

AFFORDABLE HOUSING PRODUCTION REPORT FISCAL YEAR 2008



CITY OF TUCSON
COMMUNITY SERVICES
DEPARTMENT

CHAIR'S MESSAGE

February 2009

On behalf of the Metropolitan Housing Commission, I am pleased to present the Annual Affordable and Downtown Housing Production Report for fiscal year 2008. 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.

In January 2006, the City of Tucson Mayor and Council adopted the Affordable Housing Strategies for 2006-2010. This document outlines some of the goals that we are reporting on in this document. This includes the following goals:

- Increase the homeownership rate by assisting 300 first-time homebuyers
-- The goal was exceeded with the addition of 691 homebuyers assisted.
- Reduce the number of substandard housing units by 500 homes per year
-- A total of 848 housing units were assisted with rehabilitation and repair.
- Increase the number of units in the downtown area for a total of 2,000, including 10% affordable units
-- This goal is near with 1,896 units in the downtown, including 316 affordable units.

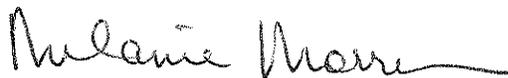
Work continued on the Tucson Housing Trust Fund during 2007 and was a major priority for the Commission. Efforts to identify public funding sources have yet to come to fruition.

Highlights from 2008 include the establishment of the Pima County Community Land Trust. The Land Trust will allow for housing to remain permanently affordable. In addition to, and to complement the Land Trust, HUD's new Neighborhood Stabilization Program will bring over \$7 million to our community. This funding will provide the necessary start up for this effort.

In 2009, the Commission will continue its efforts to identify and support additional strategies to provide affordable housing. Given the poor state of the economy, the goal of the Commission is to ensure that the Community Land Trust is well underway and that dedicated funding sources are identified for the Trust Fund.

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.

Respectfully submitted,



Melanie Morrison
Commission Chair

Introduction/Goals

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:

- 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;

Background Information

Included in this report's inventory are housing units

- occupied and/or ready for occupancy through June 30, 2008, 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.

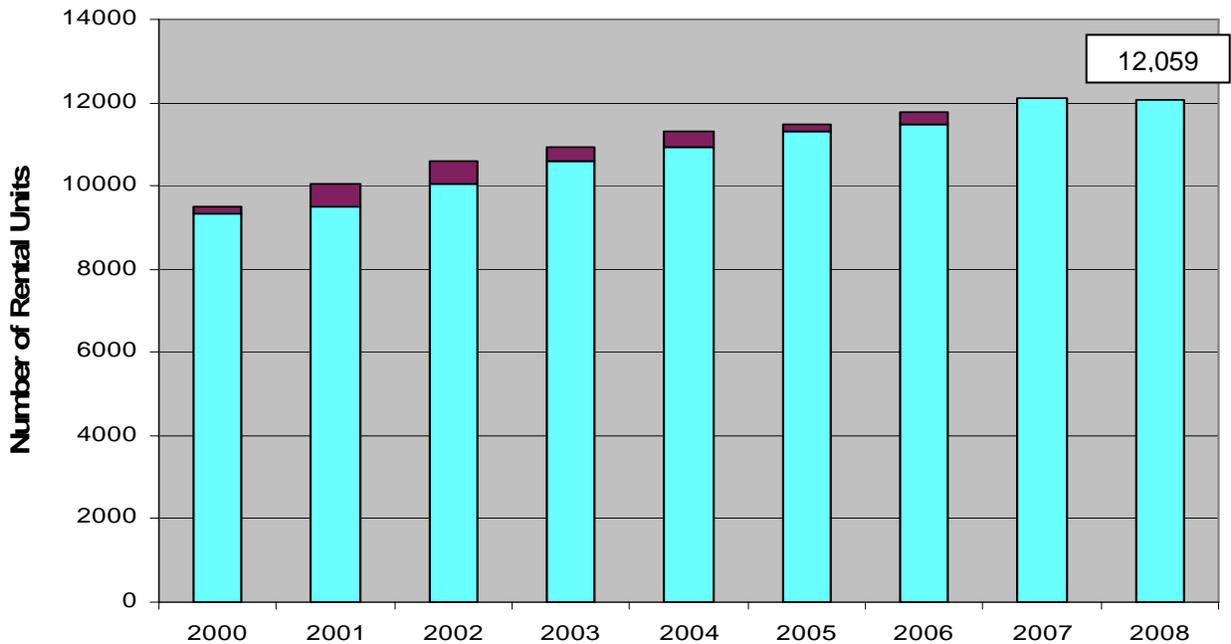
Income Levels	Median Family Income (MFI) Levels by Household Size					
	1	2	3	4	5	6
80%	\$30,800	\$35,200	\$39,600	\$44,000	\$47,500	\$51,050
50%	\$19,250	\$22,000	\$24,750	\$27,500	\$29,700	\$31,900
30%	\$11,550	\$13,200	\$14,850	\$16,500	\$17,800	\$19,150

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.

Over the past several years, 2000 -2007, the number of affordable housing units increased gradually. In FY2008, the unit count actually decreased by 66 units, for a total of 12,059. This reduction is primarily a result of Section 8 property owners opting out of their commitment to HUD at the end of their contract. It should be noted that Section 8 clients affected were provided a Housing Choice Voucher as an alternative.

AFFORDABLE RENTAL HOUSING CUMULATIVE PRODUCTION



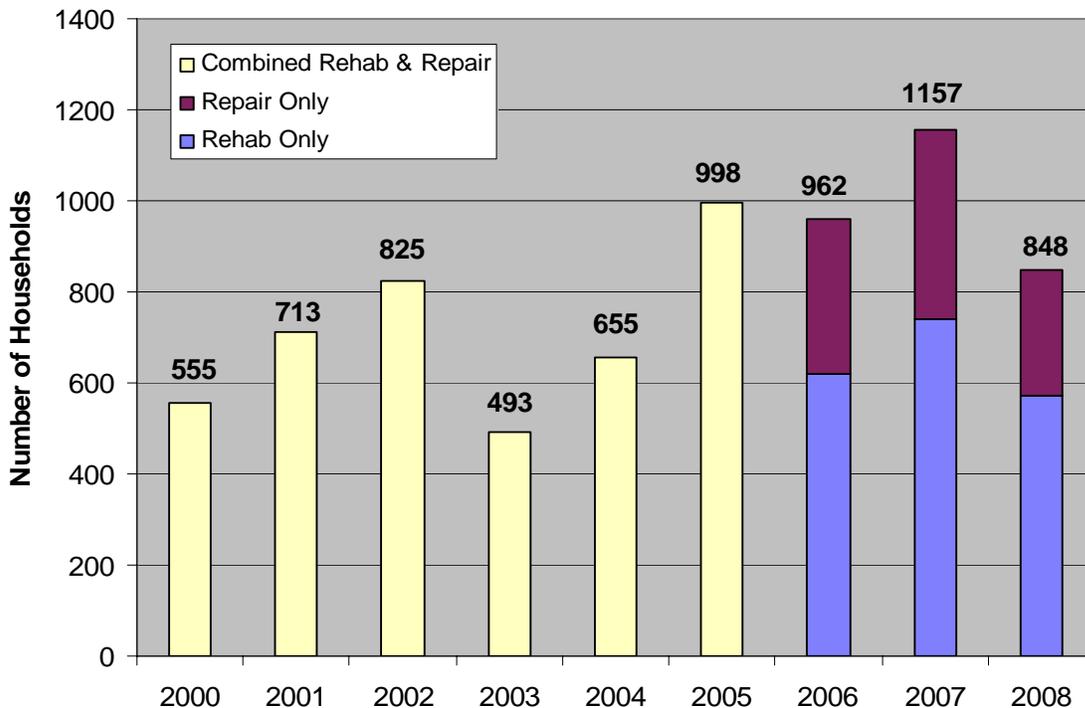
Rehabilitation & Repair of Housing

Local non-profit agencies and the City of Tucson have continued to collaborate to rehabilitate and repair Tucson's aging housing stock. The 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 tracked separately. 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. This year, there were a total of 573 homeowners who received assistance with rehabilitation, and 275 homeowners who received assistance with a repair.

In addition to these programs, the City of Tucson has also worked towards decreasing substandard housing through code enforcement. In FY2008, there were 850 units that were inspected as a result of a housing complaint and remediated.

REHABILITATION AND REPAIR ASSISTANCE ANNUAL PRODUCTION

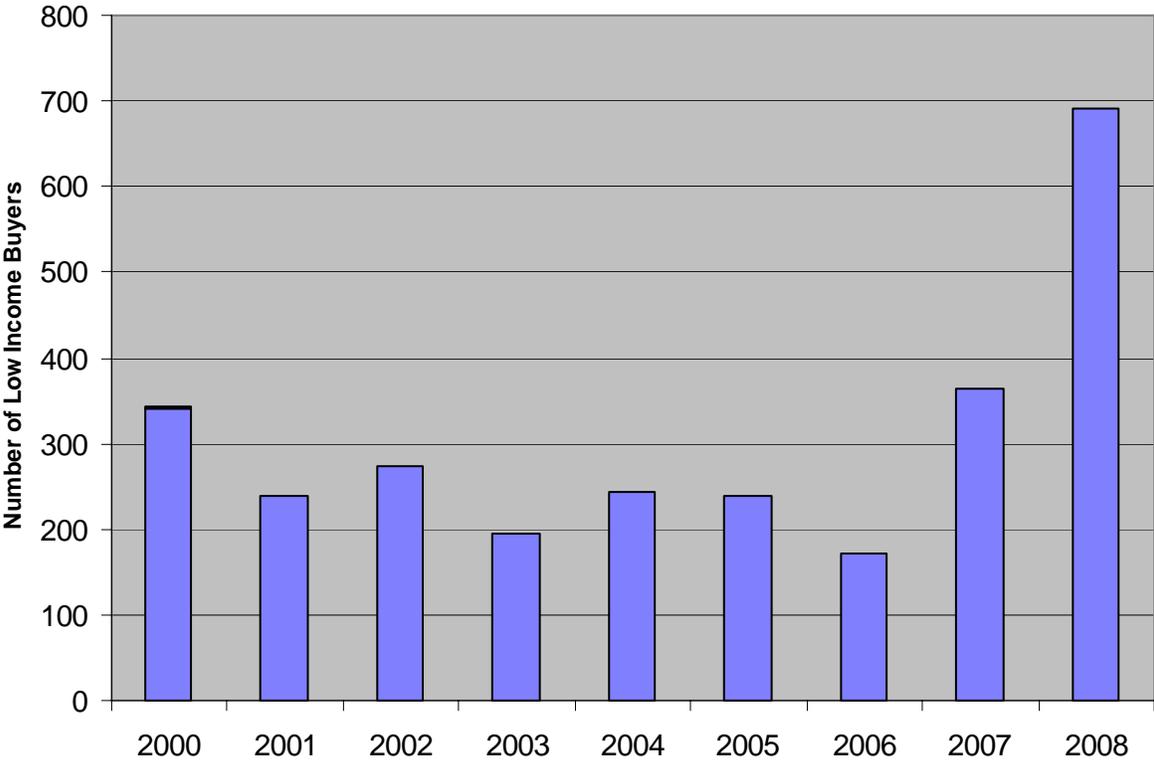


Low-Income Buyers

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 2008, 691 families received assistance in purchasing their own home, for a total of 3,769 homebuyers receiving assistance since reporting began. This exceeds the projected goal of 300 homebuyers assisted. Of the 691 families assisted, 296 were assisted through the City of Tucson Industrial Development Authority Mortgage Revenue Bonds and Mortgage Credit Certificate programs.

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.

The SMART Housing for Downtown Tucson initiative established a goal of 2,000 new housing units in the downtown by 2009. To date, 1,896 units are either underway, in the planning stages or completed. This total includes 316 affordable units.

Downtown Housing Planned for 2009 and beyond

Project Name	Market Rate Units	Affordable Units	Total Units
Planned or Underway			
Depot Plaza	177	90	267
El Mirador	150	0*	150
44 E. Broadway	30	0	30
Gadsen	293	157	450
Julian Drew Block	40	0	40
Mercado District	98	4	102
The Post	40	4	44
Westmoreland	3	11	14
1 North Fifth	85	11	96
Subtotal	916	277	1,193
Completed Projects			
Rialto	14	0	14
25 th and 9 th	0	5	5
Academy Lofts	36	0	36
Armory Park del Sol	92	0	92
B. Viejo/Osborne Pl	1	12	13
Court & Meyer	2	4	6
4 th Avenue Lofts	10	0	10
Franklin Court	7	0	7
Ice House Lofts	51	0	51
La Entrada (Phase III)	66	0	66
Paseo Estrella	104	0	104
Sonoran Palms (substantial rehab)	167	18	185
Starr Pass Heights	114	0	114
Subtotal	664	39	703
Grand total	1,580	316	1,896

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

Downtown Affordable Housing:

A baseline inventory of 979 affordable downtown housing units was reported in 2003, representing 11% of downtown housing. In 2008, 17 affordable housing units were added – 12 rehabilitation and 5 homeownership units for a total of 978 affordable downtown housing units.

Downtown Affordable Housing

	Baseline					Total
	2003/2004	2005	2006	2007	2008	
Rehabilitation	103	35	25	12	12	187
Homeownership	91	4	12	9	5	121
Rental Units						
Menlo Park	110	110	110	110	110	
Julian Drew	11	11	0	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	0	0*	0*	0*	
Westmoreland	12	0	0**	0**	0**	
Nosotros	12	12	12	12	12	
Posadas	120	120	120	120	120	
Sonoran Palms	0	0	4	4	4	
Total Rental Units	785	677	670	670	670	670
Total Affordable Units	979	910	940	961	978	978

*Temporarily offline. To be replaced through redevelopment

**To be redeveloped as homeownership units

Other Downtown Housing Assistance Programs

Rio Nuevo Owner-Occupied Housing Rehabilitation: Mayor and Council have allocated over \$1 million over the past five years in Community Development Block Grant (CDBG) funding to assist homeowners to repair their homes in the Rio Nuevo downtown area. In FY2008, there were 12 families who were assisted with these funds.

Property Tax Relief: Very low-income home owners living in the downtown area may apply for a subsidy to offset the increased property taxes triggered by escalating property values. During FY2008, one application was processed from among the 15 downtown neighborhoods. City staff are currently at work on proposed revisions and enhancements to this program. However, the overall decline in housing values has lessened the urgent need for this program.

Below Market Interest Rate (BMIR) Loan Program: Although not specifically targeted to downtown, this program is available for downtown residents. 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 FY2008, city wide, there were 31 families assisted with this program.

Downtown Permit Activity

In FY 2008, Development Services completed final inspections on 71 residential permits in downtown. Development activity in the downtown area has slowed down in FY2008, reflective of the downturn in the economy.

Housing Production and Renovation in Downtown Tucson

Housing Activity	FY 2006 Units*	FY 2007 Units*	FY2008 Units
New Single-Family	93	44	21
Single-Family Addition	24	46	33
Single-Family Alteration	11	21	11
New Multi-Family	0	0	0
Multi-Family Addition	0	0	0
Multi-Family Alteration	1	14	3
New Duplex	4	12	1
Duplex Addition	0	0	2
Duplex Alteration	2	0	0
TOTAL	135	137	71

*Multi-family and duplex figures represent projects

CITY OF TUCSON

COMMUNITY SERVICES DEPT.

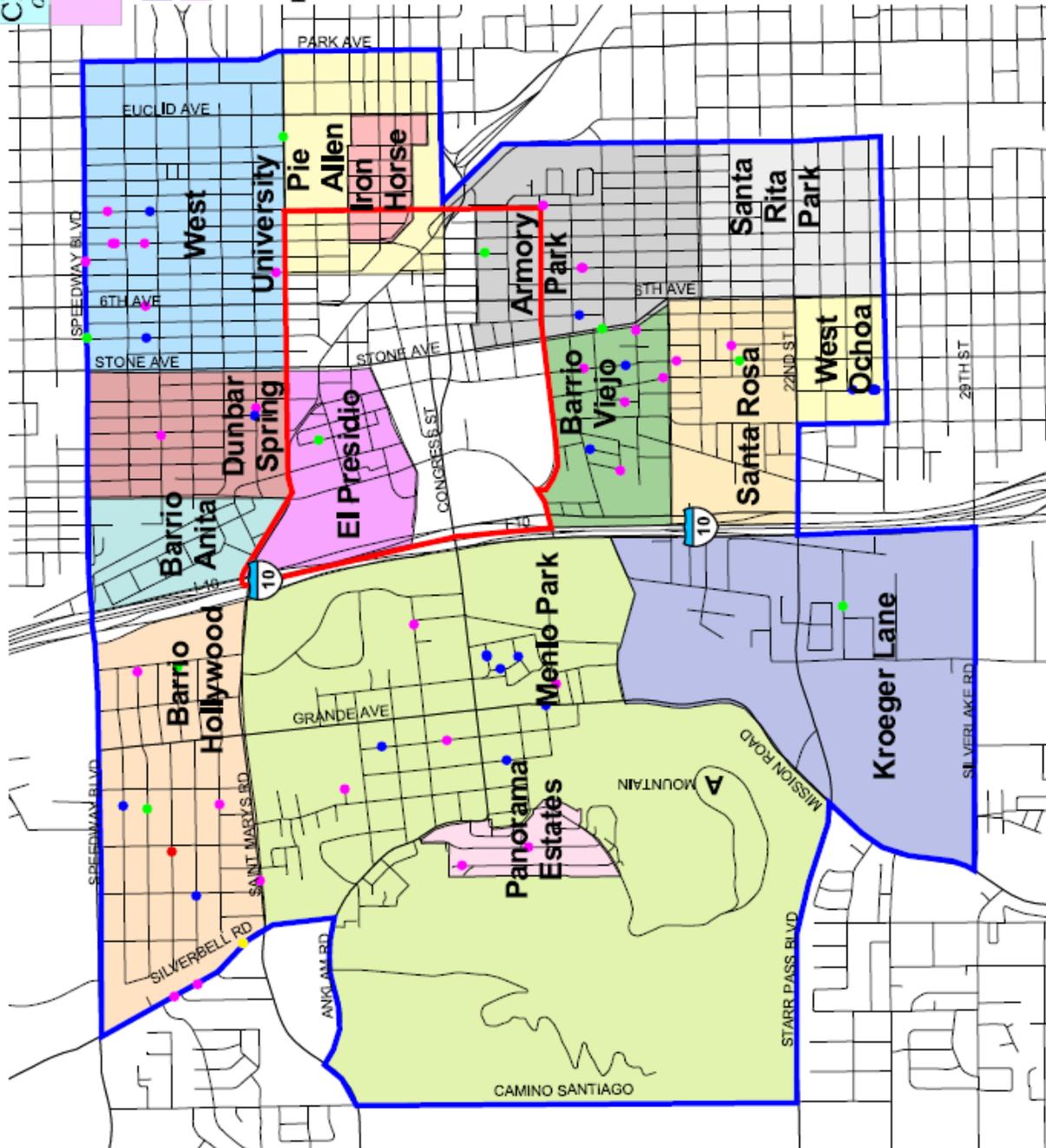
PERMIT ACTIVITY
DOWNTOWN HOUSING
PRODUCTION

DOWNTOWN AREA
DOWNTOWN CORE

- Production 2008
- New Duplex
 - Multi Family Alt
 - Single Family Addition
 - Single Family Alt
 - Single Family New



dt production by
Dec 16, 2008



Overview of Tucson's Housing Activity

CITY	Cumulative (1996-2007)	PRODUCTION 7/1/07 - 6/20/08					Annual Total	Total* Units
		Rental		Homeowners		Homebuyer		
		New Const	Preserv	Rehab	Repair**			
EL Portal	263	4					4	267
HomeBuyer	374					67	67	441
Homeowner Rehab	2489			139	53**		139	2628
Public Housing	1505						0	1505
Rental Partnership	213						0	213
Section 8	4748		53				53	4801
Supportive Housing Program	63						0	63
Shelter Plus Care	208						0	208
	9863	4	53	139	53**	67	263	10126
AGENCY								
Comin' Home	30						0	30
Community Home Repair	3620			256	222**		256	3876
Community Partnership of Southern AZ	0	22					22	22
Compass	34						0	34
COPE	73						0	73
CPLC	1295			14		91	105	1400
Development Design Group	210						0	210
DIRECT	425			33			33	458
Esperanza en Escalante	25						0	25
Family Housing Resources	918					52	52	970
Habitat	290					17	17	307
Mental Health Resources	138						0	138
Miracle Square	22						0	22
New Beginnings	52						0	52
Nosotros	12						0	12
Old Pueblo Community Foundation	36			8		52	60	96
Our Family Services/Family Counseling Agency	46						0	46
Pio Decimo	43						0	43
Primavera Foundation	280		16	5		113	134	414
Rebuilding Together	213			20			20	233
SAAF	83						0	83
Salvation Army	35						0	35
TMM Family Services	388	4	21	10		2	37	425
Tucson Indian Center	2						0	2
Tucson Urban League	678			88		1	89	767
United Housing & Education	17						0	17
	8965	26	37	434	222**	328	825	9790
OTHER								
HUD	1652	63	-279				-216	1436
IDA Mortgage Revenue Bonds	151					244	244	395
IDA Mortgage Credit Certificates	26					52	52	78
LIHTC	2297	28					28	2325
Metropolitan Hsg. Corp.	143	2					2	145
	4269	93	-279	0	0	296	110	4379
TOTAL	23097	123	-189	573	***	691	1198	24295

*Total of all units produced since 1996.

**Rehab Units total 275 in FY2008. Not Counted in totals.

Conclusions

Fiscal year 2008 proved to be a challenging year for meeting housing production goals. The following summarizes our production goals for FY2008

- The homeownership goal of adding 300 homes to the current inventory was exceeded. In FY2008, 691 families were assisted.
- The goal of reducing the number of substandard units in our community by 500 was also exceeded. In FY2008, there were 573 substandard units that received rehab assistance. An additional 275 households received limited assistance with home repairs.
- The stated five year goal for the downtown of adding 2,000 units, including 200 affordable units, is well underway. Through FY2008, there were 1,896 units, of which 316 are affordable, that are either completed or under development consideration.

Production Level Inventory Participants

Information for this report came from a variety
of public and private sources

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