



# City of Tucson Affordable Housing



# Production Report

For period ending June 30, 2007

March 2008

On behalf of the Metropolitan Housing Commission, I am pleased to present the Annual Affordable and Downtown Housing Production Report for fiscal year 2007. The Commission, the City of Tucson, its partner agencies and the private sector have worked diligently this past year to increase the stock of affordable housing in our community.

Affordable Housing goals that were met and exceeded include:

- 535 additional affordable housing units,
- 365 first time homebuyers assisted, and
- 1,157 housing units that were rehabilitated and repaired.

Downtown housing, both market rate and affordable are a work in progress and while they lag in production, there are efforts to increase the numbers. This is an area the Housing Commission is targeting as a 2008 focus.

The establishment of the Tucson Housing Trust Fund in 2006 was a major priority for the Commission. The Mayor and Council's appointments to the Tucson Housing Trust Fund Citizen's Advisory Commission and their efforts to identify public funding sources confirmed the importance and need for more affordable housing. We patiently wait and urge Tucson's private sector to 'step up' and show their financial commitment to this community need.

The Metropolitan Housing Commission in 2008 will continue its efforts to identify and support additional strategies to provide affordable housing. Starting with our annual meeting in January, the Commission will focus on providing the impetus for the formation of community land trusts. As mentioned earlier, moving forward real and measurable strategies to implement work force and affordable downtown housing will also be of importance. The Housing Commission will also work with the Mayor and Council, City staff, and coordinating agencies in assisting homeowners that face possible mortgage foreclosures.

As we face the challenges ahead of us, I want to thank the many individuals who work diligently to improve the quality of life for Tucson's low-income families. We will continue to work together to improve the lives of low-income families and increase the stability of neighborhoods in our community.

Sincerely yours,



Jerry Anderson  
Commission Chair

# Director's Message

City of Tucson, Community Services

March 2008

I am pleased to report on the efforts of the City of Tucson, the Metropolitan Housing Commission, partner agencies and the private sector to increase affordable housing in our community during last fiscal year.

Developing affordable housing is a challenge at this time of reduced federal funding, increased costs, and tightened credit. Yet the City made progress towards the ambitious goals established in its 2006-2010 Affordable Housing Strategies.

The community objectives are clear: increase homeownership; reduce substandard housing, and provide safe, decent affordable rental housing for those most in need. In addition, we have focused on production of housing downtown, and maintaining a healthy percentage of affordable housing as we do.

We met or exceeded our goals to reduce substandard housing and create affordable homeownership units. Progress downtown, although slowed by the market, continued to include a variety of housing types and prices.

The creation of the Tucson Housing Trust Fund is a major achievement that has the potential to expand the numbers of people we can assist. We need to be diligent in developing the Fund into an important community resource.

Last month we celebrated the completion of some new housing for seniors and persons with disabilities. One of the new residents stopped me to say, "The City should be proud of these homes." We are proud of each home that is built or renovated. The challenge is to repeat that accomplishment enough times to make not only a person's life better, but the community better.

Respectfully,



Emily Nottingham, Director  
Community Services Department

# Introduction

This report has been developed by the City of Tucson Community Services Department and the Metropolitan Housing Commission to report on affordable housing production in the community.

In January 2006, the City of Tucson Mayor and Council adopted the Affordable Housing Strategies for 2006-2010. The Strategies document outlines the following housing goals:

- The General Plan calls for 10% of our housing (21,000 units) to have their affordability protected over time. The goal is to move from 5% to 6% over a five year period, increasing the number of protected units by adding approximately 420 to the inventory each year.
- Increase the homeownership rate by assisting 300 first-time homebuyers annually.
- Reduce the number of substandard housing units by 500 homes per year.
- Increase the number of units produced in the downtown for a total of 2,000, of which 10% are affordable

## Inventory Criteria

Included in this report's inventory are housing units

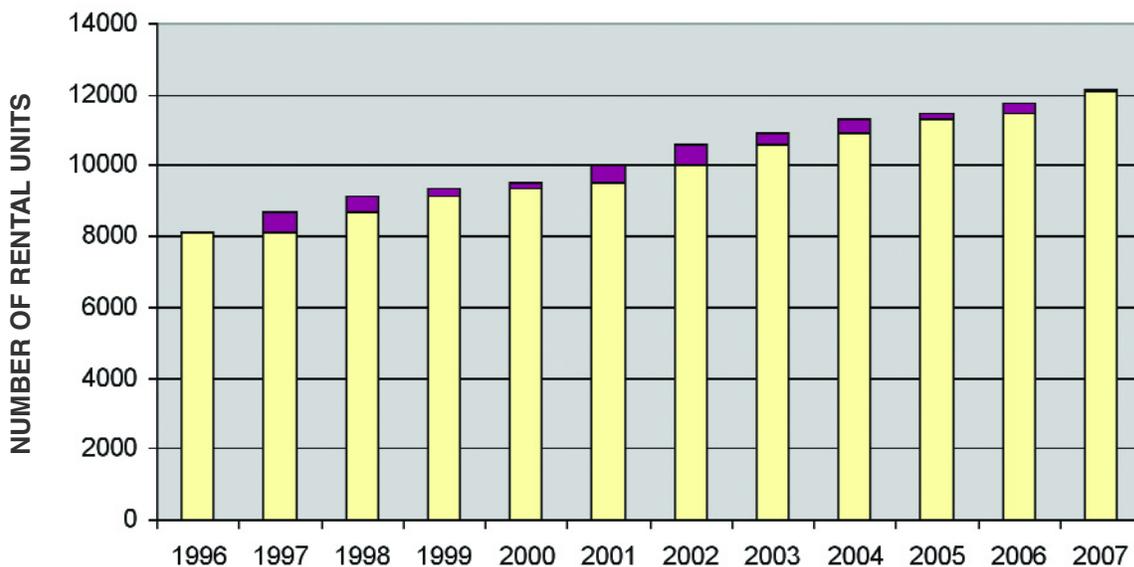
- located within the Tucson Metropolitan Area;
- occupied and/or ready for occupancy through June 30, 2007, by households whose income is 0-80% Median Family Income; and
- were initiated, funded, and/or developed by the city and other government, non- and for-profit agencies, and other housing organizations.

Income Levels	Median Family Income (MFI) Levels by Household Size					
	1	2	3	4	5	6
80%	\$29,350	\$33,500	\$37,700	\$41,900	\$45,250	\$48,600
50%	\$18,350	\$20,950	\$23,600	\$26,200	\$28,300	\$30,400
30%	\$11,000	\$12,550	\$14,150	\$15,700	\$16,950	\$18,200

# Rental Housing

When reporting began in 1996, there were just over 8,000 assisted rental housing units comprised of public housing, Section 8, HUD assisted and Low Income Housing Tax Credit units. Today, with the addition of several new projects having come online over the past 10 years, that number is up to 12,125. The City has temporarily taken the public housing units at the Martin Luther King Apartments offline, but they are being replaced through redevelopment.

## AFFORDABLE RENTAL HOUSING CUMULATIVE PRODUCTION



While the production of additional affordable rental housing was modest in 2007 (11 units), it should be noted that there are three HUD sponsored 202 elderly rental housing projects under development locally. When completed, these projects will yield an additional 180 units.

# Rehabilitation & Repair of Housing

Local non-profit agencies and the City of Tucson have continued to collaborate to rehabilitate and repair Tucson's aging housing stock. The production figures reflect homeowner-occupied and rental housing rehabilitation and repair efforts. As the housing stock ages, the need for housing rehabilitation will grow. Just 25 years ago, the city had roughly 10,000 residences over 50 years old. By 2010, the city will have over 53,000 homes in this category.

Beginning with fiscal year 2006, rehabilitation activities have been split into two areas – rehabilitation and repair. Rehabilitation is defined as a major improvement to the home, while repair is minor and simply maintains the unit in working order and helps prevent future deterioration. An example of a repair might be heater or cooler maintenance versus rehabilitation which might involve replacing the heater or cooler. This year, there were a total of 416 homeowners who received assistance with a repair and the remaining 722 received assistance with rehabilitation at their home.

In addition to these programs, the City of Tucson has also worked towards decreasing substandard housing through code enforcement. In FY2007, there were 1,151 units that were cited and inspected as a result of a housing complaint.

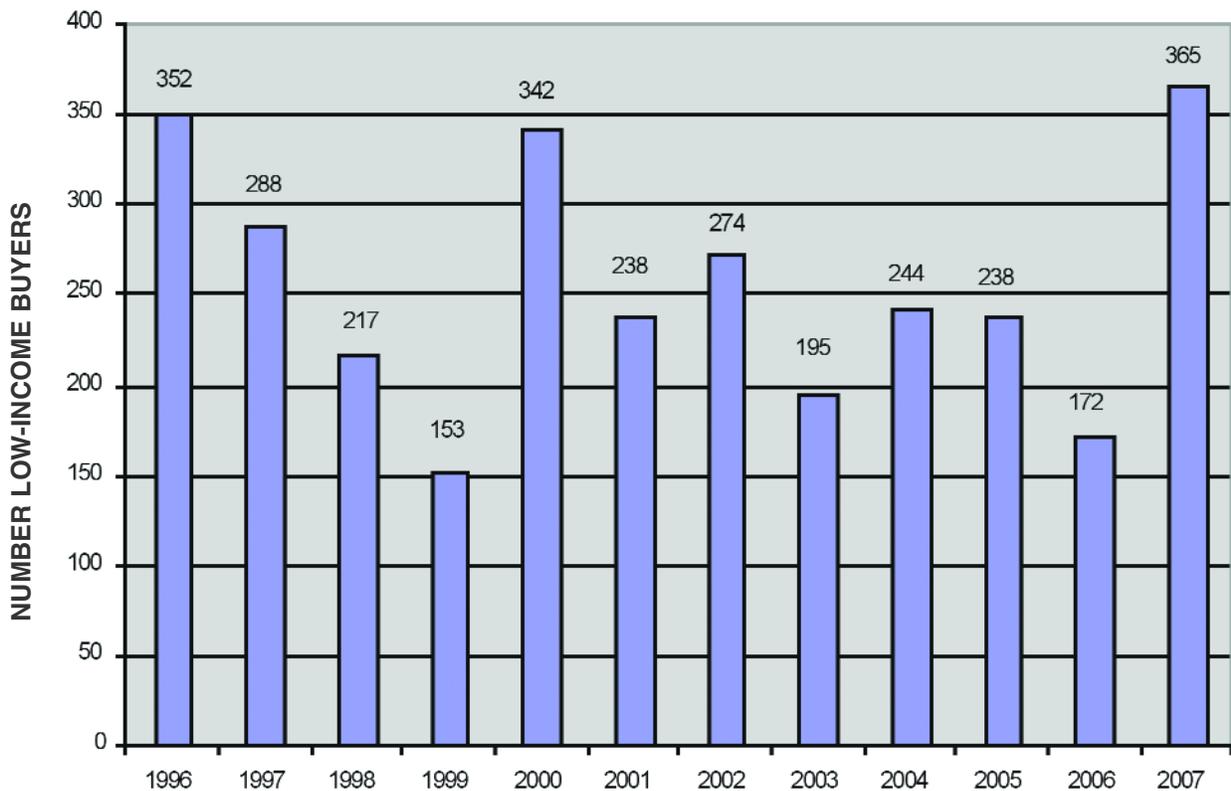
## REHABILITATION AND REPAIR ASSISTANCE ANNUAL PRODUCTION



# Low-Income Buyers

Homeownership is a goal for many moderate income Tucson families. The homeownership rate in Tucson, as noted in census data, is 54%, which is significantly lower than the rate for the entire State of Arizona at 68%. In FY 2007, 365 families received assistance in purchasing their own home, for a total of 3,078 homebuyers receiving assistance since reporting began. Of the 365 families assisted, 177 were assisted through the City of Tucson Industrial Development Authority Mortgage Revenue Bonds and Mortgage Credit Certificate programs. As credit tightens, more and more families will be priced out of the market, resulting in fewer families being assisted with larger subsidies.

**ANNUAL HOMEBUYER ASSISTANCE PRODUCTION**



# Downtown Housing

**In November 2002, the Mayor and Council adopted the SMART Housing for Downtown Tucson initiative. SMART Housing has three overarching goals:**

1. Develop an “active and livable downtown”.
2. Offer housing choices that attract new residents.
3. Support housing choices that protect the existing downtown residents.

More specifically, SMART Housing for Downtown Tucson articulates the City’s vision for downtown neighborhoods, which is to provide and maintain a balance of housing options throughout the area. Balance includes a range of housing types and costs that provide housing opportunities to buyers and renters with various incomes.

There are 15 neighborhoods in and around downtown, and four recognized historic districts. According to the 2000 census, the downtown area contains 8,500 housing units and is home to 19,168 (4%) of the City’s residents; 66% of whom are renters. Square foot costs in downtown are rising for the first time in decades.

The SMART Housing for Downtown Tucson initiative established a goal of 2,000 new housing units in the downtown by 2009. To date, over 1,310 units are either underway, in the planning stages or completed. This total includes 148 affordable units.



# Downtown Housing Production

Project Name	Market Rate Units	Affordable Units	Total Units
<b>Planned or Underway</b>			
Depot Plaza	177	90	267
El Mirador	150	0*	150
44 E. Broadway	30	0	30
Mercado District	98	4	102
The Post	40	4	44
Presidio Terrace	0	0	0
Rialto	14	0	14
25 <sup>th</sup> and 9 <sup>th</sup>	0	5	5
Westmoreland	3	11	14
<b>Subtotal</b>	<b>512</b>	<b>114</b>	<b>626</b>
<b>Completed in 2007</b>			
4 <sup>th</sup> Avenue Lofts	10	0	10
Sonoran Palms (substantial rehab)	167	18	185
<b>Subtotal</b>	<b>177</b>	<b>18</b>	<b>195</b>
<b>Other Completed Projects</b>			
Academy Lofts	36	0	36
Armory Park del Sol	92	0	92
B. Viejo/Osborne PI	1	12	13
Court & Meyer	2	4	6
Franklin Court	7	0	7
Ice House Lofts	51	0	51
La Entrada (Phase III)	66	0	66
Paseo Estrella	104	0	104
Starr Pass Heights	114	0	114
<b>Subtotal</b>	<b>473</b>	<b>16</b>	<b>489</b>
<b>Grand total</b>	<b>1162</b>	<b>148</b>	<b>1310</b>

\*\$3,000 per unit contribution to the Tucson Housing Trust Fund at closing.

# Downtown Housing

## Planning Stages/Underway:

### Depot Plaza

This eastside-of-downtown site will offer both market-rate and affordable rental housing, with first floor commercial space incorporated into the ground-floor design along Congress Street and Fifth Avenue. The project will include 68 elderly public housing units and 22 affordable rental units, in addition to market rate rental units. Public open space will connect the three-building complex with a 286 space public garage beneath.

### El Mirador

This multi faceted project will include 150 condo units; retail and commercial development; parking; and a hotel and gallery. The developer has committed to donate \$3,000 per dwelling unit sold to the Tucson Housing Trust Fund, in support of affordable housing.



### 44 E. Broadway

The former Walsh Federal Courthouse annex, located at 44 E. Broadway, is planned to be renovated to create additional downtown housing units. With potential for twenty-foot ceilings, sweeping views, and other luxurious amenities, the lofts promise to be a unique destination.

### Mercado District of Menlo Park

This 14-acre residential and commercial neighborhood honors the diversity and beauty of Tucson's past by emphasizing historic architecture and traditional building materials in a pedestrian-friendly environment. Plans call for a total of 102 units, including four affordable housing units. There are approximately 11 units that are complete or under construction.

### The Post on Congress

Bourn Partners are creating the new 6-story development, with 40 loft condominiums, ground floor shops, a restaurant and parking.



### Rialto

This project, above the historic Rialto Theatre, includes the redevelopment of 14 rental units over commercial space.

### 25th and 9th

This project is a five unit homeownership project being developed by Chicanos por la Causa and the City of Tucson.

### Westmoreland

This site, located in Menlo Park, will include 14 total units. Three will be market homeownership units and 11 will be affordable homeownership units.

# Downtown Housing

## Completed Projects:

### 4th Avenue Condos

This project, located in Armory Park, includes 10 market rate condominiums for sale.

### Sonoran Palms

This condominium conversion property includes 185 units and is located just west of the downtown on Silverbell Road. The City of Tucson helped 14 families to become homeowners at this site. In addition, the City purchased four units to maintain as affordable rental units in its El Portal Rental Program. While there were only 18 assisted units in this development, the market price of these units is affordable for many Tucson families. Market prices range from \$86,000 for a studio unit to \$129,000 for a three bedroom unit.

## Other Downtown Housing Assistance Programs:

**Rio Nuevo Owner-Occupied Housing Rehabilitation:** In FY2007, the Mayor and Council allocated \$200,000 and have allocated \$1,016,000 over the past five years in Community Development Block Grant (CDBG) funding to assist home-owners to repair their homes in the Rio Nuevo downtown area. In FY2007, there were 13 families assisted with these funds.

**BMIR Loan Program:** This City-wide home improvement program offers below market rate loans of up to \$40,000 to low- and moderate-income homeowners to make needed repairs and structural modifications to their homes. Interest rates for these loans can be as low as zero percent. In FY2007, there were 9 families assisted with this program.

**Property Tax Relief:** Very low-income home owners living in the downtown may apply for a subsidy to offset the increased property taxes triggered by escalating property values. During the FY2007, 11 applications were processed from among the 15 downtown neighborhoods and 11 refunds were issued. The average refunds are approximately \$35 per household. City staff are currently at work on proposed revisions and enhancements to this program.



# Downtown Housing

A baseline inventory of 922 protected and affordable downtown housing units was reported in 2003, representing 11% of downtown housing. In 2007, 21 affordable housing units were added – 12 rehabilitation and 9 homeownership units for a total of 961 affordable downtown housing units.

	Baseline					Total
	2003	2004	2005	2006	2007	
<b>Rehabilitation</b>	<b>60</b>	<b>43</b>	<b>35</b>	<b>25</b>	<b>12</b>	<b>175</b>
<b>Homeownership</b>	<b>77</b>	<b>14</b>	<b>4</b>	<b>12</b>	<b>9</b>	<b>116</b>
<b>Rental Units</b>						
Menlo Park	110	110	110	110	110	
Julian Drew	11	11	11	0	0	
Arizona Hotel	21	21	21	21	21	
Amory Park	143	143	143	143	143	
Lalo Guerrero	62	62	62	62	62	
Casa De Encanto	62	62	62	62	62	
Coronado Apts	41	41	41	41	41	
Fry Apartments	48	48	48	48	48	
Lander Gardens	47	47	47	47	47	
Martin Luther King	96	96	0	0*	0*	
Westmoreland	12	12	0	0**	0**	
Nosotros	12	12	12	12	12	
Posadas	120	120	120	120	120	
Sonoran Palms	0	0	0	4	4	
<b>Total Rental Units</b>	<b>785</b>	<b>785</b>	<b>677</b>	<b>670</b>	<b>670</b>	<b>670</b>
<b>Total Affordable Units</b>	<b>922</b>	<b>979</b>	<b>910</b>	<b>940</b>	<b>961</b>	<b>961</b>

\*Temporarily offline. To be replaced through redevelopment

\*\*To be redeveloped as homeownership units

# Permit Activity

In FY 2007, Development Services completed final inspections on 137 residential permits in downtown, which is level with the numbers from FY2006.

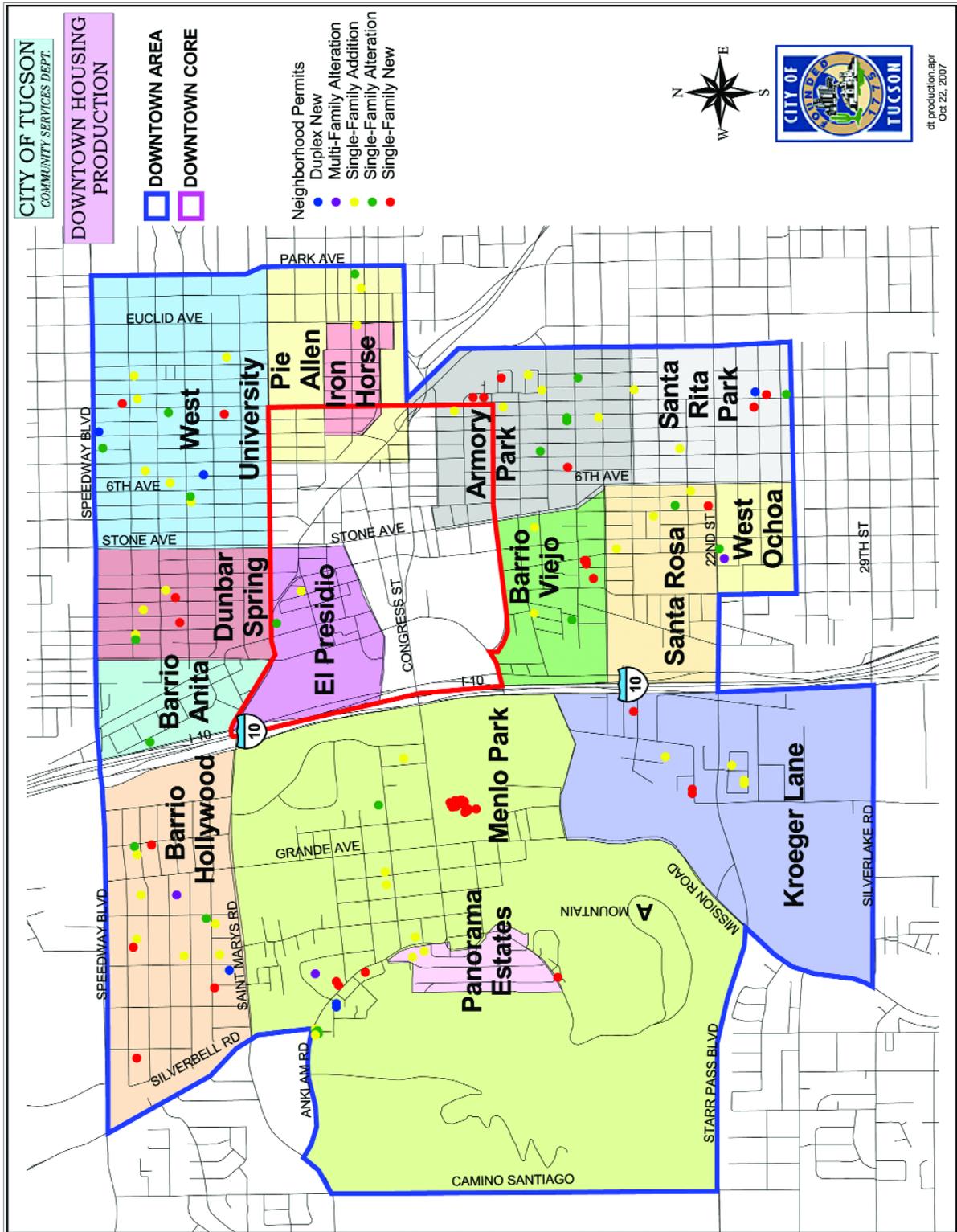
## Housing Production and Renovation in Downtown Tucson

Housing Activity	FY 2005 Units*	FY 2006 Units*	FY2007 Units
New Single-Family	75	93	44
Single-Family Addition	43	24	46
Single-Family Alteration	36	11	21
New Multi-Family	4	0	0
Multi-Family Addition	0	0	0
Multi-Family Alteration	7	1	14
New Duplex	7	4	12
Duplex Addition	2	0	0
Duplex Alteration	1	2	0
<b>TOTAL</b>	<b>175</b>	<b>135</b>	<b>137</b>

\*Multi-family and duplex figures represent projects



# Permit Activity



# Production Report

CITY	PRODUCTION 7/1/06 - 6/30/07							Total*
	Cumulative (1996-2006)	Rental		Homeowners		Homebuyer	Annual	
		New Const	Preserv	Rehab	Repair		Total	
EL Portal	271						0	271
HomeBuyer	374						0	374
Homeowner Rehab	2330			159			159	2489
Public Housing	1505						0	1505
Rental Partnership	204	9					9	213
Section 8	4748						0	4748
Shelter Plus Care	229						0	229
	9661	9	0	159	0	0	168	9829
<b>AGENCY</b>								
Comin' Home	30						0	30
Community Home Repair	2770			434	416		850	3620
Compass	34						0	34
COPE	73						0	73
CPLC	1218			18		59	77	1295
Development Design Group	210						0	210
DIRECT	390			35			35	425
Esperanza en Escalante	25						0	25
Family Housing Resources	850					68	68	918
Habitat	270					20	20	290
Mental Health Resources	138						0	138
Miracle Square	22						0	22
New Beginnings	52						0	52
Nosotros	12						0	12
Old Pueblo Community Foundation	12			7		17	24	36
Our Family Services/Family Counseling Agency	46						0	46
Pio Decimo	43						0	43
Primavera Foundation/Traveler's Aid	264					16	16	280
Rebuilding Together	184			29			29	213
SAAF	83						0	83
Salvation Army	35						0	35
TMM Family Services	368	2		17		1	20	388
Tucson Indian Center	0					2	2	2
Tucson Urban League	631			42		5	47	678
United Housing & Education	17						0	17
	7777	2	0	582	416	188	1188	8965
<b>OTHER</b>								
HUD	1652						0	1652
IDA Mortgage Revenue Bonds	0					151	151	
IDA Mortgage Credit Certificates	0					26	26	
LIHTC	2297						0	2297
Metropolitan Hsg. Corp.	143						0	143
	4092	0	0	0		177	177	4092
<b>TOTAL</b>	<b>21530</b>	<b>11</b>	<b>0</b>	<b>741</b>	<b>***</b>	<b>365</b>	<b>1533</b>	<b>23063</b>

\*Total of all units produced since 1996.

\*\*\*416 households rec'd repair assistance

# Conclusions

Fiscal year 2007 proved to be a challenging year for housing production goals. The overall goal of adding 420 additional, protected units was met as well as making strides with other goals. The following summarizes our production goals for FY2007

- The goal of adding an additional 420 protected, affordable units was met with the addition of 535 units. This number includes 365 homeownership units, the major rehabilitation of 159 units, and the development of 11 affordable rental units.
- The homeownership goal of adding 300 homes to the current inventory was also met. In FY2007, 365 families were assisted.
- The goal of reducing the number of substandard units in our community by 500 was met. In FY2007, there were 1,157 substandard units that received assistance. This includes the rehabilitation of 722 units and the repair of 416 units.
- The stated five year goal for the downtown of adding 2,000 units, including 200 affordable units, is well underway. Through FY2007, there are 1,367 units, of which 205 are affordable, that are either completed or under development consideration. To date, 551 units have been completed including 78 affordable units in the downtown.



# Housing Categories

The housing categories included in this inventory are rental units, preservation of affordable units, rehabilitation, repair, and homebuyer units.

## Housing Category Definitions:

**Rental** - is housing assistance for low-income families and individuals in the form of rental subsidy to tenants (Section 8, Conventional Public Housing, etc.) and subsidies provided for acquisition, rehabilitation and new construction of rental housing. Subsidies may be extended to landlords in exchange for rent restrictions/limitations. This category also includes transitional housing defined as housing assistance for low-income families and individuals needing shelter and support services for a variety of reasons. The goal of transitional housing is an ultimate move to permanent living accommodations.

**Preservation of Affordable Units** - the acquisition and/or repair of federally-subsidized rental properties that are at-risk of converting into market-rate housing units, in order to preserve affordability. (It should be noted that units produced in the homebuyer and rehabilitation categories do not necessarily remain permanently “affordable” because homeowners may sell their properties. Rental units produced or preserved typically have rent restrictions in place that keep them affordable well into the future.)

**Rehabilitation** - housing rehabilitation assistance of units occupied by low-income households, which do not meet minimum housing standards. Rehabilitation assistance ranges from emergency home repair to replacement of dilapidated units

**Repair** - providing assistance with minor repairs for low-income households to prevent the units from becoming substandard

**Homebuyer** - financial assistance to prospective low-income homebuyers to purchase a home.



# Funding Sources

**HOME Investment Partnership Program (HOME):** Federal funding provided via HUD to states and localities –locally through the City/Pima County Consortium.

**Community Development Block Grant Program (CDBG):** HOME program predecessor of Federal funding provided via HUD also allocated through the City/Pima County Consortium.

**State Housing Trust Fund Program (HTF):** federally allocated money provided to the State of Arizona to assist local government and other organizations in providing affordable housing project funding.

**Section 8:** This housing voucher program provided by HUD, assists very low-income families and is administered through the local housing authority (City of Tucson).

**Federal Home Loan Bank:** federal loans to be used as gap financing for affordable housing projects.

**Mortgage Revenue Bonds:** Governmental funding available to agencies for application to the IDA.

**Mortgage Credit Certificates:** This program is a dollar-for-dollar reduction in the federal income tax liability of a prospective homebuyer.

**Low-Income Housing Tax Credits (LIHTC):** Owners and investors are provided tax credits through this IRS funded program for low-income housing projects.

**HOPE VI:** This HUD program was developed to eradicate severely distressed housing.

**Public Housing/Comprehensive Grant:** HUD administers aid to housing authorities to provide this rental housing program.

**Housing Opportunities for Persons with HIV/AIDS (HOPWA):** is the only federally funded program dedicated to the housing needs of persons living with AIDS/HIV and their families.

**General Fund:** A portion of the City of Tucson's budget that can be used on discretionary funding, if mandated by Mayor and Council.



# Participants

## Metropolitan Housing Commission

Jerry Anderson	Janet Marcus
Barbara Becker	Evelia Martinez
James Brooks	Michael McDonald
M. Patricia DeVito	Melanie Morrison
Linda Drew	John Showalter
Michael Grassinger	Richard Fe Tom
Judith A. Green	Tom Williams
Andrew Gunning	

### Agencies:

Comin' Home, Community Home Repair, Compass, COPE, Chicanos Por La Causa, Development Design Group, DIRECT, Esperanza en Escalante, Family Counseling Agency, Family Housing Resources, Habitat for Humanity, Mental Health Resources, Miracle Square, New Beginnings, Nosotros, Our Town, Pio Decimo, Primavera Builders, Primavera Services, Rebuilding Together, So/AZ AIDS Foundation, Salvation Army, TMM Family Services, Travelers Aid, Tucson Urban League.

### Others:

Arizona Department of Commerce  
Metropolitan Housing Corporation

U.S. Dept. of Housing and Urban Development,  
Tucson & Phoenix Offices

### City Of Tucson

**Community Services Department**  
**Staff Contact: Erin Morris**

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