

Finally, Major Momentum for Affordable Housing Policy Changes

By Corey D. Woods
Mayor, City of Tempe

I remember talking to people in Tempe about the development of affordable housing back in 2007, when I was first entering the public sphere and campaigning for a seat on the city council. A significant focus at the time was commercial development near Tempe Town Lake, and, as a result, I would not get much traction when I tried to engage community members about the need for housing that did not put an unreasonable financial burden on people.

Nowadays, people are much more open to conversations about affordable housing. Of course, many things have changed in Tempe since 2007, making housing more scarce and out of reach for many. Notably, the Great Recession upended many households' finances, ASU's innovation continued to draw more people to the Valley, and the remarkable development success surrounding the Tempe waterfront made our community a destination for workers and companies from around the globe.

But perhaps the most significant turning point for us in the conversation around the need for affordable housing in Tempe has been the COVID-19 pandemic. The massive financial shock the pandemic gave to many households in our community may, I hope, finally be the impetus for greater attention to the policies we can implement as a city that will increase the availability of housing for middle- and low-income people.

Amid the pandemic, the Tempe City Council approved a major initiative to support the future development of affordable housing within Tempe, [Hometown for All](#). This initiative leverages Tempe's hot real estate development market to set aside more funding for the [Tempe Coalition for Affordable Housing](#), a nonprofit created by the city. The coalition uses its funds to buy and rehabilitate properties, or to buy land and request competitive offers

from developers or nonprofit partners to build affordable or workforce units. Since its approval in January of this year, Hometown for All has raised a total of \$6.1 million through sale of land, voluntary donations and program investments.

The median income of Tempe residents is about \$58,000, a bit lower than the national average of \$62,800. But the average cost of a home is more than \$270,000, nearly 25% higher than the national average. In Tempe, this disparity between income and housing costs results in 42% of renters and 24% of homeowners being considered cost-burdened, which HUD defines as when a household pays more than 30% of their annual gross income on housing expenses.

Testimony of Mayor Corey Woods, City of Tempe, before the U.S. Senate Committee on Banking, Housing and Urban Affairs, "21st Century Communities: Local Leaders on the Infrastructure Needs Facing America's States, Cities, and Towns," June 15, 2021.

Hometown for All implements two strategies for increasing the city's affordable housing fund. First, the initiative allocates to affordable housing 50% of certain permitting fees for every development project built in the city. Second, the initiative sets suggested voluntary donation rates to help guide developers' charitable giving to the city's affordable housing fund. Under the initiative, developers of residential projects are encouraged to donate an amount equal to 20% of the total permitting fees owed to the city; developers of commercial or industrial projects are encouraged to donate 10%. It's important to reiterate that these are voluntary donation guidelines. The city can only negotiate a specific contribution amount to the affordable housing fund when the developer is asking for an incentive.

Expanding affordable and workforce housing

Vibrant, healthy communities rely on a diversity of residents and balanced mix of housing. The **Hometown for All** initiative ensures sustainable revenue to accelerate the growth of affordable/workforce housing in Tempe.



Source: City of Tempe.

Despite the early success and promising forecast for Hometown for All, there's still more the city can do to increase affordable housing in our community. According to Tempe's [Affordable Housing Strategy](#), adopted by the Council in July 2019, we'll need an additional 21,000 affordable housing units by 2040.

The state of Arizona severely limits communities' ability to promote affordable housing. Although we can't use Tax Increment Financing, real estate transfer taxes or inclusionary zoning, there are several options the city could discuss:

- **Density Incentive Program** — The city could propose a voluntary density bonus program, which would allow developers to construct taller buildings if they commit to include a percentage of affordable housing in their project.
- **Deed Restrictions** — Tempe could require 20-to-30-year deed restrictions on affordable rental housing that benefits from city incentives. This common strategy ensures affordable properties remain so for a significant period.
- **Ground Lease Proceeds** — When city-owned land is leased to a private developer, a portion of the proceeds could be dedicated to the community's Affordable Housing Trust Fund, created in 2010 to produce more affordable housing opportunities.
- **Land Sale Revenue** — When the city sells land it owns, we could allocate a portion of the proceeds to Tempe's Affordable Housing Trust Fund to maintain or develop affordable housing. This practice is used in Boston, Massachusetts, and Ann Arbor, Michigan.



Corey Woods was elected mayor of the City of Tempe in March 2020. In his professional career, he is the chief of staff at ASU Preparatory Academy. Woods is responsible for assisting the managing director with operations, external partnerships and strategic initiatives. He previously served as the chief operating officer for the Greater Phoenix Urban League, director of college and career articulation for the Phoenix Union High School District and director of government relations for the American Lung Association of Arizona. Woods served as a council member for the City of Tempe from July 2008 until July 2016.