CITY OF TUCSON

MEMORANDUM

TO: Members of the Commission on Equitable Housing and Development

FROM: Jason Thorpe, HCD Deputy Director

DATE: October 30, 2026

SUBJECT: El Portal Affordable Housing Operating Policies

The Housing and Community Development Department (HCD) requests that the Commission on Equitable Housing and Development review the accompanying draft El Portal Affordable Housing Operating Policies and Resident Handbook and consider a recommendation for approval to Mayor and Council. The package establishes consistent standards for administering the portfolio and supports efforts to preserve affordable housing while improving the portfolio's financial sustainability.

Portfolio Background & Need

El Portal includes approximately 330 City-owned rental units in single-family and multifamily properties that do not receive HUD Public Housing subsidies. Within the portfolio, 48 units at Fry Apartments receive HUD Project-Based Rental Assistance, and 41 units across multiple sites receive Continuum of Care rental assistance. The remaining units have no ongoing federal or state rental or operating subsidy.

The portfolio has experienced multiple years of deficit spending. Current rent collections are insufficient to cover operations, maintenance, necessary improvements, and reserves for future capital needs. Relying on tenant rent increases alone to close this gap would place substantial burdens on residents and could result in displacement.

With prior Mayor and Council approval, HCD is pursuing a stabilization strategy that combines the sale of selected El Portal homes with rental assistance subsidies wherever feasible. Project-Based Vouchers (PBVs) tie assistance to designated units, strengthening property revenue while keeping participating households' rent contributions affordable. The proposed policy package provides the administrative framework needed to carry out this work consistently across properties with different funding sources.

Proposed Policy Package

The draft policies establish standards for the following areas:

- **Tenant screening and selection.** Consistent criteria and procedures for reviewing applicants and selecting residents.
- **Income eligibility and continued occupancy.** Clear standards for determining household eligibility and administering continued participation.
- **Rent setting.** A consistent basis for rent determinations that supports affordable tenant contributions and sustainable property operations.
- **El Portal PBV waiting list.** Standards for administering access to PBV-assisted units in accordance with applicable program requirements.

The accompanying Resident Handbook gives residents an accessible reference for tenancy expectations, resident responsibilities, and program information. Together, these documents clarify requirements for applicants and residents and provide staff with a documented basis for consistent decisions.

Financial Stabilization & Implementation

On August 18, 2026, the PHA Board of Commissioners approved updates to the PHA Five-Year and Annual Plans permitting PBV placement in up to 120 El Portal units during the 2026 plan year. HCD anticipates a second phase in a subsequent plan year, subject to voucher availability, applicable program limits, and any required PHA Plan approvals.

HCD's financial analysis estimates approximately $1.15 million in additional annual rental revenue across 181 planned PBV units in Phases I and II, subject to rent reasonableness. This estimate reflects both phases; implementation will depend on available vouchers and applicable approvals. Additional revenue would support operating expenses, maintenance, and capital needs while rental assistance keeps participating households' contributions affordable.

Implementation will require coordinated household eligibility reviews, waiting list administration, inspections, and rent determinations. Some units will require initial maintenance and capital improvements to meet applicable National Standards for the Physical Inspection of Real Estate (NSPIRE). HCD's phased approach is designed to align those investments with increased revenue and avoid deficit spending in fiscal year 2027.

Equity & Legal Considerations

Formal policies promote equitable treatment by establishing clear expectations and a consistent basis for decisions across the portfolio. They also support compliance as additional rental assistance is incorporated into El Portal properties.

The City Attorney's Office has reviewed the proposed policies and Resident Handbook for conformity with applicable Arizona landlord-tenant law, federal program requirements, and civil rights and fair housing laws. Documented standards strengthen HCD's ability to explain and support its decisions and reduce the risk of inconsistent treatment and disputes.

Alignment with Adopted City Policies & Priorities

The package supports the affordable housing preservation, housing stability, and equitable service priorities in Plan Tucson 2025; the People, Communities, and Homes Investment Plan (P-CHIP); the Housing Affordability Strategy for Tucson (HAST); and the Prosperity Initiative. Applying available subsidies supports reinvestment in City-owned housing and helps reduce displacement pressures on low-income residents.

Requested Commission Action

HCD requests the Commission's feedback on the draft policies and Resident Handbook, particularly their clarity, equitable application, and support for housing stability. Staff recommends that the Commission recommend Mayor and Council approval of the El Portal Affordable Housing Operating Policies and Resident Handbook, with any revisions identified through the Commission's review.

Thank you for your review and consideration of these policies. I look forward to discussing them with you during the Commission meeting in November.

Enclosures:

- El Portal Operating Policies
- El Portal Operating Policy Presentation