



PHOENIXIDA

---

## Item 6

# Phoenix IDA Housing Strategy

## Purpose

Advance the production of attainable housing and support vulnerable communities in the City of Phoenix and the State of Arizona.

## Current Housing Challenges

Arizona's population growth continues to lead the West as American households increasingly move to sunbelt states. Most of this growth occurred in Maricopa County, which gained over 720,000 residents between 2010 and 2022. The construction of housing has not kept up with demand from the rising population, resulting in a housing shortage that has driven up rental and home prices to unattainable levels for many residents. The housing shortage has resulted in severely cost-burdened households, overcrowding, and increased homelessness.

Housing affordability is a factor at many income levels with demand raising the prices of older housing stock that is usually reliable and naturally occurring affordable housing. Most significantly, there is a shortage of affordable rental units for low- and moderate-income residents. The National Low Income Housing Coalition estimates a shortage of 136,282 rental homes for extremely low-income households and only 86 rental units available for every 100 moderate income households statewide. The housing shortage is not just a social justice issue, it is also an economic problem. Across Arizona, many working residents are experiencing difficulty finding adequate, attainable housing necessary for a stable workforce.

The objectives and strategies detailed in this plan are designed to assist in the acquisition and development of affordable and workforce housing as well as support for housing advocacy and supportive services for housing stability.

## Key Definitions

**Affordable Housing** – housing that is restricted to households with income equal to or less than 80% of Area Median Income and regulated by land use restrictions and/or a local or federal government agency. Maximum rents are established annually by the US Department of Housing and Urban Development with the objective that households pay no more than 30% of their income towards rent.

**Area Median Income (AMI)** – the midpoint of a specific area's income distribution calculated annually by the US Department of Housing and Urban Development. AMI is adjusted to reflect the size of the household. AMI is a benchmark used to determine eligibility for federal programs such as the Low-Income Housing Tax Credit and Housing Choice Voucher Programs.

**Attainable Housing** – housing with a monthly rent or sales price that is achievable and will not result in cost burdened housing instability for low- and moderate-income households.

**Special Purpose Entity** – a legal entity created to fulfill narrow, specific objectives.

**Workforce Housing** – rental housing and/or homes that are affordable for households earning 80% to 120% of Area Median Income. Intended for working households with moderate income; generally, not subsidized with federal funding or programs and not regulated to ensure that households pay no more than 30% of their total income toward rent or mortgage.

## Objectives

<b>Objective 1</b>	Increase Phoenix IDA’s participation in the production of affordable and workforce housing.
<b>Objective 2</b>	Assist the City of Phoenix with the implementation of the Housing Phoenix Plan.
<b>Objective 3</b>	Provide support for vulnerable communities and organizations served by the Phoenix IDA and PCDIC.

## Strategies

The following are specific strategies to meet the broad objectives described above. Many of these strategies will be implemented concurrently. Check marks indicate whether the strategy is short-term (12 months or less) or long term (1 to 5 years).

		Short-Term	Long-Term
<b>Objective 1</b>	Increase the Phoenix IDA’s participation in the acquisition and development of affordable and workforce housing.		

		Short-Term	Long-Term
<b>Strategy A</b>	<p>Create Special Purpose Entities to lessen the burden of government and facilitate the development of affordable and workforce housing. Utilize these entities' non-profit status to:</p> <ol style="list-style-type: none"> <li>1. Facilitate the financing of affordable housing projects with loans and bond capacity.</li> <li>2. Accept donations/transfers of land and funding for the purpose of creating affordable and workforce housing.</li> <li>3. Apply for state and federal grants and/or loan programs to assist with the acquisition, construction, and rehabilitation of affordable and workforce housing.</li> <li>4. Act as owner, co-developer, lender, lessor, and/or investor as needed to facilitate the development of affordable and workforce housing projects.</li> </ol>	<p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>
<b>Strategy B</b>	<p>Facilitate School District Real Estate (SDRE) Acquisition for the purpose of developing affordable and/or workforce housing:</p> <ol style="list-style-type: none"> <li>1. Create a process to purchase the land from the school districts, place a long-term land use restriction on the property, hold the land in a Special Purpose Entity, and sell or lease the land to a housing developer.</li> <li>2. Partner with current “teacherages” efforts by Vitalyst Health Foundation, School Districts, developers, and other local organizations to facilitate housing development projects on school district land.</li> <li>3. Support rezoning efforts and advocate for legislation to expand the ability to create teacherages statewide.</li> </ol>	<p>✓</p> <p>✓</p> <p>✓</p>	
<b>Strategy C</b>	<p>Utilize the resources of the Phoenix IDA to find innovative ways to finance and facilitate five key components of affordable and workforce housing development: 1) land banking; 2) rezoning; 3) gap financing; 4) private activity bonds; and 5) alternative financing for pre-construction, construction loans, and development.</p>		

		Short-Term	Long-Term
	<ol style="list-style-type: none"> <li>1. Find ways to combine and leverage financing opportunities for business and workforce housing development.</li> <li>2. Create a loan fund specifically for construction of single-family affordable homes on improved vacant lots:                             <ul style="list-style-type: none"> <li>• Infill lots with immediate access to required utilities.</li> <li>• Revolving master guidance line of credit with sub-notes. Typical sub-notes require homebuilder to provide lender with pre-approved homebuyer mortgage commitments prior to start of unit construction.</li> <li>• Utilize third party inspectors to validate unit draws and construction activity until receipt of certificate of occupancy.</li> </ul> </li> </ol>		<p>✓</p> <p>✓</p>
<b>Strategy D</b>	<p>Capitalize on partnerships with local governments, non-profits, industry associations, and community-based organizations seeking to fund, develop, and support affordable housing projects.</p> <ol style="list-style-type: none"> <li>1. Co-invest in affordable housing projects.</li> <li>2. Support zoning cases and legislative measures to ease zoning restrictions for housing development.</li> <li>3. Partner to advocate for affordable housing and homeless shelters/housing.</li> </ol>	<p>✓</p> <p>✓</p> <p>✓</p>	
<b>Strategy E</b>	<p>Partner with employers, non-profits, churches, and other landowners seeking to create attainable housing for working families:</p> <ol style="list-style-type: none"> <li>1. Assist with land acquisition and facilitate the sale or lease of land to the housing developer.</li> <li>2. Assist with alternative financing tools to develop workforce housing.</li> </ol>		<p>✓</p> <p>✓</p>

		Short-Term	Long-Term
<b>Objective 2</b>	Assist the City of Phoenix with the Implementation of the Housing Phoenix Plan.		
<b>Strategy A</b>	Assist with affordable housing development on city-owned land including: <ol style="list-style-type: none"> <li>1. Purchase or accept transfer of city-owned land and facilitate housing development.</li> <li>2. Acquisition of adjacent parcels to include in sale or lease to developer.</li> <li>3. Facilitate the sale or lease of the land to housing developer.</li> </ol>	 ✓  ✓	  ✓  
<b>Strategy B</b>	Expand the portfolio of the Phoenix Community Land Trust (CLT) to provide homeownership opportunities for low- and moderate-income households: <ol style="list-style-type: none"> <li>1. Purchase or accept transfer of single-family properties for the purpose of placing them in the CLT.</li> <li>2. Support the placement of high-quality manufactured homes on vacant lots that are part of the CLT.</li> </ol>		 ✓  ✓
<b>Strategy C</b>	Support and facilitate the use of Accessory Dwelling Units (ADUs) on single-family home properties to provide additional affordable rental housing: <ol style="list-style-type: none"> <li>1. Advocate and support changes to the zoning ordinance to allow ADUs citywide.</li> <li>2. Support the use of sustainable, quick occupancy manufactured dwellings for ADUs.</li> <li>3. Explore/create financing tools to assist homeowners in purchasing ADUs to be used for affordable rental housing.</li> </ol>	 ✓ ✓ 	   ✓
<b>Strategy D</b>	Support and participate in Choice Neighborhoods community revitalization projects: <ol style="list-style-type: none"> <li>1. Provide gap financing and 4% bond financing for Choice Neighborhoods housing development projects.</li> </ol>	 ✓	

	<ol style="list-style-type: none"> <li>2. Provide support and possible financing for medical and small business development and expansion in the Edison Eastlake community.</li> <li>3. Explore ways to partner in the Marcos de Niza Choice Neighborhoods planning effort.</li> </ol>		<p>✓</p> <p>✓</p>
		Short-Term	Long-Term
<b>Strategy E</b>	<p>Support efforts to increase homeownership for low- and moderate-income households:</p> <ol style="list-style-type: none"> <li>1. Continue to adjust Home in Five down payment and mortgage assistance in fluctuating market.</li> <li>2. Expand the Home in Five program to include manufactured housing.</li> <li>3. Market the Home in Five program to any affordable single-family housing projects in which the Phoenix IDA is a participant.</li> <li>4. Explore additional efforts to increase homeownership such as lease-to-own and targeted marketing to underrepresented populations.</li> </ol>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p>

		Short-Term	Long-Term
<b>Objective 3</b>	Provide support for vulnerable communities and organizations served by the Phoenix IDA and PCDIC.		
<b>Strategy A</b>	<p>Explore alternative housing solutions for persons displaced by Mobile Home Park redevelopment:</p> <ol style="list-style-type: none"> <li>1. Summarize and communicate successful methods of coordinating casework services, remuneration, and housing placement for displaced residents.</li> <li>2. Explore the acquisition of existing mobile home parks and alternative ownership strategies such as community land trust or resident ownership equity to prevent future displacement of residents.</li> <li>3. Advocate for zoning relief and participate in the development of new manufactured home subdivisions to replace</li> </ol>	<p>✓</p> <p>✓</p>	<p>✓</p>

	homeownership opportunity lost by mobile home park redevelopment. 4. Find alternative financing tools, grants, and other funding to assist displaced residents with a new homeownership opportunity.		✓
		Short-Term	Long-Term
<b>Strategy B</b>	Explore innovative ways to create quick occupancy, affordable housing for homeless and extremely low-income residents: 1. Advocate for and participate in new manufactured home park development to replace homeownership lost by mobile home park closures.		✓
<b>Strategy C</b>	Continue to provide grant and other funding opportunities for organizations serving and housing homeless, low income, and other disadvantaged populations in Arizona.	✓	

## Resources

### Phoenix IDA

- Bond Financing for LIHTC and other affordable housing projects
- Loan programs
  - Home in Five
  - Pre-construction through Arizona Community Fund (ACF)
  - Direct lending in partnership with ACF

### Phoenix Community Development & Investment Corporation

- Gap Financing for 4% LIHTC

### Community Enhancement Corporation (501c3)

- Workforce Housing Financing

### Other



- Donations/gifts to Special Purpose Entities
- Local or federal grants
- Workforce Housing funders such as WISE Ventures and National Equity Fund
- Identify and collaborate with other funding sources such as ACF, Vitalyst, LISC, HOME Matters, Arizona Housing Fund, etc.

## Outcomes (green=complete)

### Short-Term (12 months or less)

<b>Outcome 1</b>	Revise Home in Five program with lower interest first mortgage options by June 30, 2023.
<b>Outcome 2</b>	Form a 501c3 Special Purpose Entity by September 29, 2023
<b>Outcome 3</b>	Complete the purchase and sale of Isaac School District Property by August 31, 2023.
<b>Outcome 4</b>	Work with ADOH and Developers to support and encourage the conversion of unsuccessful 9% LIHTC applications to 4% for projects located in the City of Phoenix in Summer/Fall 2023.
<b>Outcome 5</b>	Engage a Real Estate firm to search for properties suitable for land banking for affordable housing, workforce housing, and manufactured housing by March 30, 2024.
<b>Outcome 6</b>	Identify city's priorities for affordable housing by March 30, 2024, and work to facilitate development.
<b>Outcome 7</b>	Create a model for the purchase and sale of SDRE and communicate that with school districts, ADOH, community organizations, and housing developers by October 31, 2023.
<b>Outcome 8</b>	Add a manufactured housing option to the Home in Five program for FHA & VA loans by October 31, 2023.
<b>Outcome 9</b>	Issue single-family mortgage revenue bonds by November 30, 2023.

<b>Outcome 10</b>	Fund, staff, and otherwise render Special Purpose Entity operational by January 31, 2024.
<b>Outcome 11</b>	Engage in and provide commitments to support the Phoenix Housing Department on Choice Neighborhoods planning and redevelopment efforts in Edison Eastlake and Marcos de Niza by March 30, 2024.
<b>Outcome 12</b>	Identify alternative financing tools, including federal and State grants, for workforce housing, affordable housing, and manufactured housing by March 30, 2024.

Long-Term (1-5 years)

<b>Outcome 1</b>	Utilizing the 501c3 or bond financing, structure and participate in 3-5 affordable housing developments in the City of Phoenix preferably utilizing city or school district-owned land.
<b>Outcome 2</b>	Utilizing the 501c3 and other alternative financing funds or tools, structure and participate in 3-5 workforce housing developments in the State of Arizona.
<b>Outcome 3</b>	In partnership with a Community Land Trust or other long-term affordable ownership structure, participate in 1-2 manufactured housing subdivisions intended to provide homeownership opportunities for low-income households.
<b>Outcome 4</b>	In partnership with community banks focused on receiving CRA credit, create a revolving line of credit for small homebuilders.