

**Draft Significant Amendment to City of Tucson Housing & Community Development
2025-2026 Annual Plan – Adding RAD, RAD/Section Blend, or Section 18 Disposition for
Tucson House and Craycroft Towers**

The City of Tucson Housing & Community Development department is amending its newly HUD approved (on 4/24/2025) Annual PHA Plan for the Fiscal Year 7/01/2025 – 6/30/2026 by *selecting Conversion of Public Housing to Project-Based Rental Assistance or Project Based Vouchers under RAD from N to Y and adding the following text to Section B.2 New Activities, Demolition or Disposition:*

City of Tucson Housing and Community Development (“HCD”) intends to apply for Section 18 Disposition, RAD, or RAD/Section 18 blend approval for Tucson House (AZ004000048), a 407- unit family public housing development located in the Barrio Blue Moon neighborhood of Tucson, Craycroft Towers (AMP AZ004000113) a 74-unit family public housing development in the Avondale neighborhood of Tucson, and Lee Street (AMP AZ004000113) 8-unit family public housing development in the Avondale neighborhood of Tucson, directly adjacent to Craycroft Towers.

Tucson House was constructed in 1963 and consists of 168 studios, 184 one-bedroom units and 55 two-bedroom units on a 5.4-acre site. The current unit numbers are as follows: Floor 1 (104-112,114-123) Floors 2-16 (floor)01(floor)26). As part of the conversion and renovation, the unit mix configuration will change to 60 studios, 276 one-bedroom, and 22 two-bedroom units.

As part of the Choice Neighborhoods Implementation award, City of Tucson HCD has amended its plan for Tucson House to include RAD/RAD Section 18 blend under new guidance of Notice H-2025-01 PIH-2025-03 (HA) and any successor notices. However, since the U.S. Department of Housing and Urban Development’s (“HUD”) introduction of the RAD/Section 18 Construction blend (the “Blend”) in PIH Notice 2021-07, City of Tucson HCD has adjusted to include RAD conversion as a possibility for Tucson House. The Blend offers greater options for a portion of the RAD converting project to be “disposed” of through Section 18 of the U.S. Housing Act of 1937 (“Section 18”) and having a single blended HAP contract under the Notice H-2025-01 PIH-2025-03 (HA). The benefits of the blend authority, specifically the addition of Section 18, include the issuance of Tenant-Protection Vouchers for disposed units with subsidy required to be project-based at the development up to fair market rent amounts instead of the lower RAD contract rents. All units proposed for removal via Section 18 and RAD must comprise a project, as defined in RAD Notice (PIH Notice 2019-23/ H Notice 2019-09) equating to a single transaction or phase. The newly formed Partnership will be the owner of the Tucson House. The conversion includes the disposition of up to 90% of the total

project units and the remaining 10% to transfer out of public housing through RAD which Tucson House will qualify for.

Craycroft Towers was constructed in 1975 and consists of 71 one-bedroom units and 3 two-bedroom units on a 3.07-acre site. Craycroft Towers is single 3-story mid-rise family public housing development. Also on the same parcel are 4 duplex buildings for a total of 8 one-bedroom units known as “Lee Street” apartments. City of Tucson HCD is planning to combine both developments into a single financing/conversion.

City of Tucson HCD is evaluating several public housing repositioning strategies for Craycroft Towers and Lee Street including Section 18 disposition, RAD or RAD/Section 18 blend and pair them with low-income housing tax credit program and rehabilitate the existing properties. Under Notice H-2025-01 PIH-2025-03 (HA) allows the flexibility for either 9% or 4% LIHTC/RAD Section 18 blends which offers a variety of choices that can help position the properties for success.