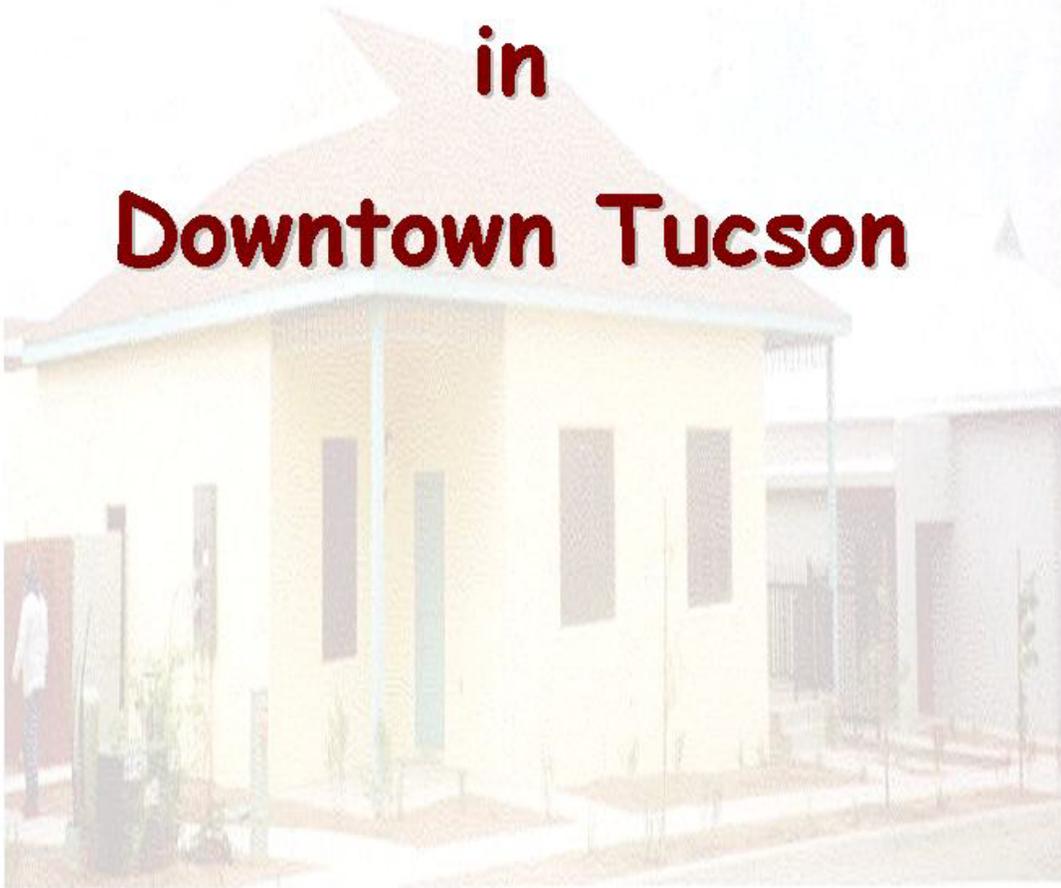


Affordable Housing in Downtown Tucson



February 2004

Community Services Department

Affordable Housing in Downtown Tucson

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Planning for Affordable Housing in Downtown Tucson

Introduction

Tucson is in the process of rebuilding its downtown. The blueprint for rebuilding is the City's Rio Nuevo Master Plan. The plan calls for the expansion of commercial, cultural, educational, entertainment, and residential opportunities in the core of downtown and surrounding areas. The City has undertaken a significant amount of planning to translate the larger vision of Rio Nuevo into specific goals, resources, and strategies. With this translation the public and private sectors of the community are able to join together to begin implementation of the Rio Nuevo Master Plan.

In November 2002 the Mayor and Council adopted the SMART Housing for Downtown Tucson initiative (see attachment). SMART Housing has three overarching goals:

- 1) develop an "active and livable downtown"
- 2) offer housing choices that attract new residents, and
- 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. Tucson's downtown core, a $\frac{3}{4}$ mile area, currently contains less than 1% of the City's population. The entire downtown area contains 8,500 housing units and is home to 19,168 (4%) of the City's residents; 66% of them are renters. Downtown housing is older and less expensive compared to the City as a whole; and current downtown residents have relatively lower incomes.

The Tucson Metropolitan Housing Commission is leading the charge to insure that affordable housing is a key component to achieving housing balance and new housing production in downtown. Their community-wide commitment is to promote, expand, and improve the affordable housing stock in Tucson, and to enhance the quality of life for citizens. This plan is intended to articulate this commitment in the rebuilding of Downtown Tucson.

Affordable housing: Affordability is achieved when the income of the resident is adequate to cover the cost of the housing and pay typical living expenses such as food, utilities, transportation, personal items, and health care. Individual circumstances and opportunities determine housing affordability.

What is Affordable Housing?

There are several types of affordable housing. Affordable housing can be market generated **low-cost housing**, housing that is subsidized and **protected** by specific restrictions on affordability over time, or **supportive housing** that includes home-based services to address resident's special needs.

1) Low-cost housing includes rental and ownership opportunities in the open market that are affordable to households with relatively lower incomes. Low-cost housing can include entry level purchase options, new homes, housing that is repaired and upgraded, and alternative-housing options such as manufactured units, and cooperative living arrangements. Low-cost housing offers families and individuals whom are both stretching their household budgets and working their way toward economic stability an opportunity to enter and move up in the housing market. Low-cost housing can be offered on the open market to anyone. However, market generated low cost housing does not guarantee affordability over time and is subject to fluctuations in the economy and/or landlord/investor choices. The City supports the production of low-cost housing with policies and programs that simply reduce the cost of building or maintaining the housing.

2) Protected housing assumes that specific resources, such as funding, land, labor, materials, or incentives were contributed to reduce the costs of housing to the consumer (renter or buyer) with restrictions that protect the affordability for a specified period of time. Residents in protected housing must verify eligibility. Affordability is protected by a legal agreement, such as a rental contract or recorded deed restriction. For example, income qualified households may receive down payment assistance to purchase a home, or a subsidy payment to reduce rent. Protected housing includes a variety of housing types. More than half of the households in the Tucson housing market are by definition, "low-income" based on income and household size. These households, which include seniors, disabled persons, and many of the working poor benefit from protected housing since some level of security is insured. Only a portion of these households are currently living in protected housing. The City's Affordable Housing Strategies document for 2000 – 2005 shows funding gaps and housing service levels based on an inventory of protected housing and average annual production of affordable housing. This document estimates that more than 27% of the low-income renter households in Tucson with housing problems (overcrowded or substandard conditions, or paying more than 30% of income for housing) are without protected housing. Eighty percent (80%) of the low-income homeowners with housing problems are estimated to need housing rehabilitation assistance to correct code deficiencies. More than one-third of the low-income renters who may be bankable for a mortgage are without assistance.

3) Supportive housing is much like protected housing in that specific resources are contributed to reduce the cost of housing to the consumer, and the affordability is guaranteed over time. Supportive housing is typically program or project (property) based and has restricted eligibility requirements related to a special need or status, such as homelessness or disability. Services can be very basic, like providing cleaning services to senior residents, or more specialized like medical, counseling, childcare, or employment assistance provided to victims of

domestic violence. Supportive housing is designed to help residents with special needs reduce the problems associated with poverty, illness or catastrophic events and regain some independence in their daily living.

Affordable Housing in Downtown

Currently, there are 929 protected housing units in downtown that will remain affordable to low-income households. See page 14, attachment 4 for a detailed list of protected housing units. The City's goal is to maintain this portion of the housing stock as protected and affordable, and to produce new affordable housing opportunities as the downtown expands residential opportunities. This plan will focus on maintaining and increasing protected housing in downtown. Below are examples of protected affordable housing.

Homebuyer programs offered by the City of Tucson assisted 16 qualified low-income households to purchase homes in downtown area within the last year. These newly constructed barrio-style homes were built to blend in with the surrounding historic district and neighborhoods. The first-time buyers purchasing the homes showed household incomes ranging from 55-79% of area median income. These buyers were employed by a variety of businesses and institutions including non-profit organizations, the University of Arizona, restaurants, retail, government, and private business.

Martin Luther King Apartments, Low-Income Rental: There are currently 97 residents in the City's Martin Luther King public housing building, located in the east end of downtown Tucson. Of these residents, 47 are disabled, 19 are elderly, 18 are both disabled and elderly, 8 have a declared handicap, and 5 are family members without a special designation. Due to limitations, these individuals have very narrow employability. The average annual household income for Martin Luther King residents is \$7,380, or \$615 per month. The average "affordable" rent paid to live in the studio and one-bedroom apartments is \$167 per month. In the last year, 23 new households have moved into the building. The remaining 72 families have an average length of stay of 5.6 years. The longest stay at the Martin Luther King Apartments is 27 years.

Section 8 Rentals in and around Downtown: There are an estimated 18 Section 8 properties in the immediate downtown area. These units, owned by private sector landlords, provide safe, decent and affordable housing to individuals, couples, and large families who simply can't afford market rate housing without sacrificing other basic needs, like food, health care, and transportation. Some are elderly, disabled or single parent households. Section 8 residents in the downtown have an average household income of \$9850. The rent they can afford to pay ranges from \$25 to \$406. Based on their employment and income, some section 8 residents can be considered part of the "working poor" in the Tucson community.

Domestic Violence Supportive Housing: A twenty-eight year old mother and her two young children, ages 3 and 6, had to flee their home to get away from violence. They sought safety in the New Beginnings program, at a confidential transitional housing site that also provides supportive services to help victims of domestic violence re-establish their lives. This young mother has a tenth grade education. She receives food stamps and public assistance in the amount of \$347 per month. Without the supportive housing provided by New Beginnings she would not be able to receive the counseling, child care, case management, education, and employment services that will help her live independently and provide a safe and stable environment for her children.

Downtown Housing Production Goals

In recent years, the general housing market in downtown has been slow. From fall 1995 through fall of 2002 only 52 single-family homes and 8 town homes were constructed in the downtown area; 155 apartment units were added. This is less than 1% of the City's residential production. The SMART Housing for Downtown Tucson initiative calls for the stepped up production of 2,000 new housing units; 1,000 in the downtown core and 1,000 in the surrounding neighborhoods. This initial production is considered a "jumpstart" for the downtown housing market. It is anticipated that up to 5,000 units could be built in the next ten to thirty years with targeted City resources and stimulation of the market forces.

There are several benchmarks that can be used to establish goals for the production of affordable housing during the downtown revitalization process. Affordable housing production goals can be calculated on a unit basis, or by projecting the affordable housing needs of the growing population. This plan applies a combined approach to establish affordable housing production goals for downtown.

Housing Units

The Housing Element of the City of Tucson General Plan states a long-range goal of 10% of the City's housing units being affordable to lower income residents. The 2000 census recorded 8470 housing units in the downtown core and neighborhoods. With the addition of the 2000 "jumpstart" units called for in the SMART Housing for Downtown initiative, would mean 1,050 (10%) units were affordable. The 929 units that are currently affordable provide a good base to maintain this percentage.

Population In Need of Affordable Housing

A second benchmark to evaluate affordability goals is to look at the population living in the downtown. According to national experts, a vibrant downtown is home to 1-3% of a City's total population. Currently, Tucson's downtown core, a ¾ mile area, contains less than 1% of the City's population. Residents in the core and residents in 15 surrounding neighborhoods represent approximately 4% of the City's total population. The stepped up production proposed by SMART Housing for Downtown Tucson will add an estimated 5,000 residents to the downtown. This would bring the population well within national standards for a healthy downtown. But, in order to maintain balance, a portion of these new residents will be low-income. These new low-income residents will include teachers, policemen and firemen, child care workers, restaurant employees, medical technicians, elderly and disabled persons, and single-parent families.

To determine the number of low-income families that would be housed predominantly in the downtown, we can further refine the population benchmark. Tucson already has a community-wide targeted goal for affordability based on

population. The City of Tucson 2000-2005 Affordable Housing Strategies Plan establishes an annual Community-wide goal of providing affordable housing to 1,000 low-income households per year. The City has been very successful in meeting this goal. If the overall population goal is to have 1-3% of the City's total population living in downtown, a minimum production goal for new affordable units is 10-30 new units per year, or 1-3% of the annual assistance to 1,000 low-income households.

Affordable Housing Strategies and Plan of Action for Downtown

The two main goals for affordable housing in downtown are:

- 1) maintain 10% of the downtown housing stock as protected-affordable;
and**
- 2) produce at least 10-30 new affordable units each year, for a total of 200 new units.**

The City has several affordable housing projects underway that will contribute to the 200 new affordable units in the downtown. There are 24 new low-income homebuyer units in the planning and construction stages, the City has committed funds to rehabilitate up to 60 housing units occupied by low-income owners, and it is feasible to plan for 10 more neighborhood infill units per year. The City will identify project based opportunities to produce 25-75 affordable units in mixed-use, mixed-income properties.

A summary of the currently planned protected affordable housing production is as follows:

Current (homebuyer):	Barrio Anita	12 units
	Court/Meyer	4 units
	Westmoreland	8 units

Annual Projection:	Owner-occupied Rehabilitation	60
	TBD Neighborhood Infill	10

New Project-based Potential: Mixed-use, mixed Income 25-75*

*Mixed-use projects suggest one project site that incorporates both housing and some office, retail, or entertainment uses that are complimentary in use. The City of Tucson has two such projects in the planning phase, the Depot Plaza Project, and the Mercado Development on West Congress. Both of these projects will include a mix of uses, as well as a mix of new housing units that will be affordable to households with various income levels, including low-income families.

Plan of Action

The Plan of action to reach these goals incorporates strategies in four categories:

1. Protect and Improve the quality of life for existing low-income residents of downtown;
2. Increase Affordable Housing Production in Downtown;
3. Implement Affordable Housing Marketing and Technical Assistance; and
4. Identify and Commit New Resources for Affordable Housing in Downtown

Protect and improve the quality of life for existing low-income residents of downtown

- Continue marketing of the 0% loan owner-occupied rehabilitation program that was created in 2002
- Maintain an annual \$200,000 CDBG set-aside for home repair that was funded in 2003
- Implement a tax relief program for very low-income homeowners in downtown
- Pursue rebuilding of the Martin Luther King Jr. apartments as part of the mixed-income, mixed-use Depot Plaza Project. Offer residents the option of relocating to a new unit in a newly constructed project at another site.
- Engage neighborhoods and stakeholders in program planning and site specific planning for affordable housing development
- Support existing plans and projects that include affordable housing initiatives in and around downtown, e.g. neighborhood plan goals

Increase Affordable Housing Production in Downtown

- Implement a review of City-owned parcels that utilizes the Metropolitan Housing Commission in an advisory capacity to determine sites suitable for affordable housing development
- Advertise funding, incentives, and site specific opportunities to encourage affordable housing production
- Advertise the use of HOME funds for production infill in the downtown
- Facilitate partnerships between for profit and non-profit sectors
- Support the development of low-cost and protected housing units as proposed by the development team for the West Congress-Menlo Park Mercado District Site

Implement Affordable Housing Marketing and Technical Assistance

- Initiate partnerships between for profit and non-profit sectors
- Provide technical assistance for non-profits on downtown housing development
- Create a brochure “Together everyone achieves more...”
- Expand the marketing effort for rehabilitation programs
- Provide technical assistance to development teams building and repairing affordable housing

Identify and Commit New Resources for Affordable Housing in Downtown

- Supplement the \$200,000 CDBG set-aside for home repair that was funded in 2003
- Re-invest a portion of the proceeds from downtown land sales into affordable housing projects
- Engage in neighborhood and district planning and infrastructure development to support the development of mixed-income, balanced housing options

Policy Recommendation

Consistent with the SMART Housing for Downtown Tucson Initiative, the overall goal is to produce at least 2,000 new housing units in downtown over a five to seven year period. Given the benchmarks a feasible affordable housing goal would be the production of approximately 200 new units in this timeframe, in addition to maintaining the number of existing affordable units, currently at 929.

It is important to note that the City has a built-in mechanism for measuring the production of affordable housing. Each year, the Community Services Department will collect permit data for the downtown area and cross-reference new residential development with project tracking under City and County sponsored protected housing programs. This data will be included in the Annual Affordable Housing Production Report to the Mayor and Council, and will be used by the Metropolitan Housing Commission to review and revise affordable housing strategies to meet downtown production goals.

■ Affordable Housing Contacts:

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Director: Sheila Harris

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Two Arizona Center

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Director: Marty Mitchell

SMART Housing for Downtown Tucson

Vision:

This initiative promotes a unique urban experience and establishes a vision for the housing to be built and preserved in downtown with the collective efforts of key development partners. SMART housing is

- S** Safe & Secure, in
- M** Mixed Income Neighborhoods, with
- A** Accessibility to Services, that is
- R** Responsive to the Surrounding Environment, and is based on
- T** Tucson Design Solutions

SMART Housing for Downtown Tucson: Safe and secure housing includes structural elements that provide a sense of security for the residents, activities that promote a mutually supportive environment, and infrastructure/land use patterns designed to increase safety. Mixed-income neighborhoods maintain housing choices for a variety of households, from the most financially vulnerable populations (very low and low-income) to average and above average income households. Accessibility to services promotes the livability of the downtown in terms of meeting basic household needs in a way that enhances the existing standard of living. Housing that is responsive to the surrounding environment takes into account the natural elements of the desert as well as the adjoining urban context (scale, density, streetscape activity) of the downtown. Tucson design solutions emphasize the unique character and cultural richness of the region and its application to the built environment. SMART Housing for Downtown Tucson incorporates four strategies, a variety of tools to support the strategies, and a periodic review process.

Attachment 1



City of Tucson and Downtown Housing Statistics: Census 2000

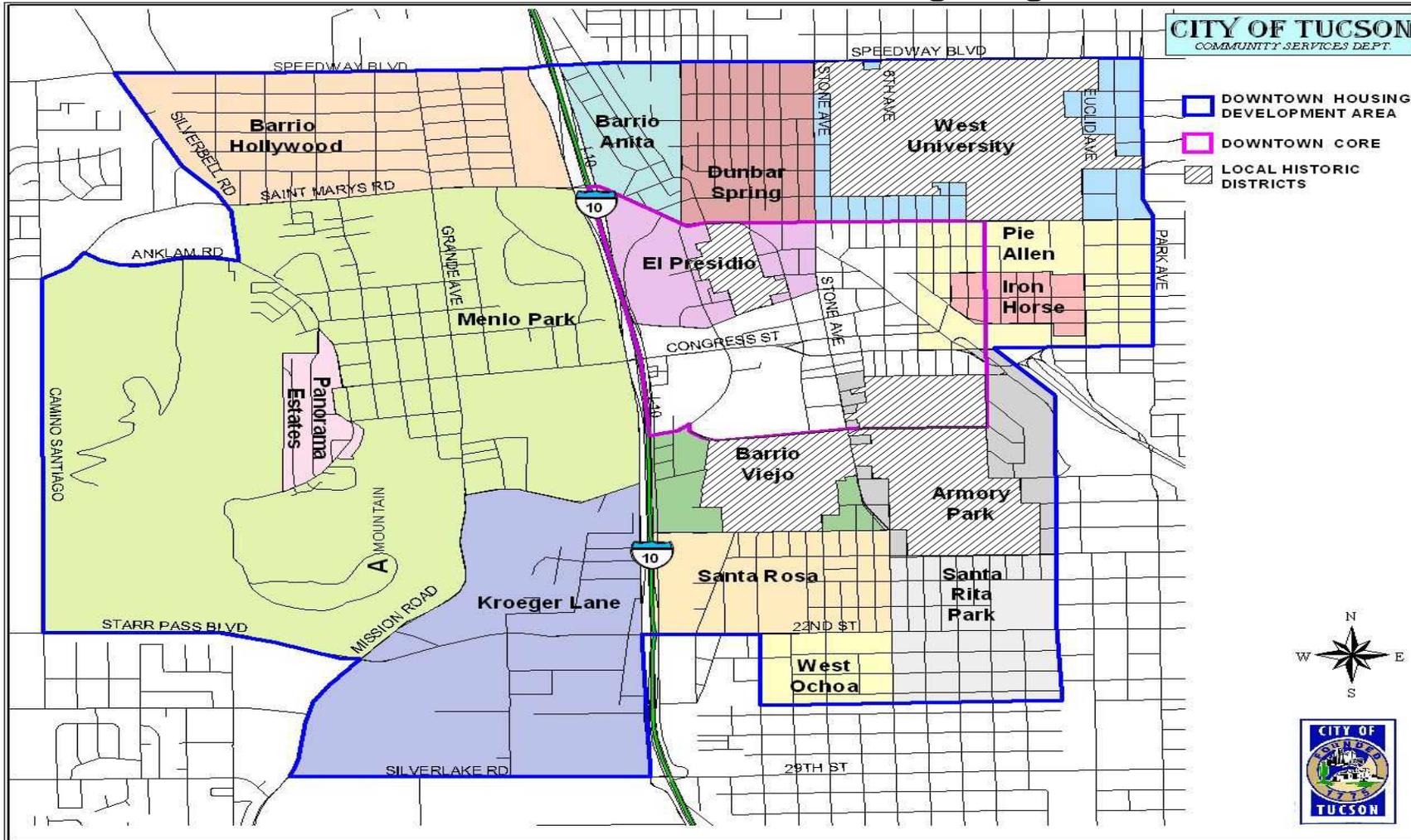
Housing Statistics	City of Tucson	Entire Downtown Area*	Downtown Neighborhoods	Downtown Core
Total Residents	486,699	19,108	16,195	2,973
Total Housing Units	209,792	8,470	6,767	1,703
% Owner-Occupied	53%	34%	39%	16%
% Renter-Occupied	47%	66%	61%	84%
Median Household Income 1999	\$30,981	\$22,099	\$22,924	\$15,572
Median Value of Specified Owner-Occupied Housing	\$96,300	\$78,752	\$78,343	\$88,748
Average Rents and % compared to City-Wide				
1 Bedroom	\$446	\$423 (-5%)	\$415 (-7%)	\$443 (+/-)
2 bedroom	\$603	\$542 (-11%)	\$498 (-17.5%)	\$760 (+26%)
3 or More Bedrooms	\$756	\$617(-18.6%)	\$535 (-29%)	\$877 (+16%)
Housing Units vacant for Rent	7,844 (3.7% of total units)	346 (4% of total units)	229 (3.3% of total units)	117 (6.8% of total units)
Age of Housing Stock: Units 50+ Years Old by 2010	53,666 (25.5%)	4,723 (55.7%)	4,190 (61.9%)	533 (31%)
Privately-Owned Vacant (developable) Residential Acreage**	13,794.3 Acres	135.3 Acres	105.4 Acres	29.9 Acres
Property Types				
1-4 Units	135,274	5,661	5,087	574
5-19 Units	21,160	844	588	256
20 or More Units	36,118	1,896	1,056	840
Total Households	192,946	7,601	6,113	1,488
Households with Elderly Persons(Age 65+)	42,170 (21.8%)	1,532 (20%)	1,230 (20%)	302 (20%)
Number of Children Under 18	127,819 (26%)	3,769 (19.8%)	3,182 (19.6%)	587 (19.7%)
Average Household Size	2.42	2.26	2.37	1.85
Low-Income Households (below 80% Of Median Household Income; ~\$25,000)	76,656 (39.7%)	4,339 (57%)	3,427 (56%)	912 (61%)
Very Low Income Owner-Occupied Households Below \$20,000; Based On All Area Households in 1999***		844	Included in Downtown	Included in Downtown
Very Low Income Owner-Occupied Households Below \$20,000 With Housing Problems***		338	Included in Downtown	Included in Downtown

*Entire Downtown Includes Neighborhoods and Downtown Core.

**Does not include 24 acres of publicly owned land ear marked for residential development in the Rio Nuevo Master Plan.

***On an annual basis, the Department of Housing and Urban Development (HUD) calculates very low-incomes and low-incomes based on household size, the figures above for 1999 show the average, low and very-low incomes for all households. An additional 102 Downtown Area Households with incomes between \$20,000 and \$34,999 pay more than 35% of income for housing; many of these households have incomes below the area median.

Downtown Core and Surrounding Neighborhood



Attachment 2

Household Income for Protected Housing

Homeowner Opportunities: For homeownership, affordable housing is defined as housing that is affordable to households at or below 80% of the area median based on household size. Households should not pay more than 30% of their gross income toward housing costs. (Housing Costs Include Utilities)

Household Size	Income at 80% of Area Median	30% of monthly income
1 person	\$25,750	\$644
2 persons	\$29,450	\$736
3 persons	\$33,100	\$828
4 persons	\$36,800	\$920
5 persons	\$39,750	\$994
6 persons	\$42,700	\$1068
7 persons	\$45,650	\$1140
8 persons	\$48,550	\$1214

Rental Housing: For renters, affordable housing is defined as housing that is affordable to households at or below 50% of the area median based on household size. Households should not pay more than 30% of their gross income toward housing costs.

Household Size	Income at 50% of Area Median	30% of income
1 person	\$16,100	\$402
2 persons	\$18,400	\$460
3 persons	\$20,700	\$518
4 persons	\$23,000	\$575
5 persons	\$24,850	\$622
6 persons	\$26,700	\$668
7 persons	\$28,500	\$712
8 persons	\$30,350	\$758

Supportive Housing: For persons with special housing needs, affordable housing is defined as housing that is affordable to households at or below 30% of the area median based on household size.

Household Size	Income at 30% of Area Median	30% of income
1 person	\$10,350	\$258.75
2 persons	\$11,800	\$295
3 persons	\$13,300	\$332.50
4 persons	\$14,750	\$368.75
5 persons	\$15,950	\$398.75
6 persons	\$17,100	\$427.50
7 persons	\$18,300	\$457.50
8 persons	\$19,500	\$487.50

These income guidelines are provided by the Department of Housing and Urban Development (HUD) and are updated periodically.

Attachment 3

Downtown Tucson October 2003

Inventory of Protected & Supportive Affordable Housing

October 2003	# of units
<i>Type of Affordable Housing</i>	
Homeowner	
<i>Barrio Anita CPLC</i>	8
<i>Barrio Anita PUB</i>	5
<i>Barrio Hollywood CPLC1</i>	1
<i>Dunbar Spring TMM</i>	1
<i>Greater Santa Rosa</i>	60
<i>West Ochoa</i>	2
Owner Rehabilitation	
<i>Downtown Targeted Areas</i>	<i>60 estimated for FY 04</i>
Rental	
<i>Arizona Hotel</i>	21
<i>Armory Park Apartments (236)</i>	143
<i>Barrio Viejo Elderly (202)</i>	62
<i>Casa De Encanto (202)</i>	62
<i>Coronado Apartments</i>	41
<i>Fry Apartments</i>	48
<i>Lander Garden Apartments (PH)</i>	47
<i>Martin Luther King Apartments (PH)</i>	96
<i>Menlo Park Apartments(236)</i>	110
<i>Nosotros Apartments</i>	12
<i>Posadas Rental (PH)</i>	120
<i>Section 8 Vouchers</i>	18
<i>Westmoreland</i>	12
TOTAL:	929 <i>(10% of Downtown Housing)*</i>

Attachment 4