



for Arizona 2013

May 17, 2013

Sheila D. Harris Consulting



Home Matters

For a Strong Economy



For Education



For Health



For Public Safety



STRONG ECONOMY

“As mayor of a rapidly growing community, housing is one of the top priorities for my city. Families and communities prosper when the housing market is healthy and robust. Cities are competitive when they can offer a wide range of housing products to meet the needs of all its residents. When the housing market is stable, since cities rely on permit fees, sales taxes and other sources of revenue to forecast and develop our budget.” – *Marie Lopez Rogers, Mayor of Avondale and President of the National League of Cities*



STRONG ECONOMY

“I was a homebuilder before I became Mayor and I experienced the excitement and joy young families felt when moving into a new home. As a mayor, I see on a larger scale just how important stable neighborhoods are to creating great communities.” – *Scott Smith, Mayor of Mesa and Vice President of the U S Conference of Mayors*







Madison Gardens – \$27M Development - 133 units of LIHTC Senior Housing – Phoenix, AZ
WESCAP Investments

NAHB Economic Impact

Create 337 Jobs

Produce \$3.9M in local taxes

Generate \$13.6M in wages



EDUCATION

Children in stable homes learn and achieve more in school

Home helps level
the playing field –
Children don't have to
move multiple times during the school year



HEALTH

Healthy habits are more accessible when you live in a stable, affordable home.



Children get the healthy
start they deserve



Seniors live
with dignity



PUBLIC SAFETY

When people can count on their home, a stronger sense of community keeps streets, neighborhoods and towns safe



RENTAL HOMES

There is a shortage of rental homes for low income families

Approximately 1/3 of all Arizona households are renters



Cost Burdened Renters

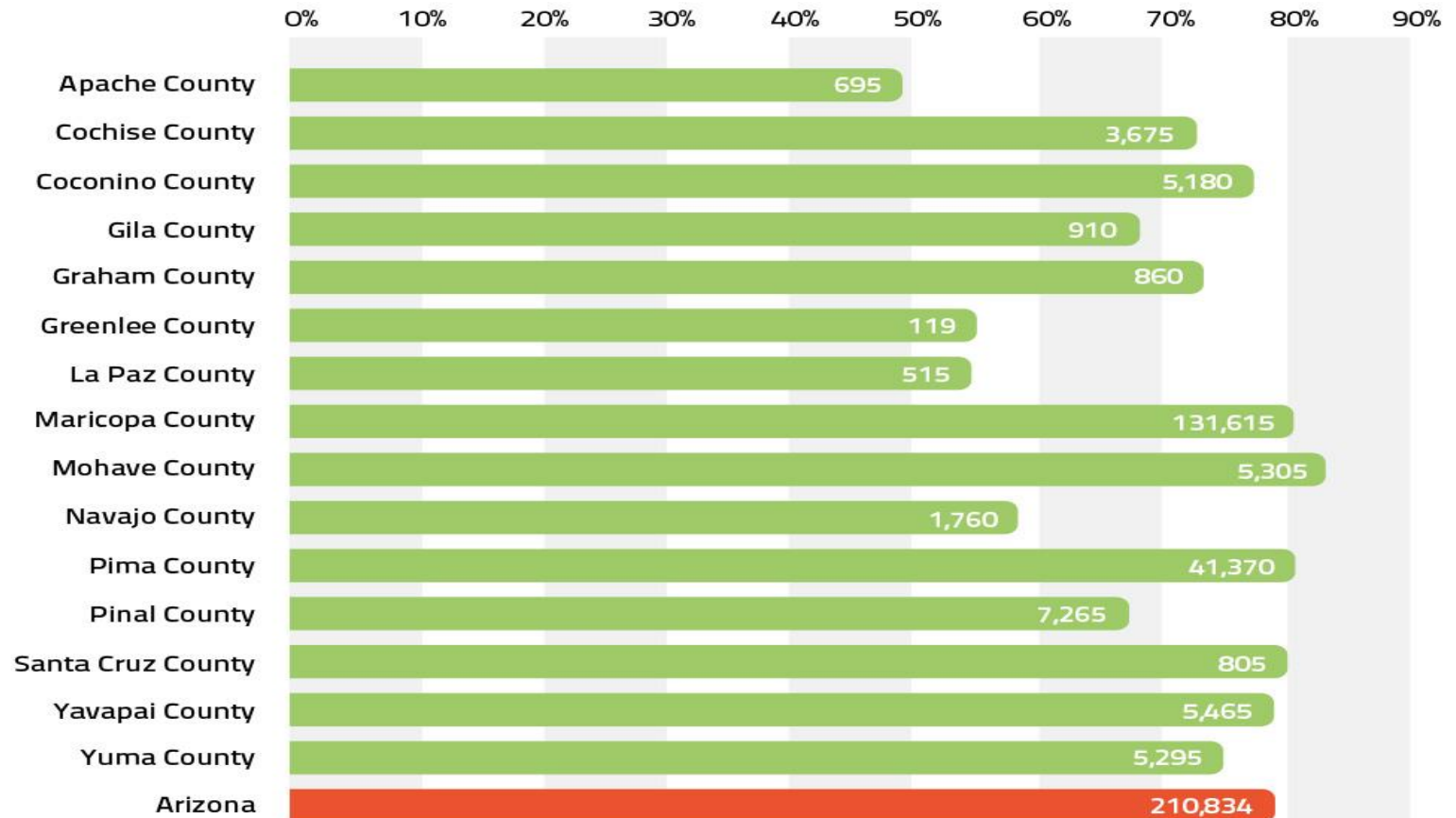
78% of low income Arizona households are paying more than 30% of their income for housing

The most cost burdened households are in Maricopa, Mohave and Pima counties – 80% of very low income renters pay more than 30% of their income for housing



Very Low Income Renters – 2009

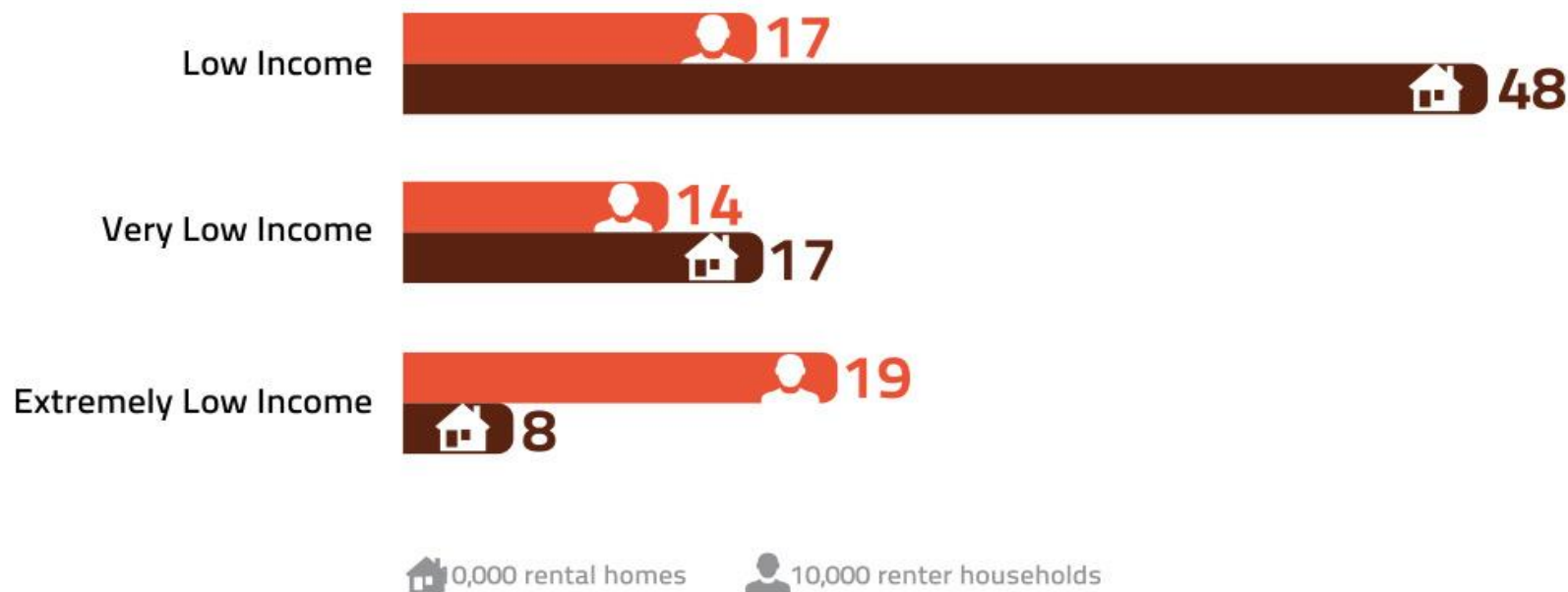
Source: National Low Income Housing Coalition tabulation of 2005-2009 Comprehensive Housing Affordability Strategy Data



AZ Rental Units and Renters by Affordability and Income – 2011

(in ten thousands)

Source: NLHC Tabulations of 2011 Arizona Community Survey Public Use Microdata Sample Data



Extremely Low Income Households in Arizona

There are almost 190,000 extremely low income households, but only 80,000 affordable rental homes.

Poor renters must find housing in higher income categories, forcing them to pay more than 30 percent of their income for housing.

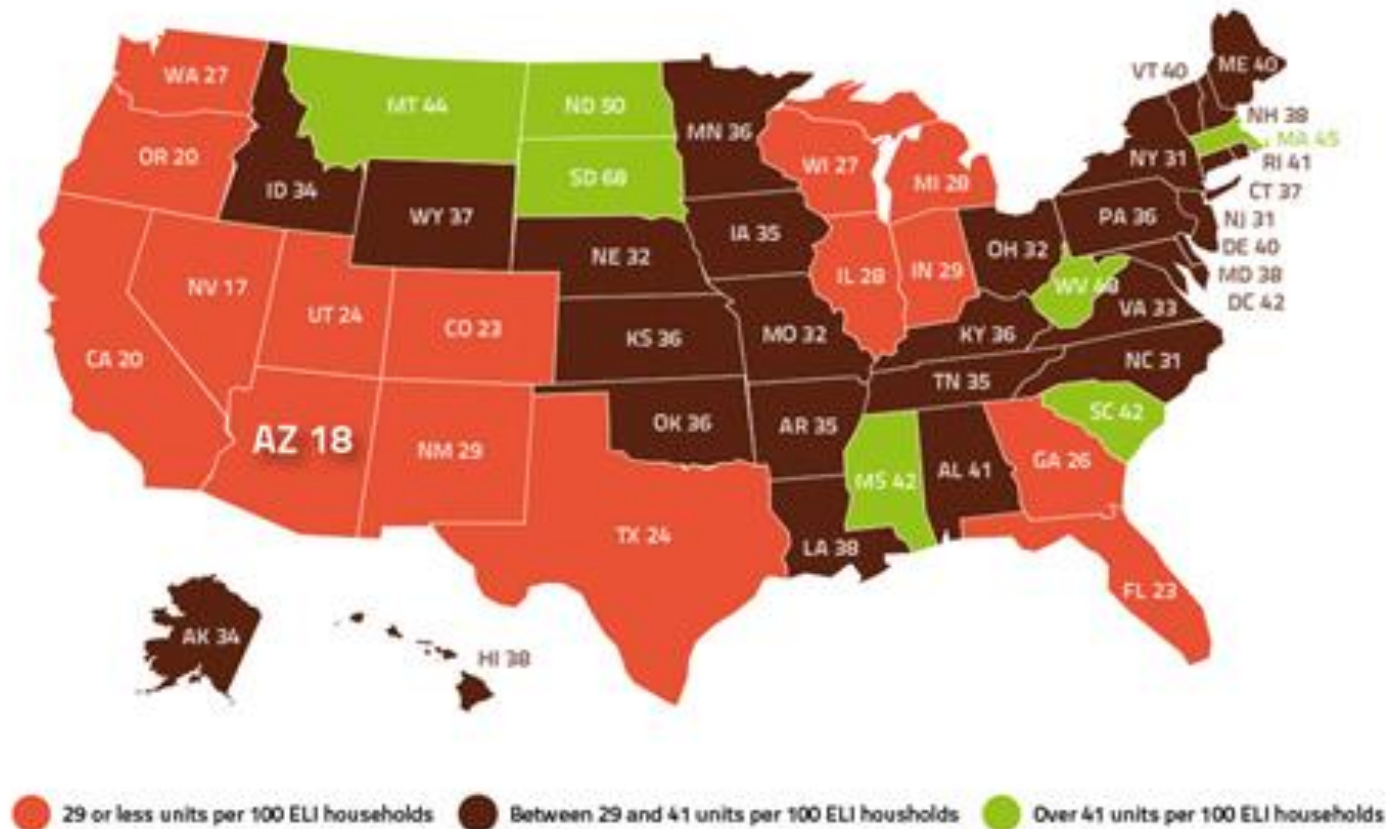


HOUSING SHORTAGE FOR
ARIZONA'S POOREST FAMILIES



Number of Affordable Units Available for Every 100 Extremely Low income Household by State – 2011

Source: NLHC Tabulations of 2011 Arizona Community Survey Public Use Microdata Sample Data

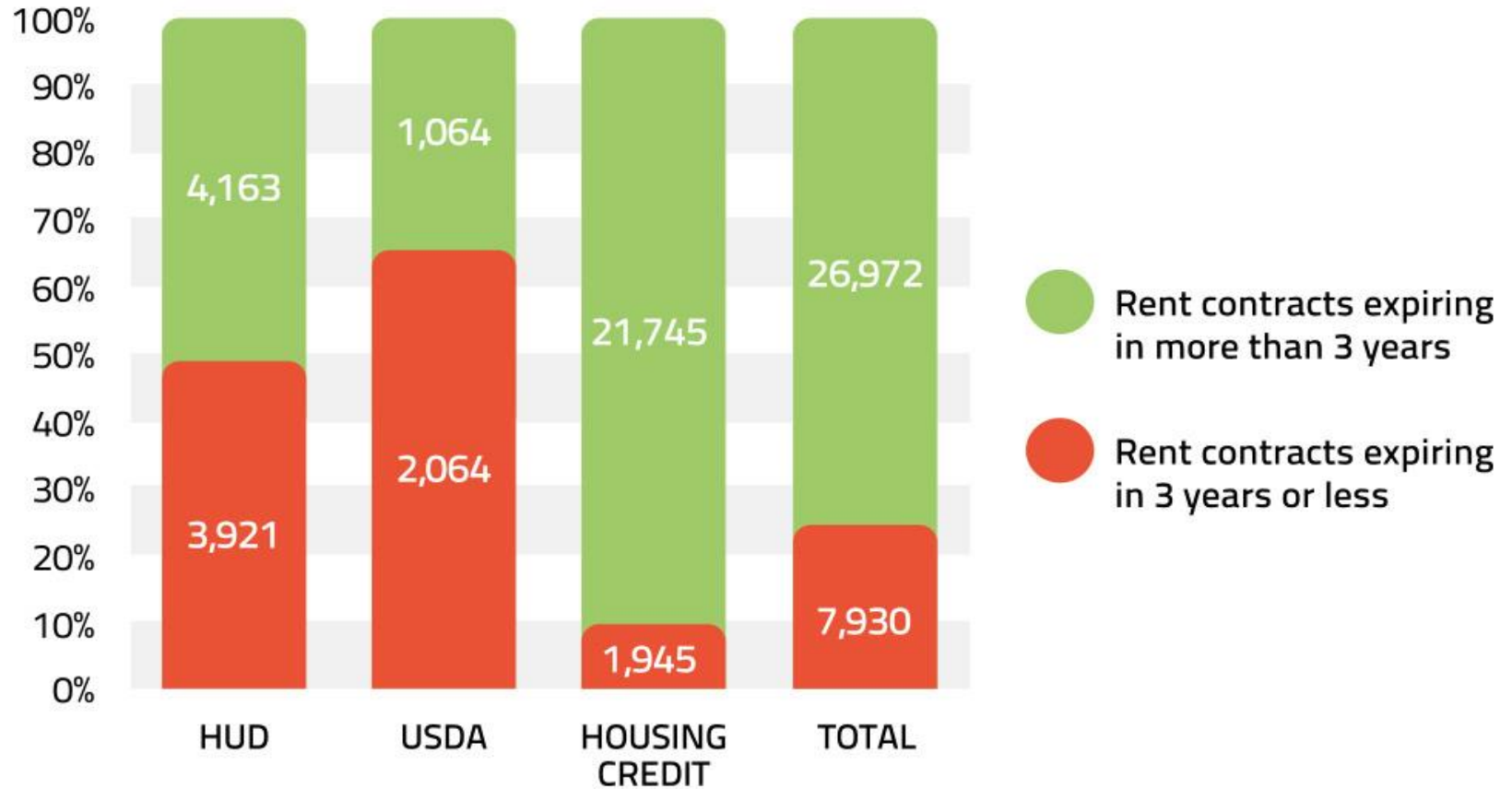


Federally Subsidized Properties At Risk in AZ – 2011

Source: At-Risk Federally Subsidized Properties in Arizona, Arizona Housing Alliance, February 25, 2011

HUD = U S Department of Housing and Urban Development USDA = U S Department of Agriculture Rural Development

Housing Credit = U S Treasury Low Income Housing Tax Credit



USDA Housing

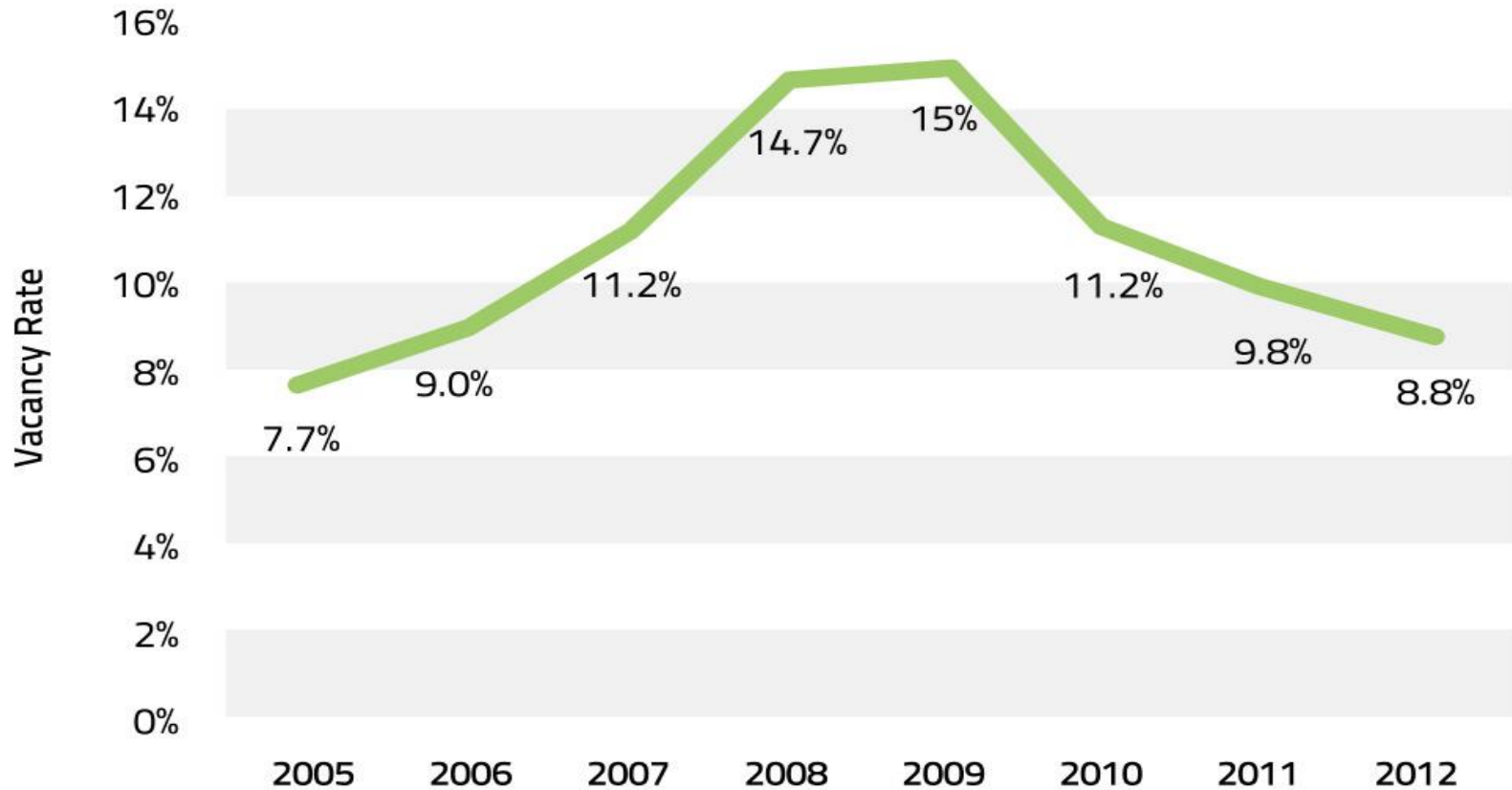
2/3

of all apartments subsidized by USDA are at risk of
losing their rent restrictions



Fourth Quarter Vacancy Rates – Metro Phoenix – 2005-2012*

Source: Peter TeKampe, Marcus and Millichap and Real Data * Apartment complexes of 50 or more units



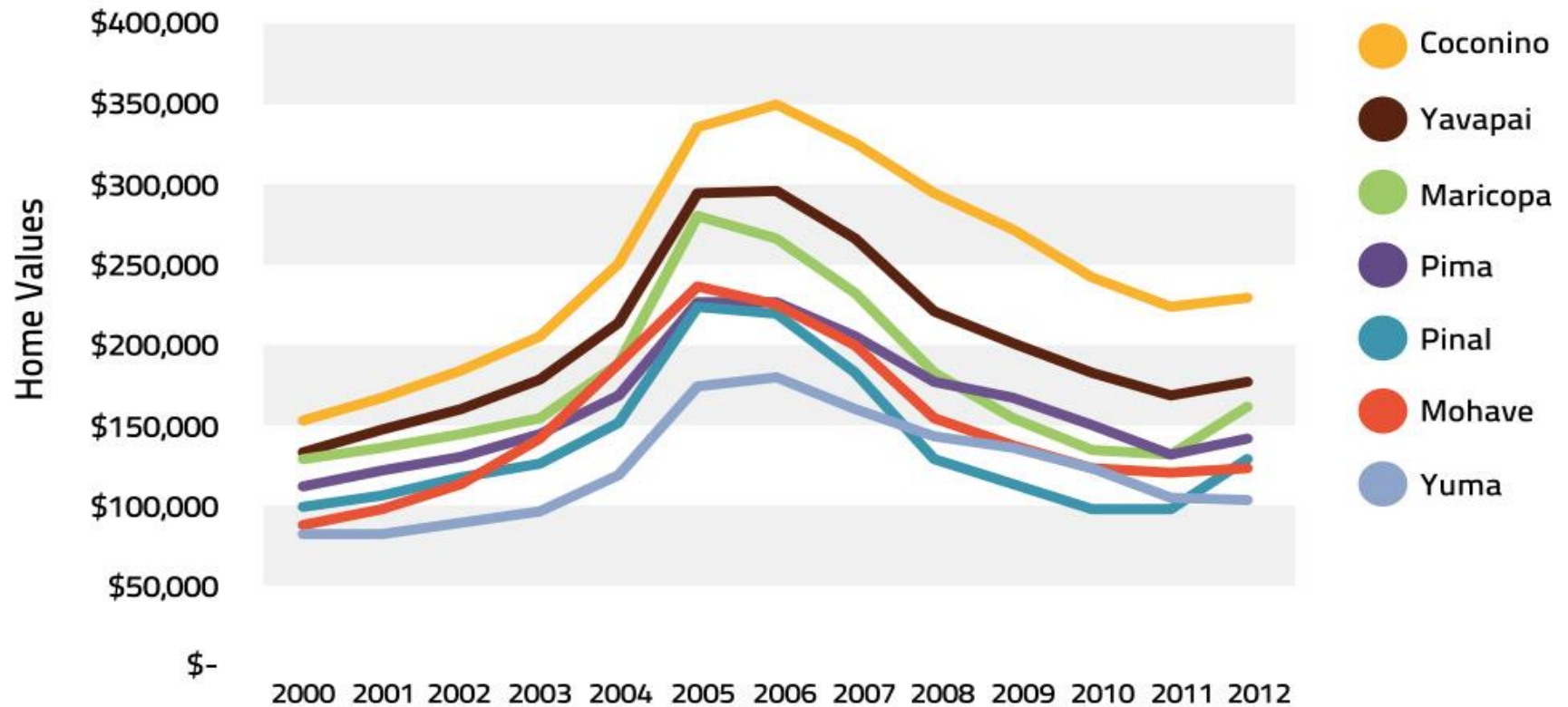
HOMEOWNERSHIP

Uncertainty has been a primary descriptor of the Arizona homeownership market for the past decade
The market is showing signs of improving in many areas
Will it overheat?



Arizona Home Values for Select Counties – 2000-2012

Source: Zillowblog.com/research/data



Housing Market Indicators



Emerging Trends – Phoenix 2004 - 2013

2004 High Growth

2005 Hot Growth Market

2006 “Amazing” Growth

2007 Metro area expands rapidly

2008 “You can smell the growth”

2009 “Dynamic” High End Growth

2010 Phoenix is the poster-child for run amok growth

2011 Phoenix must rise from the ashes of another overbuilding spree

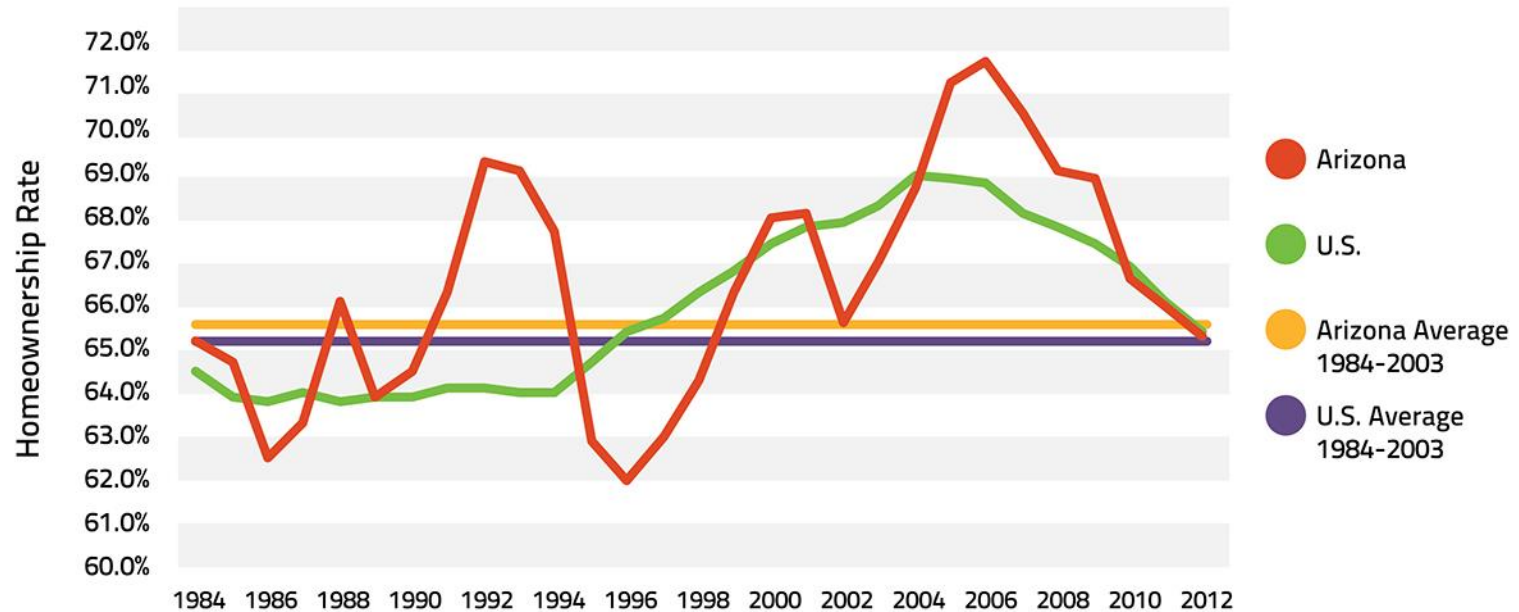
2012 Phoenix is rising from the ashes

2013 Volatile Market



Homeownership Rates in US and AZ – 1894-2912

Source: U S Census, Courtesy of Elliott D. Pollack and Company

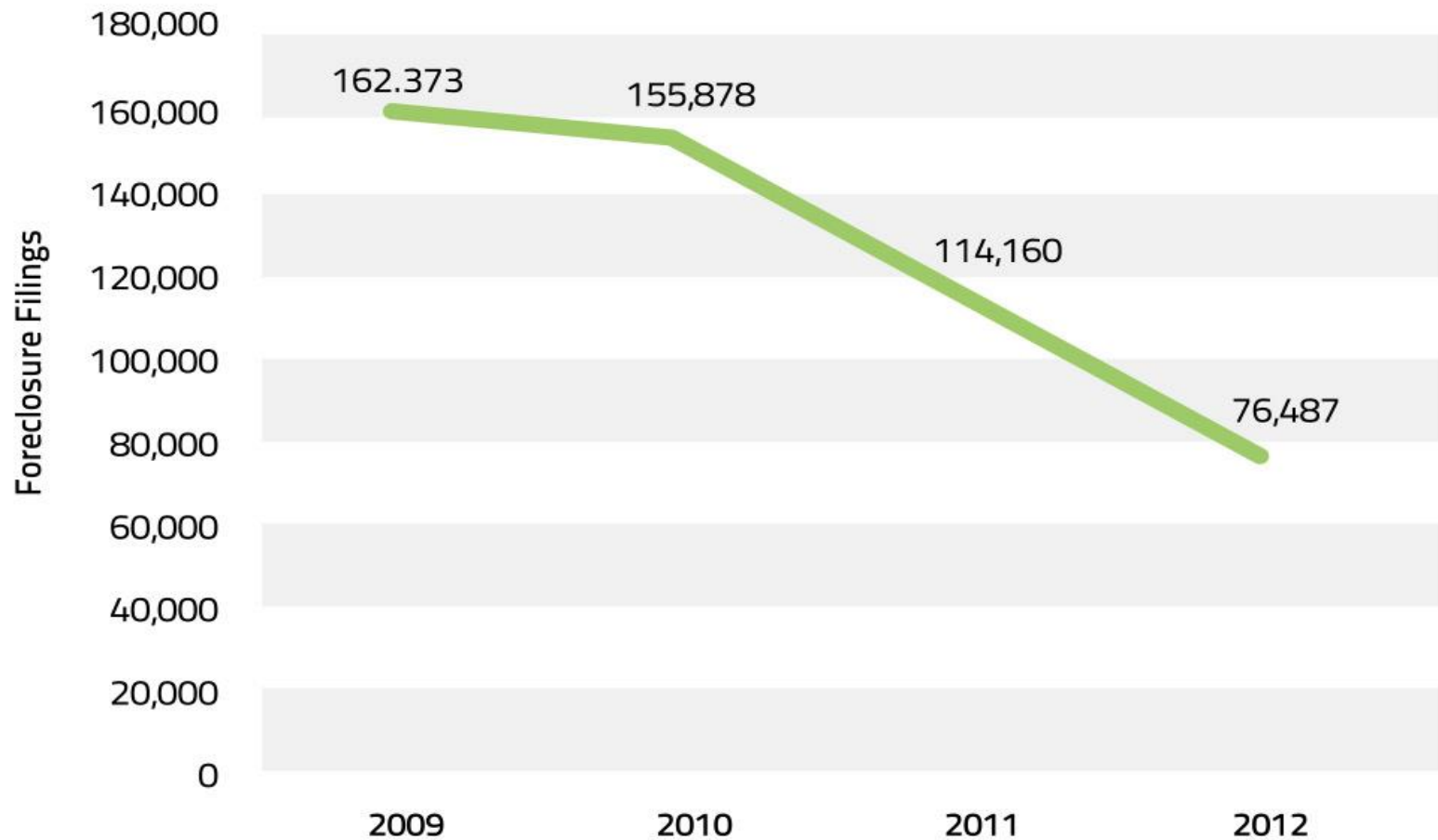


Homeownership Hurdles for Low Income Families



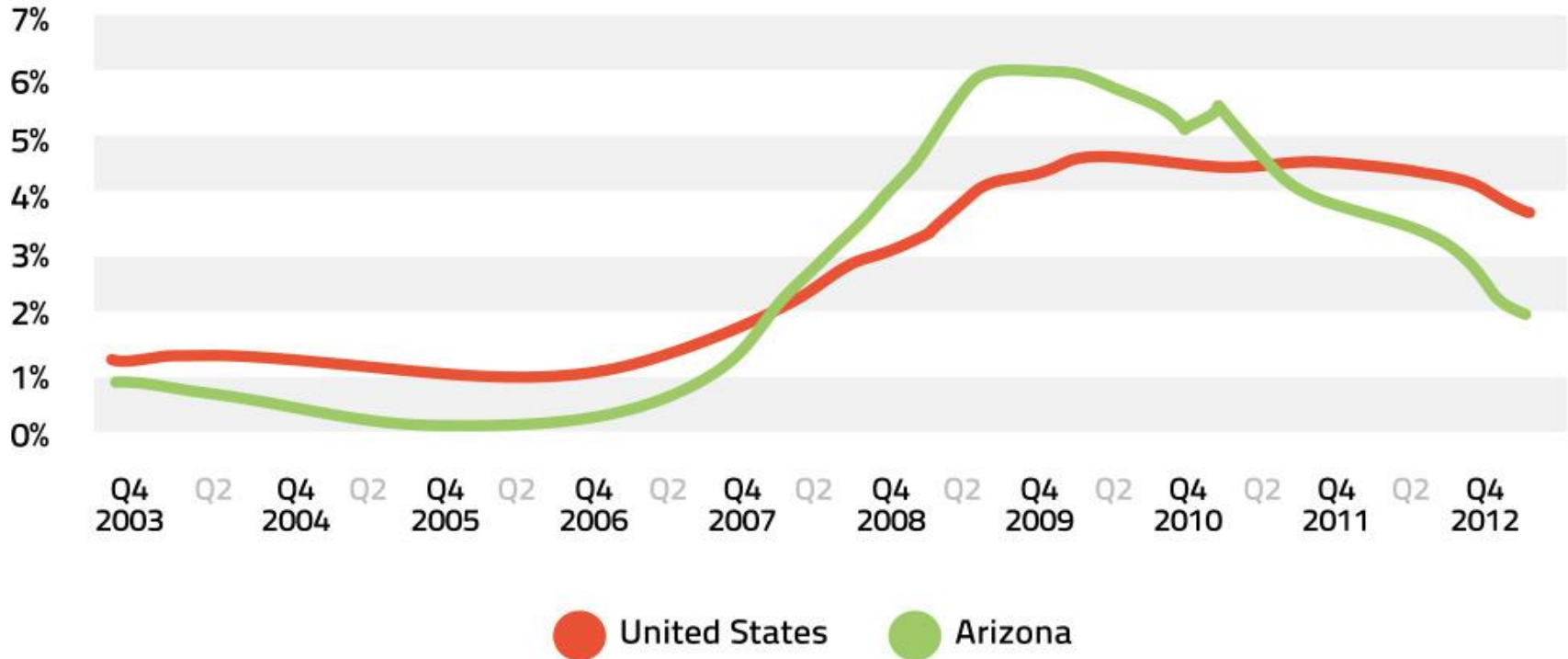
Arizona Foreclosure Filings – 2009-2012

Source: Michael Chicak, State Third Worst in 2012 Foreclosures, January 16, 2013



Arizona and US Foreclosure Rates 2003-2012

Source: National Association of Realtors Phoenix-Mesa-Scottsdale Area Local Market Report, Fourth Quarter 2012



HOUSING OPTIONS AND LOCATIONS

Housing + Transportation

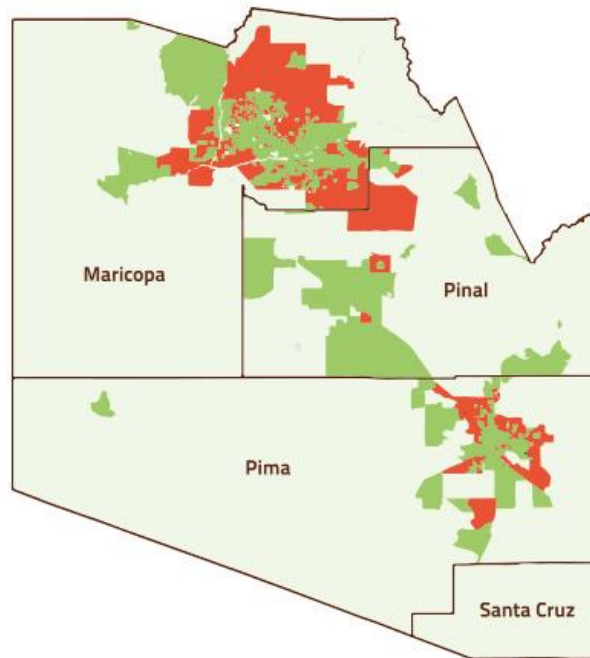
The traditional benchmark of 30% of income being spent on housing does not account for transportation costs

The Center for Housing Technology (CNT) recommends 45% of household income should be devoted to housing and transportation costs



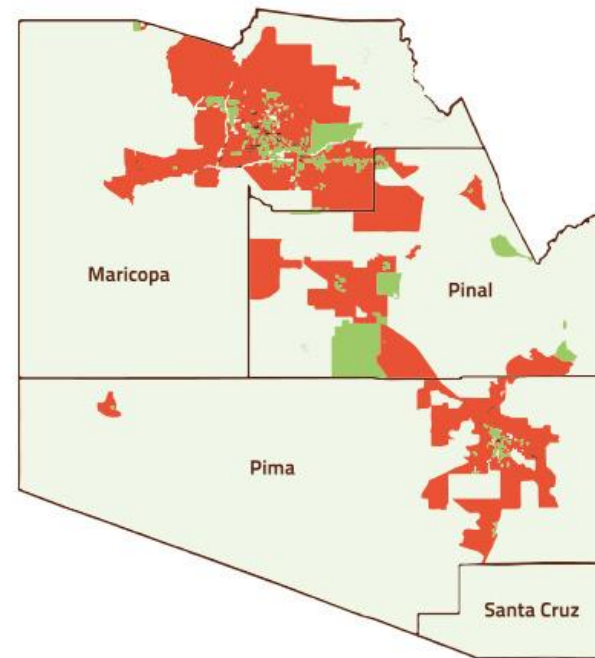
Housing Costs Compared to Housing + Transportation Costs

Source: Center for Housing Technology



Housing Costs As a Percent of Area Median Income

● Less than 30% ● 30% and Greater ● Data not Available



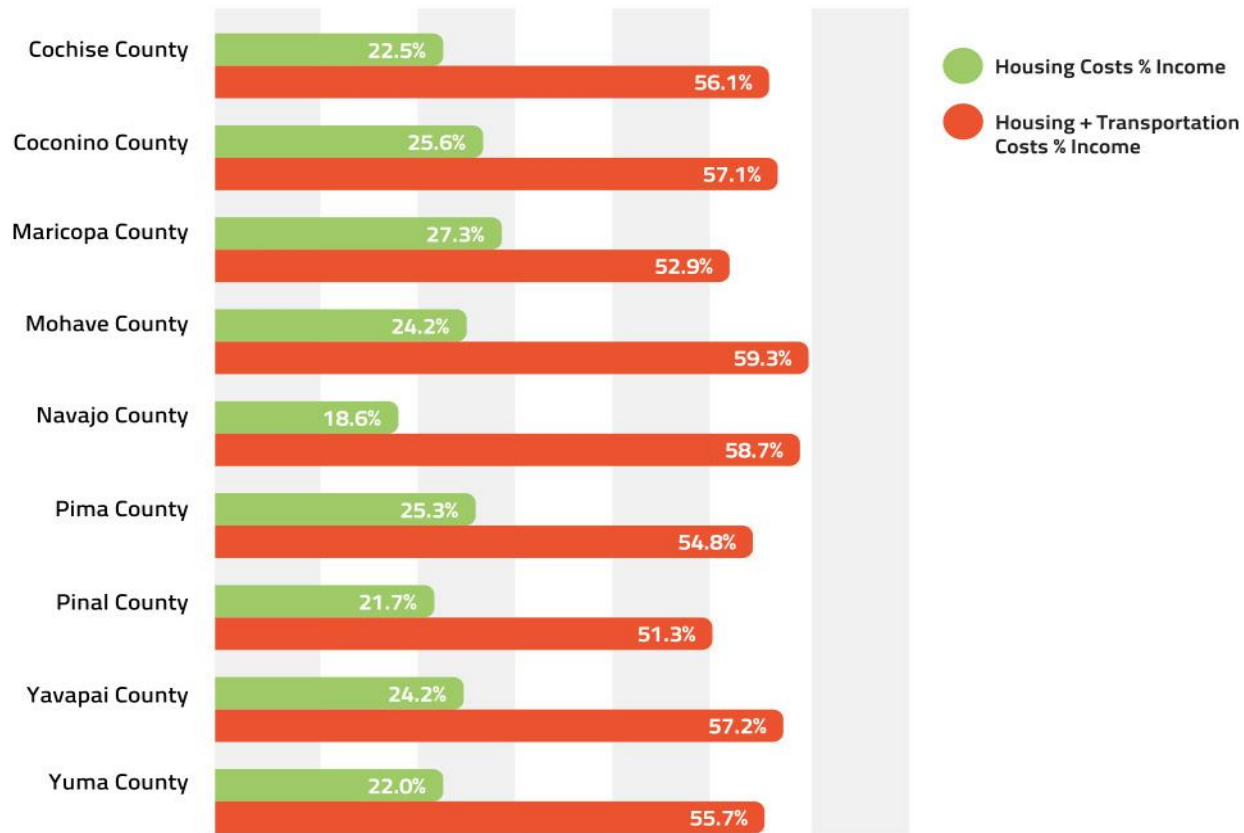
Housing + Transportation Costs As a Percent of Area Median Income

● Less than 45% ● 45% and Greater ● Data not Available



Housing + Transportation Costs as a % of Income by County

Source: htaindex.org



FINDINGS AND RECOMMENDATIONS

Finding 1: There is a serious shortage of rental housing for the poorest Arizona households.

Recommendation 1: Increase funding for the Arizona Housing Trust Fund. Target local resources to create rental home development for low income renters



Finding 2: Building a mix of housing in proximity to employment, transportation, schools and shopping centers can increase the overall economic stability of households who are struggling financially.

Recommendation 2: Support a balanced housing policy that serves both homeowners and renters in every community. Provide a variety of housing options that are location efficient and near public transportation and jobs.



Finding 3: Offering housing counseling services to existing owners and prospective homebuyers reduce and prevents foreclosures in Arizona and increases successful homeownership.

Recommendation 3: Every homebuyer should be encouraged to receive housing counseling prior to purchase. First-time homebuyers should be required to receive housing counseling.



Finding 4: Providing down payment assistance to low income families removes a major barrier to homeownership.

Recommendation 4: Target funding from federal, state, and local sources for down payment assistance.

**HOME
Matters**





Arizona Community
Reinvestment Collaborative



The Industrial Development
Authority of the City of Tucson



THE INDUSTRIAL
DEVELOPMENT AUTHORITY
OF THE COUNTY OF MARICOPA