

AFFORDABLE HOUSING INFORMATION

Affordable Housing in Tucson and Pima County: An Update from the League of Women Voters of Greater Tucson

**What are the needs?
What is being done to meet them?**

Contents of This Update:

Background

What Are the Needs Now?

City of Tucson Programs

Pima County Programs

Federal Programs

Nonprofit Efforts

State Department of Housing

A Success Story

Some Strategies

Definitions

Affordable Housing

Employer Assisted Housing

Housing Trust Funds

Supportive Housing

Workforce Housing

Appendix: League of Women Voters Position on Low and Moderate

Income Housing in the Tucson Area, Results of a Study Done in 1974

Background about This Update on Affordable Housing in Tucson and Pima County

In January 1974, members of the League of Women Voters in Tucson engaged in a study of low and moderate income housing.

A League study document in 1974 presented extensive information about housing and population characteristics, housing values, incomes and governmental programs to increase the supply of housing for people who have low or moderate incomes. Members reviewed this and participated in a series of discussion groups that sought consensus about what the League of Women Voters should support based on their knowledge of the situation. In April 1974, a position was adopted at the League's annual meeting. This is included in the report as an appendix.

Back then, the League report said that over 50% of families in Tucson could not afford to buy a home and the average cost of a new house in Tucson was \$30,000.

The annual income needed to purchase the average new home was \$15,000. In 1973, median salaries were not enough to qualify these citizens for a typical new home in the Tucson area:

Fireman	\$ 9,792
Policeman	\$10,164
Teacher	\$10,500
Registered Nurse	\$ 8,528
Salesperson	\$ 4,264
Accountant	\$ 9,568
Civil Engineer	\$11,232

At the annual meeting of the League of Women Voters of Greater Tucson in April 2006, members agreed to support an update of the original study. The purpose of the update is to present information about the state of affordable housing in Tucson and Pima County in 2006.

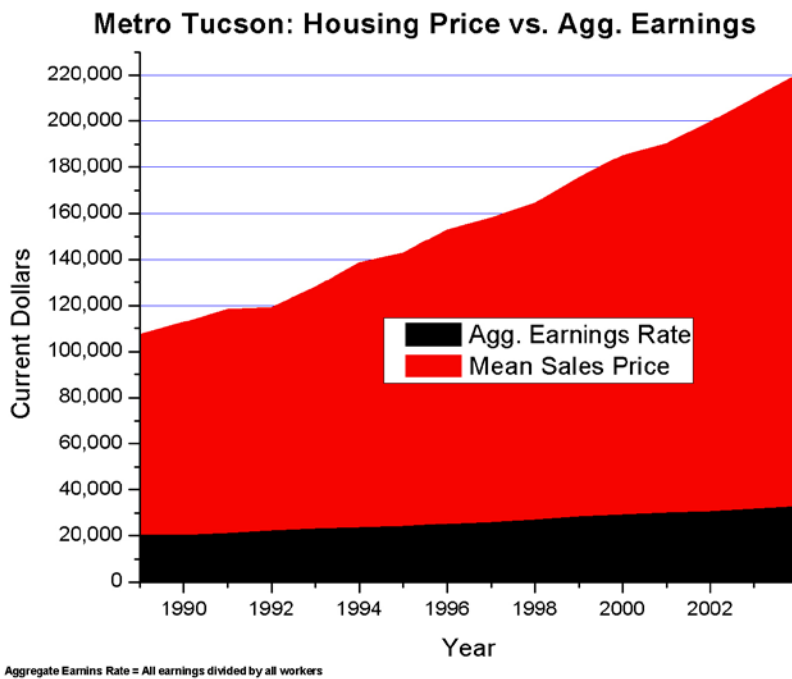
League members are encouraged to review this information and participate in discussions and to consider reaffirming or making changes to the League's position based on discussions after a general meeting November 18 and then again in January 2007 when a special field trip and consensus discussions will take place to determine our response to the new information about affordable housing in our community.

This report has been produced to give League members and other interested citizens in our community an overview of current conditions in our community.

What are the needs now?

In some respects, not much has changed since 1974.

As of 2004, an hourly wage of \$26.44 is needed to purchase a median priced home in Tucson. Teachers, police officers, nurses and firefighters simply do not qualify financially to purchase a home for themselves. Two jobs or two incomes in a household are needed to buy a home. The average sales price of a home in 2004 was \$205,188, a 32% increase above the average sales price of \$155,907 in the year 2000. Wages have not increased but average sales prices for housing have gone from a little over \$100,000 in 1989 to \$220,000 in 2004.



Complicating this is the fact that Tucson's housing stock is aging and by the year 2010, the city will have close to 54,000 homes that are fifty years or older. These are homes with repair needs that their occupants cannot afford. Approximately 72% of all "old" housing in Pima County (50 years or older) is occupied by low income families.

City of Tucson Programs

According to Emily Nottingham, Director of Community Services for the City of Tucson, the Department operates several housing programs which are described below in an excerpt from the Community Services web site.

“Rental housing. We are the City of Tucson and Pima County’s Public Housing Authority. We own and manage housing for seniors, persons with disabilities and families. We also administer the Section 8 program, which provides rental assistance for low income households renting from the private sector.

“Homeowners. We operate homeowner repair loan and grant programs, and develop housing that is affordable to lower income families.

“Downtown housing. Bringing more people to live downtown is a key part of our downtown revitalization. The department is working with developers and neighborhoods to make this happen.

“Community Development. The department is responsible for the planning and administration of federal programs for low and middle income neighborhoods and families. These include:

“Community Development Block Grant Program, a Federal HUD program that provides funding to local communities. The Mayor and Council fund numerous non profit agencies and neighborhood programs with these funds.

“HOME program, another HUD grant specifically for housing development.

“Homeless programs. The City assists in planning and funding entities that support homeless persons. We also directly respond to concerns about homeless persons on City owned property.

“Human Services. Biannually, the City plans and allocates funding to nonprofit organizations for a variety of human services.

“There are a number of planning documents that guide our work, including the Housing Element of the City Comprehensive Plan, The City of Tucson/Pima County Consolidated Plan, Housing Strategies, 2000-2005; and the Continuum of Care for Homeless. Together, these document the importance of this work which helps strengthen families and neighborhoods. For copies of these documents, please call 791-4123.”

In the 2000-2005 Consolidated Plan, the City of Tucson established annual and five-year goals and priorities for low-income populations. The following chart lists the stated goals and the City's accomplishments toward meeting those goals.

Activity	Annual Goals	Accomplishments	Five-Year Goals	Accomplishments
Assistance to Homeowners	712 households	713 households	2,500 households	5,046 households
New Homeownership Opportunities	48 units	120 units	225 units	935 units
Assistance to Renters	50 households	57 households	500 households	1,178 households
Assistance to the Homeless	10,000 persons assisted	18,171 persons assisted	50,000 persons assisted	88,201 persons assisted
Assistance to Persons with Special Needs	10,000 persons assisted	20,781 persons assisted	50,000 persons assisted	45,217 persons assisted
Agency Facilities	\$1 million	\$367,192	\$5 million	\$2,739,484
Neighborhood Revitalization	\$1.2 million	\$929,462	\$6 million	\$3,649,025
Public Services	13,954 persons assisted	24,482 persons assisted	69,770 persons assisted	120,081 persons assisted

Housing - Housing quality and affordability affects households and neighborhoods, and is a major contributor to what makes a City function well. Housing that is safe and affordable is crucial to a healthy, vibrant community. Without it, there is an increase in homelessness, public assistance and criminal behavior, as well as a decline in educational performance and proper nutritional health. In 2000, the City set the goal of creating or preserving 1,000 affordable housing units per year. This goal was exceeded each year, for a five-year total of 7,159 units.

Homeless – According to the *Current Status of Homelessness in Arizona Report November 2004*, approximately 4,000 people a day are homeless in Tucson. Homeless families, specifically women with children, account for 43% of this population, and are the fastest growing subpopulation of people who are homeless. In addition, the elderly and the homeless veteran populations will continue to increase. The annual goal of assisting 10,000 homeless individuals was exceeded each year. City staff will continue working with the Tucson Planning Council for the Homeless to develop policies and coordinate comprehensive planning in support of the *Continuum of Care for the Homeless*.

Special Needs – The likelihood of having a disability increases with age. In light of the aging of the Baby Boomers and increasing life expectancies, the City can expect an increase in the number of people with disabilities. City programs have helped over 45,000 disabled persons over the last five years, with programs such as home repair, retrofitting for handicapped accessibility, reverse mortgage counseling and loans, and housing for persons living with serious mental illness and HIV/AIDS.

Agency Facilities & Neighborhood Revitalization – The goals set for agency and neighborhood facilities was not met due to significant increases in the cost of construction, and a focus on providing affordable housing opportunities.

Public Services - Public services address the needs of families and individuals that have difficulty maintaining a basic level of security. During the last five years, over 120,000 persons received services designed to meet their unique needs and to improve the quality of their lives.

Pima County Programs

Affordable housing programs in Pima County are administered through the Pima County Community Development and Neighborhood Conservation Department. The Department manages bond funds from the May 2004 bond election through which \$10 million was allocated for affordable housing. Of those bond funds, a total of nearly \$3 million has been committed to six projects for 284 affordable housing units. Also contributing to special homeowner projects in collaboration with community nonprofits are 1997 General Obligation Bond proceeds of over \$4 million committed to leveraging construction of 320 units of affordable housing.

According to the Department's 2005 Annual Report, five-year highlights included 406 new homebuyers assisted with down payment assistance or new construction, 504 units of affordable rental housing leveraged with Pima County HOME funds and creation in 2004 of the Pima County Housing Trust Fund. The Pima County Housing Trust Fund will be supported through a roof-top fee, collected upon sales of homes developed as a result of new subdivisions, single homes and rezoned areas in unincorporated Pima County.

The term "affordable housing" may apply to 137,000 properties (rental or owned) in the following classifications. 1. Total income for housing costs (taxes, mortgage, insurance, utilities) is less than 30% of income. 2. Total income for housing is from 30-50% of income. This is called "cost burdened" and represents 25% of the total. 3. Total income for housing is 50% or more spent on housing. This is called "extremely burdened" and represents 12.5% of the total.

In the Department's 2006-2007 Annual Action Plan, HUD funds are identified as the source for the Community Development Block Grant Program, the Emergency Shelter Grant Program and the HOME program the last of which is jointly run with the City of Tucson. In the coming year, the report says affordable housing initiatives include:

- HOME funds to create 80 new homeownership opportunities and to assist 10 existing owners and preserve or develop 10 units of rental housing
- Implement the Pima County Employer-Assisted Housing Program
- Allocate \$10 million funds from the May 2004 Bond Election to affordable housing projects

Within the department, the section dedicated to Affordable Housing and Community Planning operates three main programs: homeowner programs, programs for non-profit and for-profit builders and developers and homeless and special needs programs.

The goals of Affordable Housing and Community Planning are:

- Provide safe, decent, and affordable housing.
- Educate low and moderate-income renters and homebuyers about Fair Housing and Fair Lending laws.
- Educate low and moderate-income renters about duties/responsibilities/rights under landlord tenant act.
- Leverage funds from other sources and
- Develop affordable housing as a means of reinvestment in the community.

The Pima County/City of Tucson Homebuyer Assistance Program (HAP) provides down payment and closing cost assistance loans for, but not limited to, first time homebuyers. This service is provided on a first-come, first serve basis.

HAP was designed to assist low to moderate income residents become homebuyers by providing grants for down payment closing costs. Program specifications are designed to engage all home purchase partners (nonprofit, lender, Realtor, inspector, title) in developing an affordable home purchase package. Program specifications are provided by participating agencies.

Federal Programs

The US Department of Housing and Urban Development

HUD's mission is to increase homeownership, support community development and increase access to affordable housing free from discrimination.

The HUD Public Housing Development program provides Federal grants to local public housing authorities to develop housing for low-income families that cannot afford housing in the private market. HUD has not provided new funding for public housing development since FY 1994. However, local housing authorities could use Modernization and HOPE VI funding flexibly for development.

The HOPE VI program was developed as a result of recommendations by the National Commission on Severely Distressed Public Housing, which was charged with proposing a national action plan to eradicate severely distressed public housing. The Commission

recommended revitalization in three general areas: physical improvements, management improvements, and social and community services to address resident needs.

In Tucson, HOPE VI is a five-year initiative to assist in the revitalization of the Santa Rosa Neighborhood. The project included demolishing Connie Chambers, the 200-unit public housing development, and replacing it with a 120-unit mixed income development and 130 public housing units being scattered throughout the community. The comprehensive neighborhood rehabilitation project also includes economic development, a new park, daycare center, and learning center, as well as homeownership opportunities. Initial funding for HOPE VI was in the form of a \$14.6 million grant from Housing and Urban Development (HUD). The complete financing for this overall neighborhood revitalization has been generated from 17 different sources totaling more than \$50 million.

The HOME program helps to expand the supply of decent, affordable housing for low and very low- income families by providing grants to States and local governments to fund housing programs which meet local needs and priorities. HOME funds are used to help renters, new homebuyers or existing homeowners.

The City of Tucson receives about \$4 million annually in this block grant. HOME has supported housing development, repair, and homebuyer assistance, leverages public and private funds, and supports the efforts of non-profit and for profit affordable housing developers. The City and Pima County cooperate in administering the HOME program. A minimum of 15% of the City/County HOME funds are allocated to projects owned, operated or sponsored by local Community Development Housing Organizations (CHDO's). These are nonprofit organizations that meet federal criteria in the HOME program regulations.

NONPROFIT EFFORTS

CHICANOS POR LA CAUSA

This group assists low and moderate income families become first time home buyers. It also provides home buyer education and counseling, assistance in obtaining affordable home loans and financial assistance for down payments and closing costs.

COMMUNITY LAND TRUST

Counseling is provided to prepare low income families for home ownership in a community land trust. Purchase is for the home, not the land. Families may lease a home they will purchase while they prepare for home ownership.

FAMILY HOUSING RESOURCES

This organization assists low and moderate income people to obtain affordable housing through counseling and education. It also provides assistance for down payment and closing costs.

HABITAT FOR HUMANITY

Habitat for Humanity Tucson is dedicated to eliminating poverty housing in the greater Tucson area. Habitat seeks to build hope and revitalize communities. Habitat builds houses with families and with communities. Acting as a facilitator, Habitat brings together sponsors who provide financial resources, volunteers who build the houses and families who provide up to 400 hours of sweat equity to realize their dream of home ownership. Completed houses are then sold to families at cost, on a 20-year, interest free mortgage. House payments made by the homeowners are returned to a revolving building fund. Habitat has built 237 houses since its inception twenty-five years ago.

PASCUA YAQUI TRIBE

The Tribe assists enrolled, income eligible Yaquis in seeking homes for rent or purchase. HUD grants are used to construct new homes and also offers rehab work on homes.

PRIMAVERA FOUNDATION

The Foundation provides education, counseling and down payment assistance for qualified individuals and families.

TUCSON METROPOLITAN MINISTRIES FAMILY SERVICES

This organization assists moderate income families with down payment, closing and rehab costs for homes built within the City of Tucson.

TUCSON URBAN LEAGUE

The Urban League prepares participants for self sufficiency and home ownership and provides affordable rentals. Through “homesaver workshops”, the Urban League provides information on heating, electrical and plumbing systems, home maintenance skills with classes open to renters and owners of all income levels.

STATE DEPARTMENT OF HOUSING

The Arizona Department of Housing was established in 2001 as was its companion entity the Arizona Housing Finance Authority. It also administers the State Housing Fund. An Arizona Housing Commission is advisory to the department and is comprised of 24 representatives from private industry, community based nonprofit housing organizations

and state, local and tribal governments. The department has numerous programs for housing including rental development, homeownership, special needs, community education, homelessness and tribal outreach. Through its Community Revitalization Program, the department provides oversight for approximately \$13 million in Community Development Block Grant entitlement funds annually from HUD. This program serves thirteen rural counties in the state.

A SUCCESS STORY

How a community solved its workforce housing problem

In 1999, Rochester, Minnesota a community of 96,000 was faced with a severe housing shortage when the Mayo Clinic, the community's largest employer, added a new wing to the Clinic that would be staffed with approximately 100 additional medical doctors. The technical support staff ratio to MD is approximately 9 to one. This created an immediate short fall of about 900 housing units in the Rochester area.

The Rochester Area Foundation launched a "First Homes" initiative in response to the Mayo Clinic's anticipation of a housing shortage in the area. The goal was to create 875 housing units for working families within a 30 mile radius of Rochester.

Assembling the pieces

First Homes is a public/private collaboration to build 600 single family homes and 275 rental townhouses over a five year span. The collaboration received an initial pledge of \$1M from the Rochester Area Foundation and a gift from the Mayo Clinic for \$4M.

Approximately 150 others including area residents, lenders, State agencies, other Foundations, proximate cities and counties, builders, realtors, civic organizations, regional authorities and professional groups joined the effort. These partners contributed an additional \$9M in pledges.

The broad community support allowed First Homes to realize major investments from State, Federal and private charitable sources. The Greater Minnesota Housing Fund and the Minnesota Housing Finance Agency partnered with First Homes in offering guidance and experience.

Leverage of \$14M

- Additional community resources in tax increment financing and other incentives in the villages and towns surrounding the Rochester area.
- Uses additional \$115M in donations and funds from other agencies.

- Community Land Trust – in this option the land on which the housing is built is owned by the Trust saving approximately \$30,000 per lot

Results

Since its inception in 2000 more than 650 new residences have been built with New Home funds. The total includes 420 new single family homes and 225 new below-market rental units. Approximately 50 of the single family units are Community Land Trust properties. In addition, the project was extended to rehab a number of older homes in the central city area.

SOME STRATEGIES AND IDEAS FOR CONSIDERATION

Employer Assisted Housing

A variety of programs are offered through an employer in collaboration with local and state housing agencies, financial institutions, nonprofit community organizations and others. The objective is to retain employees and help them find housing closer to their places of work. Examples of assistance include forgivable loans up to \$7500 for down payment or closing costs (University of Chicago); 50% reduction on loan fees and discounted closing costs (City of Seattle/Home Street Bank); below market, fixed rate mortgages to workers of participating companies (New Jersey Housing and Mortgage Finance Agency); low interest mortgages for school employees (Santa Fe School District/Homewise, a nonprofit) and flexible mortgage packages and assistance with down payment and closing costs (Tyson Food, Inc and several financial institutions).

Housing Trust Funds

According to the Center for Community Change, housing trust funds are the single most impressive advance in the affordable housing field in the United States over the last several decades. Because housing is at the very foundation of every healthy community, local and state governments are recognizing that they need to contribute public resources to adequately house their residents.

Housing trust funds systemically change reliance on annual budget allocations by shifting to committing dedicated public revenue to affordable housing through the creation of housing trust funds. There are now 38 state housing trust funds and more than 350 city and county housing trust funds in operation. They dedicate in excess of \$750 million each and every year to help address critical housing needs throughout the country.

Pima County has recently established a Housing Trust Fund. The City of Tucson hopes to establish a Housing Trust Fund with a goal of distribution \$3-5 million annually across the Fund's priority areas: homeownership, home improvements and rental preservation or development.

The Shared House

A scenario proposed by The ProHousing Project is to develop homes that have been specifically designed to accommodate several individuals, each with a private bath and separate kitchen storage area. This nonprofit group advocates establishing a financing scheme to sell shares in a house.

Sustainable Development

A long term goal of housing visionaries is to combine “sustainable” community with “affordable” housing. This is beginning to happen where government is partnering with private investors and environmental designers on projects that serve families who share an interest in reduction of energy consumption. A project in London, England provides roof gardens, solar energy, waste water recycling and shared cars for people living in the 82 residences. The community, Beddington Zero Energy Development, includes twelve units for shared ownership, ten subsidized for key workers and fifteen at affordable rent for “social housing.” Governmental support was vital as it provided the land at below market value.

Definitions

AFFORDABLE HOUSING

Housing that does not overburden a family financially and is safe, decent and not overcrowded (City of Tucson Community Services Department)

EMPLOYER ASSISTED HOUSING

Support is provided to employees to encourage them to live close to where they work and buy or rent homes that they might not otherwise be able to afford. Support usually takes the form of some kind of financial assistance.

HOUSING TRUST FUNDS

Housing trust funds are distinct funds established by city, county or state governments to receive ongoing dedicated sources of public funding to support the preservation and production of affordable housing and increase opportunities to access decent affordable homes.

SUPPORTIVE HOUSING

As defined by the Corporation for Supportive Housing, it is a cost-effective combination of permanent affordable housing with services that help people live more stable, productive lives. It serves formerly homeless individuals, families and youth as well as people with serious persistent issues (substance abuse, mental illness, HIV/AIDS). It also serves people discharged from the criminal justice system into homelessness. The model for supportive housing is termed "Housing First" and it might be referred to as scattered site housing integrating residents into the community.

WORKFORCE HOUSING

Housing for people or families who are working but who cannot afford to buy or rent a home at prevailing market prices. Access to workforce housing is often provided by employers.

Appendix: League of Women Voters Position on Low and Moderate Income Housing in the Tucson Area, Results of a Study Done in 1974

Community Planning

Low and Moderate Income Housing

Support of policies and actions by local government which will ensure, through planning, an adequate supply of low and moderate income housing and an equality of opportunity for access to housing designed to meet human needs and cultural preferences. (1974)

Amplifications:

1. Local government should establish effective ways to aid, promote, coordinate and supplement public or private housing programs and housing-related agencies for low and moderate income persons.
2. The LWV supports planning for low and moderate income housing as a part of the total community through the following:
 - a. Flexible zoning, such as cluster and planned unit development ordinances that encourages the efficient use of land and an economic mix of housing.
 - b. Incentives to builders and developers to facilitate the provision of an adequate supply of low and moderate income housing.
 - c. A central housing agency for low and moderate income citizens and community groups to provide:
 - 1) Information concerning existing housing such as availability, location, price, conditions, etc.
 - 2) A referral service to agencies providing housing-related counseling, technical assistance in maintaining and rehabilitating existing housing and technical assistance in constructing new housing.
 - d. Exploration of methods of land banking to provide for low and moderate income housing.
 - e. Investigation of functions and possible formation of an Urban Development corporation in order to provide for a comprehensive approach to planning for low and moderate income housing.
3. The LWV recommends development of policies at the local level to reduce the cost of housing for low and moderate income citizens by an experimental housing program which could:
 - a. Explore innovation in building materials, methods, design.

- b. Initiate review of local building code requirements and FHA amenity standards and recommend change.
 - c. Encourage participation of and cooperation by private and public sectors of the community.
- 4. The LWV recognizes the need to reduce the financial burden for lower income individuals in obtaining housing and urges the local governments to:
 - a. Seek the cooperation of private financial institutions in finding solutions to this problem.
 - b. Include the possibility of state aid through the promotion of a state housing financial agency.
- 5. The LWV believes that it is the responsibility of local governments to maintain existing public housing programs where federal funds are not adequate with an emphasis on:
 - a. Leased and scattered site housing.
 - b. Adequate counseling and maintenance.
 - c. Supplementing with local funds the federally funded leased housing programs where rent ceilings are unrealistic.
- 6. As the housing code is enforced, provision should be made for:
 - a. Emergency housing tied directly to housing code enforcement activity.
 - b. Exploring incentives and methods of assistance for landlords and homeowners who cannot comply with housing code standards because of hardship or lack of funds, by means of:
 - 1) Low interest loans or grants.
 - 2) Self-help and resident participation programs.
 - 3) Rehabilitation and neighborhood improvement programs.
 - c. An adequate supply of low cost housing throughout the community for renting and homeowners who are priced out of their home because of code enforcement improvements.

**LEAGUE OF WOMEN VOTERS OF GREATER TUCSON
AFFORDABLE HOUSING STUDY**

**HOUSING TOUR: Saturday, February 3, 2007
TIME: 9:30 a.m. to 2 p.m.**

SCHEDULE

9:30 Gathering of LWVGT members at the City of Tucson Community Resources parking lot (west of the building at 310 N. Commerce Loop). *Community Services staff will host the tour.*

9:45 Arrival and loading of bus (courtesy of COT Dept. of Parks & Recreation).

10 - 10:45 a.m. Habitat for Humanity Balboa/Laguna Neighborhood. *Tour with Michael McDonald, Executive Director of Habitat for Humanity, and other staff.*

10:45 – 11 a.m. The return drive to downtown will take a route past the Silverbell site for the HOPE VI Martin Luther King residents, and the Chantalalli project by Chicanos por la Causa.

11 a.m. – Lalo Guerrero Elderly Housing. *Guides: Richard Fe Tom and Nancy Tom, The Architecture Company, and Ron Koenig, Administrator, City of Tucson Community Services Community Development*

11:30 a.m. Posadas Sentinel, Santa Rosa Neighborhood. *Guide: Olga Osterhage, Administrator, COT Housing Management Division*

12:15 – 1:45 p.m. Brown bag lunch and discussion

- **TOPIC I: Toolbox for Affordable Housing.** *Emily Nottingham, Director, City of Tucson Community Services*
- **TOPIC II: Federal Target: Homeless Plan.** *Mary Pat Sullivan, Executive Director, Comin' Home - Housing and Supportive Services Project for Homeless Veterans. Co-Chair of the Tucson Planning Council for the Homeless,(TPCH) and Chair of the Plan to End Homelessness Sub Committee of TPCH*

1:45 Board bus for drive by Martin Luther King, Jr. Apartments/Depot Plaza and return to parking lot at Community Services Building

- **Habitat for Humanity Balboa/Laguna Neighborhood**

LOCATION: Corner of Laguna St. and Balboa Ave., east of North Oracle Road and north of Glenn.

GUIDE: Michael McDonald, Executive Director, Habitat for Humanity

Habitat for Humanity is an international, nonprofit, Christian organization that builds affordable houses for low-income families, supported by donations of money and materials and the “**sweat equity**” of the home buyers in the building process. This housing ministry “seeks to eliminate poverty housing and homelessness from the world, and to make decent shelter a matter of conscience and action. Habitat invites people of all backgrounds, races and religions to build houses together in partnership with families in need.”

More than a million Habitat volunteers have built more than 200,000 houses around the world since it was founded in 1976, Habitat as the builder/lender sells the houses to participating families at no profit, financed with affordable loans and the monthly mortgage payments are used to build still more Habitat houses. Since 1980, 215 houses have been built in Tucson by the organization. In this case, land was donated by the City.

The Balboa/Laguna project includes a 10,000 sq. ft. park for the residents. Each home is approx. 1,230 sq. ft. and has three bedrooms and 1.75 baths. Each is a TEP “Guaranty Program” energy-efficient home with, for instance, double-paned windows & energy-efficient ducting and HVAC system, all of which will enable the homeowners to have lower, fixed utility costs within the first few years of operation. Each is outfitted with a 50-year warranty metal roof, contributing to the home’s life-cycle sustainability and lower life-cycle maintenance costs. A recent appraisal of one of the new homes reflected a value of approximately \$165,000.

Balboa/Laguna homeowners are a highly diverse group, including immigrants from Latin America, the former Soviet Union, Asia, and the Middle-East. Generally, the household income is 50%-60% of the median income for their size of family, from \$18,000 per annum to the high \$30s. Habitat – as the builder/lender – does not charge the full appraised value of the home. Instead, the organization layers in several liens on the property. The first lien is the mortgage to the homeowner, approximately \$95,000, payable over 25 years. There is no interest charged, so that the premium payment plus taxes and insurance generally will be below \$500 a month, well below the cost of most of the families’ previous substandard rental units. In addition to the first lien, the City of Tucson has a silent-second lien for the value of the donated land-parcel under each house. That lien does not need to be paid back unless the family sells the house. As a protection against “flipping” and windfall equity-building, Habitat has placed a third lien on the property in the amount of the difference between the sum of the first and second liens.

- **Posadas Sentinel, Santa Rosa Neighborhood**

LOCATION: South of 19th St. west of South 10th Ave.

GUIDE: Olga Osterhage, Administrator, Housing Management Division, City of Tucson Community Services

Tucson has received three **HOPE VI** (Housing Opportunities for People Everywhere). grants from the U.S. Department of Housing and Urban Development (HUD). These target neighborhoods with obsolete public housing sites for improvement, which includes replacing the units. The first was \$14.6 million to begin a five-year initiative to “assist in the **revitalization** of the Santa Rosa Neighborhood,” just south of the Tucson Convention Center. The City razed an obsolete, 200-unit public housing site known as “Connie Chambers” or “the project.”

HOPE VI demonstrates new thinking about how to provide housing assistance to low income families. The central idea was to improve the **quality of life** for the Connie Chambers residents and all their neighbors in three contiguous, historic *barrios*, by providing better quality housing, a sense of community; comprehensive neighborhood rehabilitation (park, school, daycare, healthcare, library, recreation), and programs leading to better economic opportunities, even **self-sufficiency**. The initiative ultimately involved \$50 million in funding from 17 different agencies.

The 120 new Posadas Sentinel units were made available to people of **mixed incomes** on a sliding scale. In addition, the displaced families would have a **choice** of staying in the neighborhood or moving to one of the **scattered site** housing units the City was able to purchase with HOPE VI funds. This meant that low income families who lived in public housing no longer were concentrated in one place but integrated in neighborhoods throughout the City.

With neighborhood revitalization came **gentrification**, the moving in of many new neighbors of mixed incomes, and new homes, some quite expensive. Fortunately, most of these newcomers have respected and honored the architectural and cultural traditions of the *barrios*. The neighborhood population continues to grow with **infill projects**.

- **Lalo Guerrero Barrio Viejo Elderly Housing**

LOCATION: 124 W. 18th St.

GUIDES: Richard Fey Tom and Nancy Tom, The Architecture Company, and Ron Koenig, Administrator, Community Development, City of Tucson Community Services



On the former site of Drachman Elementary School, 62 housing units are dedicated to low income renters 62 years of age or older, many from the surrounding neighborhood. Initially, many of the neighbors thought the disused school should be kept in use as a cultural center for the historic neighborhood (Barrio Viejo). However, work on HOPE VI revealed a pressing need for improved housing for many elderly in the area that would provide programs of activities as well as shelter. Additionally, many

longtime residents were unable to keep up their homes but did not want to leave their neighborhood. The provision for elders to remain within the historic community is a significant feature of this project.

The environment of the new complex is trend-setting, with bright paint colors, beautifully landscaped courtyards, and private on-street entryways. The building adaptation was undertaken by the Catholic Community Services with funds from the HUD Section 202 program.

Section 202 is intended “to expand the supply of affordable housing for the elderly. It



provides very low-income elderly with options that allow them to live independently but in an environment that provides support activities such as cleaning, cooking, transportation, etc. The program is similar to **Supportive Housing** for Persons with Disabilities (Section 811).”¹ The programs for residents of Lalo Guerrero (named for a successful local musician) are the responsibility of

¹ Press release for 202.

Catholic Social Services through the agency's Pio Decimo Center, a multi-purpose family service facility nearby. These include health and wellness screening and fitness and nutrition classes.

Specifically, Section 202 provides interest-free capital advances to private, nonprofit sponsors to finance the development of supportive housing for the elderly. The capital advance does not have to be repaid as long as the project serves very low-income elderly persons for 40 years. In addition, **rental assistance** funds are provided to cover the difference between the HUD-approved operating cost for the project and the tenants' contribution towards rent. Project rental assistance contracts are approved initially for 5 years and are renewable based on the availability of funds.

For seniors who meet the requirements, rents are based on a resident's adjusted gross income, which is calculated by subtracting approved medical expenses from their income. The resident then pays 30 percent of the adjusted gross income for rent and utilities.

The City is a resource for elderly housing projects in various ways. For example, the Blanche Johnson Courtyards sponsored by the Metropolitan Housing Corporation and the Urban League will have 68 affordable elderly units and a caretaker's unit. It is located at the northwest corner of 36th and Kino adjacent to a City parks neighborhood center with sports facilities, a school, and other residential development. The City conveyed 5.63 acres to the nonprofit agencies for \$1 (appraised market value was \$360,000 in Feb 2005). The City also provided a "forgivable grant" of \$300,000 from federal HOME funds.

Elderly housing is a prime concern as the "Boomer" generations retire. Many churches and philanthropies are heeding the warning that the expense of assisted living and relative good health and longevity of seniors calls for innovations in housing; we must accommodate more people who will face mounting costs of living on fixed incomes. The **American Association of Homes and Services for the Aging (AAHSA)** is a national organization representing over 5000 not-for-profit organizations dedicated to providing high-quality health care, housing, and services to the nation's elderly.

- **Martin Luther King Apartments/Silverbell**

LOCATION: Congress St. at Fifth Ave.

GUIDE: Jack Siry, Deputy Director, City of Tucson Community Services

The City's third HOPE VI grant focuses on downtown redevelopment. Since 1970 low-income elderly and disabled Tucsonans have been able to rent affordable apartments in a six-story building downtown just west of the historic Hotel Congress. Currently, the area around the restored Southern Pacific depot is under redevelopment as Depot Plaza. The MLK building is scheduled to be remodeled as **market-rate** rental units under the ownership of Portland developers Williams & Dame. It is tentatively named One North Fifth. The Depot Plaza design includes two new buildings to the north that will add at least 130 more units to the mixed-income, **mixed-use** development, with stores and offices on the ground floors and plenty of outdoor open spaces.

Since the old MLK had 96 units for low income and disabled residents; the City is responsible for providing the same number of units in its HOPE VI plan. One of the new buildings will have 68 units dedicated to low income elderly and disabled. In addition, each of the new buildings will have 11 units to be rented at affordable rates to families. However, the remaining City-owned 28 units for elderly and disabled that must be provided with the HOPE VI federal funds will be provided at the new Silverbell site described below.

Before the old Martin Luther King building was vacated, its low-income residents were given the **choice** of relocating temporarily and then returning to Depot Plaza, or relocating permanently to either Tucson House (a high-rise); Craycroft Towers (high-rise); Lander (downtown garden units); scattered sites (single family homes in various neighborhoods); or in one of the 28 new units that the City will build within a new patio home neighborhood on the west side. This is the Pathways Developments' Silverbell project, on 31 acres at Goret and Silverbell roads. On the same site, there will be eight affordable homes for sale to qualified buyers.

This public housing location in a north-south transportation corridor anticipates continuing growth. There already is a well-established bus line and numerous amenities at Silverbell and Grant, but the setting is suburban rather than urban; it is close to a nature reserve, a golf course, and the Santa Cruz river park.

The HOPE VI MLK housing program represents two strands of the commitment of the City to providing housing: City-owned rental units as a permanent foundation of public housing, and partnerships with developers who can offer families affordable rental homes throughout the community.

NOTES FROM THE LEAGUE OF WOMEN VOTERS OF GREATER TUCSON AFFORDABLE HOUSING PROGRAM, NOVEMBER 19, 2006

This program was planned to provide an update on the affordable housing needs in Tucson in preparation for considering revisions to the LWVGT position adopted in 1974 (Social Policy A., Community Planning).

FIRST SPEAKER: Emily Nottingham, Director, Community Services, City of Tucson

The provision of housing for all citizens is a collaborative, self-sustaining, community effort that benefits families, neighborhoods and whole communities, and she commended the League for recognizing that it is a community issue.

- FAMILIES – Good quality housing provides stability to families.
- NEIGHBORHOODS – Good quality housing strengthen neighborhoods.
- COMMUNITY – Good quality housing makes a city livable, therefore housing is an investment that draws a good workforce and contributes to the community's economic stability.

•
When people consider locating in a city they ask two questions: Is the downtown flourishing? and “Can I afford to live there?”

Housing issues for a community are: Do we have enough housing? What is the quality of housing? Is it affordable? Tucson does have sufficient housing stock. However, it is not good quality housing and much of it is not affordable to many people.

- Between 2003 and 2005 the median price for a home increased by 45% (from \$155,907 to \$226,000).
- Arizona was the state with the highest increase (30.33%)
- The U.S. average was 12.02%.
- Tucson’s rise was 24.18%, in 23rd place among cities ranked.

Earnings have not kept pace with the cost of housing. There are three ways to address that: Improve wages, reduce the cost of housing, and narrow the gap between the two.

Narrowing the gap is the role of public housing programs.

Two other routes could alleviate the problem:

- Lower interest rates on mortgages
- Reduce the size of houses

To afford a Tucson home at the median price (\$226,000) requires an hourly wage of \$31.45, in most cases provided by two incomes.

The rate of home ownership in Tucson is behind the nation’s and other cities’.

- Home ownership rate in Tucson is 55.6%.
- The nation’s rate is 67.1%.
- Pima County’s rate is 66.5%.
- The rate in Phoenix is 61.5%.
- Albuquerque’s rate is 63.8%.
- El Paso’s is 61.4%.

Trends indicate a growing problem.

- The population of the City of Tucson is predicted to be 590,000 by 2010.
- The senior population (15% in 2000) will rise faster than other age groups.
- Many existing housing units are aging (45-65 and many over 66 years old) and in need of repair and upgrades.
- 72% of these are occupied by low income homeowners.

Rental housing has a vital role.

- Neighborhoods don’t want rentals.

- The cost of renting also has risen to a median \$715 a month.
- It takes a \$14.44 wage to afford the median rental.
- Two minimum wage workers cannot afford a median cost rental.
- People are having to double up and take family members in.

Over half of “very low income” families spend ½ of their income on rent and utilities.

- This means many cannot pay for health insurance.
- The public sector pays for their health care.

The new 5-year housing plan for the City has a goal of adding 4,000 affordable homes and reducing the number of substandard homes.

THE CHALLENGES

- Federal funds for local housing have diminished.
- The population in need of housing assistance is growing.
- New housing costs are increasing
- Existing housing units are aging.

THE OPPORTUNITIES

- Growing public awareness of the problem
- State and local programs working on it
 - Housing Trust Fund has been established by City
 - Incentives and requirements can be designed to help the situation
- Caring communities can rise to the occasion

SEE ATTACHMENT (from City of Tucson website)

SECOND SPEAKER: Richard Elias, Chairman, Pima County Board of Supervisors

NOTE: Elias worked for many years for the nonprofit Chicanos Por La Causa on housing issues. His talk addressed the problem from the policy perspective. He invited Betty Villegas, who is in charge of the County's Neighborhood Reinvestment program.

(1) SIMPLE CONCEPT: Housing security gives families stability, no matter what type of housing it is.

Example A: The juvenile detention center is a "happy home" for youth from unstable situations where they are afraid. But it is expensive housing.

Example B: Elias' own home was stable because his father was able to secure a VA loan to buy a house of their own. This is subsidized housing. Housing is the most highly subsidized commodity in the U.S.

(2) The FHA program "stopped working" in the early-1970s. Our government didn't have the foresight to replace it, although they tried with the HOME program.

(3) Following the financial institutions scandals (S&Ls, RTC), there was a fire sale of large properties which then got back into the market [e.g., Tucson House, a senior housing/Section 8 project].

(4) FYI: The housing problems are worse in rural areas (REF Chicanos por la Causa in SE AZ).

(5) State and local governments recognize that the federal government is not going to do anything. Congress has no interest, no will.

(6) A housing trust fund is one source of continuing help, probably provided through "rooftop fees" in Pima County. [In the Q&A, other sources are mentioned.] The State Legislature will be approached about a transfer fee (not a huge amount).

(7) We must remember the diversity of needs: special needs housing, senior housing.

(8) We must remember context: Menlo Park Neighborhood as well as others are dramatically impacted by Rio Nuevo. We should be working to protect stability.

(9) We need a broader community vision for housing.

(10) Since materials costs are fixed, we will be looking at financing practices for opportunities. First, we must guard what we have – sub-prime lending is on the rise – and we must stop predatory business practices.

(11) We must strive for balance in our conservation ethic. Affordability depends on land costs remaining reasonable. We too often lose sight of the fragility of human life and neighborhoods in our eagerness to address the fragility of natural environment.

THIRD SPEAKER: Betty Villegas, head of Neighborhood Reinvestment program [REF Neighborhood Reinvestment Corporation Act, 42 U.S.C. 8101-8107].

- (1) Her background is in retail, banking and community lending.
- (2) She grew up in Menlo Park in a home provided through a Disabled Veteran home loan to her father after the Korean War. If he had not been assisted, then she would have grown up in “the projects.”
- (3) The County and City are working together and it is going to take everyone to solve the housing problems.
- (4) “Don’t Borrow Trouble” is an education program to teach (a) young people to manage money and (b) elderly, to avoid exploitation through predatory lending and retail.
- (5) United Way of Greater Tucson is in dialogue concerning workforce housing.
- (6) Bond funds are providing housing units: 1997 (\$2 million) provided 261 units, 201 of which are owned; 2004 (\$10 million) has so far provided 284 units owned and 284 rental.
- (7) There are other housing projects in the County, e.g., Marana.

FOURTH SPEAKER: Michael McDonald, Executive Director, Habitat for Humanity Tucson.

NOTE: McDonald is the Incoming Chairman of the Tucson Housing Commission.

- (1) The work of the agency is to support government efforts as the community’s response.
- (2) The Regional Transit Authority represents the first time we (in Pima County) have come together on an issue. It took a long time.
- (3) The Housing Commission is responsible for the Housing Trust Fund.
- (4) It may be the Commission’s role to come up with creative solutions and invite the community to participate. For example:
 - The real estate transfer fee depends on being able to convince people that it is a link to economic benefit. It could be voluntary.
 - Escrow accounts also could be used to earn interest to go toward affordable housing.

- The construction sales tax that currently goes to the State could be returned to us (\$700 million per years).
- (5) It is important to remember who makes the City run – not the officials, but the workers.
- (6) Housing is an ecosystem. We need the courage to get out of NIMBY-ism and into YIMBY-ism (Yes, in my backyard I want affordable housing).
- a. We need common sense compromises where the government, for-profit, and non-profit sectors work together. We need legislative help to work toward employer-assisted housing. There would be tax breaks for subsidies. In the case of teachers, sales of Trust Lands could fund “teaching villages” near the schools.
 - b. We need to remember the top attainment on Abraham Maslow’s “Hierarchy of Needs.” It is “self-transcendence.” Most often the lower one is recognized, “Self-actualization.”

AUDIENCE QUESTIONS AND PANELISTS’ ANSWERS

- **Where does the money for a Housing Trust Fund come from?**

These funds are funds dedicated to this purpose, and the sources vary. The State of Arizona collects unclaimed deposits, for instance, on post office boxes or department store goods. Pima County may use a rezoning fee for housing. The City of Tucson is considering sale of land.

Any local means is better than depending on HUD, which has restrictions on how the money is used. We need to help niche groups otherwise not receiving assistance. Local funds generally are more flexible in the nature of responses than federal funds are.

- **What is the status of affordable housing in Rio Nuevo?**

The plan adopted in 2002 supports the surrounding neighborhoods with (1) special loan programs; (2) property tax assistance; and (3) investment in infill.

The survey of the area in 1999 reflected 11% affordable housing in the area; the new goal became 10%. It is not easy to meet that because of rising building costs, but overall is being met. This goal is stated in every RFP (not as a requirement, but as a preference). There are incentives for developers to incorporate affordable housing.

COMMENT BY LILLIAN LOPEZ GRANT: Speaking as a fourth generation living at Congress and Grande, she urges other residents of surrounding neighborhoods to remain vigilant as Rio Nuevo progresses. She worries about eminent domain. She wants any

displaced homeowners to have first opportunity to be moved to affordable housing provided in swap.

RESPONSE (Nottingham): The first outreach in such a case will be to Menlo Park.

COMMENT BY COUNCIL MEMBER CAROL WEST: The TIF that provides money for Rio Nuevo does not provide for houses.

- **What is being done to provide seniors' with housing?**

Universal design (for aging-in-place as well as special needs) is now encouraged in building so that people will not need high-cost adaptations later to remain in their homes. The County's "Inclusive Home Ordinance" was a nightmare to builders because plans had to be adapted at considerable expense. It didn't hurt the big builders as much as the middle and smaller firms.

- **Are transportation issues part of the housing plan?**

Since the bond funds became available, every application form asks for information on transportation issues (needs for getting to work, etc.).

- **What about maintenance issues?**

Richard Elias pointed out the difference between "affordable" and "basic." He cited the desirability of better quality systems for smarter maintenance. Someone pointed to the well-built masonry homes in the old neighborhoods that have old wiring. Nottingham stated that rehabilitation of homes is the highest priority of her program. The need is greater than their ability to renovate. There were 50 home renovations accomplished last year, and this year there are about 400 applications a week.

COMMENT: Affordable housing should "blend in" with the neighborhood and not "stick out like a sore thumb."

COMMENT: "My dream is to [build senior housing] on top of El Con Mall where I can go mall-walking and to the movies . . . and my young friends will come and see me."

RESPONSE: (Nottingham) We think it is important as we are figuring out what to do downtown that the neighborhoods are walkable. We have two new grants for senior development at Broadway and Plumer, working with the Sam Hughes Neighborhood Association to build 52 apartments in the abandoned Don Makay auto showroom.

ATTACHMENT

On October 10, 2006 Mayor and Council unanimously established the THTF, authorized initial funding sources and approved a governance structure.

Need

- Good quality housing that is affordable to the average family is a keystone for Tucson's future.
- A Housing Trust Fund is a local initiative to meet this need.

Funding

- The THTF annual funding goal is three to five million dollars.
- Initial sources are the sale of City-owned properties, a fee on the conversion of rental properties, and unexpended funds from the utility service low income assistance program.
- All housing stakeholders are being approached to share in the HTF financing. No one sector is being asked to shoulder the entire responsibility.

Attributes

- A THTF, overseen by a Mayor and Council appointed Committee, will be more **flexible** than federal programs in creating local answers to local housing problems.
- The THTF is devised to be **sustaining** within five years by recycling the majority of its funding.
- The THTF will also increase opportunities to **leverage** private, state and federal funds.

Families Served

- Approximately 2,100 families will be assisted for every million dollars dedicated to the THTF over the next 20 years.
- This breaks down to 900 families being helped with down payment assistance to get into their first home, 800 families with improvement loans to maintain their residences and 400 of the city's most vulnerable families with new or improved rentals.

For more information click on the links below or contact Ron Koenig or Ron Whitman at (520) 791-4636.

[Tucson Housing Trust Fund Draft Implementation Plan](#)

