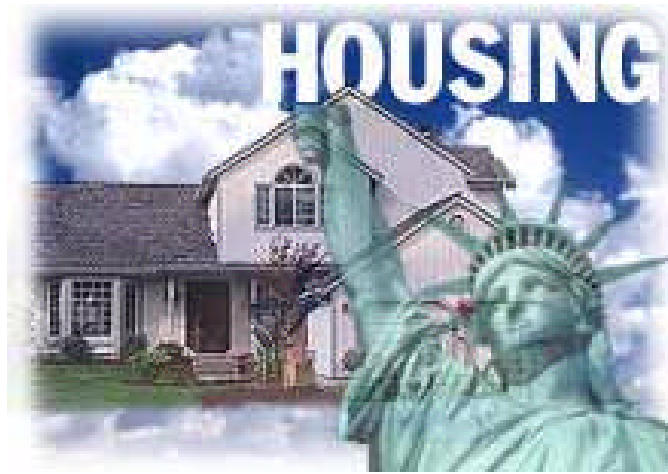


*A Strategy for the Creation and
Preservation of High Quality,
Safe and Affordable Housing*



**City of Scottsdale, AZ
July, 1999**



A Strategy for the Creation and Preservation of High Quality, Safe and Affordable Housing

**Adopted by City Council
July 6, 1999**

Scottsdale City Council

Sam Kathryn Campana, Mayor
Cynthia Lukas
Mary Manross
Robert Pettycrew
George Zrakat
Dennis Robbins
Richard Thomas

Scottsdale Housing Board

Tom Ryan, Chair
Dr. Joel Levitz, Vice Chair
James Crews
Dan Govinsky
Marion Saba
Joyce Winston
Frances Young

**Scottsdale's Task Force for the Creation and Preservation
of High Quality, Safe and
Affordable Housing**

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Task Force Leaders:

Brian Swanton, Housing Development Specialist
Paul Ludwick, Community Assistance Manager

Debra Astin, Transit Planner
Randy Grant, Senior Community Planner
Diane Kallal, Senior Grants Program Specialist
Raun Keagy, Senior Community Planner
Ron King, Asset Management Coordinator
Erin Perreault, Associate Redevelopment Planner
David Roderique, General Manager, Economic Development
Margaret Rosenhan, Human Services Specialist



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I. Introduction

In a City that has grown from one square mile to over 184 square miles in land area, Scottsdale is currently the second fastest growing city in Arizona and has the seventh fastest growth rate in the United States. Employment here is stronger than ever before and recent statistics show that Scottsdale's job growth is exceeding growth in the labor force. This, in turn, is keeping unemployment at extremely low levels; 30% lower than the rest of the metropolitan area.

Additionally, Scottsdale's median household income has been 30% higher than the Phoenix metro area as a whole. However, one trend that has received much publicity recently in Arizona and across the United States looms large in Scottsdale's future. This trend is the drastic rise in housing costs relative to a much slower rise in personal income. This is leading to an increased number of households who:

- cannot afford to live in the communities that they grew up in;
- cannot afford to live within reasonable proximity to their place of employment;
- are finding it difficult to retire in a community where they have invested an entire lifetime.

This strategy report is the result of identifying this trend and better understanding the negative impacts beginning to take shape in the City of Scottsdale. The findings in this strategy report are based on demographic data, anecdotal information and the experience of City staff and the Scottsdale Housing Board. This report examines the negative impacts of a lack of high quality, safe and affordable housing in the community and recommends strategies for increasing affordable housing that responds to community concerns in relation to the quality of life in Scottsdale.

II. Purpose

Housing affordability throughout the City of Scottsdale is a critical link in the chain of community sustainability and the need for additional housing opportunities has become imminent due to the vast population and employment growth that Scottsdale is experiencing. The Scottsdale Housing Board and the City of Scottsdale understand the importance of that link and have set out to identify strategies in response to the documented need for additional housing that is affordable to existing and future residents of the City. These strategies must also address affordable housing preservation. Scottsdale is home to several hundred currently-subsidized rental units that are losing their subsidies and are at risk of being lost as a result of converting to market rate properties. This, in turn, could remove a vast number of families with children as well as elderly residents from their affordable homes with few affordable housing options in the community. Preserving these units and the subsidies that make them affordable to low

income households is critical, especially in such a tight real estate market with severely limited affordable housing opportunities.

III. Methodology

The basic premises for the development of the enclosed affordable housing strategies were that:

- People have a legitimate expectation that their neighborhood will be a safe and decent place in which to live.
- People have a legitimate expectation that they will be involved in a meaningful way in solving neighborhood problems and issues.
- People who live in the City of Scottsdale now, who work in this community, who grew up here, and those that have retired in Scottsdale have a legitimate expectation that they and their children will be able to afford to continue living here in the future.

The Scottsdale Housing Board, a seven member citizen advisory board, advises the City Council on matters related to affordable housing need in Scottsdale. Understanding the above principles, the Housing Board adopted a position statement on affordable housing in November of 1997. The position of the Housing Board is as follows:

“There is a need to develop resources to increase the supply of high quality, safe and affordable housing for owners and renters throughout Scottsdale and special consideration must be given to increasing the supply of affordable housing as part of any of the City’s redevelopment efforts. Current numbers of units affordable to low and moderate income people must be a minimum target for the number of safe and affordable units developed as a result of any local redevelopment project.”

This position statement was the foundation for the goals and implementation strategies that are found at the end of this executive summary.

IV. Strategy Development

In the interest of developing an affordable housing strategy that is sensitive to the goals of developing a sustainable community, a Task Force for the Creation of High Quality, Safe and Affordable Housing was created with staff representatives from Planning, Redevelopment, Transit, Neighborhood Services, Asset Management, Human Services and Economic Development. An affordable housing needs assessment was then performed to identify the demographic and employment trends taking place that have direct impacts on housing affordability. Referencing those demographic trends, a housing affordability profile was developed which identified trends in the cost of housing in Scottsdale, including both renter-occupied and owner-occupied housing. Housing costs in Scottsdale were compared to the cost of housing throughout the region, as well as throughout the country.

A description of the available resources for affordable housing development and preservation was also developed. From there, several affordable housing need categories were developed, based on the findings from the data gathering.

The next step was to identify some general goals for developing affordable housing strategies. These goals, presented at the end of this document, were originally a starting point from which to generate productive discourse amongst the City Council and local residents. Through this discourse, which began with a Council work study session in December of 1998 and continued into the better half of 1999 through discussions with various boards, commissions and civic groups, the Scottsdale Housing Board has developed strategies that are specific to the affordable housing needs that have been identified in Scottsdale.

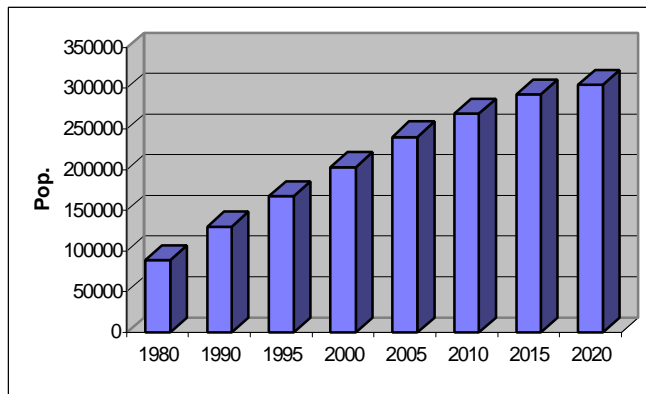
The end result of this effort will be to:

- Formalize Scottsdale’s level of commitment to developing and preserving high quality, safe and affordable housing;
- Adopt specific goals and implementation strategies that the community has identified as being most critical to the future of housing affordability in Scottsdale; and
- Develop new programs and activities through identified resources that will result in a net benefit to the community.

V. Demographic Profile

The City of Scottsdale is considered one of the fastest growing cities in the United States. Between the years of 1980 and 1990, Scottsdale’s population exploded from 88,622 to

Figure 1 - Scottsdale’s Population Trends
1980 to 2020



SOURCE: Maricopa County, 1995

130,075; a 46.8% increase. In 1980, Scottsdale ranked 177th in population size nationally, jumping to a rank of 139th in 1990. The U.S. Census Bureau reported in November of 1997 that Scottsdale is now the *seventh* fastest growing city in the nation in terms of percentage of population growth in the 90’s.

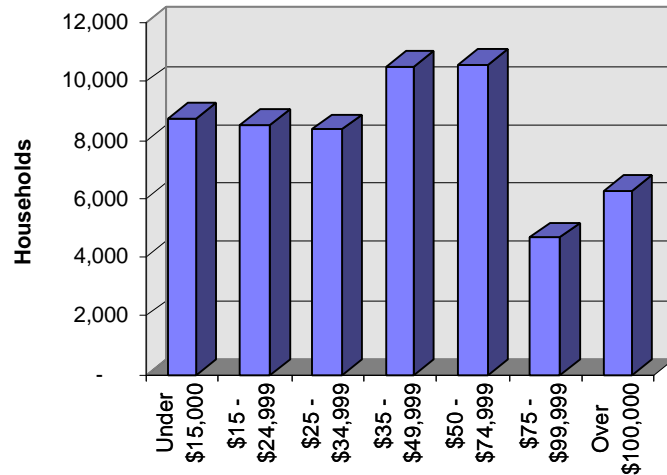
Median incomes vary quite substantially in Scottsdale with the varying types of households. For example, family households had a much higher median income in 1990 at \$48,202 while non-family households had a median income of only \$25,157, or 48% lower. With household income the determining factor behind what a household can afford in terms of housing, these figures become very telling.

Median incomes vary quite substantially in Scottsdale with the varying types of households. For example, family households had a

Overall, Scottsdale has one of the highest median incomes in the country for a city of this size. In 1990, Scottsdale’s median household income was reported in the U.S. Census at \$39,037. More recently, Scottsdale’s 1998 median household income was estimated at \$56,000, a drastic increase over a period of only seven years. However, as detailed in the chart below, there are many households in Scottsdale with much lower incomes and the distribution of income level is widely spread.

Scottsdale had only 5.8% of its population living in poverty in 1990. However, the sheer number of persons living at or below poverty in 1990 equaled 7,583. An even more telling statistic is that over 61% of these Scottsdale residents are female and over 90%, or 6,856, are white. Fifteen percent of persons living in poverty, or a total of 1,160 persons, were over the age of 65. Of these seniors living in poverty, 958 or almost 83% were receiving public income assistance.

Figure 3 - Household Income Distribution in 1990



SOURCE: 1990 Census of Population & Housing

The U.S. Census threshold in 1990 for families living in poverty was extremely low; \$6,268 annually for a single person over the age of 65 and a weighted average of \$13,359 annually for a family of four.

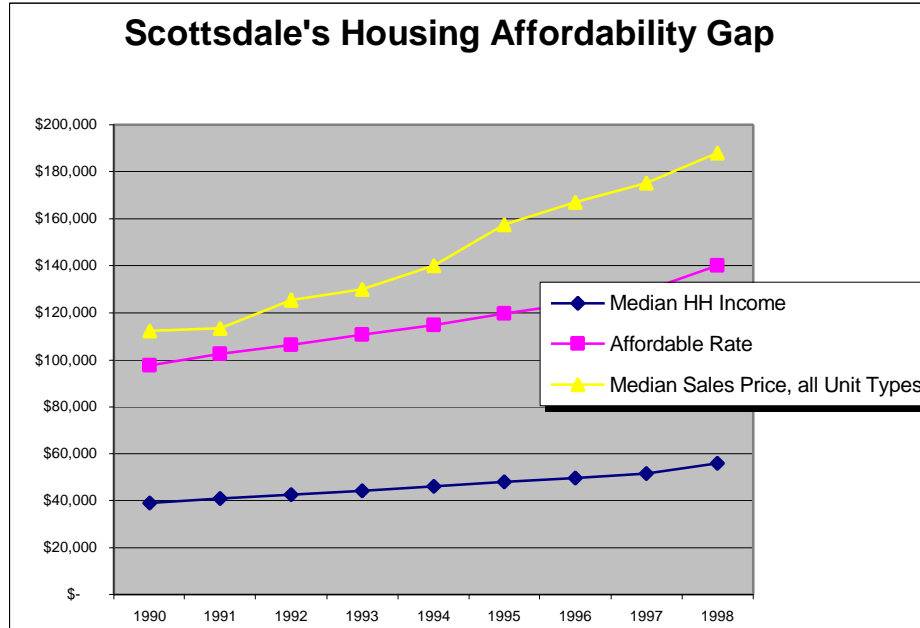
VI. Housing Affordability Profile:

In 1990, the median sales price of Scottsdale’s owner-occupied housing units was \$112,500 according to the Real Estate Center at Arizona State University. At that time, Scottsdale’s median household income was \$39,037. The median household in 1990 could afford a home in the \$97,600 range¹. The gap between median housing costs and what the median household could afford was \$14,900 using these benchmarks.

However, a potential homebuyer in the market for a home in Scottsdale today would have to pay far greater to achieve the goal of homeownership. In 1998, the median sales price of all owner-occupied housing units sold in Scottsdale was \$188,000. With an estimated 1998 median household income of \$56,000, today’s median household can afford a home costing approximately \$140,000. The affordability gap in less than ten years has jumped from \$14,900 to \$48,000, a 222% increase. By industry standards, a household would

¹ Assuming a general rule of 2.5 times gross income needed to qualify. Actual price range will vary based on funds available for downpayment and closing costs, other monthly debt payments and interest rate.

need to gross at least \$75,200 annually to qualify for a mortgage to pay for the median priced home in Scottsdale. This is 30% higher than Scottsdale's median income.



Rental rates are also high in Scottsdale for many of the same reasons that rents are escalating at the State and National level. With a large population influx and limited development opportunities, vacancy rates decline while demand for additional units increases. This, in effect, increases rents to levels that are unaffordable to many working households. In 1990, the U.S. Census reported that Scottsdale's median gross rent was

\$597 for all rental units in the City. In December of 1997, a survey of 67 market-rate rental communities in Scottsdale representing 14,578 units was performed by the City of Scottsdale Community Assistance Office. The results of this survey show that market rents in Scottsdale averaged \$641.73

monthly for a one bedroom unit, \$769.84 for a two-bedroom, and \$1,041.61 for a three bedroom unit at that time. This survey was repeated 12 months later during December of 1998 and showed increases of 4%, 3% and 2% for a one, two and three bedroom unit, respectively (see chart below).

“Assuming that the pace of multi-family development remains consistent with the level of growth experienced so far in the 1990’s, the City will completely build out its available multi-family land by the year 2005.”

**Table 3 - Scottsdale Recent Market Rent Survey
Dec. 1997 to Dec. 1998**

	Dec-97	Dec-98	% Change
1 BR	\$ 641.73	\$ 665.02	4%
2 BR	\$ 769.84	\$ 793.17	3%
3 BR	\$ 1,040.61	\$ 1,070.97	3%

SOURCE: City of Scottsdale Community Assistance Office

Additionally, land available for the development of multi-family housing is quickly disappearing. A special report prepared by the City of Scottsdale’s Community Planning Department shows that Scottsdale has approximately 700 acres of available land for multi-family development. This land will potentially increase the number of units by 12,500. Assuming that the pace of multi-family development remains consistent with the level of growth experienced so far in the 1990’s, the City will completely build out it’s available multi-family land by 2005.

So how many households in Scottsdale are in need? This number will certainly differ based on how one defines “need” for affordable housing, or households that are “cost burdened” by monthly housing costs. For the purposes of this report, a household that is cost burdened is defined as any household earning 80% or less of the median area income that pays more than 30% of their income for housing, including utilities. This is consistent with the definition used by the U.S. Department of Housing and Urban Development’s definition in 1990, which is the year this data was compiled.

According to the 1990 Census, 13,204 households in owner-occupied units in Scottsdale paid more than 30% of their income for housing expenses. Of this number, 3,444 paid more than 50%. The median year that Scottsdale’s housing units were built was 1977.

Over Thirteen thousand two hundred and fifty-four households in Scottsdale earned less than 80% of the County’s median income in 1990 and were impacted by either housing cost burdens, overcrowding or both. By the year 2000, this group will increase by a minimum of 1,750 additional households.

The 1990 Census also reports that there were more than 40,000 units built before 1980, over 52% of which were built before 1970. A total of 239 units in Scottsdale were listed as having

incomplete kitchen facilities or incomplete plumbing. As the housing stock continues to age, it can be anticipated that many of these homeowners and rental property owners, especially those with lower incomes, will not have the economic resources to maintain their properties to very high standards of quality, increasing the importance of rehabilitation programs.

In the rental category, 11,619 low income households paid more than 30% of their income for housing expenses; and of these, 3,594 paid more than 50%. Members of this group

have difficulty coping with increasing rents and renters with lower incomes may decide that doubling up with another household is the only viable solution.

VII. Scottsdale’s Affordable Housing Need Categories

During the process of developing the needs assessment portion of this Strategy, a group of specific areas of need seemed to arise based on the data contained in the report and based on events that took place while researching and compiling information. These areas of need fall into two primary “need categories”. These categories are as follows:

- Preservation of Existing Affordable Housing
- New Development of Affordable Housing

PRESERVATION OF EXISTING AFFORDABLE HOUSING

Increasing the supply of affordable housing for residents of Scottsdale is and always has been an area of great need. However, there are currently several hundred units of existing affordable housing in Scottsdale that are at risk of being lost over the next 1 to 15 years. One of the reasons for this is the loss of critical HUD mortgage interest subsidies on rental properties that keep the rents affordable, potential demolition of affordable housing due to redevelopment of residential areas in the City of Scottsdale, and deterioration which can compromise health and safety. In order to assure that Scottsdale does not experience an immediate net loss of affordable housing units, the most critical and pressing need for preservation lies with properties that are currently subsidized by HUD that are at risk of losing the subsidies that keep the rents affordable, as detailed below.

Expiring Section 8 Units: The City of Scottsdale currently has six privately owned multi-family residential properties that are currently under a HUD subsidy agreement which keeps rents at an affordable level (typically below 80% of the area median income). These six properties represent 355 total units of affordable housing. For each subsidy, the term of the agreement between the property owner and HUD is limited and subject to expiration. Because of the fact that each subsidy is structured differently and each subsidy has a different expiration date, the level of risk for losing the affordability of these units varies considerably. Following is a description of each subsidized development and its respective subsidy.



Photo 1 - Vivendas Scottsdale

Vivendas Scottsdale, pictured to the left, is the property with the highest risk of losing its subsidy. This property is located at 3200 N. 75th Street. This property is a 68 unit multi-family development with a mixture of one- and two-bedroom units, and a small number of three bedroom units as well. This property was originally provided assistance through HUD's Section 236 Mortgage Subsidy Program, which subsidized the rent levels for occupants that are below 80% of the median income in the Phoenix metropolitan

area. On this particular property, the owner pays 1% of the mortgage interest and HUD pays the remaining 6%. There is also a separate project-based Section 8 contract on 28 of the 68 units which keeps these units even more affordable to families that are below 60% of median income. However, the property owner is now eligible to pre-pay the mortgage on this property at any time and the Section 8 contract will expire on June 30, 2000, relieving the owner from any and all rent restrictions. The property owner has indicated to HUD officials that she will likely pre-pay the mortgage in the not-too-distant future, which originally wouldn't reach its maturity date until the Year 2014. This poses an immediate risk to the affordability of all 68 units.

The owners have also indicated that instead of renewing the Section 8 contract in June of 2000, they will likely opt out of the program all together and either sell the property in the open market or convert the units to condominiums. Should this happen, HUD will issue tenant-based rental vouchers to all of the residents there based on the new rent levels set after all restrictions are released. However, the rental vouchers are renewed annually, with no long term guarantee of availability. The other issue is that the supply of affordable rental units in the City of Scottsdale is limited, and should rent levels be raised at Vivendas Scottsdale to a level beyond what the Section 8 program considers reasonable, finding alternative housing opportunities could be difficult for the existing tenants.



Photo 2 - Hacienda de Los Arcos

Hacienda de Los Arcos, pictured to the left, is another property very similar to Vivendas Scottsdale in the way the rents there are structured, however, the risk of losing this property from the affordable housing stock is only moderate. This 121 unit multi-family development is located at 7529 E. Culver Street, southeast of Los Arcos Mall, and contains mostly one-bedroom units and a small number of two bedroom units as well. This property is currently in the process of converting to a senior-only

community. The Section 236 mortgage subsidy on this property, which keeps the rents affordable to all of the residents, is also eligible for pre-payment at any time, although the maturity date on the mortgage is April 1, 2014.

There are also two Section 8 project-based contracts with HUD on this property which subsidizes the rent levels for all but 20 of the units to households earning less than 60% of the area median income. These contracts originally expired on 6/30/96 and 9/30/96, respectively. However, the owners of the property, a limited partnership called Los Arcos United Building Corporation (which is a non-profit arm of the Los Arcos United Methodist Church) have continually renewed these contracts with HUD on an annual basis. The United Methodist Church has indicated that they expect to continually renew the subsidies in future years as part of their mission is to reach out to the less fortunate in the community. However, there is always a possibility that the Trustees of the Church may decide not to renew the contracts with HUD and sell the property in the open market. This could potentially place all 121 units at risk.



Photo 3 - Casa de Amigos

Casa de Amigos, pictured to the left, is located at 303 N. Miller Road and is the one other property in Scottsdale with a form of Section 8 project-based assistance on it that could be classified as a moderate to high risk for loss of affordability. This property is comprised of 35 total units with 27 two-bedroom units, 4 three-bedroom units, and 4 four-bedroom units. This property is a significant resource in Scottsdale's affordable housing stock for low-income families due to its bedroom composition; very few

units throughout the City contain three-bedroom units, and even fewer contain four-bedroom units. The ownership of Casa de Amigos is profit-motivated, however, the Section 8 contract does not expire until March 2, 2002 and rent restrictions cannot be released until at least that time. The owners of this property, while only allowed to charge the residents a maximum of 30% of their gross monthly income, receive a HUD subsidy that goes up to 130% of the HUD-established fair market rent. This is a significant benefit to the owner which may encourage them to hold on to the property and renew their Section 8 contract in 2002. Nonetheless, the City has been contacted by the property owner and has received an indication of a possible sale of this property within the next two to three years. Scottsdale needs to prepare itself for responding to the chance of losing the affordability of these 35 units should the owner decide to sell.

Scottsdale also contains three properties that are subsidized through HUD's Section 202 and Section 811 programs which are designed to provide non-profit agencies with both development and rental subsidies for rental developments that benefit elderly and/or disabled individuals². These three properties are the **Arizona Retirement Home of Scottsdale I & II**, located at 7310 and 7312 E. Palm Lane and **Handicapped Village of Arizona**, located at 6388 E. Oak Street.

² For more detailed information on all of HUD's project-based subsidy programs that effect properties in Scottsdale, see *Section V: Existing Resources, "Mortgage Insurance for Rental and Cooperative Housing"*.



Photo 4 - AZ Retirement Home of Scottsdale I & II



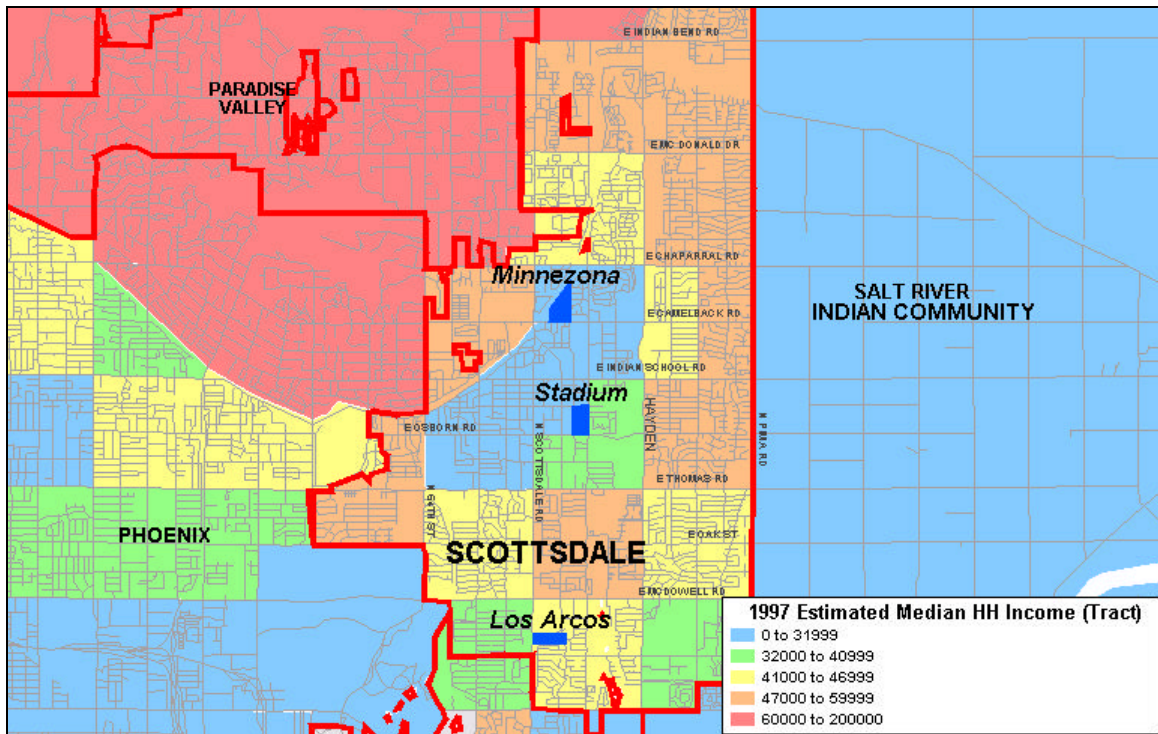
Photo 5 - Handicapped Village of Arizona

These three properties have been classified as low risk of loss for several reasons. First, only non-profit agencies are eligible to receive Section 202 or 811 funding, and these properties must remain under non-profit ownership and include intense supportive services to its special needs residents. Non-profits with a special mission to provide these types of supportive services are not only required to provide the services along with low rents, but make it their purpose as an organization to do so. Second, the terms of the subsidy contracts with HUD do not expire until 2005 for Handicapped Village of Arizona, and 2007 and 2014 for Arizona Retirement Home of Scottsdale I & II, respectively. Even as these dates get closer, the respective agencies will most likely renew subsidy contracts with HUD in order to continue providing the necessary services for the residents there. These three properties represent a total of 131 units of high quality, safe and affordable rental housing for special needs residents of our community.

Quantifying the Rental Housing Need in the City of Scottsdale

<i>Number of Federally-Subsidized Project-Based Rental Units in Scottsdale</i>	385
<i>Number of Federally-Subsidized Tenant-Based Certificates and Vouchers in Scottsdale</i>	581
<i>Number of Units at Risk of Loss Due to Expiring Subsidies</i>	224
<i>Estimated Number of Scottsdale Renter Households in Need of Rental Assistance</i>	11,619

Redevelopment: Another significant threat to affordable rental housing in Scottsdale is the process of redeveloping Scottsdale's older neighborhoods. Scottsdale is currently home to three redevelopment areas that contain over 300 units of affordable rental housing. Much of the rental housing in Scottsdale's redevelopment areas is either affordable due to federal subsidies used to finance their acquisition and rehabilitation, or is affordable simply due to obsolescence and poor property management. While redevelopment is desperately needed in these neighborhoods, opportunities through redevelopment for replacing the units that will likely be demolished need to be maximized. Furthermore, these opportunities for increasing Scottsdale's stock of high quality affordable housing ought to be addressed through every redevelopment activity that we engage in. Below is map of neighborhoods which contain affordable rental housing and lie within a Scottsdale redevelopment area.



DEVELOPMENT OF NEW AFFORDABLE HOUSING

In 1995, the City of Scottsdale had approximately 440 certificates and vouchers for low income renters in Scottsdale, which represented roughly 5% of the estimated demand mentioned above. In 1998, the City of Scottsdale has added approximately 132 vouchers to it's total available subsidy for Scottsdale renters, which represents roughly 6% of the estimated 1999 demand. However, the addition of these tenant-based vouchers has simply replaced an expired project-based assistance and has not truly added to the total subsidy amount, nor has it added to the number of units available. On the development side, the City of Scottsdale has not added new housing units to its permanent affordable housing inventory during the three year period beginning in 1995, aside from acquisition and rehabilitation of existing units.

In terms of increasing the supply of affordable housing for homeownership, the City of Scottsdale has not added to the supply through new construction. Scottsdale has awarded approximately \$115,000 to a non-profit agency for the acquisition and rehabilitation of 6 single family units during FY 1998/99. However, there are approximately 5,750 owner household below 80% of the median income that are either paying more than 30% of their income for housing or who are living in substandard or overcrowded units. Single family rehabilitation has addressed the demand for increasing the livability of approximately 110 deteriorating single family units since FY 1994/95, but the overcrowding issue has not been addressed through any significant new development simply due to lack of available resources.

Resources for new construction of high quality, safe and affordable housing are also severely limited. The primary fund for financing this activity under control of the City is the federal HOME Investment Partnerships program, of which the City of Scottsdale receives only \$260,000 per year. This funding source has only been enough to fund rehabilitation of transitional units for the homeless and limited acquisition and rehabilitation of small 4-plex and 8-plex properties that are already in existence. The City is currently in the process of reserving several years of HOME funding for new construction of high quality, affordable housing, possibly in conjunction with one of Scottsdale's redevelopment proposals. However, in doing that, all local affordable housing development funding will remain unavailable for any other development or preservation activity during that time.

Also, land available for the development of affordable single family and multi-family housing is quickly disappearing. Scottsdale only has approximately 700 acres of available land either planned or currently zoned for multi-family development. Assuming that the pace of multi-family development remains consistent with the level of growth experienced so far in the 1990's, the City will completely build out it's available multi-family land in 2005. Also, development fees can add significantly to the cost of new development. For a single family residential subdivision in Scottsdale, planning, zoning and engineering fees add approximately \$33,731 to the cost of a project, and building permit fees, water and sewer utility fees and other fees add an additional \$5,113 for a total of approximately \$38,844. For multi-family residential developments, fees and permit costs add approximately \$511,094 to the cost of a typical development.

On the following pages, the Scottsdale Housing Board has outlined its vision for the future of affordable housing in Scottsdale. Following the vision statement is a list of five guiding principles which have guided the development of the goals and implementation strategies being recommended, beginning on Page 16. Each goal, and its corresponding implementation strategies, has been classified under the two identified need categories discussed above: PRESERVATION and NEW DEVELOPMENT.



Policy Statement for the Preservation and New Development of High Quality, Safe and Affordable Housing

VISION:

As a "Most Livable City", Scottsdale supports an environment that enables those men and women who live and work here to have opportunities to find high quality, safe and affordable homes in this Community.

GUIDING PRINCIPLES:

Act to preserve the number of safe and suitable housing units in the community that are currently affordable to low and moderate income households;

Require that developments which utilize public participation meet the aesthetic value and management quality of other developments in the area;

Implement goals for the preservation and new development of high quality, safe and affordable housing through partnerships with the private for-profit and non-profit sectors;

Involve neighborhoods in a meaningful way in the planning and implementation of affordable housing preservation, revitalization and new development; and,

Encourage the contributions of a richly diverse citizenry.

Affordable Housing Goals and Implementation Strategies

The goals and implementation strategies of the *Strategy for the Creation and Preservation of High Quality, Safe and Affordable Housing*, presented below, are the foundation for the future of affordable housing in Scottsdale. They have been categorized into two separate areas of affordable housing need: preservation and new development. An arrow designates strategies. These strategies will be the basis for annual action plans that will be developed in respect to the following goals and objectives. This *Strategy for the Creation and Preservation of High Quality, Safe and Affordable Housing* will also be reviewed and updated periodically, but at least every three years.

GOAL #1: THE PRESERVATION OF AFFORDABLE HOUSING

- I. Pursue feasible avenues for the preservation of existing affordable housing in Scottsdale: to include, as appropriate: redevelopment, acquisition, rehabilitation, and financial restructuring to secure the quality of existing structures, to assure high quality management, and to provide for the long term affordability of these units.**
 - Take a proactive position on legislative matters that support the rehabilitation, revitalization and redevelopment of high quality, safe and affordable housing.

- II. Increase the rate of homeownership among moderate-income households who work in Scottsdale.**
 - Secure homebuyer assistance resources that allow people to afford home ownership in the current marketplace in existing neighborhoods.
 - Support and join other Arizona communities in the issuance of mortgage revenue bonds and mortgage credit certificates for single family home ownership development.
 - Improve the effectiveness of HUD’s Officer Next Door Program in Scottsdale neighborhoods.

- III. Preserve the affordability of multifamily developments that are “opting out” of Section 8 project-based assistance contracts.**
 - Maintain a cooperative working relationship with the local HUD office with a specific view to being an active participant in the process of project “opt-out.”
 - Connect the owners of “opt-out” properties with people and resources that have the best possibility of preserving affordability.
 - Accept the administration of Section 8 Certificates/Vouchers to assist tenants who will be impacted by the “opt-out” of their multifamily home.

IV. Assure that affordable housing challenges and opportunities for new development are addressed through all of Scottsdale's redevelopment activities.

- Where a redevelopment project will displace housing units that are currently occupied by, or affordable to, households with incomes below 60% of the area median income, the developer will include in the response to the RFP a plan that will replace, one-for-one, on- or off-site, the number of housing units that are to be displaced by the proposed redevelopment project.
- While it may not be feasible in every case to achieve one-for-one replacement of all affordable units, the Housing Board, the Human Services staff and the Redevelopment staff will consult with the selected developer to prepare a redevelopment agreement that incorporates an approved housing replacement plan that meets the intent of one-for-one replacement. The Housing Board will submit to City Council its assessment of the housing replacement plan.

V. Continue the rehabilitation of single family units, owned by income-qualified households throughout the City.

- Continue to utilize significant Community Development Block Grant resources to rehabilitate owner occupied single family homes.
- Recover through deferred loans, 50% of rehabilitation loans to provide an income stream for future rehabilitation and emergency repair assistance.
- Strengthen partnerships with private lenders to secure increased resources for housing rehabilitation.
- Seek other private sector partnerships.

VI. Continue to support the acquisition and rehabilitation of both single family and multi-family properties through partnerships with non-profit housing development agencies.

- Allocate locally controlled grant resources to well designed proposals to acquire, rehabilitate and manage existing multifamily properties.
- Provide resolutions of support for applications to other state or federal funding sources by non-profit corporations for acquisition and rehabilitation of multifamily properties.

VII. Advocate for additional resources for the preservation of affordable housing in Scottsdale.

- Support reauthorization of the Low Income Housing Tax Credit Program.
- Support and join other Arizona communities in the issuance of mortgage revenue bonds for single family home ownership.
- Support home-ownership counseling services for educating senior property owners regarding reverse mortgages.
- Support home-ownership counseling services for prospective home owners.
- Support the Family Self-Sufficiency Program mission to help residents obtain the skills, education, and resources necessary for improved employability with expanded opportunities to afford unsubsidized housing.

VIII. Continue the use of available Section 8 Vouchers and Certificates to maximize the housing resources of the private for-profit rental market.

- Authorize the City Manager to accept all certificates and vouchers that are offered to the City to assist the residents of Project-Based Section 8 developments whose property owners opt out of the Section 8 program when subsidies expire.
- Pursue additional Section 8 vouchers and certificates whenever they are made available through the Department of Housing and Urban Development.
- Hire Section 8 staff as sufficient funds are available from Section 8 Program Administrative revenue to insure that services are provided as efficiently as possible.

GOAL #2: THE DEVELOPMENT OF NEW AFFORDABLE HOUSING

I. Increase the overall supply of affordable single family and multi-family housing units by 150 units each year.

- Establish a housing trust fund from local general funds and private sector contributions, to be matched by state and federal housing development subsidies.

II. Increase the rate of homeownership among moderate-income households who work in Scottsdale.

- Support and join other Arizona communities in the issuance of mortgage revenue bonds for single family home ownership development.
- Consider proposals by non-profit or for-profit developers for the development of new high quality safe and affordable owner-occupied housing.
- Support home-ownership counseling services for prospective home owners.

III. Mitigate regulatory barriers that inhibit the development of new housing that is affordable to low and moderate income households in Scottsdale.

- Allow for the adjustment of development fees for specifically identified new developments that meet community expectations for high quality safe and affordable housing, upon recommendation of the Scottsdale Housing Board.
- Budget general fund revenues to subsidize development costs for specifically identified new developments that meet community expectations for high quality safe and affordable housing.
- Include the Housing Board in the revision of Scottsdale's General Plan, with particular interest in the Housing Element of the Plan and the new housing affordability requirements contained in the *Growing Smarter* legislation.

IV. Address the growing need for affordable senior housing.

- Pursue partnerships with private and non-profit developers to secure new affordable and/or assisted housing for seniors through Section 202, Low Income Housing Tax Credits, Affordable Housing Bonds or other funding sources.

V. Advocate for legislative action that provides additional resources for the new development of affordable housing in Scottsdale.

- On an annual basis, review and support specific state and federal legislation that contributes to the supply of new high quality safe and affordable housing.

VI. Establish appropriate incentives for the development of affordable infill housing.

- Create an inventory of vacant land suitable for affordable residential development.
- Consider the same incentives proposed for mitigating development costs in Section III above.
- Seek opportunities to develop new mixed income units in conjunction with transit hubs.
- Add to the supply of mixed income housing units in close proximity to the Scottsdale Airpark and other major employment centers.

VII. Increase the role of the Scottsdale Housing Board with respect to increasing the supply of new housing opportunities for low and moderate income households.

- Utilize the Scottsdale Housing Board as the initial point of contact for all requests for resolutions of support required for applications for allocations of Low Income Housing Tax Credits within the community. Their role is to review new development applications for compliance with community expectations and in all cases to make a recommendation to the City Council regarding conditions on resolutions of support.
- Review the opportunities and constraints pertinent to the creation of a non-profit corporation under the sponsorship of the Scottsdale Housing Board to improve the City's capacity to serve as a co-sponsor in the funding and development of high quality, safe and affordable housing.

VIII. Involve major employers in identifying solutions to the lack of high quality, safe and affordable housing.

IX. Maximize citizen participation.

- Require developers seeking City support for affordable housing to meet with the neighborhood early enough in the design process, so that neighborhood concerns can be addressed.
- Require developers seeking City support for affordable housing to secure a formal recommendation from the Scottsdale Housing Board to the City Council for public action.