



CITY OF FLAGSTAFF

April 27, 2026

To: Governor Katie Hobbs

RE: Inclusion of HB2804 (Rural affordable housing; tax credits) in state budget

Dear Governor Hobbs,

I am writing on behalf of the City of Flagstaff and the undersigned mayors and supervisors representing cities, towns and counties across rural Arizona to express our urgent need for expanded housing support. HB2804 (Rural Affordable Housing; Tax Credits) offers a critical solution by establishing the Rural Development and Housing Tax Credit program to address the severe shortage of affordable housing in rural communities. We respectfully seek your action in including this program in the FY27 state budget.

HB2804 creates a state tax credit that complements the federal Low-Income Housing Tax Credit program, specifically targeting projects in counties with populations under 800,000. This initiative will:

- Allocate a total of \$120M over 10 years for rural affordable housing, increasing housing options for working families, seniors, and vulnerable populations in rural Arizona.
- Leverage private investment by providing state tax credits that make projects financially feasible.
- Stimulate local economies through construction jobs and long-term community development.
- Ensure housing opportunities across all regions of the state, not just urban centers.

None of the tax credits are issued until a project is completely built and occupied by tenants. This means there is no financial impact to the General Fund for this fiscal year, and likely the next several years. These credits will help close the gap in housing availability and affordability, which is essential for sustaining rural communities.

We respectfully urge you to include the rural affordable housing tax credit in the FY27 state budget and help ensure that every Arizonan has access to safe, affordable housing regardless of where they live.

Thank you for your leadership and commitment to strengthening Arizona's rural communities.

Sincerely,



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Mayor Becky Daggett
City of Flagstaff

Mayor Marie Moore
Town of Camp Verde

Mayor Robyn Prud'homme-Bauer
Town of Clarkdale

Mayor Holli Ploog
City of Sedona

Mayor Kell Palguta
Town of Prescott Valey

Mayor Stephanie Irwin
Town of Pinetop-Lakeside

Mayor Alex Barber
Town of Jerome

Mayor John Leech Jr.
City of Show Low

Mayor Rodney Head
City of Bullhead City

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Chair Patrice Horstman
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Mayor Fitzgibbon
City of Casa Grande

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City of Douglas

Mayor Dusty Escapule
City of Tombstone

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Town of Chino Valley

Mayor Jorge Maldonado
City of Nogales

Mayor Steven Kidman
City of Page

Mayor Gil Madrid
Town of Miami

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Town of Patagonia

Mayor Laura Dorrell
Town of Clifton

Mayor Richard Ortega
City of Safford

Mayor Clarinda Vail
Town of Tusayan

Mayor Kathleen Smith
City of Holbrook

Mayor Clea McCaa
City of Sierra Vista

Mayor Randy Hartless
Town of Parker

Mayor Andrew Sutton
City of Eloy

Mayor Al Gameros
City of Globe

Mayor Greg Hancock
City of Wilcox