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Pima County Board of Supervisors

To: Melissa Manriquez, Clerk of the Board

From: Matt Heinz, Supervisor, District 2

Date: May 29, 2025

RE: June 3, 2025, Addendum Agenda:
Proposed BOS Policy D22.17 – Closing the Gap in Affordable Housing, Tackling Housing Insecurity, and Preventing an Escalation of Homelessness

Please add this item to the June 3rd Addendum Agenda. I request that this item be heard in place of the continued item from previous Board meetings (#18 on the Regular Agenda, "Board of Supervisors Policy D22.17 - General Fund, Three Cents for Affordable Housing"). I also request that it be heard directly after item #19 on the Regular Agenda, "Affordable Housing Appropriation for FY26," and that both items be heard beginning at a time certain of 10:30 AM.

Board of Supervisors:

Discussion/Direction/Action: Proposing adoption of *Board of Supervisors Policy D22.17 – Closing the Gap in Affordable Housing, Tackling Housing Insecurity, and Preventing an Escalation of Homelessness*, to establish Pima County policy to address housing affordability, reduce housing insecurity, and prevent homelessness by establishing an annual allocation of County funds to support the construction of new and preservation of existing affordable housing units and to fund supportive programs that keep people housed, with a total allocation over 10 years of at least \$250 Million to the Pima County "Affordable Housing Fund."

The initial ECONorthwest findings show that an additional 116,000 housing units are needed over the next 20 years, including accommodating future growth, with more than 50% of these units needed for households earning below 60% of the Area Median Income (60% AMI = \$40,760 for a family of four, 2023). The *current* shortage of units needed for *today's* Pima County population is estimated at 21,700 units, including 8,000 units to address homelessness and 13,700 units to meet underproduction.

According to the *Tucson Pima Collaboration to End Homelessness 2024 Gaps Analysis*¹, an astonishing 55% of all renters in Pima County (approx. 88,000 households) are currently "housing cost burdened," i.e. spending more than 30% of their household income on housing costs. **Nearly three in ten Pima County renters are spending 50% or more of their income on housing** ("Severe housing cost burden"). This is unsustainable. As the report notes, high levels of housing insecurity put a larger share of households at risk of homelessness.

Median rents rose more than 30%-35% in Pima County (depending on the study) between September 2020 and September 2023 and remain elevated today. Additionally, for those trying to become homeowners, housing prices have increased dramatically as well. While in 2020, 75% of Tucson homes sold were affordable

¹ Bentele, K. G., & Shuman, S. (2025). Increasing Need and Decreasing Capacity to Serve: An Urgent Case for Local Homelessness Prevention - Tucson Pima Collaboration to End Homelessness 2024 Gaps Analysis. Tucson, AZ: University of Arizona, Southwest Institute for Research on Women.

Supervisor Heinz

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for a family earning the median income, by 2023, only 38% of homes sold in Tucson were affordable for the median income earning family, and the trendline was continuing downwards.

With rents up more than 30%-35% and wages not keeping pace, many Pima County renters find themselves in a negative monthly cash flow situation, making it impossible to save up for a down payment. Combined with the accelerated rise in home prices over the past few years, the status quo is literally shutting out tens of thousands of Pima County residents, including most young people, from the American Dream.

Even worse, more and more of our neighbors in recent years have been priced out of stable, affordable housing and have entered homelessness as a direct result, including a significant increase in senior citizens experiencing housing insecurity and homelessness.

Today in Pima County, there are more people entering homelessness than exiting homelessness, every month. **We can do better.**

Today's annual County appropriation of \$5 million for Affordable Housing is a down payment, but insufficient to the scale of the need. This policy aims to significantly increase our investment over the next decade, to meet a much larger share of the need as rapidly as possible.

By increasing our commitment to Affordable Housing development and preservation, and to programs that keep people housed, we will keep more Pima County residents safely housed and reduce housing insecurity. We will prevent more people from falling into homelessness and make it easier for people to exit homelessness. And we will signal to private sector developers that Pima County is where they want to invest with new affordable housing projects.

I ask my colleagues to join me, and so many across our community who have spoken out so eloquently and forcefully, in taking this bold and necessary action today. Let's set the course for a more sustainable future for ALL Pima County residents.

cc: Jan Leshner, County Administrator
Steve Holmes, Deputy County Administrator
Carmine DeBonis, Jr., Deputy County Administrator
Nicole Fyffe, Senior Advisor to the County Administrator
Jenifer Darland, Director, Office of Housing Opportunities and Homeless Solutions
Dan Sullivan, Director, Community & Workforce Development
Terry Galligan, Deputy Director, Community & Workforce Development
Chris Poirier, Director, Development Services



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Purpose

To establish Pima County policy to address housing affordability, reduce housing insecurity, and prevent homelessness by establishing an annual allocation of County funds to support the construction of new and preservation of existing affordable housing units and to fund supportive programs that keep people housed, prevent people from becoming homeless, or help people exit homelessness back to stable housing.

Background

Per the work of our County Administration with ECONorthwest, county departments, the Regional Affordable Housing Commission, the incorporated cities and towns, the Pascua Yaqui Tribe, the Tohono O’odham Nation and other stakeholders, the County is preparing a **Regional Housing Strategy and Funding Plan** during 2025 to address the entirety of the identified need for more housing units of all types and across the income spectrum over the next 20 years.

While the Regional Housing Strategy and Funding Plan looks to identify three to five core strategies to pursue, and while there will be roles to play for individual jurisdictions as well as the County, including necessary zoning reforms, it is an unmistakable fact that part of the solution is significantly more funding for affordable housing development regionwide.

The *Tucson Pima Collaboration to End Homelessness 2024 Gaps Analysis*¹ showed that at the time of this policy’s adoption, 55% of all renters in Pima County were “housing cost burdened,” i.e. spending more than 30% of their household income on housing costs. Nearly three in ten Pima County renters were spending 50% or more of their income on housing (“*Severely* housing cost burdened”). As the report noted, high levels of housing insecurity put a larger share of households at risk of homelessness.

At the time of this policy’s adoption, median rents had risen across Pima County by more than 30% in just a few years, taking us from a community that was known for its housing affordability to one where housing affordability was a struggle for a majority of renters.

The shortage of affordable units — particularly those accessible to residents earning 60% of the Area Median Income (AMI) or below — had resulted in rising housing insecurity, increased displacement, and the deterioration of older housing stock. Pima County’s housing challenges were being felt countywide:

- In **urban areas like Tucson**, families faced rising rents and limited ownership opportunities.

¹ Bentele, K. G., & Shuman, S. (2025). Increasing Need and Decreasing Capacity to Serve: An Urgent Case for Local Homelessness Prevention - Tucson Pima Collaboration to End Homelessness 2024 Gaps Analysis. Tucson, AZ: University of Arizona, Southwest Institute for Research on Women.



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- In **rural and some unincorporated communities**, aging manufactured homes were falling into disrepair, and investment was scarce.
- **Tribal nations and historically underserved neighborhoods** lacked access to quality, affordable units.

At the time of this policy's adoption, development of affordable housing had just been added as a new program to the County's *10-year Integrated Infrastructure Plan* that informs the County's 5-year Capital Improvement Plans and subsequent annual County budgets.

In addition, The County and the Commission had for three years implemented strategies recommended by the Affordable Housing Task Force and had developed an informed understanding of which strategies were most effective at generating additional housing units.

Finally, the County's consultant, EConorthwest, had provided preliminary results regarding housing supply needs across the county and within cities and towns, including the projected shortfall and the number of units needed over the next 20 years by household income level.

The EConorthwest preliminary Housing Needs Assessment showed that for those members of our community living at or below 60% of the Area Median Income, *we needed to build 38,584 additional affordable housing units by 2035*, including accommodating future growth. The report noted that these units, by definition, "will require some level of subsidy for production, preservation, or stabilization."

Eligible Programs

Per the deliberations of the Regional Affordable Housing Commission, the two "buckets" we must invest in, simultaneously, are "**Build More**" and "**Keep People Housed.**"

"**Build More**" includes Gap Funding for Affordable Housing. Per the Affordable Housing Commission's established RFP process, this means investing county dollars as *gap funding in private development, or public-private partnership development, of new affordable housing units (rental or homeownership) and preservation of existing affordable housing units.*²

In addition to investments in the urban core, this policy should lead to increased investment in affordable housing for Tribal communities and rural and unincorporated areas as well. The Commission should also investigate the potential to leverage Gap Funding or other resources for the purpose of helping mobile home owners collaborate to establish Resident-Owned Communities (ROC) in their mobile home parks, locking in affordability for the long-term.

² Eligible Recipients include regional nonprofit housing developers and Community Land Trusts; affordable housing-focused private sector partners; public or hybrid partnerships advancing long-term affordability; and local jurisdictions and tribal governments.



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The Gap Funding RFP process ensures that projects that receive funding *must maintain affordability for a period of 30 years*. As of 2025, Pima County Affordable Housing Gap Funding had leveraged \$12-\$13 in other private and public funding for every \$1 invested by Pima County taxpayers over the previous 3 years. Gap Funding is a proven strategy for addressing our affordable housing shortage.

“Build More” also includes the provision of appropriate County-owned land, through separate RFP processes, for private development of affordable housing that also must include 30-year affordability covenants. Eligible expenditures in this category also include any necessary pre-development work, including land acquisition, grading, utility work, comprehensive plan amendment and/or rezoning, that the County may need to do prior to putting a particular County-owned parcel up for RFP for this purpose.

“Keep People Housed” includes programs and initiatives that keep people housed and safe, like weatherization and emergency home repair programs for low-income homeowners including seniors on fixed incomes, or emergency rent or utility assistance for low-income renters who experience a financial emergency, to keep them from being evicted. Additionally, projects that help manufactured home owners repair, restore or upgrade their manufactured homes are a priority within “Keep People Housed.”

“Keep People Housed” also includes programs that build or support Transitional Housing, Rapid Rehousing, and/or Permanent Supportive Housing, such that folks experiencing homelessness can get off the street or out of emergency shelter beds quickly – or not have to experience them in the first place – and transition more effectively back to stable housing.

Policy

Over the 10 years of this policy, the County shall allocate at least \$200 Million in *additional* funding towards Affordable Housing “Eligible Programs” as identified here, on top of the \$50M for affordable housing that is already in the County’s Base Budget – for a total investment of \$250 Million+ over 10 years. All annual allocations subject to final Board review and approval.

This policy, to begin in Fiscal Year 2026/27 and sunset after Fiscal Year 2035/36, shall incorporate the recommendations of the [Regional Housing Strategy and Funding Plan](#).

“Eligible Programs” may be amended by the Board from time to time to respond to the strategies or priorities outlined in the Regional Housing Strategy and Funding Plan and/or other changes in the regional housing landscape over the decade.

Each year, the County Administrator shall include in the Recommended Budget a proposed allocation to the **“Affordable Housing Fund”** of up to three cents of the Primary Property Tax Rate above the previous year’s allocation. The annual allocation shall not be less than the



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amount approved for the prior fiscal year, unless economic conditions or other fiscal considerations warrant a reduction, as determined by the Board of Supervisors.

Each year, in addition to the incremental increases in the Primary Property Tax Rate for Affordable Housing as outlined above, the County Administrator may utilize a combination of the growth in the overall Property Tax Base; savings and efficiencies across the organization; alignment of existing resources with established Board policies including the Prosperity Initiative; and any other tools at the Administrator's disposal when arriving at the Recommended Budget for the Affordable Housing Fund, to ensure we meet our goal of at least \$250M over the decade. The Board of Supervisors shall approve specific funding levels each year, considering community housing needs, overall fiscal health of the County, state and federal funding outlooks and other factors.

Because of Arizona's constitutionally imposed expenditure limits, this Affordable Housing policy may include the issuance of short-term debt instruments, such as Certificates of Participation, repaid with revenues from the Affordable Housing Fund. This short-term financing meets the definition of debt and allows an appropriate offset to the annually calculated expenditure limit. Projects funded from the issuance of short-term debt repaid with revenues from the Affordable Housing Fund will be identified separately from the projects funded directly.

Each year, the specific annual ***appropriations*** of the Affordable Housing Fund revenues for that year – within the Eligible Programs outlined here – shall be recommended to the Board by the ***Pima County Regional Affordable Housing Commission*** in response to the data, the identified needs across the community, and an assessment of the then-current state of other investments in affordable housing development and programs that keep people housed.

During the first two months of each fiscal year (by August 31st), the Commission shall recommend to the Board of Supervisors the breakdown of how funds should be allocated, broadly speaking, between programs that "Build More" and those that "Keep People Housed," for that fiscal year. Additionally, the Commission shall oversee the annual Gap Funding RFP process and shall recommend the projects to be funded by January 31st of each fiscal year. All Commission recommendations shall be discussed and debated, and approved or modified, by the Board of Supervisors. Both the Regional Affordable Housing Commission and the Board of Supervisors shall create ample opportunities for public input during the annual appropriations process every year.

During Fiscal Year 2028/29 the Board of Supervisors shall review policy D22.17 to assess the impact of the allocations to date and adjust as needed.

Adopted Date: June 3, 2025
Effective Date: July 1, 2025