plan and its strategies. The information in Figure 2-14 above shows Mesa has a range of incomes, including a large percentage of households in the \$100,000 to \$150,000 income category.

Mesa's largest concentration of higher earners is in the north, northeast, and southeast of the City.

Figure 2-16 shows the median income of surrounding cities and towns in Maricopa County and Tucson based on Census estimates. The Census Bureau’s methodology for estimating median income does not differentiate between varying household sizes, so the numbers below show a composite view of income in each city and town. The AMI in Mesa is similar to that in Phoenix but significantly lower than in neighboring Gilbert.

FIGURE 2-15. INCOME BY CENSUS BLOCK GROUP. MESA



Source: Census Bureau ACS 5 Year Estimates 2017 to 2021

FIGURE 2-16. MEDIAN HOUSEHOLD INCOME IN MESA AND SURROUNDING CITIES

	Phoenix	Glendale	Scottsdale	Tempe	Gilbert	Mesa	Maricopa County	Tucson
Median Income	\$72,092	\$66,375	\$104,197	\$72,022	\$115,179	\$73,766	\$80,675	\$52,049

Source: US Census 2018-2022 ACS 5-Year Estimates

HUD's AMI definitions differ from those of the Census Bureau as HUD uses thresholds of household size to determine who is eligible for HUD housing support. HUD ranges reflect what a household of each size would need to earn to have the same quality of life as a household of only one person. HUD ranges are shown in Figure 2-17 for the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area (MSA) and are generally considered more accurate because they account for the cost burden of housing and basic necessities.²⁴

FIGURE 2-17. MEDIAN HOUSEHOLD INCOME LIMITS – HUD FOR PHOENIX-MESA-SCOTTSDALE MSA – HUD 2023

	30%	50%	80%	100%
1 Person	\$19,650	\$32,750	\$52,400	\$65,500
2 Persons	\$22,450	\$37,406	\$59,850	\$74,813
3 Persons	\$25,250	\$42,094	\$67,350	\$84,188
4 Persons	\$28,050	\$46,750	\$74,800	\$93,500
5 Persons	\$30,300	\$50,500	\$80,800	\$101,000
6 Persons	\$32,550	\$54,250	\$86,800	\$108,500
7 Persons	\$34,800	\$58,000	\$92,800	\$116,000
8 Persons	\$46,630	\$58,313	\$93,300	\$116,625

Source: HUD 2022

Figure 2-18 shows the number of households at various percentages of AMI in the City. These estimates assume a 3-person household to align with the typical household size in Mesa. The percentage calculations of the number of households are based on HUD's income limits for the Phoenix—Mesa—Scottsdale Metropolitan Statistical Area (MSA). The United States Census Bureau groups these locations together.

FIGURE 2-18. MSA INCOME DISTRIBUTION OF HOUSEHOLDS – BASED ON HUD 2023 AMI CALCULATIONS FOR A 3-PERSON HOUSEHOLD

Income Level	Number of Households	Income Range	% of Households
30% AMI	30,499	\$0 - \$25,250	15.1%
50% AMI	30,076	\$25,250 - \$42,100	14.9%
80% AMI	41,275	\$42,100 - \$67,350	20.4%
100% AMI	22,259	\$67,350 - \$84,187	11.0%
130% AMI	24,408	\$84,187 - \$109,443	12.1%
150% AMI	11,631	\$109,443 - \$126,280	5.8%
180% AMI	16,384	\$126,280 - \$151,536	8.1%
Workforce Plus²⁵	23,632	\$151,536 - \$168,374	11.7%
High Earner	2,032	\$168,374 - \$300,000+	1.0%

Source: Census ACS 5 Year Estimates 2018 – 2022, Bureau of Labor Statistics, Household Income Ranges are based on Income Projections, not ACS reported numbers.

A discussion of housing affordability for households at varying income levels is included in Chapter 5.

²⁴ HUD Website

²⁵ Workforce plus is defined as households making above 180% of AMI and Higher Earner is households making over \$168,000 per year.

Educational Attainment

Several educational institutions are within the City’s boundaries, including Mesa Community College, one of the largest schools in the Maricopa Community College System. Mesa also hosts the Arizona State University Media and Immersive Experience Center (MIX), A.T. Still University, Benedictine University, and the ASU Polytechnic Campus. Education not only helps drive job growth and incomes in the City but also necessitates student housing that must be accounted for in a balanced housing strategy. In the wider region, Arizona State University, Grand Canyon University, Arizona Christian University, and the University of Arizona Global Campus are also within driving distance of the City.

Mesa Community College has the largest enrollment of higher education institutions in Mesa, followed by Arizona State Polytechnic Campus.

FIGURE 2-19. ENROLLMENT IN DEGREE OR CERTIFICATE GRANTING INSTITUTIONS IN MESA

Institution Name	Location in City	Estimated Number of Undergraduate Students Enrolled
Mesa Community College	City Council District 3	12,167
Arizona State Polytechnic Campus	City Council District 6	5,825
Benedictine College	City Council District 4	3,123*
Arizona State University Media and Immersive Experience	City Council District 4	750**
AT. Still University of Osteopathic Medicine	City Council District 2	425
Other	N/A	2,771

Source: US Department of Education “College Scorecard” Enrollment as of July 2023
 *Benedictine University Estimate, 2022
 ** Arizona State University Estimate, 2022

Although Mesa has great educational resources, educational attainment in the City is less than in the County, as shown in Figure 2-20.

FIGURE 2-20. EDUCATIONAL ATTAINMENT IN MESA

Education Level	Count of Persons	% of Population 25+
Less than 9th grade	13,355	3.9%
9th to 12th grade, no diploma	18,238	5.4%
High school graduate or equivalent	82,670	24.3%
Some college, no degree	91,399	26.8%
Associate degree	32,633	9.6%
Bachelor's degree	68,365	20.1%
Graduate or professional degree	33,759	9.9%

Source: US Census 2018-2022 ACS 5-Year Estimates

When compared to County-wide figures, the percentage of the population in Mesa with a bachelor’s degree is lower. This correlates with the lower incomes discussed previously and results in greater demand for lower and middle-income housing.

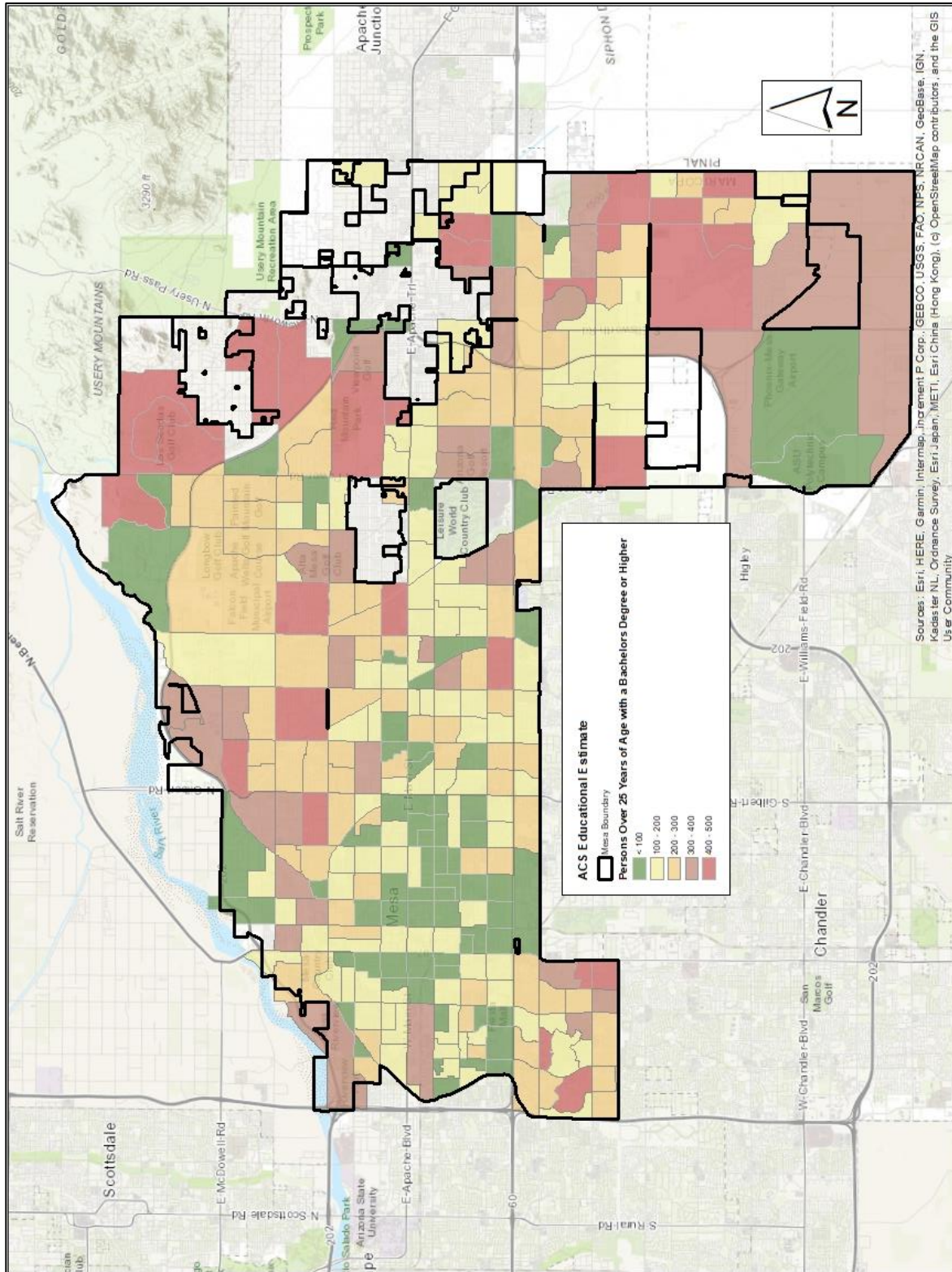
FIGURE 2-21. COMPARATIVE PERCENTAGE OF THE POPULATION HOLDING A BACHELOR’S DEGREE OR HIGHER

	Mesa	Maricopa County	Arizona	United States
Bachelor’s Degree or Higher	30.0%	35.0%	31.8%	34.3%

Source: US Census 2017-2021 ACS 5-Year Estimates

As seen from the map below, a higher proportion of people with bachelor's degrees live in the northeast and southeast portions of the City. Educational attainment tends to be lower in the west and central areas of the City.

FIGURE 2-22. ACS ESTIMATE PERSONS OVER 25 YEARS OF AGE WITH A BACHELOR'S DEGREE



Source: Census ACS 5 Year Estimates 2017 - 2021

Homeless Persons in Mesa

While homelessness is a complex issue, housing affordability is a primary factor influencing homelessness. The City has several programs already in place to help Mesa’s homeless population, with the City taking a “housing first approach”²⁶ in addressing the needs of the City’s homeless neighbors and providing innovative solutions like the City’s Community Court program, designed to help manage and serve those defendants coming into the criminal justice system with homeless, mental health or drug/alcohol issues. Unless otherwise cited, the data below is taken from the Maricopa Homeless Management Information System (HMIS).

FIGURE 2-23. CHARACTERISTICS OF MESA’S HOMELESS POPULATION

Gender	Number of Homeless Residents	Percent of Total
Male	2,600	52.7%
Female	2,302	46.6%
Other	21	0.4%
Unknown	12	0.2%

Source: Maricopa HMIS, Calendar Year 2022

Age of the Person Receiving Services	Number of Homeless Residents	Percent of Total
0 - 17	991	20.1%
18 - 24	368	7.5%
25 - 34	902	18.3%
35 - 44	938	19.0%
45 - 54	765	15.5%
55 - 69	846	17.1%
70 and over	125	2.5%

Source: Maricopa HMIS, Calendar Year 2022

Race/ Ethnicity of Persons Receiving Services	Number of Homeless Residents	Percent of Total
White	3,152	63.8%
Black, African American, or African	1,362	27.6%
American Indian, Alaska Native, or Indigenous	281	5.7%
Unknown	73	1.5%
Native Hawaiian or Pacific Islander	48	1.0%
Asian or Asian American	22	0.4%

Source: Maricopa HMIS, Calendar Year 2022

Primary Reason for Homelessness	Number of Homeless Residents	Percent of Total
Unsafe Environment/ Dispute/ Divorce	814	43.7%
Financial/ Unemployment	735	39.4%
Medical	198	10.6%
Alcohol/ Substance Abuse	79	4.2%
Criminal/ Jail	38	2.0%

Source: Mesa “Off the Streets” Program Information 2020 – 2022

²⁶ “Mesa Mayor Discusses City’s Success Addressing Homelessness” ABC 15 News, Sept. 05, 2023

Disability Status Reported by Homeless Resident	Percent of Total
Addiction	27.5%
Mental/ Developmental	35.9%
Physical	38.3%

Source: Mesa “Off the Streets” Program Information 2020 - 2022

Homelessness and Poverty

This section discusses groups within Mesa that may require special services or additional assistance for basic housing and related services. By tailoring services and creating housing options for individuals in these categories, Mesa can plan for residents at all levels of housing needs.

Residents Experiencing Poverty

The U.S. Census Bureau “uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty.”²⁷ The largest concentration of poverty in Mesa is in the youngest age group (under 5 years), where 19.5 percent of the population lives in poverty. Fortunately, as shown in Figure 2-25, this percentage has decreased since 2015.

FIGURE 2-24. POVERTY BY AGE IN MESA

	Number of Persons Below Poverty Level	% of Total Age Group in Mesa
Under 5 years	3,768	12.4%
5 to 17 years	10,351	11.8%
18 to 34 years	12,058	9.7%
35 to 64 years	14,250	7.8%
60 years and over	11,065	9.5%
65 years and over	8,114	9.6%

Source: US Census 2018-2022 ACS 5-Year Estimates

FIGURE 2-25. TRENDS IN POVERTY RATES BY AGE

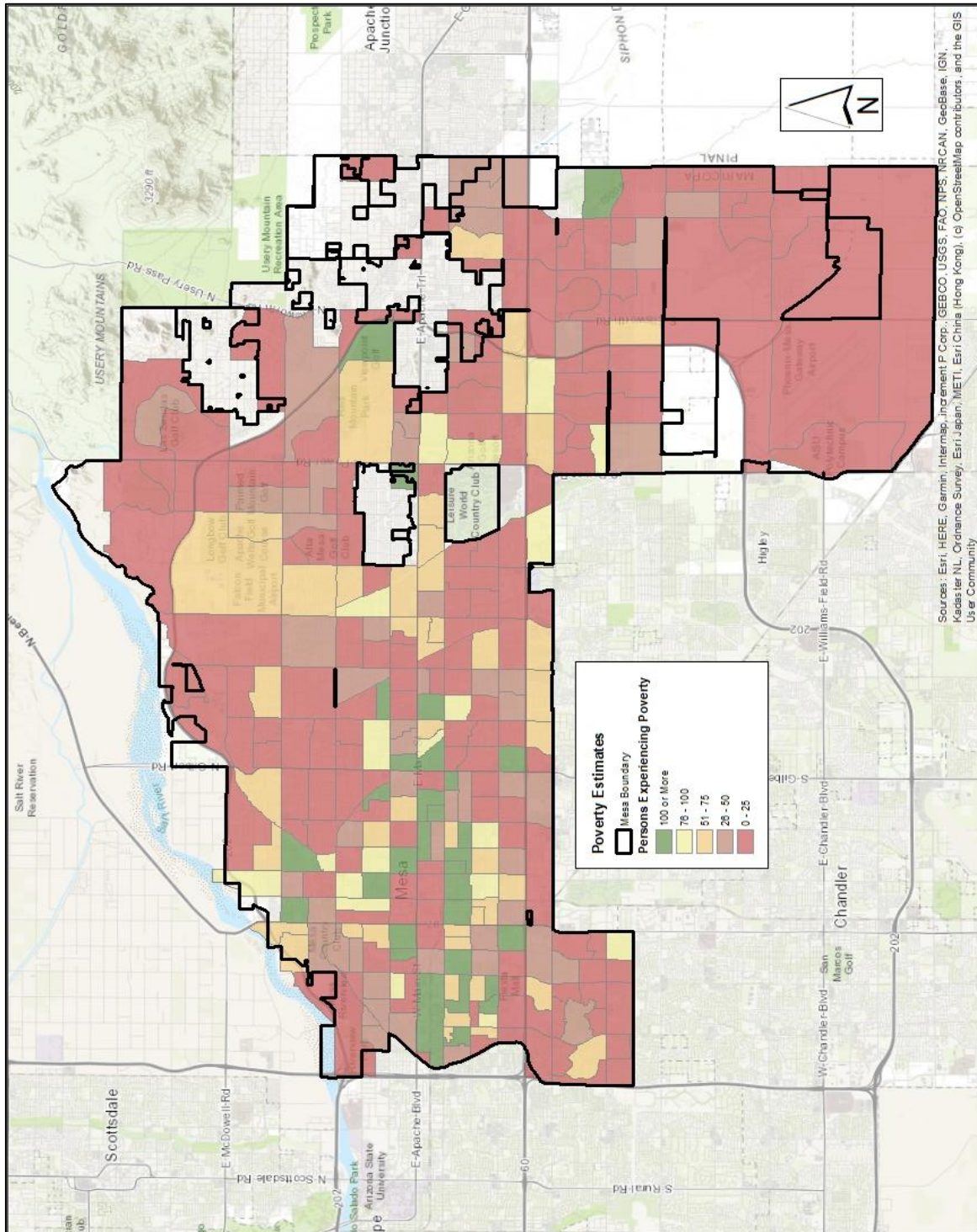
	2015		2018		2022	
	Persons Below Poverty Level	% of Age Group	Persons Below Poverty Level	% of Age Group	Persons Below Poverty Level	% of Age Group
Under 5 Years	8,400	27.1%	8,403	25.7%	3,768	12.4%
5 to 17 years	17,517	21.9%	18,358	21.7%	10,351	11.8%
18 to 34 years	22,282	20.2%	20,774	17.5%	12,058	9.7%
35 to 64 years	20,947	12.8%	21,069	12.2%	14,250	7.8%
60 years and over	8,739	9.1%	9,691	9.4%	11,065	9.5%
65 years and over	5,910	8.4%	6,967	8.9%	8,114	9.6%

Source: US Census 2015, 2018, and 2022 ACS 5-Year Estimates

²⁷ U.S. Census Bureau website “How the Census Bureau Measures Poverty” April 23, 2024 (<https://www.census.gov/topics/income-poverty/poverty/guidance/poverty-measures.html>)

Mesa’s west side has the highest instances of persons living in poverty, but there are other pockets in the City where poverty rates are also elevated. Poverty levels are particularly high around Main Street, which runs east to west, extending through the length of much of the City. See Figure 2-26 below for a map of persons experiencing poverty in Mesa. Information about areas with the highest concentration of people within the poverty range is important as it guides the City in planning for services, such as access to transit and proximity to essential goods and services, to help alleviate poverty.

FIGURE 2-26. POVERTY BY BLOCK GROUP IN MESA



Source: Maricopa County Assessor's Office, ZPFI, 2022

Chapter 03

Housing Stock and Availability



ZIONS PUBLIC FINANCE, INC.

Housing Availability

This chapter discusses Mesa’s housing supply, shedding light on the significant growth in housing stock, the diverse types of housing product, the evolving affordability of housing, the dynamic housing market trends, and the current for-sale market. This comprehensive overview ensures that policy makers, City administration, planners, and residents are well informed regarding Mesa’s housing market.

Summary

In 2022, the Phoenix–Mesa–Chandler Metro Area²⁸ celebrated a milestone, surpassing five million residents. Mesa, with its approximately 220,000 dwelling units, accounts for about 11.2 percent of the housing units in the County. What's unique is that nearly 65 percent of households in the City live in single-family units, 10 percent in mobile homes, and 25 percent in multi-family units, showcasing a diverse housing landscape in Mesa.

Approximately 70 percent of Mesa’s housing units were built after 1980, compared to only 50 percent for the rest of the County. The City experienced a significant housing boom between 1980 and 1999 when 45 percent of all units were built. This growth in the City, progressing from west to east, signifies the potential and opportunities in the Mesa housing market. The remaining vacant land in the City is largely located in the southeast and northern sections of the City, although all vacant land is not suitable for residential development.

The rising cost of home prices, along with high interest costs, is a concern nationwide. Mesa is no exception. Between 2018 and 2023, the average permitted value for single-family homes in the City increased from \$324,436 to \$469,546 in 2023—an increase of 45 percent.

Rent rates in Mesa have increased from an average of \$1,006 per month in January 2018 to an average of \$1,613 in January 2023.²⁹ This represents an increase of 60.2 percent over the five years, but rents have recently become more stable.

HUD’s guidelines for affordable housing stipulate that no more than 30 percent of household income should be spent on housing and utilities. However, based on this standard, the City is facing a pressing issue—a severe lack of housing stock for households making less than \$67,350 per year (80 percent of area median income – AMI). This underscores the urgency and importance of the affordability challenge in Mesa, which needs immediate and concerted attention from policymakers and housing developers.

The City not only lacks affordable units but also has a shortage of units for higher-income households. The median home price in Mesa is \$327,700 as of 2022 compared to \$371,400 in the County.³⁰ According to the MLS, the median list price in Mesa as of April 23, 2023 was \$471,200, compared to \$550,000 in the County.³¹

²⁸ The name of the area changed recently from Phoenix-Mesa-Scottsdale to Phoenix-Nesa-Chandler for the Census, but the Bureau of Labor Statistics and MAG still use the Phoenix-Mesa-Scottsdale designation.

²⁹ Zillow Observed Rent Index - Mesa

³⁰ US Census 2018-2022 ACS 5-Year Estimates

³¹ realtor.com®

Growth in Housing Stock

As of 2022, the City has an estimated 219,909 housing units³² that house 11.2 percent of the County's population. Between 2010 and 2022, there was an increase of 27,406 housing units, including 13,306 owner-occupied units and 14,100 renter-occupied units.

FIGURE 3-1. HOUSEHOLD GROWTH

	2010	2011	2012	2013	2014	2015	2016
Number of Households	165,910	166,526	166,806	166,716	167,609	168,914	172,705
Annual Change		0.4%	0.2%	-0.1%	0.5%	0.8%	2.2%
Number of Housing Units	193,984	196,457	198,294	199,496	200,158	200,782	204,833
Annual Change		1.3%	0.9%	0.6%	0.3%	0.3%	2.0%

	2017	2018	2019	2020	2021	2022
Number of Households	174,668	178,390	181,130	186,503	190,363	193,316
Annual Change	1.1%	2.1%	1.5%	3.0%	2.1%	1.6%
Number of Housing Units	206,406	209,537	211,423	214,831	217,404	219,909
Annual Change	0.8%	1.5%	0.9%	1.6%	1.2%	1.1%

Source: US Census 2018-2022 ACS 5-Year Estimates

What Do Homes in Mesa Look Like?

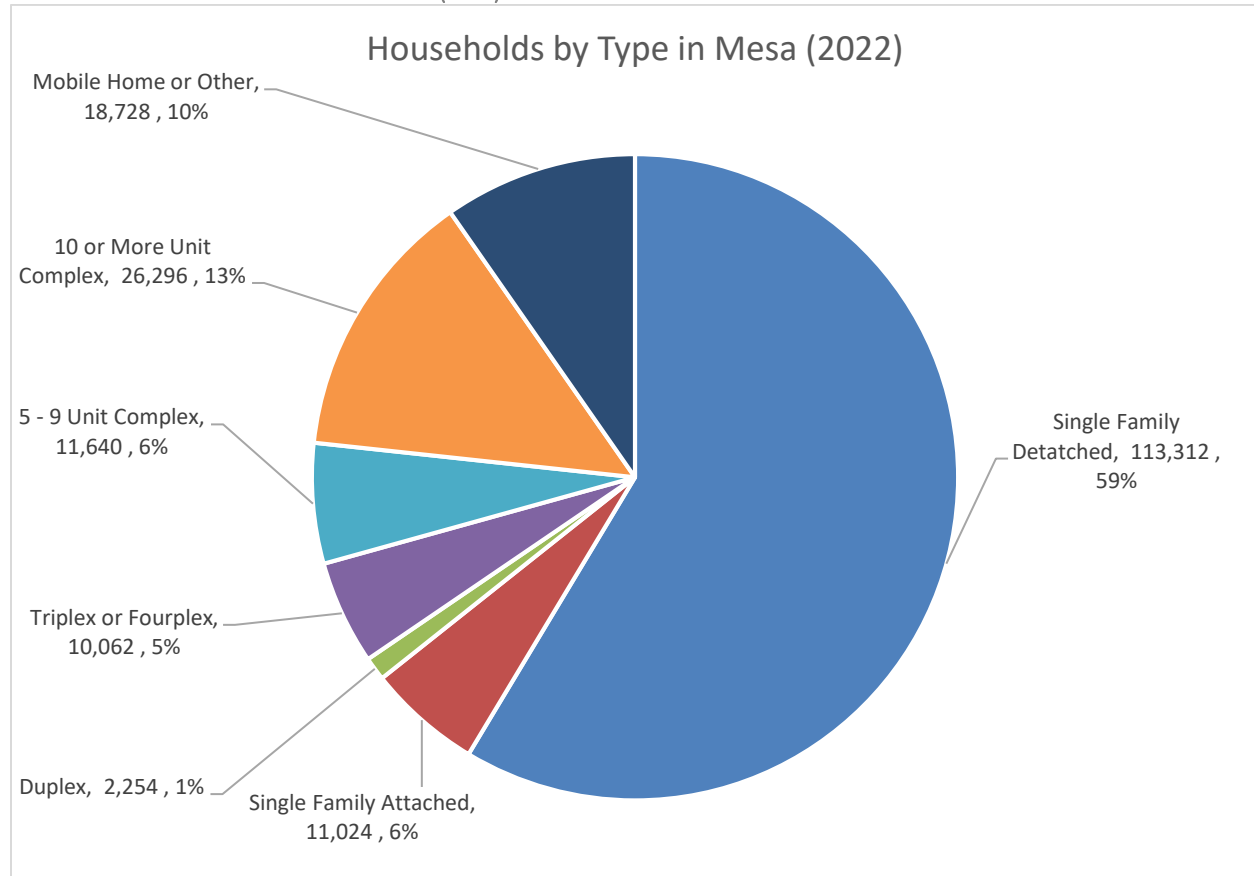
Owner and Rental Units

As of 2022, 59 percent, or an estimated 113,312 households, live in single-family detached units, with another six percent of the population living in single-family attached units, for a total of 65 percent of households residing in single-family units. Ten percent live in mobile homes, and the remaining 25 percent live in multi-family units. Within the single-family units, 21,873 households rent their homes.

The following chart shows the composition of households based on 2022 ACS 5-Year Estimates. This Figure shows occupied housing units ("households"), not including vacant housing units.

³² ACS 5-year data, 2018-2022. In comparison, Maricopa County Assessor data shows approximately 224,000 residential units in 2023.

FIGURE 3-2. HOUSEHOLDS BY TYPE IN MESA (2022)



Source: US Census 2022 ACS 5-Year Estimates

Single-family detached units have increased since 2010 as a percentage of total housing units, as have larger apartment complexes (10+ units). While still a significant percentage of all housing units (9.7 percent), mobile homes have declined as a percentage of total units in 2010 (12.3 percent).

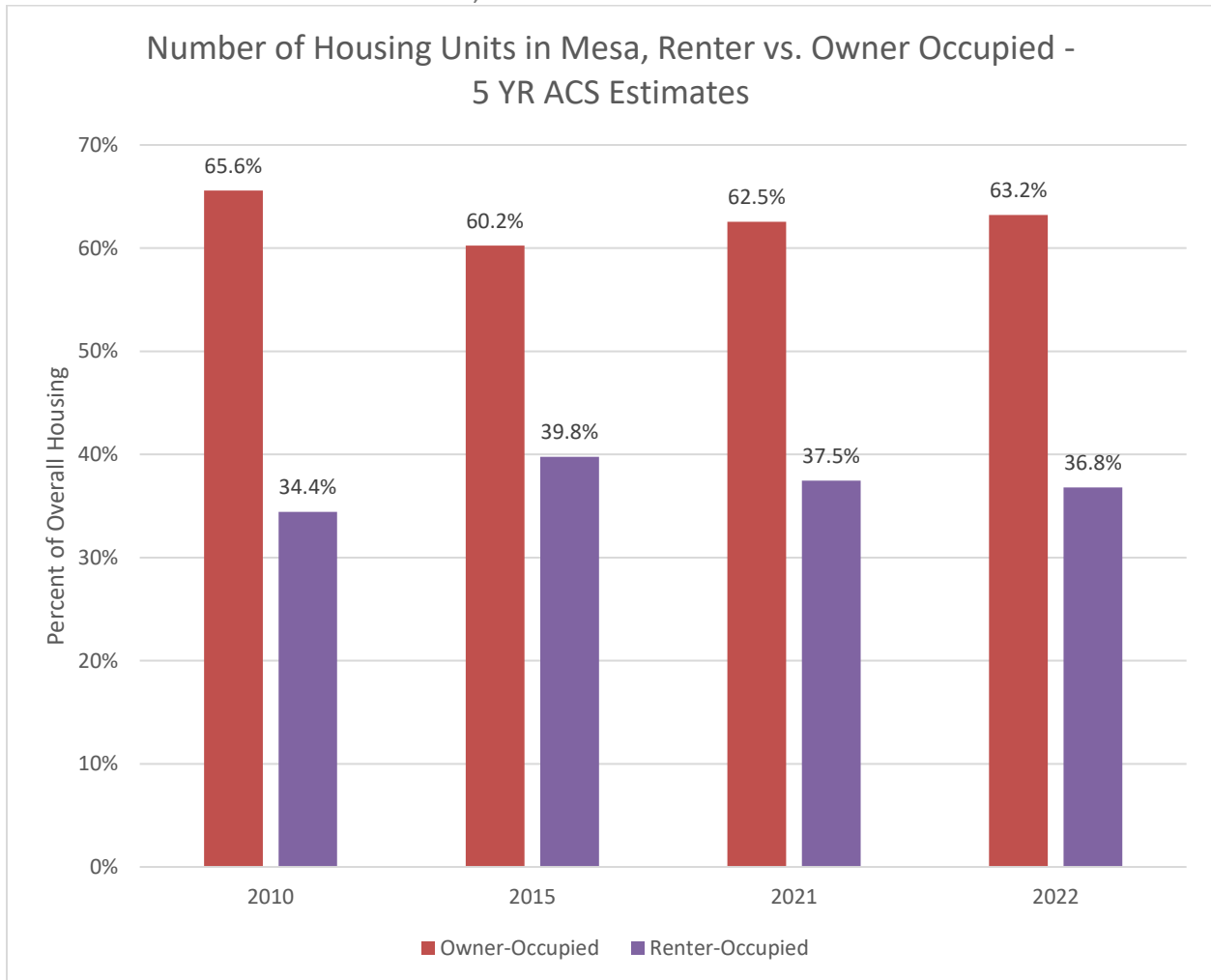
FIGURE 3-3. HOUSEHOLDS BY TYPE IN MESA

	2010		2015		2022	
	Number	Percent	Number	Percent	Number	Percent
Single Family Detached	93,728	56.5%	96,685	57.2%	113,312	58.6%
Single Family Attached	9,635	5.8%	8,778	5.2%	11,024	5.7%
Duplex	2,038	1.2%	2,243	1.3%	2,254	1.2%
Triplex or Fourplex	8,403	5.1%	8,824	5.2%	10,062	5.2%
Apartments with 5 – 9 Units	10,204	6.2%	9,479	5.6%	11,640	6.0%
Apartment with 10 or more Units	21,506	13.0%	24,414	14.5%	26,296	13.6%
Mobile Homes / Other	20,396	12.3%	18,491	10.9%	18,728	9.7%

Source: US Census 2010-2022 ACS 5-Year Estimates

The following figure shows the percentage of owner-occupied and renter-occupied units based on ACS 5-year estimates. The ratio of renter-occupied units has increased slightly since 2010 but has decreased from a high of nearly 40 percent in 2015 to about 37 percent in 2022.

FIGURE 3-4. NUMBER OF HOUSING UNITS IN MESA, RENTER VS. OWNER OCCUPIED – 5-YR ACS ESTIMATES

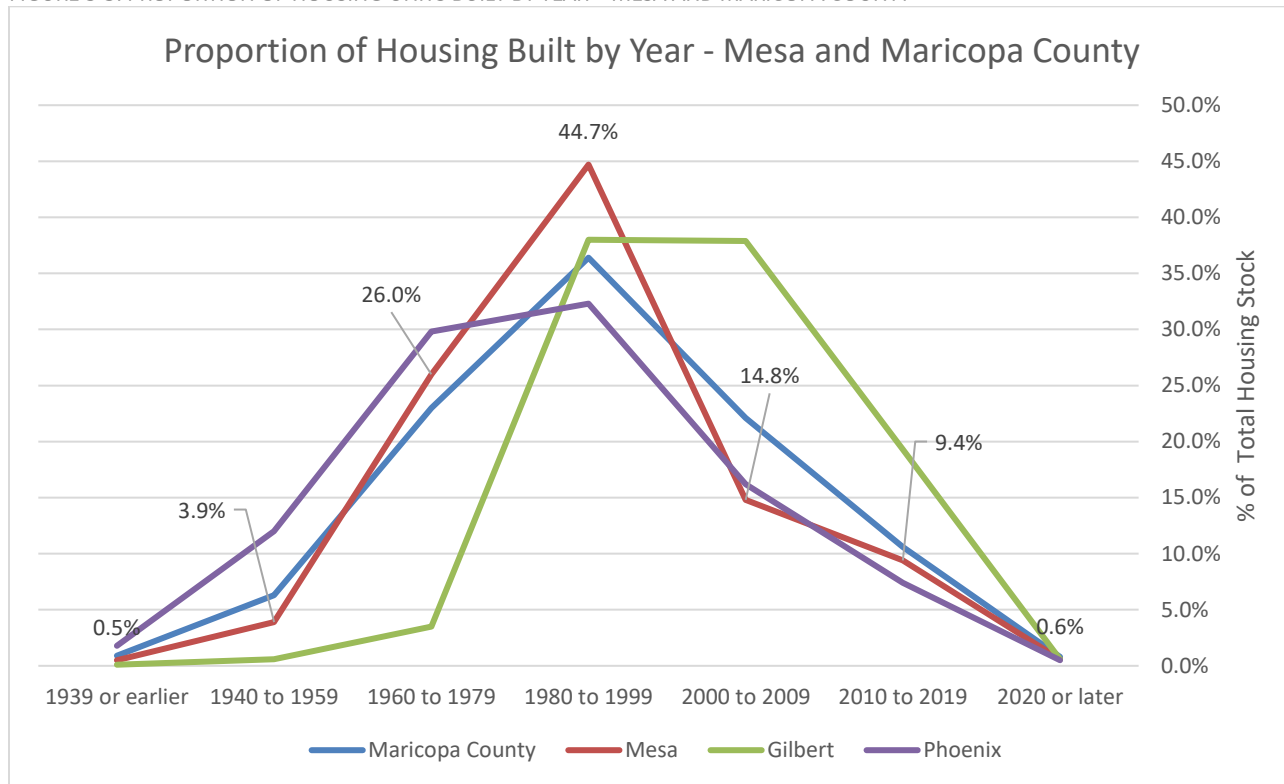


Source: Census ACS 5 Year Estimates, 2010 to 2022

Age of Housing Stock

According to the US Census, the City has newer housing options than the rest of the County. However, Mesa also has more older homes than neighboring cities like Gilbert. Figure 3-5 below shows the percent of total housing units built in the City and surrounding areas since 1939, with a burst of growth evident in the 1980s.

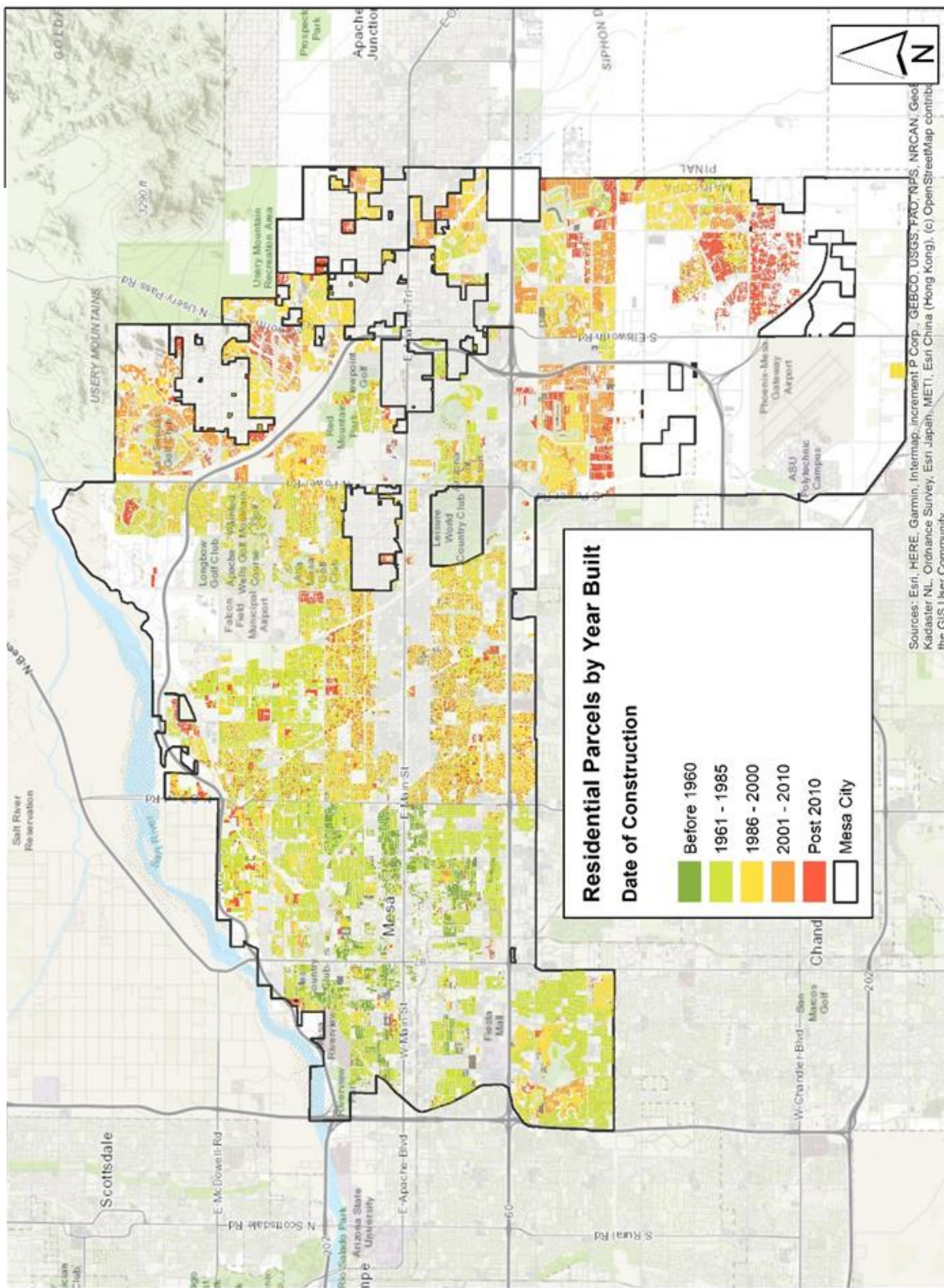
FIGURE 3-5. PROPORTION OF HOUSING UNITS BUILT BY YEAR – MESA AND MARICOPA COUNTY



Source: US Census 2021 ACS 5-Year Estimates

From the Maricopa County Assessor’s database, most residential units in the City’s west end were built before the 1980s and include some of the oldest houses in the City. Following the historical growth pattern, housing tends to be newer in the eastern portion of the city, where many units were built after 1990. This trend will likely continue as most of the City’s remaining vacant land is in Northeast and Southeast Mesa.

FIGURE 3-6. RESIDENTIAL YEAR BUILT



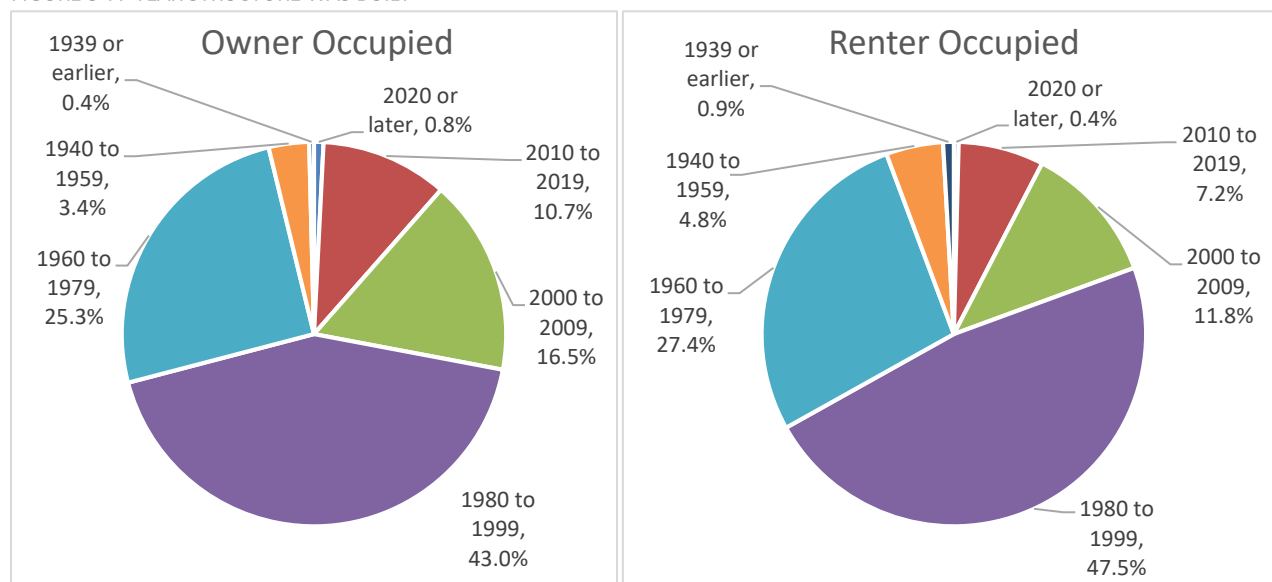
Source: Maricopa County Assessor's Office, ZPFI, 2022

*Does not include mobile homes or nursing homes due to insufficient data

*Does not include mobile homes or nursing homes due to insufficient data

Figure 3-7 shows the percentage of current housing stock (owner and renter) constructed during different timeframes and displays similar timeframes for construction of owner and rental-occupied units. The largest influx of housing occurred in the City between 1980 and 1999 when 43 percent of owned properties and 48 percent of rental properties were constructed.

FIGURE 3-7. YEAR STRUCTURE WAS BUILT



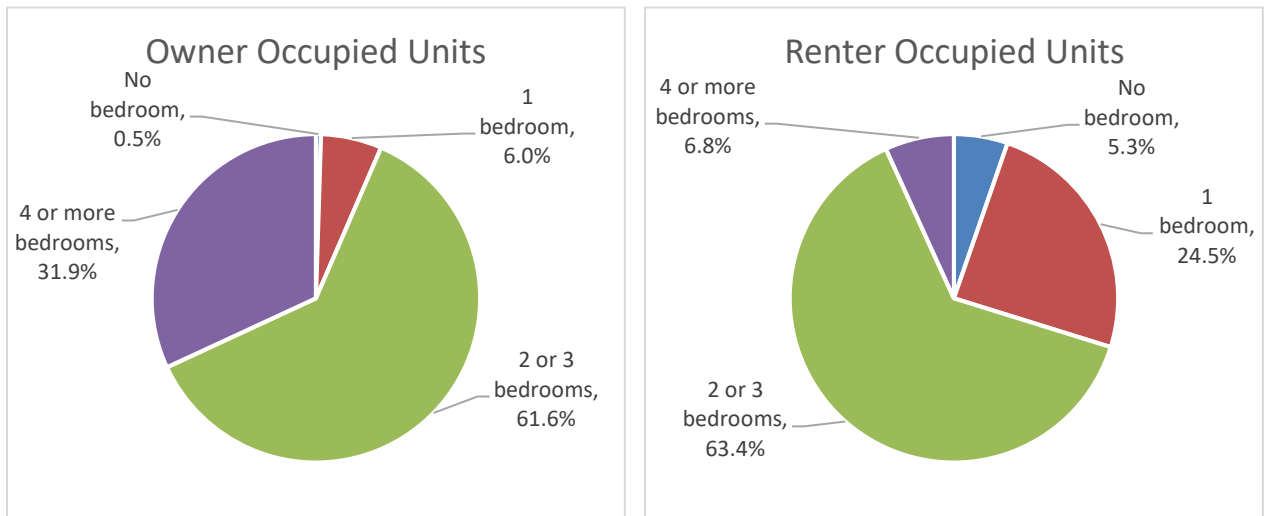
Source: US Census 2022 ACS 5-Year Estimates

Unit Sizes

According to ACS 5 Year estimates from 2022, the majority of rental units in Mesa are two or three-bedroom apartments or homes (63 percent of all rental units). By comparison, 62 percent of owned homes in the City have two or three bedrooms. Given Mesa's average household size of 2.64 persons, the supply of two- and three-bedroom units is consistent with demand.

However, significant differences exist between one-bedroom dwelling units and units with four or more bedrooms. One-bedroom options make up nearly 25 percent of rental units in the City but only six percent of owner-occupied units; homes with four or more bedrooms make up a larger proportion of the owned units in Mesa (32 percent of owned homes compared to seven percent of rentals).

FIGURE 3-8. HOUSING UNITS BY SIZE



Source: US Census 2022 ACS 5-Year Estimates

Amenities by Unit

In general, most homes in Mesa have basic amenities as defined and tracked by the Census Bureau. Basic amenities include hot and cold running water, a bathtub or shower, a sink with a faucet, a stove or range, a refrigerator, and telephone service. In 2021, 0.1 percent of rented and owned homes in Mesa had no plumbing or kitchens. Only 0.4 percent of renter-occupied units lacked either plumbing or complete kitchens.

Who Rents and Who Owns in Mesa

This section looks at the socio-economic characteristics of renters and homeowners within Mesa.

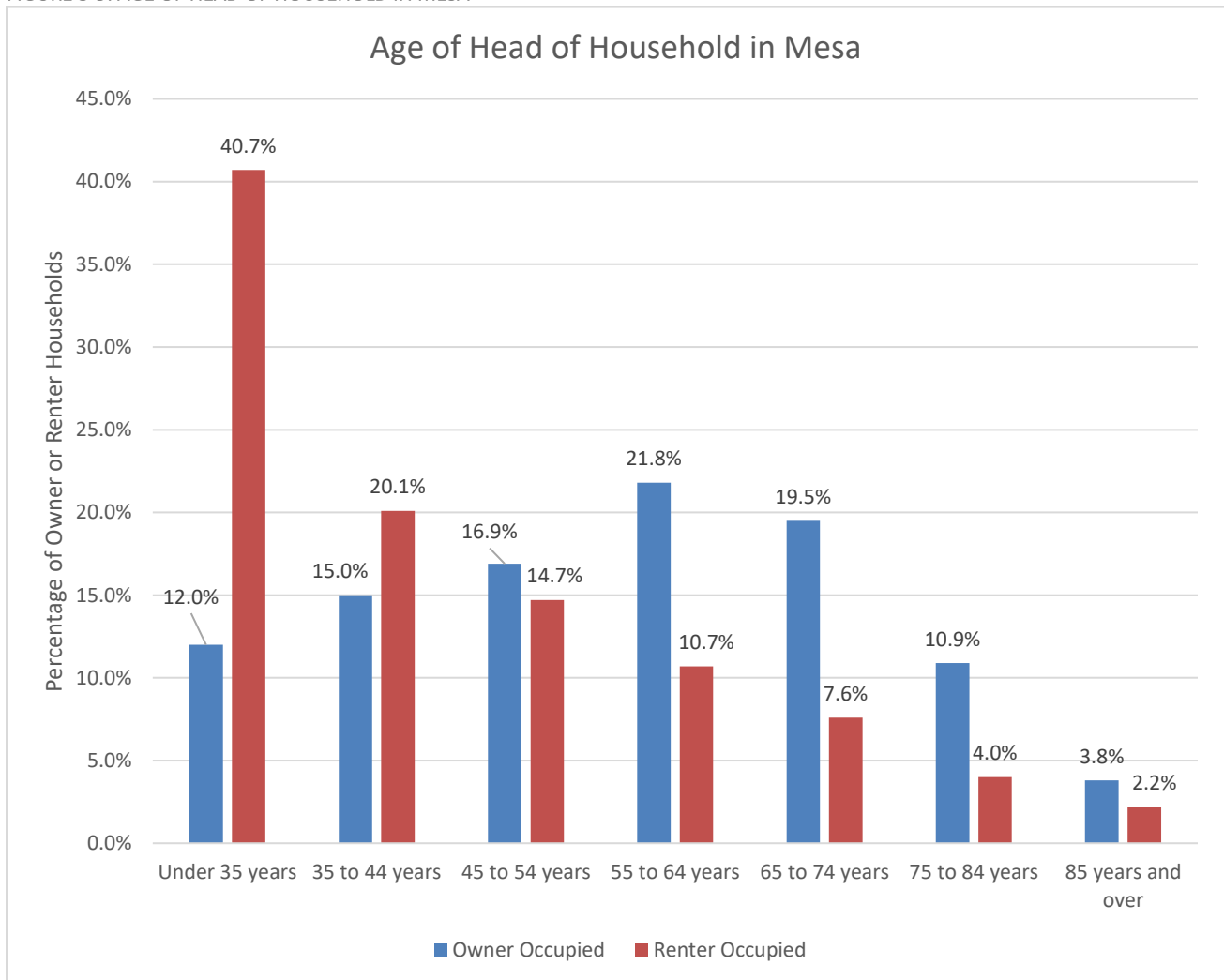
Who Rents in Mesa?

Similar to national trends across the country, renters in Mesa are younger than those who own their own homes. They also tend to have a different educational background than homeowners and are more likely to utilize public transit as their primary mode of transportation. The following sections provide more detail regarding these socio-economic characteristics.

Age of Renters

Nearly 61 percent of renters in Mesa are below the age of 44, compared to 27 percent who own their own homes. For older age groups, the trend is reversed as owners outnumber renters.

FIGURE 3-9. AGE OF HEAD OF HOUSEHOLD IN MESA

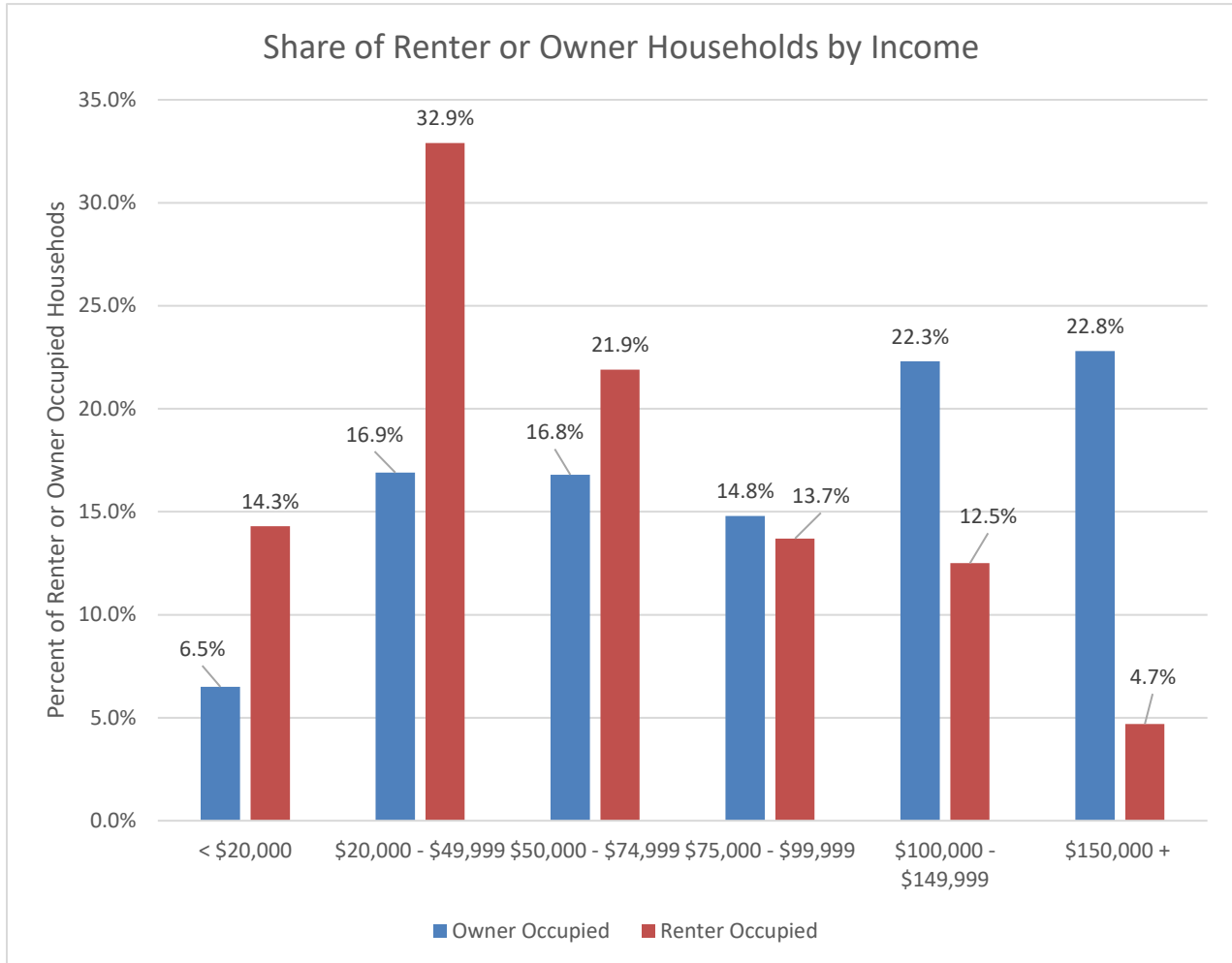


Source: US Census 2022 ACS 5-Year Estimates

Renter Income

Renter-occupied households tend to have lower household incomes than those who own homes. Figure 3-10 below visualizes the share of renter households and owner households in each income category; for example, 47.2 percent of renter households have incomes less than \$50,000 compared to 23.4 percent of owner households; 4.7 percent of renters are in the over \$150,000 income category compared to 22.8 percent of owner households.

FIGURE 3-10. SHARE OF RENTER OR OWNER HOUSEHOLDS BY INCOME



Source: US Census 2022 ACS 5-Year Estimates

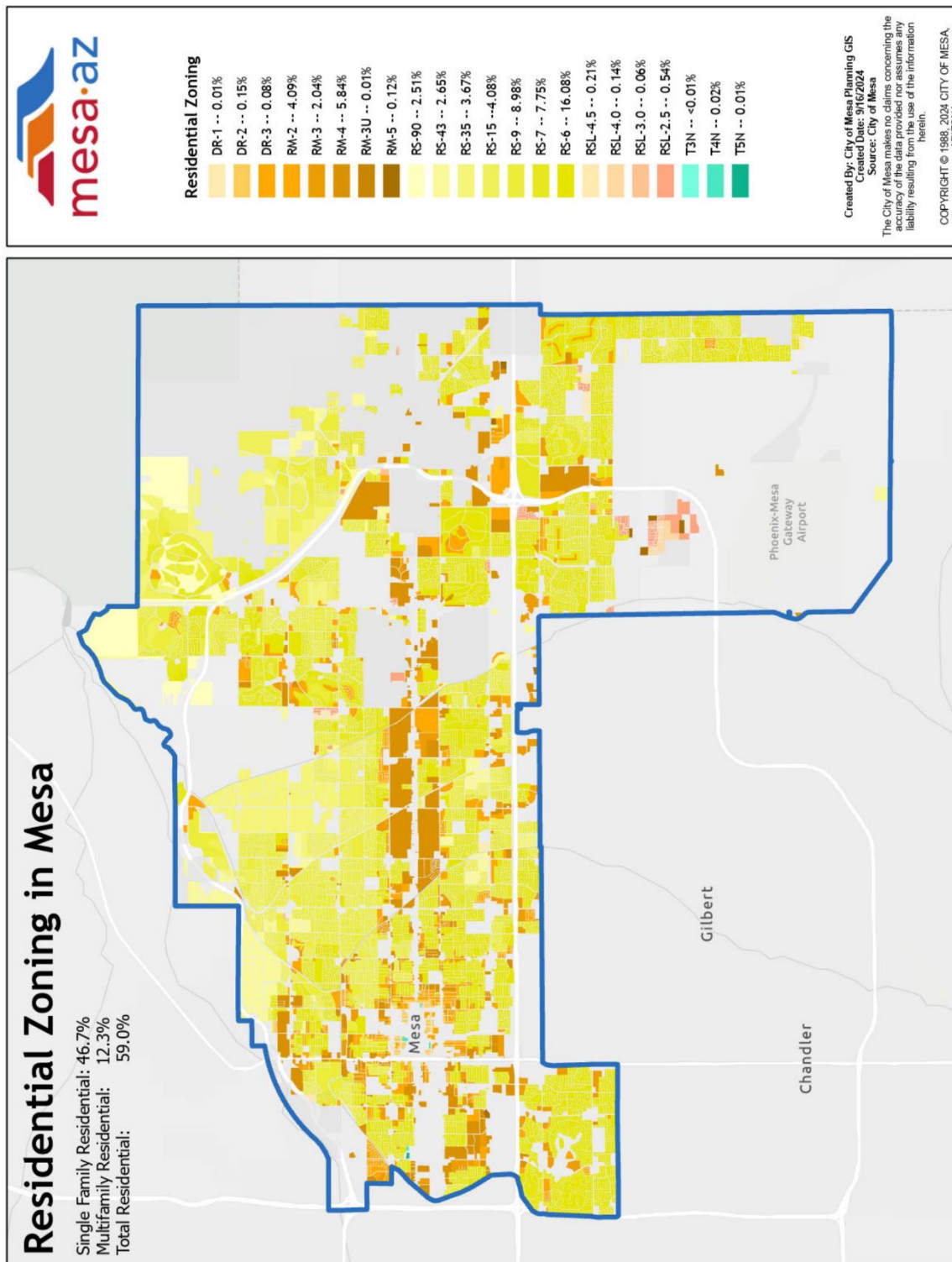
Other Traits of Renters

Renters are much more likely to report that they do not have access to a car or other vehicle for transportation, according to ACS 5-year data from 2022. About 10.9 percent of residents who rent their home in Mesa state that there are no vehicles available for them to use, compared to only 2.1 percent of homeowners who report having no vehicle access. This means that a higher percentage of renters rely on other means of transportation, such as mass transit.

Where do Renters Live in Mesa?

Rental properties are mostly dispersed throughout the City; however, there is a comparatively higher number of rental properties south of Brown Road, west of Gilbert Road, and along the U.S. 60 corridor, as shown in Figure 3-11.

FIGURE 3-11.B RESIDENTIAL ZONING IN MESA

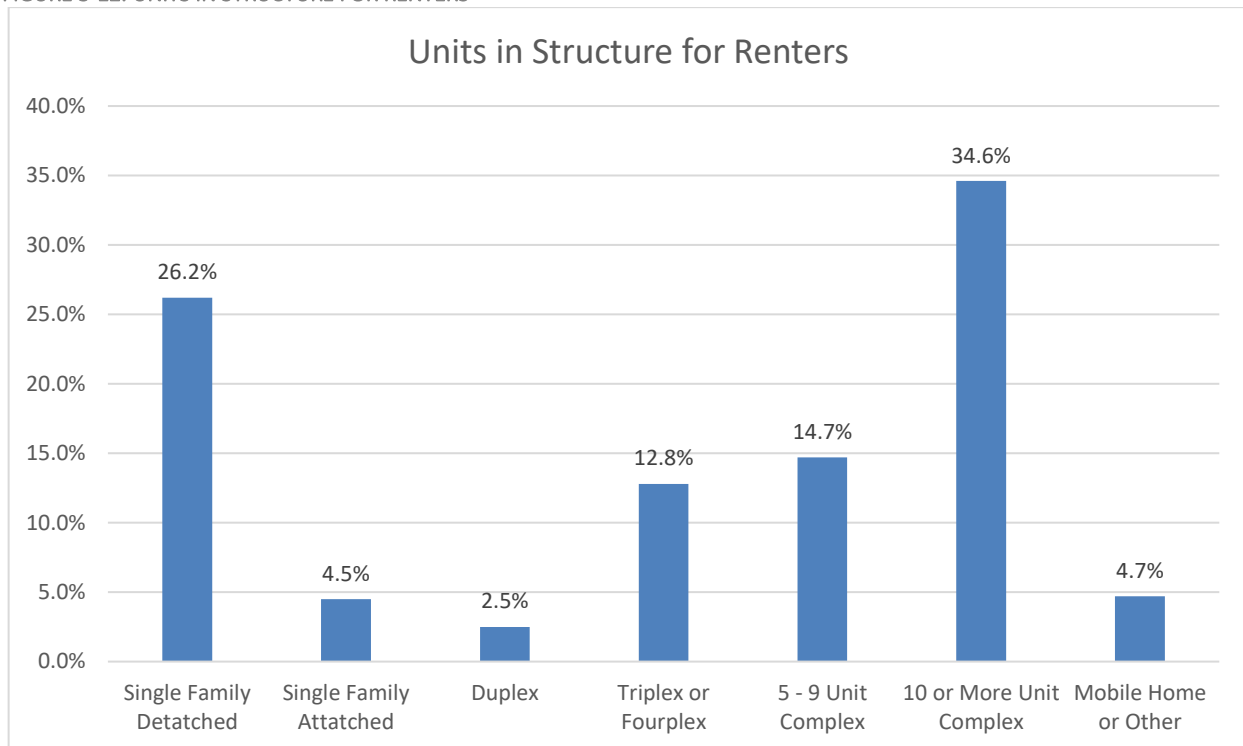


Source: City of Mesa, GIS

What Types of Units Do Renters Occupy?

Most renters in Mesa live in complexes with more than 10 units or in single-family rentals. There are an estimated 21,873 renters in single-family units and about 48,853 renters in multi-family units in the City.³³

FIGURE 3-12. UNITS IN STRUCTURE FOR RENTERS



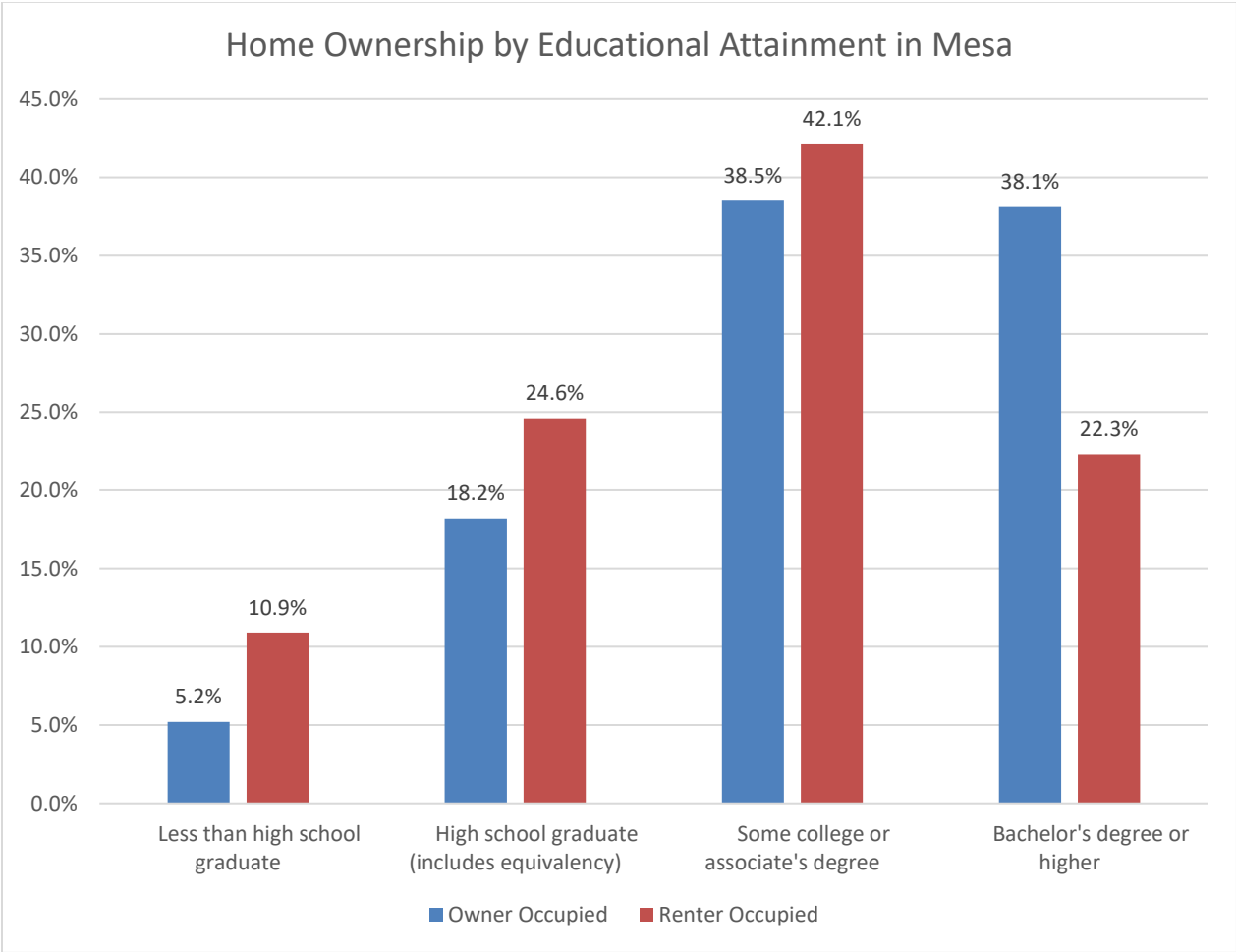
Source: US Census 2018-2022 ACS 5-Year Estimates

Renter and Homeowner Education

Home ownership is more common among those with higher educational levels. Figure 3-13 shows the percentage of households that rent or own in each educational attainment category; for example, 38 percent of all homeowners have a bachelor's degree or higher, while only five percent have less than a high school degree. The likelihood of home ownership increases with educational attainment.

³³ United States Census ACS 5-year estimates, 2018-2022

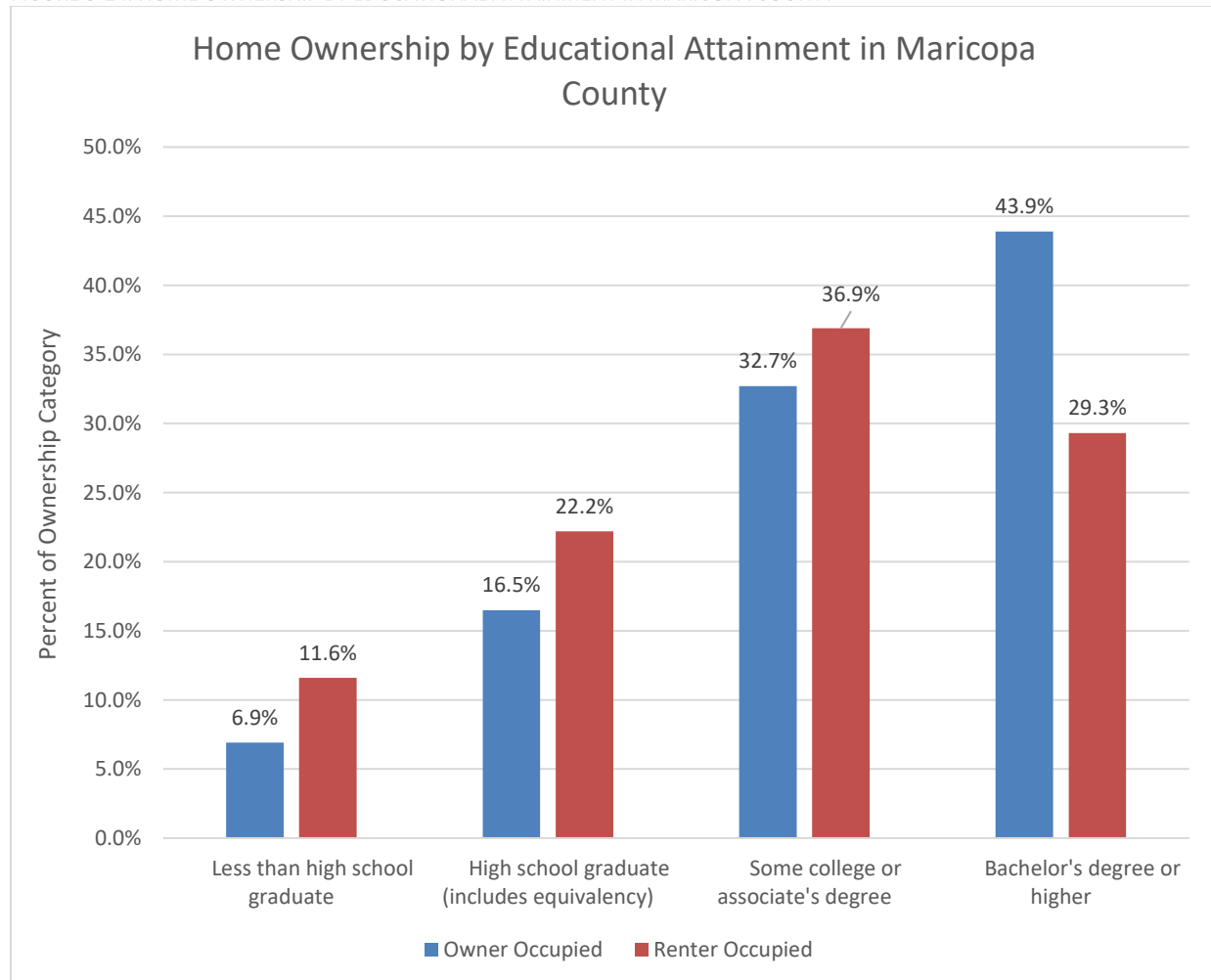
FIGURE 3-13. HOME OWNERSHIP BY EDUCATIONAL ATTAINMENT IN MESA



Source: US Census 2018-2022 ACS 5-Year Estimates

The correlation between education and homeownership in Mesa is very similar to that of Maricopa County.

FIGURE 3-14. HOME OWNERSHIP BY EDUCATIONAL ATTAINMENT IN MARICOPA COUNTY



Source: US Census 2022 ACS 5-Year Estimates

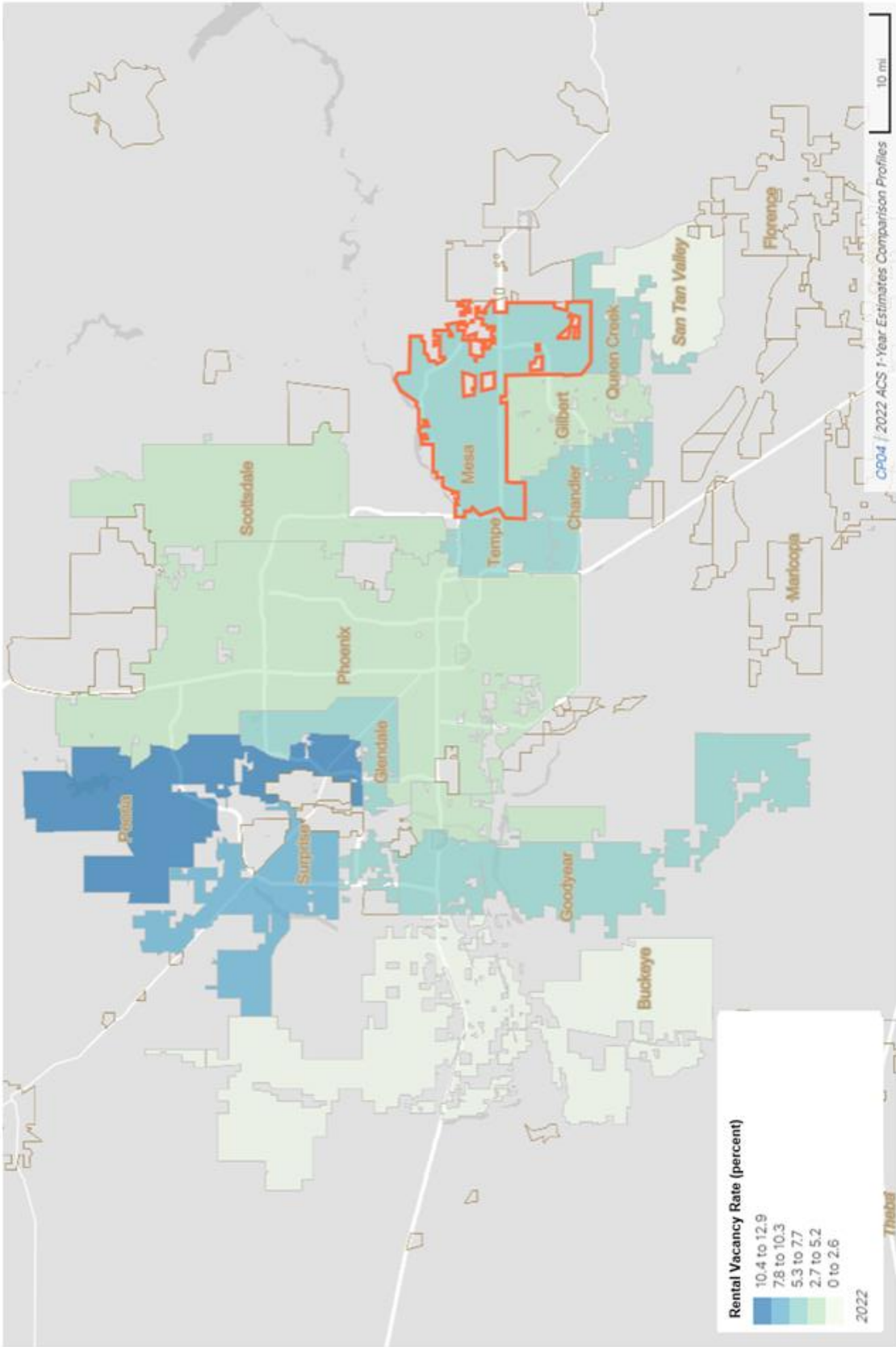
Vacancy in Rental and Homeowner Units

Rental and Homeowner Vacancy Rates

Cushman Wakefield, a commercial real estate firm, estimates that the multifamily vacancy rate in Mesa-Gilbert for the fourth quarter of 2023 was 6.9 percent, up from 6.4 percent in the third quarter. This upward trend in vacancy has continued for more than a year, as the rate was 5.5 percent during the second quarter of 2022. Traditionally, Mesa's apartment vacancy rate has remained at about 5.4 percent, similar to the rest of Maricopa County. Currently, the multifamily vacancy rate for Mesa-Gilbert is slightly higher than the larger metropolitan region - at 6.9 percent for the City and 6.7 percent for the larger Phoenix Metro Area in the fourth quarter of 2024.

The vacancy rate for rental units is higher than that for owned units (0.8 percent in Mesa and 1.1 percent in Maricopa County). Mesa's rental vacancy rate is in the middle of the pack compared to other places in the surrounding region. Figure 3-15 maps the rental vacancy rates in the surrounding region to the extent data was available for various cities.

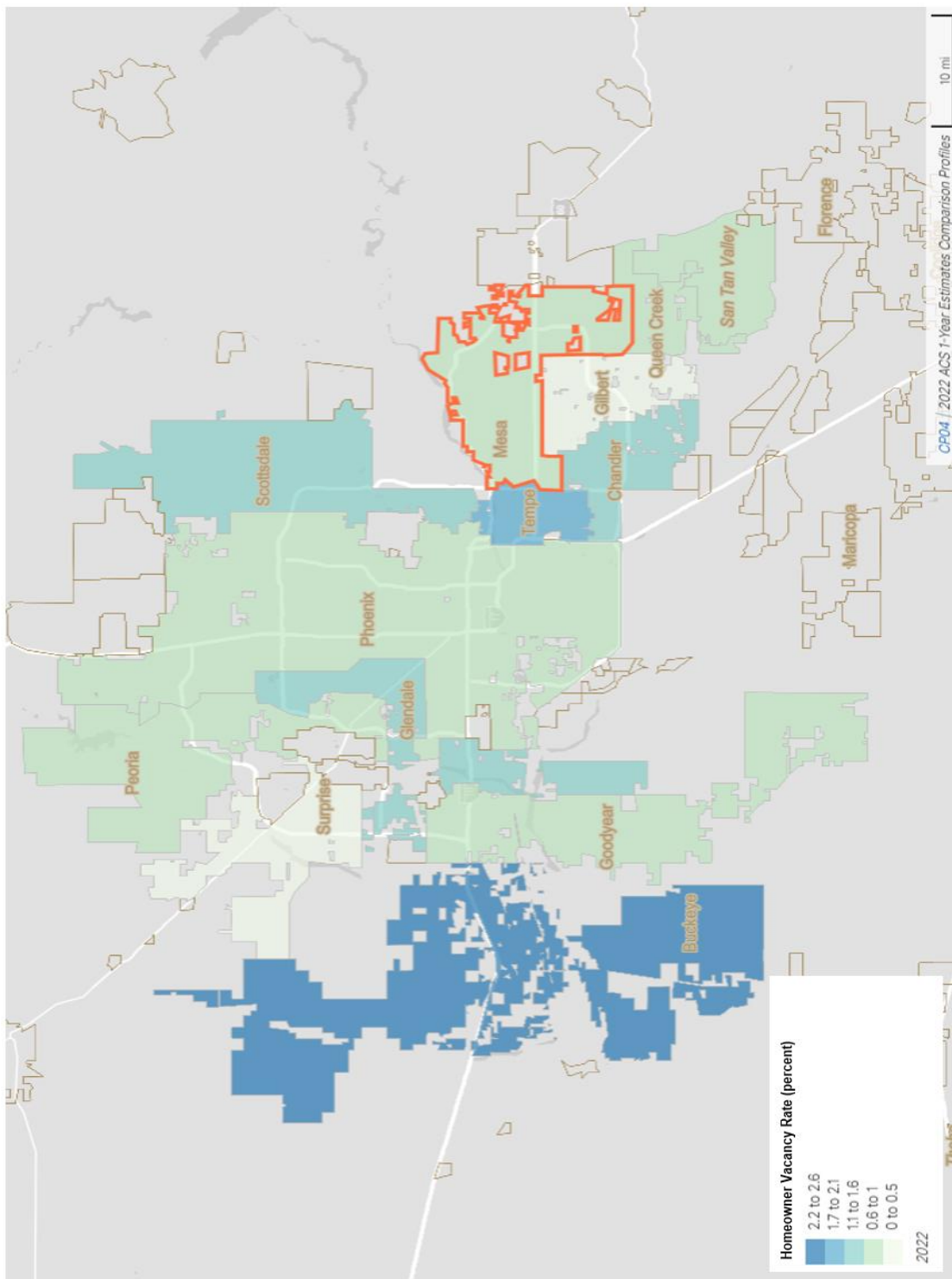
FIGURE 3-15. RENTAL VACANCY RATE IN MESA AND SURROUNDING MARICOPA COUNTY CITIES (2022)



Source: US Census Bureau ACS 1-Year Estimates 2022

Mesa’s homeowner vacancy rate is low, similar to that of many other cities in Maricopa County. In Maricopa County, only Gilbert and Surprise have lower homeowner vacancy rates than Mesa. Figure 3-16 maps the homeowner vacancy rates in the surrounding region to the extent data was available for various cities.

FIGURE 3-16. HOMEOWNER VACANCY RATE IN MESA AND SURROUNDING MARICOPA COUNTY CITIES (2022)

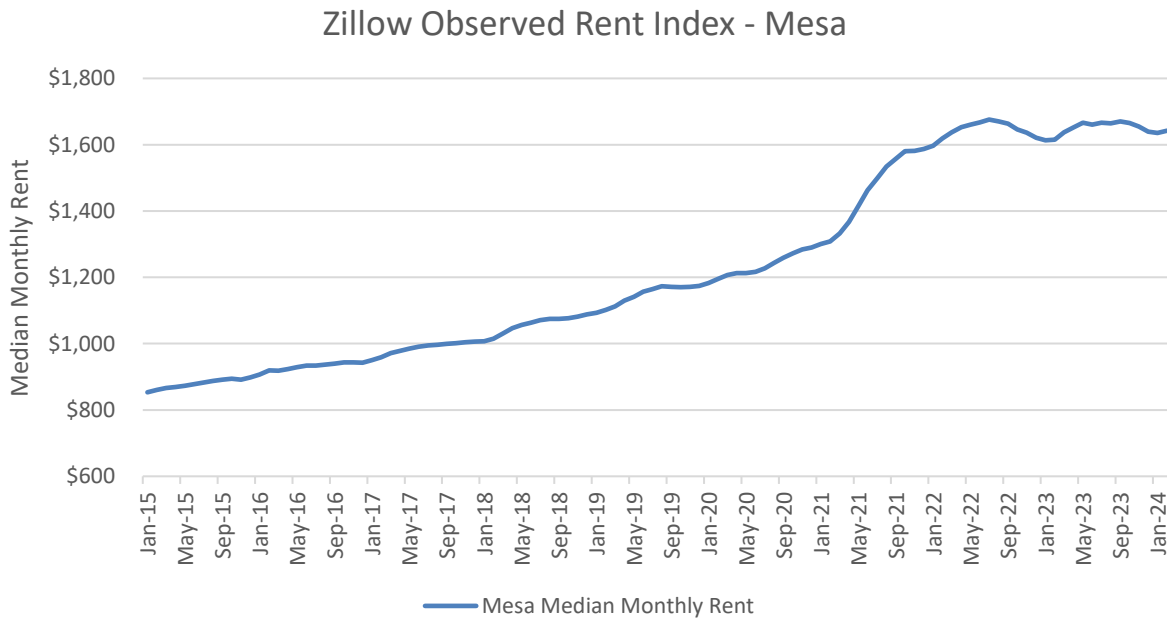


Source: US Census Bureau ACS 1-Year Estimates 2022

What are Renters Able to Afford in Mesa?

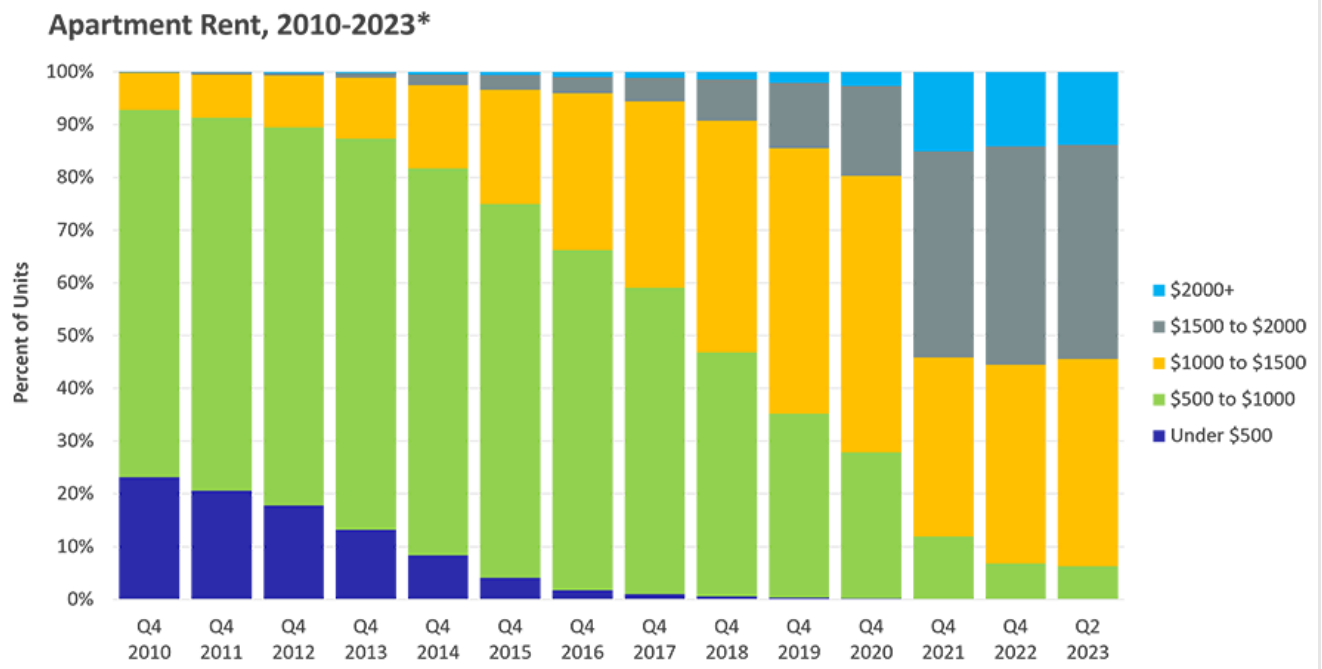
According to the Zillow Observed Rent Index for Mesa, as of March 2024, Mesa's median monthly rent for residential units is \$1,642. Over the five years from January 2018 to January 2023, rents rose 60.2 percent, from \$1,006 to \$1,613 monthly.

FIGURE 3-17. ZILLOW OBSERVED RENT INDEX - MESA



Not surprisingly, given the rapid rent rise, affordable units have declined steadily. Figure 3-18 shows the decline of affordable units in the region as well as the number of units that were available in 2023 at different rent rates. As of 2023, the average rent in Mesa was \$1,480, according to Cushman Wakefield. This is lower than the County average rent rate of \$1,631. Despite this relative affordability, rising rent rates are an increasing burden for many households.

FIGURE 3-18. MONTHLY APARTMENT RENT FOR THE PHOENIX MSA



Source: RealData, Inc. *2023 data through Q2 only

Figure Sourced from Maricopa Association of Governments

How Prevalent are Mobile Homes in Mesa?

The ACS 2022 data shown in Figure 3-19 show that Mesa has the highest concentration of mobile homes in Maricopa County. Over one fourth of all mobile homes in Maricopa County are located in Mesa. According to the data, ten percent of available housing in Mesa consists of mobile homes, which constitutes 46 percent of the overall total mobile homes in Maricopa County. Research shows that 71 of the 111 mobile home parks in the City are age-restricted and allow only residents who are 55+, meaning they currently provide housing for many of Mesa’s older residents.

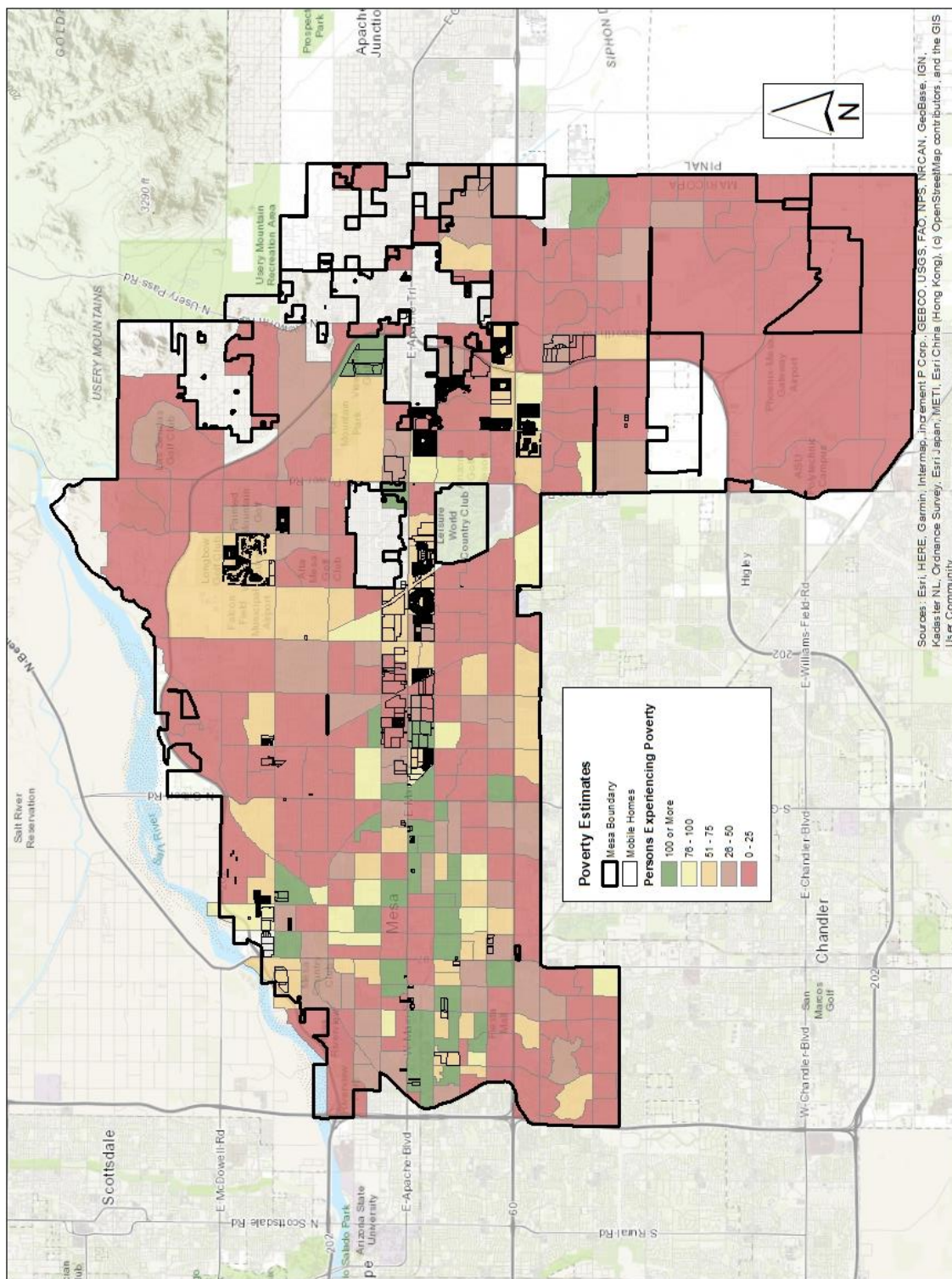
FIGURE 3-19. MOBILE HOMES AS A PERCENTAGE OF TOTAL HOUSING IN MESA

	Phoenix	Glendale	Scottsdale	Tempe	Mesa	Maricopa County
Mobile Homes	18,470	5,245	1,400	1,936	18,728	73,274
Mobile Homes as a Percentage of City Housing	3.10%	6.1%	1.20%	2.60%	9.70%	4.4%
Percent of County Total Mobile Homes	25%	7%	2%	3%	26%	100%

Source: US Census 2018-2022 ACS 5-Year Estimates

Figure 3-20 shows mobile homes and the number of persons experiencing poverty by block group in Mesa. The map reveals some correlation between poverty and the geographic area where mobile homes are located, especially along the US-60 corridor in the central portion of the City.

FIGURE 3 – 20: MOBILE HOMES AND POVERTY IN MESA



Source: US Census Bureau ACS 5-Year Estimates 2021

For-Sale Market

This section discusses the for-sale market in Mesa, including the units available by price range, general location, affordability, and days on the market.

What is For Sale in Mesa?

In February 2024, the MLS (a list of for-sale properties in Mesa) showed 1,925 properties for sale.³⁴ On March 18, 2024, Arizona Network Realty reported 1,343 active listings representing 65 percent single-family home listings, 30 percent manufactured or mobile homes, and five percent multifamily duplexes or condos. In interviews with realtors and other real estate professionals in the City during the Fall of 2023, most of these professionals stated that the greatest demand was for homes within the \$300,000 to \$400,000 price range. Those interviewed also said that listings were down overall as owners were unwilling to trade their existing mortgages with lower interest rates for new homes with higher rates in today's market. There is a "wait-and-see attitude" in the market currently.

Distribution, Pricing, and Days on Market of for Sale Homes

For-sale home prices are generally lower in the western parts of the City, with the highest prices in the northeast and southeast. However, asking home prices do not appear to make a difference in the days on the market.

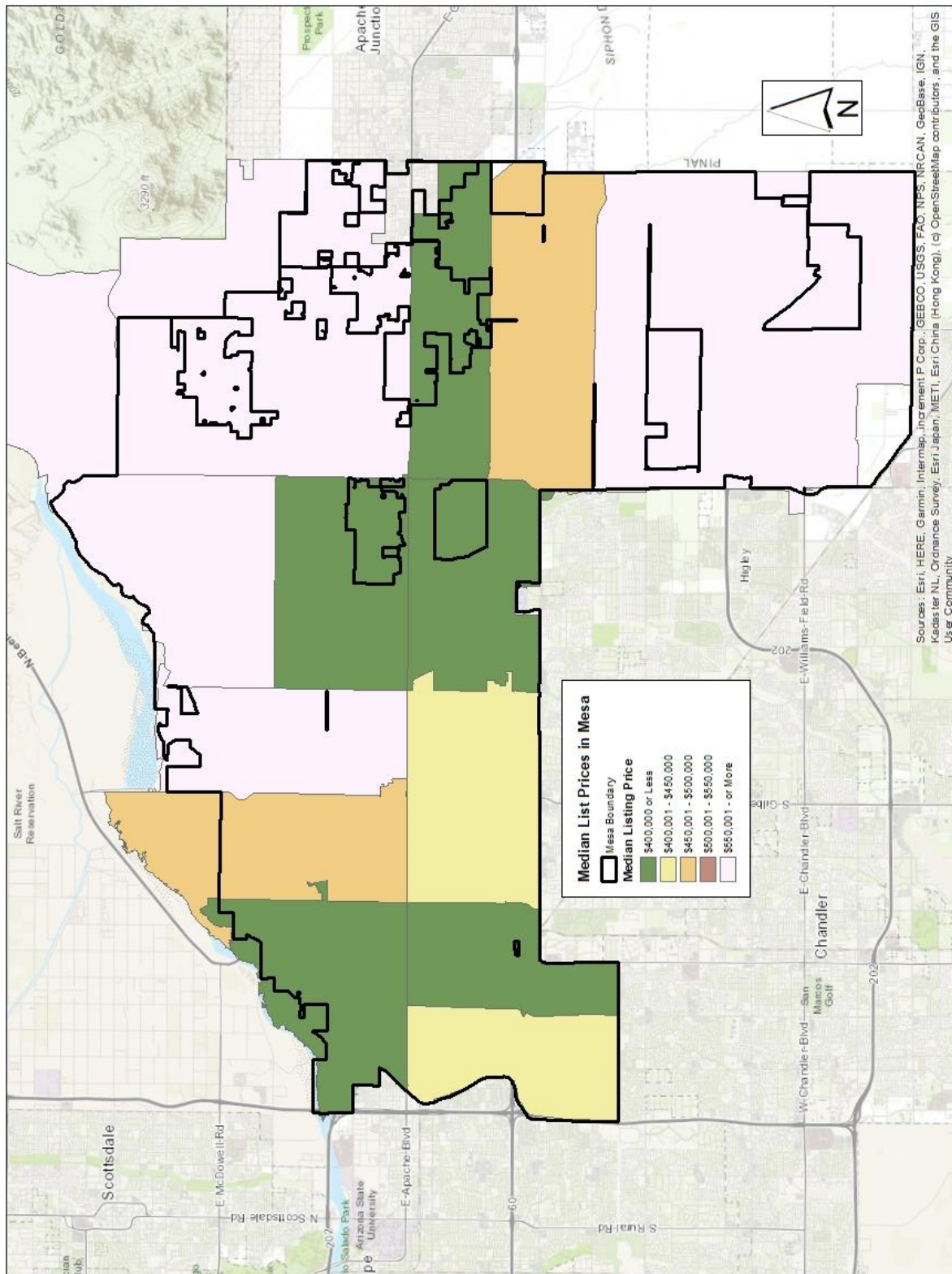
TABLE 3-21 DAYS ON MARKET AND MEDIAN LIST PRICE BY ZIP CODE

Zip Code	Location in City	Median List Price	Median Days on Market
85201	North West	\$373,625	44
85203	North West	\$477,425	24
85202	South West	\$439,713	31
85210	South West	\$353,725	33
85213	North Center	\$613,000	37
85215	North Center	\$559,000	33
85205	North Center	\$380,500	49
85204	South Center	\$422,000	39
85206	South Center	\$370,200	40
85207	North East	\$758,000	47
85208	North East	\$399,900	32
85209	South East	\$463,475	35
85212	South East	\$612,500	40
85201	North West	\$373,625	44

Source: Zillow 2024

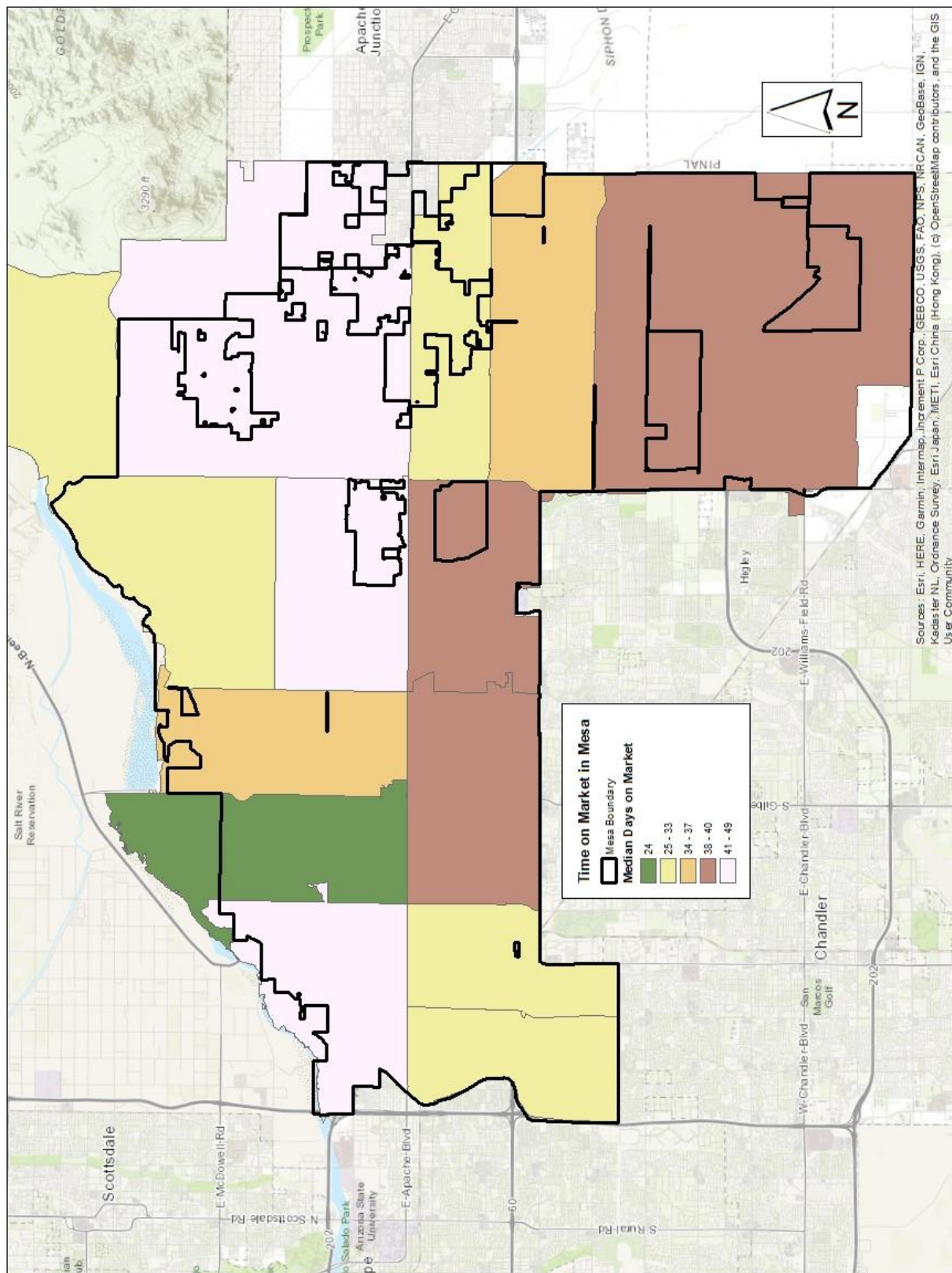
³⁴ Sourced from Rocket Homes.

FIGURE 3 – 22: LIST PRICE IN MESA BY ZIP CODE



Source: Zillow, 2024

FIGURE 3 – 23: MEDIAN TIME ON MARKET BY ZIP CODE



Source: Zillow, 2024

How Easy is it to Buy a Home in Mesa?

The Department of Housing and Urban Development (HUD) has specific guidelines for establishing housing affordability. Using the HUD guidelines, a household making 100 percent of the area median income (AMI) in Mesa could afford a home with a maximum price of \$292,535 with a typical mortgage.³⁵ However, based on Home Builders Association of Central Arizona data, the average permitted value of new homes in Mesa is now \$469,546, beyond the affordability range for households at 100 percent of AMI. The average MLS list price of \$478,697, as listed in February 2024, which also exceeds the 100 percent AMI affordability threshold.

Figure 3-24 shows the number of units listed and likely affordable at each percentage of area median income. The number of affordable listings presented in the figure is not cumulative, but a column showing the cumulative percentage of affordable listings is included on the far-right side of the table.

A comparison of the percent of households in each AMI category with the percent of active listings shows that the current for-sale market has limited availability for Mesa's typical income earners but high availability for high-income earner households. For convenience, when comparing Mesa's households to its for-sale market availability, two columns ideal for comparison have been italicized: "*Cumulative % of Mesa Households*" and "*Cumulative % of Active Listings Affordable*."

FIGURE 3-24. AFFORDABILITY OF MLS LISTINGS BY PERCENTILE OF AREA MEDIAN INCOME* IN MESA

Percent of Area Median Income	% of Mesa Households	<i>Cumulative % of Mesa Households</i>	Maximum Affordable Home Price Range	Number of Active Listings in Affordable Range	% of Active Listings in Affordable Range	<i>Cumulative % of Active Listings Affordable</i>
30% of AMI	15%	15%	\$60,134	120	9%	9%
50% of AMI	15%	30%	\$60,134 - \$126,577	121	9%	18%
80% of AMI	20%	50%	\$126,577 - \$226,143	144	11%	29%
100% of AMI	11%	61%	\$226,143 - \$292,535	99	7%	36%
130% of AMI	12%	73%	\$292,535 - \$392,125	228	17%	53%
150% of AMI	6%	79%	\$392,125 - \$458,516	113	8%	61%
180% of AMI	8%	87%	\$458,516 - \$558,106	147	11%	72%
Workforce Plus (200% of AMI)	12%	99%	\$558,106 - \$624,502	74	6%	78%
High Income Earner (\$300,000 or more)	1%	100%	\$624,502 - \$1,143,531+	223 - 297	22%	100%

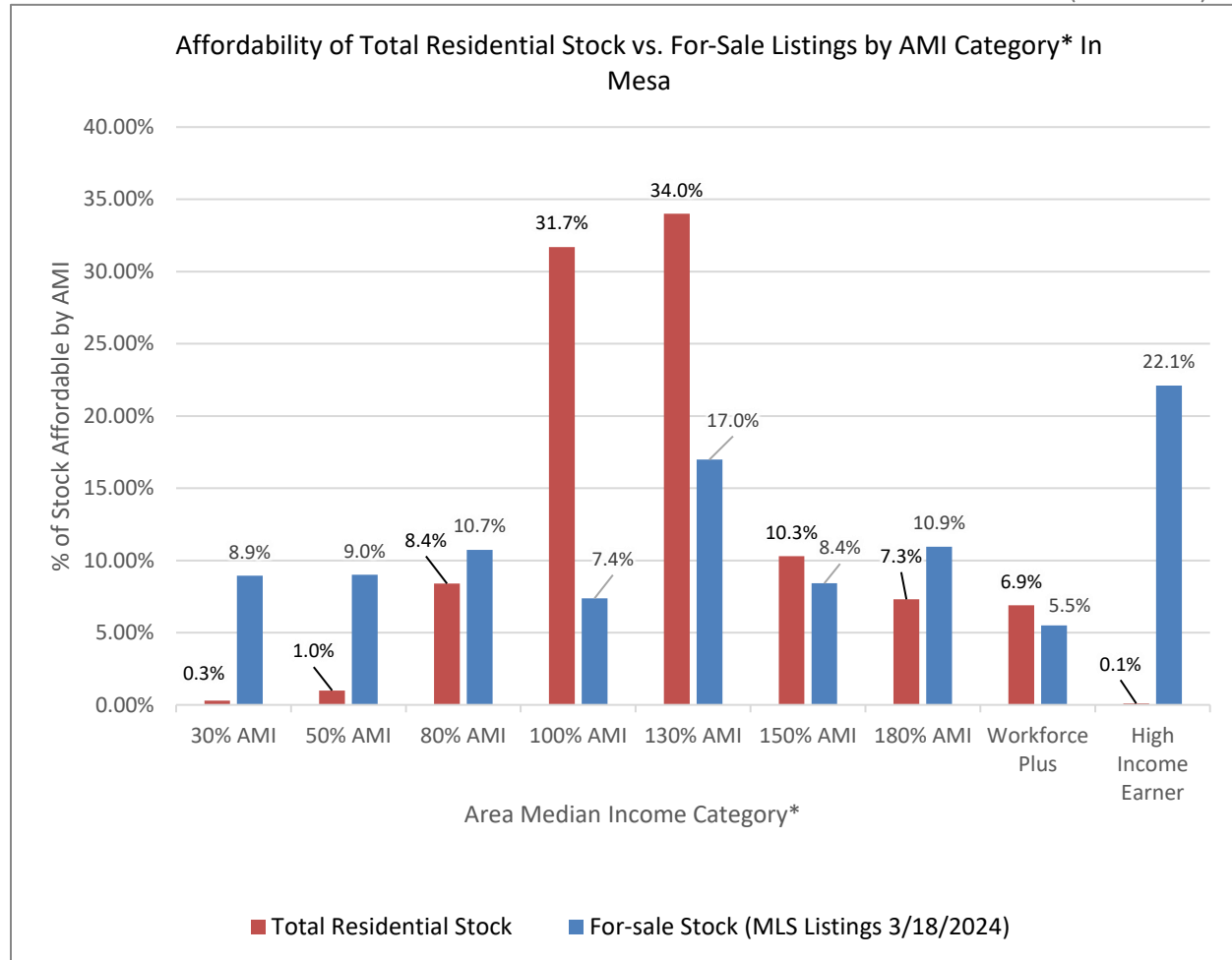
Source: Arizona Network Realty, listings as of 3/18/2024

*Workforce Plus and High-Income Earner categories are not defined by HUD but are included to better analyze higher income levels

³⁵ Assumes 10 percent downpayment and 6.5 mortgage interest rate

The information in the above table regarding the number of MLS listings is visualized in Figure 3-25 below. While 0.3 percent of all housing stock in the City is available to residents, making 30 percent of AMI, 8.9 percent of all for-sale listings fall in this category. On the other hand, 0.1 percent of all housing stock falls in the high-income earner category (home prices above \$624,502), yet 22.1 percent of all MLS listings are in this price range.

FIGURE 3-25. AFFORDABILITY OF TOTAL RESIDENTIAL STOCK VS. FOR-SALE LISTINGS BY AMI CATEGORY* IN MESA (MARCH 2024)

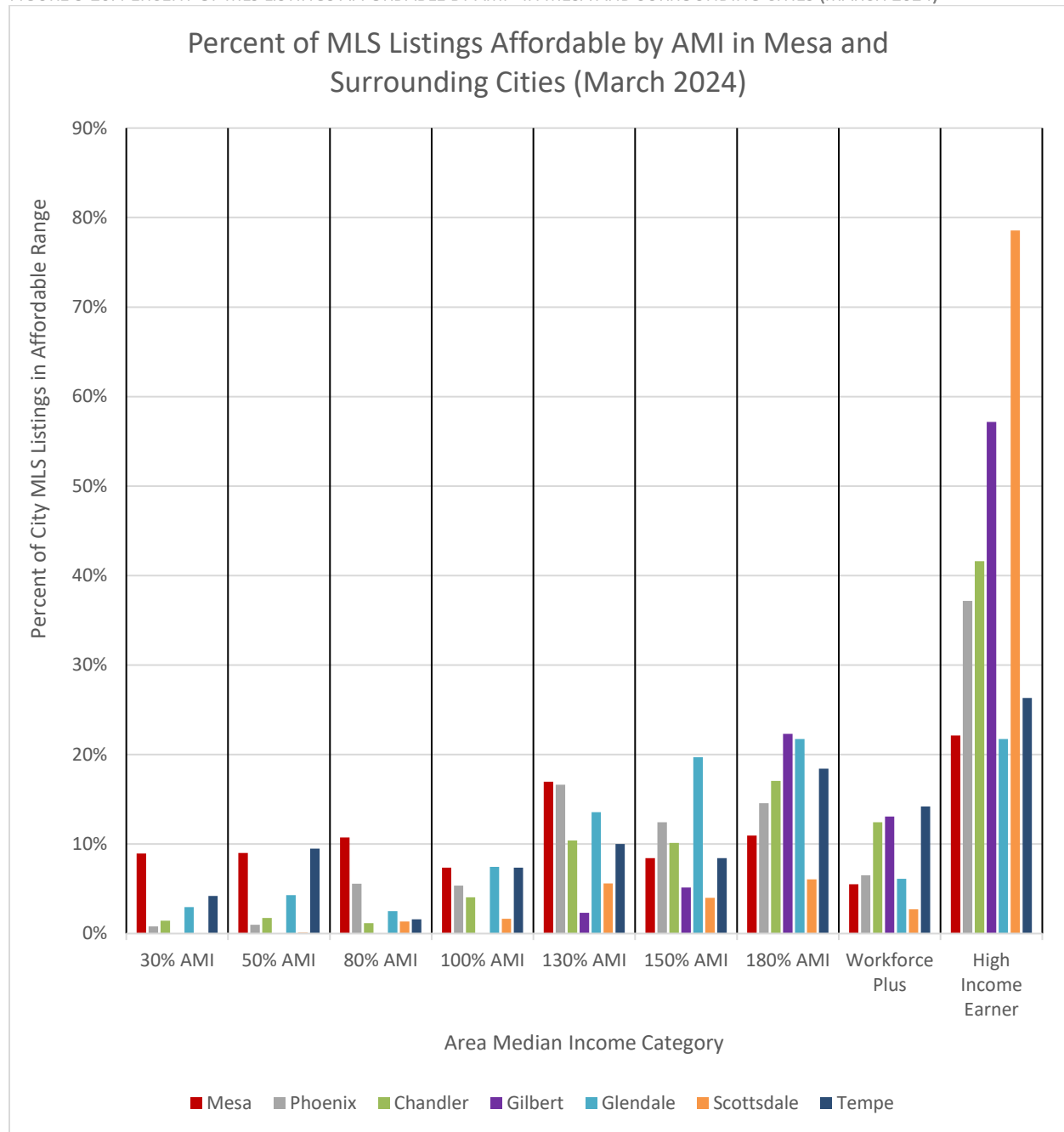


Source: US Census 2018-2022 ACS 5-Year Estimates, ZPFI; Arizona Network Realty

*Workforce Plus and High-Income Earner categories are not defined by HUD but are included to better analyze higher income levels; does not include apartment units

Compared to other cities, Mesa has a higher proportion of lower-priced for-sale units and a lower proportion of higher-priced homes.

FIGURE 3-26. PERCENT OF MLS LISTINGS AFFORDABLE BY AMI* IN MESA AND SURROUNDING CITIES (MARCH 2024)



Source: Arizona Network Realty, listings as of 3/18/2024

*Workforce Plus and High-Income Earner categories are not defined by HUD but are included to better analyze higher income levels

New Construction Market

This section discusses the market for new home construction, including home values, permit types (single-family and multi-family), and housing construction trends.

New Construction Values

The cost of new housing in Mesa has increased substantially over the past six years. The average permitted value for single-family homes increased from \$324,436 in 2018 to \$469,546 in 2023—an increase of 45 percent. The greatest increase occurred between 2022 and 2023.

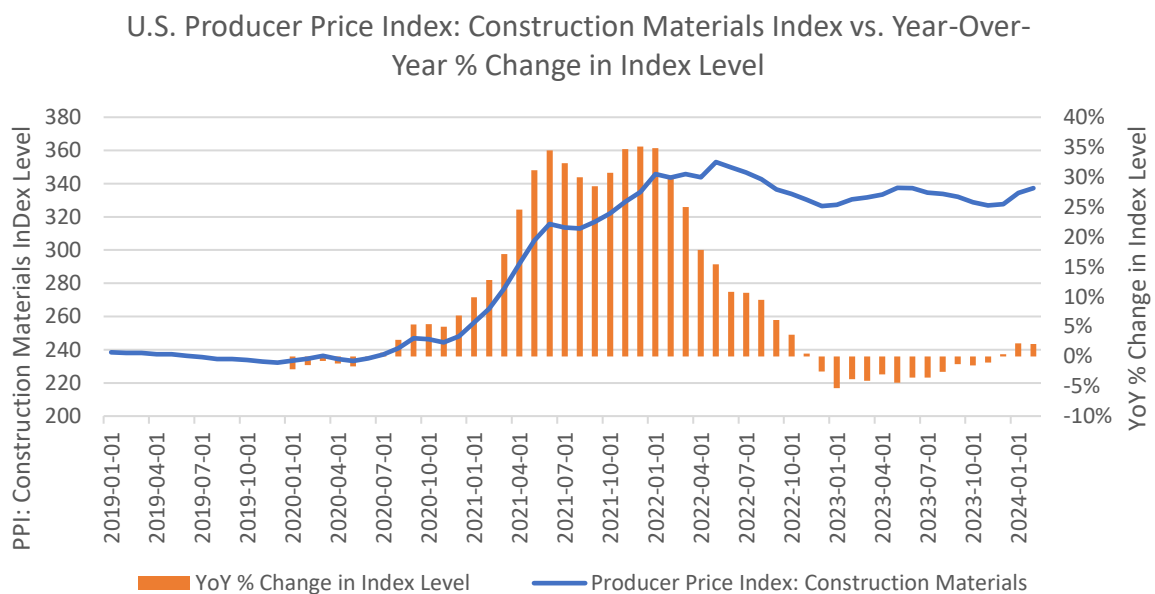
FIGURE 3-27. VALUE OF BUILDING PERMITS ISSUED IN MESA, 2018 TO 2023 YTD

Year	Single Family (Attached) Value	Year Over Year Price Change	Single Family (Detached) Value	Year Over Year Price Change	Underlying Inflation Rate
2018	\$187,425		\$324,436		2%
2019	\$198,499	+ 5.91%	\$327,925	+ 1.8%	2%
2020	\$241,120	+21.47%	\$339,716	+ 3.6%	1%
2021	\$225,912	- 6.31%	\$346,090	+ 1.9%	5%
2022	\$224,295	- 0.72%	\$351,770	+ 1.6%	8%
2023	\$292,165	+ 30.26%	\$469,546	+33.48%	4%

Source: City of Mesa Building Permits Issued. 2023 is YTD October 23, 2023. Inflation Rate: Minneapolis Federal Reserve Bank, Bureau of Labor Statistics

Construction costs play a large role in the increased home prices. The National Producer Price Index for Construction Materials, while excluding labor and overhead costs, is a proxy for increasing construction costs in the region. From January 2019 to January 2023, this index jumped by 37 percent. However, the rate of change of these price increases has slowed, as indicated in the figure below, which has provided price moderation and some near-term stability.

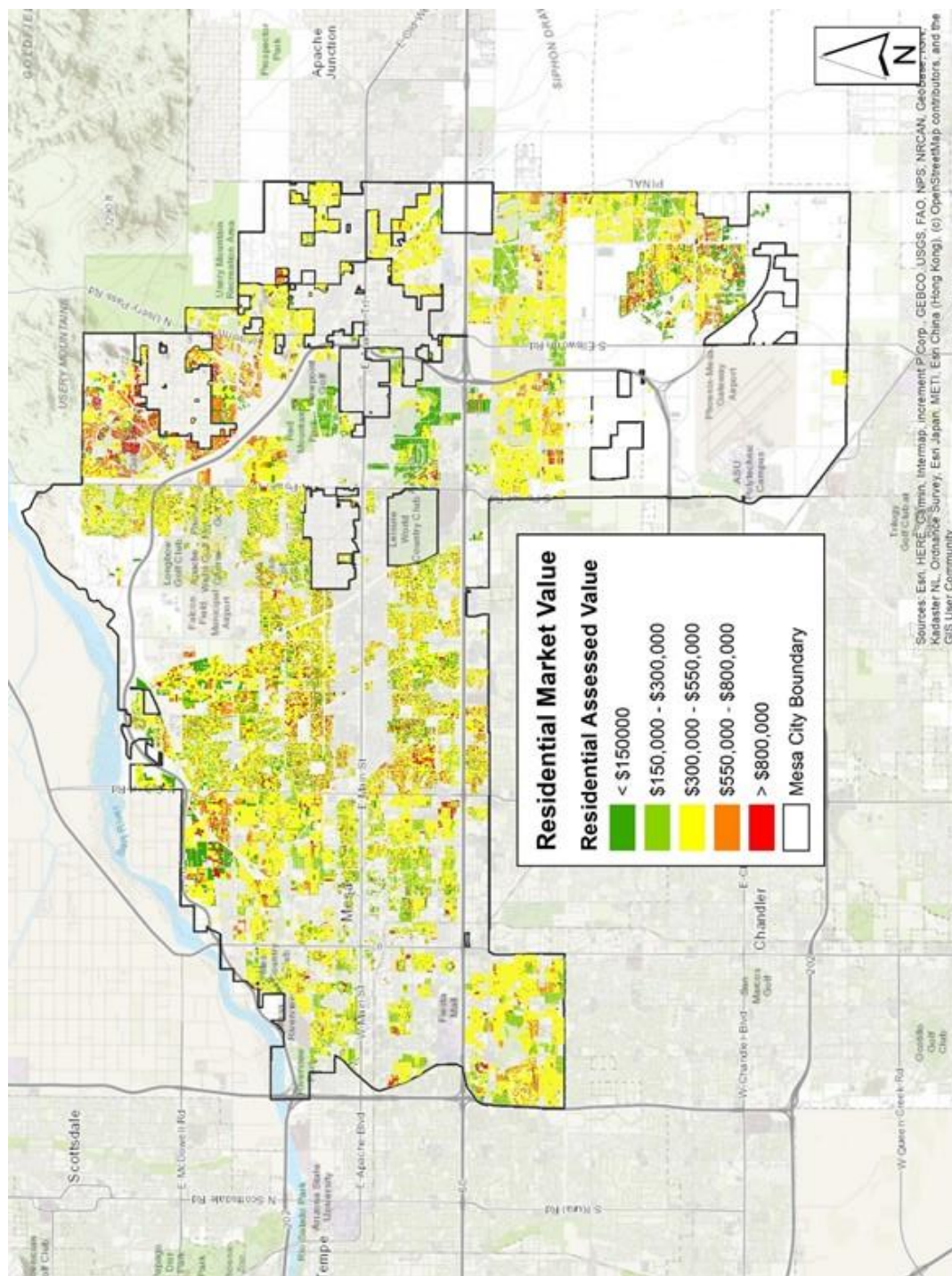
FIGURE 3-28. U.S. PRODUCER PRICE INDEC: CONSTRUCTION MATERIALS INDEX VS. YEAR-OVER-YEAR % CHANGE IN INDEX LEVEL



High home prices, coupled with a significant rise in interest rates, have made buying a home challenging for many households in the City.

In terms of luxury homes for households with higher incomes, many homes with assessed values above \$800,000 are near the Las Sendas Golf Club and Thunder Mountain, although higher-priced homes are also found in other areas of the City. See Figure 3-29 for the geographic distribution of home values in Mesa.

FIGURE 3-29. ASSESSED HOME VALUES IN MESA

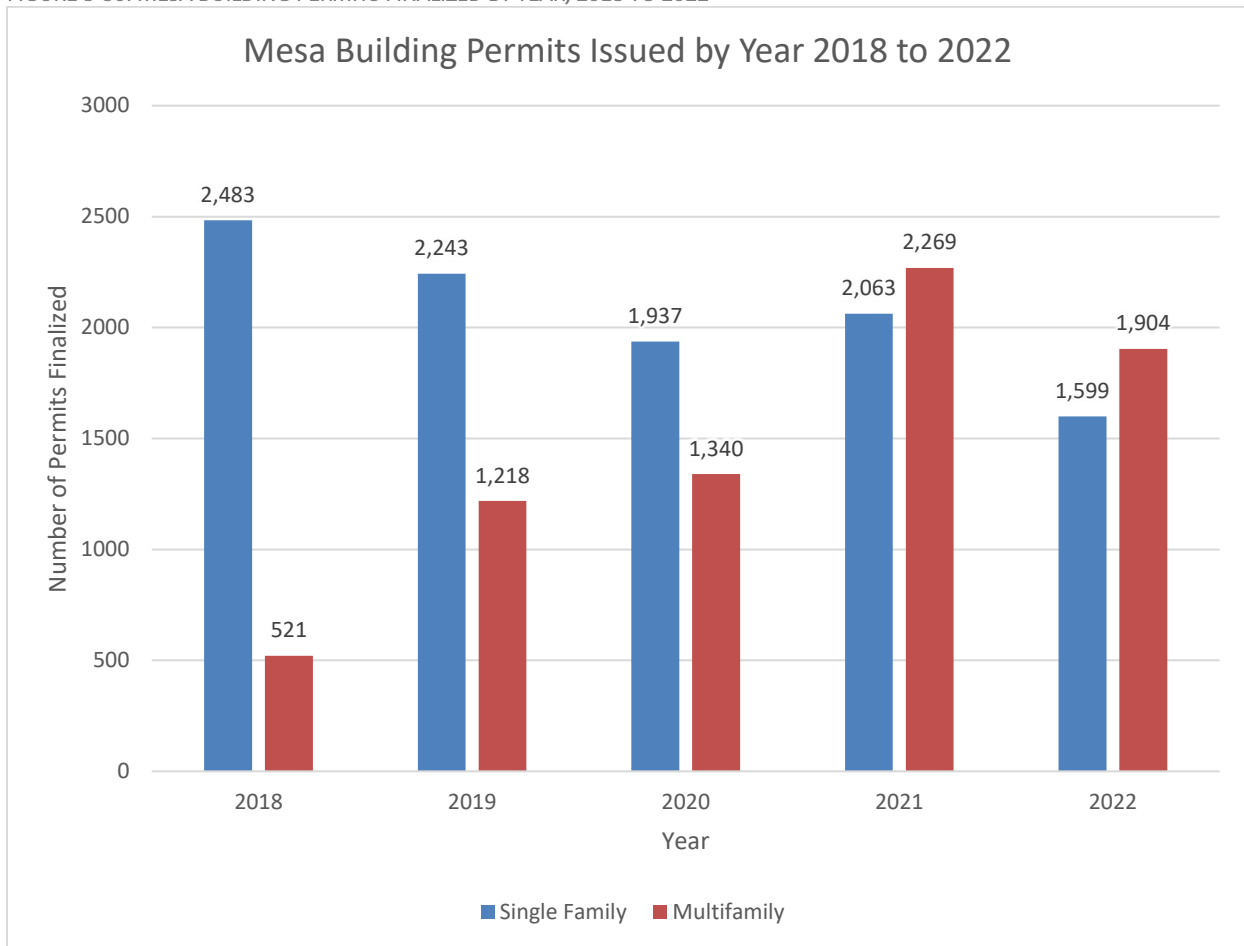


Source: Maricopa County Assessor's Office 2022, ZPFI

New Construction Permit Types

More permits were issued for multi-family residences in 2021 and 2022 than for single-family residences. This reverses the trend of earlier years when more single-family permits were issued. This increase is likely due to changes in consumer demand and the depletion of remaining vacant land for development. According to 2022 ACS 5-year Estimates, 65 percent of Mesa's population lives in rental housing. If building permit trends continue, the proportion of residents renting versus owning their home will increase.

FIGURE 3-30. MESA BUILDING PERMITS FINALIZED BY YEAR, 2018 TO 2022



Source: Home Builders Association of Central Arizona, 2023

Summary of Housing Units and Household Incomes

Figure 3-31 shows the number of existing housing units (owner and renter) and affordable house price ranges within each AMI category. The figure shows a lack of sufficient supply for households making less than 50 percent of AMI, a robust supply between 80 percent and 130 percent of AMI, and a lack of units for households making more than 150 percent of AMI.

FIGURE 3-31. SUMMARY OF HOUSING AFFORDABILITY BY EXISTING HOUSING STOCK

Income Level	Income Cap	Affordable Home Price	Affordable Rent Range	Number of Households	Owner Units	Rental Units
30% AMI	\$25,250	\$60,134	\$381	24,542	11,464	1,032
50% AMI	\$42,100	\$60,134 - \$126,577	\$381 - \$803	24,984	5,929	7,693
80% AMI	\$67,350	\$126,577 - \$226,143	\$803 - \$1,434	37,711	15,771	44,754
100% AMI	\$84,187	\$226,143 - \$292,535	\$1,434 - \$1,855	21,281	21,680	12,036
130% AMI	\$109,443	\$292,535 - \$392,125	\$1,855 - \$2,486	24,404	28,807	6,546
150% AMI	\$126,280	\$292,535 - \$392,125	\$2,486 - \$2,907	29,275	11,319	86
180% AMI	\$151,536	\$392,125 - \$458,516	\$2,907 - \$3,538	487	11,843	1,468
Workforce Plus	\$168,374	\$458,516 - \$558,106	\$3,538 - \$3,959	5,825	4,126	409
High Earner plus	\$300,000 plus	\$558,106 - \$624,502	\$3,959 - \$7,250+	24,807	14,121	207

Source: HUD; United States Census ACS 5-year estimates, Maricopa County Assessor's database

Meeting the Needs of Homeless Persons in Mesa

In 2023, Mesa saw a slight decline in the number of unsheltered homeless in the City. Though typically recording the second- or third-largest unsheltered homeless population in Maricopa County during point-in-time counts (see figure 3-32), Mesa has a lower ratio of unsheltered homeless to total population compared to the County and many surrounding cities (see figure 3-33). The City's approach to addressing homelessness is a "housing first strategy" with a "focus on getting people off the streets."³⁶ Once immediate housing needs are met, the City uses multiple strategies to help homeless neighbors progress toward more stable housing.

FIGURE 3-32. UNSHELTERED HOMELESS SPOT COUNT

City	2019	2020	2021	2022	2023
Mesa	206	338	N/A*	451	366
Phoenix	2,030	2,380	N/A*	3,096	3,333
Tempe	373	396	N/A*	384	406
Gilbert	2	9	N/A*	15	17
Chandler	54	75	N/A*	133	115
Glendale	194	170	N/A*	406	170
Maricopa County	3,188	3,767	N/A*	5,029	4,908

*2021 Count was not measured due to COVID-19 *The remaining number for the County is from either unlisted cities or unincorporated county

Source: Maricopa Association of Governments Point-in-Time Unsheltered Street Count 2023

³⁶ Mayor John Giles, September 15, 2023 "Mesa Mayor Discusses City's Success Addressing Homelessness" ABC 15 News

FIGURE 3-33. UNSHELTERED HOMELESS SPOT COUNT

City	Unsheltered Homeless Spot Count (Average of 2019, 2020, 2022, 2023)	2022 Total Population	Average Unsheltered Homeless as a % of Total Population
Mesa	366	503,390	0.07%
Phoenix	3,333	1,609,456	0.21%
Tempe	406	181,005	0.22%
Gilbert	17	267,267	0.01%
Chandler	115	275,618	0.04%
Glendale	170	248,083	0.07%
Maricopa County	4,908	4,430,871	0.11%

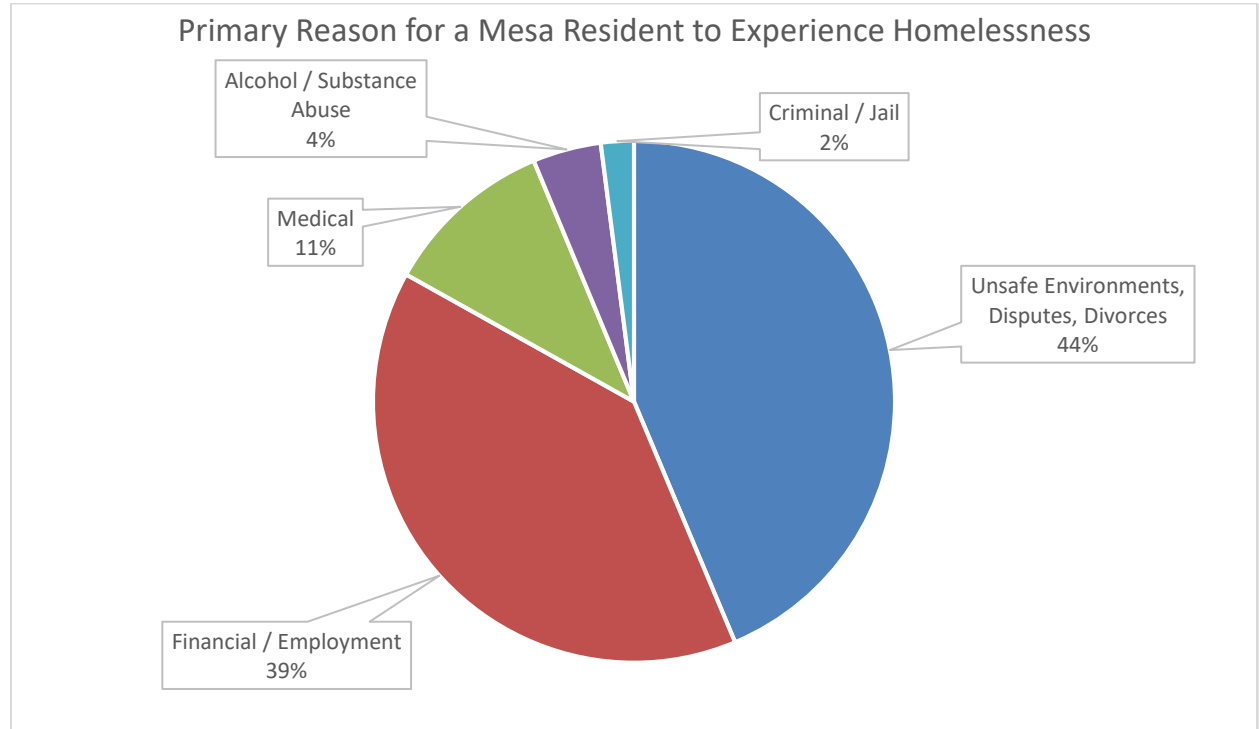
*2021 Count was not measured due to COVID-19 *The remaining number for the County is from either unlisted cities or unincorporated county

Source: Maricopa Association of Governments Point-in-Time Unsheltered Street Count 2023; US Census 2018-2022 ACS 5-Year Estimates

Snapshot of Mesa’s Homeless Population

Figure 3-34 shows data collected from Mesa’s Off the Streets Program, analyzing the primary reason why those interviewed were experiencing homelessness. Of great concern is the fact that 44 percent of respondents felt they were in an unsafe environment before experiencing homelessness.

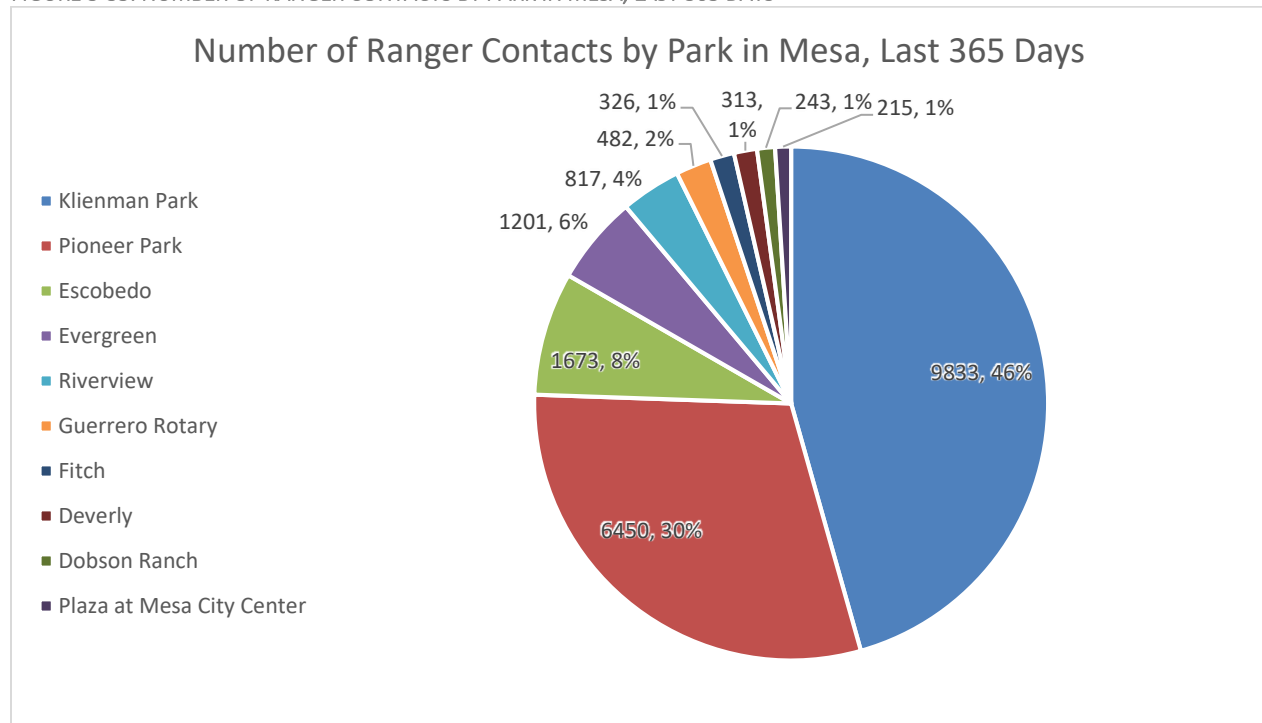
FIGURE 3-34. PRIMARY REASON FOR A MESA RESIDENT TO EXPERIENCE HOMELESSNESS



Source: City of Mesa Off the Street Program, Community Bridges Inc.

The information was obtained from ranger contacts with homeless persons in various areas of the City, as shown in Figure 3-35.

FIGURE 3-35. NUMBER OF RANGER CONTACTS BY PARK IN MESA, LAST 365 DAYS



Source: Park Ranger Homeless Related Contacts, City of Mesa

The Impact of Foreclosures and Financial Distress on Housing in Mesa

HUD and many other federal programs use 30 percent of gross income as the limit for how much a household should spend on housing and utilities in a month or as a determinant for housing affordability. The following section of the report discusses the housing prices of financially distressed households in Mesa and eviction rates.

Financially Distressed Households in Mesa

Figure 3-36 shows the number of households considered financially distressed in Mesa due to housing. Based on the measure of housing affordability, nearly 60,000 households in Mesa spend more than the recommended 30 percent on housing each month.

FIGURE 3-36. HOUSEHOLD SPENDING ON HOUSING AS A PORTION OF TOTAL INCOME

Income Ranges and Percent of Income Spent on Housing Each Month	Number of Households	Percent of Each Income Group in Each Spending Category
Less than \$20,000		
Less than 20%	582	3.8%
20% to 29%	957	6.3%
30% or More	13,622	89.8%
\$20,000 to \$34,999		

Income Ranges and Percent of Income Spent on Housing Each Month	Number of Households	Percent of Each Income Group in Each Spending Category
Less than 20%	2,575	13.0%
20% to 29%	1,949	9.9%
30% or More	15,243	77.1%
\$35,000 to \$49,999		
Less than 20%	4,301	18.1%
20% to 29%	5,078	21.4%
30% or More	14,321	60.4%
\$50,000 to \$74,999		
Less than 20%	11,182	31.3%
20% to 29%	13,155	36.8%
30% or More	11,428	32.0%
\$75,000 or More		
Less than 20%	67,489	71.4%
20% to 29%	21,718	23.0%
30% or More	5,276	5.6%
Negative Income	2,160	
No Cash Rent	2,280	
Source: US Census 2018-2022 ACS 5-Year Estimates		

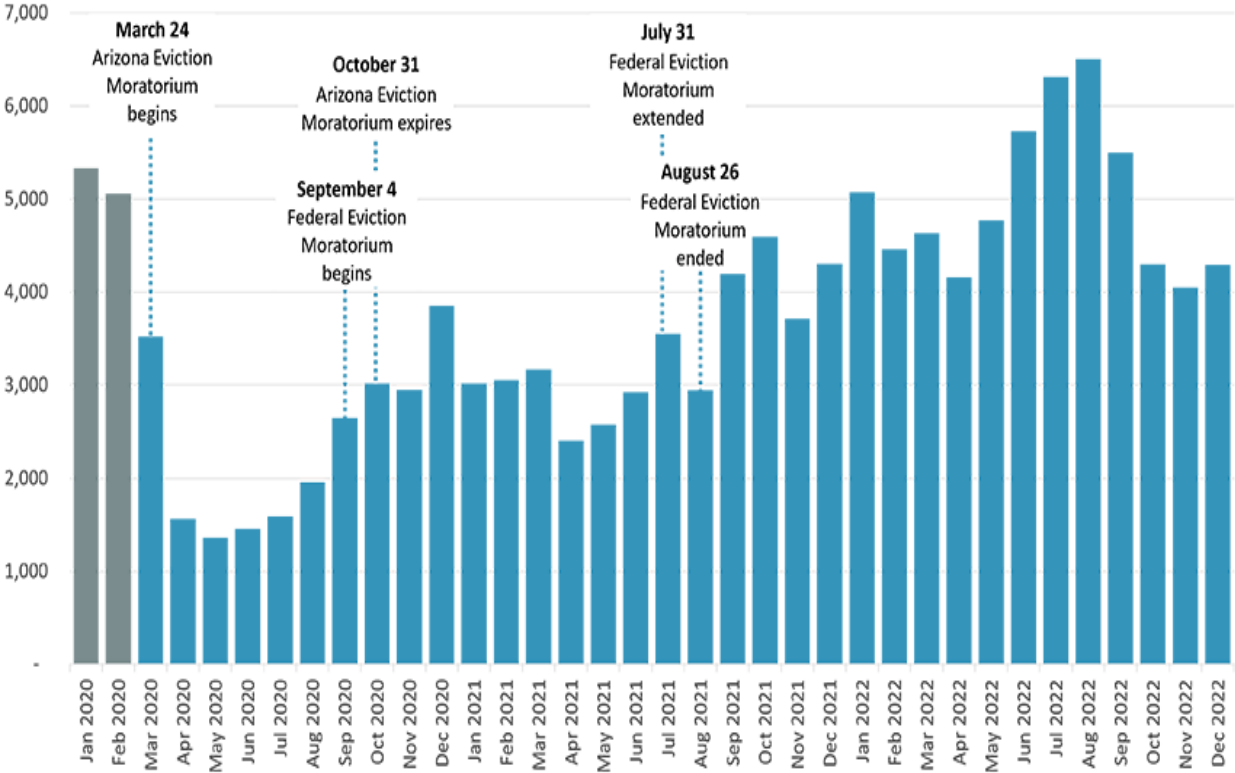
Based on data from the Census Bureau, nearly 74 percent of households that made less than \$50,000 in 2022 spent more than the HUD-recommended 30 percent maximum on housing. A strong correlation exists between lower income levels and a higher percentage of income spent on housing. Households making less than \$20,000 had nearly 90 percent of households spending more than 30 percent; households making between \$20,000 and \$34,999 had over 77 percent of households; and households making \$35,000 to \$49,999 had over 60 percent. In comparison, households making \$75,000 or more had only about 6 percent spend more than 30 percent on housing and utilities.

Eviction Data

Figures 3-37 and 3-38 show Maricopa County Association of Governments data on eviction filings in Maricopa County. In 2020 and 2022, 79 percent of total evictions occurred in areas identified as low-income. Specifically, areas with lower incomes are Census block groups with median household incomes below \$65,000.

FIGURE 3-37. TOTAL EVICTIONS BETWEEN 2020 AND 2022

Maricopa County Eviction Filings, January 2020 to December 2022



Source: Maricopa County Association of Governments

FIGURE 3-38. MAP OF TOTAL EVICTIONS BETWEEN 2020 AND 2022

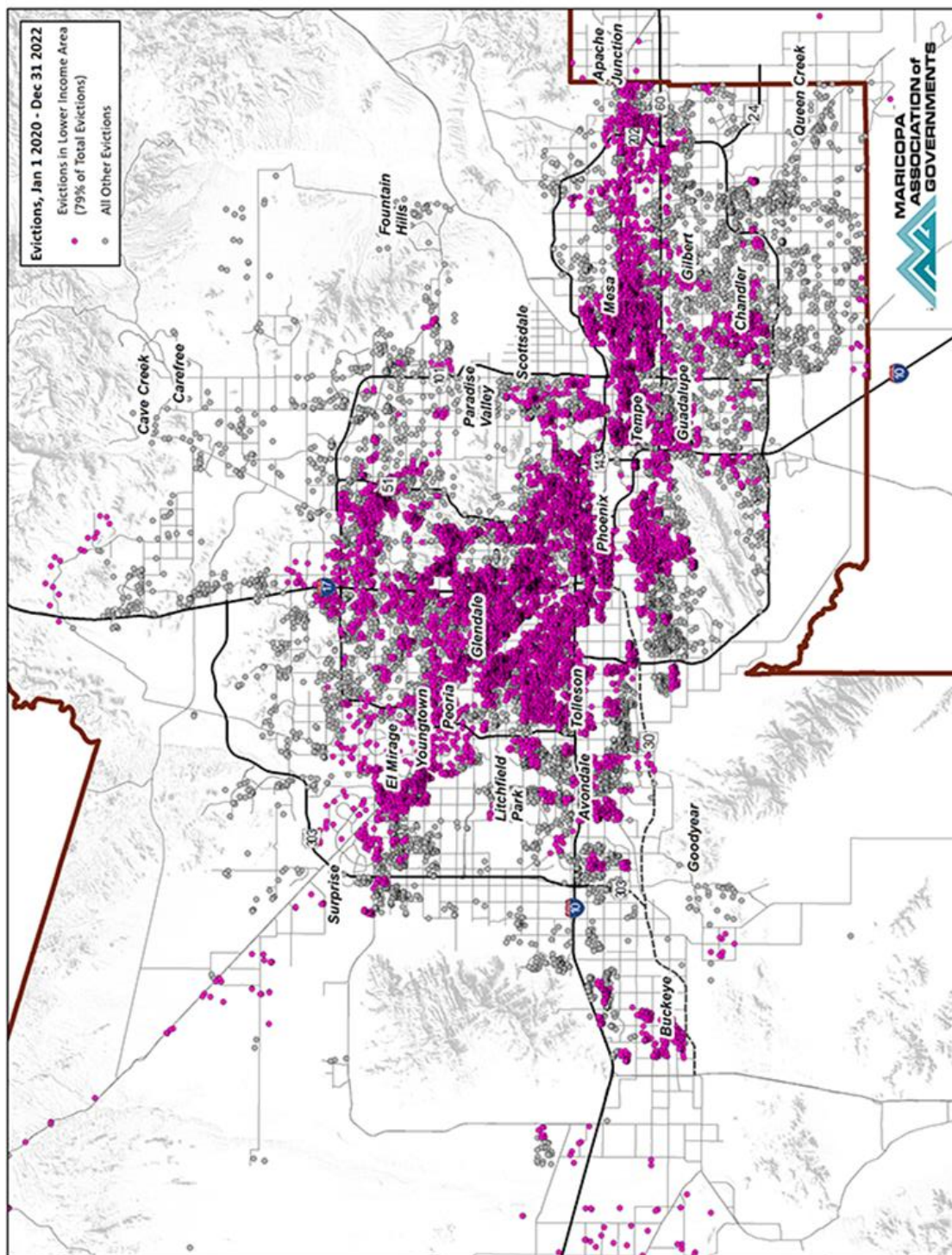


FIGURE 3-38. MAP OF TOTAL EVICTIONS BETWEEN 2020 AND 2022

Source: Maricopa County Justice Courts; U.S. Census Bureau, American Community Survey (ACS)

Source: Maricopa County Justice Courts

Chapter 04

Workforce



Workforce

This Chapter examines current and projected employment in the City along with an analysis of wages and industry sectors. It provides a forecast of housing demand from the perspective of job growth.

Three sources of data were used to analyze employment in Mesa. Data from the City of Mesa's Employment and Labor Force – Monthly Projections were used for historical job growth in Mesa. For future employment projections, City-provided Lightcast data was used. However, Lightcast data was not available for a comparative regional analysis. Therefore, government sources such as Census LODS and Bureau of Labor Statistics data were used for regional analysis. Each source differs in the number of jobs and industry classifications specified due to differences in data collection. These data sources, analyzed in combination, provide valuable insights into the employment market in Mesa and the surrounding region. The Chapter specifies which source is used in each instance.

Summary

Employment in the City of Mesa has grown from approximately 196,440³⁷ jobs in 2010 to 269,753 jobs in 2023 based on City data. The City has a current ratio of 0.41 jobs per capita³⁸ which is less than the Maricopa County average of 0.52 jobs per capita. With a lower jobs per capita ratio, it is not surprising that Census commuter data indicates that 166,000 residents leave the City every day for employment elsewhere, 50,785 residents both live and work in the City, and 116,380 persons enter the City for employment.

While jobs in Mesa are diverse, the local economy is noted for its strong health care sector and is home to world-renowned companies such as Banner Health and Steward Health Care. This is the City's largest employment category with over 33,000 jobs. The second-largest employment sector in the City is Retail Trade, followed by Accommodation and Food Services. These sectors serve not only residents and employees in the City but also the many tourists that visit Mesa.³⁹

Based on Lightcast projections, provided by the City, approximately 25,000 new jobs are anticipated between 2023 and 2030, for average growth of about 3,100 jobs per year. Recently, the City actively recruited new technology and information systems-based employers like Google and Facebook which bring higher-paying jobs to the area and create more demand for higher-priced homes. However, much of the job growth in the City is projected in the retail trade and healthcare support sectors which average lower wages. Lower-paying jobs create demand for lower-priced units where demand is often met through rentals.

As of 2022, median wages in Mesa were \$51,970 for full-time, year-round workers earnings. This is slightly lower than the County's median wage of \$56,059, Gilbert's median wage of \$74,589, and Phoenix's median wage of \$56,069.⁴⁰ While Mesa has higher average wages in some industry sectors, such as health care,

³⁷ Mesa Economic Development, 2024

³⁸ US Census 2018-2022 ACS 5-Year Estimates. The City estimates a jobs ratio of 0.52 based on internal data. However, US Census data has been used in this analysis to enable comparison with Maricopa County and other communities.

³⁹ Visit Mesa reported over 132,000 booked room nights in FY 2023.

⁴⁰ US Census 2018-2022 ACS 5-Year Estimates.

wages in most industry sectors are lower in Mesa than in surrounding communities and impact housing affordability.

Based on job growth projections of 3,100 jobs per year, and assuming 1.5 workers per household, there is a need for about 2,100 housing units per year. Therefore, demand for rental units will likely be strong.

Employment in Mesa

Employment Growth

Although the City of Mesa was incorporated in 1883, much of the City's growth occurred after 1940 with the start of development at Falcon Field airport and Williams Field Air Force Base during World War II. This growth led to a gradual shift from an agricultural economy to urbanization in the 1950s and 1960s. Prior to 1960, approximately half of Mesa's residents were occupationally engaged in agriculture.⁴¹ Over the years, Mesa has continued to diversify its employment base by adding jobs in other sectors associated with a more urban economy.

The City has grown from 196,441 jobs in 2010 to an estimated 269,753 jobs in 2023.⁴²

FIGURE 4-1. HISTORIC JOB GROWTH IN MESA

Date	Jobs	Percent Change in Number of Jobs
2010	196,400	
2011	197,787	0.7%
2012	200,279	1.3%
2013	202,857	1.3%
2014	210,999	4.0%
2015	217,164	2.9%
2016	226,238	4.2%
2017	236,361	4.5%
2018	247,012	4.5%
2019	257,820	4.4%
2020	248,353	-3.7%
2021	256,745	3.4%
2022	264,020	2.8%
2023	269,753	2.2%

Source: Mesa Economic Development Department, Employment and Labor Force – Monthly Projections. Job totals are from December of the year indicated with the exception of 2023 which is updated as of October 2023.

Jobs per Capita

Mesa has a relatively low number of jobs with a ratio of 0.41 jobs per capita, as compared to 0.54 in Gilbert and 0.56 in Chandler.⁴³ Overall, the jobs per capita ratio in Maricopa County is 0.53. Jobs per capita is a reflection of the economy in Mesa, including opportunities for professional mobility and growth which bring higher incomes and different housing needs and preferences.

⁴¹ City of Mesa Library, 2013.

⁴² Lightcast Q3 2023. Data provided by City of Mesa.

⁴³ Employment Projections: City of Mesa Economic Development Department. Population Projections: US Census 2018 – 2022 ACS 5-Year Estimates

FIGURE 4-2. COMPARATIVE JOBS PER CAPITA IN MESA AND SURROUNDING REGION

Place	Jobs per Capita
Tempe	0.67
Chandler	0.56
Gilbert	0.54
Phoenix	0.54
Maricopa County	0.53
Mesa	0.41

Source: US Census 2018–2022 ACS 5-Year Estimates for population. City of Mesa Economic Development Department, Employment and Labor Force Monthly Projections

Largest Employers

Mesa is well known for its prominence in health care and is the home to major and internationally recognized employers like Banner Health and Steward Health Care as well as related companies such as Dexcom (a manufacturer of a continuous glucose monitoring system). Other large employers include Boeing, Drivetime, Santander, government entities (including the City of Mesa and Maricopa County) and education (Mesa Public Schools and colleges).

FIGURE 4-3. LARGEST EMPLOYERS IN MESA

Employer Name	Number of Employees in Mesa
Banner Health	10,550
Mesa Public Schools	7,708
The Boeing Company	4,778
City of Mesa	4,412
Dexcom	2,200
Maricopa County Community College District	1,805
Drivetime Automotive Group	1,448
Steward Health Care	947
Maricopa County	928
Santander Consumer USA	830

Source: Maricopa Association of Governments Employer Database, 2023 Update

Employment by Industry Sector

As of 2023, Banner Health is the largest employer in Mesa, providing 10,550 jobs⁴⁴ (approximately one-third of all health care jobs in the City) and is the only single entity to employ more than 10,000 persons. Figure 4-4 highlights the distribution of employment opportunities available in the City. Health care wages for practitioners are relatively high, as discussed later in this Chapter, but the two next largest employment sectors—Retail Trade and Accommodation and Food Services pay relatively low wages.

⁴⁴ MAG Employer Database, 2023 Update, City of Mesa Economic Development Department

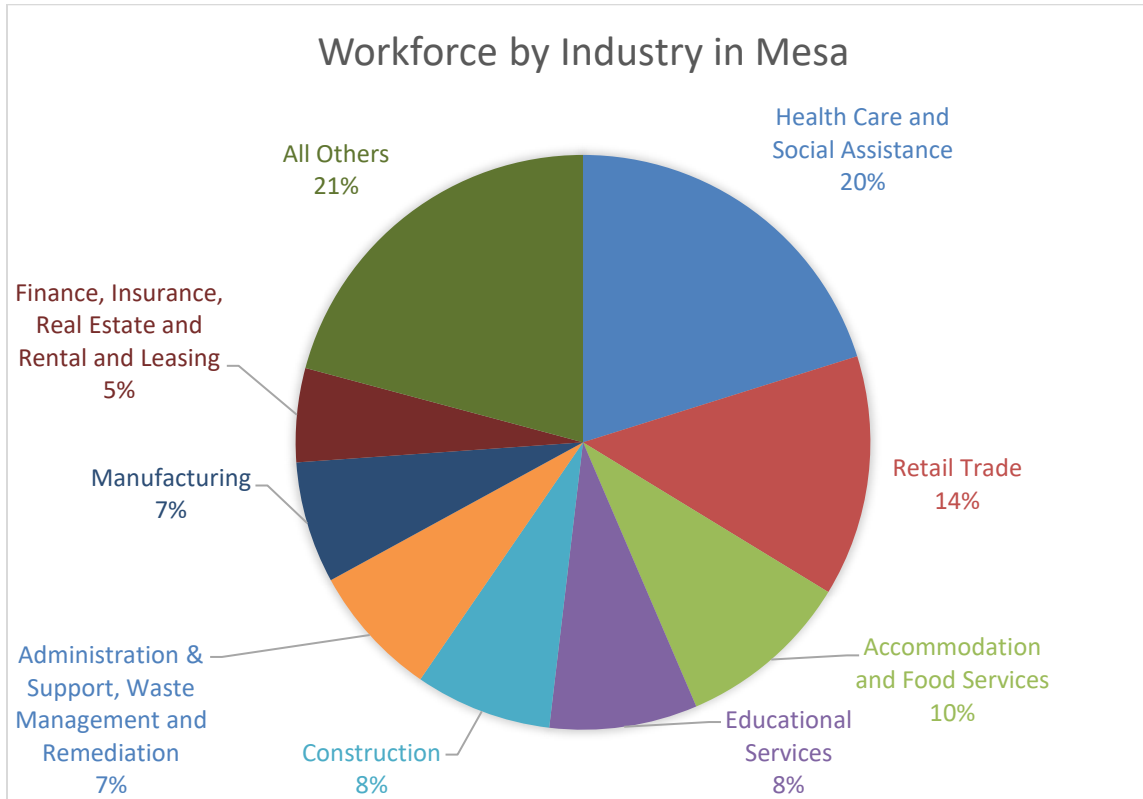
FIGURE 4-4. EMPLOYMENT BY INDUSTRY IN MESA

NAICS Industry Sector	Number of Persons Employed	Share of City Employment
Health Care and Social Assistance	33,696	20.2%
Retail Trade	22,674	13.6%
Accommodation and Food Services	16,432	9.8%
Educational Services	13,918	8.3%
Construction	12,868	7.7%
Administration and Support, Waste Management and Remediation	12,478	7.5%
Manufacturing	11,445	6.8%
Professional, Scientific, and Technical Services	8,158	4.9%
Finance and Insurance	5,222	3.1%
Wholesale Trade	4,926	2.9%
Transportation and Warehousing	4,436	2.7%
Other Services (excluding Public Administration)	4,035	2.4%
Arts, Entertainment, and Recreation	3,894	2.3%
Real Estate and Rental and Leasing	3,602	2.2%
Information	3,187	1.9%
Public Administration	2,948	1.8%
Management of Companies and Enterprises	2,460	1.5%
Utilities	400	0.2%
Agriculture, Forestry, Fishing, and Hunting	259	0.2%
Mining, Quarrying, and Oil and Gas Extraction	127	0.1%

Source: US Census LODES 8.1 Data, 2021. The total number of jobs reported for Mesa will differ based on the difference of collection methods between the City's data and US Census data.

Figure 4-5 visually shows the breakout of employment by major business types as listed in Figure 4-4 above. The "All Others" category includes the employment sectors listed in Figure 4-4 that have less than five percent of total employment and that are not otherwise included in a grouped sector below.

FIGURE 4-5. WORKFORCE BY INDUSTRY IN MESA



Source: US Census LODES 8.1 Data, 2021.

Mesa's Employment Sector Comparison to Maricopa County

Overall, employment trends between the City and County are similar, but Mesa outpaces the County significantly in health care services. Maricopa County has more than twice the percentage of total jobs in Finance and Insurance. The last column of Figure 4-6 shows the ratio of total jobs in Mesa in each industry sector to the ratio of total jobs in the County. Where the percentage is greater than 100 percent, Mesa has a larger proportionate share of its total jobs in a particular sector than the County.

FIGURE 4-6. COMPARISON OF JOBS IN MESA TO MARICOPA COUNTY

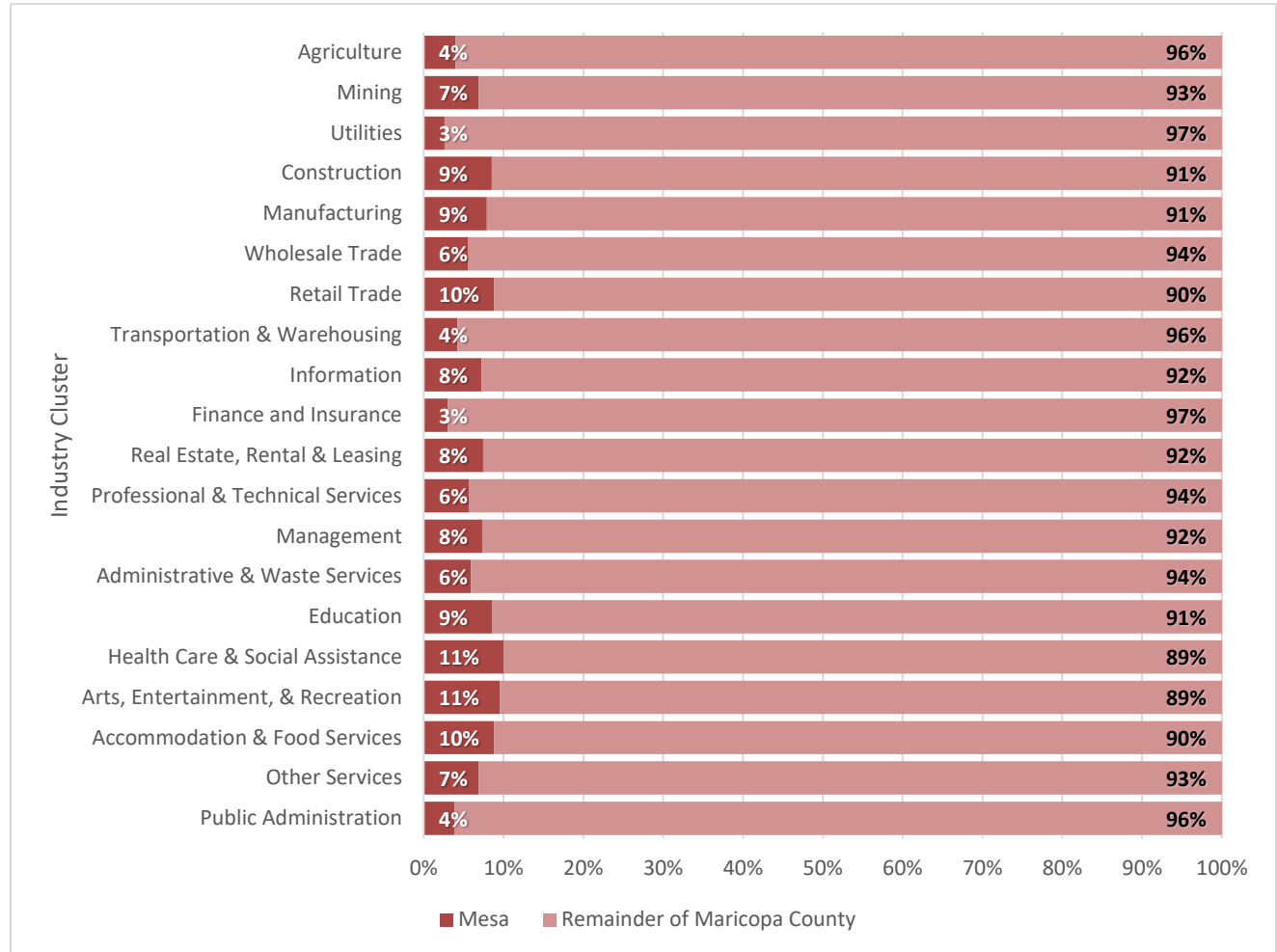
NAICS Industry Sector	% of Mesa's Jobs in Sector	% of Maricopa County's Jobs in Sector	Ratio of Mesa Jobs to Maricopa County Jobs
Healthcare & Social Assistance	20.2%	14.3%	141.1%
Retail Trade	13.6%	11.1%	121.9%
Accommodation & Food Services	9.8%	8.1%	121.8%
Education	8.3%	7.0%	119.0%
Construction	7.7%	6.5%	117.7%
Administrative & Waste Services	7.5%	9.3%	79.9%
Manufacturing	6.9%	6.3%	108.7%
Professional & Technical Services	4.9%	6.4%	76.4%
Finance and Insurance	3.1%	7.9%	39.7%
Wholesale Trade	3.0%	3.9%	75.1%
Transportation & Warehousing	2.7%	4.8%	55.7%
Other Services	2.4%	2.6%	93.1%
Arts, Entertainment, & Recreation	2.3%	1.8%	133.1%
Real Estate, Rental & Leasing	2.2%	2.1%	101.4%
Information	1.9%	1.9%	99.0%
Public Administration	1.8%	3.4%	51.2%
Management	1.5%	1.5%	99.3%
Utilities	0.2%	0.7%	33.8%
Agriculture	0.2%	0.3%	51.7%
Mining	0.1%	0.1%	100.0%

Source: US Census LODES 8.1 Data, 2021

Mesa represents eight percent of the County's overall employment. In Figure 4-7, where Mesa's percentage of employment is shown at less than eight percent,⁴⁵ it is capturing less than its proportionate share of that industry sector; where its percentage is higher than eight percent, it is capturing more than its proportionate share. Both situations represent opportunities for the City to either address areas where employment gaps exist or to capitalize on existing strengths.

⁴⁵ Mesa jobs make up eight percent of the County's population based on US Census data, and 11 percent based on the City's internal accounting.

FIGURE 4-7. EMPLOYMENT BY INDUSTRY IN MESA AS A PERCENTAGE OF MARICOPA COUNTY



Source: US Census LODES 8.1 Data, 2021.

Unemployment

The City's unemployment levels are similar to Maricopa County, and slightly higher than nearby cities such as Gilbert and Chandler. The health care industry provides a stable employment base for Mesa while industry sectors such as Retail Trade and Accommodations and Food Service are more sensitive to economic downturns.

FIGURE 4-8. UNEMPLOYMENT RATE COMPARISON IN MESA AND SURROUNDING REGION

	Mesa	Chandler	Gilbert	Phoenix	Maricopa County
2018	4.2%	3.7%	3.5%	4.3%	4.1%
2019	4.0%	3.5%	3.4%	4.1%	4.0%
2020	7.3%	6.6%	6.0%	8.0%	7.4%
2021	4.4%	3.8%	3.4%	4.9%	4.5%
2022	3.4%	2.9%	2.7%	3.5%	3.3%
2023	3.5%	3.0%	2.9%	3.5%	3.4%

Mesa	Chandler	Gilbert	Phoenix	Maricopa County
Source: Mesa Economic Development Department, Employment and Labor Force – Monthly Projections.; 2023 Data is through October				

Wages and Earnings

With the exception of Phoenix, median earnings in Mesa are lower than surrounding cities.

FIGURE 4-9. COMPARATIVE MEDIAN EARNINGS FOR FULL-TIME, YEAR-ROUND WORKERS IN MESA AND SURROUNDING REGION

Place	Median Earnings
Gilbert	\$74,589
Chandler	\$67,705
Maricopa County	\$56,059
Tempe	\$53,967
Mesa	\$51,970
Phoenix	\$50,857
Source: US Census 2018 – 2022 ACS 5-Year Estimates	

Figure 4-10 shows average wages in Mesa with the highest paying occupations in Management, Computer and Mathematical, Architecture and Engineering, and Health Care Practitioners and Technical. Wages by industry sector can be somewhat misleading as multiple levels of experience and pay scale are often combined into one overall category. Generally, Figure 4-10 gives an overview of the highest-paying occupations in the City. As new businesses are recruited, or as existing businesses expand, wages paid are an important factor in assessing housing needs.

FIGURE 4-10. AVERAGE WEEKLY WAGES BY INDUSTRY IN MESA

Industry	Weekly Wage
Management	\$1,825.94
Computer and Mathematical	\$1,678.88
Architecture and Engineering	\$1,668.62
Health Care Practitioners and Technical	\$1,512.75
Legal	\$1,436.06
Life, Physical, and Social Science	\$1,352.15
Business and Financial Operations	\$1,309.62
Protective Services	\$929.31
Installation, Maintenance, and Repair	\$924.54
Arts, Design, Entertainment, Sports, and Media	\$921.12
Construction and Extraction	\$916.87
Educational Instruction and Library	\$915.87
Community and Social Service	\$886.69
Office and Administrative Support	\$759.96
Production	\$730.29
Military Only	\$707.23
Transportation and Material Moving	\$644.79
Personal Care Service	\$623.12
Sales and Related	\$622.25
Building and Grounds Cleaning and Maintenance	\$607.02
Healthcare Support	\$555.15
Farming, Fishing, and Forestry	\$540.50
Food Preparation and Serving Related	\$523.62

Industry	Weekly Wage
Source: Lightcast Q2 2023. Data provided by City of Mesa	

Health care wages, as shown in Figure 4-10, average \$1,512.75 per week. This results in an average annual salary of \$78,663 which is somewhat low when considering housing affordability and is discussed in more detail in Chapter 5. It is important to understand that the categories in Figure 4-10 represent a wide range of employees within health care, with varying pay scales that include doctors, nurses, technicians, therapists, aides, and pharmacists. This same variance in wages holds true within other industry sectors.

Figure 4-11 compares wages by industry sector and by regional location (Mesa, Maricopa County, and the metropolitan statistical area (MSA)). The wages shown in Figure 4-11 are from the Bureau of Labor Statistics (BLS) and differ from the wages provided in the City's Lightcast data. BLS data has been used in Figure 4-11 so that comparisons can be made between Mesa's wages and the regional area.

Figure 4-11 shows significant differences in wages between Mesa, Maricopa County and the MSA which may partly be explained by the fact that the industry clusters include large groupings of businesses with varying business types that fall within each category. However, in most cases, wages in Mesa are lower than those in the County.

FIGURE 4-11. AVERAGE WAGE BY INDUSTRY GROUP IN MESA AND SURROUNDING REGION

Industry Cluster	Average Mesa Annual Wage	Average Maricopa County Wage	Average Phoenix – Mesa – Scottsdale MSA Wage	Difference between Mesa and Maricopa County
Management of Companies and Enterprises	\$123,787	\$122,096	\$121,550	\$1,691
Information	\$101,164	\$117,260	\$116,272	(\$16,096)
Health Care and Social Assistance	\$97,007	\$67,028	\$66,846	\$29,979
Finance and Insurance	\$80,854	\$108,784	\$108,550	(\$27,930)
Real Estate and Rental and Leasing	\$80,854	\$77,168	\$76,648	\$3,686
Arts, Entertainment, and Recreation	\$61,893	\$57,356	\$56,160	\$4,537
Educational Services	\$56,645	\$51,480	\$51,428	\$5,165
Construction	\$55,381	\$77,844	\$77,532	(\$22,463)
Mining*	\$55,381	\$164,554	\$138,944	(\$109,173)
Utilities*	\$54,031	\$142,350	\$139,464	(\$88,319)
Retail Trade	\$51,439	\$47,840	\$47,450	\$3,599
Manufacturing	\$46,961	\$94,614	\$93,444	(\$47,653)
Administrative Support and Waste Management and Remediation Services	\$46,232	\$54,470	\$54,626	(\$8,238)
Professional, Scientific, and Technical Services	\$46,232	\$99,060	\$98,930	(\$52,828)
Wholesale Trade	\$46,232	\$108,134	\$108,160	(\$61,902)
Transportation and Warehousing	\$45,718	\$58,370	\$58,318	(\$12,652)
Accommodation and Food Services	\$41,570	\$31,720	\$31,512	\$9,850
Other Services (Except Government)	\$39,762	\$51,454	\$51,116	(\$11,692)
Agriculture, Forestry, Fishing, and Hunting	\$39,291	\$49,764	\$49,582	(\$10,473)

Industry Cluster	Average Mesa Annual Wage	Average Maricopa County Wage	Average Phoenix – Mesa – Scottsdale MSA Wage	Difference between Mesa and Maricopa County
*The significant difference in wages is likely due to a difference of job type within the industry and is not indicative of a large difference in overall wages.				
Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages, 2022 with COLA for 2023. This wage data was used for comparison purposes with the County and MSA. Lightcast data was not available at the County or MSA level.				

While most sectors average lower wages in Mesa, Figure 4-11 shows that health care wages in Mesa outpace wages in the rest of the County.

Housing Mesa's Workforce

This section explores housing currently available to residents of Mesa based on employment and average income, as well as projections for future job growth and housing needs. The main occupations selected for review are intended to provide a cross section of jobs that make up the largest industries in Mesa, jobs that provide essential services, as well as jobs projected to grow within the City by 2030.

For this Plan, affordability is based on the US Department of Housing and Urban Development's (HUD) guidelines that no more than 30 percent of a household's gross income should be spent on housing and utilities. Household income is estimated by the number of wage earners within a home that could contribute to housing costs. The scenarios shown in Figures 4-12, 4-13 and 4-14 below include: a single-income household (Figure 4-12); a household with 1.5 wage earners (Figure 4-13 and in which one person works full-time and the second works part-time); and a dual-income household (Figure 4-14 in which two persons work full-time). For the purposes of this Plan, it is assumed that the second income earner within the household earns a similar wage as that of the primary wage earner.

The figures below provide examples of what would be affordable⁴⁶ to a teacher, a retail worker, or a nurse based on 2023 housing costs in Mesa and the number of wage earners per household. Examples in the following three figures are taken from actual MLS listings and available rental units.

FIGURE 4-12. SINGLE-INCOME HOUSEHOLD AFFORDABILITY IN MESA

Job	Income	Max Price	Example of Housing Options
Retail Trade	\$51,439	Rent: \$1,036	No market rate options found
		Own: \$163,403	Manufactured home built in 2021. 1152 sq. ft. with 2 beds and 2 baths.
Educational Services	\$56,645	Rent: \$1,166	No market rate options available
		Own: \$183,931	Manufactured home built in 1981. 2 beds, 2 baths, 1,537 sq. ft. total.
Health Care and Social Assistance	\$97,007	Rent: \$2,175	2 beds, 2 baths apartment with community amenities, 1,240 sq. ft. total.
		Own: \$343,087	Single-family home built in 1992. 3 beds, 3 baths, 1,568 sq. ft. total.

⁴⁶ Affordable home ownership costs are based on an assumption of ten percent down payment and 6.5 percent interest rate.

Job	Income	Max Price	Example of Housing Options
Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages, 2022 with COLA for 2023; Zillow			

FIGURE 4-13. 1.5 INCOME HOUSEHOLD AFFORDABILITY IN MESA

Job	Income	Max Price	Example of Housing Options
Retail Trade	\$77,159	Rent: \$1,679	Studio apartment in new construction apartment. 1 bath, 418 sq. ft. total.
		Own: \$264,822	Single-family residence built in 1984. 2 beds, 2 baths, 992 sq. ft. total.
Educational Services	\$84,968	Rent: \$1,874	Apartment built in 2023. 1 bed, 1 bath with community amenities, 624 sq. ft. total.
		Own: \$295,615	Single-family home built in 1962. 2 beds, 2 baths, 1,440 sq. ft. total.
Health Care and Social Assistance	\$145,511	Rent: \$3,388	3 beds, 2 baths apartment with a loft layout and community amenities, 1,349 sq. ft. total.
		Own: \$534,348	Singl -family home built in 2020. 4 beds, 2 baths, 1,921 sq. ft. total.
Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages, 2022 with COLA for 2023; Zillow			

FIGURE 4-14. TWO-INCOME HOUSEHOLD AFFORDABILITY IN MESA

Job	Income	Max Price	Example of Housing Options
Retail Trade	\$102,878	Rent: \$2,322	Apartment in new construction. 2 beds, 1 bath, 759 sq. ft. total.
		Own: \$366,237	Single-family residence built in 1970. 2 beds, 2 baths, 1,332 sq. ft. total.
Educational Services	\$113,290	Rent: \$2,582	Apartment built in 2016. 2 beds, 2 baths, with attached garage, 1,041 sq. ft. total.
		Own: \$407,294	Single-family residence built in 1974. 3 beds, 2 baths, 1536 sq. ft. total.
Health Care and Social Assistance	\$194,014	Rent: \$4,600	4 beds, 3.5 baths, townhome. 2,205 sq. ft. total.
		Own: \$725,606	Single-family home built in 2004. 5 beds, 3 baths, 4,350 sq. ft. total.
Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages, 2022 with COLA for 2023; Zillow			

Future housing needs from job growth are based on job growth projections by industry and accompanying wages. However, not everyone who works in the City will choose to live in the City. Similarly, there may be residents who work outside the City but live in the City. Overall, Mesa should plan for growth that it can reasonably accommodate within City limits, and in line with projected employment growth.

Figure 4-15 shows the expected annual growth in employment in Mesa through 2030. This data is based on historical growth trends in industries as provided by the City and uses Lightcast growth and wage projections.⁴⁷ A 1.5 worker wage adjustment (assumes one full-time worker and one-part-time worker at

⁴⁷ Lightcast data projects future jobs by the title of the job rather than by industry. The wage data in Figure 4-11 differs from Figure 4-15. Figure 4-11 uses Bureau of Labor Statistics data so that regional wage comparisons could be made. Figure 4-15 uses Lightcast data provided by the City of Mesa.

half the wage of the full-time worker) was applied when calculating household income. The maximum affordable home price was calculated using HUD guidelines for affordability.

FIGURE 4-15. EXPECTED JOB GROWTH AND WAGES PAID IN MESA

Industry Cluster	Annual Job Growth	Annual Wage (\$2023)	1.5 Worker Household Wage Adjustment	Maximum Affordable Home Price
Management	222	\$94,949	\$142,424	\$522,176
Computer and Financial Operations	113	\$87,302	\$130,953	\$476,943
Healthcare Practitioners and Technical	315	\$78,663	\$117,995	\$425,847
Legal	24	\$74,675	\$112,013	\$402,259
Architecture and Engineering	18	\$70,312	\$105,468	\$376,450
Business and Finance Operations	170	\$68,100	\$102,150	\$363,367
Protective Services	49	\$48,324	\$72,486	\$246,935
Installation, Maintenance, and Repair	149	\$48,076	\$72,114	\$244,929
Arts, Design, Entertainment, Sports, and Media	33	\$47,898	\$71,847	\$243,876
Construction and Extraction	175	\$47,677	\$71,516	\$242,570
Educational Instruction and Library	96	\$47,625	\$71,438	\$242,263
Life, Physical, and Social Science	88	\$46,108	\$69,162	\$233,288
Office Administrative Support	174	\$39,519	\$59,279	\$194,317
Production	50	\$37,975	\$56,963	\$185,185
Military-only	6	\$36,776	\$55,164	\$178,091
Transportation and Material Moving	238	\$33,529	\$50,294	\$158,888
Personal Care and Service	120	\$32,402	\$48,603	\$152,220
Sales and Related	167	\$32,357	\$48,536	\$151,956
Building and Grounds, Cleaning, and Maintenance	95	\$31,565	\$47,348	\$147,271
Healthcare Support	398	\$28,868	\$43,302	\$131,317
Farming, Fishing, and Forestry	0	\$28,106	\$42,159	\$126,810
Food Preparation and Serving Related	403	\$27,288	\$40,932	\$121,971

Source: Lightcast Q2 2023; ZPFI

Figure 4-15 projects an annual job growth of over 3,100 jobs per year for a total of nearly 25,000 new jobs by 2030. In comparison, MAG projects Mesa population growth of 20,900 residents over the same time period,⁴⁸ suggesting that job growth will outpace population growth.

Most of this job growth is projected for lower-income industry sectors such as Food Preparation and Serving, as well as for Health Care Support. This will place increased demand on rental units in the City that provide most of the housing for households making less than \$75,000 annually. Approximately 69 percent of all renters in the City currently fall into this income category.⁴⁹

Assuming 1.5 workers per household and growth of 3,100 jobs per year, results in the need for 2,069 housing units per year in the City. Approximately 2,241 of the projected jobs will result in household incomes of less than \$75,000 per year, as shown in Figure 4-16. Therefore, 1,500 housing units would be needed for this income group (assuming 1.5 workers per household in the City. Based on the current ratio of renters in the under-\$75,000 household income group, about 1,030 (69 percent) would be rental units⁵⁰ with affordable rents under \$1,625 per month.

FIGURE 4-16. PROJECTED JOB GROWTH BY INCOME CATEGORY IN MESA, ASSUMES 1.5 WORKERS PER HOUSEHOLD

Income Category	Projected New Jobs per Year	% of Total New Job Growth
Households Incomes above \$75,000	862	28%
Household Incomes between \$50,000 and \$75,000	1,058	34%
Household Incomes below \$50,000	1,183	38%

Source: Lightcast Q2 2023; ZPFI

Home ownership needs will grow with the projected job growth in Mesa. The median listing price of a home in Mesa, according to the MLS, is \$379,000 as of March 22, 2024. Based on current listings, only 862 jobs (28 percent) of projected new jobs will provide the income to afford the average MLS listing. Housing needs and a gap analysis are included in more detail in Chapter 5.

How Are Workers Traveling To and From Work?

According to the Bureau of Transportation Statistics, “In 2022, transportation was the second largest household expenditure behind housing, accounting for 15 percent of average household spending. The cost burden of transportation fell hardest on households in the lowest fifth by household income”.⁵¹ Access to transportation for work and essential services is an important part of any housing plan and plays a role in reducing or increasing the amount of income a household has available for housing.

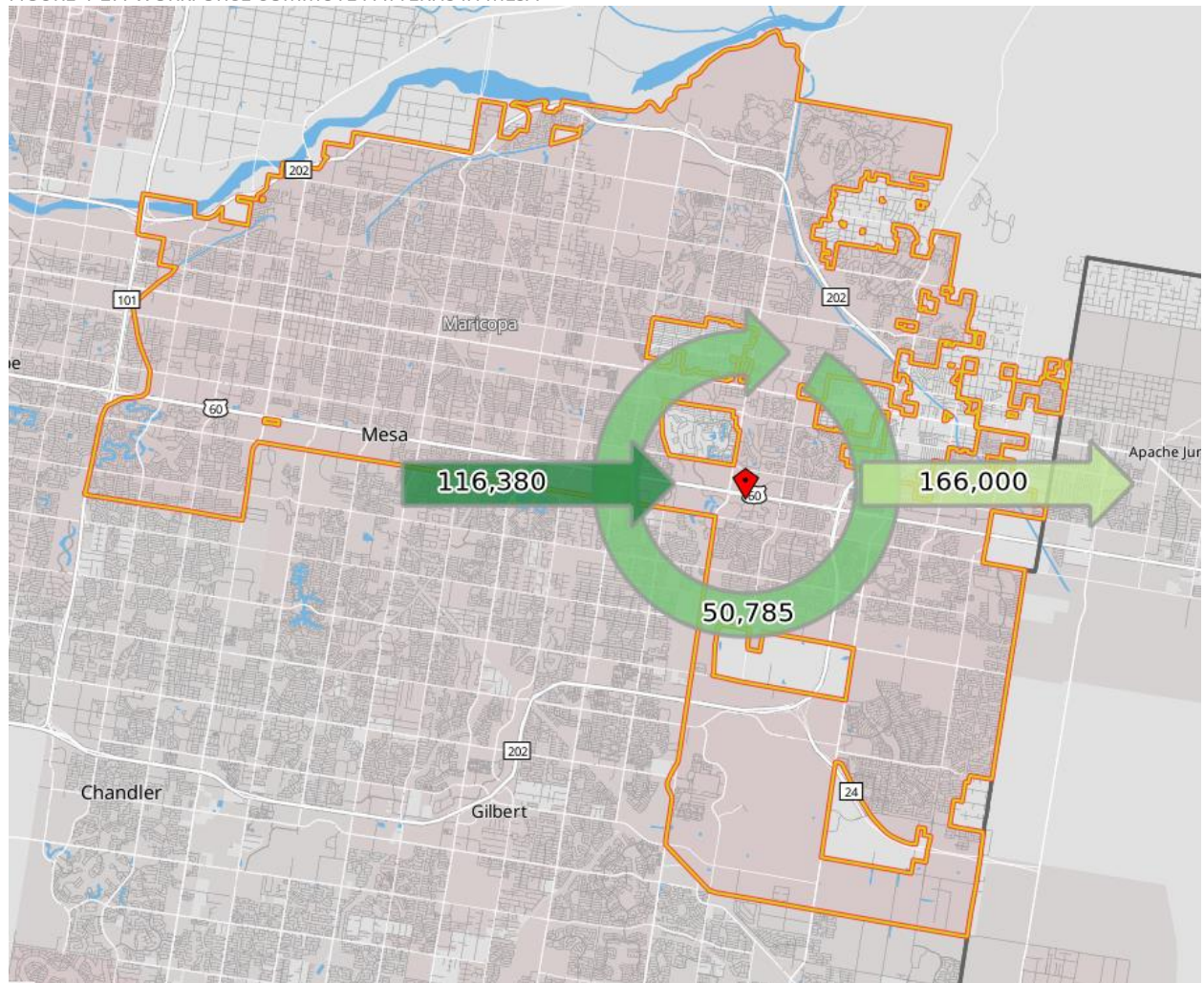
⁴⁸Maricopa Association of Governments (MAG) Annual Population Projections by Jurisdiction, July 1, 2023, Projections

⁴⁹ Source: US Census 2018-2022 ACS 5-Year Estimates

⁵⁰ Assumes that 69 percent of demand will be for rental units

⁵¹ <https://www.bts.dot.gov/data-spotlight/household-cost-transportation-it-affordable#:~:text=In%202022%2C%20transportation%20was%20the,households%20into%20five%20equal%20groups.>

FIGURE 4-17. WORKFORCE COMMUTE PATTERNS IN MESA



Source: US Census LODES 8.1 Data, 2021

Commuter data shows that 166,000 residents leave the City every day for employment elsewhere; 50,785 both live and work in the City; and 116,380 people enter the City for employment. Different forms of transportation are used by the large number of commuters coming in and out of the City, as well as those who live and work in Mesa.

In 2023, the City reported average ridership of 148,000⁵² passengers per month on light rail service and 190,000⁵³ on City bus routes. Although these numbers are in line with City targets, the majority of workers in Mesa rely on cars as their primary method of transportation to work, with 69.3 percent⁵⁴ of residents reporting that they drive their private vehicles to work, while 11.6 percent carpool, and 1.2 percent use public transit.

⁵² City of Mesa “Transit – Light-Rail Ridership” as of November 2023. Data does not report unique riders, but number of passengers who utilized the service.

⁵³ City of Mesa “Transit – Fixed Route Bus Ridership” as of November 2023. Data does not report unique riders, but number of passengers who utilized the service.

⁵⁴ US Census 2018-2022 ACS 5-Year Estimates,

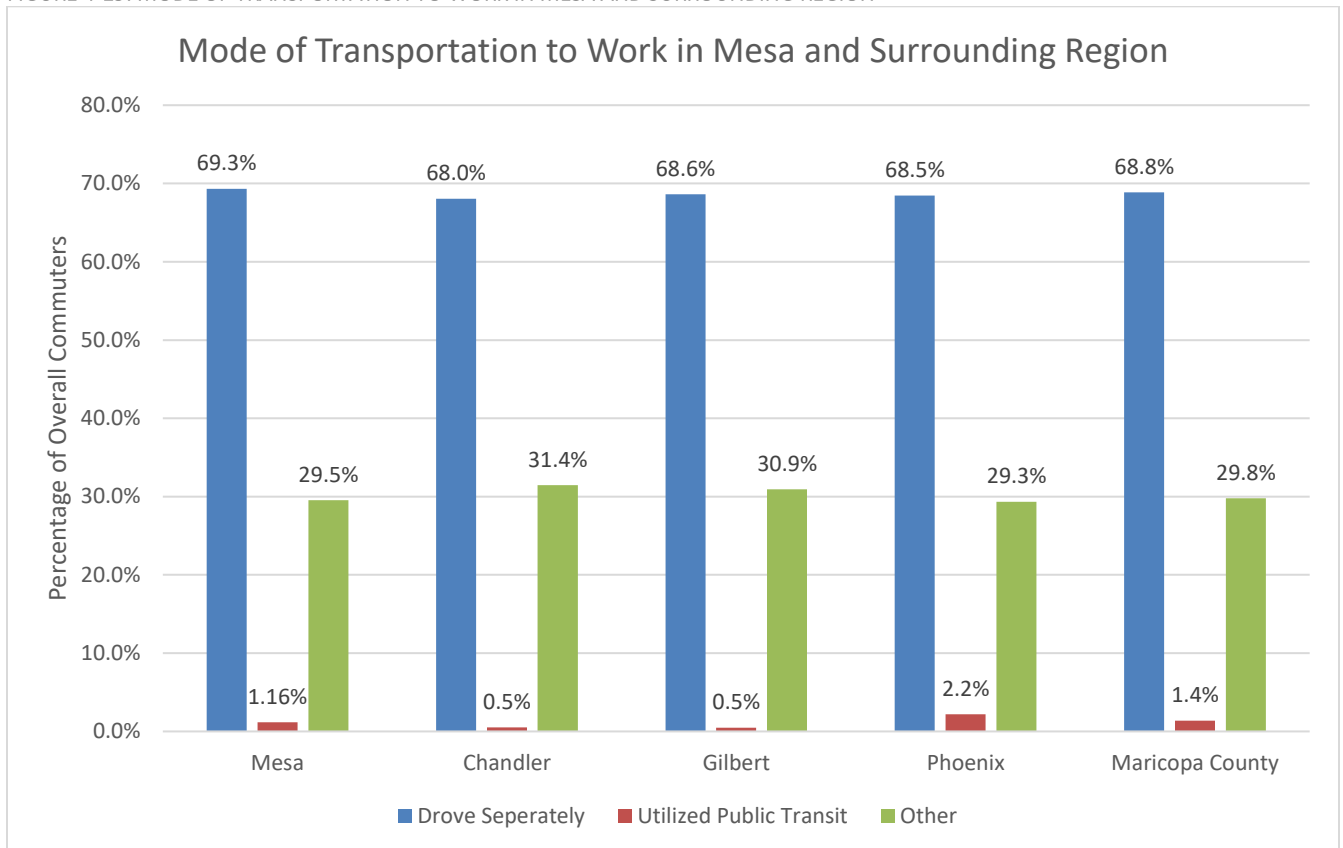
FIGURE 4-18. COMMUTING PATTERNS BY INDUSTRY IN MESA

Industry Cluster	Percent that Drove Separately	Percent that Carpool	Percent that Ride Public Transit	Percent that Walk	Percent that Rides a Bicycle	Percent that Works from Home
Agriculture, Forestry, Fishing, Hunting, and Mining	66.9%	18.6%	2.8%	1.7%	0.0%	9.9%
Construction	71.7%	16.6%	0.5%	0.9%	0.9%	9.4%
Manufacturing	72.8%	9.8%	0.8%	1.3%	3.2%	12.2%
Wholesale Trade	69.8%	8.8%	1.0%	0.4%	1.0%	19.1%
Retail Trade	69.4%	13.1%	1.5%	3.0%	2.4%	10.6%
Transportation and Warehousing, and Utilities	72.8%	8.4%	1.1%	0.8%	2.4%	14.5%
Information, Finance, Insurance, Real Estate, and Rental and Leasing	61.7%	10.6%	1.1%	0.3%	0.9%	25.4%
Professional, Scientific, Management, Administrative, and Waste Services	58.8%	7.6%	1.2%	0.9%	1.9%	29.7%
Educational Services, Healthcare, and Social Assistance	60.1%	12.9%	0.9%	0.5%	1.8%	23.8%
Arts, Entertainment, Recreation, Accommodation and Food Services	73.3%	11.4%	0.8%	1.2%	1.6%	11.8%
Other Services (except Public Administration)	73.2%	13.7%	2.0%	3.0%	2.6%	5.5%
Public Administration	74.8%	12.4%	1.9%	1.0%	2.2%	7.9%
Armed Forces	76.5%	6.6%	2.2%	0.1%	0.7%	13.9%
Overall	69.3%	11.6%	1.2%	1.3%	1.9%	14.6%

Source: US Census 2018 – 2022 ACS 5-Year Estimates

In comparison with other cities in Maricopa County, Mesa has a slightly higher percentage of residents who report that public transit is their primary method of transportation to work, with only Phoenix having a higher reported rate of ridership. These comparative use rates could be reflective of a variety of factors, including the availability of transit in various communities.

FIGURE 4-19. MODE OF TRANSPORTATION TO WORK IN MESA AND SURROUNDING REGION



Source: US Census 2018 – 2022 ACS 5-Year Estimates

In order to reduce transportation costs, as well as time spent commuting to work, the City's housing needs must consider providing employment opportunities for residents to live and work in the City. These policies are discussed in more detail in Chapter 5.



Chapter 05

Housing Gap Analysis and Policy Recommendations



Housing Gap Analysis and Policy Recommendations

This Chapter analyzes the gap between housing demand and supply, reviews current housing programs and policies in the City and makes recommendations to consider in achieving the City's 2050 General Plan (Tomorrow's Mesa) Guiding Principle for Housing: ***"Our housing is attainable for all."***

Summary

The City is projected to grow by 8,038 households between 2023 and 2030⁵⁵ - an average of 1,148 households annually. The City is also projected to add approximately 22,000 jobs between 2023 and 2030, or an average of nearly 3,100 new jobs per year. With an average of 1.5 workers per household,⁵⁶ these new jobs will create demand for about 14,500 new residential units, or nearly 2,100 new units annually. However, based on current commute patterns, not all this housing demand will be met within City boundaries. In comparison to the recent past, the City grew from 193,984 housing units in 2010 to 219,909 units in 2022, reflecting growth of 2,160 units per year. Based on the above data, the City will maintain past trends and grow by at least 2,000 units annually.

This Chapter underlines the City's commitment to housing diversity, highlighting a housing gap for lower-income households (those making below 50 percent of the area median income (AMI) and a limited opportunity to buy high-earner-type (those making 150 percent of AMI or above) housing in the City. The City, however, has a robust housing stock for households making between 80 and 150 percent of AMI, and seeks to help facilitate housing supply options for all income levels.

The Chapter also provides a brief overview of some of the stronger City programs, instilling confidence in the City's approach to facilitating housing supply:

- US Department of Housing and Urban Development (HUD) federal grant programs
 - Community Development Block Grant (CDBG) program supports neighborhood revitalization, provides housing opportunities and, sustains critical services for low-income persons and people experiencing homelessness.
 - HOME Investment Partnerships Program (HOME) preserves and expands the supply of quality affordable rental housing and homeownership opportunities through public-private partnerships.
 - Emergency Solutions Grant (ESG) Program assists persons experiencing homelessness or a housing crisis quickly regain stability into permanent housing.
 - Housing Choice Voucher (HCV) Program assists very low-income persons afford housing in the private rental market through a subsidy paid directly to the landlord on the family's behalf.
- Multiple programs focus on rental assistance through Housing Choice Vouchers and other programs designed to help families attain greater self-sufficiency.
- Mesa's regulatory leadership regarding Accessory Dwelling Units (ADUs) is notable, as is its support for potential policy enhancements.

⁵⁵ Maricopa Association of Governments (MAG)

⁵⁶ A ratio of 1.4 workers per household, on average, has been calculated based on 193,216 occupied housing units in the City and 264,020 employees. This has been rounded up to 1.5 workers on average based on the assumption that job growth, as shown in Chapter 4, is projected to grow more rapidly than the population.

Recommended housing policies for the City’s consideration are discussed in detail later in this Chapter. The policy recommendations are organized into four categories: (1) Evaluate the City’s current development standards and requirements; (2) Expand successful, existing programs; (3) Care for the homeless; and (4) Attract higher-wage employment opportunities to improve housing affordability.

Affordability Analysis

Defining Affordability

According to HUD, affordable housing means spending less than 30 percent of gross household income on rent, mortgage payments, and utilities. The relative affordability of units is analyzed in this Plan based on HUD income limits for the Phoenix–Mesa–Scottsdale Metropolitan Statistical Area (MSA). As discussed earlier in the Plan, HUD considers any household making 30 percent or less of AMI to be extremely low-income; households making 31 to 50 percent of AMI to be very low-income; households making 51 to 80 percent of AMI to be low-income, and households making between 81 and 95 percent of AMI to be moderate-income.

Affordability is an important component of housing needs. Yet, other considerations should be taken into account in a balanced housing plan, such as the needs of an aging population, household size, access to essential services, including employment and transportation options, and workforce needs.

Approach

This plan uses two approaches to assessing affordability: 1) HUD definition of AMI, which provides a framework for evaluating households making less than 100 percent of AMI; and 2) ACS data showing housing needs and availability at various income levels. Results are similar under both approaches. As demonstrated in Chapter 03, the City has a sufficient supply of housing for residents making between 80 percent (\$67,350) and 150 percent of AMI (\$126,000). However, there is a gap in units for households making less than 80 percent of AMI and a lack of opportunity for households that generally make more than 150 percent of AMI.

Affordability Levels - Renters

Figures 5-1 and 5-2 show affordable rental rates based on the HUD designations and the ACS income categories for various income levels. As a comparison, the 2023 median rent in Mesa was \$1,642 per month (Cushman & Wakefield, Q4 2023).

FIGURE 5-1. AFFORDABLE RENTS BY HOUSEHOLD INCOME RANGE (HUD CATEGORIES) IN MESA

Income Level	Income Range	Rent Range
30% AMI	\$0 - \$25,250	\$381
50% AMI	\$25,250 - \$42,100	\$381 - \$803
80% AMI	\$42,100 - \$67,350	\$803 - \$1,434
100% AMI	\$67,350 - \$84,187	\$1,434 - \$1,855
130% AMI	\$84,187 - \$109,443	\$1,855 - \$2,486
150% AMI	\$109,443 - \$126,280	\$2,486 - \$2,907
180% AMI	\$126,280 - \$151,536	\$2,907 - \$3,538
Workforce Plus	\$151,536 - \$168,374	\$3,538 - \$3,959

Income Level	Income Range	Rent Range
High Earner	\$168,374 - \$300,000+	\$3,959 - \$7,250+
Source: HUD; ZPFI		

FIGURE 5-2. AFFORDABLE RENTS BY HOUSEHOLD INCOME RANGE (ACS CATEGORIES) IN MESA

Income Range	Maximum Affordable Rent
\$0 to \$9,999	\$0
\$0 to \$14,999	\$125
\$15,000 to \$19,999	\$125-\$250
\$20,000 to \$24,999	\$250-\$375
\$25,000 to \$34,999	\$375-\$625
\$35,000 to \$49,999	\$625-\$1,000
\$50,000 to \$74,999	\$1,000-\$1,625
\$75,000 to \$99,999	\$1,625-\$2,250
\$100,000 to \$149,999	\$2,250-\$3,500
\$150,000 or More	\$3,500 +
Source: US Census 2018-2022 ACS 5-Year Estimates; ZPFI	

Affordability Levels - Owners

Figures 5-3 and 5-4 show affordable homeowner units using the HUD designations and the ACS income categories for various income levels.⁵⁷ Based on 100 percent of AMI, an affordable home price is \$292,535. With the recent sharp increase in home values, households are being priced out of the homeowner market.

FIGURE 5-3. AFFORDABLE HOME PRICES BY HUD HOUSEHOLD INCOME RANGE IN MESA

Income Level	Housing Price Range
30% AMI	\$60,134
50% AMI	\$60,134 - \$126,577
80% AMI	\$126,577 - \$226,143
100% AMI	\$226,143 - \$292,535
130% AMI	\$292,535 - \$392,125
150% AMI	\$392,125 - \$458,516
180% AMI	\$458,516 - \$558,106
Workforce Plus (200%)	\$558,106 - \$624,502
High-Income Earner	\$624,502 - \$1,143,531+
Source: HUD; ZPFI	

FIGURE 5-4. AFFORDABLE HOME PRICES BY ACS HOUSEHOLD INCOME RANGE IN MESA

Income Range	Maximum Affordable Home Price
\$0 to \$9,999	\$0
\$10,000 to \$14,999	\$19,716

⁵⁷ The analysis of affordable home prices assumes a 10 percent down payment and a mortgage interest rate of 6.5 percent.

Income Range	Maximum Affordable Home Price
\$15,000 to \$19,999	\$19,716-\$ 39,432
\$20,000 to \$24,999	\$39,432-\$ 59,148
\$25,000 to \$34,999	\$59,148-\$98,580
\$35,000 to \$49,999	\$98,580-\$157,728
\$50,000 to \$74,999	\$157,728-\$256,309
\$75,000 to \$99,999	\$256,309-\$354,889
\$100,000 to \$149,999	\$354,889-\$552,049
\$150,000 or More	\$552,049 +

Source: US Census 2018-2022 ACS 5-Year Estimates; ZPFI

Housing Gap Analysis

The HUD-based analysis and the ACS approach show a shortage of housing units in both lower-income and higher-priced housing in the City. This shortage is most severe for households making less than 50 percent of AMI (\$42,100) annually based on HUD guidelines for a three-person household. This is consistent with the ACS data (which does not consider household size) and shows the greatest shortage for families with incomes of less than \$35,000 annually.

Based on the HUD analysis, the shortage of units for households at less than 50 percent of AMI is approximately 23,400 units. When considering the ACS analysis, the shortage of units for households making less than \$35,000 per year is about 20,000 units.

Regarding affordability for lower-income households, the City, over time, may benefit from approximately 20,000 to 23,000 housing units at rental rates less than \$800 per month or for-sale price less than \$126,000; however, current market conditions will unlikely support such housing supply.

FIGURE 5-5. HOUSING GAP ANALYSIS BY HUD INCOME DESIGNATIONS IN MESA

Income Level	Number of Households	Owner Units	Rental Units	Surplus (Shortage)
30% AMI	24,542	11,464	1,032	(12,046)
50% AMI	24,984	5,929	7,693	(11,362)
80% AMI	37,711	15,771	44,754	22,814
100% AMI	21,281	21,680	12,036	12,435
130% AMI	24,404	28,807	6,546	10,949
150% AMI	29,275	11,319	86	(17,870)
180% AMI	487	11,843	1,468	12,824
Workforce Plus (200%)*	5,825	4,126	409	(1,290)
High-Income Earner*	24,807	14,121	207	(10,479)

*Workforce Plus, High-Income Earner not defined by HUD, but included to better analyze higher income levels

Source: US Census 2018-2022 ACS 5-Year Estimates; ZPFI; Maricopa County Assessor's Database

FIGURE 5-6. HOUSING GAP ANALYSIS BY ACS INCOME CATEGORIES IN MESA

Income Range	Number of HHs in Range	Owner Units in Range	Rental Units in Range	Surplus/ Shortage
\$0 to \$9,999	7,333	-	-	(7,333)
\$0 to \$14,999	4,977	4,882	151	56
\$15,000 to \$19,999	5,750	4,054	310	(1,386)
\$20,000 to \$24,999	6,132	2,528	545	(3,059)
\$25,000 to \$34,999	13,989	3,398	2,465	(8,126)
\$35,000 to \$49,999	23,966	4,896	18,599	(471)
\$50,000 to \$74,999	36,152	19,096	38,112	21,056
\$75,000 to \$99,999	27,807	30,393	10,320	12,906
\$100,000 to \$149,999	36,091	37,178	3,114	4,201
\$150,000 or More	31,119	18,635	617	(11,867)

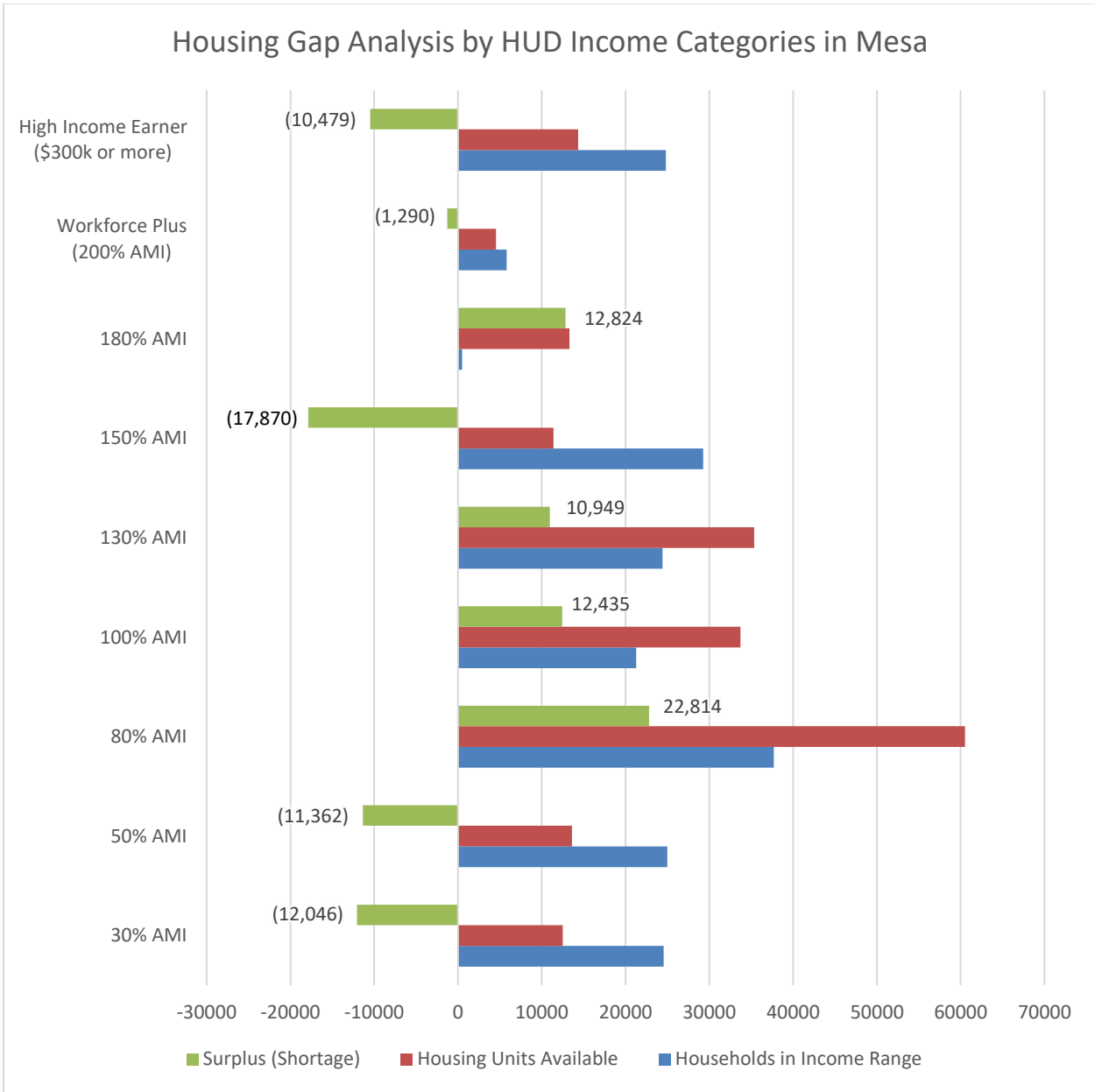
Source: US Census 2018-2022 ACS 5-Year Estimates; ZPFI; Maricopa County Assessor's Database

The City may also benefit from additional housing opportunities for high-income earners. Based on HUD definitions, the City could use 16,815 more units for those making more than 150 percent of AMI.⁵⁸

The gap in housing units at the lower- and upper-income levels is shown visually in Figure 5-7 below in the Plan. The graph shows that the City has a robust capacity for middle-income households.

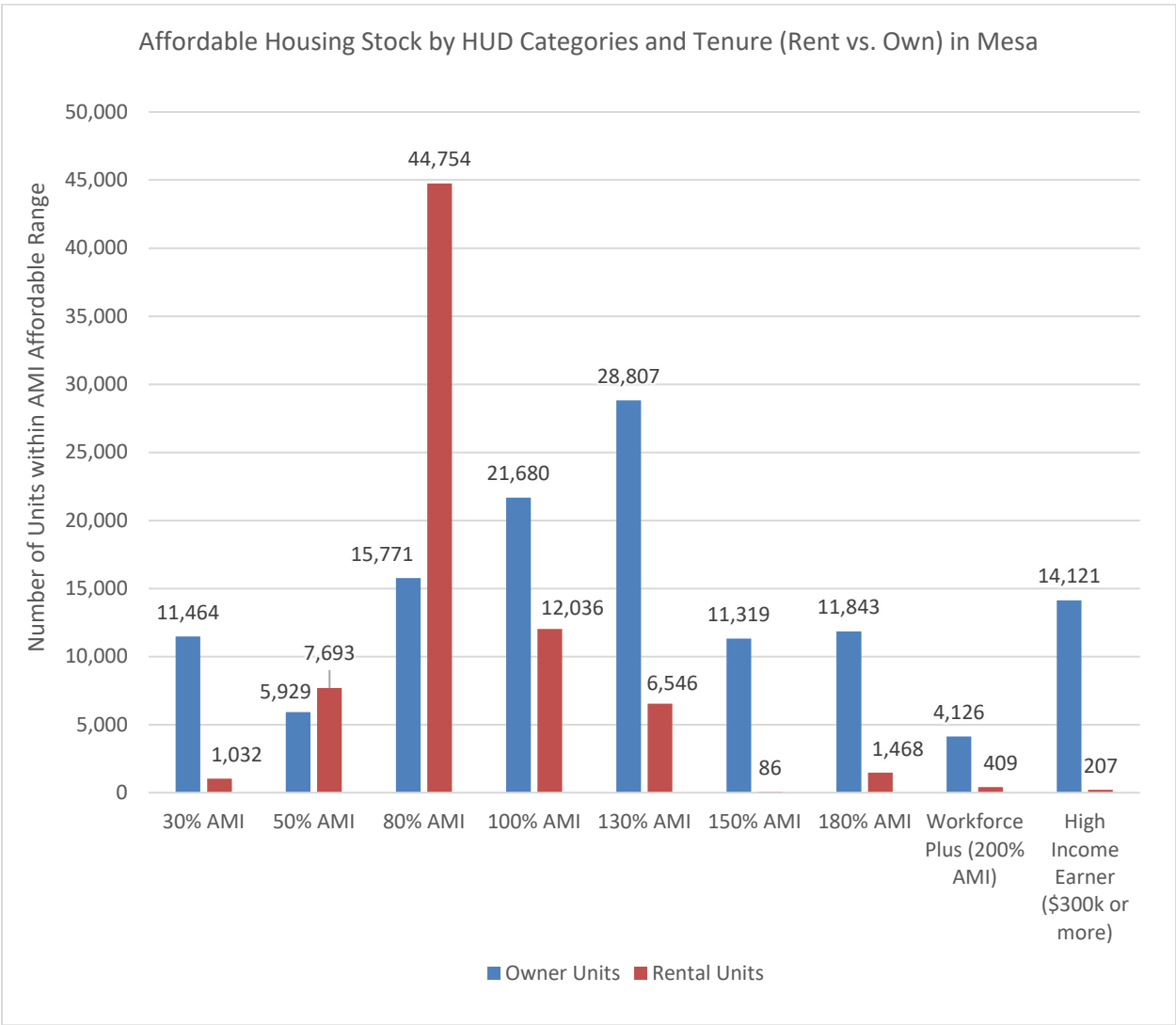
⁵⁸Calculated by adding the shortage of 17,870 units for those making 150 percent of AMI, shortage of 1,290 units in the 200 percent of AMI category and the shortage of 10,479 units in the high-income earner category for a total of 29,639 units. However, the surplus of 12,824 units in the 180 percent of AMI category must be subtracted, resulting in a net shortage of 16,815 units.

FIGURE 5-7. HOUSING GAP ANALYSIS BY HUD INCOME CATEGORIES IN MESA



Source: US Census 2018-2022 ACS 5-Year Estimates. ZPFI

FIGURE 5-8. AFFORDABLE HOUSING STOCK BY AMI CATEGORIES AND TENURE (RENT VS. OWN) IN MESA



Source: US Census 2018-2022 ACS 5-Year Estimates. ZPFI

Future Housing Needs

Chapter 4 discussed future employment growth of 3,100 jobs per year for a total of 22,000 new jobs by 2030.⁵⁹ In comparison, MAG projects population growth of 20,900 residents over the same period,⁶⁰ suggesting that job growth will outpace population growth.

⁵⁹ City of Mesa; Lightcast

⁶⁰ Maricopa Association of Governments (MAG) Annual Population Projections by Jurisdiction, July 1, 2023, Projections

The discussed projected employment growth results in the need for 2,100 housing units per year.⁶¹ This is consistent with past growth trends. Approximately 72 percent of projected employment will result in household incomes of less than \$75,000 per year, assuming 1.5 workers per household. Therefore, a large percentage of new housing stock will need to be rental units unless other programs (as discussed below in the Plan) are implemented to assist with housing costs or increasing wages in the City.

Housing Challenges

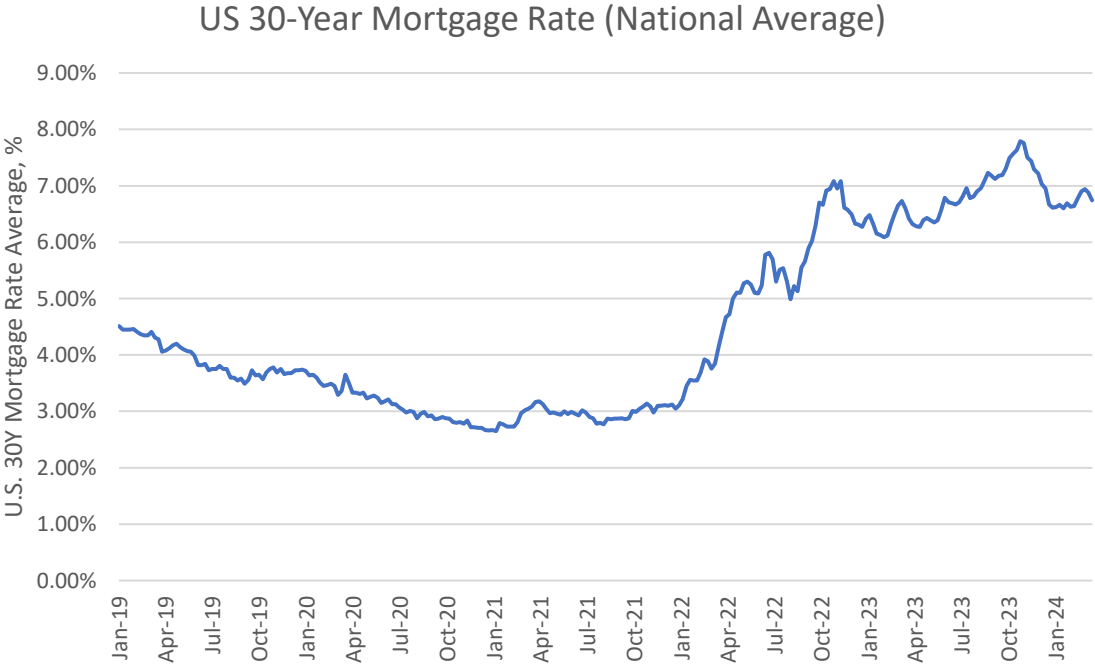
This section discusses four major challenges to building affordable housing and followed by policy recommendations to help address those challenges, as well as other important issues, such as homelessness.

1) Recent, Rapid Price Increases

The recent rise in construction costs and rising interest rates have resulted in increased home prices and rental rates. According to the U.S. Bureau of Labor Statistics, the National Producer Price Index for Construction Materials shows an increase of 37 percent in construction costs between January 2019 and January 2023. However, the rate of change peaked between 2021 and 2022 and has stabilized recently.

Between January 2019 and January 2023, 30-year mortgage rates rose from 4.5 percent to 6.5 percent based on national averages, impacting mortgage payments and construction loan costs. While not at recent highs, national average mortgage rates still average 6.7 percent as of March 2024.

FIGURE 5-9. US 30-YEAR MORTGAGE RATE (NATIONAL AVERAGE)



⁶¹ Assumes 1.5 workers per household

Source: Freddie Mac, *30-Year Fixed Rate Mortgage Average in the United States [MORTGAGE30US]*, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/MORTGAGE30US>, March 2024.

The rapid growth in Maricopa County has further exacerbated the impacts of rising construction costs and interest rates. According to a US Census Bureau Report, “Maricopa County, Arizona, remained the largest-gaining county in the nation, adding 56,831 residents in 2022, a gain of 1.3 percent since 2021. Domestic migration was the component of population change (i.e., births, deaths, and migration), which made the largest contribution to Maricopa County’s growth.”⁶² This rapid growth places pressure on the existing home supply, and new supply generally lags spikes in demand, contributing to home and rental price increases in the region.

As discussed previously in this Plan, home prices increased by 66.1 percent between 2019 and 2024 and rents increased by 60.2 percent.⁶³ In comparison, wages for a full-time, year-round worker increased 21.5 percent over the same period.⁶⁴ Clearly, wages have not kept up with housing costs.

(2) Challenges of Public Support

Nonprofit leaders interviewed as part of the public participation process for the Plan noted that development of more affordable housing options is often hampered by resistance from existing residents and neighborhoods. According to the interviewees, most of these concerns usually center on the perception of higher crime, lack of privacy, and increased traffic that could arise from building affordable housing.

(3) Development Review Processes and Timelines

Developers interviewed during the plan making process suggested that lengthy planning reviews increase costs, including the cost of holding land and permitting fees. Over the years, the City has continue to streamline its review process to l reduce development costs and efficiency reduce the review timeline. The City will monitor the positive effects of the new process and implement continuous improvements

(4) Traditional Zoning

From research and best practices in the nation, strict application of Euclidean zoning can impede flexibility in developing affordable housing. Arizona State University’s Morrison Institute for Public Policy states that many Arizona municipalities “zone about 50 percent of land for single-family use.”⁶⁵ This limits the ability to develop multi-family housing or leads to the difficult process of rezoning land, which can be time-consuming and delay development.

Current Housing Programs

The City has succeeded in implementing many beneficial housing programs. This section describes those programs while a subsequent section, Future Policies and Programs, provides recommendations for all programs to support meeting housing needs.

⁶² https://www.census.gov/newsroom/press-releases/2023/population-estimates-counties.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosam&stream=top

⁶³ Zillow.com

⁶⁴ US Census 2019-2022 ACS 5-Year Estimates, Table S2001

⁶⁵ “Housing Arizona: Meeting Development Challenges to Arizona’s Housing Shortage”, Arizona State University Morrison Institute for Public Policy, November 2022, page 3.

Existing Programs in Mesa

US Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Programs

Nationally, HUD's CDBG program is targeted to benefit low- and moderate-income earners while also seeking to mitigate blight. The City of Mesa currently administers the CDBG Program, providing funding opportunities to assist with a myriad of public and non-public service activities. Annually, the City receives \$4 million in CDBG funding.

In fiscal year 2024, the City funded \$629,455 to non-profit service providers to deliver critical programs and services to the community. Primary recipients included A New Leaf, Central Arizona Shelter Services, Community Bridges, Inc., and Copa Health, Inc. These organizations provide services such as family shelters, community outreach and crisis stabilization, case management for persons experiencing homelessness, and senior advocacy services. These services, among others awarded, help to further the progress of individuals on the path to housing recovery.

Other public service activities for which CDBG funds may be used include, but are not limited to, housing services, employment services, health services, services for persons experiencing homelessness, education, childcare, substance abuse programs, crime prevention, and services for seniors.

Non-public service activities focus more on infrastructure improvements, public facilities, housing rehabilitation, and historic preservation. In fiscal year 2024, the City received \$4.4 million in grants, with \$2.5 million focused on rehabilitation programs. Additional funding provides benefits to parks and the Senior Haven Community Center.

HUD HOME Investment Partnership Program (HOME)

The HOME program focuses on Tenant-Based Rental Assistance (TBRA), acquiring and rehabilitating multi-family units, and constructing new multi-family housing. Annually, the City receives approximately \$1.6 million in HOME funding.

In fiscal year 2024 the Mesa City Council approved \$1.3 million, with more than half of this allocation directed to TBRA and Rent and Utility Deposit assistance to assist individuals and families with long-term housing and financial stability. Monetary assistance is provided for the refundable portion of security and utility deposits and the first two months of rent. According to input from the City's Community Services Department, the current budget of approximately \$400,000 seems adequate to continue this assistance.

According to the City's Housing and Community Development Division, the City currently uses HOME funds for TBRA, deposit assistance, and development of affordable rental housing.

HUD Emergency Solutions Grant (ESG)

The HUD ESG program's activities are focused on shelter services, rapid rehousing, street outreach, and prevention of homelessness. Annually, the City receives approximately \$360,000 in ESG funds.

City Human Services Program (HS)/A Better Community (ABC)

While not explicitly focused on housing, the City's HS/ABC program is designed to work with smaller agencies to assist individuals with self-sufficiency. In fiscal year 2024, partner agencies to the City were

awarded \$453,513, with many partnerships focused on shelter, homelessness relief services, education, youth services, and food and basic needs.

HUD Housing Choice Voucher Program – Section 8 (HCV)

According to HUD, the HCV program assists low-income families in obtaining rental housing at rates based on household income. The City of Mesa’s Public Housing Authority administers this program in collaboration with HUD. The Housing Authority, using HUD funding, pays a portion of contracted rent directly to a landlord, and the participant pays the difference. This program continues to benefit Mesa low-income families and individuals to obtain affordable housing. Annually, the City pays over \$24 million in rental payments on behalf of the housing participants.

HUD Veterans Affairs Supportive Housing Voucher Program (HUD-VASH)

Mesa’s participation in the HUD-VASH program is directed specifically toward homeless veterans and their families, while the Veterans Administration (VA) in Phoenix provides case management and clinical services at its medical centers and community clinics.

HUD Project-Based Voucher Program (PBV)

The PBV program provides additional housing opportunities for low-income families and individuals with properties in Mesa’s PBV program participating at Escobedo at Verde Vista and the La Mesita Apartments, including onsite support services. This program is based on referrals and focused on individuals or families that have experienced at least two episodes of shelter living.

Family Unification Program (FUP)

The FUP targets families involved in the child welfare system that have experienced unstable housing conditions. Additional support is offered for youth ages 18 to 24 who are moving out of foster care or who are at risk of experiencing homelessness.

Housing Solutions

The Housing Solutions program provides families and individuals experiencing homelessness with application and administrative fees. Additionally, landlords may request damages and participation bonus incentive payment.

Down Payment Assistance Program

This program assists households with down payments to achieve home ownership. The City has not seen much recent interest in this program, likely due to high interest rates, which make it harder for households to qualify for a loan. Until interest rates decline, this is not a likely source of increasing housing affordability.

Low-Income Housing Tax Credits (LIHTC)

The federal LIHTC program provides tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. Interviews with City staff suggest that there has been renewed interest in this program.

Existing Accessory Dwelling Unit (ADU) Regulatory Leadership

As noted in the City Council’s November 30, 2023, study session, Mesa is a regional leader in fostering a positive regulatory environment for ADU construction, with ADUs permitted in the City since 1939. Mesa’s policies are compared with other surrounding municipalities, as of 2024, and shown in Figure 5.10. The Legislature is considering ADU changes, such as H.B. 2720 and H.B. 2297 that may impact the City.

FIGURE 5-10. ADU COMPARISON FOR MESA AND SURROUNDING REGION

ADU Regulatory Characteristics	Mesa	Phoenix	Gilbert	Chandler	Tempe	Scottsdale	Queen Creek
Permitted Zones	<ul style="list-style-type: none"> Residential District (except RM-5) Agricultural District Some form-based districts 	<ul style="list-style-type: none"> Residential District (except lots with duplex or triplex) Some Commercial Districts Form-based districts 	<ul style="list-style-type: none"> Single-family Districts Multi-family Districts (where a single-family home exists) 	<ul style="list-style-type: none"> Residential Districts 	<ul style="list-style-type: none"> Multi-family Districts (where a single-family home exists) 	<ul style="list-style-type: none"> Single-family Districts 	<ul style="list-style-type: none"> Single-family Districts Agritainment District
Attached ADU Setbacks	<ul style="list-style-type: none"> Per district setbacks 	<ul style="list-style-type: none"> Per district setbacks 	<ul style="list-style-type: none"> Per district setbacks 	<ul style="list-style-type: none"> Per district setbacks 	<ul style="list-style-type: none"> Per district setbacks 	<ul style="list-style-type: none"> Per district setbacks 	<ul style="list-style-type: none"> N/A
Detached ADU Setbacks	<ul style="list-style-type: none"> Variable setback based on ADU height 	<ul style="list-style-type: none"> Min. 10 ft. from street side property line Min. 3 ft. from interior property line No setback when adjacent to alley 	<ul style="list-style-type: none"> Per district setbacks Units in lofts over a detached garage exempt 	<ul style="list-style-type: none"> Per district setbacks 	<ul style="list-style-type: none"> Variable setback based on ADU height 	<ul style="list-style-type: none"> Min. 2 ft. setback from all property lines Additional 1 ft. setback for every foot over 10 ft. tall 	<ul style="list-style-type: none"> Per district setbacks
Maximum Size	<ul style="list-style-type: none"> ≤30% of primary dwelling unit ≤50% of primary dwelling unit in Town Center Redevelopment Area or Infill District 	<ul style="list-style-type: none"> ≤75% of primary dwelling unit Lots ≤ 10,000 sq. ft. = 1,000 sq. ft. Lots > 10,000 sq. ft. = lesser of 3,000 sq. ft. or 10% of lot area 	<ul style="list-style-type: none"> Subordinate to primary dwelling unit Sum of all building footprints ≤ max. lot coverage 	<ul style="list-style-type: none"> ≤30% of rear yard area Sum of all building footprints ≤ max. lot coverage 	<ul style="list-style-type: none"> ≤800 sq. ft. of livable floor area 	<ul style="list-style-type: none"> ≤50% of livable area of primary dwelling unit Cannot exceed 30% of rear yard area 	<ul style="list-style-type: none"> ≤50% of primary dwelling unit
Maximum Height	<ul style="list-style-type: none"> For Attached - max. height of district For Detached - max. height varies on location Outside rear or side yard - per max. height of district 	<ul style="list-style-type: none"> Rear Yard – 15 ft. Side Yard – 8 ft. Outside rear or side yard – per max. height of district 	<ul style="list-style-type: none"> Per max. height of the district 	<ul style="list-style-type: none"> 15 ft. 	<ul style="list-style-type: none"> For Attached - per max. height of the district For Detached - 15 ft. 	<ul style="list-style-type: none"> Per max. height of the district 	<ul style="list-style-type: none"> Per max. height of the district

Source: City of Mesa, November 2023

Policies, Recommendations and Strategies

The goals and recommendations discussed in this chapter are to guide City policymakers in making informed decision on housing in the City. Projected growth in the City’s housing demand is reviewed below in Figure 5-11, followed by policies to address the growing needs.

FIGURE 5-11. SUMMARY OF GROWTH IN HOUSING DEMAND

City of Mesa	2022	2030 Projected
Population	523,000	543,900
Households	193,316	208,873
Housing Units	219,909	237,606

Source: US Census 2018-2022 ACS 5-Year Estimates; MAG; ZPFI

Five main areas of policy recommendations are identified in this chapter. These are: (1) Evaluate development standards and requirements to ease entitlement and housing plan approval processes; (2) Expand successful, existing housing assistance programs; (3) Continue support for the homeless; (4) Attract higher-wage employment to improve housing affordability; and (5) Create opportunities to encourage and support homeownership. A summary of each of the identified recommendations is outlined below and expanded in the Plan:

1) Evaluate Development Standards and Requirements:

- Review current parking standards to ensure appropriate and suitable standards used for various housing types.
- Encourage use of form-based codes in appropriate areas.
- Encourage mixed-use developments.
- Review and reduce setback standards to make infill more feasible.
- Reduce or waive fees for affordable housing development.
- Increase administrative approval processes to reduce review timeframes.
- Review zoning districts to allow:
 - Diversification of permissible housing types
 - Middle housing types
- Promote the use of ADUs where appropriate.

2) Expand Successful, Existing Programs:

- Consider expansion of or revisions to the City’s existing voucher programs where allowed by HUD.
- Consider expansion of or revisions to the City’s existing down payment assistance programs when market conditions and HUD program requirements allow.
- Support programs to rehabilitate older neighborhoods.
- Provide supportive programs for the aging and elderly.

3) Care for the Homeless

- Continue to support Mesa’s Housing Path.
- Expanding or revising existing programs
- Facilitate co-location of essential services to support housing.

4) Attract Higher-Wage Employment Opportunities to Improve Affordability

- Attract, retain and grow employment opportunities for high-wage earners.
- Continue to support current workforce development programs.
- Encourage development of higher-priced homes and more middle housing types to minimize migration of residents to other cities.

5) Create Opportunities to Encourage and Support Homeownership

- Initiate a platting or land division process that supports the division of lots into middle-housing lots.
- Explore opportunities to provide no cost pre-approved single-family home designs, including middle-housing.

Goal 1. Evaluate the City's Current Development Standards and Requirements.

Recommendation 1-1. Review parking requirements in the City Code for potential amendment which may encourage the higher use of public transportation for applicable projects, as well as establishing appropriate parking standards suited for each particular type of development.

In addition to streamlining the City's zoning and land use review processes, studies in jurisdictions such as Phoenix, Arizona⁶⁶ and Park City, Utah,⁶⁷ identified strict parking standards and setback requirements as major barriers to housing supply, with active zoning code amendments being considered or adjusted. While different legal requirements may apply in different states and jurisdictions, the examples discussed in the Plan recommendation can assist the City in coming up with creative solutions, vetted with State requirements, to ensure departments guide the establishment of appropriate parking standards to support housing developments.

In 2017, Buffalo, New York,⁶⁸ adopted its "Green Code", which removed minimum parking requirements Citywide. Since then, 47 percent of major developments in the City have included less parking than was previously permissible. Further, a 2021 study⁶⁹ on the effects of Buffalo's code changes found that mixed-use developers were likely to take advantage of reduced parking requirements, especially in proximity to other transit assets and highly accessible locations. For further policy examples, the Parking Reform Network provides live online mapping, citations, and policy summaries regarding municipal parking reforms and code changes at various stages of implementation and adoption across North America.

While many municipalities continue to evolve parking requirements, in jurisdictions with limited greenfield areas, a developer must either construct structured parking or reduce the number of housing units built to meet adequate off-street parking requirements. According to HUD, construction costs for structured parking are estimated at \$50,000 per stall, adding approximately \$100,000 to the price of a two-bedroom unit.

⁶⁶ "Development Standards of General Applicability Section 702. Off Street Parking and Loading." City of Phoenix Municipal Code, <https://phoenix.municipal.codes/ZO/702>, accessed March 2024.

⁶⁷ "Recommended Land Management Code Amendments", Lisa Wise Consulting, Fehr & Peers, Cascadia Partners, 3.

⁶⁸ "Minus Minimums", Hess, Rehler, Journal of the American Planning Association, Vol. 87: No. 3, 396.

⁶⁹ "Parking Reform Map", Parking reform Network, <https://parkingreform.org/resources/mandates-map/>, accessed March 2024

For the City to facilitate housing development and minimize cost barriers, adopting parking standards and designs that reflect general trends in areas or encourage multimodal forms of transportation that rely less on parking spaces for residential development are appropriate. Particularly, the City can focus on reducing the required parking spaces for residential developments within one-quarter mile of a transit station or along transit routes. The City should also consider reviewing existing design guidelines for residential development and institute opportunities that encourage open negotiation for specific projects. As such, open dialogue with developers may allow for tradeoffs in achieving diverse housing developments while maintaining healthy and sustainable neighborhoods.

Recommendation 1-2. Review and reduce setbacks requirements in the City Code for potential amendments which may make infill development more feasible.

As the City increases its focus on infill development, there are opportunities for developing vacant or underdeveloped parcels within areas that are already largely developed. The City should review its setback requirements and consider if changes to the City Code would enable and encourage more infill development.

One challenge cited by realtors, real estate brokers, and developers interviewed as part of this Plan is that significant sections of the City's Code requirements are difficult to adhere to for infill development or make such projects economically unviable. Parking standards and lot setbacks were cited as the most challenging requirements for infill and small lot development, as adherence to these requirements reduces the already constrained land area available for placement of buildings.

Recommendation 1-3. Encourage use of form-based codes in specific areas of the City.

Another strategy to encourage housing production through an effective zoning strategy is adopting more form-based codes in the City. Form-based codes can help guide the development of healthy neighborhoods by focusing on quality design guidelines for streets, open space, and other physical features of the built environment, rather than the strict application of separation of building types or uses typical of traditional Euclidean zoning. In addition, form-based codes are typically based on the area's collective or shared community vision. As such, effective administration of such codes aids in achieving the goals of the community with minimal complexity for the land entitlement processes.

Currently, the City has an existing Form Based Code in a section of the downtown area. To reduce the timeframe for development applications for housing, the City should consider other infill areas that can benefit from using form-based code. Such efforts could encourage more development on underutilized parcels and also provide community assurance of the quality of such developments, thereby minimizing community concerns and boosting housing supply.

Recommendation 1-4. Encourage affordable housing as appropriate such as through reduced development fees.

While plan reviews and processing incur considerable costs on a municipality, some jurisdictions continue to explore tools such as fee waivers to incentivize affordable housing. For example, the City of Tempe may grant fee waivers⁷⁰ of up to 50 percent of development fees for projects within the Apache Boulevard Redevelopment Area that include 15 percent workforce housing units. Tempe's Code defines workforce housing as housing sold or leased to households with incomes between 80 and 120 percent of AMI.

⁷⁰ "Affordable Housing Strategy", Strategy B1: Fee Waivers, City of Tempe, 28

Recommendation 1-5. Continue to use and improve efficient and streamlined review and approval processes.
During the public input process with developers, a number of those that attended expressed a need for the City to continue to find opportunities to minimize challenges associated with obtaining entitlements for housing development. They recommended the City continue to evaluate its review processes and find more opportunities to improve efficiencies, especially as procedures change over time and new technology becomes available to assist the different processes of obtaining entitlements.

Recommendation 1-6. Continue to use or increase administrative approvals as permitted by the City Code to shorten review timelines.

The City currently allows for administrative approvals, as permitted by City Code. Continuation of this practice will shorten review timelines, thereby reducing costs.

Recommendation 1-7. Review the zoning ordinance for potential amendments which may encourage the diversification of permissible housing types.

The City can continue and also explore opportunities to encourage the development of diverse housing types, especially development of townhomes, duplexes and tri-plexes that are seen less frequently in the City's current development proposals. The City can also explore the development of tiny homes, through City Code amendments. Tiny house options include accessory dwelling units (ADUs) on foundations, small lot subdivisions, or long-term leases of "pads" for conventional housing development (similar to mobile home parks), all of which require individual water/sewer hookups.

Recommendation 1-8. Continue to promote the use of ADUs where appropriate.

As mentioned previously in the Plan, the City Council and staff continue to support progress toward the construction and use of ADUs. As the City considers future policies, additional support for garage conversions and non-conforming structure conversions may be considered as viable options for ADUs.

Recommendation 1-9. Review the density regulations in the City Code to determine if additional density is appropriate for affordable housing in certain areas.

Another tool the City may consider is revising its density regulations to allow for increased density when affordable housing is provided. Allowing increased density in these situations may encourage the development of affordable housing units in the City.

The creation of additional affordable and "missing middle" housing may be further incentivized by combining tiered requirements for affordability alongside incentives in maximum building heights. In Park City, Utah, a location where affordable housing is severely constrained, the City took steps in 2020 to create 800 affordable housing units by 2026 to help achieve the goal of having 15% of the City's workforce live within City limits. Among other initiatives, Park City allowed density bonuses for any project with 50% or more affordable housing⁷¹ and doubled density for affordable master planned developments from the underlying zoning district, except in its historic commercial district.⁷²

Recommendation 1-10. Encourage mixed-use development.

⁷¹ Park City, 2021 Update to the 2020 Housing Assessment and Plan, The Moderate Income Housing Plan, an Addendum to the 2014 Park City General Plan, November 19, 2020, 5.

⁷² Park City, Land Management Code Amendments, Recommended Amendments Report, February 2024, Section 15-6.1-6, 45.

To maximize land and reduce infrastructure costs, the City should encourage mixed-use development, especially as it pursues redevelopment of older shopping centers and development of the few vacant parcels remaining in prime locations, such as Eastmark and mixed-use land use designated areas. These patterns of development will help the City to maximize land as well as attract those residents looking for such type of development.

Goal 2. Expand Successful, Existing Programs.

Recommendation 2-1. Consider expansion of or revisions to the City's existing programs where allowed by HUD.

Many of the City's current policies and existing or potential programs require additional funding and staffing for expansion to support housing. Specifically, increased vouchers provision and monitoring, and increased CDBG rehabilitation projects undertaken.

Staff will continue collaborating with developers seeking to apply for LIHTC funding through the Arizona Department of Housing (ADOH) for the creation of affordable housing. In Mesa, if HOME dollars are contributed to 9% LIHTC applications, more points will be awarded to a project, increasing the likelihood that LIHTC housing will progress.

Recommendation 2-2. Consider expansion of or revisions to the City's existing HCV assistance programs when market conditions and HUD program requirements allow.

Work with HUD to determine if more voucher assistance for very low-income families, older adults, and people with disabilities is available. More staff resources would be needed to process more applications for the City's Public Housing Authority (PHA) if HUD has additional vouchers available to the City's PHA.

The City could also support additional voucher opportunities and apply for them as a NOFA becomes available. In 2023, the City administered 1,926 vouchers. While rents appear to be stabilizing, there continues to be an unmet need for housing assistance which obtaining additional vouchers could significantly assist low income households.

Recommendation 2-3. Support programs to rehabilitate older neighborhoods.

As the City is nearing full development of greenfield and undeveloped land, redevelopment of deteriorating properties and neighborhoods will become essential to expanding housing stock. There are various opportunities to utilize funds from the City's CDBG to support programs to rehabilitate older and aging housing stock.

Recommendation 2-4. Provide supportive programs for the aging and elderly.

As the City population ages, the demand for senior-friendly housing with integrated support services will increase. The City is currently meeting this need through a variety of independent-living communities. As of March 2024, a senior living resource service identified 25 separate properties with available units in the City.⁷³ As demand grows, one potential tool for private, nonprofit housing sponsors is the HUD 202 program which seeks to expand the supply of housing assets for very low-income seniors that allow them to live an independent lifestyle with a base of support services.

⁷³ Source: after55.com

Goal 3. Care for People Experiencing Homelessness

Recommendation 3-1. Continue to support Mesa's Housing Path and the City's many programs that assist people experiencing homelessness.

Mesa's Housing Path is a forward-thinking approach to getting individuals access to resources and support services they need. The program's purpose is to build life skills that will bring stability to individuals and families while ensuring that health and safety needs are met.

Recommendation 3-2. Consider expansion of or revisions to the City's existing programs or create new programs.

Day labor programs for individuals experiencing homelessness may provide potential benefits through offering breakfast, lunch, and daily payment for labor while also connecting individuals to services and re-housing opportunities. Glendale, AZ has enacted such a program which could be used as a model.

Recommendation 3-3. Facilitate co-location of essential services to support housing.

Affordable and safe housing serves as the foundation for individuals to move out of poverty and avoid homelessness. It is increasingly recognized that housing must be connected to opportunities for education, transit, recreation, food supplies, healthcare, and other essential services. The City should explore such opportunities to locate essential services near housing to increase access to those facilities, especially to those very much in need.

Goal 4. Attract Higher-Wage Employment Opportunities to Improve Affordability.

Recommendation 4.1. Continue economic development efforts to attract, retain and grow employment opportunities for high-wage jobs.

As evidenced in the price of homes, one significant way for the City to help meet housing needs is to attract higher paying jobs that provide higher salaries to its residents, thereby increasing their purchasing ability. The housing gap analysis shows a significant housing supply for those making 100 percent AMI and increasing opportunities for higher wage will boost housing affordability for those making at least the average income.

Recommendation 4.2. Continue to support current workforce development programs.

The City should continue to encourage and facilitate communication between educational institutions and businesses to ensure that needed business skills and training are aligned with educational courses and offerings. Collaboration between businesses and education is key to building a more highly-trained workforce.

Recommendation 4.3. Encourage development of higher-priced homes and more middle housing types to minimize migration of residents to other cities.

To help balance housing supply, the City should encourage the development of higher-priced housing in areas where market forces are conducive and compatible. As identified with the gap analysis, the City currently lacks opportunities for a wide choice of higher-priced housing as compared to surrounding cities. According to the realtors interviewed and a number of long-time residents of the City, this lack of housing choice has led to many former residents moving to surrounding cities for the type of higher income housing missing in Mesa. Such continuous migration could have a negative economic impact on the City's ability to attract certain services that consider high income in locating at a place. In addition, the ability to obtain higher wages for new graduates will help attract this group and boost the labor force in the City, as well as help minimize the negative effects of an aging population as projected for the City.

Recommendation 4-4. Support the development of higher-paying wages.

The City should continue to maintain close relationships with major employers in Mesa and strive to understand their business needs and expansion plans. It is imperative to keep top employers located in the City because they serve as a nucleus to create future clusters of related business types that bring higher-paying wages. The City can encourage and facilitate communication between educational institutions and businesses in Mesa to ensure that needed business skills and training are aligned with educational courses and offerings through such avenues as the City's Education and Workforce Development Roundtable. As collaboration between businesses and education is key to building a more highly trained workforce.

The City can also reach out to businesses in Maricopa County that are looking to expand and assist them in locating in Mesa. Assistance can include personalized attention to help them walk through the permitting process or locate suitable buildings or land for construction of business facilities in Mesa.

Mesa's airports provide a unique competitive advantage with neighboring cities. Businesses that generally thrive near airports include industrial parks, hospitality, logistics and manufacturing. Having a vision or long-range plan focused on development near the airports that focuses on the highest-paying industries could be used as a tool to help the City to increase recruitment efforts for these business types.

Goal 5. Create Opportunities to Encourage and Support Homeownership***Recommendation 5-1. Initiate a platting or land division process that supports the division of lots into middle-housing lots.***

The Balanced Housing Plan was reviewed with the Planning and Zoning Board (the "Board") during their study session on July 10, 2024. During the review, the Board recommended the City to explore opportunities to encourage homeownership. Under this recommendation, staff conducted further research on explore strategies being used by other jurisdictions to encourage homeownership, both locally and nationally. From the research, staff found that, spurred by state level legislation, several municipalities in Oregon, including Portland, Bend, and Eugene, have developed a middle-housing land division process that allows lot divisions for middle-housing thereby enabling units to be sold or owned individually. Essentially, divisions of a "parent lot" are permitted for the sole purpose of creating ownership opportunities for middle-housing home types. From these findings, staff have started to encourage developers seeking permit and land use entitlement to develop for-rent housing types to design the development to be able to plat in the future for individual homeownership.

Recommendation 5-2. Explore opportunities to provide no cost pre-approved single-family home designs, including middle-housing.

As part of the P&Z recommendation to identify strategies to encourage development of owner-occupied units, staff also found that offering pre-approved housing plans (i.e. ready-made preapproved plans) may be able to save potential property owners permit and plan review fees, as the plans will be pre-reviewed and meet all City of Mesa Code requirements. Additionally, pre-approved plans can save property in architect fees. In recent years, jurisdictions in Arizona, including the City of Maricopa and Yavapai County, have implemented this idea. For example, Yavapai County offers six floor plans, representing one-, two-, and three- bedroom homes, ranging in size from about 670 square feet to about 2,300 square feet. Other municipalities are currently in the process of providing pre-approved single-family home designs, such as Apache Junction, which plans to provide three floor plan options for property owners later this year. As part of the action plan for implementing the BHP, staff will be exploring, and if practical, institute a certain form of pre-approved plan to advance this strategy of encouraging homeownership.

FIGURE 5-12. PROJECTED OVERALL HOUSING NEED TABLE

Year	Population	Households	Annual Citywide Single Residence Housing Need	Annual Citywide Multiple Residence Housing Need	Total Housing Need
2024	525,936	193,316	1,359	806	203,623
2025	528,888	195,416	1,359	806	205,788
2026	531,857	197,516	1,359	806	207,953
2027	534,842	199,616	1,359	806	210,118
2028	537,845	201,716	1,359	806	212,282
2029	540,864	203,816	1,359	806	214,448
2030	543,900	205,916	1,359	806	216,612

The purpose of this table is to help the City track its housing needs and supply from time to time and assess how those needs are being addressed.

Overall Summary

Overall, there has been a significant increase in housing prices. Incomes in the City have not kept pace with rising housing costs. However, the City has continued to maintain a significant housing supply for households making 80 percent to 130 percent of AMI. There is a significant housing shortage for residents making below 50 percent AMI and those above 150 percent AMI. The City also has limited “missing middle housing.” From discussions with the development community and findings on the current cost of housing, it is imperative the City continue to find opportunities to increase its housing supply for residents making below 50 percent of AMI such as through working with nonprofit groups or expanding housing assistance programs. It is also critical for the City to find opportunities to facilitate development of housing for residents making above 150 percent of AMI, and 200 percent of AMI or more to help minimize migration of this segment of the City’s population out of the City to other surrounding cities, as has historically been identified. Retaining residents within the high-income category is essential for the City’s economic development efforts and attracting some of the missing retail and restaurants desired by residents.

Appendix 1— Action Plan

Rec	Implementation Tasks	Department	Timeline
GOAL 1: EVALUATE DEVELOPMENT STANDARDS AND REQUIREMENTS TO BOOST HOUSING SUPPLY.			
1-1	Review parking requirements for potential amendment to encourage higher use of public transport for applicable project and establish appropriate parking standards suited for each type of development.	Lead: Development Services Support: Urban Transformation	2024-2026
1-2	Update the Mesa Zoning Ordinance parking requirements to encourage increase use of public transport, as appropriate, and establish parking standards that ensure the requirements for each type of development meets the needs of uses.	Lead: Development Services	2025-2026
1-3	Create an infill ordinance that considers reduced setbacks, heights, parking requirements and other development standards to ensure project viability for infill projects. Continue to encourage use of form-based codes in appropriate areas of the City, including Smart Growth Community Plan (SGCP).	Lead: Development Services Support: Urban Transformation	2024-2025
1-4	Evaluate opportunities to minimize permit review cost for affordable housing when appropriate.	Lead: Development Services Support: Community Services	2024-Ongoing
1-5	Continue to evaluate and update the land use and development approval processes in the City's Code of Ordinances to further streamline applications and approvals.	Lead: Development Services	2024-Ongoing
1-6	Continue to use and increase administrative approvals for development applications to shorten review timelines.	Lead: Development Services	Ongoing
1-7	Review the City's Zoning Ordinance for potential amendments to encourage the diversification of permissible housing types. Update the City's Zoning Ordinance to reflect State legislation that allows for varied housing types and identify areas of the City where appropriate.	Lead: Development Services	2024-Ongoing

1-8	Continue to promote the use of ADUs where appropriate. Finalize Zoning text amendments for ADUs to further promote their use.	Lead: Development Services	Ongoing
1-9	Review density regulations in the City's Zoning Ordinance to determine if additional density is appropriate for affordable housing in certain areas of the City. Evaluate and update housing density requirements in the City's Zoning Ordinance to identify districts where additional density can promote additional affordable housing and where executive housing can be developed.	Lead: Development Services Support: Community Services	2025-Ongoing
1-10	Amend the City's Zoning Ordinance to allow conversion of mobile home units in manufactured homes and RV subdivisions into conventional dwelling units of conventional construction homes.	Lead: Development Services	2025
1-11	Track building permits for residential developments and assess how the city is meeting its projected housing demand.	Lead: Development Services Support: Community Services	2024-Ongoing

Rec	Implementation Tasks	Department	Timeline
GOAL 2: EXPAND SUCCESSFUL, EXISTING PROGRAMS.			
2-1	Consider expansion of or revisions to the City's existing programs where allowed by HUD.	Lead: Community Services	2024-Ongoing
2-2	Consider expansion of, or revisions to the City's existing HCV assistance programs when market conditions and HUD program requirements allow.	Lead: Community Services	Ongoing
2-3	Support programs to rehabilitate older neighborhoods.	Lead: Community Services	2024-Ongoing
2-4	Continue to support non-profit partnerships in the allocation of funds to provide programs for the aging and elderly.	Lead: Community Services	2024-Ongoing
GOAL 3: CARE FOR PEOPLE EXPERIENCING HOMELESSNESS.			
3-1	Continue to support Mesa's Housing Path initiative.	Lead: Community Services Support: Police Park Rangers Fire Development Services Library	2024-Ongoing
3-2	Facilitate co-location of essential services to support housing.	Lead: Community Services Support: Development Services Engineering Transportation Transit	2024-Ongoing

Rec	Implementation Tasks	Department	Timeline
GOAL 4: ATTRACT HIGHER-WAGE EMPLOYMENT OPPORTUNITIES TO IMPROVE HOUSING AFFORDABILITY.			
4-1	Continue economic development efforts to attract, retain, and grow employment opportunities for high-wage jobs.	Lead: Economic Development	2024-Ongoing
4-2	Continue to support current workforce development programs.	Lead: Economic Development Support: City Manager's Office	2024-Ongoing
4-3	Identify strategic locations for executive housing to encourage development of higher-priced homes, as well as promoting more middle housing types to minimize migration of residents to other cities.	Lead: Development Services Support: Urban Transformation	2024-Ongoing
GOAL 5: ENCOURAGE HOMEOWNERSHIP			
5.1	Facilitate a platting or land division process that supports or prepare the division of lots for current or future homeownership.	Lead: Development Services	2024-Ongoing
5.2	Explore opportunities to provide no cost pre-approved single-family home designs for permitting, including middle housing types such as town homes and ADUs.	Lead: Development Services	2024-2026
5.3	Promote the City's desire for more ownership product to developers	Lead: Urban Transformation Support: Development Services	2024-Ongoing