



# Affordable Housing Development Incentive Programs

January 10, 2023, City Council Workshop





# Presentation Overview

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- Background information & current conditions
- Benefits of affordable developments
- Current state of developments in progress
- Proposed Fee Waiver Program
- Proposed Gap Funding Pilot Program



# Workforce & Income Conditions

Data Point	Glendale	Maricopa County	United States
Civilian Labor Force	64.2%	64.8%	63.1%
Median Household Income <sup>1</sup>	\$60,499	\$72,944	\$69,027
Persons in Poverty <sup>2</sup>	17.3%	11.3%	11.6%
Disabled Persons Under 65	10.4%	7.9%	8.7%

Source: <https://www.census.gov/quickfacts>

<sup>1</sup> Approximately 20% lower than Maricopa County

<sup>2</sup> Poverty statistics may not be comparable to other geographic levels due to methodology differences that may exist between different data sources.



# Impacts of Poverty

- 1 out of 6 Glendale residents live in poverty <sup>1</sup>
- Child poverty costs more than \$1 trillion per year in lost economic productivity, increased health and crime costs, and increased costs resulting from child homelessness and maltreatment <sup>2</sup>
- Unstable housing among families will cost the U.S. \$111 billion in avoidable health and education costs (2017-2027) <sup>3</sup>

<sup>1</sup> Rounded, based on U.S. Census data 17.3% poverty rate and 249,630 population

<sup>2</sup> Source: <https://www.pgpf.org/blog/2022/10/what-are-the-economic-costs-of-child-poverty>

<sup>3</sup> Source: <http://childrenshealthwatch.org/wp-content/uploads/CHW-Stable-Homes-2-pager-web.pdf>



# Housing Availability & Homelessness

- 22% increase in unsheltered homelessness in Maricopa County (2020-2022) <sup>1</sup>
- 270,000 housing units needed statewide (ADOH) <sup>2</sup>
- 143,998 units needed for 30% AMI households <sup>3</sup>
- 68% increase in apartment rent since 2017 <sup>4</sup>

<sup>1</sup> Source: [www.azmag.gov](http://www.azmag.gov)

<sup>2</sup> Source: [https://housing.az.gov/sites/default/files/ADOH\\_FY2022\\_Annual\\_Report.pdf](https://housing.az.gov/sites/default/files/ADOH_FY2022_Annual_Report.pdf)

<sup>3</sup> Source: <https://nlihc.org/housing-needs-by-state/arizona>

<sup>4</sup> Source: <https://azmag.gov/Programs/Maps-and-Data/Land-Use-and-Real-Estate/Housing-Data-Explorer>



# What is the measure of affordability?

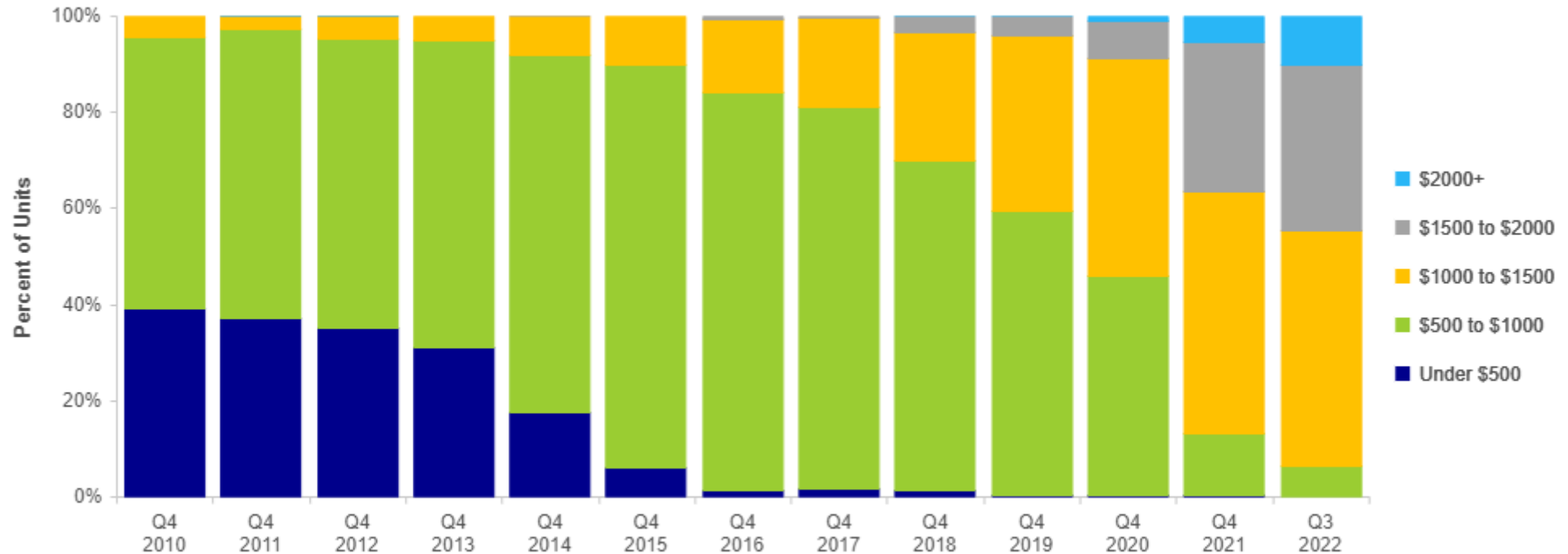
- Housing that a household can obtain for 30% or less of their income

Income Level	Annual Income	Affordable Rent	Rent Rate Needed
County Area Median Income (AMI)	\$72,944	\$21,833	\$1,824
Glendale AMI	\$60,499	\$18,150	\$1,512
Low Income (80% AMI)	\$48,399	\$14,520	\$1,210
Very Low Income (50% AMI)	\$30,250	\$9,075	\$756



# Available Rents

## Apartment Rent Trends in Glendale



Source: RealData, Inc (50+ unit complexes only)

Source: <https://azmag.gov/Programs/Maps-and-Data/Land-Use-and-Real-Estate/Housing-Data-Explorer>



# Benefits of Affordable Developments

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- Occupancy remains steady
- Job creation (construction and management)
- Generates one-time and on-going tax revenue
- Long-term ownership contributes to community stability
- Residents have more disposable income for essential items (food, healthcare, education, etc.)



# Development in Progress

- 605 units by Dominionium
  - 67 Flats & Juniper Square
  - Families & Seniors
  - 60% Area Median Income
  - Summer 2025 & Winter 2025
- 368 units by Gorman
  - Centerline on Glendale Phase I & II
  - 120 units for 30% Area Median Income
  - 248 units for 60% Area Median Income
  - Winter 2024
- 148 units by Mercy Housing
  - Seniors, veterans, people exiting homelessness
  - 30, 50, and 60% Area Median Income
  - Winter 2024
- 105 units by TWG
  - Unity at West Glendale Apartments
  - 60% Area Median Income
  - Winter 2025
- 80 units by Cesar Chavez Foundation
  - 60% Area Median Income
  - Summer 2023



# Development Funding

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- LIHTC awards have been made
- Developer Fees deferred to assist with financing
- Foundation, agency, or other grant opportunities have been applied
- All projects are experiencing funding gaps ranging from \$2.1 to \$6.5 million



# Adverse Financial Conditions

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- Labor shortages
- Supply chain issues
- Increased cost of materials
- Increased interest rates
- Off-site improvements
- Design requirements



# Need for Incentives

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- Tax credit projects are increasingly competitive
- Inverse relationship between housing affordability and homelessness
- Promote quality development for affordable units
- Address needs of low-income residents and vulnerable populations
- Use one-time funding sources to create sustainability
- Stimulate infill and adaptive reuse



# Community Development Fee Waiver Program

- Fees are usually about 1% of construction costs
- Authorized by current ordinance
- Leveraged as City contribution & improves competitive position
- Potential to leverage other grant funding
- Council Consensus Direction Needed:
  - Update ordinance to add fee waiver for development with 30-year affordability
  - Approved by City Manager administratively
  - City Council provided a copy of notice when approved



# Affordable Development Gap Funding Pilot Program

- 3-year pilot
- Initial funding, one-time revolving fund \$1.75 M
- Future contribution from one-time construction sales tax as units are operationalized (\$2,400)
- Limit grants to ADOH Tax Credit developments
- Creates a sustainable fund to promote housing development for Glendale residents
- Council Consensus Direction Needed:
  - Is there interest in developing a pilot program?