

\$25 helps fight affordable housing crisis

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For \$25, Arizona homebuyers can help put a roof over the heads of people who can't find a home they can afford.

Rapidly rising rents in metro Phoenix are putting the squeeze on a record number of residents, and the Valley doesn't have enough affordable housing for the growing number of people becoming homeless.

To help the many people struggling to find a place they can afford, a voluntary program just launched to fund the development of more affordable rental housing.

The Arizona Housing Fund will collect donations from homebuyers, who can contribute when they close escrow, homebuilders, and real-estate agents, who can match their buyers' donations as well as money from anyone who wants to help people struggling to find a home in the state.

Arizona currently has no dedicated fund for affordable housing.

The new fund has already drawn support from the Arizona Community Foundation, homebuilders, real-estate agents and government and business leaders.

"Too many people are stuck because there is a shortage of safe, decent, affordable housing," said Howard Epstein, a board member of the nonprofit Arizona Housing Inc. and an executive with Bank of America.

Epstein came up with the grassroots effort to ask the real-estate industry to help fund a solution to the problem. He hopes it could raise \$100 million in the next 10 to 15 years.

"Close on your home and get someone closer to home." That's the motto of the program asking homebuyers to add \$25 to their escrow and closing costs to donate toward affordable housing.

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The average escrow and closing costs in metro Phoenix are about

\$3,200, according to financial research firm SmartAsset.

Scottsdale-based Meritage is the first homebuilder to volunteer for the fund. It has set aside \$25,000 to match every one of its Arizona homebuyers' \$25 contributions for a few years.

"This is a way private industry can tackle a huge social problem for our city and region," said Steve Hilton, CEO of Meritage. "It's a game changer our community needs for affordable housing."

He's challenging other Arizona homebuilders to do the same.

Backers of the new fund have reached out to real-estate groups.

Michelle Lind, CEO of the Arizona Realtors Association, said real-estate agents have been committed to helping the homeless for years and asked Epstein to make a presentation to the Realtor group about the Housing Fund next month.

Proponents of the fund don't want to see metro Phoenix's growing affordable problem turn into a housing crisis as it has in big cities such as San Francisco, Los Angeles and New York.

Can't afford the rent

Rents in metro Phoenix climbed at a near record pace in 2018, following several years of hefty increases.

The average apartment rent in metro Phoenix climbed more than 8% during the past year, almost triple the U.S. rent increase, according to national apartment researcher RealPage. Only Las Vegas posted a higher rent jump between the second quarters of 2018 and 2019.

About 46%, or nearly half, of Phoenix-area renters pay more than 30% of their incomes for housing, according to a national study from the Joint Center for Housing Studies at Harvard.

Paying more than a third of one's income for housing is considered the tipping point to becoming unaffordable, leaving people strapped to cover food, transportation, health care and other basic living costs.



“Our state needs this kind of effort,” said Joan Serviss, executive director of the Arizona Housing Coalition, about the affordable housing fund. “There is an urgency now.”

There’s currently a six-month wait for affordable housing in metro Phoenix, according to nonprofits that run such developments.

No home to go to

The number of people who are living on the streets or in cars in metro Phoenix, either because they left a shelter or can’t find room in one, has climbed for the sixth straight year.

Many of these people are on waiting lists for affordable housing communities.

A new count from the Maricopa Association of Governments found there were 6,614 people experiencing homelessness on the night of Jan. 21 — 316 more than during last year’s count.

Unsheltered homelessness used to be a small percentage of the overall homeless population. In 2014, it made up 22% of that population. This year, it’s nearly 50%.

Backers of the new housing fund are trying to help these groups find homes they can afford: elderly, young adults, disabled, veterans, mentally ill, addicted, people in a health crisis, people in abusive situations, minimum-wage workers and working families.

The fund aims to add to the Valley’s inventory of affordable housing: places where rents range from \$400 to \$600 a month, instead of the area’s average rent of more than \$1,000.

Cutting housing costs

Supporters say helping someone to get into an affordable apartment is far more cost-effective than sheltering them.

Renting an affordable apartment in the Valley costs the renter one-fourth of what it costs taxpayers to house someone who is homeless for a month, according to the Arizona Housing Fund.

Plans call for renters in the affordable housing built with the fund to pay \$400

to \$600 a month. It currently costs Arizona taxpayers and the community \$2,100 a month to shelter someone who is homeless, according to government estimates.

The rising cost to live in the Valley isn’t just a problem for people making minimum wage or living on fixed incomes. Middle-class earners feel the housing squeeze too.

If the middle class can’t afford to buy or rent, more people compete for the Valley’s dwindling supply of affordable homes and apartments. Then, lower-income earners struggling to rent the most affordable housing get squeezed out, so homelessness climbs.

Luxury apartments — that the typical Valley renter can’t afford — make up about 87% of all the new rental complexes built in metro Phoenix during the past few years.

Older complexes with lower rents in central Phoenix, Scottsdale and Tempe have been torn down to make way for the pricier options.

“Housing is an issue that impacts everyone, and everyone should care if people in our community can’t find homes,” said Sheila Harris, founding director of the Arizona Housing Department. “This fund can help many and make our community stronger.”

How it will help

Building affordable housing is time-consuming and more costly than regular development because of government funding and development restrictions.

A regular market-rate apartment in the Phoenix area can go up and open in a year. An affordable-housing development using federal and local government funding can take three times that long to build because of regulations and a more complicated financing process.

Epstein said the goal of the fund is to make decisions on backing new affordable housing within days and get as many of the new projects open as soon as possible. Of course, that depends on the funding available.

“My very bold goal is to raise \$100 million over the next 10 to 15 years,” he said. “Most people say that this is way too ambitious, but I am seeing our com-

munity, everyone I speak with, really rallying behind this fund, so I don't think it is impossible."

The Housing Fund already has its first affordable-housing development ready to go.

An expansion of Arizona Housing Inc.'s Collins Court property in northwest Phoenix near Metrocenter Mall could begin right away. The nonprofit already owns the land, and the cost for a 36-unit expansion is \$4 million.

After that development, the fund will be open to all Arizona nonprofits that build affordable housing through grants.

"No other state in the U.S. has a voluntary affordable-housing fund like this with so many supporters," said Tim Sprague, a principal with Phoenix-based infill developer Habitat Metro and a supporter of the fund. "It will change the future of the Valley and make life better for all of us."

Anyone can donate by going to the Arizona Community Foundation website, www.azfoundation.org.

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