



Pima County Bond Advisory Committee  
130 W. Congress 10<sup>th</sup> Floor  
Tucson, Arizona 85701

June 14, 2013

Dear Pima County Bond Advisory Board Members:

The Tucson Metropolitan Housing Commission (TMHC) strongly supports including \$30 million dollars for Affordable Housing in the 2014 Pima County Bond Program as was requested by City Manager Miranda, the Pima County Housing Commission and previously recommended by the Pima County Bond Advisory Committee. The attached Exhibit A describes how increasing the supply of affordable housing in our community supports Pima County Bond Advisory Committee's previously established priorities including:

- Broad demonstrated public support
- Regional Benefit
- Partnerships
- Funding sources and matches
- Education and workforce
- Sustainability and conservation
- Gap funding
- Government impact
- Economic Development

There are three main reasons including affordable housing enhances Pima County's priorities and therefore should be included as part of the 2014 Bond Program:

1. Low income resident's wages have not kept pace with housing costs, many voters understand this.
2. The funding of affordable housing benefits all Pima County residents, not just low income households
3. Investing in affordable housing pays for itself through job creation, leveraging of other funding sources and tax revenues.

Low income resident's wages have not kept pace with housing costs

Per the 2012 Poverty and Urban Stress Report:

- 230,848 Tucson residents earn low to moderate incomes and qualify for federal housing programs.
- 112,985 of our residents live below the poverty line (27.9% are Children and 8.1% are seniors).
- 68,431 renter and owner households earn less than \$35,000 a year and pay more than 30% of their income on housing (the affordability gap)

According to the City of Tucson 2010-2014-HUD Consolidated Plan:

- In order to afford the median priced home, Tucson families need two wage earners
- Over ½ of Tucson residents work in lower paying service, retail and hospitality jobs
- 40% of Tucson households are occupied by single parents or single persons.
- Only 54% of city residents own homes compared to 80% of county residents
- 78,000 "special needs" households have unmet housing needs (elderly, homeless, domestic violence victims, etc...)

Tucson has an inventory of only about 15,000 affordable-deed restricted units and 10,000 people are on the waiting list for public and Section 8 housing assistance. According to the Arizona Housing Alliance 41,370 Pima County low income renter households spend more than 30% of their income on housing. Statistically City and County rental projects lease up quickly and rents have not declined significantly so it appears the demand for rental housing has increased during the recovery. Housing prices are also starting to increase. The age of Tucson's housing stock is also a problem. 49% of Tucson's total housing stock and 60% of its rental housing stock is over 30 years old.

The funding of affordable housing benefits all Pima County residents-not just low income households

Historically, in urban areas the demand for affordable housing has been filled by older apartments and mobile home parks. Manufactured housing and "starter" homes also provide affordable housing on the urban fringe in unincorporated areas. People with the lowest incomes tend to occupy older mobile homes and apartments that are in need of replacement or substantial rehabilitation. When unemployment spikes, low income households and home owners who depend on two working people experience housing problems and many face eviction. Today in Pima County nearly 700 families a month start the foreclosure process or are seriously delinquent. Being evicted is not just a financial issue for the adults in this scenario. Research shows that living in substandard housing and moving from place to place negatively impacts children's physiological/psychological health and their educational attainment so the lack of affordable housing negatively impacts our community's health systems and schools. When homes are left vacant, neighborhood property values also go down. Increased traffic is another cost we all absorb because the location of our affordable housing contributes to a jobs-housing imbalance. When one factors in housing and transportation costs much of our population pays more than 45% of their income so they have less money to spend in the economy. The lack of "funding" for affordable housing also impacts our crime rate. Many Tucson neighborhoods are negatively impacted by substandard apartments that attract drug dealers and gang activity and require police resources. Often, the rent these properties can collect does not support the cost of needed improvements without recapitalization that affordable housing funding provides. Affordable housing residents seek safe and decent housing that will allow them to live self-sufficient lives in a good community. When crime goes up the best residents leave the area to protect their family. Well managed affordable rental housing and home ownership create social ties between neighbors and businesses. This is why the National Crime Prevention Council has called for the construction of affordable housing to reduce crime because "neighborhood cohesion and economic stability are enhanced in areas where the continuing supply of dispersed, affordable housing is assured."

Investing in affordable housing pays for itself through job creation, leveraging of other funding sources and tax revenues.

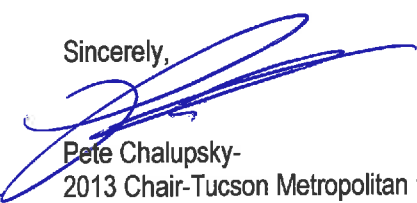
Investing in housing is essential to our local economic recovery. Building a mix of housing in proximity to employment, transportation, schools, and shopping centers increases the economic stability of households who are struggling financially and invests money into the local community. Tucson lost 15,000 construction jobs since the peak of the building boom in 2006, representing about 42% of the total workforce. Investing in affordable housing also helps the economy by putting subcontractors back to work. Every new unit constructed creates 1.82 jobs (1.1 construction, .42 wages, and .30 permanent jobs). The National Homebuilders Association of Homebuilders estimates the construction of a 100-unit family low income housing tax credit project generates roughly \$827,000 in local revenue and the property and residents generate \$441,000 in local sales and property taxes annually. Past Pima County Affordable Housing Projects leveraged other funding at an average rate of \$10 for every 1 dollar invested; so by funding Affordable Housing, Pima County could actually receive economic benefit greater than its cost.

Why should Pima County voters agree to fund affordable housing if the federal government and state provide funding for this?

Annual HUD appropriations have been declining for many years and the vast majority of federal funds Tucson-Pima County receives provides public housing and "Section 8" rental assistance for people who are at the bottom of the income scale. Very little of this funding goes to produce new permanent affordable housing, forcing us to address this issue locally. The state legislature swept money that was programmed for foreclosure prevention. The Arizona State Housing Fund which in prior years provided important predevelopment and gap funding for many Tucson affordable housing projects has been swept by the legislature for use by the general fund reducing it from \$35 million annually to \$3 million for the whole state. Despite the award of some important and high profile multifamily projects, Tucson is also not getting an adequate amount of low income housing tax credit funding.

Thank you for considering affordable housing as a community priority for the bond program. You have very tough decisions to make and we realize creating office parks is important but housing is a basic need that is tied to achieving and sustaining economic mobility. We hope you will agree that Housing matters and Pima County residents deserve better housing choices. Pima County's experienced non-profit and for profit developers and contractors are poised to get the job done. Please do not hesitate to call me or any of the Tucson Metropolitan Housing Commission Members if you have questions or you require additional information!

Sincerely,



Pete Chalupsky-  
2013 Chair-Tucson Metropolitan Housing Commission (520) 235-6222

## Exhibit "A"

### Tucson Metropolitan Housing Commission How Increasing the Supply of Affordable Housing Meets Pima County Bond Advisory Committees Established Priorities

<b>Broad Demonstrated Public Support</b>	Pima County Voters approved funding of affordable housing in two previous bond packages. Tucson's low income residents know income growth has not kept pace with housing costs. Although Home prices declined home prices are beginning to increase and it takes two incomes to afford the median priced home. Many voters are housing cost burdened and will support affordable housing.
<b>Regional Benefit</b>	The Affordable Housing Program provides county-wide benefit. Past affordable housing projects funded included: Curley School-Ajo, Valley Del Sur Townhomes-South Tucson, Ghost Ranch Lodge, Martin Luther King Apartments, and Sunnyside Point-Tucson.
<b>Partnerships</b>	Each housing projects that is funded creates a different partnership with municipalities and non-profit organizations such as City of Tucson, Habitat for Humanity, Old Pueblo Community Foundation, Chicanos Por La Causa and others.
<b>Other Funding Sources and Matches</b>	Audits have shown that affordable housing projects have leveraged other funding at a ratio ranging from 5-1 to 22-1. (Average leverage ratio was 10-1). Funding of the affordable housing stimulates economic investment and on-going property tax revenues.
<b>Education and Workforce Training</b>	Research is showing a stable home environment complements the efforts of educators leading to better student achievement. This impacts both children and parents. When people can't find homes they can afford they move and it disrupts their ability to obtain an education or pursue necessary training.
<b>Sustainability and Conservation Principals</b>	Affordable housing today meet stringent energy efficiency, sustainability and conservation criteria established by the county and/or other funding partners (such as the Arizona Department of Housing). Most home ownership and rental projects were built on infill sites. The Curley School and Ghost Ranch Lodge properties involved redevelopment and rehabilitation of existing properties.
<b>Previously Authorized programs that are Short of Funding</b>	The program allocated 100% of previously approved program funds to create new affordable housing units. The affordable housing program will be out of funds without an additional allocation of bond funds.
<b>Impact on Government Operations</b>	Affordable housing is typically built within municipal and county utility service areas, so it will help support infrastructure that has already been paid for by residents.
<b>Economic Development and Jobs</b>	Tucson lost 15,000 construction jobs since the peak of the building boom in 2006, about 42% of the total workforce. Funding of affordable housing will nut subcontractors back to work. Every new unit constructed creates 1.82 jobs (1.1 construction, .42 wages, and .30 permanent jobs).
<b>Advances many of the shared values identified in the Imagine Greater Tucson process</b>	Affordable housing supports land use and urban design goals relating infill housing and redevelopment and mixed use development. It supports transportation goals relating to the lessening of driving times, reduction of sprawl and support for implementation of mass transit systems. The funding of affordable housing supports public safety by rehabilitating substandard housing, organizing block watch programs and creating homeownership in neighborhoods with high renter concentrations. The production of transitional and permanent affordable housing improves education and healthcare systems.