

Home stability relies on changing policies, new approaches to underserved communities

By David Adame

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Contrary to popular belief, we actually do have affordable housing in Arizona. Unfortunately, it is “affordable housing” for Californians moving here – not for Arizonans living here.

Median list prices for homes in Phoenix is \$300,000. For a three-bedroom home it’s \$400,000. That means you’d have to earn about \$75,000 in annual income for a two-bedroom home, and more than \$100,000 annually for a three-bedroom home.

The median household income for Arizona was \$62,055 in 2019, (which is more than \$3,600 lower than the median U.S. household income).

You can do the math: Most Arizonans cannot afford housing in Arizona.

With rental prices of single-family homes in Arizona about \$1,400 monthly, the same applies to the rental market.

Chicanos Por La Causa participated in the New America’s Future of Property Rights program on Sept. 10, which underscored the housing problem in its synopsis: “Maricopa County experienced a housing loss rate – accounting for both evictions and foreclosures – of 4.5 percent between 2014 and 2018. During this five-year period, the county courts recorded over 317,000 eviction filings, which resulted in over 218,000 evictions, a rate of 6.2 percent. An additional 17,500 households lost their homes via mortgage foreclosure

during our study period, resulting in a foreclosure rate of 2.9 percent. In sum, approximately 43,000 households experienced home loss each year.”

It’s only going to get worse, with the Latino community – already facing significant barriers to acquiring and maintaining housing stability – being hit especially hard by the COVID-19 pandemic. We know many rent-burdened households are just one missed paycheck away from eviction. When the CDC moratorium on evictions is lifted on Dec. 31, there will be a flood of evicted and suddenly homeless Arizonans, many of whom will find themselves in crisis for the first time.

The problem of affordable housing is complex, but for landlords it’s a simple case of supply and demand: Rents will be increased. According to the National Low Income Housing Coalition, Arizona already has a shortage of 153,331 affordable rentals available to extremely low-income households, including many Latino families.

CPLC will continue to address housing stability issues by providing direct services to renters and homeowners via:

- Eviction prevention assistance for renters
- Mortgage foreclosure prevention assistance for homeowners
- Housing counseling services for renters who want to become homeowners
- Counseling services for people experiencing homelessness who want to become renters

We also are proud of our 225-unit, affordable-housing development project in South Phoenix. It’s important to note that 100% of the 225 units are affordable housing. All 161 apartment homes will benefit families up to, but

not exceeding, 60% of the Area Median Income (AMI). And all 64 townhome units are considered affordable according to the Housing Phoenix Plan, which defines affordable homeownership as 100% AMI. We are looking at 80% AMI instead, in order to broaden the availability.

Our affordable-housing project is seeking Low Income Housing Tax Credit (LIHTC) funding authorization. LIHTC regulations mandate long-term affordability requirements to benefit families that have a gross annual income that is at or below 60% of the Area Median Income (AMI). Through subsidized Section 8 Housing Vouchers, this affordable-housing project can actually serve families that are as low as 0% AMI. This creates a mixed-income housing development as a long-term sustainable project.

Also of note, CPLC has voluntarily committed to set aside at least 10 units for families between 30% and 60% AMI by partnering with neighborhood groups to achieve these deep subsidy levels. CPLC also welcomes families below 60% AMI that have subsidized Section 8 or VASH housing vouchers.

But there is a larger game plan at play. We must tackle institutional inequities in place and in practice in Arizona and U.S. housing. CPLC is advocating for Source of Income Laws that increase the availability of rental units to voucher holders. We also seek Small Area Fair Market Rents to replace the current General Fair Market Rents structure.

Both of these proposed policies are designed to help individuals move outside of low-income, low-opportunity areas, thus escaping generational poverty that comes through a lack of opportunity. The existing Fair Market Rent structure is somewhat like a modern-day version of the discriminatory practice of redlining. By basing Fair Market Rent on the average rent per county, rather than ZIP Code, the current policy pushes modest- to low-wage families to impoverished and low-opportunity areas.

CPLC is advocating for:

1. Source of Income Laws to increase equity/quantity for underserved populations;
2. Small Area Fair Market Rents to increase equity/quantity for underserved populations;
3. Inclusionary zoning to help increase quantity for all;
4. Low-Income Housing Tax Credit (LIHTC) Rate Lock to maintain the state's development capacity.

We urge Congress to establish a 4% credit rate floor for 4% tax credits so that applications receiving a 2021 LIHTC allocation can establish a 4% credit rate to underwrite all eligible projects receiving a 4% tax credit. Currently, the 4% tax credit rate floor uses the monthly rate published by the U.S. Internal Revenue Service that is applicable to the project at the time of underwriting. During the COVID-19 crisis, the rates have plunged to as low as 3.05%, which reduces the tax credit allocation for affordable housing developments.

The 9% tax credit rate was set permanently to a 9% rate back in 2008. This permanent rate during a market downward change such as COVID-19 has kept the size of the 9% allocation stable.

But beyond the numbers, we must reach out to the people in understandable and relatable language. **A long history of discriminatory policies has created a sense of distrust between the Latino community and the government, causing many to choose not to participate in government programs for housing.** We must change that dynamic.

As a trusted resource of the Latino community for more than 50 years, CPLC will continue its community outreach efforts because we believe self-empowerment is essential to civic health. And there is nothing more important both individually and collectively than home stability. Conversely, nothing is worse than home instability.



David Adame has been with CPLC since 2008, serving as chief operating officer and chief financial officer prior to becoming president and CEO. Born and raised in Phoenix, he holds a bachelor's degree in business from Arizona State University and an MBA from the ASU School of Global Management. He was awarded an honorary doctorate in humane letters from the University of Arizona, and an honorary doctorate from Universidad Nacional Autónoma de México. He has served on numerous boards, including the Greater Phoenix Economic Council and the Arizona Housing Commission.