



# MEMORANDUM

Date: May 5, 2025

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: Jan Lesher   
County Administrator

Re: **Impact of 3 Cent**

Staff has been asked a series of questions regarding the impact of Supervisor Heinz' proposed 3-cent per \$100 assessed value property tax increase. The following provides an overview of the Board's current commitment to affordable housing and the impact additional funding could provide.

## Board of Supervisors' Commitments Towards Affordable Housing

The Board of Supervisors took steps to actively address the issue of housing in Fiscal Year 2022/23 when it first dedicated \$5 million to housing and has done so each subsequent year. Since the Board of Supervisors dedicated funds for affordable housing July 1, 2022, the Board has approved the investment of \$15,984,361 in gap funding for 19 projects after recommendations from the Regional Affordable Housing Commission. An additional \$5 million is proposed in the Tentative Budget for Fiscal Year 2025/26.

In addition, \$22.5 million in competitively awarded federal and state grant funding is helping Pima County safely house members of this community, with \$10.3 million in requested funding pending decision from the funder.

On August 16, 2024, we sent a Memorandum to the Board of Supervisors that identified County-owned parcels of land that have the potential to be used for the development of affordable housing. These properties represent the additional potential investment of \$1.9 million in asset value that can go towards increasing access to affordable housing.

Furthermore, we are tracking the impact of these investments. For example, the first \$11 million of annual gap funding investment has leveraged another \$422.5 million towards development for a leverage ratio of over 38-to-1.

## Property Tax Impact

A continued commitment of \$5 million is funded by the dedication of approximately 4.28 cents per additional per \$100 assessed valuation in the primary property tax rate for FY 2025/26. That amount has been included in the recommended budget for Fiscal Year 2025/26, which was transmitted to the Board of Supervisors on Friday April 25, 2025 and represents approximately 1% of the proposed primary tax rate for Fiscal Year 2025/26.

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The Honorable Chair and Members, Pima County Board of Supervisors

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Should the Board choose to add an additional 3 cents for affordable housing, that would increase the primary tax rate to \$4.2599, increasing the total property tax rate to \$5.2617. However, the Board may also choose to allocate 3 cents for affordable housing but not increase the tax rate. This would result in the need to cut approximately \$3,507,128 from the proposed budget in other General Fund programs.

Attachment 1 - illustrates the annual and monthly impact on the average/median homeowner of various property tax scenarios contemplated in the County Administrator's Recommended Budget including the 3 cent scenario for affordable housing proposed by Supervisor Heinz.

Attachment 2 - illustrates the total impact the proposed dedicated funding source for affordable housing and the current \$5M allocation would have over the next ten fiscal years.

### Conclusion

Independent of the Board of Supervisors' decision on the 3 cents property tax increase proposal for affordable housing, the availability of affordable housing in our community remains a concern. For this reason, Community & Workforce Development staff continue to actively work with the recently selected vendor ECONorthwest and the City of Tucson to provide necessary regional data resources to allow for long-range planning for housing in the region. We will continue to work through the federal funding challenges that lie ahead, while simultaneously providing the BOS with the information necessary to balance the many financial priorities recommended for the FY 2025/26 budget.

JKL/je

### Attachments

c: Carmine DeBonis, Jr., Deputy County Administrator  
Steve Holmes, Deputy County Administrator

# ATTACHMENT 1

	Limited Value	Limited Assessed Value	3 cents		3.56 cents		9.44 cents		9.44 Plus 3.56		9.44 Plus 3.56 Plus 3	
			Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly
Average	\$ 236,691.00	\$ 23,669.00	\$ 7.10	\$ 0.59	\$ 8.43	\$ 0.70	\$ 22.34	\$ 1.86	\$ 30.77	\$ 2.56	\$ 37.87	\$ 3.16
Median	\$ 201,200.00	\$ 20,120.00	\$ 6.04	\$ 0.50	\$ 7.16	\$ 0.60	\$ 18.99	\$ 1.58	\$ 26.16	\$ 2.18	\$ 32.19	\$ 2.68

	Limited Value	Limited Assessed Value	1 cent		2 cents	
			Annual	Monthly	Annual	Monthly
Average	\$ 236,691.00	\$ 23,669.00	\$ 2.37	\$ 0.20	\$ 4.73	\$ 0.39
Median	\$ 201,200.00	\$ 20,120.00	\$ 2.01	\$ 0.17	\$ 4.02	\$ 0.34

9.44 Plus 3.56 Plus 1		9.44 Plus 3.56 Plus 2	
Annual	Monthly	Annual	Monthly
\$ 33.14	\$ 2.76	\$ 35.50	\$ 2.96
\$ 28.17	\$ 2.35	\$ 30.18	\$ 2.52

# ATTACHMENT 2

Year	Estimated NAV	Cumulative 3 cent Tax Rate	Estimated Collection Rate	Estimated Levy	Estimated Revenue	Existing Revenue for Housing	Tax Rate for \$5m Revenue	Total Tax Rate for Housing
FY 2026	\$ 11,808,510,565	\$ 0.0300	99%	\$ 3,542,553	\$ 3,507,128	\$ 5,000,000	\$ 0.0428	0.0728
FY 2027	\$ 12,381,762,760	\$ 0.0600	99%	\$ 7,429,058	\$ 7,354,767	\$ 5,000,000	\$ 0.0408	0.1008
FY 2028	\$ 12,974,341,777	\$ 0.0900	99%	\$ 11,676,908	\$ 11,560,139	\$ 5,000,000	\$ 0.0389	0.1289
FY 2029	\$ 13,688,616,759	\$ 0.1200	99%	\$ 16,426,340	\$ 16,262,077	\$ 5,000,000	\$ 0.0369	0.1569
FY 2030	\$ 14,436,469,659	\$ 0.1500	99%	\$ 21,654,704	\$ 21,438,157	\$ 5,000,000	\$ 0.0350	0.1850
FY 2031	\$ 14,869,563,749	\$ 0.1800	99%	\$ 26,765,215	\$ 26,497,563	\$ 5,000,000	\$ 0.0340	0.2140
FY 2032	\$ 15,315,650,661	\$ 0.2100	99%	\$ 32,162,866	\$ 31,841,238	\$ 5,000,000	\$ 0.0330	0.2430
FY 2033	\$ 15,775,120,181	\$ 0.2400	99%	\$ 37,860,288	\$ 37,481,686	\$ 5,000,000	\$ 0.0320	0.2720
FY 2034	\$ 16,248,373,786	\$ 0.2700	99%	\$ 43,870,609	\$ 43,431,903	\$ 5,000,000	\$ 0.0311	0.3011
FY 2035	\$ 16,735,825,000	\$ 0.3000	99%	\$ 50,207,475	\$ 49,705,400	\$ 5,000,000	\$ 0.0302	0.3302

\$ 249,080,058 \$ 50,000,000 \$ 299,080,058

Year	Estimated NAV	Cumulative 1 cent Tax Rate	Estimated Collection Rate	Estimated Levy	Estimated Revenue	Existing Funding for Housing	Tax Rate for \$5m Revenue	Total Tax Rate for Housing
FY 2026	\$ 11,808,510,565	\$ 0.0100	99%	\$ 1,180,851	\$ 1,169,043	\$ 5,000,000	\$ 0.0428	0.0528
FY 2027	\$ 12,381,762,760	\$ 0.0200	99%	\$ 2,476,353	\$ 2,451,589	\$ 5,000,000	\$ 0.0408	0.0608
FY 2028	\$ 12,974,341,777	\$ 0.0300	99%	\$ 3,892,303	\$ 3,853,380	\$ 5,000,000	\$ 0.0389	0.0689
FY 2029	\$ 13,688,616,759	\$ 0.0400	99%	\$ 5,475,447	\$ 5,420,692	\$ 5,000,000	\$ 0.0369	0.0769
FY 2030	\$ 14,436,469,659	\$ 0.0500	99%	\$ 7,218,235	\$ 7,146,052	\$ 5,000,000	\$ 0.0350	0.0850
FY 2031	\$ 14,869,563,749	\$ 0.0600	99%	\$ 8,921,738	\$ 8,832,521	\$ 5,000,000	\$ 0.0340	0.0940
FY 2032	\$ 15,315,650,661	\$ 0.0700	99%	\$ 10,720,955	\$ 10,613,746	\$ 5,000,000	\$ 0.0330	0.1030
FY 2033	\$ 15,775,120,181	\$ 0.0800	99%	\$ 12,620,096	\$ 12,493,895	\$ 5,000,000	\$ 0.0320	0.1120
FY 2034	\$ 16,248,373,786	\$ 0.0900	99%	\$ 14,623,536	\$ 14,477,301	\$ 5,000,000	\$ 0.0311	0.1211
FY 2035	\$ 16,735,825,000	\$ 0.1000	99%	\$ 16,735,825	\$ 16,568,467	\$ 5,000,000	\$ 0.0302	0.1302

\$ 83,026,686 \$ 50,000,000 \$ 133,026,686