

# Housing Section Overview 2022

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# Housing Speak



- AMI – Area Median Income
- HUD - U.S. Department of Housing and Urban Development
- ADOH – AZ Department of Housing
- LIHTC – Low Income Housing Tax Credit



# Affordable Housing 101



What is “affordable housing”?

What in the world is the housing continuum?

....but how?





# What is “Affordable Housing”?

What do you think of when  
you hear the words  
“affordable housing?”

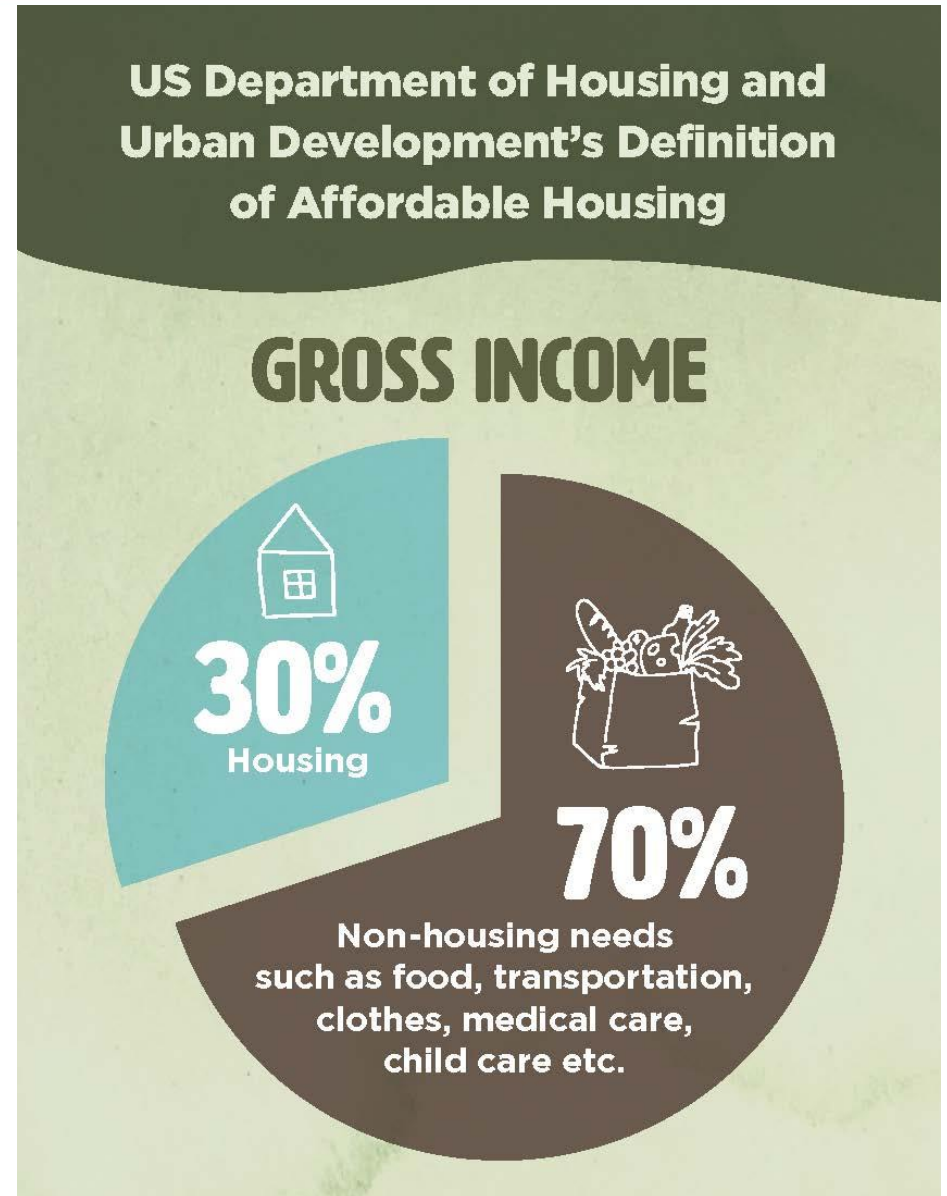




# What is “Affordable Housing”?

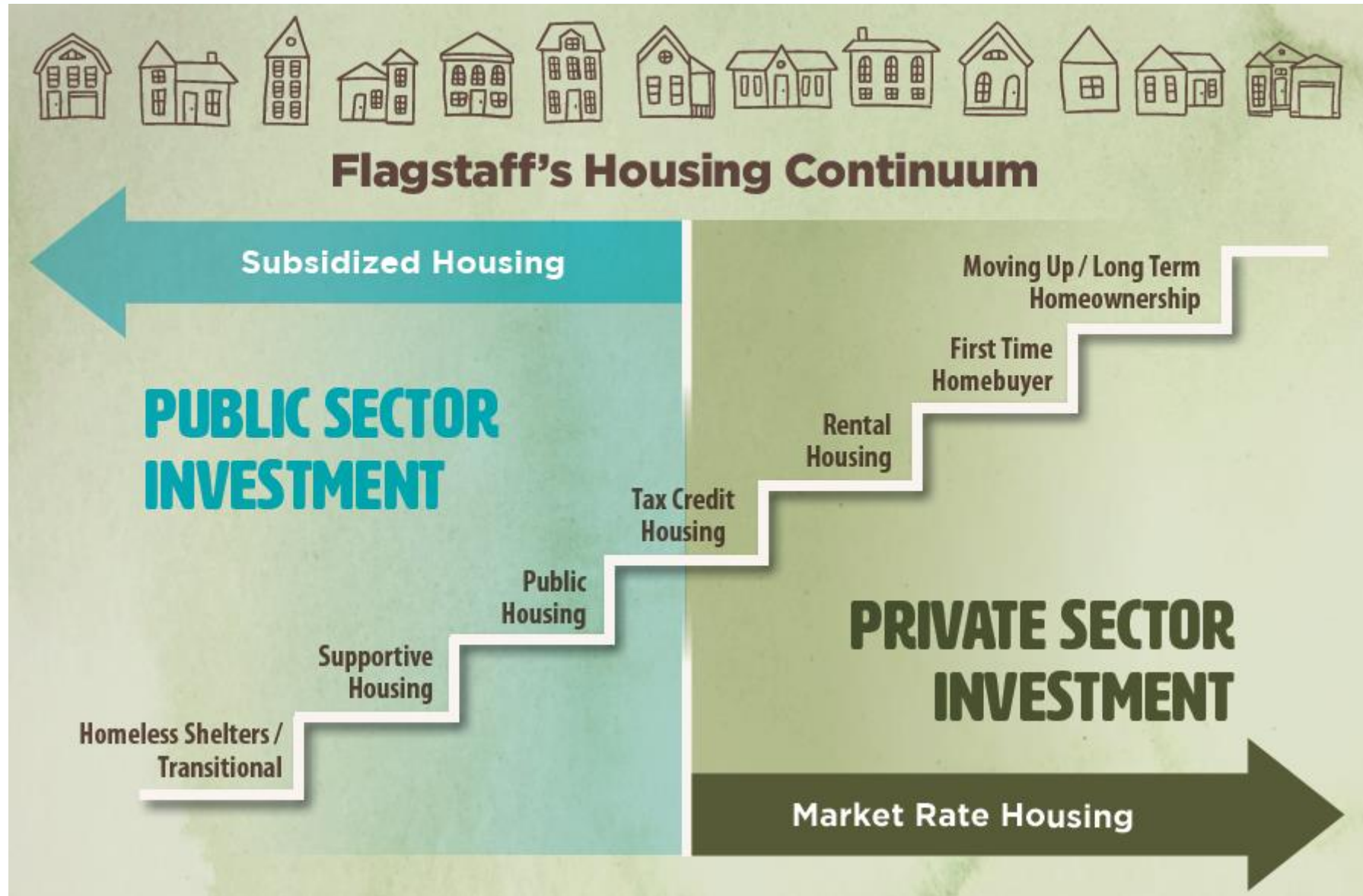
When a household pays **no more than 30 percent of annual gross income on housing and housing related expenses.**

Source: U.S. Department of Housing and Urban Development)





# Basic Housing Continuum





# It's All Relative

*Because affordability is based on income and market prices, “solving” the issue is relative.*





# Why is affordable housing important?

***Communities benefit when citizens of all economic levels are able to secure housing***





But isn't all housing affordable if you make enough money?



## Housing that is affordable

- Market based sale or rental price

## Affordable Housing

- 2 Prong Test
  - *What are the housing costs?*
  - *Who is eligible to purchase or rent it?*
- Subsidy or investment of some type exists



# Area Median Income (AMI)

## 2022 Area Median Income Limits for Flagstaff, AZ

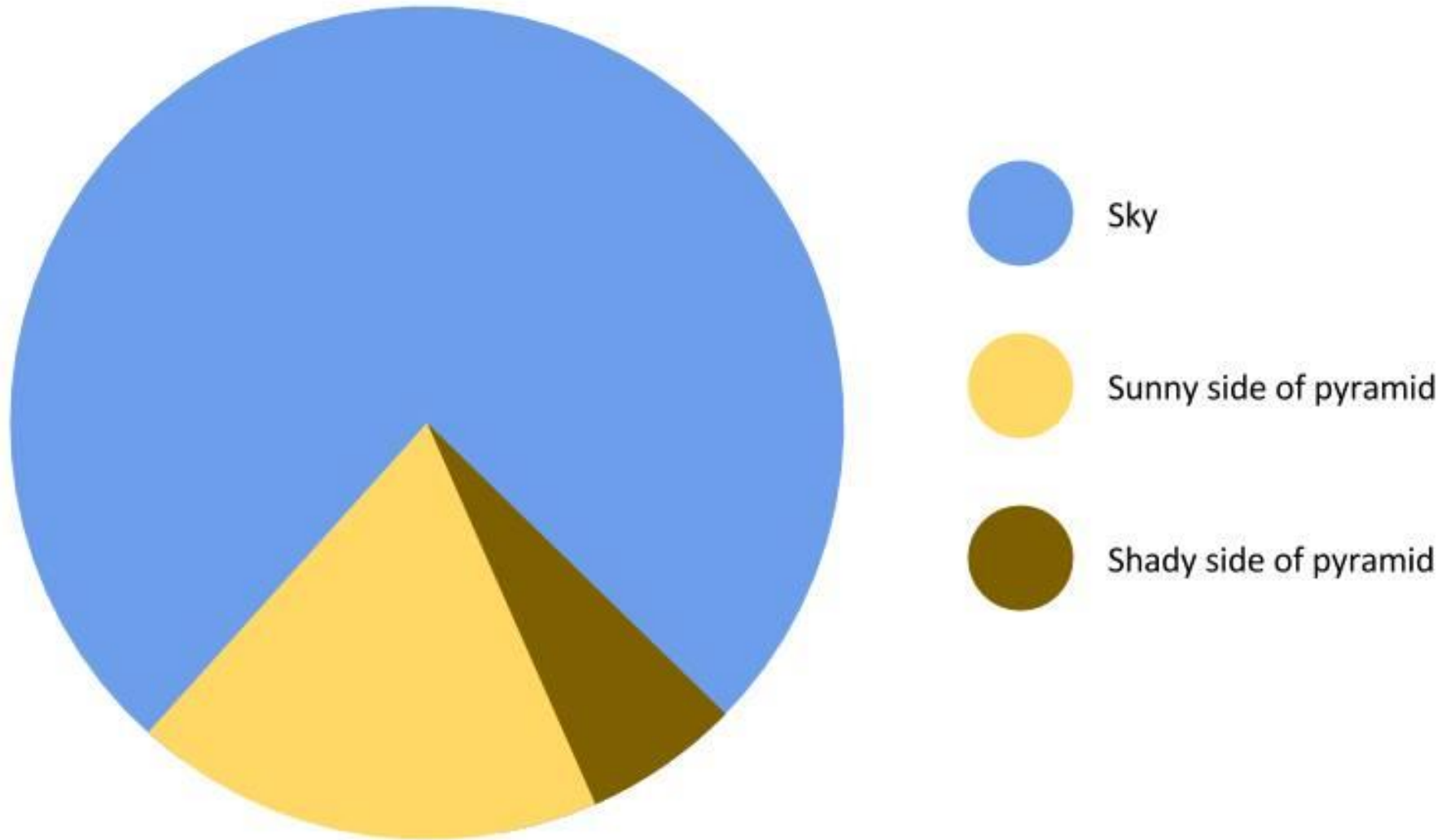
Household Size	30%	50%	60%	80%	100%	125%	150%
1	\$18,050	\$30,100	\$36,120	\$48,100	\$60,200	\$75,250	\$90,300
2	\$20,600	\$34,400	\$41,280	\$55,000	\$68,800	\$86,000	\$103,200
3	\$23,200	\$38,700	\$46,440	\$61,850	\$77,400	\$96,750	\$116,100
4	\$27,750	\$42,950	\$51,540	\$68,700	\$85,200	\$106,500	\$127,800
5	\$32,470	\$46,400	\$55,680	\$74,200	\$92,800	\$116,000	\$139,200
6	\$37,190	\$49,850	\$59,820	\$79,700	\$99,700	\$124,625	\$149,550
7	\$41,910	\$53,300	\$63,960	\$85,200	\$106,600	\$133,250	\$159,900
8	\$46,630	\$56,700	\$68,040	\$90,700	\$113,400	\$141,750	\$170,100

Source: 2022 Income Limits Documentation System; <https://www.huduser.gov/portal/datasets/il/il2022/2022summary.odn>

60% AMI limit: 2022 Multifamily Tax Subsidy Project Income Limits, US Department of Housing and Urban Development (HUD); [https://www.huduser.gov/portal/datasets/il/il2022/2022sum\\_mtsp.odn](https://www.huduser.gov/portal/datasets/il/il2022/2022sum_mtsp.odn)



# Lots of data ....





# Local Data



## Homeownership | Increasingly Unaffordable

Since 2012, the median sales price of a home rose by **166%**, while Area Median Income rose by only **36.5%**.



### Increase in Median Sales Price <sup>1</sup>

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Price	\$230,988	\$267,000	\$291,900	\$298,000	\$316,000	\$348,293	\$368,000	\$385,000	\$420,535	\$502,500	\$615,000



### Increase in Area Median Income <sup>2</sup>

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Income	\$56,700	\$55,900	\$53,600	\$54,200	\$56,900	\$56,600	\$63,000	\$68,800	\$67,700	\$69,200	\$77,400



### Increase in Fair Market Rent (2-bedroom) <sup>3</sup>

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Rent	\$887	\$1,066	\$1,021	\$1,033	\$1,135	\$1,037	\$1,129	\$1,237	\$1,266	\$1,315	\$1,474

<sup>1</sup> Northern Arizona MLS. Information is deemed reliable, but is not guaranteed. | <sup>2</sup> <https://www.huduser.gov/portal/datasets/il.html#2021> | <sup>3</sup> <https://www.huduser.gov/portal/datasets/fmr.html>

## Housing Cost Burden Analysis

# 22,073

Flagstaff Community Members are housing cost burdened.\*



### All Households

Total Households with Payments | 19,531  
Households Cost Burdened | 8,829

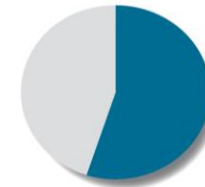
**45% Cost Burdened**



### Homeowners

Total Households with mortgages | 7,542  
Cost Burdened Homeowners | 2,005

**27% Cost Burdened**



### Renters

Total Renter Households | 11,989  
Cost Burdened Renters | 6,824

**57% Cost Burdened**

\* **Cost burdened households** pay more than 30% of their monthly income towards housing.

\* US Census 2019 ACS

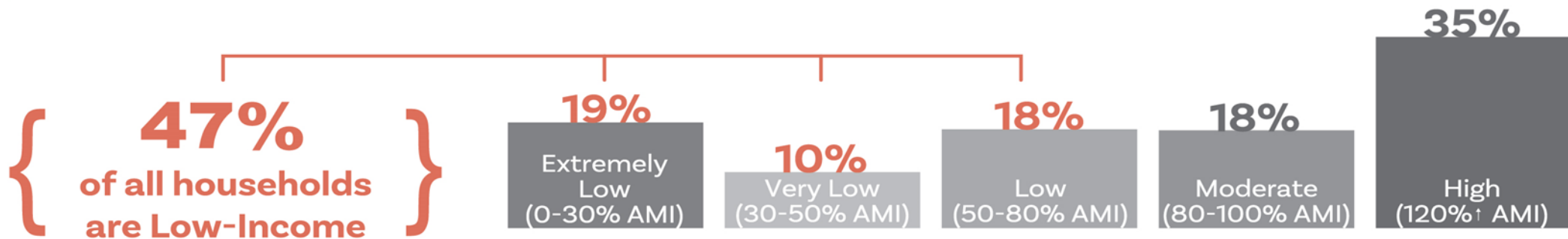


# Flagstaff Snapshot

**2000 – 2020 - Population grew by 47% to 29,060 households and 77,590 people**

- Average household size declined from 2.80 in 1990 to 2.67 in 2019 – meaning more homes are needed for the same population of people

## City of Flagstaff Income Levels



\* US Census 2019 ACS



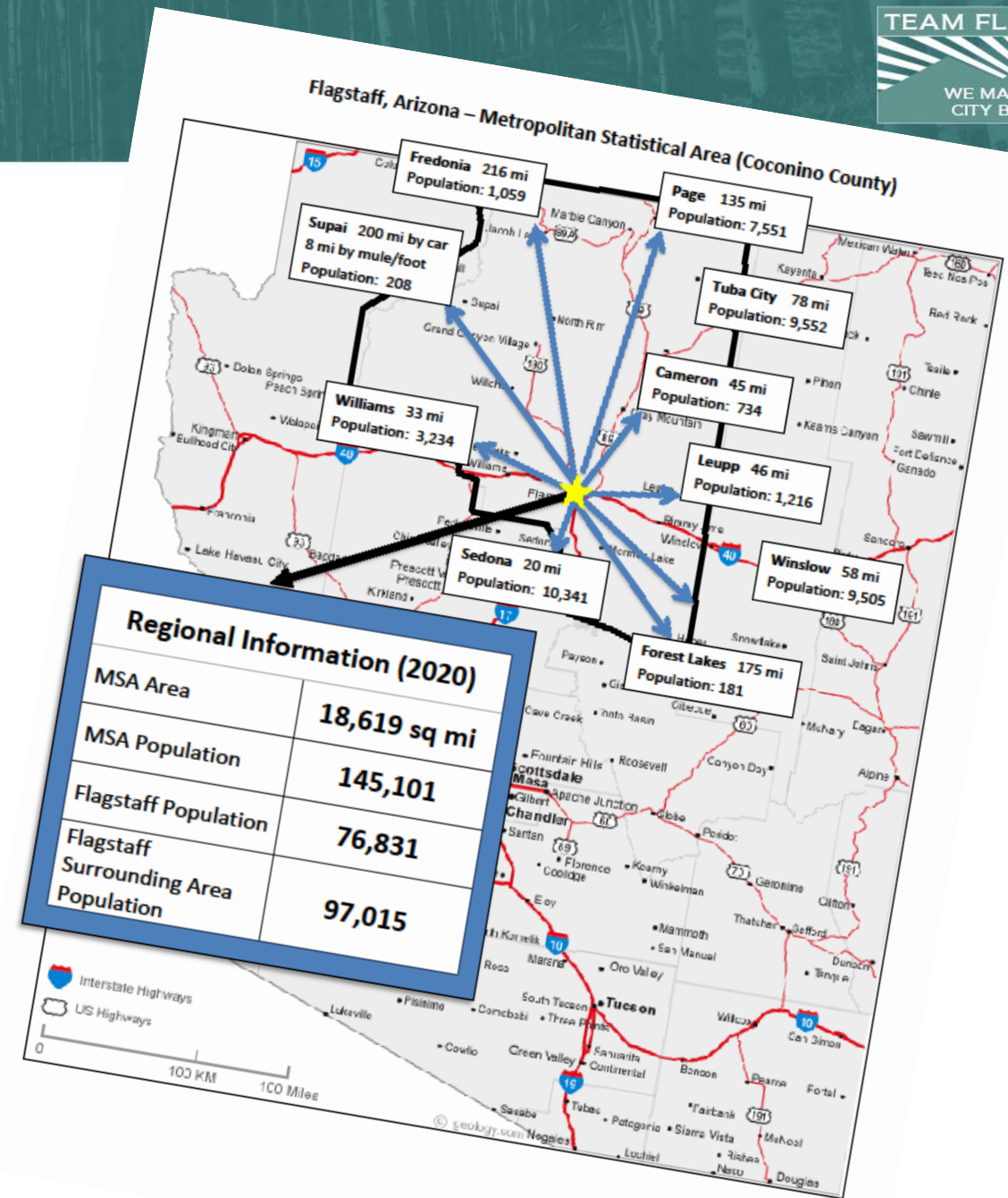
# Tween Challenge

Flagstaff is too big  
to be small...

and too small to be  
big

Metropolitan – Federal

Rural – State of Arizona



Why are most efforts focused on low-income households?





# *A Few Items to Remember*

Affordable housing means **financial assistance from somewhere,**

*partnerships are key,*  
and



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often multiple funding sources are necessary even for a single project.



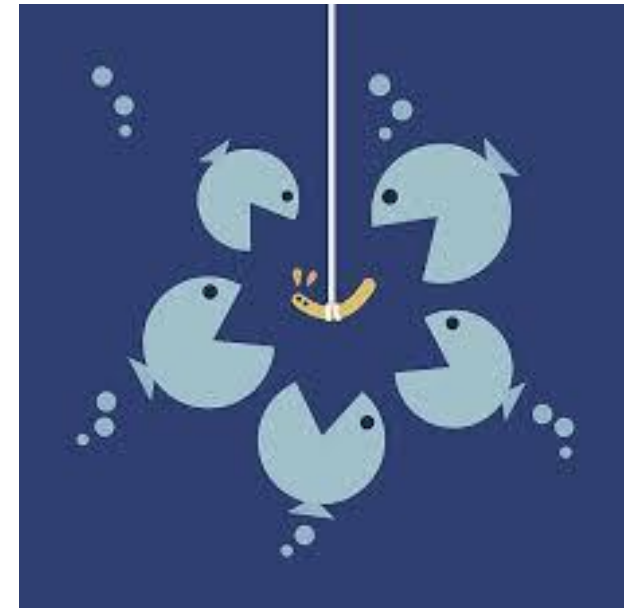
# Yes, but how?

## Demand Side

- Help make the existing housing stock affordable to the community
- Most often in the form of lowering the monthly cost to an assisted household

## Supply Side

- Aid by developing or rehabilitating units



# City of Flagstaff Housing Programs

## *4 office locations*

Siler Homes – Main Office

Brannen Homes

Clark Homes

Water Services Building

(on Walgreens St)

Not open to the public



- Public Housing / Property Management
- Voucher Programs
- CDBG
- Housing Planning
- Incentive Policy for Affordable Housing
- Permanent Affordability Program
- Employer Assisted Housing
- Loan Management
- Community Participation
- And more!



# Role of the Housing Commissions

## Housing Authority Board (of Commissioners)

- Federally Required
- Arizona State Law
- Powers delegated by City Council with regard to Public Housing projects (this includes voucher programs)
- Oversees all Housing Authority Programs and Funding

## Housing Commission

- Created by City Council in 2019
- ...serves as an advisory board to City Council, makes recommendations with respect to housing policies, needs, and programs in Flagstaff, and furnishes the Council with information...



# Rental Housing

Rental programs are most often focused to lower-income households – Low Income Housing Tax Credit – LIHTC

- 60% AMI and below (\$46,440 / 3-person household)
- College students are typically not eligible
- Largest local demand is for 1- and 2-bedroom units
  - Need is increasing with the aging population



# Flagstaff Housing Authority

## **Public Housing – 265 units - Funding comes from HUD**

- City of Flagstaff owns and operates units
- 80% AMI and below
  - 40% of new residents must be 30% AMI or below
- Serves families, elderly, disabled

Faircloth Amendment 1999 – No new Public Housing units can be built or obtained

Rental Assistance Demonstration - RAD



# Public Housing Units - 265

- **Brannen Homes 127 units**

- 1952: 47 units
- 1958: 40 units
- 1960: 40 units
- Headstart and Boys and Girls Club



Small office and  
Maintenance Shop located  
at Brannen Homes

- **Siler Homes 100 units**

- 1972
- Headstart and SHAC



Main Office and  
Maintenance Shop located  
at Siler Homes

- **Scattered Site 38 Units**

- Purchased and developed 1986 - 2002
- Cherry Hill, Southside, Sunnyside, Greenlaw, NoHo



# Public Housing Maintenance



Maintenance staff is responsible for physical condition and operation of all Public Housing units and grounds





# Clark Homes – 80 Units

- Owned by the Flagstaff Housing Corp.
- CoF manages the complex via contract
- 50% AMI and below
  - 40% of new residents must be 30% AMI or below
- Serves families, elderly, disabled
- Funding is from HUD





# Voucher Programs

## Housing Choice Vouchers (Section 8)

- 50% AMI and below
  - 75% of vouchers issued must be to households at 30% and below
- Serves families, elderly, disabled
- Works with many local landlords
- Funding comes from HUD



# How does the HCV program work?

Public Housing Authorities are allocated a certain number and type of vouchers that are managed within a specified budget

## **CFHA Voucher Programs – 529+ Vouchers**

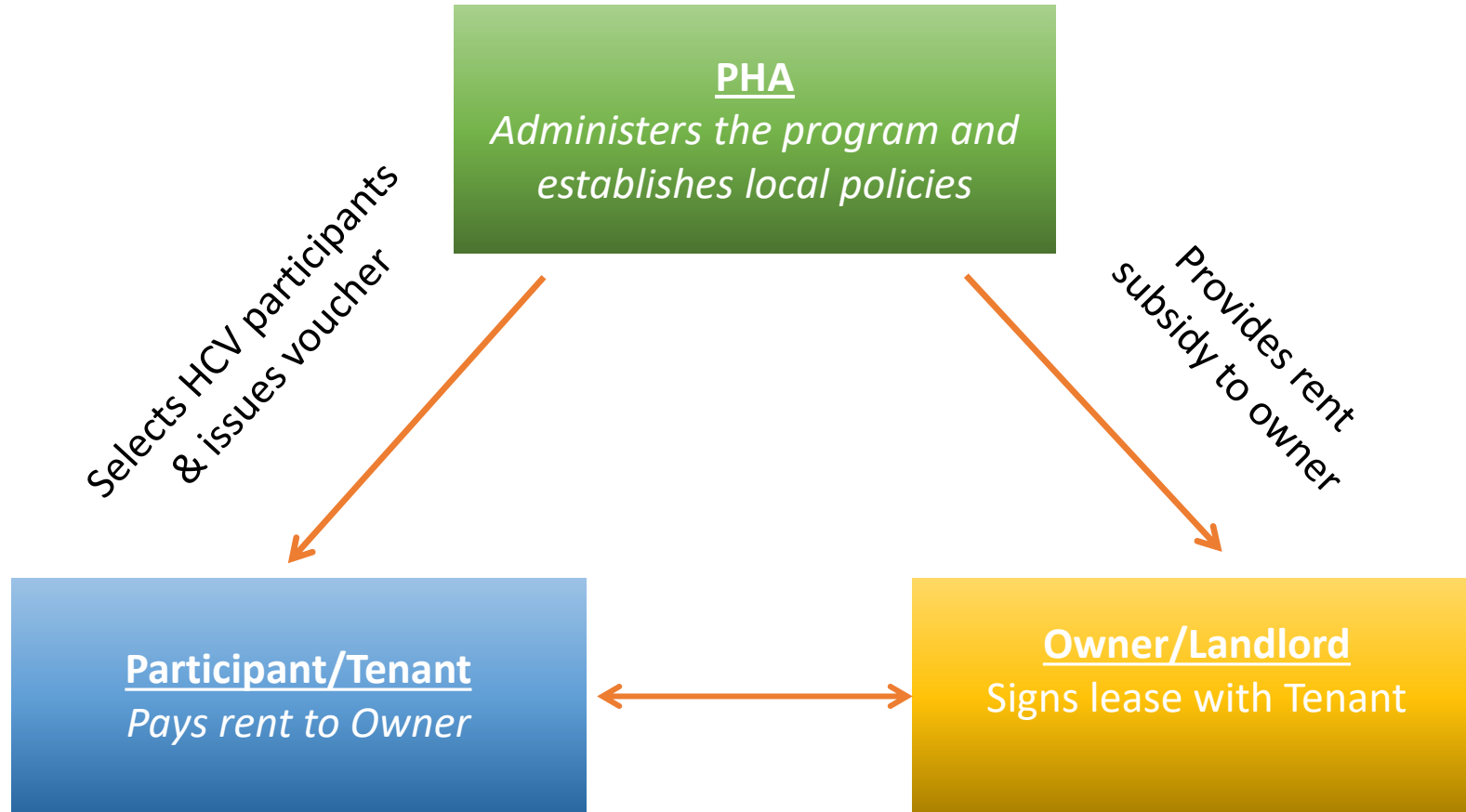
- 333 Vouchers + 9 new!
- 106 VASH Vouchers
- 12 Single Room Occupancy SRO/MRO (The Guidance Center)
- 40 Mainstream Voucher
- 29 Emergency Housing Vouchers (EHV)
- Foster Youth to Independence (FYI) by referral
- Housing Stabilization Vouchers (applied)

*Vouchers provide rental assistance to extremely low-income and very-low-income households*



# HCV PROGRAM

A partnership between the CFHA, Participants & Owner/Landlord





# Community Development Block Grant



## What is the Community Development Block Grant?

- Federal grant program administered by HUD.
- Created in 1974 to provide funding for housing and community development activities, serving primarily low to moderate income individuals and households.

## Why does the City of Flagstaff receive CDBG funding?

- Metropolitan city, Population > 50,000
- Entitlement Community
- Annual allocation based on a formula





# Affordable Housing Planning



- Incentive Policy for Affordable Housing
- Developer Negotiations
- Data and research
- Planning and analysis



# Permanent Affordability Tools



## **Affordability Deed Restriction** (shared equity)

- A provision in a deed that limits who the home can be sold to and the sale price.

## **Community Land Trust**

- The separation of ownership of the land and the improvements (home)
- Ground lease governs relationship between the land owner and home owner
- A **resale formula** establishes the price of the home for future eligible buyers
- Typically also a shared equity model
- Some also include rental housing



# Permanent Affordability Program Goals

- To provide opportunities for Flagstaff residents to secure housing that is decent, safe, and affordable;
- To preserve quality and affordable workforce housing for future residents of the community;
- To preserve and encourage economic diversity in Flagstaff.



# Ownership Housing

Ownership programs are often focused on first-time homebuyers, but not always, depending on the funding source

Both demand and supply tools

- Demand tools are typically cheaper than supply

Federal funding limited to 80% AMI and below

(\$61,850 / 3-person household)

Local challenges



# Other Program Elements

- Employer Assisted Housing
- Technical Assistance
- Loan Management
- Fair Housing Resource
- Community Participation
  - Continuum of Care
  - Front Door effort
  - Coconino County Community Action Board
  - Non-profit boards (advisory)
- State and National Organizations



# Tax Credit 101

## Low Income Housing Tax Credits (LIHTC)

- Largest affordable rental housing funding source
- Built by private developers (can be non-profit)
- Just over 800 units in Flagstaff serving 60% AMI and below
- Administered by *Arizona Department of Housing*
- Minimum affordability time period – 15 years
- CoF has partnered in multiple complexes

## HOW THE LOW INCOME HOUSING TAX CREDIT WORKS

Tax credits are used by developers to raise funding for building costs because affordable housing costs the same as fair market rate homes but rents are lower



Federal or state government allocates tax credits to state housing agencies.

Developers apply for tax credits. Projects are selected based on how the development meets the state's housing needs.



Developers sell credits to investors who can claim them on their federal or state income tax returns.

The money raised allows developers to build and maintain housing with lower and more affordable rents.



Source: Adapted from Homeword infographic How the Low Income Housing Tax Credit Works.

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# What about other funding sources?

## Federal - Grant / Entitlement

- CDBG – approx. \$600,000 annually (limited to 80% & below)
- USDA, HOME, ESG, HOPWA, Housing Trust Fund (not eligible)

## State – Competitive Processes

- Federal pass-through (HOME, ESG)
- Limited state-based funding
- Tax-credit program (development driven)

## Local

- General Fund (limited capacity)
- Private Non- and Not-for-Profit
- Foundation or non-profit grants or financing

## Employers

- Employer Assisted Housing (EAH) programs





# Housing Emergency Declaration

**In response to a citizen's petition, Flagstaff City Council declared a housing emergency in December 2020**

- Encourage more **economically priced housing** construction for workforce
- **Increase attainable housing opportunities** for and occupied by **local residents**.
- Explore and support **additional local funding resources** for the creation of affordable housing units and expansion of programs to improve housing.
- **Foundational framework** for establishing work programs, prioritizing staff work and allocating necessary funding for its implementation.



# Housing Emergency Declaration

## 10 - Year Housing Plan

“Within nine months a Housing Plan focused on housing development and preservation within the City for the next 10 years will be presented to Council”

**A single, comprehensive community-facing document to summarize the City's immediate and long-term needs and strategies to improving housing affordability.**

# Adopted February 2022 by Flagstaff City Council



HOMES FOR ALL FLAGSTAFF RESIDENTS



## 10-YEAR HOUSING PLAN

CREATE. CONNECT. PRESERVE. PROTECT.





# Implementation

- Develop Evaluation Process for Annual Report & Measurement of Progress
- Create First Year Implementation Plan (underway)
- Successes and Challenges





# Where are we starting?

**Create 1: Incentivize the creation of affordable units** through various programs & mechanisms

**Create 3:** Create a dedicated **funding source** for affordable housing in Flagstaff

**Create 4:** Amend the **Flagstaff Zoning Code** to facilitate the development of all housing types

**Create 5:** Explore **regulatory efficiency & cost-saving practices**



# Currently Underway

## RFP will be published to identify a firm to conduct:

### Land Availability and Suitability Analysis

- identify available lands for greenfield or infill development and the suitability of development on available lands;
- identify common constraints or barriers for greenfield or infill development on available lands; and
- set policy direction, including but not limited to, informing code changes and the growth boundary, based on available land supply and development potential.

### Code Analysis

- **remove barriers** to achieving the goals of the Flagstaff Carbon Neutrality Plan and the Flagstaff 10-year Housing Plan;
- **identify** how the City's existing codes create **unintentional barriers** for achieving carbon neutrality and the City's housing goals; and
- suggest **code revisions** that will **reduce barriers and increase opportunities**, while preserving the values the codes are intended to address...



# Proposition 442

## Creating rental and homeownership opportunities for residents of Flagstaff

To create rental and homeownership opportunities for residents of Flagstaff, shall the City of Flagstaff be authorized to issue and sell general obligation bonds in a principal amount up to \$20,000,000 for the purpose of:

- redeveloping City owned housing to create additional affordable rental units;
- repurposing existing available buildings into rental units;
- incentivizing the private sector to incorporate affordable rental housing into new developments; and
- expanding the homebuyer assistance program?





# What's next?

It depends.....

Implementation Plan will come forward to the Housing Commission, however:

- If Prop. 442 is approved, it will have a significant impact on the implementation of the 10-Year Plan as far as what is tackled first
- If not approved, the Implementation Plan will address other items

*12 days to go until November 8*



# Questions?

