



MAYOR & COUNCIL COMMUNICATION

February 22, 2023

Subject: City of Tucson People, Communities, and Homes Investment Plan
Funding Recommendations – Affordable Rental Housing Gap
Financing (American Rescue Plan – State and Local Fiscal
Recovery Funds) (Wards 1, 5, and 6)

Page: 1 of 2

Issue – The City of Tucson Mayor and Council have directed \$3M in American Rescue Plan State and Local Fiscal Recovery Funds (ARP-SLFRF) to be used for affordable housing development projects administered and/or awarded by HCD. Through this item, HCD is requesting Mayor and Council approval of \$2.5M in proposed contingent funding commitments related to affordable housing development and preservation.

Recommendation – It is recommended that the Mayor and Council approve contingent funding to the following four projects. The funding would be awarded as low-interest deferred loans contingent upon each project’s successful attainment of full financing.

- La Frontera Partners – West Point Apartments II (Ward 6, 85 new units)
 - Recommended City Funding: \$500,000
- Newport SW, LLC – Belvedere Terrace (Ward 6, 72 new units)
 - Recommended City Funding: \$1,000,000
 - Note: \$500,000 was approved last year through the ARP-SLFRF Community Grant Application Process. This recommendation reflects both last year’s application recommendation and this year’s grant cycle.
- Chicanos por la Causa – Casa del Pueblo (Ward 5, 96 units preserved)
 - Recommended City Funding: \$500,000
- WPH Holdings, Inc. – Desert Dove (Ward 1, 63 new units)
 - Recommended City Funding: \$500,000

All loans will be funded through current allocations of HOME Investment Partnerships Program and ARP-SLFRF dollars as provided for in the City’s approved Housing Affordability Strategy for Tucson (HAST).

Background – The HAST was approved by Mayor and Council on December 21, 2021. The HAST Action Plan, Initiative 2, directs HCD to develop a clear process to allocate gap funding and Project Based Vouchers that aligns with the state Qualified Allocation Plan timing and to select partners for Affordable and Stable Housing ARP-SLFRF Projects. In furtherance of these objectives, HCD opened its second competitive solicitation for affordable rental housing development and preservation projects in November 2022 to align with the Arizona Department of Housing Qualified Allocation Plan timeline for 9% Low-Income Housing Tax Credit projects. Applications received underwent a comprehensive threshold review and competitive scoring based on published evaluation criteria which incorporated federal program requirements and City of Tucson affordable housing priorities as identified through the City’s People, Communities and Homes Investment Plan and the HAST.

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City of Tucson People, Communities, and Homes Investment Plan Funding
Recommendations – Affordable Rental Housing Gap Financing (American
Rescue Plan – State and Local Fiscal Recovery Funds) (Wards 1, 5, and 6)

After review by the Commission on Equitable Housing and Development, HCD brings forward the above recommendation for funding which includes the creation of 157 additional affordable rental units in Ward 6, the creation of 63 additional affordable rental units in Ward 1, and the preservation and rehabilitation of 96 existing affordable rental units in Ward 5.

Legal Considerations – None at this time.

Plan Tucson Considerations

Policy #	Plan Tucson Policy
BC8	Support a safe, distinctive, well-maintained, and attractive community with neighborhoods made up of residences and businesses that contribute to Tucson’s quality of life and economic success.
H8	Address the housing needs of the most vulnerable populations in the community, including those at risk for homelessness.
H9	Promote safe, decent, and affordable housing and neighborhoods that support aging in place.
H11	Encourage residential development including both market rate and affordable housing projects in Tucson.

Financial Considerations – Approval of the recommendations above will obligate \$2.5M of the \$3M in ARP-SLFRF allocated by Mayor and Council in the Community Partner Cooperative Development Fund. Obligation of these funds is necessary to meet federal grant expenditure and obligation deadlines. Final project funding is contingent upon the applicants securing Low Income Housing Tax Credits through the State of Arizona’s 9% or 4% tax credit programs, or securing alternative project financing, on or before September 30, 2023.

Respectfully Submitted,



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