



ATTACHMENT A

Housing Master Plan Update

Data Collection & Analysis Summary

The City of Mesa is in a unique position to form a vision which will serve as a guide for a growing and diverse population. Mesa has the opportunity to develop the blueprint for how the City of Mesa (City) will address the housing needs of our anticipated population growth and manage housing the needs of our residents and communities utilizing data and identifying priorities. The community prospers by having a sustainable model for living, working and playing, and all people have access to housing that is safe, clean, and affordable. The Housing Master Plan will ensure the efforts for there to be an adequate supply of housing to meet future demand in the next 20 years.

In order to achieve this outcome, we must understand the current data, demographics and needs from our community. The following data was prepared by *Elliot Pollack & Company*:

Demographic Profile of Mesa's Population

- Mesa's growth prospects are positive with a forecasted population of 566,600 by 2030, making it the second largest city in the metro area and potential to become the second largest in the State.

MAG 2016 Municipal Population Forecasts									
Jurisdiction	2015	2016*	2020	2025	2030	2035	2040	2045	2050
Mesa	461,000	467,532	506,600	539,400	566,600	584,500	597,200	606,800	613,400
Chandler	255,100	250,547	275,200	292,800	298,600	303,900	311,200	317,200	320,700
Gilbert	242,900	239,931	257,200	272,800	281,700	288,700	292,300	294,500	295,400
Phoenix	1,527,500	1,560,020	1,671,100	1,795,300	1,917,300	2,011,000	2,082,500	2,144,400	2,194,900
Scottsdale	231,200	237,969	254,900	276,700	290,700	302,400	308,500	310,500	311,900
Tempe	172,000	176,584	188,000	206,800	222,300	239,100	253,000	258,800	261,500
Greater Phoenix	4,482,900	4,550,388	4,944,400	5,413,900	5,884,900	6,362,600	6,831,700	7,284,900	7,733,900
*Official 2016 estimate from Arizona Office of Economic Opportunity (OEO)									
Sources: MAG 2015 forecast; AZ OEO									

- Mesa's household incomes have not kept pace with income growth experienced at the State or County level. In 2000, Mesa's estimated median household income was 5.6% higher than the statewide median income. By 2015 Mesa's median income had fallen to 4.5% below the statewide median income and 12.2% below the County median income.
- Approximately 38.5% of Mesa's population is classified as low-income (earning less than 50% of area median income (AMI)) and moderate-income (earning 50% to 80% of AMI) or 167,625 persons.
- A total of more than 81,000 Mesa residents and nearly 14,000 families are considered to live in poverty. This represents 17.2% of the city's population and 12.7% of the city's families, which is the second highest percentage in Maricopa County.

ATTACHMENT A: Housing Master Plan Data Summary

Percentage of Families and People Whose Income is Below the Poverty Level							
Subject	Mesa	Chandler	Gilbert	Phoenix	Scottsdale	Tempe	Greater Phoenix
Total Population	471,833	260,833	247,523	1,563,001	236,844	175,826	4,574,531
% Below Poverty Level	17.2%	9.2%	6.0%	22.3%	11.0%	20.0%	16.2%
Person Below Poverty Level	81,155	23,997	14,851	348,549	26,053	35,165	741,074
Total Families	110,148	61,957	57,372	221,249	58,881	31,089	1,036,417
% Below Poverty Level	12.7%	7.0%	5.0%	17.3%	5.5%	8.5%	11.7%
Families Below Poverty Level	13,989	4,337	2,869	38,276	3,238	2,643	121,261
Source: 2015 American Community Survey 1-Year Estimates							

- A data point that should be monitored is the number of female heads of household without a husband. In 2015, there were 20,961 families in Mesa headed by a female, a numerical increase of 1,732 families since 2005. Typically, these families struggle financially on a single income and may be in need of housing assistance. The number of nonfamily households, which include single person households and those with unrelated roommates, also grew since 2005 and number nearly 63,000 in 2015, accounting for 36% of all households.
- Mesa has a lower percentage of its workers in occupations in management, business, science, and the arts compared to neighboring cities. The City's Office of Economic Development is focused on addressing this situation by expanding the City's job base and wages with innovative programs that have brought companies like Apple and Dexcom to the community.

Housing Conditions and Trends

- Mesa's housing inventory is extensive at more than 206,000 units with nearly 175,000 occupied units. Based on population growth forecasts, Mesa will grow to 566,600 persons by 2030. This translates into demand for 26,800 new housing units through 2030 or an average of 2,680 units per year.

City of Mesa Occupied Housing Units By Type						
Housing type	Owner-occupied		Renter-occupied		Total Units	
	Units	Percent	Units	Percent	Units	Percent
Total Units	102,128	100.0%	72,725	100.0%	174,853	100.0%
1, detached	76,688	75.1%	21,063	29.0%	97,751	55.9%
1, attached	6,644	6.5%	2,199	3.0%	8,843	5.1%
2	50	0.0%	2,722	3.7%	2,772	1.6%
3 or 4	990	1.0%	9,504	13.1%	10,494	6.0%
5 to 9	1,054	1.0%	8,212	11.3%	9,266	5.3%
10 to 19	382	0.4%	13,858	19.1%	14,240	8.1%
20 to 49	212	0.2%	5,765	7.9%	5,977	3.4%
50 or more	166	0.2%	7,095	9.8%	7,261	4.2%
Mobile home	15,389	15.1%	2,283	3.1%	17,672	10.1%
Boat, RV, van, etc.	553	0.5%	24	0.0%	577	0.3%
Sources: 2015 American Community Survey 1-Year Estimates						

- Mesa has a balanced mix of workforce and executive housing opportunities. The city's housing market is affordable to middle-income households that include essential personnel such as teachers, policemen, firemen, and nurses. The new home market at a median price of \$336,000 is attractive to executives and professionals. The City should continue to promote a mix of housing for all income levels and housing desires including:
 - Affordable units for low- and moderate-income persons (which is where the greatest demand lies),
 - Townhomes and condominiums (which will allow first-time buyers to enter the market),
 - Market-rate apartments (for those planning for a future home purchase), and
 - Executive housing for professionals and upwardly mobile households.Higher density housing products could be directed and incentivized to areas of the city that will support such uses (Downtown, Fiesta Mall area, etc.).
- The median price of a newly built single-family home in Mesa is more than \$100,000 higher than the typical resale home, an unprecedented gap that has developed since the housing crisis.
- Mesa's multi-family housing inventory, consisting of all renter-occupied units except for single-family and mobile home units, stands at 49,355 units.
- Mesa has an above average percentage of renter-occupied units at 41.6% of total units compared to neighboring cities. The increase in rental units over the last 15 years is largely due to the rise in single-family home rentals. Today, 21.5% of all single-family homes in Mesa are rented compared to 9.7% in 2000. The percentage of single-family rental homes that are rented is starting to slowly decline but may take years to get back to the historic average.
- Homeownership in Mesa declined dramatically from 66.5% of all occupied housing units in 2000 to 58.4% in 2015. This is largely the result of the housing boom which peaked in 2006, but then reached bottom in 2011. Slowly, former homeowners are making their way back into the homeownership market, but many still lack the credit history to purchase another home. Homeownership is an important stabilizing force in neighborhoods.
- Mesa's rents have increased by 21.3% since 2010, well above the 12.0% increase in the cost of living. Mesa's vacancy rate of 5.0% is the lowest among major cities in the Valley and lower than the County average of 6.7%. Low vacancy rates could push rents higher in the next year or two further exacerbating the problem for the most vulnerable households.
- All cities across the Valley have households that are burdened by housing costs (paying more than 30% of income towards housing). In Mesa, the percentage of renter households paying more than 30% of income to housing is 49.1%. Another 23,285 households who own a home are also cost burdened. In total, nearly 59,000 Mesa households are considered burdened by housing costs representing 33.7% of all households.

Percent of Households Paying More Than 30% of Income Towards Housing Costs by Income Range City of Mesa & Greater Phoenix				
	Mesa		Greater Phoenix	
	Owner-occupied	Renter-occupied	Owner-occupied	Renter-occupied
Occupied housing units	102,128	72,725	973,044	635,678
Income Range				
Less than \$20,000	76.1%	97.3%	76.5%	95.3%
\$20,000 to \$34,999	54.5%	79.3%	51.1%	80.3%
\$35,000 to \$49,999	33.5%	33.9%	37.3%	43.4%
\$50,000 to \$74,999	15.4%	11.9%	20.5%	15.4%
\$75,000 or more	1.9%	2.8%	4.8%	2.8%
Total Paying More Than 30% of Income	23,285	35,681	224,754	287,992
% Paying More Than 30% of Income	22.8%	49.1%	23.1%	45.3%

Source: 2015 American Community Survey 1-Year Estimates

- Mesa has the lowest percentage of homeowners (61%) with a mortgage among Southeast Valley cities.
- According to the U.S. Census, 272 occupied housing units in Mesa (0.2% of all housing units) are considered substandard and lack complete plumbing facilities. Overcrowding (defined as more than one person per room) is a more prevalent issue with 7,546 units considered overcrowded, representing 4.3% of all occupied housing units.
- Questions over the quality and number of mobile home parks in Mesa will likely be a continuing issue for the foreseeable future. Mesa has a large inventory of mobile homes, accounting for 10% of its housing stock. The primary concern with this inventory is the durability of these units over the long term since 35% of all mobile homes in the city are more than 38 years old.

Mobile Homes - Year Built City of Mesa		
Year built	Occupied Units	% of Total
Built 2010 or later	193	1.1%
Built 2000 to 2009	1,750	9.9%
Built 1980 to 1999	9,497	53.7%
Built 1960 to 1979	5,900	33.4%
Built 1940 to 1959	252	1.4%
Built 1939 or earlier	80	0.5%
Total Occupied Units	17,672	100.0%

Source: 2015 American Community Survey 1-Year Estimates

There are two primary issues to investigate:

1. The winter visitor parks should be of fair to good quality with amenities such as swimming pools and activity centers. Mobile home parks that accommodate permanent residents may be of lesser quality and should be monitored for housing conditions and livability.
2. Mobile home units that were built prior to 1976 and do not meet modern construction standards are now more than 40 years old. These units could be hazardous to the health and safety of residents and may not meet minimal standards for livability.

Affordable Housing Activities and Production

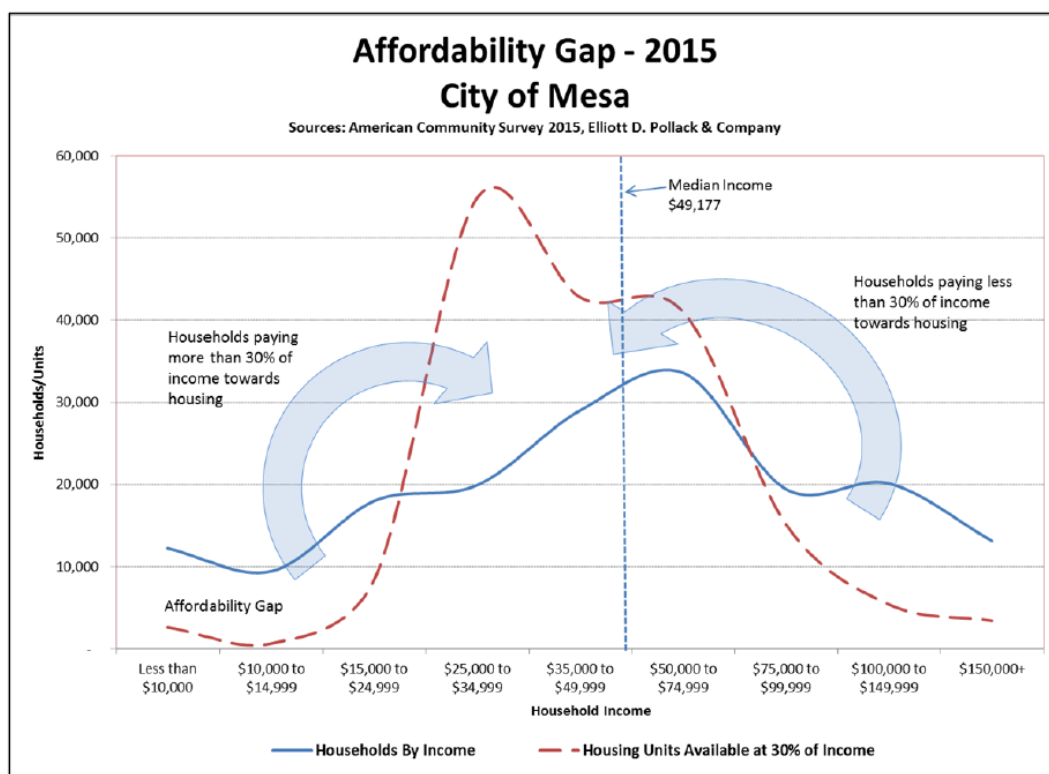
- Since 2000, the City has authorized and administers significant investments in the development and rehabilitation of affordable housing units. The City also provides rent assistance to a substantial number of low- and moderate-income residents. A variety of programs have been developed to address the diversity of housing needs in the community.
- Approximately \$174 million of Low-Income Housing Tax Credits (LIHTC) (881 units) and nearly \$133 million of Private Activity Bonds (1,040 units) have been used to construct or renovate 1,921 units of affordable housing (total cost of \$307 million).
- Over \$20.1 million in Neighborhood Stabilization Program funds have been spent in the acquisition and renovation of 62 single-family homes and 37 units of rental housing.
- Housing Choice Vouchers provide safe and affordable housing for nearly 1,700 individuals and families in need, including Veterans, low-income individuals and families, and persons with disabilities.
- HOME Investment Partnership Program funds have been used to subsidize the construction of seven LIHTC projects and provide for rent assistance for another 789 families.
- Since 2006, \$12.6 million in Community Development Block Grant (CDBG) funds have also been used to stabilize neighborhoods by assisting low- and moderate-income homeowners in repairing their homes as well as providing physical adaptations of homes owned by persons with disabilities.

The Arizona Qualified Allocation Plan (QAP), which provides for the allocation of tax credits for affordable housing projects under the Low-Income Housing Tax Credit program, assigns additional points for projects located along the light rail line. As a result, from 2011 to 2015, 12 projects were awarded tax credits in Mesa, totaling 881 units, which serve the following populations:

- Two complexes totaling 124 units were designated for the elderly,
- Three existing complexes totaling 352 units were renovations of existing complexes, and
- Seven affordable complexes with 405 units were for families which averaged 58 units each.

Affordability Gap

The chart below demonstrates the lack of housing for those households with less than \$25,000 of income and that they must move up the housing cost scale to either purchase or rent a unit. Housing is plentiful in the middle-income ranges. As noted previously, some higher income households do not obtain housing at the full 30% of income criteria and move into the middle-income affordability ranges. Due to the combination of those who live below their means (by choice) and those who must pay more than an acceptable level of their income to find housing, there may seem to be a squeeze in the middle-income ranges, but the actual problem is at the lower end.



There are 174,853 total households in the city and 39,692 households within incomes below \$25,000. A total of 9,518 units are considered affordable for these households, leaving a “gap” of approximately 27,900 units as shown on the last column of the table. For households with incomes above \$25,000, the number of affordable units becomes more plentiful.

The large number of units listed as affordable to households with incomes less than \$10,000 includes 2,279 units listed by the U.S. Census as not collecting any cash rent. These units could come in several forms including:

- Households receiving some type of public housing subsidies or assistance.
- Caretakers or managers of apartment complexes who receive a unit rent-free for managing the complex.
- Families that provide a unit for a relative for no rent.

There is no way of determining from the Census data if the households who receive a rent-free unit have other sources of income or if a low-income household could receive a unit rent-free for providing other services. If the 2,279 rent-free units are subtracted from the available housing supply, the total gap could increase to 30,200 households. Using either calculation, the total affordable housing gap for Mesa is substantial at somewhere between 27,900 units and 30,200 units.

Public Engagement

Beginning in Fall 2018, the City embarked on a public input campaign with consultant *Extraordinary Balance* to receive feedback from the community regarding the key focus areas and recommendations for guiding principles and strategies for decision-making that should be incorporated when constructing the plan.

The benefits from the community input were:

- Better understanding of community values, needs, priorities, and differing perspectives;
- Local knowledge and expertise of community members are valued and shared;
- Improved decision-making leading to better quality plans and projects;
- Informed community members understanding the balance of the planning process; and
- Increase understanding on the different roles community input can play in the decision-making process

The public input process began with a “Housing Think Tank” that brought together over 50 residents, community members, businesses, and representatives of housing-related industries. The public input phase continued with two different community meetings held in both east Mesa and west Mesa. At these meetings, attendees were presented with an overview of the data and given the opportunity for extensive dialogue and direct input on the key focus areas, in addition to providing any of their own strategies for addressing housing-related needs in Mesa.

Finally, City staff spent two days reviewing the input that had been gathered as part of the public process and utilizing it to form the guiding principles for decision-making that are included in the recommendation herein. Additionally, information was collected from 1134 participants on a public online survey posted for 6 weeks.

Recommendations for consideration from the public input process of what is wanted for Mesa:

- Existing Neighborhoods: what can we do to preserve and strengthen existing housing and keep it for those families that are currently living there?
- New Housing: what kind of housing do we want? What innovative ideas are out there that would bring new housing to Mesa?
- Community Engagement: how to make sure our residents have a voice and are aware of these potential housing projects or services available to the community?
- Information Sharing: Fair Housing, Down Payment Assistance, Housing Rehab – how do we get this information out to the community?
- Placemaking: continued focus on transportation, land use & planning, economic

development, and amenities and destination facilities all contribute to making Mesa an inclusive city for all.

Development of Guiding Principles

The purpose of 'Guiding Principles' is to ensure that the identified values are incorporated into the planning and implementation of City processes and decision-making. The objectives of the Guiding Principles are grounded in the findings of Phase I and II. The overall Housing Master Plan provides City departments with a framework to consider when developing standards and evaluating future projects. There will be prioritized goals and strategies identified to meet these Guiding Principles for attaining desired results relative to addressing housing needs in Mesa.

Based on the data reviewed and public input, the following Guiding Principles are recommended:

1. Expand housing throughout Mesa for persons of all incomes and needs.
2. Ensure the current inventory of housing is healthy, maintained and safe.
3. Prioritize federal funding housing strategies that include reducing homelessness and promoting homeownership.
4. Seek partnerships to leverage housing development.
5. Ensure cohesiveness with the Mesa 2040 General Plan through strong internal partnerships.