



I. Tempe Affordable Housing Strategy Overview

Community Outreach Sessions

- I. Affordable Housing Strategy (AHS): Background and Definition**
- II. Affordability Issues in Tempe**
- III. AHS – Goal, Objectives, and Strategies**
- IV. Priority Strategies for Implementation**
- V. Next Steps**

I. Tempe Affordable Housing Strategy

Background and Definition

What is the Affordable Housing Strategy (AHS)?

- Policy document to guide decisions addressing housing affordability in Tempe
- Establishes a goal, and objectives and strategies to achieve goal
- Strategic Management Plan – performance measures

Why is the AHS Being Prepared Now?

- Concurrent Urban Core Master Plan and Transportation Overlay District
- Council and community recognition housing is becoming unaffordable to many
- Expected growth presents both opportunities and challenges

How is the AHS Prepared?

- Based on census and market data - existing conditions and projections
- Input from City Council, staff, stakeholders and community outreach
- Include best practices and lessons learned from national case studies, in local context

II. Affordability in Tempe

Existing Conditions

Nearly 37 percent of households in Tempe are “Cost Burdened,” paying more than 30% of income on housing – versus national rate of 33.1%

<u>Household Income Level (a)</u>	<u>Max Income (3-member HH) (b)</u>	<u>Income Category</u>	<u># Cost Burdened Households</u>
0 to 30% of AMI	\$20,780	Extremely Low	9,025
30% to 50% of AMI	\$31,100	Very Low	5,845
50% to 80% AMI	\$49,800	Low	6,100
80% to 120% AMI	\$62,200	Moderate	3,108
120% AMI and above		Above Moderate	1,567
Total			25,645

Notes:

(a) CHAS data reflect HUD-defined household income limits from 2010-14. HAMFI stands for HUD Area Median Family Income.

(b) HUD Income Limits for 3 person household in Phoenix-Mesa-Scottsdale MSA, FY 2018

Sources: U.S. Department of Housing and Urban Development, 2010-2014 Comprehensive Housing Affordability Strategy (CHAS) data; BAE, 2017.

II. Affordability in Tempe

Projected Needs

Demand for affordable units will increase along with household growth.

<u>Income Category (a)</u>	<u>Percent</u>	<u>Housing Units Needed</u>
Extremely Low (below 30% AMI)	15.1%	3,228
Very Low (30 to 50% AMI)	10.7%	2,273
Low (50 to 80% AMI)	15.9%	3,389
Moderate (80 to 100% AMI)	9.2%	1,954
Above Moderate (100 to 120% AMI)	9.1%	1,933
Above 120% AMI	40.1%	8,548
	100.0%	21,324

Notes:

(a) Income categories derived from 2010-2014 Comprehensive Affordable Housing Strategy (CHAS); data is for the City of Tempe.

III. AHS Goal, Objectives, and Strategies

Affordable Housing Strategy Goal:

“Provide quality housing that is affordable to households at all income levels, with specific focus on lower-income (or Cost-Burdened) households”

- Aligns with General Plan Housing Element

To achieve this Goal, this AHS contains a suite of Objectives and Strategies to address existing and future needs:

- Affordability for households from extremely low to moderate incomes
- Both rental and for-sale housing
- With and without public subsidy (e.g., market-driven)

III. AHS Goal, Objectives, and Strategies

Objective A: Increase Resources to Support Production and Preservation of Affordable Units

Strategy A1: Set annual Affordable Housing Production Goals according to need and policy priorities.

Strategy A2: Dedicate annual funding allocations to the existing Affordable Housing Trust Fund.

- Initial seeding from General Fund
- Portion of sale or lease revenues from City-owned land
- Identify new revenues sources, such as portion of TOT, new sales tax, or GO bond
- Target resources to address most critical needs

III. AHS Goal, Objectives, and Strategies

Priority Strategy A2: Dedicate annual funding allocations to the existing Affordable Housing Trust Fund

AHS recommends that Tempe determine an annual Trust Fund Contribution that does not adversely impact current programming during Phase One, with a gradual ramp up over the near term in Phase Two.

Recommended Action Items:

- Consider a one-time allocation of General Funds for initial seeding of the Affordable Housing Trust Fund (Phase One), with a dedicated revenue source to be agreed upon in the near term (Phase Two).
- Commit to the Trust Fund a portion of proceeds from citywide ground leases, sales, and development agreements.

III. AHS Goal, Objectives, and Strategies

Objective B: Incentivize Production of Affordable Units in Private Development

Strategy B1: Expand Use of “Incentives”, such as Fee Waivers, Reimbursements, Abatements, etc.

- Expand eligibility of the fee waiver policy to include households under 80% AMI
- Expand development fee waiver program beyond the Apache Boulevard Redevelopment Area to include eligible projects citywide.
- Require that the qualifying level of affordability be documented in a covenant that is recorded on the property, with a fixed term of at least 30 years

Strategy B2: TOD Density Bonus Program (Opt In)

- Explore a Voluntary Inclusionary policy: City “floor” for affordability when providing added development value
- Consider building a by-right density bonus program into upzoning efforts

III. AHS Goal, Objectives, and Strategies

Priority Strategy B1: Expand Use of “Incentives”, such as Fee Waivers, Reimbursements, Abatements, etc.

Recommended Action Items:

- Working with Community Development, Human Services, and other relevant departments, begin to create a formalized “Incentives Menu” with consistent eligibility criteria and a transparent application process that is easily accessible online.
- Target August 2019 for implementation, whereby new development applicants can “opt in” to a voluntary dedication of affordable units in exchange for fee adjustment, bonus increase, or other incentive such as streamlined application.

III. AHS Goal, Objectives, and Strategies

Objective C: Encourage Development of a Variety of Housing Types

Strategy C1: Accessory Dwelling Units

Strategy C2: Micro Units

Strategy C3: Tiny Houses

Strategy C4: Missing Middle Housing

Strategy C5: Co-Housing

Strategy C6: Community Land Trusts



III. AHS Goal, Objectives, and Strategies

Objective D: Improve Quality and Maintain Inventory of Existing Affordable Housing

Strategy D1: Preserve Existing Affordable Housing Stock

- AHS recommends continuing to catalog existing affordable properties, with a special priority on those units whose subsidies are due to expire

Strategy D2: Marketing for Section 8 Participation

- Continue marketing outreach to preserve and expand pool of Section 8 units

Strategy D3: Single-Family and Multifamily Housing Improvement Program

- Naturally affordable” units are an asset that should be preserved and enhanced
- Revive Housing Improvement Program (HIP) for single family homes, and expand HIP model for multifamily

III. AHS Goal, Objectives, and Strategies

Objective E: Be Proactive About Community Concerns, Displacement, Gentrification

Strategy E1: Affordable Housing Impact Statements

- Affordable Housing Impact Statements (AHIS) are intended to provide City decision-makers with real time data on the gain and loss of affordable housing units in the city

Strategy E2: Community Inclusion Framework

- Build a constituency of stakeholders that supports the City's affordable housing goals through a Community Inclusion Framework.


III. AHS Goal, Objectives, and Strategies

Priority Strategy E1: Affordable Housing Impact Statements

On September 21, 2018, the Tempe City Council requested City staff begin implementing the AHIS form for new development applicants. Preliminary implementation for the AHIS program was in effect as of February 5, 2019.

Recommended Action Items:

- Target August 2019 for full implementation of the AHIS, to be fully integrated with the formal development application process.
- Establish a reporting date of approximately 12 months after final AHIS implementation, as well as an annual reporting schedule to be determined in advance.

 Preliminary Affordability Impact Statement Neighborhood Housing and Community Development City Council Agenda: Pending Case Number: Pending	
Proposed Rules Posting:	Imagine Austin Comprehensive Plan
Impact on regulatory barriers to housing development	<input type="checkbox"/> Increase <input checked="" type="checkbox"/> Decrease <input type="checkbox"/> No impact
Land use / zoning opportunities for affordable housing development	<input checked="" type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> No impact
Impact on cost of development	<input type="checkbox"/> Increase <input checked="" type="checkbox"/> Decrease <input type="checkbox"/> No impact
Impact on production of affordable housing	<input checked="" type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> No impact
Proposed Changes Impacting Housing Affordability:	<p>The Imagine Austin Comprehensive Plan is a 30-year planning document to guide city planning policies for the future. Housing affordability is addressed as one of the core principles of the plan.</p> <p>The building blocks section of the plan offers a summary of key issues and challenges for the future in seven key areas. Many of the policies identified in the Land Use and Transportation building block and the Housing and Neighborhoods building block impact housing affordability. These building blocks identify and support strategies to promote affordability through:</p> <ul style="list-style-type: none"> • Encouraging compact and infill development that is close to other vital services, such as job centers, transportation options, and retail nodes • Revising the development code to allow for a more streamlined, easily understandable, and predictable process that supports more affordable development practices • Promoting additional tools to create and maintain affordable housing such as fee waivers, TIF districts, linkage fees, and other potential revenue sources • Supporting green-building practices that promote durable construction for more sustainable housing practices

V. Next Steps and Implementation

Current Phase: Final Strategy



Next Phases:

- Incorporate Council, stakeholder and staff feedback
- Final Affordable Housing Strategy Report and Implementation Plan
- Council Adoption?

THANK YOU

