


MAYOR AND COUNCIL – STUDY SESSION

ADMINISTRATIVE ACTION REPORT AND SUMMARY OCTOBER 21, 2008

FROM: CITY MANAGER



Mayor Robert E. Walkup called the Study Session to order at 2:06 P.M. in the Mayor and Council Chambers, City Hall Tower, Tucson, Arizona.

* OFFICIAL MEMBERS

PRESENT:

Mayor Robert E. Walkup
Vice Mayor Karin Uhlich, (Ward 3)
Council Member Regina Romero, (Ward 1)
Council Member Nina J. Trasoff, (Ward 6)
Council Member Shirley C. Scott, (Ward 4)
Council Member Steve Leal, (Ward 5)

OFFICIAL MEMBERS

ABSENT/EXCUSED: Council Member Glassman

STAFF:

Mike Hein, City Manager
Mike Letcher, Deputy City Manager
Mike Rankin, City Attorney
Roger Randolph, City Clerk

AGENDA ITEM/MAYOR AND COUNCIL ACTION	STAFF ACTION
<p>1. Update on End of Fiscal Year 08 and Revenue Forecast for Fiscal Year 09 and Departmental Reductions (City-Wide) SS/OCT21-08-295</p> <p>Presentation made, no formal direction given.</p>	
<p>This item was taken out of order.</p> <p>5. Discussion of the Sonoran Desert Conservation Plan (City-Wide) SS/OCT21-08-294</p> <p>Council Member Leal MOVED and it was duly seconded to create a policy to apply the Pima County Conservation Land System (CLS) map and associated guidelines for all future annexations.</p>	

*REVISED

AGENDA ITEM/MAYOR AND COUNCIL ACTION

STAFF ACTION

<p>5. Discussion of the Sonoran Desert Conservation Plan (City-Wide) SS/OCT21-08-294 (continued from previous page)</p> <p>Council Member Romero requested a friendly amendment to additionally direct staff to adopt these guidelines into the General Plan update and for staff to work with the City's Environment Planning and Resource Advisory Committee to identify areas outside of the CLS but within the City Limits to include in the land use protection policy and General Plan and for staff to report back within 60 days with draft language.</p> <p>Amendment accepted by the maker.</p> <p>Motion PASSED by a vote of 6 to 0 (Council Member Glassman absent/excused).</p>	
<p>This item was taken out of order</p> <p>3. Pima County Community Land Trust (City-Wide) SS/OCT21-08-292</p> <p>Council Member Scott departed at 4:13 PM returned at 4:16 PM</p> <p>Council Member Scott MOVED and it was duly seconded, to direct staff to work with the greater affordable housing community and HUD to establish a community wide Land Trust as outlined in the report.</p> <p>Motion PASSED by a vote of 6 to 0 (Council Member Glassman absent/excused).</p>	<p><u>DIR. OF COMM.</u> <u>SERVICES</u> Is responsible</p>
<p>2. Foreclosure Study (City-Wide) SS/OCT21-08-291</p> <p>Council Member Trasoff departed 4:27 PM returned 4:30 PM</p> <p>Council Member Romero departed 4:30 PM returned 4:35 PM</p> <p>Council Member Leal MOVED and it was duly seconded, to accept the recommendations in the presentation. (See attached presentation)</p> <p>Motion PASSED by a vote of 6 to 0 (Council Member Glassman absent/excused).</p> <p>Council Member Leal departed at 4:58 PM.</p>	<p><u>DIR. OF COMM.</u> <u>SERVICES</u> Is responsible</p>

AGENDA ITEM/MAYOR AND COUNCIL ACTION	STAFF ACTION
<p>4. Violent Crime Trends in the City of Tucson (City-Wide) SS/OCT21-08-293</p> <p>Presentation was made, no formal direction was given.</p>	
<p>This item was taken out of order</p> <p>8. Mayor and Council Subcommittee Reports (City-Wide) SS/OCT21-08-287</p> <p>Council Member Scott reported on the October 16 meeting of the Transportation Subcommittee.</p>	
<p>9. Mayor and Council Regional and National Committee Reports (City-Wide) SS/OCT21-08-288</p> <p>No Reports were given</p>	
<p>10. Mayor and Council Discussion of Regular Agenda SS/OCT21-08-289</p> <p>Council Member Trasoff announced she is adding \$200, and Council Member Romero announced she is adding \$100 to Consent Item N - Finance: Community Support Fund Transfer to Kore Press for their Powder Book Launch 2008 Event.</p> <p>Vice-Mayor Uhlich removed Consent Item M from the Consent Agenda for amendment and separate consideration.</p>	
<p>11. Mayor and Council Discussion of Future Agendas SS/OCT21-08-290</p> <p>There were no requests for future agenda items.</p>	
<p>6. Executive Session - City of Tucson v. Clear Channel Outdoor, Inc. (City-Wide) SS/OCT21-08-297</p> <p>Council Member Trasoff MOVED and it was duly seconded to enter into Executive Session for Item #6 as noticed in the agenda.</p> <p>Motion PASSED by a vote of 5 to 0 (Council Member Glassman and Council Member Leal absent/excused).</p>	

AGENDA ITEM/MAYOR AND COUNCIL ACTION	STAFF ACTION
RECESS: 5:10 p.m. RECONVENE: 5:24 p.m. MAYOR & COUNCIL: Council Members Glassman and Leal absent/excused STAFF: All present	
Executive Session was held from 5:10 p.m. to 5:24 p.m.	
Council Member Scott MOVED and it was duly seconded to return to open session. Motion PASSED by a vote of 5 to 0 (Council Member Glassman and Council Member Leal absent/excused).	
7. Mayor and Council Direction Regarding Executive Session - City of Tucson v. Clear Channel Outdoor, Inc. (City-Wide) SS/OCT21-08-298 * Vice Mayor Uhlich MOVED and it was duly seconded to direct the City Attorney to proceed as discussed in Executive Session regarding City of Tucson v. Clear Channel Outdoor, Inc. Motion PASSED by a vote of 5 to 0 (Council Member Glassman and Council Member Leal absent/excused).	<u>CITY ATTORNEY</u> Is responsible
ADJOURNMENT: 5:25 p.m. <i>VERBATIM TAPE RECORD AVAILABLE UPON REQUEST FROM THE CITY CLERK'S OFFICE</i>	

*REVISED

The American Nightmare: Foreclosures and Their Impact in Metropolitan Tucson



Southwest Fair Housing Council
Richard Rhey and Jay Young

Attachment To Study Session AARS
October 21, 2008

Purposes for the Study

- **Update the foreclosure study of 2002**
- **Provide localized information for planning and programming**

Methodology

- **Collect primary data on foreclosures in Pima County**
- **Gather data and information from studies, articles, websites and blogs**
- **Interviews and survey**



Part 1

2002 Foreclosure Study Update

Foreclosures Increase in **Metro Tucson**

- **From 2006 to 2007: +67.7%**
- **From 2007 to 2008: +72% (based on estimate of 8000 total for 2008)**
- **From 2006 to 2008: + 189%**

Foreclosures, Cancellations and Trustee Deeds

Year	Foreclosure Notices	Cancellations (%)	Trustee Deed (%)
2002	3315	1690 (58.98%)	1541 (46.48%)
2003	3208	1822 (56.80%)	1554 (52.64%)
2004	2952	1944 (65.51%)	1268 (42.95%)
2005	2586	2181 (84.34%)	767 (29.66%)
2006	2767	1973 (71.30%)	603 (21.79%)
2007	4640	2047 (44.12%)	1499 (32.31%)
2008 (thru July)	4841	N/A	2240 (46.27%)

* 803 Foreclosures in August

Foreclosure Ratios in 2007

- **Pima County: 1 out of every 77.58 households received a NOS**
- **11 zip codes with the most foreclosures: 1 in every 49.73 households**
- **3 zip codes with the highest ratios of foreclosure, the average was 1 out of every 19.7 households**

Concentration by Zip Code

- **Foreclosures in 2007 were more concentrated in certain zip codes than in 2002**
- **In 2002, 3 zip codes accounted for 27% of all foreclosures and 11 accounted for 53.3%**
- **In 2007, 3 zip codes accounted for over 31% and 11 for 65%.**

Loan Origination to NOS

- **2002: 15% within 1 year of origination, 36% within 2 years and 56% within 3 years.**
- **2007: 22.4% of foreclosures were filed within 1 year of origination, 57.9% within 2 years and 78.3% within 3 years.**

High Rates of Foreclosures **Predicted in 2009**

- **High number of loan resets**
- **Upward trend in delinquencies – including prime loans**
- **Forecasts for a continuing decline in home values**
- **A weak economy and increased inflation**
- **Prediction for 2008 and 2009: 17,000**

Part 2

Impacts of Foreclosures and Housing Market Trends

Anticipated Impacts: Pima Co.

- **Decrease in property values**
- **Decrease in tax revenues**
- **Weakening of the local economy**
 - **Decline in consumer spending**
 - **Rise in unemployment**
- **Destabilization of neighborhoods**
 - **Increased crime**
 - **Decrease in owner-occupancy**
 - **Decrease in home maintenance and improvements**
- **Increased need for public services and programs**

Impacts on the Hispanic Community

- **2007: Accounted for 36.1% of foreclosures while receiving 25.2% of all home loans**
- **2006: 42.2% of loans were subprime, compared to 16.8% for white non-Hispanic**
- **Zip codes 85746, 85706, and 85713:**
 - **Over 50% Hispanic**
 - **Highest number of foreclosures**
 - **Over 31% of all foreclosures in Pima Co.**
 - **Located adjacent to each other on Tucson's Southwest side.**

Home Prices Nationwide

- **Merrill Lynch: decline of another 20 to 30%**
- **Case-Shiller home price index: biggest drop since 1940-42**
- **Lehman Brothers: Case-Shiller index to fall another 15% to 20% by 2009**
- **Goldman Sachs: further decline of 11-13% from May 2008; Arizona may see prices decline a total of 25%**

Upside-Down

- **Nationwide: 30% of homeowners who purchased homes in the last 5 years now have negative equity.**
- **Arizona: nearly 40%.**
- **Homes bought pre-2003 that took out equity plus further decline in home values in 2009 = 1/3 of all homeowners with mortgages may be upside down.**

Pima County Housing Market

- **Housing permits down: expected to begin recovery in 2010**
- **Absorption rate:**
 - **March 2008: over 14 months**
 - **May 2008: 10.3 months**
 - **June 2008: about 9 months**
 - **July 2008: 9.3 months**
- **“Shadow market” of foreclosures**
 - **33 – 100% more supply than on MLS**

Pima County Housing Market

Source	Past Decline	Projection
Case-Shiller	-7.6% (as of 1 st qtr. 2008)	Addition decline of 16.9% stabilizing by 2010
OFHEO	-5.9% (as of Aug. 2008)	No Projection
Zillow.com	-10.4% (as of Aug. 2008)	Continued decline in Arizona
Bright Future	-15% (new homes as of Aug. 2008)	Market will bottom out between end of 2008 and 2009.
Global Insight	-15.4% (as of Aug. 2008)	The market will bottom out in 2010

- **Median sales price of homes peaked at \$226,465 in 2006**
- **Down to \$185,000 by August 2008: 18% drop**

Housing Price to Income Ratio

Year	Median Household Income	Single Family Residence Price	Price/Income Ratio
2000	\$35,223	\$128,000	3.63
2001	\$35,617	\$133,000	3.73
2002	\$37,638	\$142,500	3.79
2003	\$37,818	\$150,000	3.97
2004	\$38,800	\$175,000	4.51
2005	\$41,521	\$234,000	5.64
2006	\$43,006	\$272,800	6.34

- Early 1970s: 2.3 to 1
- Between 1984 and 2000: 2.8 to 1
- Pima County in 2006: 6.34 to 1

Part 3

A grainy, black and white photograph of a building with graffiti. The building is a simple, rectangular structure with a flat roof. The wall in the foreground is covered in large, stylized graffiti. To the left, there is a dark, textured area that appears to be a tree or a large bush. The overall image has a high-contrast, low-quality aesthetic.

Recommendations

Foreclosure Task Force

- **Coordinates response of government departments, nonprofits, community groups and the private sector**
- **Centralized entity to deal with foreclosures**
- **Craft a comprehensive approach**
- **Clearinghouse for important information**
- **Define the roles of the various players more effectively leverage resources**

Foreclosure Counseling

- **The major response in Pima County**
- **Partnerships with local nonprofits**
- **Counselors believe efforts have been successful**
- **More resources needed**
- **Interviews with counselors**

Data and IT: NEWS

- **Global Information Systems (GIS) and automated administrative records**
- **Integrate public administrative data with maps**
- **Allow properties and neighborhood conditions to be monitored**
- **Track indicators of financial disinvestment, physical decline and physical abandonment and gentrification.**
- **Internet-based, public access**

Community Land Trust

- **Permanent affordable housing**
- **Land title held in perpetuity**
- **Residential and commercial structures can be bought and sold**
- **Profits from sale are limited by lease**
- **Silver lining to foreclosure crisis**

Anti-predatory Lending Ordinance

- **Prevent a repeat of the current crisis**
- **Trigger state legislation**
- **The time is right**