COB - BOSAIR FORM

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Submitted by Cassie.Lundin@pima.gov

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Record Number:

Award Type: Agenda Item

Requested Board Meeting Date: 09/02/2025

Agenda Item Report

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Record Number:

Title: FY25/26 Affordable Housing Fund Allocation

Introduction / Background: The Pima County Regional Affordable Housing Commission convened on July 18, 2025, to review and make funding recommendations for the FY25/26 Affordable Housing Fund, which includes a total of $8.5 million in dedicated resources.

Discussion: The Commission unanimously recommended allocating: $5 million to the "Build More" category, and $3.5 million to the "Keeping People Housed" category.

Build More category expands beyond historical gap funding for rental and homeownership developments to now also include new development and preservation of bridge housing; parcel pre-development activities; and continued support for new rental and homeownership development as well as preservation projects.

Keeping People Housed funding under this category is designated as follows: $2 million for rent, mortgage, and utility assistance through the Community Action Agency (CAA), which partners with local community-based organizations to alleviate poverty-related housing instability; $1 million for rapid rehousing, a key strategy in homelessness diversion, administered through both community organizations and Pima County; $500,000 for weatherization and home repair, including support for tribal populations and mobile home units.

The allocations support both expansion of existing programs and the development of new affordable housing options throughout Pima County. Staff have completed a programmatic plan for the funds, which is attached.

Conclusion: The Commission's deliberations considered the full housing continuum, current economic conditions, and the uncertainty surrounding federal funding and traditional financing mechanisms for housing development. The final recommendations reflect

	a balanced, forward thinking strategy responsive to the community's evolving housing needs.
Recommendation:	Commission and staff recommend the approval of the FY25/26 Affordable Housing Fund allocation as follows: $5 million for Build More and $3.5 million for Keeping People Housed and the staff plan for these funds.
Fiscal Impact:	There is no unbudgeted fiscal impact associated with this recommendation.
Support of Prosperity Initiative:	3. Improve Housing Stability
Provide information that explains how this activity supports the selected Prosperity Initiative	Improves housing stability for low-to moderate-income households by sustaining affordability across the housing continuum. Depending on projects funded may also incorporate housing mobility targets as outlined in the Prosperity Initiative.
Board of Supervisor District:	• 1 • 2 • 3 • 4 • 5
Department:	CWD
Name: Cassie Lundin	
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Department Director Signature: _____ Date: 8.22.25

Deputy County Administrator Signature: _____ Date: 8/22/2025

County Administrator Signature: _____ Date: 8/22/25

PIMA COUNTY
COMMUNITY & WORKFORCE DEVELOPMENT

FY25/26 Pima County Affordable Housing Fund Budget Framework Recommendations to the Board of Supervisors

The Pima County Regional Affordable Housing Commission's mission is to make recommendations to the Board of Supervisors to increase the supply of housing across Pima County that is affordable, sustainable, safe, and promotes individual and community prosperity. Each year, the Commission has endorsed a budget framework for funds allocated by the Board to the Affordable Housing Fund with the majority share dedicated to the new development and preservation of affordable housing units in Pima County via the Gap Funding Request for Proposal process. To date, the Board and Commission have approved gap funding for 19 projects, investing $15,984,361 for the production and preservation of 1,332 affordable housing units across the county.

A portion of the funding from last year was also allocated to commissioning a comprehensive regional housing study with consultant ECOnorthwest. The study includes a housing needs assessment, target market analysis and displacement risk analysis. The final housing study is anticipated to be transmitted to the County Administrator, the Board and municipalities by the end of August 2025. ECOnorthwest will then continue to work with County staff and the Commission to develop strategies to meet the needs identified in the housing study, including developing measurable targets and costing out various strategies, resulting in a Regional Housing Strategy and Funding Plan by the end of the calendar year.

For the current FY25/26, the Board appropriated $8.5 million to the fund. Starting the following FY26/27, funding appropriations will be guided by the new Board of Supervisor Policy D 22.17, "Closing the Gap in Affordable Housing, Tackling Housing Insecurity, and Preventing an Escalation of Homelessness," which requires the County to allocate at least $250 million in funding over 10 years for eligible affordable housing uses.

For the current FY25/26 appropriation of $8.5 million, the purpose for the funding is two-fold:

- To continue the provision of gap funding for the development and preservation of affordable housing, and
- To devote to existing County/partner programs that keep people housed.

The budget appropriation memorandum called for a Commission recommendation by early fall for how much of the $8.5 million to devote to gap funding versus keeping people housed, and for the Commission to recommend projects for gap funding awards by January 31, 2026.

The budget appropriation memorandum also highlighted Pima County's housing challenges, and requested the Commission ensure their recommendations meet these diverse needs, to the extent possible:

- In urban areas like Tucson, families face rising rents and limited ownership opportunities.
- In rural communities, aging manufactured homes are falling into disrepair and investment is scarce.
- Tribal communities and historically underserved neighborhoods lack access to quality, affordable units.

Given the directives outlined in the budget appropriation memorandum, current federal funding projections, along with data supplied over the past year from the comprehensive housing study being conducted by ECOnorthwest, the Housing Workgroup made up of Commissioners, Pima County Administrator Staff, Development Services, Real Property Services and Community and Workforce Development (CWD) Staff developed recommended uses for the FY25/26 Affordable Housing Fund to present for endorsement to the Commission July 18, 2025.

Upon discussion and review of the budget framework, the Commission unanimously recommends the appropriation of Board dedicated $8.5 million for FY26 as $5 million for Build More and $3.5 million for Keeping People Housed. Although Policy D 22.17 does not begin until Fiscal Year 2026-2027, the recommended framework of the Commission is also consistent with the policy.

Table 1. Planned Uses for FY25/26 Budget Appropriation for the Affordable Housing Fund

Category	Eligible Uses	Amount per Category
Build More	Gap Funding: • New Development – Rental • New Development – Homeownership • Preservation of Existing Affordable Housing Units • Bridge / Transitional Housing	$5,000,000.00
Keeping People Housed	• Preservation, Weatherization, home repair • Rent & Utility Assistance • Rapid Re-housing	$3,500,000.00
	Total	**$8,500,000.00**

Build More

Build More is dedicated to the development, preservation and renovation of affordable housing. The $5 million appropriated to this category will be distributed using a competitive process, Gap Funding for Affordable Housing Development and Preservation Request for Proposal (RFP) 4.0, whereby proposers will apply for Gap funds for projects that are affordable to households at or below 80% Area Median Income (AMI) for 30 years.

The Pima County Housing Needs Assessment prepared by ECOnorthwest shows 8,000 units are needed in the community to prevent homelessness. To boost housing opportunities across the housing spectrum, the Commission also endorsed the inclusion of Bridge/Transitional Housing Development in the Gap Funding RFP in addition to new development rental, homeownership and existing categories.

Staff will recommend the Commission endorse project caps as $1 million per project across all categories rather than dedicating a portion of the $5 million to a specific category and maintain the evaluation panel flexibility to move funds between categories based on proposer projects as in previous iterations of the RFP. The recommendation is part of the RFP discussion currently scheduled for the September Commission meeting.

The RFP timeline will coincide with Arizona's Department of Housing Low Income Housing Tax Credit Application, and is anticipated to be released October 1, 2025, for proposals for Pima County Gap Funding for Affordable Housing Development and Preservation.

Table 2. FY25/26 Gap Funding Development and Preservation RFP Timeline

Date	Task
September 2025	Release of FY25/26 Gap Funding RFP
October 2025	Proposal Review & Recommendations by Evaluation Committee
November 2025	Presentation of Recommendations to the Commission for Endorsement
December 2025	Notification & Protest Period
January 2026	FY26/27 Gap Funding Recommendations Presented to the Board for Approval

The above table outlines the anticipated timeline for the FY25/26 Gap Funding RFP process, from release of the RFP to staff presenting funding recommendations as reviewed and endorsed by the Commission for the Board's consideration in January of 2026.

Keeping People Housed

Keeping People Housed includes funding existing County and community partner programs like weatherization, home repair, and rent and utility assistance. Existing County programming includes those administered within CWD as Community Action Agency (CAA), Emergency Eviction Legal Services (EELS), Homeless Services Division, and Pima County Home Repair and Weatherization Division. The Commission recommended $3.5 million be allocated to this category.

Based on current funding levels, the expansion of services to include uses for mobile homes, and Tribal Communities, as well as reduced federal and state funding levels, staff recommends for Commission consideration to appropriate $500,000.00 to Home Repair and Weatherization, and $3 million to emergency services to low-income households for rent, mortgage, and utility assistance programs as well as Rapid Re-housing to prevent and / or transition individuals and families out of homelessness and into housing.

The $500,000 for Home Repair and Weatherization will be administered by CWD Home Repair Program to increase the number of households served with necessary repairs to keep current structures affordable, safe, and livable to households that are low-income or living on fixed incomes. The service area will also be expanded to incorporate homes within the City of Tucson limits unlike restrictions of use under the current consortia agreement limiting service to homes strictly located in Pima County outside of the City of Tucson limits. Additionally, eligible uses for these funds are expanded to include weatherization and repairs to mobile home units thereby maintaining affordable units across Pima County. CWD anticipates that an additional 60 households will be supported by this infusion of funds. This $500,000 is in addition to $734,872 in federal and other funding sources budgeted for this FY for home repair and weatherization.

Reduction in state and federally funded programs that help low-income households with rent and utility assistance, as well as homeless prevention service will impact the number of individuals and households who can be served annually. CWD serves approximately 2,325 households annually through its Community Action Agency (CAA) and rapid re-housing programs. The Commission endorsed CWD's recommendation to dedicate $3 million to stabilize existing programs that provide services to this population. This $3 million is in addition to $6.7 million in federal and other funding in the County's budget for rent and utility assistance, and rapid rehousing this fiscal year.

The infusion of these funds will bolster high quality and high performing programs, allowing them to serve an additional 960 households in Pima County.

Rent and utility assistance will be administered by the award-winning Community Action Agency and partner agencies in the Emergency Services Network. These funds will be distributed in support of low-income households by direct payment to landlord as efficiently demonstrated during pandemic era emergency services, rather than application submission to the state for payment leading to longer payment times and potential eviction proceedings.

The Division of Homeless Services, as administered by CWD, will coordinate and support homeless prevention activities through the allocation of rapid re-housing dollars to transition individuals and families who are being served in low-barrier shelter and / or bridge shelter, to permanent housing. Rapid Re-Housing is an evidenced-based housing and homeless prevention strategy focused on connecting individuals and families with permanent housing and supportive services. The short-term rental assistance along with case management services help to achieve housing stability and reduce unsheltered homelessness.

Conclusion

The recommended allocation of Affordable Housing Fund dollars and associated programming align to the Prosperity Initiative, meet the directives included in the budget appropriation memorandum, and are also consistent with Board of Supervisors Policy D.22.17.

CWD will submit progress reports to the Commission and Board on the use of the Affordable Housing Fund bi-annually for input and direction to ensure that funds are distributed as timely and effectively as possible to Pima County residents most in need.