



Minutes City Council's Transportation & Affordable Housing Committee June 4, 2007

Minutes of the Special Meeting of the City Council's Transportation & Affordable Housing Committee held on Monday, June 4, 2007, 11:30 a.m., at Uno's, 690 S. Mill Avenue, Tempe, Arizona.

Committee Members Present:

Councilmember Shana Ellis, Chair
Vice Mayor Hut Hutson

City Staff Present:

Jan Hort, City Clerk

Guests Present:

Joanna Allhands, *AZ Republic*
Allen L. Carlson, Executive Director, NewTown
Stanley Nicpon, Uno's Chicago Grill, and NewTown Board Member
Mike Patten, NewTown Board President
Linda Spears, NewTown Board Member

Councilmember Shana Ellis called the meeting to order at 11:40 a.m.

Agenda Item 1 – Future Affordable Housing and the City of Tempe

Stanley Nicpon stated that he had suggested a meeting with Councilmember Ellis and Vice Mayor Hutson to discuss housing in Tempe. He suggested holding a housing summit to deploy people and organizations where they are best suited. Five levels of housing should be addressed:

- Overnight shelters (best addressed by organizations like I-HELP and the churches)
- Transitional housing (a controlled living environment, best addressed by TCAA because of their counseling programs)
- Reasonable rentals (for people coming out of transitional housing)
- Affordable housing ownership (This is the most misunderstood level. NewTown handles this best by working with qualified, first-time owners. This program needs to be expanded with assistance from the City in terms of both houses and condos.)
- Fee simple owners

Mr. Nicpon added that in order to solve any problem of this nature, it is necessary to have a "triangle" composed of city councils because they provide policies and permission for things to get done, churches and organizations because they provide the manpower, and the business community because they provide the leadership and ability to get things done. In Tempe, the City Council, government, churches and organizations are doing a great job, but it is necessary

to bring in the business community, including the downtown community, the developers, and the Chamber of Commerce.

Linda Spears stated that one of the reasons she sits on the NewTown Board is because of her concern over what is happening to Tempe. Employees couldn't afford to live in south Tempe, but they could always live in north Tempe. Now that option is going away. The median house is now \$270K and working families cannot afford homes. In west Tempe, condos are being built with older homes being taken out and where are those people going to go? They have lived here for generations. Displaced individuals must have replacement housing. The City has taken steps on affordable housing. However, those steps require developers to pay into a fund.

Councilmember Ellis added that the City is undertaking a study on in-lieu fees, but there is no policy yet.

Ms. Spears added that developers all support the concept of workforce housing, but not in their development. They will give the City money to build it somewhere else, but it needs to be seamless integrated housing.

Councilmember Ellis added that the people who would move into one of these new developments wouldn't be the households that NewTown and other organizations are targeting. By paying into a fund, maybe there would be a community land trust home somewhere else. The kind of people she has met who are living downtown or purchasing condos downtown are people downsizing from other parts of the community. They don't appear to be people with young children. Young families need the housing; everyone should have options.

Ms. Spears added that a housing summit would help define the issues. Community support is necessary to create places for employees to live. From the summit, a community group could be formed. Maybe a planning committee comes from this "triangle."

Allen Carlson felt that Councilmember Ellis and Vice Mayor Hutson should lead the summit.

Mike Patten stated that Santa Fe has affordable housing because the city council passed a resolution supporting the creation of permanent affordable housing. With the policies that Tempe has in place, there is a recognition and support for affordable workforce housing. Their concern is that there must be a strategy in place. A mechanism to achieve the goals is either not in place or not clear. Looking at it from the outside, he is confused as to the preferences, whether they are applied consistently, and whether the development community is being fully educated about the options.

Mr. Carlson added that in looking at the DDA for the 5th and Farmer project, for example, there is a 15-year affordability period, but that is not consistent with the affordable housing strategy. If we are going to use public resources to create affordable housing, we need to look at the affordability period. Boulder, Colorado, a comparable city in population with university status, has established growth boundaries and they have been working on affordable housing for a long time. They have found, however, that with their 15-year affordability period, they have lost that opportunity.

Vice Mayor Hutson stated that there will be a drastic change in rental housing in Tempe in the next three or four years. The price will come down and a first-time home buyer on the west side of town will have an opportunity. It all depends on what ASU does with the new student

housing and when freshmen and sophomores are required to live on campus. That will eliminate 15,000 beds in Tempe in the rental housing community.

Mr. Carlson added that with the 5th and Farmer DDA, for example, ownership housing isn't specifically addressed to affordability. It is an issue of making sure staff is fully educated about how to achieve affordability.

Vice Mayor Hutson stated that it comes down to who is going to pay for it. This is really talking about taxpayer money. Public subsidy means residents will pay. A developer can't afford to buy the land, build and then sell it that cheap. The profit margin isn't there.

Mr. Carlson added that there are other strategies to be used. He asked whether the City should be the facilitator if a housing summit is held.

Vice Mayor Hutson felt that it was probably best to start it and then turn it over to the different agencies.

Ms. Spears added that a housing authority could apply for tax credits. The City can't apply for tax credits, but a housing authority could.

Councilmember Ellis stated that a housing coordinator has been hired.

Mr. Carlson asked what the vision for the position is.

Councilmember Ellis stated that it is her hope that it would involve an inventory of existing housing programs with a centralized place to find appropriate housing. We can then see where the needs are and funnel the funds there. City staff has talked about transit-oriented development along the light rail line with density bonuses. A developer could get that density bonus but it would have to include affordable housing.

Mr. Carlson stated that the housing plan describes affordable housing as housing for people who can't afford the market rate housing. The generally accepted definition of affordable housing is that the household should not pay more than 30 percent of their gross annual income for housing. In some communities where the median price of a home is \$600K, there are people who make \$200K who would need a subsidy to help them buy an affordable house. There's also the issue of eligibility. There are many families who are above the 80 percent to 120 percent level who cannot afford to buy a house in Tempe. Teachers cannot afford to live in Tempe so NewTown did a lot of work with the Tempe Union High School District to develop a program for the teachers. The teachers move out to one of the other areas and decide to get a job there. He has found that there isn't a clear understanding of what affordable housing is.

Ms. Spears added that a housing authority would make a request for a tax credit for an affordable housing unit which would include 1,000 units.

Councilmember Ellis stated that the housing summit is a good idea, but only as a first step.

Mr. Carlson added that it is important to convey the message that affordable housing is an economic development issue for Tempe businesses. The summit might be an appropriate place to provide a brief education.

Ms. Spears suggested that the planning committee put together a notebook ahead of the meeting so that people would come prepared. The notebook would need to be ready at least two weeks before the summit. Prior to a summit, this Council Committee could look at the requirements for establishing a housing authority.

DIRECTION: The housing summit concept should be taken to an IRS for consensus to refer to this Council Committee to assemble a planning committee and set a date for a housing summit.

Meeting adjourned at 12:35 p.m.

Prepared by: Connie Krosschell
Reviewed by: Jan Hort



Jan Hort
City Clerk