



# EXECUTIVE SUMMARY

## *Glendale Strategic Housing Study*

In 2007, BBC Research & Consulting (BBC) of Denver examined how easily the City of Glendale's (City) workforce and residents could to buy, rent and maintain homes in the City. This Executive Summary contains the findings from the study, along with recommendations for how the City can better meet its housing needs.

In conducting the study, BBC examined housing needs for all residents in the City. This includes:

- Seniors—both renters and owners;
- Residents of all income levels—both high and low;
- Families of all types; and
- The City's workforce.

The findings from the study follow, beginning with some background information on the City of Glendale's population.

### **No Stranger to Change**

Glendale has experienced substantial change in the past decade. The City's housing stock has grown by about 38 percent since 1990. On average, the City has added more than 1,400 units to its housing stock every year between 1990 and 2006.

The growth in housing units has provided an opportunity for more than 92,000 new residents of Glendale. The City added an average of almost 5,800 residents per year between 1990 and 2006.




This growth has benefitted the City in many ways. Downtown Glendale is experiencing revitalization, new commercial properties and recreational/sports opportunities have developed, exciting housing products are being built, and the City's residential vacancies have declined.

The growing popularity of Glendale also has some negative consequences. Housing prices have risen dramatically since 2000, meaning that fewer of the City's workers can buy homes. In addition, seniors living on fixed incomes who own their homes are unable to move within the City if they need to downsize. Finally, many of the City's renters have difficulty finding a rental unit they can afford.

## Finding Housing in Glendale

**Buying.** It is easy to buy a home in Glendale if you earn more than \$50,000. However, the vast majority of the City’s renters—78 percent—earn *less than* \$50,000. This means that there is little hope of turning these renters into owners. This is especially problematic for households with children, since having a permanent place to live is a stabilizing influence on a child’s performance in school.




Chandler and Sherry Johnson	
<b>Age:</b>	26 years old
<b>Occupation(s):</b>	Chandler: School Teacher Sherry: Accounting Asst.
<b>Household status:</b>	Married, 1 Child
<b>Annual earnings:</b>	\$64,650
<b>Affordable mortgage:</b>	\$1,616
<b>Housing available in Glendale, AZ?</b>	Yes, but only if both parents continue to work.

Buying was easier for renters in 2000. Six years ago, 44 percent of renters in the City could afford to buy a home at the median price of \$113,300. In 2006, just 14 percent of renters could afford to buy the median priced home of \$243,000. Compared to surrounding communities, Glendale is the 4<sup>th</sup> *least* affordable by this measure, after Scottsdale, Tempe and Gilbert. It is easier for renters in other communities—particularly Chandler, Mesa and Peoria—to buy homes.

Who are the renters who cannot afford to buy? A review of the demographics of renters in Glendale shows that:

- one-third are young adults, age 25 to 34;
- more than half are married-couple families;
- about 40 percent have children at home; and
- 45 percent have attended college.

**Owning.** Current owners are lucky to have a home in Glendale, particularly those earning less than \$50,000. If these households have to move within the City—e.g., to downsize, for schools or a new job, or because they have become disabled and their home no longer meets their needs—they will find it difficult.



Flora Henderson	
<b>Age:</b>	72 years old
<b>Occupation:</b>	Retired
<b>Household status:</b>	Single, living alone
<b>Annual earnings:</b>	\$7,236
<b>Affordable rent:</b>	\$181
<b>Housing available in Glendale, AZ?</b>	Only rental properties though a Section 8 voucher, public housing, or subsidized elderly housing assistance.

Owners earning less than \$20,000 may need financial help maintaining their homes or making emergency repairs. It is important that the City help keep these owners in their homes, because replacement housing that they can afford does not exist.


Who are these owners? Study findings show:

- one-fifth is elderly;
- one-fourth has a disability (and might also be elderly); and
- by family type, most are single or single females with children.

**Renting.** A little less than half of the City’s renters can easily afford the median rent, and renters earning more than \$25,000 have an adequate number of rental units from which to choose.

This leaves about half of the City’s renters unable to afford the median rent. Renters earning less than \$20,000 per year have the hardest time finding affordable units. In 2006, about 10,200

renter households—one-third of all renter households in Glendale—earned less than \$20,000. These households need to pay \$450 or less in rent and utilities each month to afford their housing costs, leaving money left over for other household expenses. Glendale has approximately 3,700 units affordable to these renters in addition to rental assistance vouchers—leaving a gap of 6,500 underserved households.



Bob Vasquez	
<b>Age:</b>	45 years old
<b>Occupation(s):</b>	Janitor
<b>Household status:</b>	Divorced, 2 Children
<b>Annual earnings:</b>	\$24,500
<b>Affordable rent:</b>	\$613
<b>Housing available in Glendale, AZ?</b>	Can afford to the rental of a home, but cannot afford to buy.

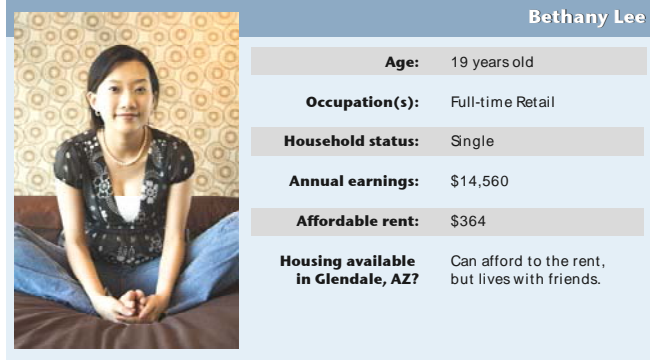
Who are the renters who cannot find affordable rental units? Study findings show:

- one-sixth is elderly;
- one-fourth has a disability (and might also be elderly); and
- many are poor married couples with children or single females with children.

**Workforce housing.** The lack of housing at certain price levels has implications for Glendale’s ability to house its current and future workforce. Except for workers in managerial and professional positions, it is challenging for most workers to afford a median priced rental unit. Moreover, for workers earning the average salary in many professions, it is not possible to buy the median valued home. Even with two earners, workers in service and support occupations, sales, construction and production, as well as transportation jobs, cannot afford to buy in the City.

## Who cannot afford to live in Glendale?

- Renters earning less than \$50,000 find it very difficult to buy in the current market. This means it is unlikely that the majority of the City’s renters will become owners in Glendale.



Bethany Lee	
<b>Age:</b>	19 years old
<b>Occupation(s):</b>	Full-time Retail
<b>Household status:</b>	Single
<b>Annual earnings:</b>	\$14,560
<b>Affordable rent:</b>	\$364
<b>Housing available in Glendale, AZ?</b>	Can afford to the rent, but lives with friends.

- At average wage rates, much of the City’s workforce cannot afford to buy in Glendale even if their spouse works.

- Seniors and other residents living on fixed incomes need to stay in their homes because they cannot afford to move to other housing units in the City. Seniors living on Social Security Income (SSI) are unlikely to be able to afford the repairs their aging homes need.
- Approximately 6,500 renters who earn less than \$20,000 are paying so much for their rental housing that they have difficulty affording other necessary household costs—such as transportation, child care and health care.

## What can the City do?

The City of Glendale has worked very hard in the past to ensure that residents have adequate housing. The activities the City funds include:

- **Home rehabilitation.** Glendale provides over \$1 million in funding each year to assist more than 350 homeowners with home rehabilitation and emergency repairs. The City also has a replacement program to help homeowners obtain replacement housing when their housing is in such poor condition it cannot be rehabilitated.
- **Homeownership.** The City uses a variety of funds to provide downpayment assistance to renters wanting to be buyers. In addition, the City has funded the activities of Habitat for Humanity and Community Services of Arizona, who build homeownership housing for low-income renters.
- **Revitalization.** The City dedicates a small portion of CDBG to fund voluntary demolition programs, which remove vacant, substandard commercial and residential buildings for replacement with future development that will benefit low- to moderate-income families.
- **Rental housing.** The City assists its public housing authority with funds needed to maintain its rental units. The City’s PHA is the primary provider of subsidies to the lowest income renters. In addition, the City has approved and provided funding to low-cost senior housing, housing for persons with disabilities as well as low-cost rentals.

**Recommendations.** Despite the City’s many efforts, housing needs continue to far exceed available resources. We recommend that the City consider adding the following to its “tool kit” of resources available to assist residents with housing needs:

**Build homes for the City’s workforce to buy.**

Most of the City’s workforce cannot afford to buy in Glendale, even if their spouse works. The most affordable homes are condos and patio homes, yet there are far fewer of these homes available to buy than traditional single family homes.



The dominance of detached, single family homes in the Glendale market impacts the lack of affordability. Single family detached homes carry much higher prices, as evidenced by the price differential in 2007: The median price of a single family *detached* home on the MLS was \$253,000 compared to \$147,000 for the median price of an *attached* home.

The City has several options it can pursue to create more affordable workforce housing to buy. These can be separated into two categories: 1) Incentivizing developers; and 2) Subsidizing new construction.

The City can provide incentives for developers to build new, affordable housing through:

- **Negotiated developments**—The City should articulate a preference for having new construction contain workforce housing units. This can easily be done through the development application process and in the materials the City uses to describe the process (e.g., zoning and variance brochures).

Mixed-income developments would accomplish two housing goals: 1) More of the City’s workers would be able to buy in the City; and 2) Workforce housing would be better distributed throughout the City. The City should request that developers integrate workforce units into their subdivisions, particularly housing units priced between \$120,000 and \$170,000. In exchange for developing workforce housing, the City should offer developers fee waivers, density bonuses and building variances and an expedited review process, as described below.

- **Fee waivers**—Developers who include some portion of for sale housing priced between \$120,000 and \$170,000 as part of their master planned, or infill developments should be offered impact fee waivers for the affordable units. The waivers should be tied to the level of affordability of the units, with the most affordable units receiving the full amount of the fee waived.
- **Density bonuses**—Developers who build mixed-income communities with workforce housing should be granted increased density (smaller lots) for the affordable units, to lower the price of the units through reduced land costs per unit.

- **Expedited review**—Fast-track review and approval for developments that contain an affordable component can be key in making housing more attainable to the City’s workforce. Research has shown that every month of delay in the approval process adds between 1 and 2 percent to the final price of a home. Expedited review can encompass a number of time-saving activities, including the following:
  - Clearly specified timeframes for review/guaranteed maximum review period;
  - Pre-application conferences;
  - Simultaneous reviews of different steps of the application process, where feasible; and
  - Reduced requirements for public hearings.

The City should also explore the following activities to create more opportunities for workforce housing development:

- **Support infill development**—Glendale has done an excellent job identifying vacant infill parcels with redevelopment potential. The City currently offers fee waivers for infill projects. Many of the City’s vacant residential parcels are good sized (between 1 and 5 acres), and could accommodate some small, mixed-income and mixed-use redevelopment projects. Such projects would produce needed workforce housing and be catalysts in revitalizing areas.

The next step would be for the City to evaluate these parcels for their development potential, examining their highest and best use in the context of incorporating workforce housing. After the City has developed a vision for key parcels, the City should engage developers in a discussion about redevelopment incorporating workforce housing, perhaps through a focus group or charrette.

- **Land donation and banking**—The City should identify publicly-owned vacant and underutilized parcels of land that it could donate to developers in exchange for significant development of workforce housing. Part of this housing could be reserved for City employees and teachers.

The City should also explore acquiring land parcels that would be prime for mixed-income housing and workforce housing development, which it could “bank” for future development of workforce housing.

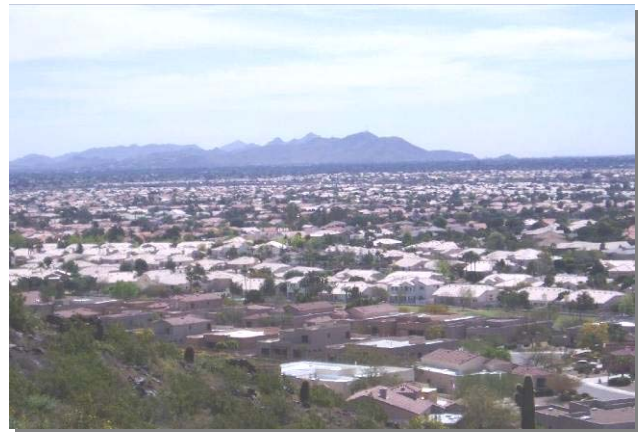
- **Acquisition/rehab program**—Glendale should consider establishing an acquisition and rehabilitation program that could be funded with a combination of HOME dollars, CDBG and general fund monies. This program would provide funding for nonprofit and private developers to acquire vacant and blighted housing, redevelop the properties and then sell them at a price affordable to the City’s workforce.

- **Land trust program**—The City’s public housing authority offers qualifying residents who are enrolled in the Family Self Sufficiency (FSS) Program, an opportunity to purchase a home using Section 8 vouchers. This program has been limited in its success because of the lack of housing to buy in Glendale. Once families graduate from the program and save enough money for downpayment assistance, they cannot find homes to buy in their price range.

The City should consider partnering with Newtown Community Development Corporation in Tempe to develop a land trust model to serve FSS graduates and other low-income renters who want to become owners but cannot find affordable homes to buy. Under the land trust model, buyers purchase the homes but not the land, and then lease the land at an affordable rate. The land lease concept helps maintain affordability by controlling the cost of land, which is the primary component of price appreciation.

**Take advantage of opportunities to produce new and diverse rental housing.**

The City’s tools to address rental needs for households earning less than \$20,000 per year are limited and mostly consist of federally subsidized rental development and assistance programs. The largest subsidized rental programs in Glendale are the low-income housing tax credit (LIHTC) program, public housing authority rental units and Section 8 vouchers. The City also has many subsidized units in the Section



202 and 811 programs, which provide low-cost rental housing to elderly and/or disabled residents. If the units provided by the City’s assisted housing providers did not exist, the gap between renter households earning less than \$20,000 and units they need would be as high as 10,000 units.

To better meet the needs of extremely- and very low-income renters, the City should continue to seek out opportunities to develop deeply subsidized rental housing. This will be best done through acquisition and improvement of existing rental housing, including that which has fallen into disrepair. The City could support acquisition of the housing through General Fund and HOME monies, apply for State Land Trust funds and/or help subsidize the rehabilitation of the housing. An existing nonprofit or the public housing authority would be best suited to manage the housing.

The City should also support the development of Section 202 and 811 complexes, to meet the rental needs of low-income elderly and persons with disabilities.

Although tax credit developments have rents slightly higher than the target rents for the City’s renters with the most need, the City should consider supporting developments in north and west portions of Glendale, where there are few subsidized rentals. The City should also support developments with deeper subsidies (40 percent of AMI, rather than 60 percent of AMI). The City’s current tax credit developments have low vacancies compared to the market overall, indicating existing demand.

**The City should also consider:**

**Continue home rehabilitation activities.** Our review of the City's rehabilitation program relative to the needs identified found that the program is appropriately targeting households by income range. The program is assisting approximately 350 households per year with home repairs and accessibility modifications. Our study found that there are as many as 11,700 homeowners who would have difficulty finding replacement housing they could afford if they moved within Glendale city limits. These homeowners earn less than \$50,000 per year. In addition, there are a few hundred homeowners living in homes that are in very substandard condition (e.g., lacking complete plumbing and kitchens). At 350 households per year, the City is likely to find demand for its home rehabilitation program for many years, particularly as residents age and more are living on a fixed income and have the possibility of developing disabilities.