

Housing Affordability

City Council
Work Session
April 11, 2022



Meeting Intent

- **Why is Housing Affordability a Growing Issue?**
 - **Data / Market Conditions**
- **How is Affordable Housing Defined?**
- **What is the City Already Doing?**
- **What Additional Tools / Options Are Available?**

An aerial photograph of a city grid, overlaid with a dark red, semi-transparent filter. The image shows a dense pattern of streets, buildings, and green spaces. The text "Why is Housing Affordability a Growing Issue?" is centered in white, bold font.

Why is Housing Affordability a Growing Issue?

Factors and Impacts

Factors

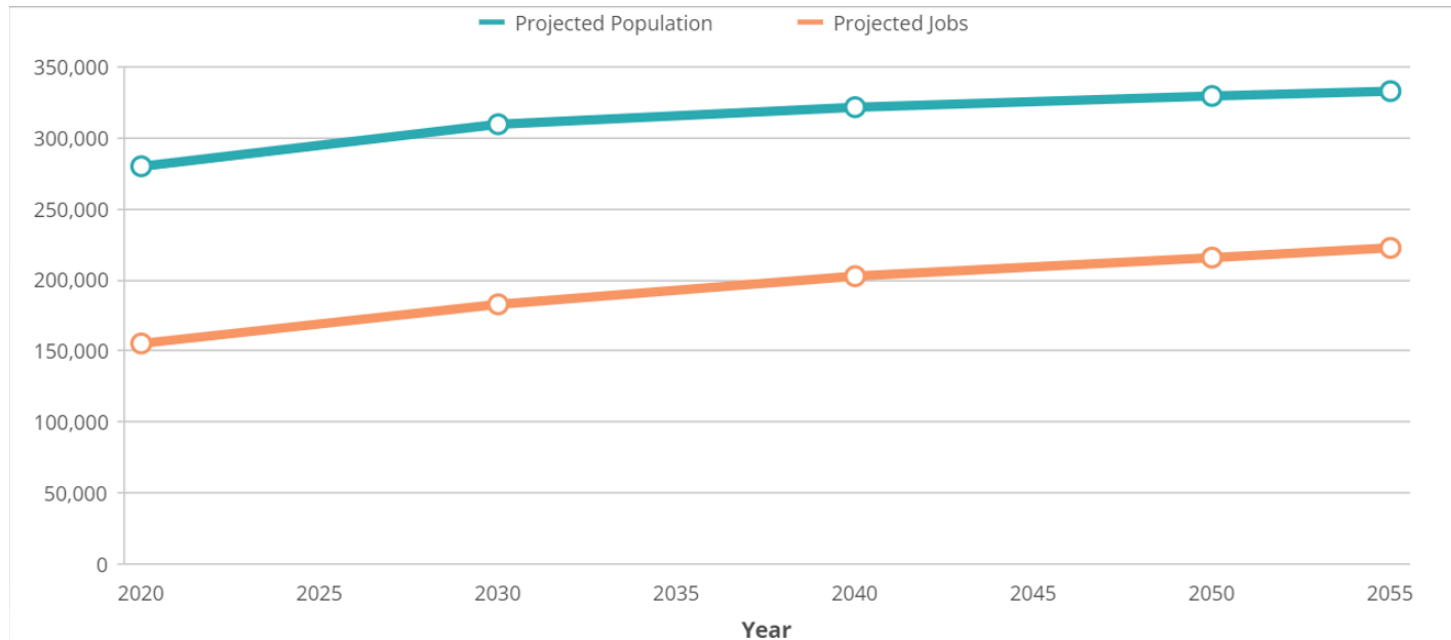
- High employment and population growth
- Low housing inventory
- Low rental vacancy rates
- Low interest rates / high inflation
- Unstable supply chains, labor/material costs

Impact

- Increased housing costs and incomes not keeping pace
- Diminishing housing affordability
- Increased housing cost burden

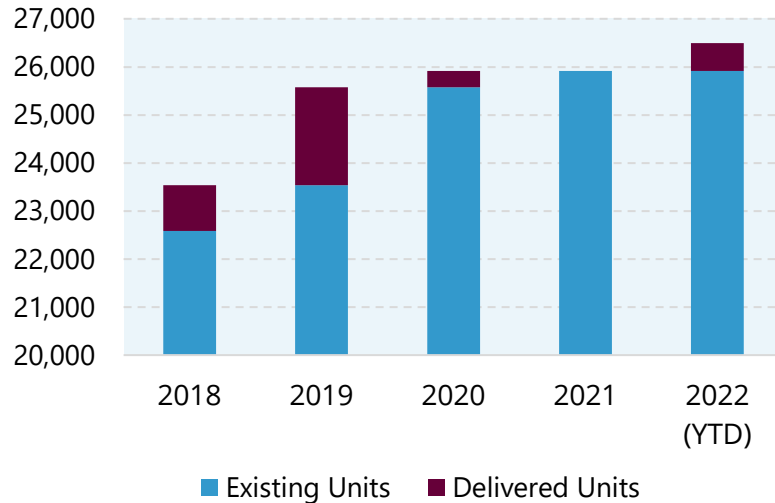
Population Growth & Employment

**Population growth 2007-2020 with largest increase age group: 55+
Job growth projection: Increase of 67,300 new jobs over 2020-2055 period**



Limited Housing Supply

Multi-Family Apartment Inventory in Chandler



Source: City of Chandler

Homes for Sale*

Homes currently on the market per MLS: Approximately 5,000

Homes typically on the market per MLS historically: 22-24,000

Currently 20-23% of normal

*Maricopa and Pinal County

Housing Cost Increases

Average cost for a three-bedroom home is \$502,000 in Chandler (\$290/sqft)

Average Sales Prices (For-Sale Housing) by Bedrooms in City of Chandler

	Studio/1-BR	2-BR	3-BR	4-BR	5+ BR
Jan-March 2021	\$189,286	\$331,813	\$400,249	\$548,213	\$813,089
Jan-March 2022	\$264,611	\$409,765	\$502,342	\$682,766	\$900,281
Year-over-Year Increase	\$75,325	\$77,952	\$102,093	\$134,553	\$87,192
	+39.8%	+23.5%	+25.5%	+24.5%	+10.7%

Sources: Arizona Regional MLS; Redfin; Gruen Gruen + Associates.

Housing Cost Increases

Average effective monthly rent in Chandler \$1,880 per unit (\$2.00/sqft)

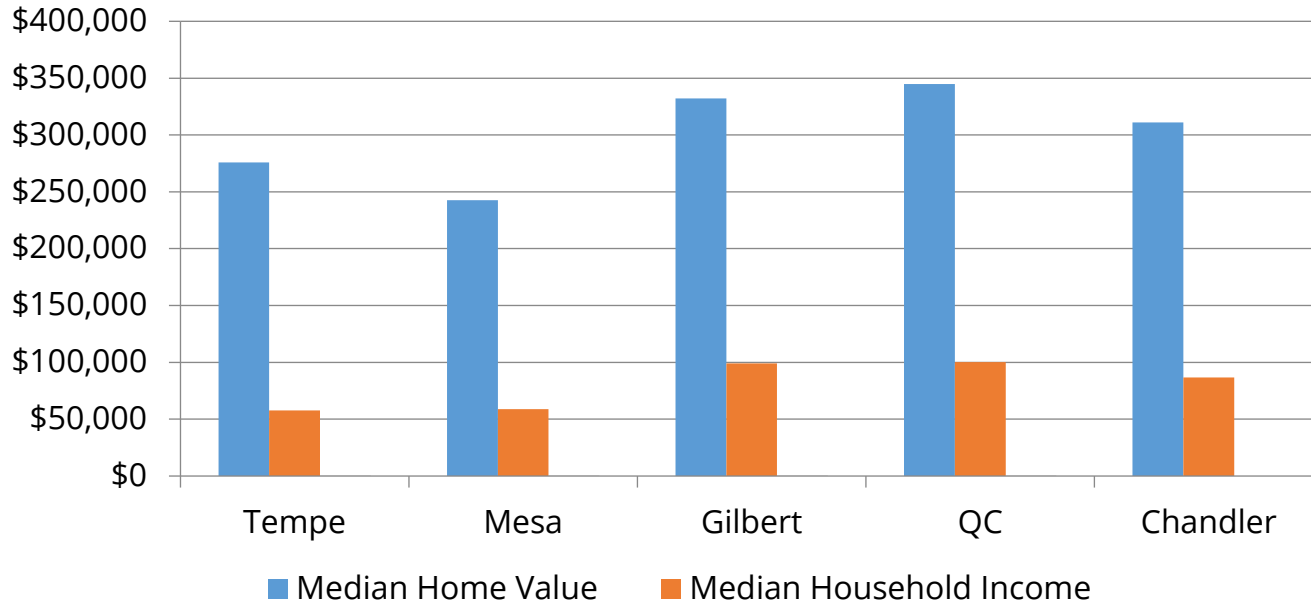
Effective Monthly Apartment Rents by Bedrooms in City of Chandler

	Studio	1-BR	2-BR	3-B4	4+ BR
1Q 2021	\$1,396	\$1,503	\$1,634	\$1,870	\$1,554
1Q 2022	\$1,579	\$1,764	\$1,918	\$2,195	\$1,674
Year-over-Year Increase	\$183	\$261	\$284	\$325	\$120
	13.1%	17.4%	17.4%	17.4%	7.7%

Sources: City of Chandler; CoStar; Gruen Gruen + Associates.

Median Home Values & Household Income

Income Growth Not Keeping Pace With Housing Cost Increases



Source: ESRI Business Analyst, 2020

Housing Affordability

Current Affordable Housing Prices by Household Income Bracket

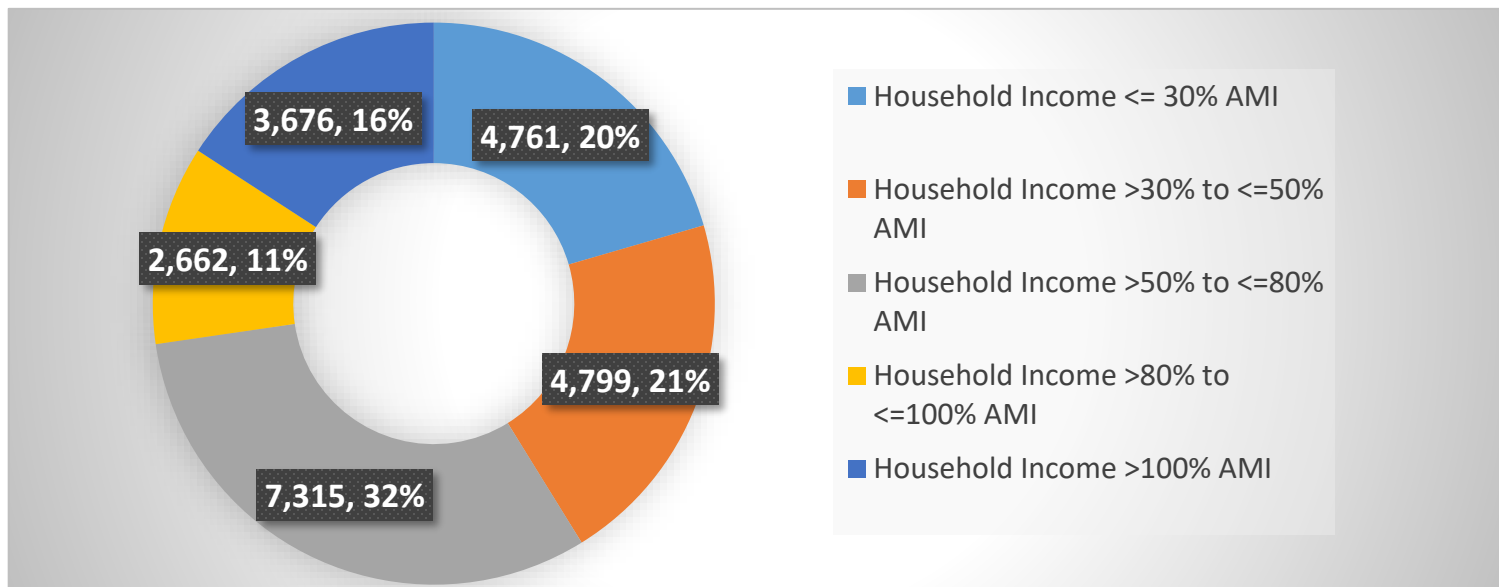
Household Income	Maximum For-Sale Housing Price ⁽¹⁾	Maximum Monthly Gross Rent ⁽²⁾
Less than \$35,000	Below \$128,000	Below \$875
\$35,000 to \$49,999	\$128,000 to \$182,999	\$875 to \$1,249
\$50,000 to \$74,999	\$183,000 to \$274,999	\$1,250 to \$1,874
\$75,000 to \$99,999	\$275,000 to \$365,999	\$1,875 to \$2,499
\$100,000 to \$149,999	\$366,000 to \$549,999	\$2,500 to \$3,749
\$150,000 and Above	\$550,000 and Above	\$3,750 and Above
(1) Assumes a 3.5% down payment (FHA minimum) with a 30-year fixed mortgage at 5.0% interest rate. Permanent mortgage insurance is included at 0.85 percent of the loan (current FHA rates) and taxes, home insurance, and association fees assumed to approximate 1.15 percent of the purchase price.		
(2) Assumes monthly gross rents equal 30 percent of income.		

Source: Gruen Gruen + Associates

Diminishing Housing Affordability

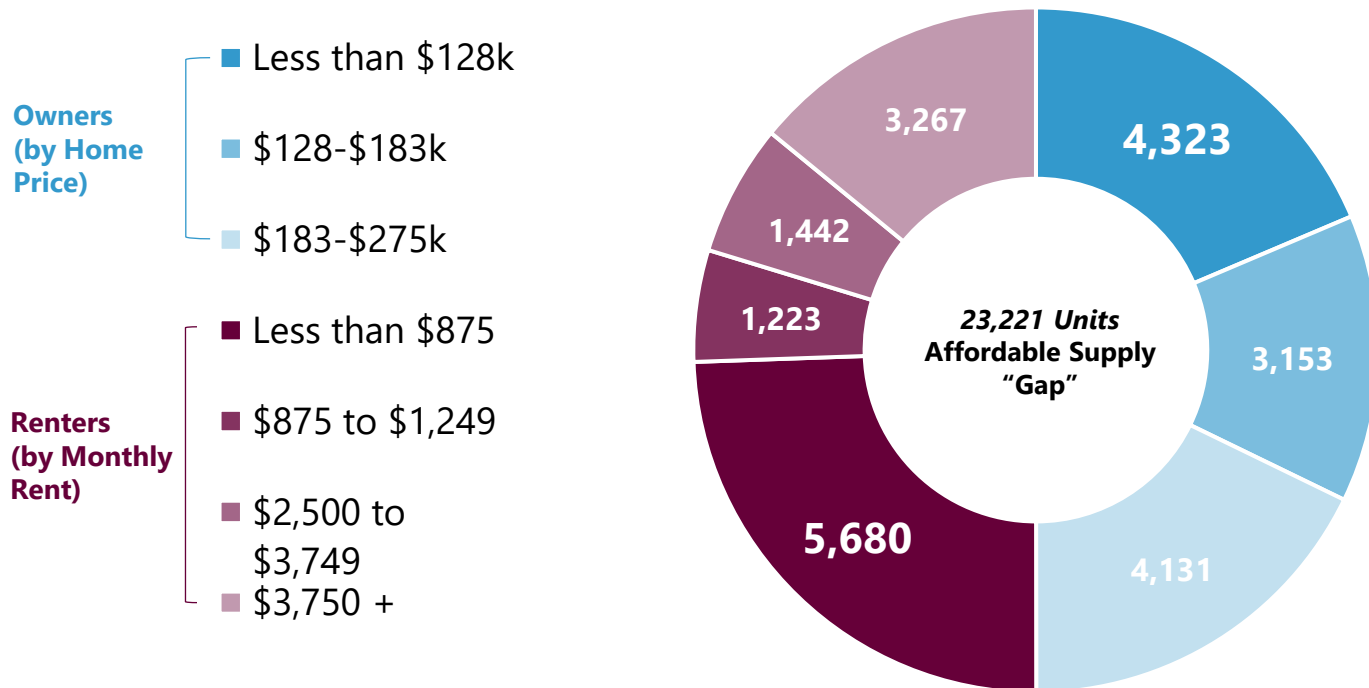
Increased Cost Burden

Approximately 23,200 households in Chandler are cost-burdened, expending more than 30% of their before-tax income on housing expenses. About three-quarters of the cost-burdened households are below 80% AMI.



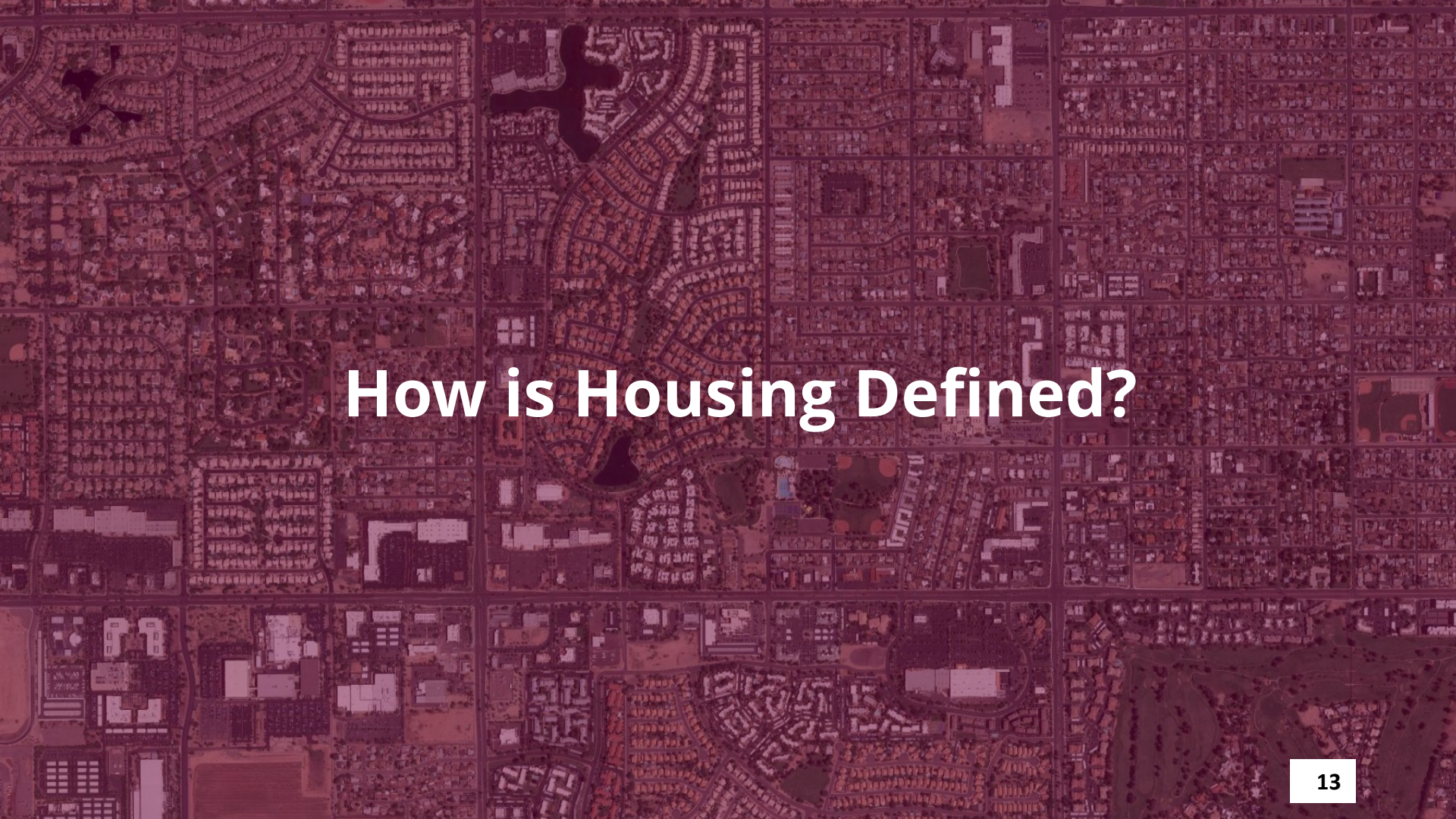
Diminishing Housing Affordability

Current Affordability “Gap Analysis” for Chandler



Note: Renters in higher price brackets can also afford units affordable to lower incomes (e.g., a household that can afford \$2,500 in monthly housing cost can also afford units in the \$1,250 to \$1,874 price bracket).

Source: Gruen Gruen + Associates

An aerial photograph of a city grid, overlaid with a dark red, semi-transparent filter. The image shows a dense pattern of streets and buildings, with some areas appearing more developed than others. The text "How is Housing Defined?" is centered in white, bold font.

How is Housing Defined?

Housing Continuum



\$79,000 Maricopa County Gross Median Income 2020 (4 ppl HH)	<30% AMI \$23,700 - Below	31%-50% AMI \$26,501-\$39,500	51%-80% AMI \$39,501- \$63,200	81% -100% AMI \$63,201- \$82,000	Over 100% AMI \$82,000 - Higher
Total HH By Income Estimate: 96,300 HH	6,400	6,100	11,900	8,300	63,600
Estimated Price of Housing Afforded at Household Income Levels	\$130,000 Max Home Price \$875 Max Monthly Rent	\$184,999 Max Home Price \$1,249 Max Monthly Rent		\$279,999 Max Home Price \$1,874 Max Monthly Rent	\$369,999 Max Home Price \$2,499 Max Monthly Rent
General Description	Homeless People with Service Needs People Exiting Out of Incarceration	Working poor People with Episodic Housing Crisis and Service Needs	People who are low income and limited by location choice	Workforce housing	Market Rate Housing
Housing Type	 Shelter + Transitional	 Assisted Housing	 Federally Subsidized, Affordable Housing LIHTC	 First Time Home Buyer, Rent/Income Restricted	 Non-Subsidized Housing

Affordable Housing



\$79,000 Maricopa County Gross Median Income 2020 (4 ppl HH)	<30% AMI \$23,700 - Below	31%-50% AMI \$26,501-\$39,500	51%-80% AMI \$39,501- \$63,200	81% -100% AMI \$63,201- \$82,000	Over 100% AMI \$82,000 - Higher
Total HH By Income Estimate: 96,300 HH	6,400	6,100	11,900	8,300	63,600
Estimated Price of Housing Afforded at Household Income Levels	\$130,000 Max Home Price \$875 Max Monthly Rent	\$184,999 Max Home Price \$1,249 Max Monthly Rent		\$279,999 Max Home Price \$1,874 Max Monthly Rent	\$369,999 Max Home Price \$2,499 Max Monthly Rent
General Description	Homeless People with Service Needs People Exiting Out of Incarceration	Working poor People with Episodic Housing Crisis and Service Needs	People who are low income and limited by location choice	Workforce housing	Market Rate Housing
Housing Type	 Shelter + Transitional	 Assisted Housing	 Federally Subsidized, Affordable Housing LIHTC	 First Time Home Buyer, Rent/Income Restricted	 Non-Subsidized Housing

Workforce/Attainable Housing



\$79,000 Maricopa County Gross Median Income 2020 (4 ppl HH)	<30% AMI \$23,700 - Below	31%-50% AMI \$26,501-\$39,500	51%-80% AMI \$39,501- \$63,200	81% -100% AMI \$63,201- \$82,000	Over 100% AMI \$82,000 - Higher
Total HH By Income Estimate: 96,300 HH	6,400	6,100	11,900	8,300	63,600
Estimated Price of Housing Afforded at Household Income Levels	\$130,000 Max Home Price \$875 Max Monthly Rent	\$184,999 Max Home Price \$1,249 Max Monthly Rent		\$279,999 Max Home Price \$1,874 Max Monthly Rent	\$369,999 Max Home Price \$2,499 Max Monthly Rent
General Description	Homeless People with Service Needs People Exiting Out of Incarceration	Working poor People with Episodic Housing Crisis and Service Needs	People who are low income and limited by location choice	Workforce housing	Market Rate Housing
Housing Type	 Shelter + Transitional	 Assisted Housing	 Federally Subsidized, Affordable Housing LIHTC	 First Time Home Buyer, Rent/Income Restricted	 Non-Subsidized Housing

Market Rate Housing



\$79,000 Maricopa County Gross Median Income 2020 (4 ppl HH)	<30% AMI \$23,700 - Below	31%-50% AMI \$26,501-\$39,500	51%-80% AMI \$39,501- \$63,200	81% -100% AMI \$63,201- \$82,000	Over 100% AMI \$82,000 - Higher
Total HH By Income Estimate: 96,300 HH	6,400	6,100	11,900	8,300	63,600
Estimated Price of Housing Afforded at Household Income Levels	\$130,000 Max Home Price \$875 Max Monthly Rent	\$184,999 Max Home Price \$1,249 Max Monthly Rent		\$279,999 Max Home Price \$1,874 Max Monthly Rent	\$369,999 Max Home Price \$2,499 Max Monthly Rent
General Description	Homeless People with Service Needs People Exiting Out of Incarceration	Working poor People with Episodic Housing Crisis and Service Needs	People who are low income and limited by location choice	Workforce housing	Market Rate Housing
Housing Type	 Shelter + Transitional	 Assisted Housing	 Federally Subsidized, Affordable Housing LIHTC	 First Time Home Buyer, Rent/Income Restricted	 Non-Subsidized Housing

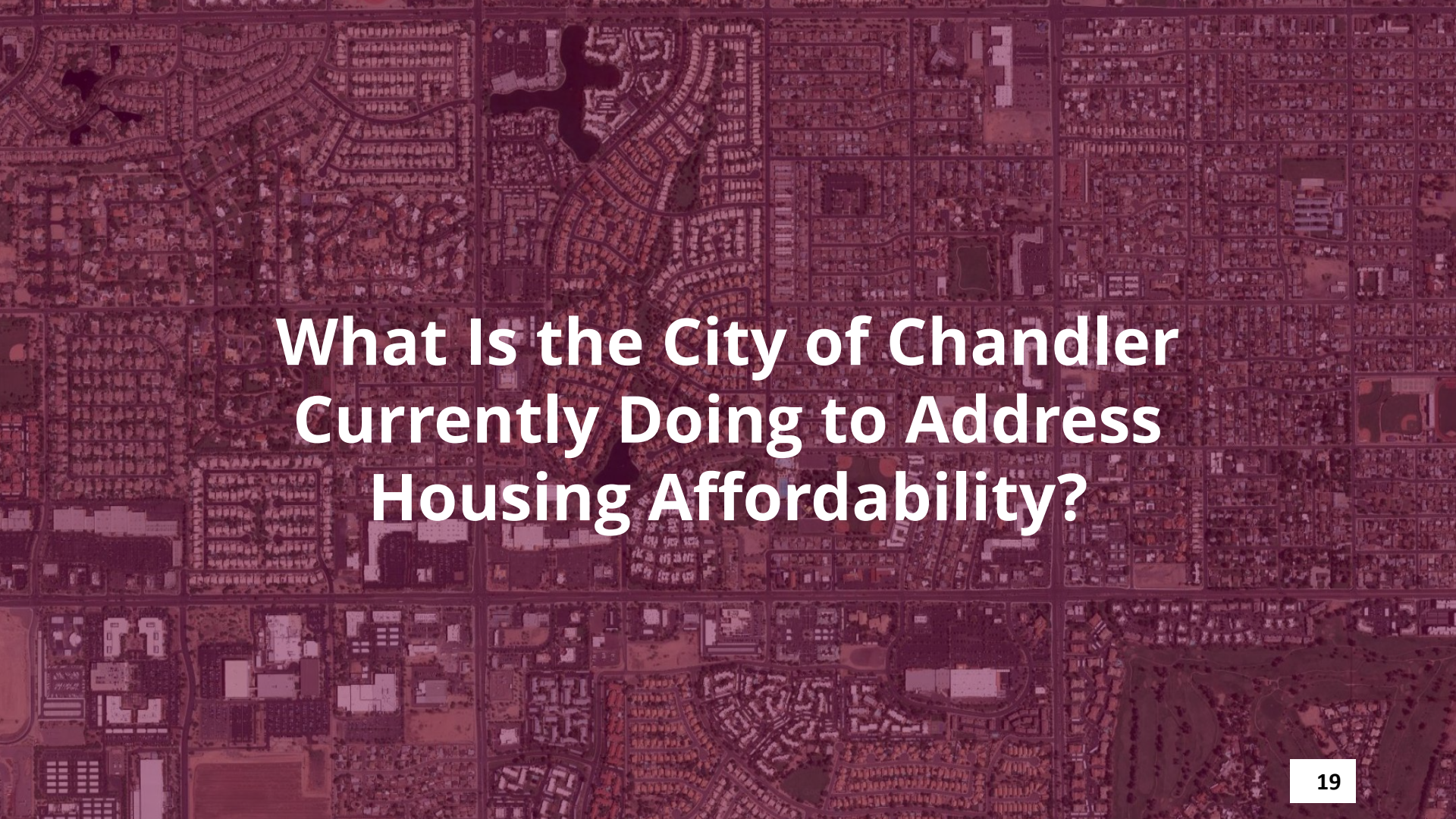
Diminishing Housing Affordability

“Market Rate” Housing in Chandler

Estimated Current Relationship Between Affordable Income Limits and Market Prices of Housing in Chandler

Unit Type	Affordable Price @ 80% AMI ⁽¹⁾	2022 Market Price (Average) ⁽²⁾	Implied Percent of AMI to Afford Market Average
1BR Rental Apartment Unit	\$1,186 / mo	\$1,764 / mo	119%
2BR Rental Apartment Unit	\$1,423 / mo	\$1,918 / mo	108%
2BR Home Purchase	\$151,600	\$409,800	216%
3BR Home Purchase	\$175,200	\$502,300	229%
4BR Home Purchase	\$195,500	\$682,800	279%
<i>(1) Based on 2021-2022 income limits for Maricopa/Pinal Counties. Assumes 1.5 persons per bedroom, per AZ Dept. of Housing standards.</i>			
<i>(2) Based on CoStar and ARMLS data for Chandler (1Q 2022).</i>			

Source: Gruen Gruen + Associates

An aerial photograph of a city grid, likely Chandler, Arizona, showing a dense pattern of streets and buildings. The image is overlaid with a dark red, semi-transparent filter. The text is centered in the middle of the image.

What Is the City of Chandler Currently Doing to Address Housing Affordability?

Actions and Strategies

- **Create More Homes for More People**
 - Increase inventory of all types and for all incomes
- **Keep Housing Affordable and in Good Repair**
- **Help People Stay in Their Homes and Communities**



Actions and Strategies

Create More Homes for More People

- Units Added from January 2018 – April 2022
 - 2,709 Single Family Units
 - 4,275 Multi-Family Units
- Additional Affordable Units
 - Newtown Community Land
 - 69 Homes (plus 2 pending) (8 added since 2018)
 - ARM
 - 14 Affordable Rental Units (plus 2 pending) (3 added since 2018)
 - Habitat For Humanity
 - 15 Homes
 - Low Income Housing Tax Credit (LIHTC) Units
 - 447 Units
 - Affordable/Workforce Housing concepts introduced during preliminary discussions with developers



Actions and Strategies

Keep Housing Affordable and in Good Repair

- City Public Housing Authority providing 303 units
 - 163 Family Units
 - 37 Senior Units
 - 103 Single-family homes
- Repositioning Public Housing through Rental Assistance Demonstration (RAD)
- Housing Rehabilitation Program
 - Average of 25 homes per year received assistance with repairs related to health and safety
- Let's Pull Together
 - In 2021, volunteers worked on over 200 homes



Actions and Strategies

Help People Stay in Their Homes and Communities

- Tenant Based Rental Assistance (TBRA)
 - 25 vouchers providing for 24 months of assistance
 - HOME funded
 - Follow HUD payment standards
 - Tenant pays 30% of their income
- Emergency Housing Vouchers (EHV)
 - 28 vouchers provide assistance through 2030
 - ARPA funded
 - Follow HUD payment standards
 - Tenant pays 30% of their income
- Landlord Incentive Program

LANDLORD PARTNERSHIP EVENT



SAVE THE DATE

Tuesday, April 26 | 9-11 a.m.
Chandler City Hall, 175 S. Arizona Ave.
2nd Floor Training Room

Join the City of Chandler for its inaugural partnership event for landlords and property managers renting in City limits. Attendees will:

- Learn about the benefits & incentives the City offers
- Get a sneak peek on the new Landlord Portal launching soon
- Meet the City's Housing Team: Housing Locators, Housing Inspector and Case Managers
- Participate in a Q&A session

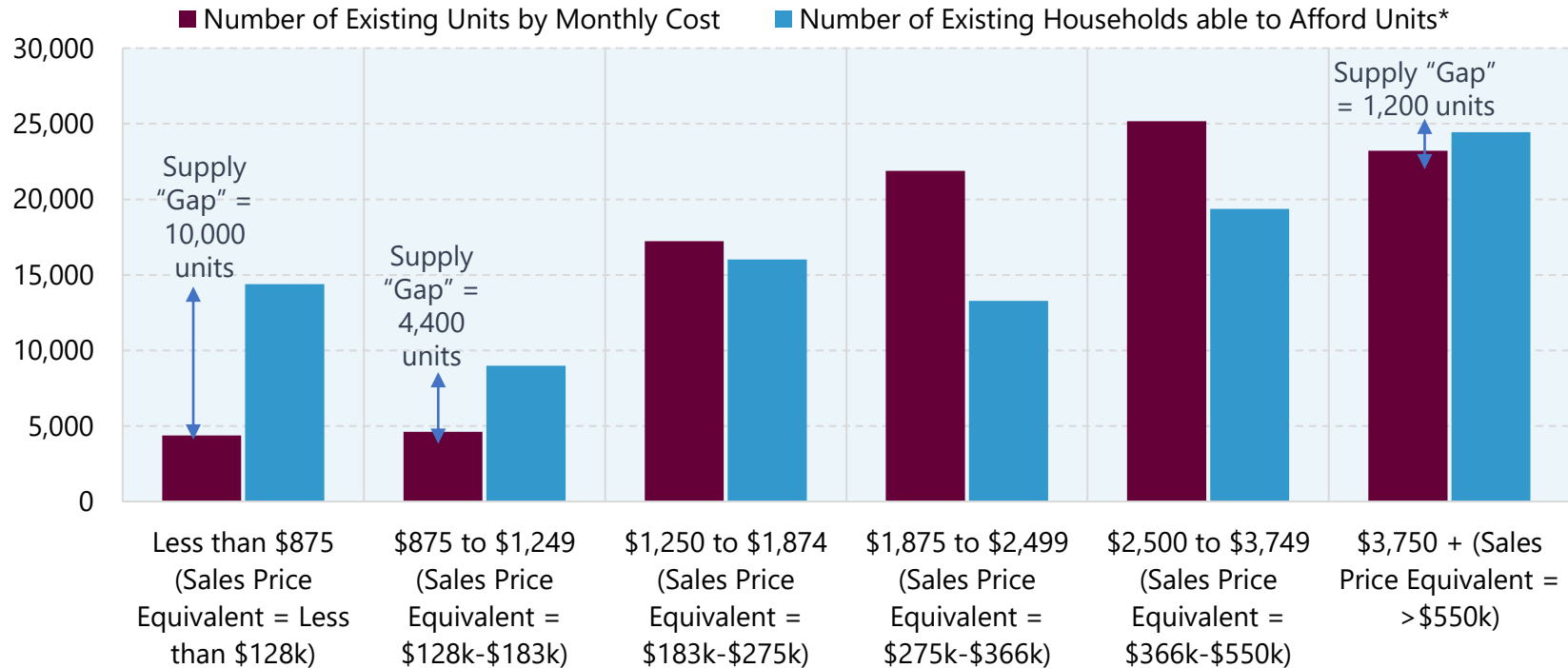
City staff also will present a participating landlord with an Outstanding Landlord Achievement Award. For questions, call 480-782-3200, or email chandler.housing@chandleraz.gov.

JOIN US IN CELEBRATION OF FAIR HOUSING MONTH

RSVP: chandleraz.gov/LandlordEvent



Continued Need



Source: Gruen Gruen + Associates

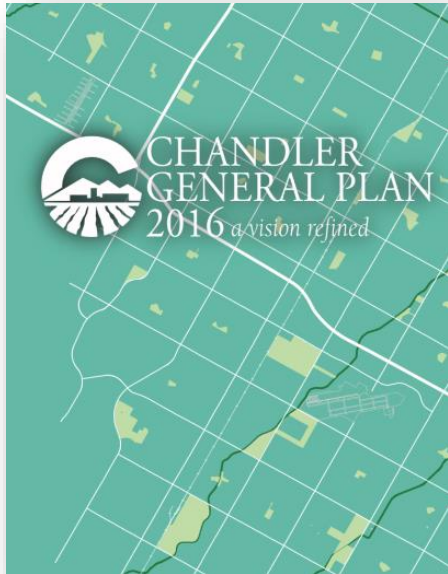
An aerial photograph of a city grid, likely Los Angeles, with a dark red overlay. The image shows a dense network of streets and buildings. The text "What Additional Tools / Options Are Available?" is centered in white.

What Additional Tools / Options Are Available?

What Programs Are in Effect Now?

- Federal, state and local funding provides low-interest financing for affordable housing
- Redevelop City-owned properties
- Down-payment assistance for first time homebuyers
- Community Land Trust
- Incentives: land grants, tax abatements, lower or abated permit fees, water connections, and sewer hook-ups, expedited review process
- Project Based Vouchers
- Low Income Housing Tax Credits (LIHTC)

What Do The Guiding Documents Say?



General Plan

- Provide for a variety of housing choices for all income levels
- Continue to encourage private investment in affordable housing
- Increase capacity for and coordination of affordable housing programs and projects
- Concentrate of improving housing affordability citywide
- Encourage compatible infill projects

Constraints and Limitations

- Chandler nearing buildout, limited land available for housing options
- State law prohibits municipalities from implementing certain controls on rent increases
- State law prohibits municipalities from requiring affordable housing as a condition of zoning
- Housing projects often take several years before units become available

Potential Affordable / Workforce Housing Planning Tools

Potential Planning Tools

- Stipulating a certain number of affordable/workforce housing units through development agreements (conditions apply)
- Allowing accessory dwelling units in areas where lot size and infrastructure may support it
- Allowing higher density where additional affordable/workforce units are proposed
- Reducing standard suburban setbacks to accommodate affordable/workforce housing in the infill area
- Providing for reduced parking ratios for 2- and 3-bedroom affordable/workforce housing units



Next Steps

- Continue Repositioning of Public Housing to Increase Availability of Units
 - RAD Development Agreement anticipated late spring
- Use planning tools and incentives to stimulate private sector housing affordability solutions
- Updates codes and area plans to reflect need for more housing options
- Support State and Federal efforts to address housing strategies and affordability

An aerial photograph of a city grid, likely Los Angeles, with a dark red overlay. The image shows a dense network of streets and buildings. The text "Discussion & Questions" is centered in white.

Discussion & Questions

Housing Presentation

City Council
Work Session
April 11, 2022