

On behalf of the Tucson Metropolitan Housing Commission I am pleased to present our Annual Report for calendar year 2010. The Commission together with the City of Tucson, its partner agencies and the private sector has worked to achieve the goals established in calendar year 2010. These goals and the outcomes are as follows:

- **Create a non-profit designated 501(c) 3 local community land trust**
  - In April, 2010 the Pima County Community Land Trust was incorporated, received its non-profit status from the Internal Revenue Service in August retroactive to April, and established a board that meets on a regular basis.
- **Support the inclusion of affordable housing in the Pima County Bond proposal**
  - MHC members lobbied for this inclusion and were successful in increasing the proposed funding for affordable housing in the draft bond package which is currently on hold.
- **Build and strengthen strategic partnerships**
  - MHC members have worked to increase valuable partnership with other entities that support affordable housing.
- **Continue to work with the City of Tucson and Pima County in removing development barriers.**
  - At the MHC's urging the Development Services staff of both the City and County had a series of meetings that resulted in recommendation on changes to simplify the development process.
- **Continue to monitor federal, state and local legislative issues.**
  - MHC has been active in monitoring relevant legislation and advocating for affordable housing issues.
- **Collaboratively participate in the creation of an affordable dwelling.**
  - Market conditions did not allow for this to take place. However 2011 plans are to work with the Tucson Housing Trust Fund to create a long-term plan where this can occur.

The Commission had its annual retreat in January 2011 and set the following goals for calendar year 2011:

- **Develop a system to preserve existing affordable housing that is in danger of being lost to the overall inventory.**
- **Raise awareness in the community about the value of affordable housing in the Tucson metropolitan area and the number of households residing and needing affordable housing in our communities.**
- **Develop a collaborative effort that includes local officials, organizations and lenders to resolve the foreclosure crisis including recovery and prevention of foreclosures.**
- **Shift local policy direction and funding to focus on those most in need of affordable and/or subsidized housing including those most at risk of homelessness.**

As we continue the planning processes for these goals, I would like to recognize the efforts and commitment of the Commission members who work diligently to improve the quality of life for Tucson's low- to- moderate income families.

Respectfully submitted,  
  
Evelia Martinez,  
Commission Chair

# Annual Housing Report

## City of Tucson Metropolitan Housing Commission

### FY 2010 (July 1, 2009 through June 30, 2010)

#### **Introduction**

This annual housing report prepared by the Metropolitan Housing Commission for the City of Tucson Mayor and Council is designed to provide:

- 1) An update on the local housing market conditions;
- 2) A summary of local trends and indicators that inform housing policies and programs administered by the City; and
- 3) A production count and cumulative inventory of protected affordable housing, including City-owned housing.

#### **I. Current Market Conditions**

##### Profile of the Housing Stock in Tucson and Pima County

Housing Statistics	Pima County	City of Tucson
Total Residents	1,020,200	543,907
Total Housing Units	367,987	226,767
Average Household Size	2.69	2.65
% Owner-Occupied	65.8%	54.7%
% Renter-Occupied	34.2%	45.3%
Median Household Income	\$43,137	\$35,565
Median Value of Specified Owner-Occupied Housing	\$188,500	\$162,400
Fair Market Rents:		
1 Bedroom	\$661	\$661
2 Bedroom	\$848	\$848
3 Bedroom	\$1,221	\$1,221
<i>Effective 10/01/2010</i>		
Age of Housing Stock: Units 50+ Years Old by 2010	63,599 (14.8%)	53,533 (23.6%)
Households with Seniors	103,486 (28.1%)	44,924 (22.7%)
Low-Income Households (below 80% Of Median Household Income; ~\$25,000)	148,590 (40.4%)	79,399 (40%)

*\*American Community Survey 2009 1-year estimate*

## City of Tucson Permit Activity

Below is a summary of residential permit activity for the past two years compiled by the City Planning & Development Services Department. While it indicates a small increase in construction activity, these numbers are considerably less than the pre-recession years.

FY 08-09	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Totals
SFR	74	33	38	30	17	21	32	12	25	24	43	34	383
DUPLEX	2	0	4	4	0	0	1	0	2	0	0	1	14
3 or 4 Fam Bldgs	0	0	0	0	0	0	0	1	1	1	1	0	4
MULTI-FAM 5+	0	0	0	0	0	0	0	0	0	12	0	0	12
Residential Alterations	139	110	96	90	142	87	100	93	124	162	119	114	1,376
Commercial Alterations	79	81	65	88	59	59	60	39	93	58	64	81	826

FY 09-10	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Totals
SFR	47	43	32	22	19	30	45	32	49	35	31	27	412
DUPLEX	0	0	0	3	1	8	3	0	1	0	2	0	18
3 or 4 Fam Bldgs	0	0	0	0	0	0	0	0	0	0	0	0	0
MULTI-FAM 5+	0	0	6	0	0	0	0	0	0	0	0	0	6
Residential Alterations	123	115	186	105	81	94	85	102	122	145	110	121	1,389
Commercial Alterations	91	55	65	67	47	58	63	53	82	42	31	33	687

The City of Tucson has multiple roles in developing and maintaining the local housing stock. In addition to code enforcement and residential permitting, the City's primary role is to establish policies and programs that protect neighborhoods and provide housing to low and moderate-income households who cannot secure safe, decent and affordable housing under current market conditions. This includes homeless persons, elderly households on fixed incomes, persons with disabilities, and the working poor who consistently struggle to pay basic living expenses. These households are typically forced to choose among competing priorities, such as food, healthcare, and shelter.

The U.S. Department of Housing and Urban Development (HUD) regularly publishes income guidelines for each community that defines which households are eligible for housing assistance. Below are the guidelines for 2010:

**2010 Income Guidelines for the City of Tucson and Pima County  
(U.S. Department of Housing and Urban Development)**

Income Levels	Median Family Income (MFI levels) by Household Size					
	1	2	3	4	5	6
80% of MFI	\$33,050	\$37,800	\$42,500	\$47,200	\$51,000	\$54,800
50% of MFI	\$20,650	\$23,600	\$26,550	\$29,500	\$31,900	\$34,250
30% of MFI	\$12,400	\$14,200	\$15,950	\$17,700	\$19,150	\$23,400

In Tucson approximately 79,399 City households (40%) and 148,590 Pima County households (40%) are by definition income qualified or in need of assistance. In general, this means that these households have incomes at or below 80% of the area median income, and they are either living in substandard conditions or paying more than 30% of their household income for housing. The City also provides over 10,000 units of assistance to over 4,000 homeless or near-homeless persons each year.

**2) Local Market Indicators and Emerging Trends**

Housing Market Indicators:

Indicator	Available Statistics	Source of Information
Median Price of a SFH in Pima County	\$139,900	Multiple Listing Service, November 2010
Average Rents in Pima County	\$630 per month	Multi-family Housing Association
Household Income Needed to Afford Average Rent	\$2100 per month or \$25,000 per year	HUD Standard
Apartment Vacancy Rates	11.77%	Multi-family Housing Association
Average Residential Property Taxes	\$1,066	National Association of Homebuilders
Foreclosure Rate in Pima County	1 in every 438 homes	RealtyTrac
U of A Enrollment	39,086	University of Arizona
U of A Resident Hall Capacity	6,931 students	University of Arizona
Average Annual Wage per Worker (Tucson)	\$39,899	U.S. Bureau of Economic Analysis, Regional Economic Accounts
City of Tucson Residents receiving SSI/SSD		Department of Economic Security

# of persons employed by the Top 10 Employers	75,842 City of Tucson 7% U of A 13.6% Military 18%	Multi-family Housing Association
Unemployment rate for Tucson	8.9%	Arizona Department of Commerce

Emerging Trends

As the chart above shows, foreclosures continue to plague our community. Arizona continues to rank second in the United States for foreclosures. There were over 58,000 foreclosures in 2009 and it is estimated that over 70,000 occurred in 2010, according to the Arizona Department of Housing. The full impact of foreclosures on the local market and on household and neighborhood stability is unknown; however, it is clear that foreclosures have impacted the value of property and the local homeownership rate.

As experts look more closely at the foreclosure crisis, several facts begin to emerge. HUD Secretary Shaun Donovan made the following remarks regarding the foreclosure crisis:

“We’ve also learned from foreclosure patterns that hidden costs like transportation can put families over the edge into increased financial vulnerability -- and that tying the quality and location of housing to broader opportunities like access to good jobs, quality schools, and safe streets is essential to building sustainable communities.

“It’s no coincidence that neighborhoods and families facing the brunt of the crisis--with the highest foreclosure rates and the deepest job losses--are often those with the least access to transportation, the most troubled schools, and the least economic opportunity.

“Today, the average household spends more than half of its budget on housing and transportation. They have become American families' two single biggest expenses.

“During the housing boom, real estate agents suggested to families that couldn't afford to live near job centers that they could find a more affordable home by living farther away. Lenders bought into the "Drive to Qualify" myth as well -- giving easy credit to homebuyers without accounting for how much it might cost families to live in these areas or the risk they could pose to the market.

“And when these families moved in, they found themselves driving dozens of miles to work, to school, to the movies, to the grocery store, spending hours in traffic and spending nearly as much to fill their gas tank as they were to pay their mortgage -- and in some places, more.”

In a report prepared by the Center for Neighborhood Technology for the Drachman Institute, College of Architecture & Landscape Architecture, at the U of A in March 2009, “as a percent of income, in many areas in Pima and Pinal Counties, households spend more than 28% of their income on transportation. This cost actually reaches a high of more than 32% of the area median income, making it a greater cost burden than the cost of housing in some areas.

“High housing and transportation costs have a direct effect on individual household budgets. They restrict the opportunity to save and to build assets. And, since high H+T[housing cost combined with transportation cost] is heavily correlated with high rates of car ownership, families often find themselves investing in automobiles that depreciate rapidly, rather than in investments that build wealth, like homeownership, savings, or education.

“Low combined housing and transportation costs in Tucson correspond to specific neighborhood characteristics: they are more compact (with more households per acre) and tend to have a range of stores and amenities in close proximity. Many of these communities with low combined H+T values are walkable neighborhoods with access to public transit.

“High Housing + Transportation costs affect not only individual household savings and their potential for wealth creation, but also the overall economic well being of the metro areas.”

The report suggests a role for government to address this issue: “Government, however, has the ability to influence high transportation costs. Government can encourage and implement multimodal transportation options for residents and create streetscapes that encourage walking and bicycling. Government can also adopt an aggressive policy to market the benefits of riding public transit and promote mixed-use development with restaurants and shopping in urban (and small town) cores to provide residents an alternative to driving to outlying shopping centers to meet their household needs. Finally, jurisdictions can support a regional planning policy that directs future growth in a manner that promotes pedestrian oriented, compact, mixed use development in areas with access to intra- and inter-city transit.”

*Sources:*

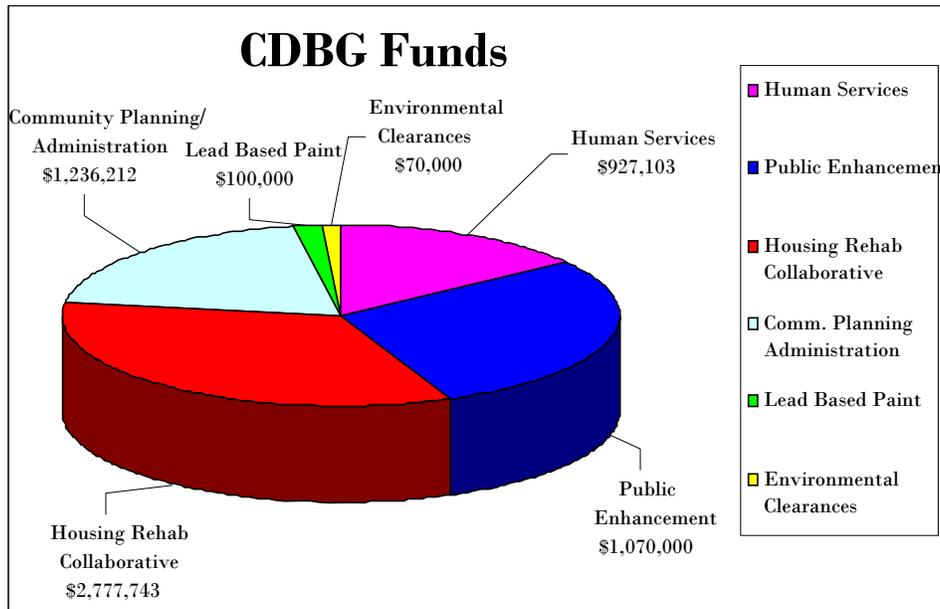
*Prepared Remarks from Secretary of HUD Shaun Donovan at the Congress for New Urbanism, May 21, 2010.*

*“Housing + Transportation Affordability in Tucson Metropolitan Area, Pima County, and Pinal County” Prepared by the Center for Neighborhood Technology for the Drachman Institute, College of Architecture & Landscape Architecture, The University of Arizona March 2009.*

### 3) Production and Cumulative Inventory of Affordable Housing

City housing programs are funded primarily with federal resources that are administered through the Housing and Community Development Department, with a network of non-profit and for-profit partners. These federal resources are used to leverage other resources (local, State, private sector, philanthropic) and are provided to qualified households in many forms. Rental subsidies, down-payment assistance for homeownership, and funds to rehabilitate substandard housing are the three major categories of assistance.

#### FY 2011 CDBG Funding Breakdown



### Housing Plans, Policies, and Production

#### Plans:

The National Affordable Housing Act of 1990 requires all cities and counties of 50,000 or more population to prepare a 5-Year Consolidated Plan with annual updates showing how funds will be invested to meet documented housing needs and stated goals. This Plan is required as a condition of receiving federal funds for housing and related assistance. The City of Tucson and Pima County have formed a Consortium under federal regulation, and prepare a joint 5-year Consolidated Plan, undertaking a comprehensive public participation process to draft the document. The current 5-year Consolidated Plan is good through June 30, 2014. At the end of each fiscal year, the City and County prepare a HUD-mandated report called the Consolidated Annual Production and Evaluation Report (CAPER) which assesses the community's progress in meeting the goals contained in the Consolidated Plan.

Local Policies:

The City of Tucson currently has an Affordable Housing policy in the State-mandated 2001 General Plan that reads, “Establish a community-wide goal that 10% of the City’s housing stock is affordable to families who are low-income.” As required by State law, the General Plan must be updated and taken to the voters for approval no later than 2015. City staff are currently working on an update to the document and plan on taking it to the voters in 2013. Policies related to affordable housing will be reviewed as part of that update.

As the local public housing authority (PHA), a distinct legal entity receiving annual entitlements from the federal government, the City actually owns and operates 1,888 public housing units and administers 4,294 rental vouchers under the Section 8 rental housing assistance program for the City of Tucson and an additional 852 Section 8 units for Pima County (these numbers include 215 HUD/VASH vouchers for veterans and 150 family unification vouchers, for a total of 5,146 units. There are also 110 Moderate Rehabilitation units. As a development arm of the City, the Housing and Community Development Department owns an additional 247 rental units in its El Portal portfolio. Because these properties were funded with federal dollars, all of these programs are regulated by HUD standards.

City of Tucson Affordable Housing Inventory is as follows:

Activity	Cumulative FY (1996-2009)	Production 7/1/09 – 6/30/2010						
		Rental		Homeowners		Homebuyer	Annual Total	Total all Units
		New Const	Preserved	Rehab	Repair	New Const		
El Portal	245	2					2	247
Homebuyer	453					84	84	537
Homeowner Rehab	2,586			485			485	3,771
Public Housing	1,888							1,888
Rental Partnership	456							456
Section 8	5,146							5,146
Shelter Plus Care	229						8	237

Production:

Below is a summary of the annual assistance to low-income households for City-administered affordable housing programs as documented by the CAPER:

Rental Housing Objectives	
Specific Objective	FY 2010
Increase the supply of affordable rentals for families	11 underway
Reduce the number of elderly persons who are cost burdened	56 underway
Increase the supply of affordable rentals for special populations	72 underway
Preserve affordable rental units	103 underway

Owner Housing Objectives	
Increase the supply of affordable homeownership units	2 completed 82 underway
Preserve existing housing stock	460
Increase affordability through down payment assistance	132
Lead Free Homes	107

Below are examples of how these federal programs have assisted City residents.

**Casitas on Broadway** is a newly constructed 57-unit Elderly Housing Facility. \$1.2 million in HOME funds were used to leverage an additional \$6.6 million in public/private funds. All units have been leased.

“There is a great need for affordable housing units for low-income seniors,” said Jesus Mora, housing director for Catholic Community Services’ (CCS) Pio Decimo Center. “And while Casitas’ 57 units are only a fraction of the 10,000 + affordable housing units we are short of in the state of Arizona, these units will make a difference for the people that live in them.” The new independent living complex features one-bedroom apartments of roughly 520 square feet. All were built with seniors in mind, with roll-in showers, wide hallways and doors, and safety features. In addition to the housing units, Casitas also has a large meeting room with a kitchenette, a computer room, and covered outdoor walkways and spaces for residents to enjoy. Further, Casitas was built with “green” technology and high energy-efficiency standards (certified as Gold LEEDs), which creates a healthier environment for residents and reduces operational costs.

Casitas was developed cooperatively by Catholic Community Services (CCS) and the Tucson Housing Foundation. It is owned and operated by an independent, single-purpose non-profit entity. The complex is operated and managed by CCS staff in much the same way as they do the Lalo Guerrero Barrio Viejo Elderly Housing complex in Downtown Tucson, coordinating social activities, transportation, and community involvement as needed. Having a decent, safe, and affordable place to live gives seniors peace of mind, said Mora, who has worked closely with CCS’ current low-income senior housing residents. “When residents get their key, they often cry,” said Mora. “They are so relieved because they know they will be okay. They feel part of

something and have a place to belong to. And for many of them, this is the best place they've ever had to live.” (Information taken from “A Safe, Affordable Home for Seniors” by Ruth Liljenquist in The New Vision.)



**Beatriz** is a 56 year old grandmother who lives with her 12 year old grandson. With City assistance (Older Americans Act funds from Pima Council on Aging), she was provided a new roof, a new cooler, and an electric upgrade. The roof was in bad shape, and the home had electrical issues due to age of house. Because cooler was malfunctioning and leaking, it caused the roof in her grandson's bedroom to fall in. Fortunately, he was not there at the time. This occurred right as construction was beginning. The City contractor repaired roof (see photo below), upgraded the electrical system, and the repaired the grandson's ceiling.





**Olivera** and her mother **Milica** are refugees from Bosnia who have been in the United States for more than 10 years. Olivera, her three daughters, twins **Gabrijela** and **Glorija**, 13, **Arlie**, 9, and **Milica** moved into their home in the Spring of 2009. “The house is beautiful,” she said. “It’s very nice knowing that you have your own place, that you don’t have to move anymore. It makes me very relaxed and I can think about other things.”



Some of those ‘other things’ include her family’s future, her kids and more education for herself. “I’m planning to go back to school to be a certified nurse assistant,” said Olivera who is an assistant manager at a local discount store.

Their home has made a difference for her daughters also. “My house is kind of a nice place,” Olivera said modestly. “It’s safe. The place I bring my kids from, that place was scary.” The twins will start high school next year and Arlie is in 5th grade. “I just received their report cards and they have all As and Bs,” Olivera said proudly. And when asked about her mother, Milica, Olivera said, laughing, “Grandma, she’s the boss of the house. She enjoys herself. You know, she lived in a house her whole life in Bosnia, so being in an apartment was like jail for her. She’s happy now.” This Habitat for Humanity home was funded with federal HOME dollars. (Story by Amanda Thomas, photo by photo by Diane Graham.)