



City of Tucson Affordable Housing Impact Fee Subsidy Program Policy

Adopted by Tucson Mayor and Council: 3/22/2022

On December 21, 2021, Mayor and Council adopted the Housing Affordability Strategy for Tucson (HAST) that outlined ten initiatives the City of Tucson is taking to support the preservation and construction of housing units. Policy 3 is to *Facilitate Development by Reducing Costs and through Innovation*. The Affordable Housing Impact Fee Subsidy Program is one of the ways the City of Tucson is helping reduce the cost of affordable housing development.

Mayor and Council adopted Ordinance 11624, which amended the Tucson Code Chapter 23A-81 to incentivize affordable housing development by offering a subsidy on impact fees to eligible affordable housing developers.

Program Details

1. Subsidy may be provided for eligible affordable housing providers whose residential rental or homeownership development is certified by the Director of the Housing and Community Development Department to be affordable to households that earn one-hundred (100) percent of the area median income or less and that further the goals of the City's Affordable Housing Strategies.
2. Any project which receives impact fee subsidy funds from the City of Tucson shall be required to maintain the affordability of the project for no less than a period of twenty (20) years, secured with a recorded Land Use & Restricted Covenants Agreement. Affordability is defined as housing with rents/mortgages affordable to families earning less than one-hundred (100) percent of the area median income of the City of Tucson or as otherwise defined by HUD for the Tucson Metropolitan Statistical Area.
 - a. In the event a project is sold or transferred and will no longer serve qualified low-income households prior to the expiration of the twenty (20) year affordability period required under this ordinance, 100% of all subsidy funds received will be repaid to the City of Tucson at the time of sale.
3. For mixed-income development projects, the subsidy only applies to the units that meet the affordability terms described above (units for households that earn 100% AMI or less and agree to twenty (20) years). In addition, at least 15% of the total units of the development must meet the affordability conditions.
4. Subsidy provided for impact fees may not exceed \$150,000 per project.
5. The amount of funding provided for impact fee subsidy will be determined and approved by the Mayor and Council annually through the City's budget process. The City of Tucson reserves the right to deny otherwise eligible subsidy requests if the allocated funding is exhausted for that fiscal year.
6. Affordable Housing Impact Fee Subsidy requests must be submitted prior to the submission of any federal, state or local subsidy layering reviews, and all funds received or anticipated to be received under this Section must be included as part of the financial information provided for the layering review. A \$500.00 application fee is due at the time of application submission. The impact fee subsidy percentage will be finalized once all funding sources are committed and confirmed by the Director of the Housing and Community Development Department (or His/Her designee).

7. All requests for Impact Fee Incentive funds are subject to City of Tucson Mayor and Council approval and will be subject to any and all conditions placed upon the project by the Mayor and Council. Funds will be released once all conditions set by Mayor and Council have been met and certified as complete by the Director of the Housing and Community Development Department (or His/Her designee).