City of Tucson

Tucson Housing Trust Fund Sustainability

Commission on Equitable Housing and Development

September 3, 2026

Tucson Housing Trust Fund Sustainability & Replenishment Strategies

Purpose of Today

- Provide background on Housing Trust Funds
- Review the history and current uses of the Tucson Housing Trust Fund
- Explore approaches used by other communities to sustain Housing Trust Funds

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What is a Housing Trust Fund?

A Housing Trust Fund is a dedicated source of funding created by a government to support affordable housing.

Housing Trust Funds

- Support the **construction, acquisition, preservation, and rehabilitation** of affordable housing
- May fund related housing programs and services for low-income households
- Are designed to address **local housing priorities and needs**
- Exist at the **local, state, and federal** levels
- More than **750 Housing Trust Funds** operate across the United States

How Housing Trust Funds are Supported

- **Dedicated revenue sources** (taxes, fees, or other recurring revenues)
- **One-time investments** (such as bonds or legislative appropriations)
- **Partnerships** and leveraged funding

Key Advantage: *Because local Housing Trust Funds are locally created, they can be designed to respond to community-specific housing needs and priorities.*

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Tucson Housing Trust Fund (THTF)

Established by Mayor & Council in 2006

The original Housing Trust Fund was created to support:

- Down payment assistance
- Employer-assisted housing
- Rental rehabilitation
- Homeowner emergency repair
- Security deposits for VASH vouchers

Initial Funding Strategy:

Several potential revenue sources were identified to support the fund; however, many of those sources were not implemented.

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Tucson Housing Trust Fund Today

Expanded Purpose & Eligible Activities

The Housing Trust Fund has evolved into a flexible tool to support Tucson's housing priorities. ***Current funds collected through a real estate transfer fee established through the Gadsden Development Agreement and the repayment of mortgage loans.***

- **Affordable Housing Development:** gap financing, affordable housing development, acquisition and rehab, predevelopment activities, small-scale infill development and middle housing capacity building
- **Homeownership Support:** down payment and closing cost assistance, housing rehabilitation and green energy upgrades, Community Land Trust and shared equity models.
- **Rental Housing Support:** Emergency rental assistance; move-in assistance, security deposits, and housing stabilization; eviction prevention and landlord-tenant mediation; energy efficiency improvements, housing provider support, supportive services for households with high needs.

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Why Discuss Sustainability?

Expanding Housing Needs Require Sustainable Resources

A sustainable Housing Trust Fund can:

- Provide predictable resources for affordable housing investments
- Support long-term planning and partnerships
- Leverage federal, philanthropic, and private investment
- Respond to changing community needs

Commission Role: *The Commission can help identify strategies and provide recommendations to Mayor & Council on how the Housing Trust Fund can remain sustainable and replenished over time.*

How Communities Sustain Housing Trust Funds

Common Funding Strategies

Reoccurring Revenue

- Dedicated local taxes
- Short-term rental or tourism-related revenue
- Development-related fees or contributions
- Public Utility Fee
- Real Estate Transfer Tax (Luxury Home Tax)

One-Time Investments

- Housing Bonds
- Legislative Appropriations
- General Fund Allocation

Revolving Funds

- Housing rehabilitation loans
- Downpayment assistance loans
- Repayment programs that return funds for future use

Leveraging & Partnerships

- Federal grant matching
- Philanthropic partnerships
- Bank and CDFI partnerships
- Employer / Institutional Contributions

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Housing Trust Fund Case Studies

Communities Use Different Approaches Based on Local Context

Community	Funding Strategy
Flagstaff, AZ	Housing bond
Tempe, AZ	Development Donation Program; permit fees
Ashland, OR	Marijuana tax allocation; revolving rehab loans
Lawrence, KS	Dedicated sales tax
New Orleans, LA	Property tax allocation
Portland, OR	Short-term rental tax; construction excise tax; in-lieu fees
Albuquerque, NM	General obligation bond
Kansas City, MO	General obligation bond

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Key Takeaway: *Successful Housing Trust Funds often combine multiple funding sources rather than relying on a single revenue stream.*

Case Study Highlights

Examples of Different Approaches

- **Bonds in Flagstaff, AZ, Albuquerque, NM & Kansas City, MO:**
  - Voter-approved investment dedicated to affordable housing
  - Provides significant resources for development and preservation
  - Typically requires voter approval and is not a recurring revenue source
- **Development-Related Revenue in Tempe, AZ & Portland, OR:**
  - Connects growth and housing investment
  - May include developer contributions, fees, or taxes
  - Revenue depends on development activity and legal authority
- **Dedicated Taxes in Lawrence, KS, New Orleans, LA & Ashland, OR:**
  - Creates predictable annual funding
  - Can support long-term planning
  - Requires consideration of community priorities and available authority.

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Considerations for Tucson

Some Questions to Evaluate Potential Funding Strategies

- **Legal Feasibility**
  - What revenue tools are available under Arizona law?
  - Are there statutory limitations or requirements?
  - Would additional approvals or legislative changes be needed?
  - Is the funding mechanism available to municipalities?
- **Financial Sustainability**
  - Does the source provide predictable long-term funding?
  - Is revenue recurring or one-time?
  - How stable is the funding source over time?
  - Can the fund rely on this source for long-term planning?

Discussion

- What additional information does the Commission need to better understand potential funding strategies?
- What subject matter experts or stakeholders should the Commission hear from?
- What factors should guide future recommendations to Mayor & Council?
- Are there specific funding approaches the Commission would like staff to explore further?

Potential Path Forward

Building Toward Recommendations

1. Education & Exploration

- Invite subject matter experts to discuss:
    - Local government revenue tools
    - Housing finance strategies
    - Arizona legal considerations
    - Examples from other

2. Evaluation

- Review potential strategies based on:
    - Legal feasibility
    - Financial sustainability
    - Community impact

3. Recommendations

Commission identifies preferred strategies and develops recommendations for Mayor & Council

CEHD's Goal: *Develop informed recommendations that identify sustainable, equitable, and feasible approaches to replenishing the Tucson Housing Trust Fund.*

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