COMPREHENSIVE STRATEGY FOR AFFORDABLE HOUSING

Liz Morales, HCD Director
August 10, 2021
Introduction to Affordable Housing and Need

HCD Efforts Underway

P-CHIP Priority and Strategies

Tools to Expand Affordable Housing

Recommendations & Next Steps
INTRODUCTION TO AFFORDABLE HOUSING AND NEED
What is **Affordable Housing**?

Housing that a household can pay for, while still having money left over for other necessities like food, transportation, and health care.
MEASURES OF INCOME

- Area Median Income (AMI)
- Self-Sufficiency Standard
- Poverty

4 Person Household

- Area Median Income (AMI) $68,400
- Self-Sufficiency Standard $56,530
- Federal Poverty Guideline (FPG) $26,200

Eligibility for Assistance Programs:
- Extremely Low Income (30% AMI) $23,950
- Very Low Income (50% AMI) $26,200
- Low Income (80% AMI) $54,700
- TEP Lifeline Bill Assistance $52,400
- AZ Nutrition Assistance (SNAP) Free/Reduced Lunch $34,060
- Free/Reduced Lunch $48,470
- Tucson Water Low Income Assistance Program (25% Reduction) $39,300
- AZ Medicaid $34,846
<table>
<thead>
<tr>
<th>Household Size</th>
<th>30% AMI</th>
<th>50% AMI</th>
<th>80% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$14,418.75</td>
<td>$24,031.25</td>
<td>$38,450.00</td>
</tr>
<tr>
<td>2</td>
<td>$16,481.25</td>
<td>$27,468.75</td>
<td>$43,950.00</td>
</tr>
<tr>
<td>3</td>
<td>$18,543.75</td>
<td>$30,906.25</td>
<td>$49,450.00</td>
</tr>
<tr>
<td>4</td>
<td>$20,587.50</td>
<td>$34,312.50</td>
<td>$54,900.00</td>
</tr>
<tr>
<td>5</td>
<td>$22,237.50</td>
<td>$37,062.50</td>
<td>$59,300.00</td>
</tr>
<tr>
<td>6</td>
<td>$23,887.50</td>
<td>$39,812.50</td>
<td>$63,700.00</td>
</tr>
<tr>
<td>7</td>
<td>$25,537.50</td>
<td>$42,562.50</td>
<td>$68,100.00</td>
</tr>
<tr>
<td>8</td>
<td>$27,187.50</td>
<td>$45,312.50</td>
<td>$72,500.00</td>
</tr>
</tbody>
</table>
POVERTY

- Roughly 20% of Tucsonans live under the Federal Poverty Guideline
- Higher than Pima County and Arizona
Tucsonans who pay >30% of their income on housing:
- 51% of renters
- 22% of homeowners

Lower incomes more likely to be cost burdened
## Need for Affordable Housing

<table>
<thead>
<tr>
<th></th>
<th>Part-time Retail Worker</th>
<th>Health Care Support Worker</th>
<th>Single Parent Construction Worker</th>
<th>Family with Businessperson Primary Earner</th>
<th>Family with Two Educators</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. in Household</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Estimated Household Income</td>
<td>$13,000</td>
<td>$27,000</td>
<td>$40,000</td>
<td>$64,000</td>
<td>$80,000</td>
</tr>
<tr>
<td>% of Area Median Income</td>
<td>30%</td>
<td>60%</td>
<td>80%</td>
<td>100%</td>
<td>&gt;120%</td>
</tr>
<tr>
<td>Max Rent They Can Afford</td>
<td>$325</td>
<td>$675</td>
<td>$1,000</td>
<td>$1,600</td>
<td>$2,000</td>
</tr>
<tr>
<td>Max Home Price</td>
<td>$37,700</td>
<td>$78,300</td>
<td>$116,000</td>
<td>$185,600</td>
<td>$232,000</td>
</tr>
</tbody>
</table>
AMERICAN RESCUE PLAN (ARPA) FUNDING

HOME Program $12,770,187

Emergency Housing Vouchers $2,362,000

Emergency Rental Assistance -2nd Round $20,857,848
FUNDING FOR AFFORDABLE HOUSING

- HOME Program - $3.7 million
- Housing Choice Voucher $47 million
- Public Housing $10 million
- Housing for Persons with HIV/AIDS (HOPWA) $842,153
Housing

- 1,505 Public Housing Units
- 451 Affordable Units
- 5,500 Vouchers
- 330 Project-Based Vouchers

Affordable Housing Loans

- $13.4 million HOME Loan to 9 LIHTC properties total 669 units

Housing for Homeless

- 117 households in Rapid Rehousing
- 243 Permanent Supportive Housing Units - $2.2 million
- 83 beds Non-Congregate Bridge and Shelter owned by HCD. Additional 98 hotel rooms expected in next 60-90 days.
<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Solutions</td>
<td>• 1,052 served with short-term crisis services for people experiencing homelessness</td>
</tr>
<tr>
<td></td>
<td>$477,821</td>
</tr>
<tr>
<td>Home Repair Programs</td>
<td>• 260 assisted with home repair assistance for low-income homeowners</td>
</tr>
<tr>
<td></td>
<td>$666,992</td>
</tr>
<tr>
<td>Down Payment Assistance</td>
<td>• 37 assisted with down payment assistance for first-time homebuyers</td>
</tr>
<tr>
<td></td>
<td>$281,878</td>
</tr>
<tr>
<td>Lead Hazard Control</td>
<td>• 50 assisted with lead-based paint education, testing, and remediation for households with children</td>
</tr>
<tr>
<td></td>
<td>$3.9 million (3-year)</td>
</tr>
</tbody>
</table>
## Myth Busting About Section 8

<table>
<thead>
<tr>
<th>Myth</th>
<th>Reality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brings down property values</td>
<td>No negative impact in well-off neighborhoods</td>
</tr>
<tr>
<td>Increase in Crime</td>
<td>Neighborhood crime rates are not affected by voucher holders</td>
</tr>
<tr>
<td>Rent Payment is Late</td>
<td>City of Tucson reduced wait time from 39 to 15 days on first payment</td>
</tr>
<tr>
<td>Section 8 households live rent free</td>
<td>Tenant rent payment based on household income</td>
</tr>
<tr>
<td>The whole property is Section 8</td>
<td>Tenant CHOOSES where they want to live. Landlords CHOOSE how many vouchers to accept</td>
</tr>
</tbody>
</table>
BRINGING IN EXPERTS AND PROJECTS TO DEVELOP

☑ Co-developer for Tucson House

☑ Pool of affordable housing and finance consultants

☐ 4 parcels to be developed
VISION FOR EXPANDING AFFORDABLE HOUSING
P-CHIP

People, Communities, and Homes Investment Plan

Investing in Tucson’s Infrastructure of Opportunity.
### P-CHIP PRIORITY

<table>
<thead>
<tr>
<th>Increase Affordable Rental Housing</th>
<th>Goal 1: <strong>Preserve and improve</strong> existing affordable rental housing units.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Goal 2: <strong>Expand the supply</strong> of affordable rental housing</td>
</tr>
<tr>
<td>Expand Affordable Housing Opportunities</td>
<td>Goal 1: <strong>Reduce barriers</strong> to homeownership</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Goal 2: <strong>Reduce threats</strong> to stable homeownership</td>
</tr>
<tr>
<td></td>
<td>Goal 3: <strong>Expand supply</strong> of affordable homeownership housing</td>
</tr>
</tbody>
</table>
Ensure Stable, Healthy and Safe Housing

Goal 1: **Reduce and mitigate** evictions and foreclosures

Goal 2: **Support** the ability of **older people** to age in place
P-CHIP PRIORITY

Increase Housing Equity

Goal 1: Reduce housing segregation and its effects

Goal 2: Target affordable housing investments in priority areas
MISSION: The Commission will review, investigate, and recommend actions to the Mayor and City Council, based on research, data, and inclusive public input, to increase the number of housing units that will:

1. Develop and preserve affordability for all Tucsonans, including renters, homeowners, and those without housing.

2. Protect barrios and communities from rapid change and displacement as well as structural disinvestment.

3. Cultivate landlords and developers as partners in providing equitable, accessible, and quality housing.
TOOLS TO EXPAND AFFORDABLE HOUSING
TOOLS TO INCREASE AFFORDABLE HOUSING

Low Income Housing Tax Credit

Public Housing Transformation

Development Incentives

Housing Trust Fund & Revolving Loan Fund

Development Corporation

Partnerships

Land Trust
SUNSHINE MILE AND OTHER CORRIDORS
LOW-INCOME HOUSING TAX CREDITS

ECONOMIC IMPACTS

SINCE THE LIHTC WAS ENACTED IN 1986:

- Over 3 million affordable rental homes have been developed or preserved
- About 7 million low-income households have been served
- About $127 billion in tax revenue generated
- About $323 billion of local income has been generated
- About 3.4 million jobs have been created
LAYERED FINANCING

Deferred Developer Fees
Tax Exempt Bonds
Loans
Federal Tax Credits
State Tax Credits
Local Loan Funds
LIHTC
Federal Grants
Charitable Foundations
Land Donations
Local Grants
Below Market Interest Mortgages
WEST POINT APARTMENTS

- Low Income Housing Tax Credits
- City of Tucson HOME Funds

2018
50 Units
55+
40-60% AMI
RALLY POINT APARTMENTS

- Low Income Housing Tax Credits
- State HOME Funds
- City of Tucson HOME Funds
- Affordable Housing Program (AHP) Funds
- Project Based Section 8 Rental Assistance

2016
30 units
Permanent Supportive Housing
ESPERANZA EN ESCALANTE

EEE Supportive I
2017
44 units
55+, Veteran preference

EEE Supportive II
2020
50 units
Families, Veteran preference

- City of Tucson HOME Funds
- Low-Income Housing Tax Credit (LIHTC)
- Project Based Vouchers
WEST END STATION

- Low Income Housing Tax Credits
- City of Tucson HOME Funds
- Project Based Vouchers
- 70 units
- 2018
CITY OF TUCSON
PUBLIC HOUSING UNITS (1,505)
Public Housing Repositioning Options

- **Conversion Tool**: Section 32 Homeownership, Rental Assistance Demo (RAD)
- **Section 18 Demo/Dispo**
- **Streamlined Voluntary Conversion**

**Outcome**
- Section 8 Project-Based Rental Assistance
- Section 8 Project-Based Voucher
- Section 8 Tenant-Based Voucher

*Under Voluntary Conversion tenant protection vouchers must first be offered to residents at tenant-based assistance but may be project-based with tenant consent.*
CHECKLIST FOR CITY FUNDED PROJECTS

Prioritize Projects

Longer Affordability periods (projects with longer affordability requirements score higher)

Lower Affordability Limits (projects with lower AMI score higher)

Permanent Supportive Housing

Veteran Housing

Persons with Disabilities / Older Adults
CHECKLIST FOR CITY FUNDED PROJECTS

Site Considerations

De-concentration

Access to health facilities: health care facilities within 1-mile scores higher

Zoning: higher density residential zoning scores higher

Access to Public Transportation

Proximity to Employment Opportunities, Quality Schools, and Community Centers

Retail Amenities, especially a grocery store
RECOMMENDATIONS AND NEXT STEPS
CITY DEVELOPMENT PROJECTS

Create Development Corporation

Public Housing Transformation Recommendations

Develop Manufactured Housing program

Explore alternative housing models
POLICY WORK

Affordable Housing Strategic Plan

Goals & Policies

Number of Units to be Developed
Affordable Housing Checklist
Incentives for Developers
Design Standards
QUESTIONS?

Thank you!