PINAL COUNTY HOUSING NEEDS ASSESSMENT

MAY 2008

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INTRODUCTION

This housing needs assessment document is divided into six sections:

1. Demographic and economic conditions that impact housing quality, variety, affordability and availability.
2. Rental and homeownership housing market conditions, including quality, variety and affordability for each.
3. A summary of conclusions regarding the housing market as drawn from the data and information.
4. A menu of goals, objectives and strategies that could be employed to address housing conditions in the incorporated areas, unincorporated County or county-wide.
5. A suggested one-year Action Plan for Pinal County.
6. A summary of public input.

Data and conditions conclusions are drawn for several geographies, based on available data. Geographies may include Pinal County as a whole (including both incorporated and unincorporated areas), unincorporated Pinal County, unincorporated areas defined by the US Census Bureau (including Arizona City, Oracle, and San Manuel), and local jurisdictions. The local jurisdictions of Hayden and Winkelman are not included in this needs assessment as these jurisdictions have little population and few housing units located within Pinal County. These communities will however benefit from the policies and strategies that will be outlined for communities with similar demographic, economic and housing conditions. Likewise, not all unincorporated communities in Pinal County have readily available and current data or information; for these areas the County may utilize policies and strategies that will benefit local jurisdictions with similar conditions.

Finally, this document will be incorporated into the Pinal County Comprehensive Plan as the County's Housing Element. As this document is incorporated into the Comprehensive Plan, redundant analyses, data and conclusions will be eliminated.

Purpose and Process

In 2007, Pinal County and local jurisdictions along with nonprofit organizations endeavored to create opportunities to increase the supply of quality housing affordable to a variety of households. One aspect of this effort was to better understand existing housing variety, quality and affordability conditions and their impact on residents. Conducting a housing needs assessment was identified as a key step to understanding existing conditions and Pinal County requested funding from the Arizona Department of Housing for the effort.

The process of developing this Housing Needs Assessment included data collection and analysis as well as discussions with stakeholders and the public. Two series of public meetings were held – the first to obtain input and ideas regarding housing quality, variety and affordability and the needs related to each, and the second to elicit feedback regarding goals, objectives and possible strategies. The second series of meetings was to share the primary conclusions of the housing needs assessment and get feedback on strategies and actions related to creating opportunities for increasing the supply of quality housing affordable to a variety of households. A summary of these meetings is included as Attachment 1.

Data

The data included in this housing needs assessment is drawn from many sources. Governmental sources include the US Census Bureau, the Internal Revenue Service, the US Department of Housing and Urban Development, Pinal County and local jurisdictions. Other sources include Arizona State University Realty Studies center, the Mortgage Bankers Association, and Central Arizona Association of Governments. The Central Arizona Association of Governments (CAAG) maintains data for Pinal County on multiple levels. The contents of this housing needs assessment reflect the views of the Author/Consultant who is responsible for the facts and accuracy of the data presented herein. The contents do not necessarily reflect the official views or policies of CAAG or any other data source and have not been approved or endorsed by CAAG or any other data source.

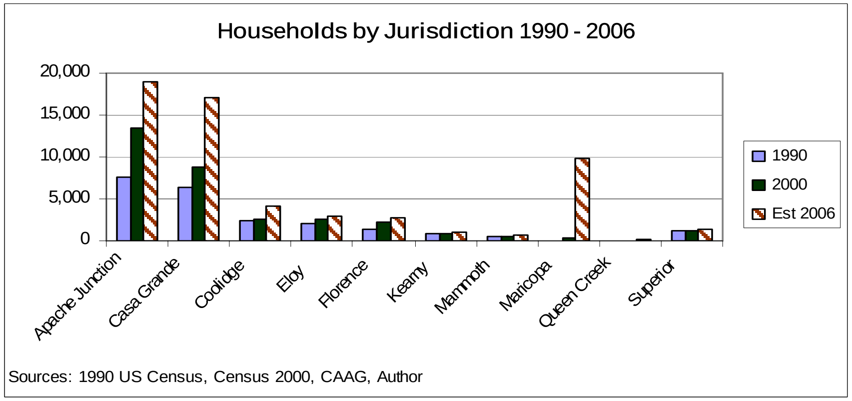
DEMOGRAPHICS

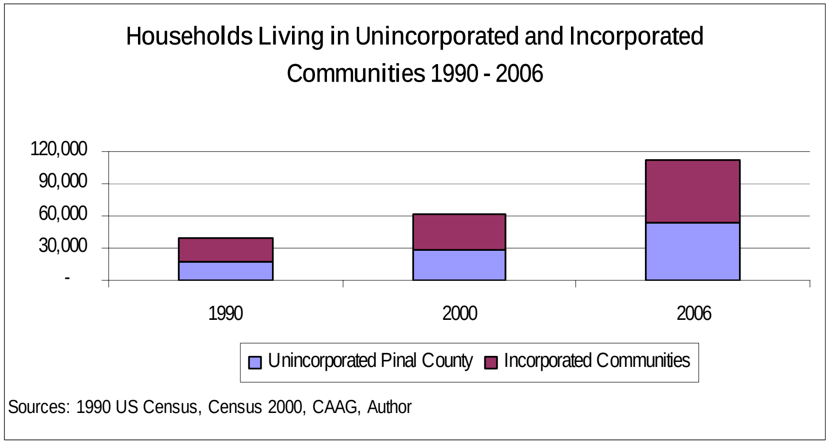
Population Trends

The general dependence of the housing market on population growth is readily recognized – without population growth additional housing units are not needed. Predictions of housing demand depend largely on accurate predictions of population growth and household size as well as socioeconomic trends associated with a growing population. A population study, including projections, is currently underway for Pinal County.

People move for a variety of reasons including the availability of employment, affordable housing, favorable tax structure, and favorable weather. Population growth and the housing market in Pinal County were buoyed earlier in the decade by:

- Expanding employment in the metropolitan Phoenix and Tucson areas;
- Relative affordability of housing, compared to metropolitan Phoenix and Tucson;
- Early retirement of many baby boomers;
- Low mortgage interest rates and liberal financing terms;
- Investors acquiring rental properties and second homes;
- Homeowners buying up to larger units; and
- Renters entering the homeownership market.





The greatest amount of growth has been where the commute is relatively short - in the incorporated and unincorporated areas closest to I-10 and to metropolitan Phoenix and Tucson. During the economic and housing boom of 2000 to 2006, households and investors from all over the United States invested in real estate in Pinal County. Pinal County was particularly attractive to households previously living in Maricopa County. According to the Internal Revenue Service, more than one in ten (11.2%) of taxpayer households added to Pinal County's population from 2005 to 2006, moved from Maricopa County.

TABLE 1 - POPULATION AND NUMBER OF HOUSEHOLDS TRENDS BY JURISDICTION 1990 - 2006

	1990 (1)			2000 (2)			1990 – 2000 Change			Estimated 2006 (3)			2000 – 2006 Estimated Change		
Jurisdiction	Pop	HH	% Pinal Co	Pop	HH	% Pinal Co	Pop	HH	% change in HH	Pop	HH	% Pinal Co	Pop	HH	% change in HH
Pinal County	116,379	39,181	100.0%	179,727	61,413	100.0%	63,348	22,232	56.7%	322,368	122,393	00.0%	142,641	60,980	99.3%
Unincorporated Pinal Co(4)	54,330	16,805	46.7%	92,781	28,831	51.6%	38,451	12,026	71.6%	173,587	59,934	53.8%	80,806	31,103	107.9%
Apache Junction (Pinal Co Part)	18,023	7,607	15.5%	31,085	13,449	17.3%	13,062	5,842	76.8%	38,784	18,644	12.0%	7,699	5,195	38.6%
Arizona City CDP	1,950	845	2.2%	4,177	1,777	2.9%	2,227	932	110.3%	6,545	2,489	2.0%	2,368	712	40.1%
Casa Grande	19,082	6,442	16.4%	25,321	8,834	14.1%	6,239	2,392	37.1%	43,302	16,786	13.4%	17,981	7,952	90.0%
Coolidge	6,927	2,377	6.0%	7,788	2,590	4.3%	861	213	9.0%	11,433	4,225	3.5%	3,645	1,635	63.1%
Eloy	7,201	2,026	6.2%	8,900	2,529	5.0%	1,699	503	24.8%	11,594	3,661	3.6%	2,694	1,132	44.7%
Florence	3,333	1,314	2.9%	5,314	2,234	3.0%	1,981	920	70.0%	9,547	4,459	3.0%	4,233	2,225	99.6%
Kearny	2,262	786	1.9%	2,255	821	1.3%	(7)	35	4.5%	2,280	922	0.7%	25	101	12.3%
Mammoth	1,845	586	1.6%	1,802	561	1.0%	(43)	(25)	-4.3%	1,787	618	0.6%	(15)	57	10.2%
Maricopa(5)	-	-	0.0%	1,080	281	0.6%	1,080	281	n/a	26,259	9,984	8.1%	25,179	9,703	2601.5%
Oracle CDP	3,043	1,071	2.6%	3,517	1,365	2.0%	474	294	27.5%	5,687	2,452	1.8%	2,170	1,087	79.7%
Queen Creek (Pinal Co Part)	-	-	0.0%	139	49	0.1%	139	49	n/a	407	159	0.1%	268	110	225.3%
San Manuel CDP	4,009	1,247	3.4%	4,375	1,447	2.4%	366	200	16.0%	4,503	1,655	1.4%	128	208	14.4%
Superior	3,376	1,238	2.9%	3,262	1,234	1.8%	(114)	(4)	-0.3%	3,388	1,424	1.1%	126	190	15.4%

(1) Source: 1990 US Census

(2) Source: Census2000

(3) Source: Central Arizona Association of Governments; No estimates for Maricopa County parts of Apache Junction and Queen Creek. Eloy and Florence households include incarcerated population. Estimates for Oracle and San Manuel by Arizona Department of Economic Security.

(4) Includes population living on Tribal Lands /Excludes population in Pinal County parts of Hayden and Winkleman

(5) Maricopa CDP Census 2000 data

Household Size

While overall population is important to understanding growth, households occupy housing and therefore are key to identifying housing needs and demand. The US Census defines a household as "all the people who occupy a housing unit". A household includes both related and unrelated people who share the housing unit. A person living alone and groups of unrelated people sharing a housing unit, such as partners or roomers are also counted as households. Individuals in group quarters, including incarcerated individuals, are excluded from households and the estimate of household size.

TABLE 2 - AVERAGE NUMBER OF PERSONS PER HOUSEHOLD 2000

Pinal County	Apache Junction	Arizona City	Casa Grande	Coolidge	Eloy	Florence	Kearny	Mammoth	Maricopa	Oracle	Queen Creek	San Manuel	Superior
2.68	2.27	2.39	2.81	2.97	3.57	2.38	2.86	3.21	4.03	2.57	2.67	3.00	2.64

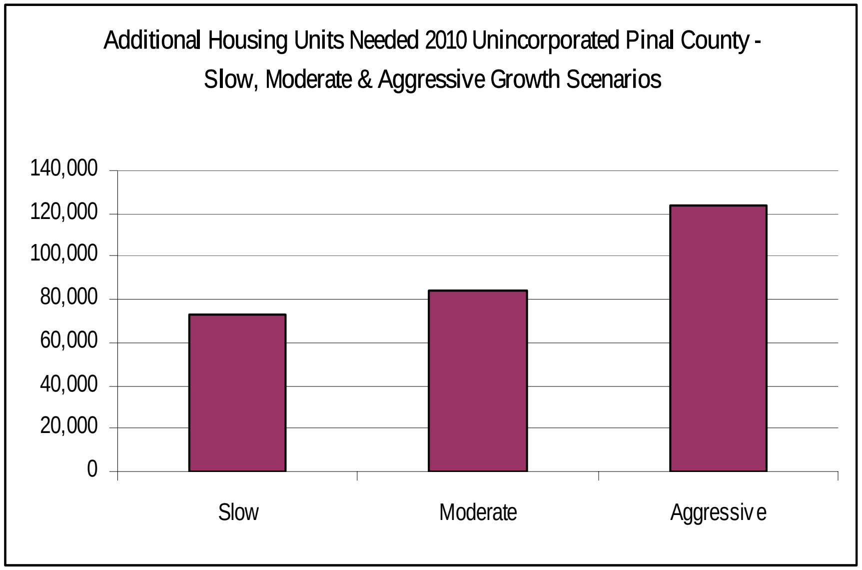
Source: Census 2000

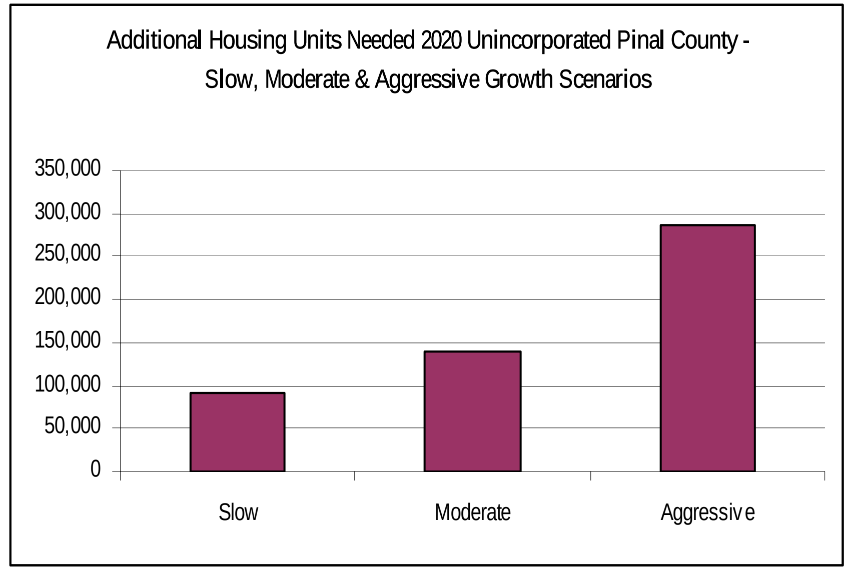
Population Projections

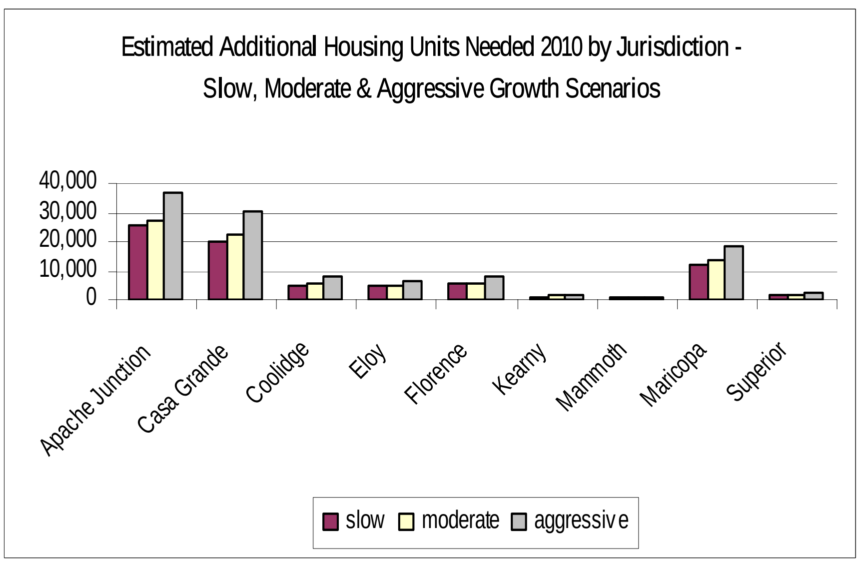
Population projections are difficult in the best of circumstances and especially challenging for Pinal County given the population boom of 2000 to 2006, which reflected a growth pattern significantly different than occurred over the preceding decades. The question that looms largest for Pinal County is whether the population growth that occurred from 2000 to 2006 is an accurate predictor of population growth moving forward.

For the purposes of this housing needs assessment, three population, household and housing unit need projections are made: slow, moderate, and aggressive. All housing unit growth projections are based on the average household size by jurisdiction and use 2006 housing unit estimates, including vacant units as a baseline number for additional units needed.

1. Slow assumes the estimated annual growth rate (2.9% annually) for Arizona as defined by the US Census Bureau.
2. Moderate assumes the growth rate that occurred from the 1990 Census to Census 2000 for each jurisdiction and for Pinal County as a whole.
3. Aggressive assumes the growth rate that occurred from Census 2000 to 2006 CAAG Population Estimates for each jurisdiction and for Pinal County as a whole.


Additional Housing Units Needed 2010 Unincorporated Pinal County -
Slow, Moderate & Aggressive Growth Scenarios
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
Slow
Moderate
Aggressive


Additional Housing Units Needed 2020 Unincorporated Pinal County -
Slow, Moderate & Aggressive Growth Scenarios
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
Slow
Moderate
Aggressive


Estimated Additional Housing Units Needed 2010 by Jurisdiction -
Slow, Moderate & Aggressive Growth Scenarios
40,000
30,000
20,000
10,000
0
Apache Junction
Casa Grande
Coolidge
Eloy
Florence
Kearny
Mammoth
Maricopa
Superior
slow
moderate
aggressive

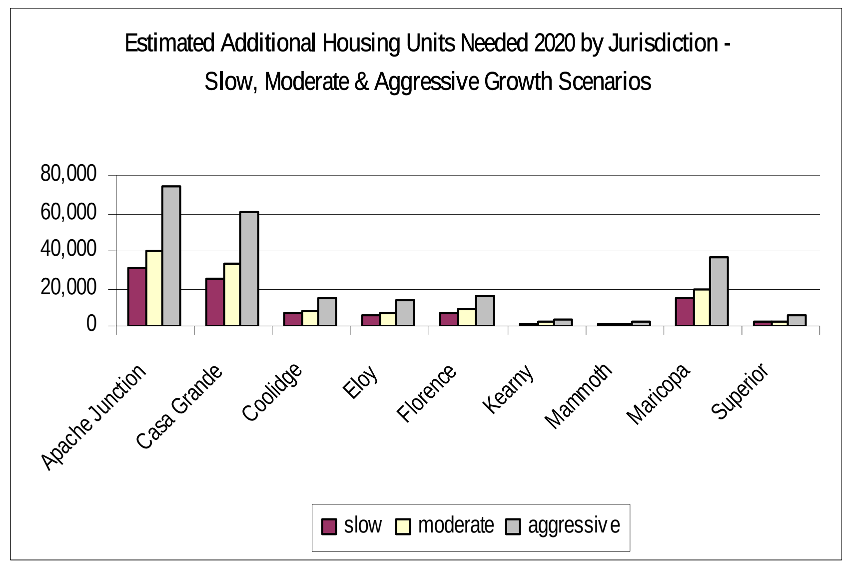

Estimated Additional Housing Units Needed 2020 by Jurisdiction -
Slow, Moderate & Aggressive Growth Scenarios
80,000
60,000
40,000
20,000
0
Apache Junction
Casa Grande
Coolidge
Eloy
Florence
Kearny
Mammoth
Maricopa
Superior
slow
moderate
aggressive

TABLE 3 - POPULATION, HOUSEHOLD AND HOUSING UNIT PROJECTIONS 2010 – SLOW, MODERATE, AGGRESSIVE GROWTH SCENARIO												
	Estimated 2006 (1)			Slow Growth (2)			Moderate Growth (3)			Aggressive Growth (4)		
Jurisdiction	Pop	HH	Housing Units	Pop	HH	Add'l Hsg Units Needed 2006-2010 (5)	Pop	HH	Add'l Hsg Units Needed 2006-2010 (5)	Pop	HH	Add'l Hsg Units Needed 2006-2010 (5)
Pinal County	322,368	122,393	137,687	359,433	136,465	11,060	395,535	150,172	26,001	535,765	203,413	84,033
Unincorporated Pinal County	173,587	59,934	69,009	193,546	66,825	3,831	212,986	73,537	11,147	288,496	99,609	39,565
Apache Junction (Pinal Co)	38,784	18,644	25,860	43,243	20,788	0	47,587	22,876	1,591	64,458	30,986	11,324
Casa Grande	43,302	16,786	17,601	48,281	18,716	2,799	53,130	20,596	4,848	71,966	27,897	12,807
Coolidge	11,433	4,225	4,472	12,748	4,710	662	14,028	5,184	1,178	19,001	7,021	3,181
Eloy	11,594	3,661	3,159	12,927	4,081	1,290	14,225	4,491	1,737	19,269	6,084	3,472
Florence	9,547	4,459	3,761	10,645	4,972	1,659	11,714	5,472	2,203	15,867	7,412	4,318
Kearny	2,280	922	882	2,542	1,028	239	2,797	1,132	352	3,789	1,533	789
Mammoth	1,787	618	687	1,992	689	64	2,193	758	140	2,970	1,027	433
Maricopa(5)	26,259	9,703	10,565	29,278	11,132	1,569	32,219	12,251	2,788	43,642	16,594	7,522
Queen Creek (Pinal Co Part)	407	159	160	454	178	34	499	196	53	676	265	129
Superior	3,388	1,424	1,531	3,778	1,588	200	4,157	1,747	374	5,631	2,367	1,049

(1) Source: Central Arizona Association of Governments (CAAG).
(2) 2006 CAAG Population Estimate multiplied by annual growth rate for Arizona as estimated by the US Census Bureau.
(3) 2006 CAAG Population Estimate multiplied by actual annual growth rate for Pinal County based on 1990 US Census and Census 2000.
(4) 2006 CAAG Population Estimate multiplied by growth rate from Census 2000 to 2006 CAAG Population Estimate.
(5) Assumes 9% vacancy rate; Apache Junction assumes 20% vacancy / seasonal rate.
(6) 2006 Estimated Housing Units based on change in population from 2000 to 2006.

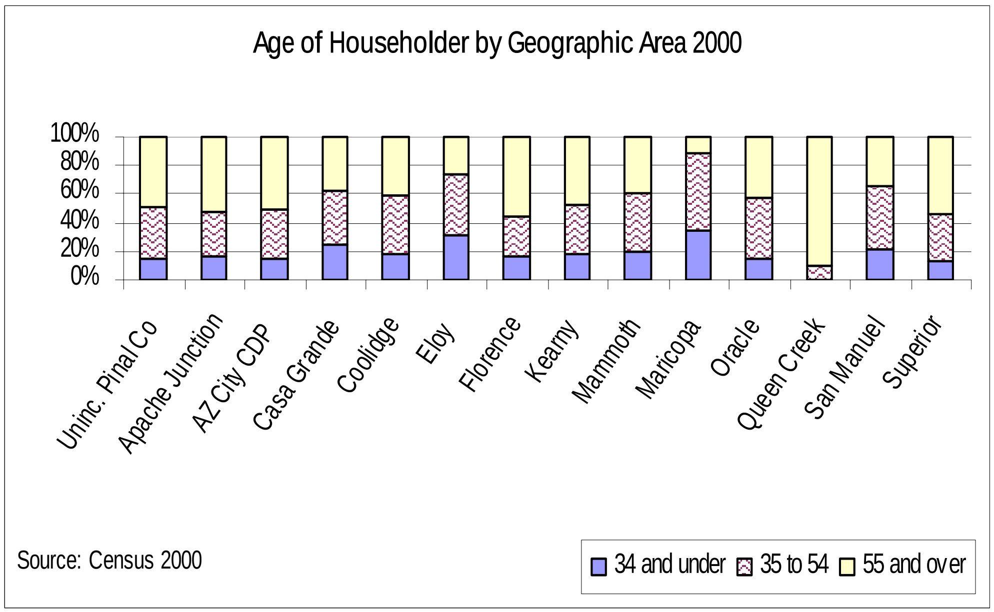
TABLE 4 - POPULATION, HOUSEHOLD AND HOUSING UNIT PROJECTIONS 2020 – SLOW, MODERATE, AGGRESSIVE GROWTH SCENARIO												
	Estimated 2006 (1)			Slow Growth (2)			Moderate Growth (3)			Aggressive Growth (4)		
Jurisdiction	Pop	HH	Housing Units	Pop	HH	Add'l Hsg Units Needed 2006-2020 (5)	Pop	HH	Add'l Hsg Units Needed 2006-2020 (5)	Pop	HH	Add'l Hsg Units Needed 2006-2020 (5)
Pinal County	322,368	122,393	137,687	446,057	169,354	46,909	578,452	219,620	101,699	1,069,256	405,963	304,812
Unincorporated Pinal County	173,587	59,934	69,009	240,191	82,930	21,385	311,482	107,545	48,215	575,767	198,795	147,677
Apache Junction (Pinal Co)	38,784	18,644	25,860	53,665	25,798	5,098	69,593	33,455	14,286	128,642	61,841	48,350
Casa Grande	43,302	16,786	17,601	59,917	23,226	7,716	77,700	30,120	15,230	143,628	55,676	43,086
Coolidge	11,433	4,225	4,472	15,820	5,846	1,900	20,515	7,581	3,791	37,922	14,013	10,802
Eloy	11,594	3,661	3,159	16,042	5,065	2,362	20,804	6,568	4,001	38,456	12,142	10,075
Florence	9,547	4,459	3,761	13,210	6,171	2,965	17,131	8,002	4,961	31,666	14,792	12,362
Kearny	2,280	922	882	3,155	1,276	509	4,091	1,655	922	7,562	3,059	2,453
Mammoth	1,787	618	687	2,473	855	245	3,207	1,109	522	5,927	2,050	1,548
Maricopa(5)	26,259	9,703	10,565	36,334	13,815	4,494	47,119	17,916	8,963	87,098	33,117	25,533
Queen Creek (Pinal Co Part)	407	159	160	563	221	80	730	286	152	1,350	529	416
Superior	3,388	1,424	1,531	4,688	1,970	617	6,079	2,555	1,254	11,238	4,723	3,618

(1) Source: Central Arizona Association of Governments (CAAG).
(2) 2006 CAAG Population Estimate multiplied by annual growth rate for Arizona as estimated by the US Census Bureau.
(3) 2006 CAAG Population Estimate multiplied by actual annual growth rate for Pinal County based on 1990 US Census and Census 2000.
(4) 2006 CAAG Population Estimate multiplied by growth rate from Census 2000 to 2006 CAAG Population Estimate.
(5) Assumes vacancy rate by jurisdiction constant from Census 2000.
(6) 2006 Estimated Housing Units based on change in population from 2000 to 2006.

Age of Householder

While population projections are helpful to estimating the number of housing units that may be needed, more critical than the actual numbers are the patterns of growth and expectations regarding that growth. As no area can truly control population growth or the lack of population growth, understanding the types of families and the ages of family members currently living in and expected to move to an area can help a community plan for a variety of housing units, community amenities, services and infrastructure.

Older householders are less likely to participate in the workforce, more likely to own than rent, may seek smaller housing units requiring little or no maintenance, are more likely to have accumulated wealth and pay cash or make a significant down payment when purchasing housing, and are more likely to purchase second or seasonal housing units. Older householders are also more likely to relocate based on the availability and quality of health care and recreation opportunities, and to be close to children and families. At the same time, older householders and the communities they comprise depend upon younger working householders to provide these services. Younger households are usually larger and most often require financing to purchase a home. Younger households also require a range of employment opportunities, including the ability to move up within an industry, high-quality educational opportunities, and appropriate recreation. They are more likely to relocate for employment opportunities and for quality schools than for other reasons.



The attractiveness of Pinal County to more established households and to retirees of all ages is evident in the age distribution of householders. In 2000, the largest proportion of the population in Pinal County was between the ages of 35 and 44 and just over one-half were between the ages of 25 and 54. Throughout the County, three householder age patterns were evident. The largest proportion of householders:

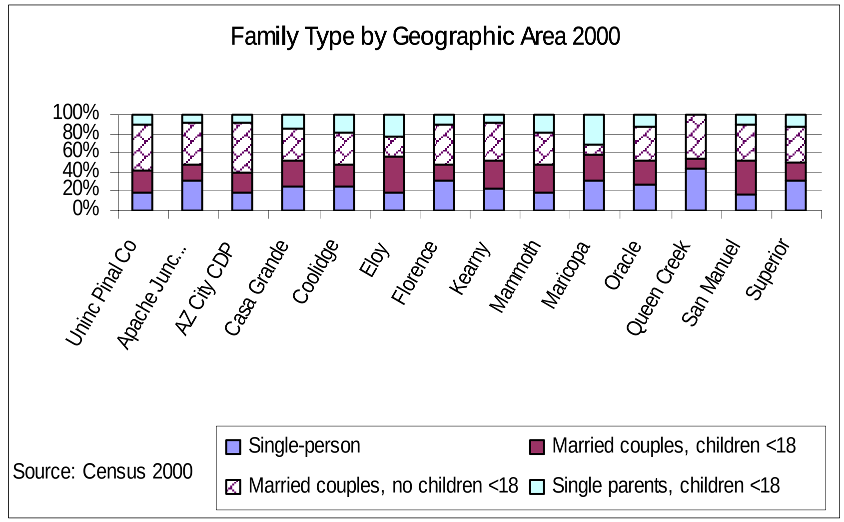
- Between the ages of 35 and 54 in Casa Grande, Coolidge, Mammoth, Maricopa, Oracle, and San Manuel;
- Over the age of 55 in Unincorporated Pinal County, Apache Junction, Arizona City, Florence, Queen Creek, and Superior.

Only a few geographic areas, had more than 20% of their householders aged 34 and under: Casa Grande, Eloy, Maricopa and San Manuel.

Family Type

All families, regardless of composition or income, seek housing that is both affordable to and appropriate for their family. Safe neighborhoods and housing values that remain stable or increase over time are another primary factor in choosing a location to call home. Understanding the types of families that comprise a community helps to identify the most appropriate types and price ranges of housing. Along with that housing, appropriate services and recreation can then also be identified. Families with dependent children, whether dual-parent of single-parent seek quality educational opportunities and housing that is located near schools, child care, employment opportunities, and appropriate recreation. Families with children also seek housing near relatives or other social support networks. With the exception of adult education opportunities, singles and families without dependent children are less likely to consider schools when making a housing choice.

In 2000, married couples with no dependent children were the most prevalent family type throughout Pinal County, with the exception of Eloy where the most prevalent family type was married couples with dependent children. This family type demonstrates the attractiveness of Pinal County to retirees of all ages. It also demonstrates the likelihood that families without children will locate where a commute is necessary.



Single-person families are a growing proportion of the population. Growth in this family type may be attributed to an aging population and to less social pressure to marry and remain married. In 2000, over one-quarter of families were single-person families in Apache Junction, Florence, and Superior. In addition to single-person families, single-parents with dependent children are a growing proportion of the population. In 2000, nearly 15% of families in Casa Grande, Coolidge and Eloy were single-parent families.

TABLE 5 - AGE OF HOUSEHOLDER BY JURISDICTION AND GEOGRAPHIC AREA 2000

		15 – 24		25 – 34		35 – 44		45 – 54		55 – 64		65 -74		75 and over	
Jurisdiction	TOTAL (1)	No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)
Pinal County	61,364	2,379	3.9%	8,347	13.6%	11,166	18.2%	10,540	17.2%	10,290	16.8%	11,026	18.0%	7,616	12.4%
Unincorporated Pinal Co (3)	28,675	799	2.8%	3,398	11.9%	5,364	18.7%	5,110	17.8%	5,647	19.7%	5,262	18.4%	3,095	10.8%
Apache Junction (Pinal Part)	13,570	538	4.0%	1,665	12.3%	2,157	15.9%	1,982	14.6%	2,053	15.1%	2,795	20.6%	2,380	17.5%
Arizona City CDP	1,777	70	3.9%	191	10.7%	348	19.6%	263	14.8%	245	13.8%	400	22.5%	260	14.6%
Casa Grande	8,905	440	4.9%	1,768	19.9%	1,704	19.1%	1,590	17.9%	1,159	13.0%	1,350	15.2%	894	10.0%
Coolidge	2,603	165	6.3%	307	11.8%	559	21.5%	515	19.8%	352	13.5%	415	15.9%	290	11.1%
Eloy	2,472	292	11.8%	485	19.6%	573	23.2%	454	18.4%	324	13.1%	240	9.7%	104	4.2%
Florence	2,233	41	1.8%	331	14.8%	318	14.2%	313	14.0%	305	13.7%	483	21.6%	442	19.8%
Kearny	789	16	2.0%	121	15.3%	105	13.3%	168	21.3%	145	18.4%	121	15.3%	113	14.3%
Mammoth	562	18	3.2%	92	16.4%	110	19.6%	124	22.1%	98	17.4%	58	10.3%	62	11.0%
Maricopa(4)	268	17	6.3%	76	28.4%	95	35.4%	49	18.3%	4	1.5%	18	6.7%	9	3.4%
Oracle CDP	1,369	66	4.8%	127	9.3%	322	23.5%	276	20.2%	285	20.8%	144	10.5%	145	10.6%
Queen Creek (Pinal Co Part)	52	0	0.0%	0	0.0%	0	0.0%	5	9.6%	26	50.0%	11	21.2%	10	19.2%
San Manuel CDP	1,458	63	4.3%	245	16.8%	368	25.2%	272	18.7%	246	16.9%	194	13.3%	59	4.0%
Superior	1,235	53	4.3%	104	8.4%	181	14.7%	230	18.6%	177	14.3%	273	22.1%	217	17.6%

Source: Census 2000
(1) Census 2000
(2) Percent of Jurisdiction
(3) Includes population living on Tribal Lands /Excludes population in Pinal County parts of Hayden and Winkleman.
(4) Maricopa CDP Census 2000 data

TABLE 6 - FAMILY TYPE BY JURISDICTION AND GEOGRAPHIC AREA 2000											
		Single-person		Married couples with children <18		Married couples with no children <18		Single parents with children <18		All other families	
Jurisdiction	TOTAL (1)	No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)
Pinal County	61,413	12,906	21.0%	12,352	20.1%	23,121	37.6%	6,313	10.3%	3,678	6.0%
Unincorporated Pinal County	28,831	5,078	17.6%	5,735	19.9%	12,607	43.7%	2,583	9.0%	1,524	5.3%
Apache Junction (Pinal Part)	13,449	3,634	27.0%	2,097	15.6%	4,997	37.2%	1,008	7.5%	769	5.7%
Arizona City CDP	1,777	320	18.0%	334	18.8%	843	47.4%	129	7.3%	151	8.5%
Casa Grande	8,834	1,944	22.0%	2,171	24.6%	2,573	29.1%	1,221	13.8%	516	5.8%
Coolidge	2,590	536	20.7%	547	21.1%	712	27.5%	437	16.9%	271	10.5%
Eloy	2,529	404	16.0%	817	32.3%	461	18.2%	504	19.9%	218	8.6%
Florence	2,234	614	27.5%	353	15.8%	842	37.7%	200	9.0%	139	6.2%
Kearny	821	167	20.3%	229	27.9%	299	36.4%	61	7.4%	47	5.7%
Mammoth	561	97	17.3%	145	25.8%	170	30.3%	90	16.0%	49	8.7%
Maricopa	281	65	23.1%	58	20.6%	25	8.9%	66	23.5%	45	16.0%
Oracle CDP	1,365	339	24.8%	305	22.3%	461	33.8%	144	10.5%	52	3.8%
Queen Creek (Pinal Co Part)	49	15	30.6%	4	8.2%	16	32.7%	0	0.0%	9	18.4%
San Manuel CDP	1,447	218	15.1%	506	35.0%	512	35.4%	129	8.9%	44	3.0%
Superior	1,234	352	28.5%	196	15.9%	419	34.0%	143	11.6%	91	7.4%

(1) Source: Census 2000
(2) % of Jurisdiction
Note: may not add to total households

ECONOMICS

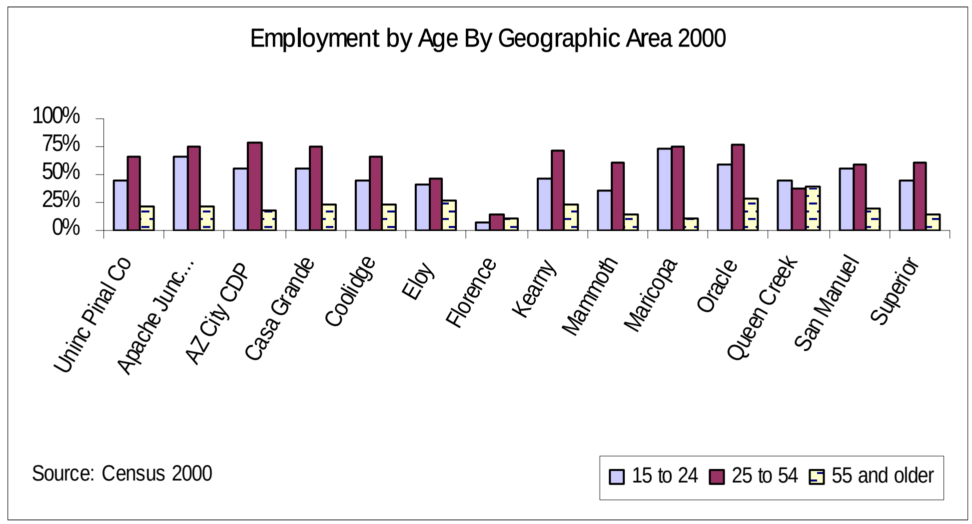
In general, the housing market moves roughly in line with the rest of the economy over the long term. As employment in the overall economy grows, it is expected that employment in the housing economy will grow. As population grows and the number of households expands, the number of housing units is expected to grow proportionately. As income grows, we expect both the size and quality, and consequently the cost of housing to increase.

Housing affordability is an economic issue. As incomes increase, the quality and quantity of housing that may be purchased also increases. As incomes stagnate or decrease, the ability to maintain housing that has already been purchased and the ability to purchase resale or new housing units decreases. A variety of economic indicators influence the housing market and the housing market is itself a major economic indicator. Employment and unemployment, major industries and occupations, and income levels are key indicators that both reflect and impact the housing market.

The economy of Pinal County is directly linked to the economy of Maricopa County, and in some southern County areas linked to the economy of Pima County. As the housing market and the economy in the metropolitan areas moves, so will the housing market and economy of Pinal County move. The upward trend in population, economic and housing growth in the metropolitan areas during the early part of the decade led to the economic and housing market expansion of Pinal County. However, as the economy of the nation and the State change, so will the economy of Pinal County.

People between the ages of 25 and 54 represent the largest proportion of the employed population. Individuals under the age of 25 are often employed but are also more likely to be single, employed part-time, and in school or living with parents or other family members. Individuals over the age of 55 are more likely to be retired, although many continue to work either part-time or full-time.

One risk of an economy dependent on employment in an adjacent jurisdiction is that households may choose to move based on the economy in the adjacent jurisdiction. As the economy changes in the major metropolitan areas, the changes may influence more working families to live closer to employment outside of Pinal County to save both travel time and transportation costs. In short, “Driving until you Qualify” to enter the home purchase market may be less likely as qualifying closer to work becomes more possible. At the same time, households less reliant on employment opportunities and lengthy commutes will continue to find Pinal County attractive as long as appropriate community amenities, services and infrastructure address their needs and desires.

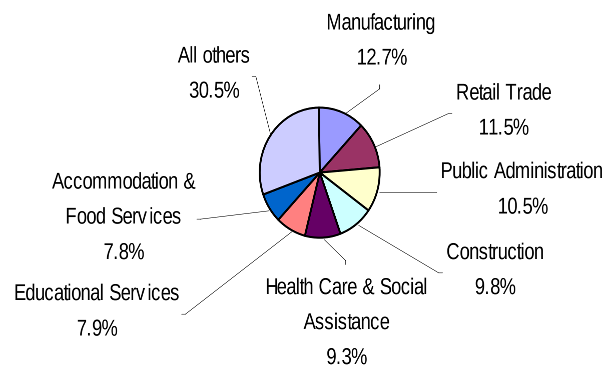


Industries, Occupations and Housing Affordability

Employment data is produced monthly by the Bureau of Labor Statistics. Data includes information on employment, hours, and wages in all industries, including those tied to housing such as residential construction, real estate, and finance. Data on construction employment is especially indicative of the level of housing activity but is only reported at the state and major metropolitan level and lags as much as one year behind. The challenge with this data is it only measures those working in the industry who are documented and employed; it does not measure undocumented workers, most temporary help, or those who are self-employed. According to an October 5, 2007 Bureau of Labor Statistics "Employment Situation Summary", 17% of individuals working in construction are self-employed and 28% are foreign-born and may be undocumented.

Bureau of Labor Statistics data for the Phoenix metropolitan area (including Pinal County) indicate an increase in employment in construction-related occupations from 2000 to 2006, which is a good measure of the positive economic impact of the housing boom. Overall employment from 2000 to 2006 increased 20.9% and employment in construction-related occupations increased 49.8%.

Employment by Major Industries 2006

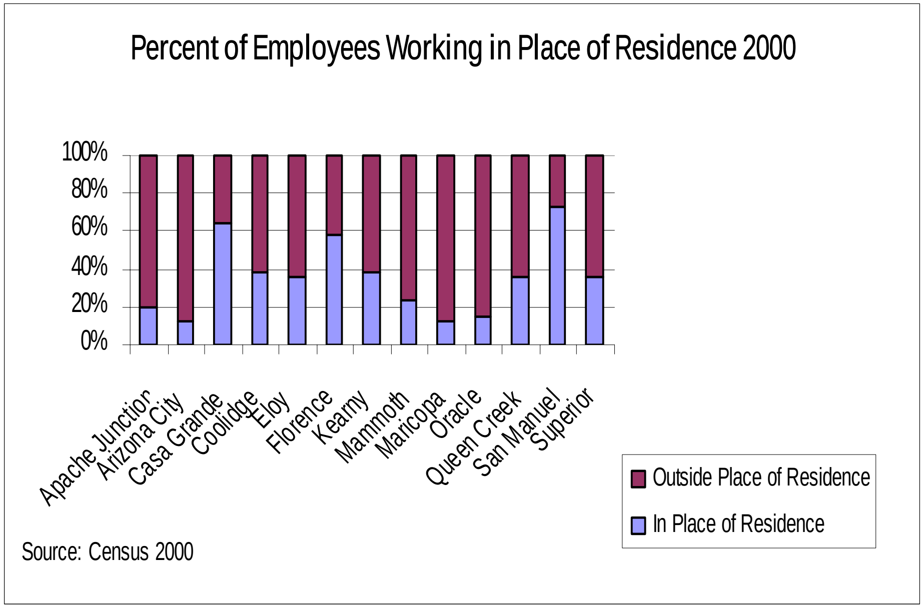


Source: Arizona Workforce Informer

From September 2006 to September 2007 as the housing market slowed, construction employment declined 9.4% overall. During that same period, financial services related to real estate, including rental and leasing increased 1.5%. Construction-related occupations represented 7.7% of employment in 2000, 9.8% in 2006, and 8.8% in October 2007. As construction and sales levels move to a lower level and jobs are lost, the impact on the housing market and overall economy will be felt through decreased incomes and a possible increase in delinquency and foreclosure rates.

Place of Work and Travel Time to Work

While adequate income to rent, purchase and maintain quality housing is the heart of the affordability issue, the ability of two earner households to find appropriate employment close to quality affordable housing and desired amenities and infrastructure is a key issue in attracting and retaining a qualified and diverse employment base. Further, the stability of primary industries and consequently the stability of household income contribute to the stability of communities in general. Communities that lack diverse yet stable employment opportunities are challenged to sustain or grow.



According to Census 2000, for the employed population living in "places" in Pinal County, only Casa Grande (64%), Florence (58%), and San Manuel (73%) had more than fifty percent of employed residents working locally. Those with the fewest "local" employees included Arizona City (1.8%), Maricopa (12.8%), and Oracle (14.4%)

For commuters, both within the local jurisdiction and without, the majority enjoyed commute times of less than 20 minutes, with the exception of Apache Junction, Oracle and Queen Creek, where most commuters experienced a travel time to work of between 20 and 39 minutes.

The proximity of many areas of Pinal County to the major metropolitan areas allows one or more employees in each household to commute to Phoenix or Tucson. Along with population growth and the dependence of many Pinal County households on employment in Maricopa and Pima counties, travel time to work has also grown.

According to data from the US Census Bureau, travel time to work increased for many Pinal County households from 2000 to 2006. In 2006, 33% of employees traveled less than 20 minutes to work, down from 45% in 2000. At the same time, those traveling 40 to 59 minutes increased from 16% to 19% and those traveling 60 to 89 minutes increased from 8% to 12%.

Among the growth in employed persons in Pinal County, nearly one-quarter (23%) travel 40 to 59 minutes to work.

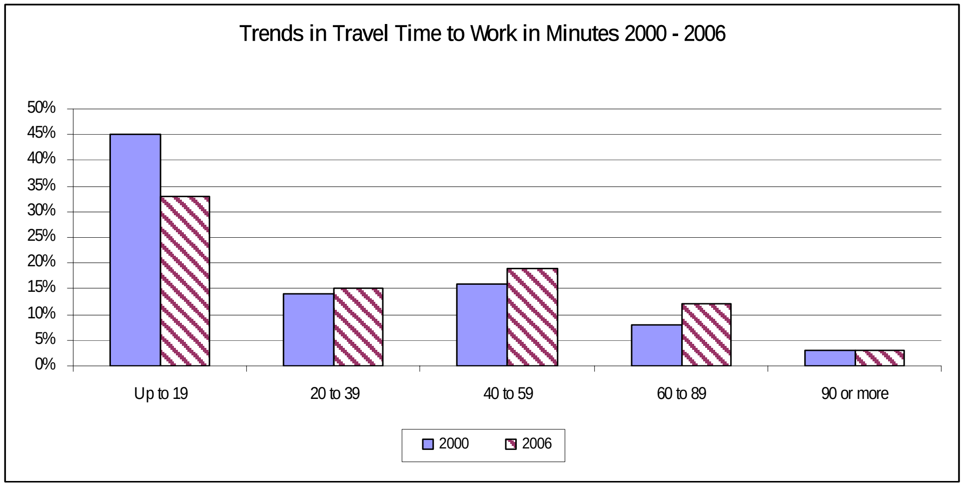


TABLE 7 - EMPLOYMENT STATUS BY AGE BY JURISDICTION 2000																		
	15 – 24			25 – 34			35 – 44			45 – 54			55 – 64			65 and over		
Jurisdiction	Total	Empl	% Empl	Total	Empl	% Empl	Total	Empl	% Empl	Total	Empl	% Empl	Total	Empl	% Empl	Total	Empl	% Empl
Pinal County	20,434	8,963	43.9%	23,623	13,009	55.1%	26,072	16,054	61.6%	20,906	13,191	63.1%	19,260	7,468	38.8%	29,241	2,606	8.9%
Uninc. Pinal Co (3)	7,866	3,529	44.9%	8,498	5,294	62.3%	11,161	7,725	69.2%	9,719	6,528	67.2%	10,500	3,940	37.5%	13,457	1,084	8.1%
Apache Jctn (Pinal)	2,838	1,891	66.6%	3,516	2,731	77.7%	3,891	3,047	78.3%	3,409	2,424	71.1%	3,826	1,633	42.7%	7,883	831	10.5%
Arizona City CDP	369	203	55.0%	394	343	87.1%	621	479	77.1%	455	340	74.7%	525	207	39.4%	1,022	74	7.2%
Casa Grande	3,106	1,706	54.9%	3,542	2,686	75.8%	3,512	2,593	73.8%	2,609	1,956	75.0%	1,990	872	43.8%	3,343	383	11.5%
Coolidge	1,141	505	44.3%	752	457	60.8%	1,091	743	68.1%	863	582	67.4%	582	307	52.7%	1,046	71	6.8%
Eloy	1,669	683	40.9%	1,684	680	40.4%	1,528	697	45.6%	1,107	592	53.5%	592	259	43.8%	573	62	10.8%
Florence	2,819	191	6.8%	4,622	580	12.5%	3,837	471	12.3%	2,086	393	18.8%	1,036	210	20.3%	1,608	76	4.7%
Kearny	256	118	46.1%	264	174	65.9%	239	190	79.5%	347	237	68.3%	230	100	43.5%	336	27	8.0%
Mammoth	236	85	36.0%	194	116	59.8%	232	157	67.7%	218	116	53.2%	141	31	22.0%	216	19	8.8%
Maricopa(4)	94	69	73.4%	227	133	58.6%	210	202	96.2%	59	36	61.0%	19	6	31.6%	92	5	5.4%
Oracle CDP	333	195	58.6%	342	280	81.9%	630	458	72.7%	480	376	78.3%	442	206	46.6%	401	34	8.5%
Queen Creek (Pinal)	27	12	44.4%	25	13	52.0%	7	0	0.0%	16	5	31.3%	45	25	55.6%	19	0	0.0%
San Manuel CDP	471	261	55.4%	530	349	65.8%	752	543	72.2%	447	116	26.0%	439	132	30.1%	426	44	10.3%
Superior	382	174	45.5%	299	145	48.5%	364	229	62.9%	473	322	68.1%	299	85	28.4%	668	48	7.2%
Source: Census 2000																		

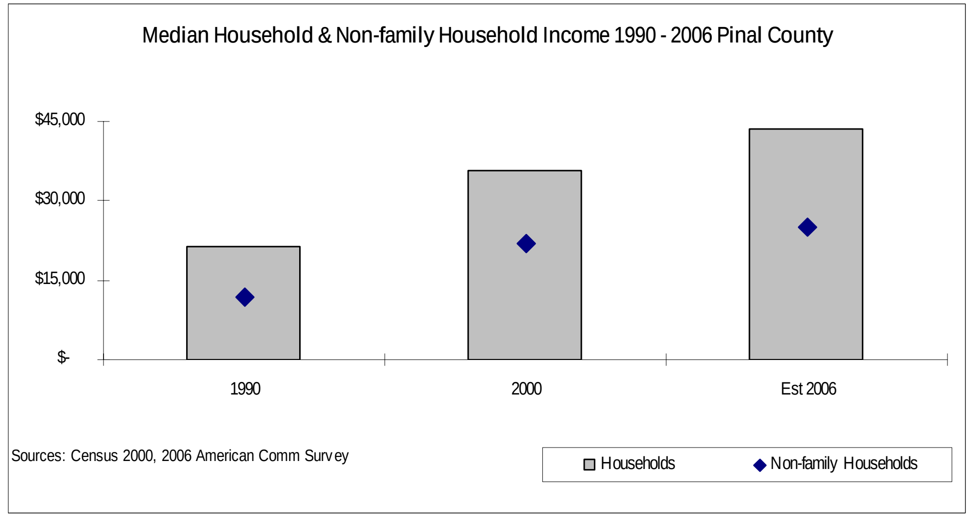
TABLE 8 - PLACE OF WORK AND TRAVEL TIME TO WORK 2000																
	Place of Work						Commute Time to Work									
Jurisdiction	Worked In Place of Residence		Worked at Home		Worked Outside Place of Residence		Up to 19 minutes		20 to 39 minutes		40 to 59 minutes		60 to 89 minutes		90 minutes or more	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Apache Junction (Pinal Part)	2,398	19.5%	276	11.5%	9,926	80.5%	3,780	30.7%	4,342	35.2%	2,517	20.4%	994	8.1%	415	3.4%
Arizona City CDP	190	11.9%	28	1.8%	1,564	98.2%	633	42.4%	509	32.0%	231	14.5%	131	8.2%	58	3.6%
Casa Grande	6,414	63.8%	217	3.4%	3,632	36.2%	6,766	67.4%	1,869	18.6%	776	7.7%	338	3.4%	80	0.8%
Coolidge	984	37.8%	53	5.4%	1,621	62.2%	1,479	56.8%	770	29.6%	175	6.7%	100	3.8%	28	1.1%
Eloy	1,044	36.2%	69	6.6%	1,842	63.8%	1,424	49.3%	942	32.6%	210	7.3%	141	4.9%	100	3.5%
Florence	1,090	58.0%	40	3.7%	788	42.0%	1,414	75.3%	169	9.0%	117	6.2%	86	4.6%	52	2.8%
Kearny	325	38.5%	7	2.2%	519	61.5%	666	78.9%	79	9.4%	35	4.1%	36	4.3%	21	2.5%
Mammoth	123	23.7%	8	6.5%	396	76.3%	177	34.1%	116	22.4%	100	19.3%	88	17.0%	30	5.8%
Maricopa	57	12.8%	0	0.0%	387	87.2%	238	53.6%	106	23.9%	44	9.9%	48	10.8%	8	1.8%
Oracle CDP	159	14.4%	3	0.3%	948	85.6%	460	41.6%	434	39.2%	137	12.4%	73	6.6%	0	0.0%
Queen Creek (Pinal Part)	20	36.4%	5	25.0%	35	63.6%	10	18.2%	23	41.8%	17	30.9%	0	0.0%	0	0.0%
San Manuel CDP	1075	73.0%	26	1.8%	398	27.0%	1,260	85.5%	76	5.2%	42	2.9%	44	3.0%	25	1.7%
Superior	344	35.2%	20	5.8%	634	64.8%	398	40.7%	203	20.8%	201	20.6%	120	12.3%	36	3.7%
Source: Census 2000																

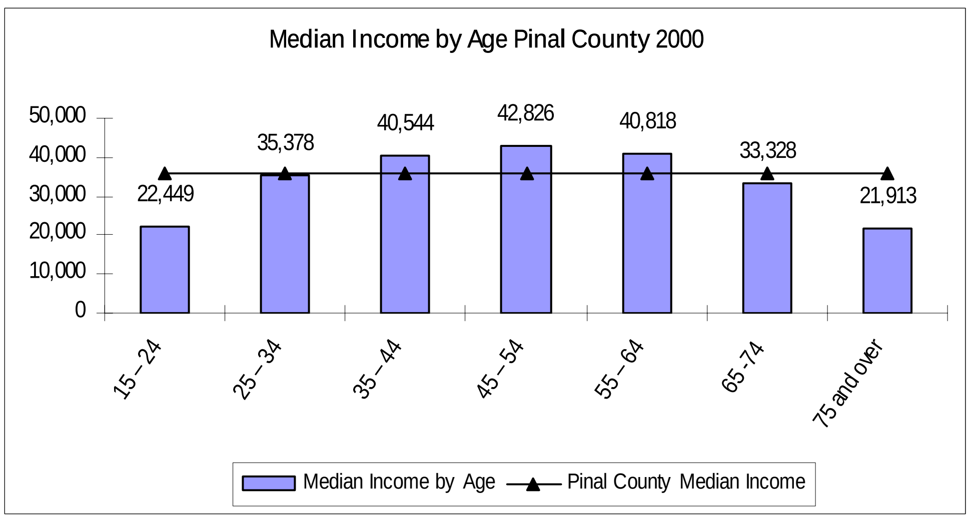
Income Trends and Median Income

As the economy expands and the cost of goods and services increases, it is expected that incomes will also increase.

From 1990 to 2000, the overall median income of Pinal County households increased by 68%. Locally, the greatest increases were in Apache Junction (69%), Coolidge (67%), Florence (75%), and Superior (68%). Smaller increases were seen in other communities throughout the County, with Casa Grande, Eloy, Oracle and San Manuel experiencing increases between 40% and 50%.

From 2000 to 2006, the overall median income of Pinal County households increased by 22%.





Median income includes both income from employment and income from other sources such as investments, retirement and public assistance. Households with the greatest likelihood of two full-time wage earners are usually headed by a person between the ages of 35 and 54, and are the most likely to have the highest incomes.

As households on both ends of the age spectrum (15 to 24 and 75 and older) are more likely to live in non-family households (single people, unrelated people living together), to work part-time, or to have a fixed income, they are also more likely to have lower incomes.

TABLE 9 - MEDIAN HOUSEHOLD INCOME TRENDS AND PROJECTIONS BY JURISDICTION 1990 - 2020												
Jurisdiction	1990 (1)	2000 (2)		1990 – 2000 change		Est. 2005 (3)	Est. 2000 – 2005 change	Est 2006 (4)	Est 2007 (4)	Est 2010 (5)	Est 2015 (5)	Est 2020 (5)
		Amt	% Pinal County	Amt	%							
Pinal County	$ 21,301	$35,856	100.0%	$14,555	68%	$ 42,548	$ 6,692	$ 43,637	$ 42,911	$ 47,027	$ 54,782	$ 63,816
Apache Junction (Pinal Part)	19,686	33,367	93.1%	13,681	69%	39,594	6,227	40,608	39,932	43,762	50,979	59,386
Arizona City CDP	25,610	37,432	104.4%	11,822	46%	44,418	6,986	45,555	44,797	49,094	57,190	66,621
Casa Grande	25,926	36,212	101.0%	10,286	40%	42,970	6,758	44,070	43,337	47,494	55,326	64,450
Coolidge	17,422	29,049	81.0%	11,627	67%	34,471	5,422	35,353	34,765	38,099	44,382	51,701
Eloy	17,981	26,518	74.0%	8,537	47%	31,467	4,949	32,273	31,736	34,780	40,515	47,197
Florence	20,833	36,372	101.4%	15,539	75%	43,160	6,788	44,265	43,529	47,704	55,570	64,735
Kearny	31,436	39,906	111.3%	8,470	27%	47,354	7,448	48,566	47,758	52,339	60,970	71,024
Mammoth	25,081	29,861	83.3%	4,780	19%	35,434	5,573	36,341	35,736	39,164	45,623	53,146
Oracle CDP	27,635	38,267	106.7%	10,632	38%	45,409	7,142	46,571	45,796	40,166	46,790	54,506
Maricopa(6)	n/a	30,625	85.4%	30,625	n/a	36,341	5,716	37,271	36,651	50,189	58,466	68,107
Queen Creek (Pinal Co Part)	36,806	36,250	101.1%	-556	-2%	43,016	6,766	44,117	43,383	47,544	55,384	64,518
San Manuel CDP	29,058	40,019	111.6%	10,961	38%	47,488	7,469	48,704	47,893	52,487	61,142	71,226
Superior	16,118	27,069	75.5%	10,951	68%	32,121	5,052	32,943	32,395	35,502	41,357	48,177

(1) 1990 US Census
(2) Census 2000
(3) 2005 US Census American Community Survey (Sampling Error of ±3.4%); local jurisdictions @ percent of Pinal County 2000
(4) Pinal County 72.6% of HUD median income; local jurisdictions @ percent of Pinal County 2000
(5) 3.1% average annual increase based on 1999 – 2005 % change
(6) Maricopa CDP Census 2000 data

TABLE 10 - MEDIAN NON-FAMILY HOUSEHOLD INCOME TRENDS AND PROJECTIONS BY JURISDICTION 1990 - 2020									
Jurisdiction	1990 (1)	% of 1990 median HH income	2000 (2)	% of 2000 median HH income	Estimated 2005 (3)	Est 2007 (3)	Est 2010 (3)	Est 2015 (3)	Est 2020 (3)
Pinal County	$ 11,833	55.6%	$ 21,878	61.0%	$ 24,799	$ 25,010	$ 27,409	$ 31,929	$ 37,195
Apache Junction (Pinal Co Part)	10,192	51.8%	28,750	86.2%	27,307	27,540	30,182	35,159	40,958
Arizona City CDP	16,106	62.9%	27,138	72.5%	30,069	30,325	33,234	38,714	45,099
Casa Grande	15,046	58.0%	24,054	66.4%	26,740	26,969	29,555	34,429	40,107
Coolidge	10,321	59.2%	13,994	48.2%	18,513	18,671	20,462	23,836	27,767
Eloy	6,464	35.9%	12,961	48.9%	13,346	13,460	14,751	17,184	20,017
Florence	12,194	58.5%	21,706	59.7%	25,510	25,728	28,195	32,845	38,261
Kearny	15,556	49.5%	23,250	58.3%	25,511	25,729	28,196	32,846	38,263
Mammoth	11,053	44.1%	12,361	41.4%	15,142	15,271	16,736	19,496	22,711
Maricopa(5)	-	0.0%	21,212	69.3%	25,171	25,386	27,820	32,408	37,753
Oracle CDP	11,250	40.7%	21,902	57.2%	22,238	22,427	24,578	28,632	33,354
Queen Creek (Pinal Co Part)	-	0.0%	19,219	53.0%	22,806	23,001	25,207	29,363	34,206
San Manuel CDP	24,327	83.7%	28,824	72.0%	36,980	25,227	27,646	32,206	37,517
Superior	6,811	42.3%	16,433	60.7%	16,537	16,678	18,277	21,292	24,803

(1) 1990 US Census
(2) Census 2000
(3) Average of 1990 and 2000 % of median household income multiplied by estimated median household income
(4) Maricopa CDP Census 2000 data

Conclusions – Demographics and Economics

Basic economic theory suggests that where housing-job imbalances exist, either people will move to areas with more employment opportunities or employers will move to areas with more workforce opportunities. The housing market therefore impacts employment as well as employment impacting the housing market. If housing prices are higher than wages, then movement due to housing prices is less attractive. In Pinal County, housing prices have been low enough to cause movement of households from surrounding metropolitan areas. The future challenge, along with appropriate infrastructure and services, is to sustain the population growth with local employment opportunities that pay sufficiently to cover the housing costs.

There are many ways the housing market can influence the economy. Housing is for many households the vast majority of their wealth and house price inflation impacts households' ability to move within or outside of a market. On the other hand, the economy is influenced by the housing market as house prices might discourage or encourage migration of the workforce. Affordable housing costs generally allow for greater expenditure on local goods and services. Economic wealth invested in high housing costs is economic wealth not invested in local goods and services. House price inflation therefore impacts both workforce availability and the health of local goods- and services-producing businesses. These effects, along with socio-economic characteristics of households play a role in explaining the differences in housing markets across the County.

Income trends and projections and employment-related data contribute to the quantification of demand for various housing types at various price points. Housing that is both attractive and affordable to a variety of people at diverse income levels is necessary to retain and attract diverse quality employment opportunities and to achieve a healthy, balanced community.

- The economy of Pinal County communities may be categorized as commuter, self-sufficient, limited growth, and emerging. The following conclusions are based on population and housing market growth from 2000 to 2006 yet assume that local employment and economies have remained relatively stable since the 2000 US Census. Where local economies have changed since 2000, communities and geographic areas may need to select a more suitable category given today's economic conditions.
    1. Commuter communities are those on the "fringe" of the major metropolitan areas or of other employment centers including Apache Junction, Arizona City Maricopa, Queen Creek, Oracle and unincorporated areas near these communities and the metropolitan areas.
    2. Self-sufficient communities are those where more than one-half of the employed population works in the same place they live. These communities included Casa Grande, Florence, San Manuel, and the unincorporated areas near these communities.
    3. Limited growth communities are those that experienced little population or housing growth during the housing boom. These communities are more geographically isolated and their small size results in limited employment opportunities. These communities include Kearny, Mammoth, Superior and the unincorporated areas near these communities.
    4. Emerging communities are those that have experienced some growth but the growth is not as explosive as that in the commuter communities. Commuting to nearby employment centers in a self-sufficient community is a likely scenario. Coolidge, Eloy and the unincorporated areas near these communities characterize emerging communities.

- As Pinal County urbanizes, the economic well-being, as well as the health of the housing market in Pinal County are directly related to the economic well-being of the metropolitan areas. Most areas in Pinal County do not have sufficient employment opportunities to support the current population. More than 50% of the employed population commutes and a significant challenge moving forward is to expand local employment options and provide appropriate infrastructure and community services.

- Many households that moved to Pinal County during the housing boom chose to do so in order to qualify for homeownership. But "drive until you quality" becomes less attractive as commute times lengthen and housing near employment centers becomes increasingly affordable.

- Construction and related industries have played a major role in the expansion of the economy in Pinal County. As the housing market slows and employment in these industries declines, the housing market may be impacted by unemployment and increased foreclosures or loss of population. Those communities with a stable local employment base are least likely to experience negative impacts from this decline.

- The aging of the population in general and the attractiveness of Pinal County as an active retirement area, add to the stability of the economy and the housing market. Housing for an aging population and for the workforce that is employed in serving an aging population is critical to future economic stability throughout the County.

HOUSING

The housing market consists of homeowners and renters and the units they occupy. The three primary elements of the overall market that impact supply and demand are variety, quality, and affordability. Quality is most often defined by age and unit value; variety is defined by the types of housing that are available; and affordability is defined by the percentage of household income that must be spent for housing costs. If housing alone were adequate to create and sustain a community, then a quality unit with all of the desired amenities that costs not more than 30% of a household's gross income would represent a healthy balanced community.

Housing Variety

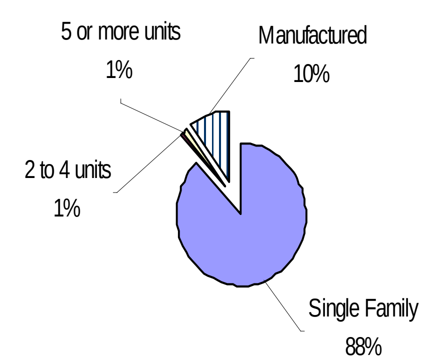
Housing variety is defined as the types of units that comprise the housing market. A variety of housing types is necessary to meet the diverse housing needs and desires of both owners and renters. Opportunities for movement within a housing market or housing choice are defined by variety. At the same time, housing variety is driven by many factors - primarily demand for certain types and amenities of housing by households who can afford the desired type and amenities. Other factors that influence housing variety include public policy such as zoning and building requirements, the availability and cost of infrastructure, community character (e.g. rural v. urban), and the cost of land and construction.

Housing units added 2000 – 2006

Most (88%) of the new housing stock added in Pinal County from 2000 to 2006 was single-family housing. In unincorporated Pinal County 90% of the housing stock added since 2000 was single-family. Manufactured housing represented another 10% of the new stock. For incorporated areas:

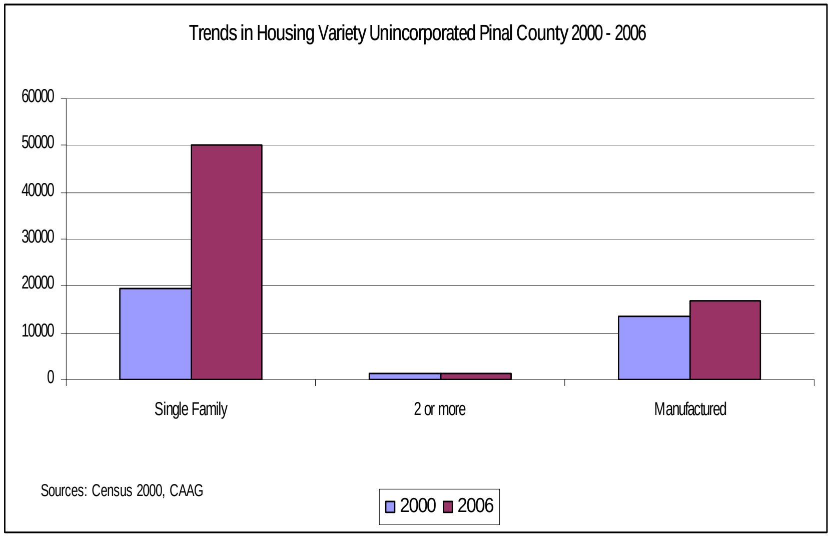
- In the majority of jurisdictions, 90% or more of housing units added were single-family units.
- Single-family housing represented 82% of the new stock in Casa Grande and 73% of the new stock in Florence.
- Manufactured housing represented a larger share of the housing growth in Apache Junction (48%), Kearny (36%), and Mammoth (63%).
- New units added in Eloy included 64% single-family and 28% 2-to-4 unit structures.
- Multi-family housing of 5 or more units represented 11% of the new housing stock in Apache Junction and 4% of the new stock in Casa Grande.

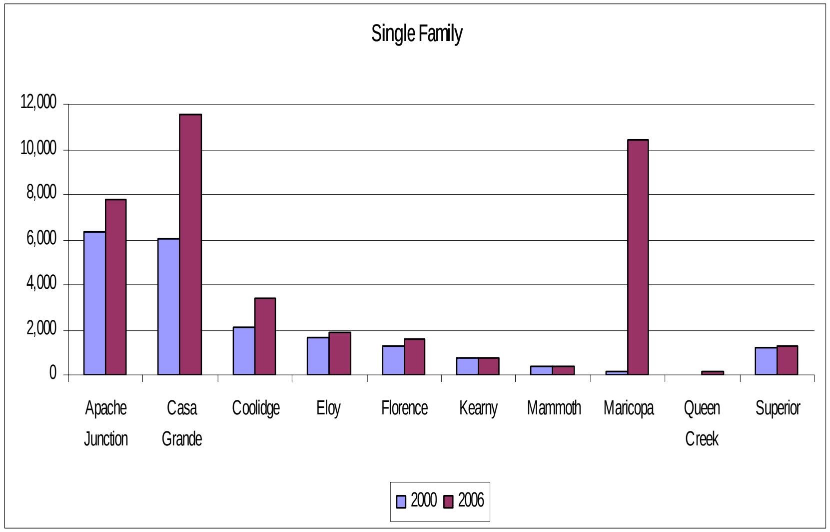
Housing Units Added April 2000 to December 2006 Pinal County

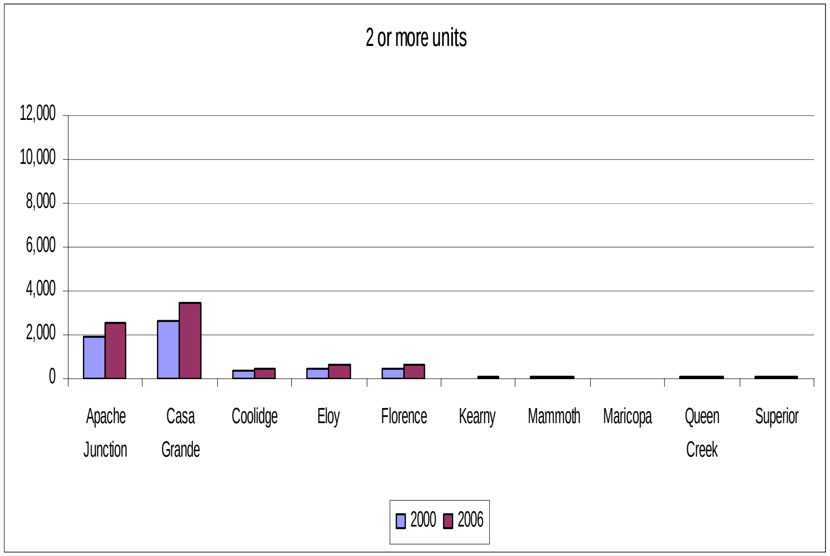


Source: CAAG

TRENDS IN HOUSING VARIETY BY JURISDICTION - 2000 TO 2006







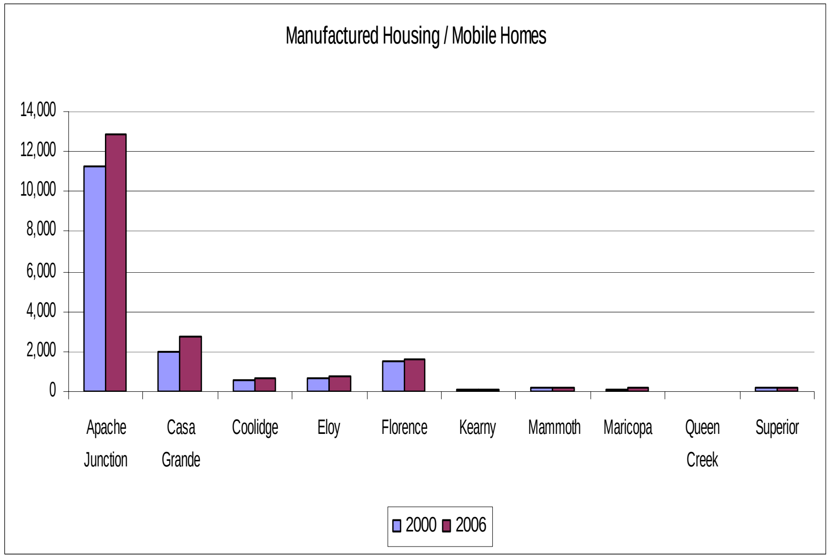


TABLE 11 - HOUSING VARIETY (TYPE OF STRUCTURE AND UNITS IN STRUCTURE) BY JURISDICTION 2006

	Total Units (1)	Single-family detached and attached		2 to 4 units		5 or more units		Manufactured Housing / Mobile Homes	
		No.	%	No.	%	No.	%	No.	%
Pinal County	137,687	89,146	64.7%	4,312	3.1%	5,057	3.7%	35,975	26.1%
Unincorporated Pinal County	69,009	50,005	72.5%	1,091	1.6%	370	0.5%	16,694	24.2%
Apache Junction (Pinal Co Part)	25,860	7,738	29.9%	1,132	4.4%	1,383	5.3%	12,888	49.8%
Casa Grande	17,601	11,552	65.6%	1,072	6.1%	2,351	13.4%	2,777	15.8%
Coolidge	4,472	3,363	75.2%	235	5.3%	236	5.3%	642	14.4%
Eloy	3,159	1,892	59.9%	331	10.5%	289	9.1%	733	23.2%
Florence	3,761	1,619	43.0%	321	8.5%	285	7.6%	1,623	43.2%
Kearny	882	760	86.2%	29	3.3%	25	2.8%	74	8.4%
Mammoth	687	403	58.7%	38	5.5%	39	5.7%	208	30.3%
Maricopa (2)	10,565	10,413	98.6%	6	0.1%	0	0.0%	146	1.4%
Queen Creek (Pinal Co Part)	160	134	83.8%	0	0.0%	0	0.0%	26	16.3%
Superior	1,531	1,267	82.8%	57	3.7%	79	5.2%	164	10.7%

Sources: Central Arizona Association of Governments and Census 2000

(1) Includes Census 2000 “other” units (boats, buses, RVs)

(2) Maricopa CDP Census 2000 data

TABLE 12 - TRENDS IN HOUSING VARIETY BY JURISDICTION 2000 - 2006

Jurisdiction	Single Family Attached & Detached				2 to 4 units				5 or more units				Manufactured Housing & Mobile Homes			
	2000 (1)	2006 (2)	2000 – 2006 change		2000 (1)	2006 (2)	2000 – 2006 change		2000 (1)	2006 (2)	2000 – 2006 change		2000 (1)	2006 (2)	2000 – 2006 change	
			No.	%			No.	%			No.	%			No.	%
Pinal County	39,375	89,146	49,771	126.4%	3,948	4,312	364	9.2%	4,399	5,057	658	15.0%	30,100	35,975	5,875	19.5%
Unincorporated Pinal County	19,440	50,005	30,565	157.2%	1,042	1,091	49	4.7%	370	370	0	0.0%	13,522	16,694	3,172	23.5%
Apache Junction (Pinal Part)	6,325	7,738	1,413	22.3%	1,074	1,132	58	5.4%	1,027	1,383	356	34.7%	11,267	12,888	1,621	14.4%
Casa Grande	6,059	11,552	5,493	90.7%	950	1,072	122	12.8%	2,057	2,351	294	14.3%	1,952	2,777	825	42.3%
Coolidge	2,145	3,363	1,218	56.8%	219	235	16	7.3%	228	236	8	3.5%	591	642	51	8.6%
Eloy	1,624	1,892	268	16.5%	212	331	119	56.1%	289	289	0	0.0%	677	733	56	8.3%
Florence	1,248	1,619	371	29.7%	321	321	0	0.0%	285	285	0	0.0%	1,487	1,623	136	9.1%
Kearny	753	760	7	0.9%	29	29	0	0.0%	25	25	0	0.0%	70	74	4	5.7%
Mammoth	400	403	3	0.8%	38	38	0	0.0%	39	39	0	0.0%	203	208	5	2.5%
Maricopa (3)	139	10,413	10,274	7391.4%	6	6	0	0.0%	0	0	0	0.0%	141	146	5	3.5%
Queen Creek (Pinal Co Part)	26	134	108	415.4%	0	0	0	0.0%	0	0	0	0.0%	26	26	0	0.0%
Superior	1,216	1,267	51	4.2%	57	57	0	0.0%	79	79	0	0.0%	164	164	0	0.0%

(1) Source: Census 2000

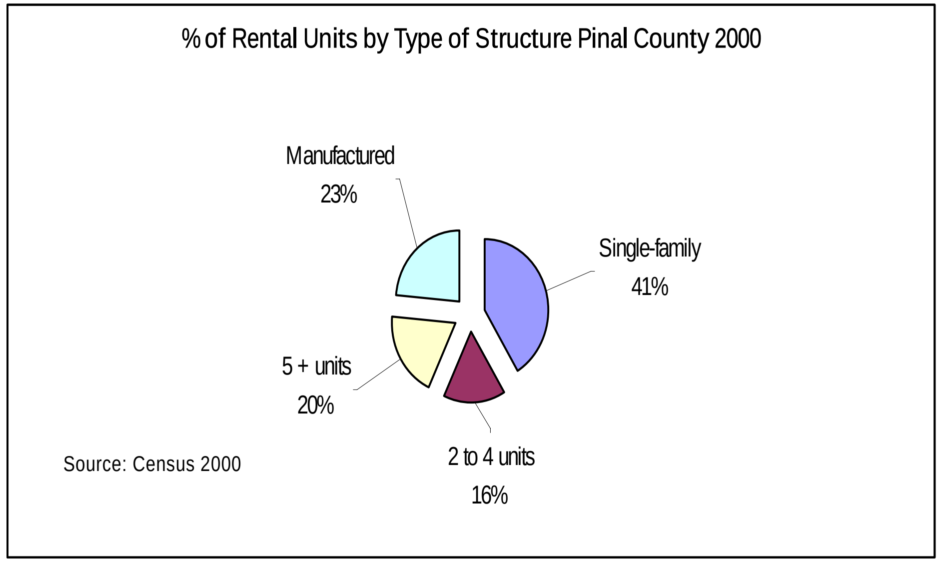
(2) Source: Central Arizona Association of Governments.

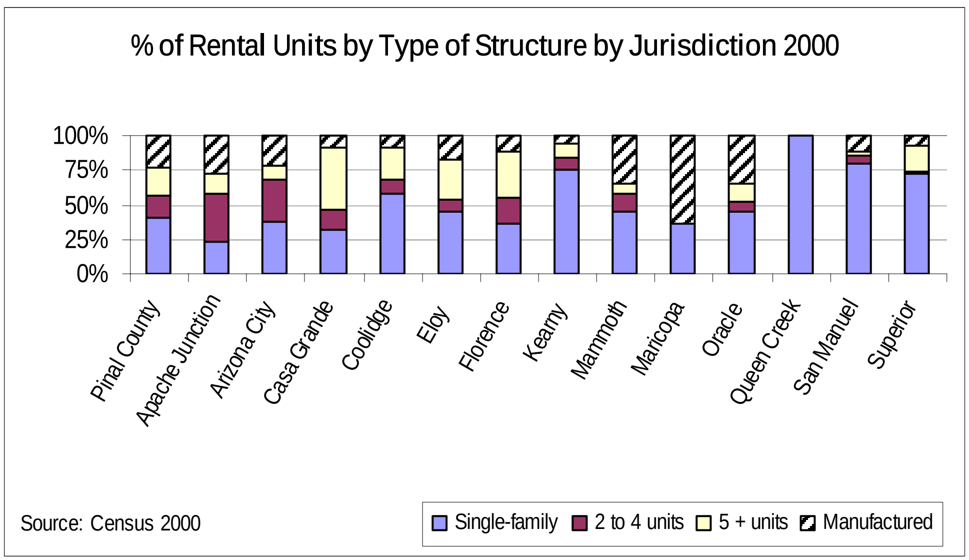
(3) Maricopa CDP Census 2000 data

Type of Structure and Tenure

Since the majority of housing units in most locations are single-family, it is also the type of housing most likely to be renter occupied. In 2000, 41% of rental units in Pinal County were single-family units and another 23% were manufactured housing or mobile homes.

Multi-family structures are the least prevalent housing type in Pinal County and are the most likely to be renter occupied. Higher densities or more units on each building lot mean that the cost to produce multi-family housing is usually lower than the cost to produce single-family housing. Consequently, multi-family units may often be sold or rented at lower prices than single-family units.



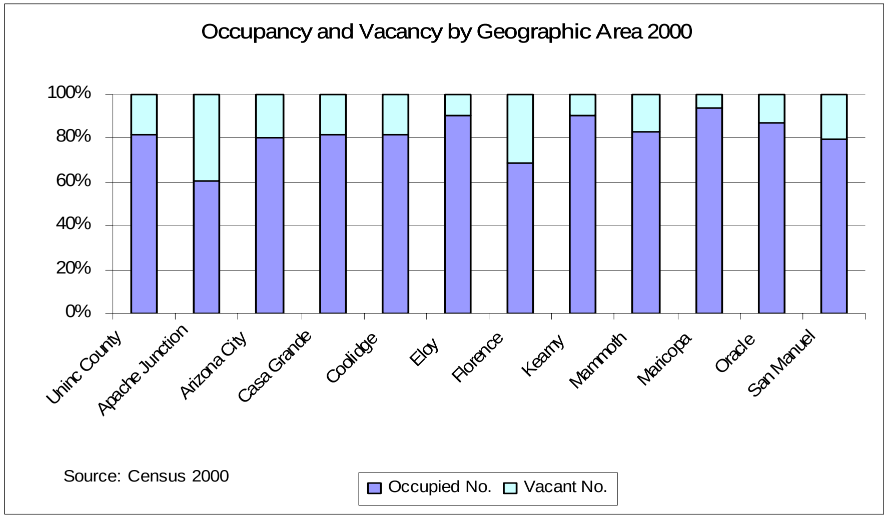


Multi-family units are more typically occupied by renters, with 55% of units in 2 to 4 unit structures and 62% of units in 5+ unit structures renter occupied. The renter occupancy of multi-family units is highest in those communities where multi-family housing is more common, with the exception of Apache Junction, where multi-family units are more commonly occupied by owners.

Owners choose multi-family housing for a variety of reasons, including reduced energy costs, the perception of increased safety for single and older households, less maintenance responsibility, and assured maintenance for seasonal occupants.

Occupancy and Vacancy

The proportion of occupied units and the vacancy status of vacant units reflect both demand for housing in general and the primary use(s) of housing units. General occupancy and tenure data serve as the basis by which other housing data related to quality, variety and affordability may be assessed.



Occupancy rates throughout Pinal County range from a low of 60% in Apache Junction to a high of approximately 90% in Eloy. Overall, the occupancy rate in Pinal County is 76%. Eighty-two percent of units in the unincorporated County are occupied.

The vacancy status of vacant housing units is a key indicator of the demand for housing. A large volume of vacant units for sale or for rent indicates an oversupply. A large volume of vacant units that are neither sold nor rented or for sale or rented, indicates a potential supply of housing that is uninhabitable or privately-held for seasonal employees, such as farmworkers.

The majority (62%) of vacant housing units in Pinal County are seasonal units. In 2000, over one-half of the County's seasonal units were located in Apache Junction and another quarter were located in the unincorporated County. Seasonal units were least prevalent in Eloy (2%) and Superior (9%). The Eastern County communities of Kearny, Mammoth, Oracle and San Manuel all had fewer than one-quarter of vacant units as seasonal vacancies.

Among non-seasonal vacancies in Pinal County, nearly four of ten (37%) vacant units were for rent, 27% for sale and 25% classified as other. The highest proportion of for rent vacant units was in Eloy (64%) and of for sale vacant units was in Kearny (45%). Vacant units defined as "other" accounted for the majority of vacancies in Coolidge, Oracle and Superior.

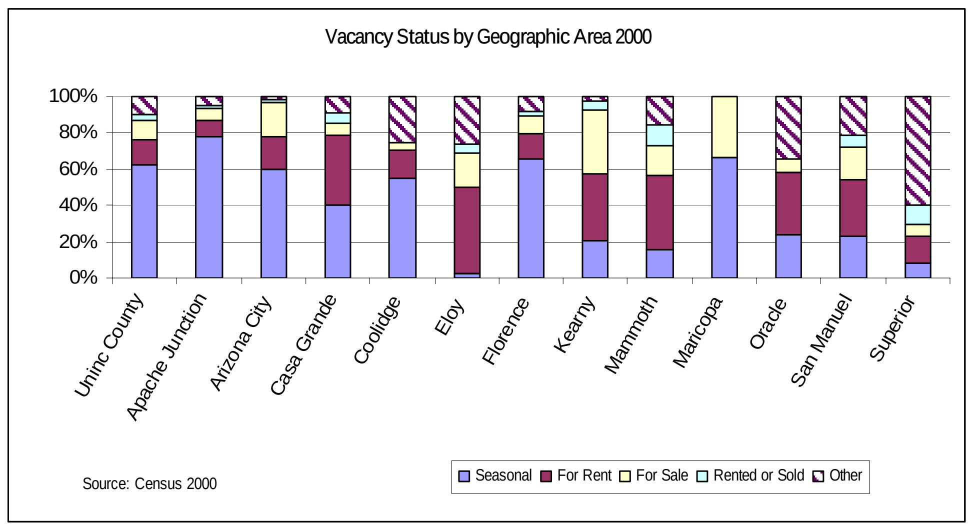


TABLE 13 - OCCUPANCY, TENURE AND VACANCY FOR ALL UNITS BY JURISDICTION 2000											
	Total	Occupied		Owner Occupied		Renter Occupied		Vacant		Seasonal	
		No.	% of Jurisdiction	No.	% of Occupied Units	No.	% of Occupied Units	No.	% of Jurisdictio n	No.	% of Vacant Units
Pinal County	81,154	61,364	75.6%	47,522	77.4%	13,842	22.6%	19,790	24.4%	12,230	61.8%
Unincorporated Pinal County	35,223	28,675	81.4%	23,593	82.3%	5,082	17.7%	6,548	18.6%	3,416	52.2%
Apache Junction (Pinal Co Part)	22,456	13,570	60.4%	11,249	82.9%	2,321	17.1%	8,886	39.6%	6,930	78.0%
Arizona City	2,169	1,742	80.4%	1,459	83.8%	283	16.2%	427	24.5%	254	59.5%
Casa Grande	10,936	8,905	81.4%	5,654	63.5%	3,251	36.5%	2,031	18.6%	823	40.5%
Coolidge	3,179	2,603	81.9%	1,734	66.6%	869	33.4%	576	18.1%	316	54.9%
Eloy	2,737	2,472	90.3%	1,590	64.3%	882	35.7%	265	9.7%	6	2.3%
Florence	3,255	2,233	68.6%	1,549	69.4%	684	30.6%	1,022	31.4%	671	65.7%
Kearny	871	789	90.6%	644	81.6%	145	18.4%	82	9.4%	17	20.7%
Mammoth	679	562	82.8%	430	76.5%	132	23.5%	117	17.2%	18	15.4%
Maricopa CDP	286	268	93.7%	139	51.9%	129	48.1%	18	6.3%	12	66.7%
Oracle	1,571	1,369	87.1%	1,022	74.7%	347	25.3%	202	12.9%	48	23.8%
Queen Creek (Pinal Co Part)	52	52	100.0%	46	88.5%	6	11.5%	0	0.0%	0	0.0%
San Manuel	1,832	1,458	79.6%	1,204	82.6%	254	17.4%	374	20.4%	85	22.7%
Superior	1,480	1,235	83.4%	894	72.4%	341	27.6%	245	16.6%	21	8.6%
Source: Census 2000											

TABLE 14 - RENTER OCCUPIED UNITS BY UNITS IN STRUCTURE BY JURISDICTION 2000											
	Occupied Units (1)	Renter Occupied		Single-family detached and attached		2 to 4 units		5 or more units (2)		Manufactured Housing / Mobile Homes	
		No.	%	No.	%	No.	%	No.	%	No.	%
Pinal County	61,364	13,842	22.6%	5,652	14.4%	2,173	55.0%	2,707	61.5%	3,189	10.6%
Apache Junction (Pinal Co Part)	13,570	2,321	17.1%	526	8.3%	776	72.3%	345	33.6%	622	5.5%
Arizona City	1,459	283	19.4%	106	37.5%	86	30.4%	29	10.2%	62	21.9%
Casa Grande	8,905	3,251	36.5%	1,030	17.0%	465	48.9%	1,446	70.3%	304	15.6%
Coolidge	2,603	869	33.4%	506	23.6%	83	37.9%	202	88.6%	78	13.2%
Eloy	2,472	882	35.7%	401	24.7%	67	31.6%	261	90.3%	153	22.6%
Florence	2,233	684	30.6%	246	19.7%	131	40.8%	220	77.2%	79	5.3%
Kearny	789	145	18.4%	109	14.5%	12	41.4%	16	64.0%	8	11.4%
Mammoth	562	132	23.5%	59	14.8%	18	47.4%	10	25.6%	45	22.2%
Maricopa (3)	268	129	48.1%	47	33.8%	0	0.0%	0	0.0%	82	58.2%
Oracle CDP	1,369	347	25.3%	151	14.8%	26	45.6%	47	100.0%	117	25.3%
Queen Creek (Pinal Co Part)	52	6	11.5%	6	23.1%	0	0.0%	0	0.0%	0	0.0%
San Manuel CDP	1,458	254	17.4%	201	14.8%	15	40.5%	7	0.0%	31	8.2%
Superior	1,235	341	27.6%	244	20.1%	7	12.3%	63	100.0%	24	14.6%

Sources: Central Arizona Association of Governments and Census 2000

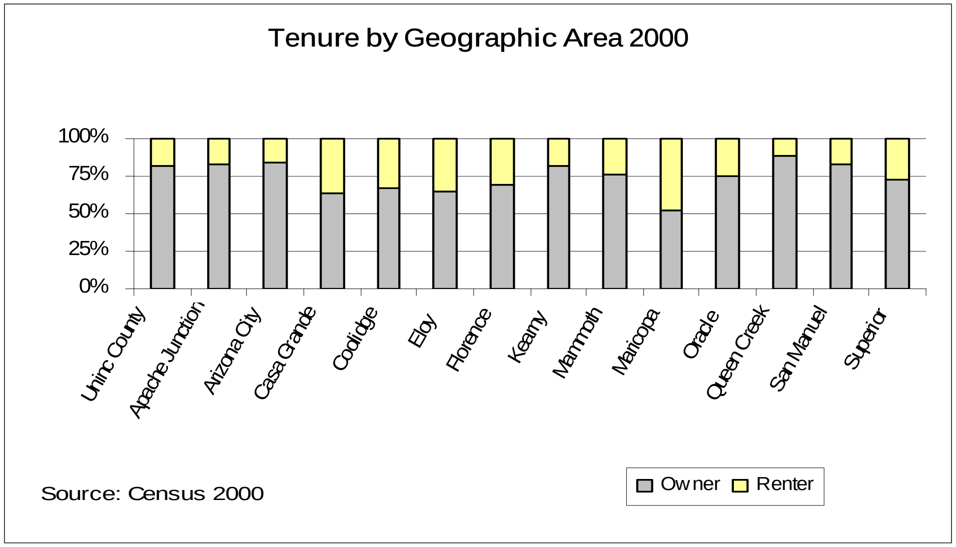
(1) Includes Census 2000 “other” units (boats, buses, RVs)

(2) Includes condominiums

(3) Maricopa CDP Census 2000 data

Tenure

The tenure (owner or renter) of occupied units is another indicator of demand that further defines the housing market.



From the individual homeowner perspective, the focus of homeownership is on neighborhood stability and the increase or (at a minimum) maintenance of housing value. At the same time that existing owners seek to sustain or grow their housing wealth, a growing proportion of the population is on a fixed income, and employment opportunities are growing fastest in lower-wage occupations and industries, creating demand for lower-priced housing units both for rent and for sale.

It is a widely-held belief that homeowners contribute to community stability through their financial investment and that they seek to maintain and grow that investment through greater participation in the community. Consequently, areas with high homeownership rates are less vulnerable to displacement from gentrification and rising housing prices.

The national goal of increasing homeownership has resulted in a focus of resources on increasing the homeownership rate. The goal of most homeownership programs is to achieve a homeownership rate of 70%. In 2000, this goal had been achieved in most jurisdictions and for the County as a whole. Lower homeownership rates were found in Casa Grande (64%), Coolidge (67%), Eloy (64%) and Maricopa (52%). These communities also have a larger proportion of households headed by younger persons.

During a housing boom, renters often seek to purchase a home before prices rise even more. The increased demand results in increased purchase prices. Still, the inter-relationship of the two markets (rental and owner) plays out over time. As more renters choose to buy and prices increase, rental vacancy rates also increase and rents go down. As landlords have difficulty renting units, they may choose to sell and selling prices go down as the supply of for-sale units increases.

From a community standpoint, renting provides the opportunity for households to learn more about a neighborhood or community before making a homeownership investment, and provides for mobility among the workforce. Working households that own a home are more likely to seek local or nearby employment while renters are as likely to move closer to employment opportunities as they are to seek work close to home.

From a household perspective, renting is chosen over homeownership for a variety of reasons:

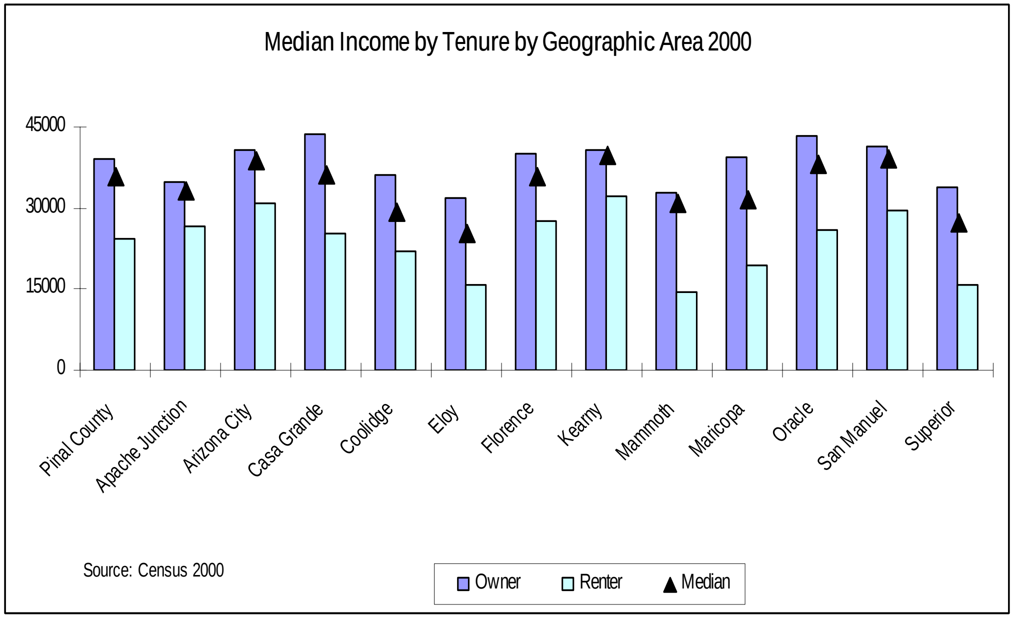
- Renting may be less expensive than owning, especially during the first five years;
- Rental units are most often maintained and repaired by their owners, so unplanned and sometimes-costly repairs are not the renter's responsibility;
- Less time spent on maintenance and repairs equals more free time;
- Renting carries less financial risk, especially in volatile markets.

Tenure, Income and Family Type

Housing tenure varies with such demographic factors as income, age, occupation, and household type. The choice of whether to buy or rent depends in part on a household's financial situation. In turn, a household's financial situation depends on their employment. Inversely, the search for decent, safe and affordable housing impacts employment and the economy in general.

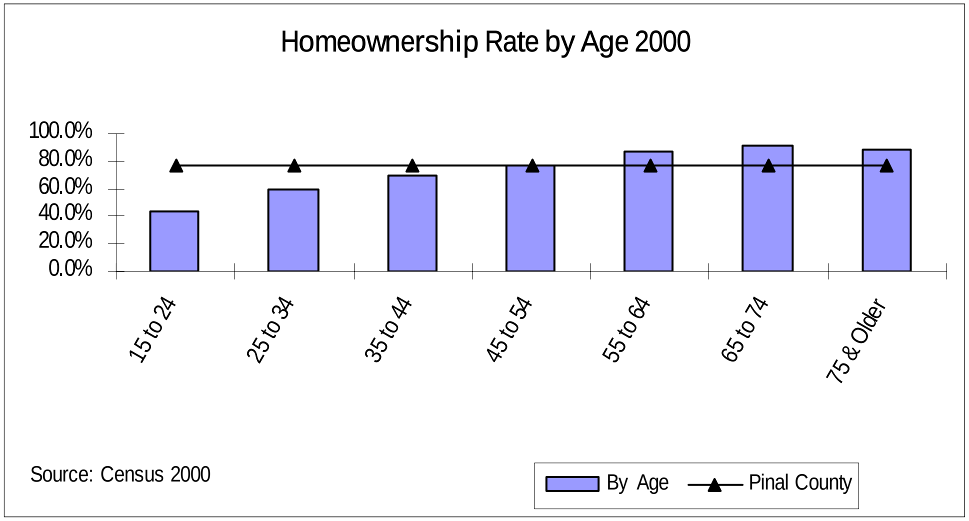
Employment status, age, familial status, and income all affect the choice of housing tenure. The number of wage earners in a household also effects housing tenure as it means more household income. Not surprisingly, homeownership is linked to higher income. In 2000, the median income for Pinal County homeowners was $39,140 (110% of the County median), while the median income for renters was $24,416 (68% of the County median).

There are community-to-community differences in tenure, which may be related to employment. This is because for the vast majority of households, homeownership is considered when stable employment is available. At the same time, high housing costs in one area might discourage workers from moving to that area and taking employment, even when employment is readily available, and low housing costs do not necessarily encourage workers to move.



The rate of homeownership increases as age increases, and remains relatively high after the age of 35. This suggests that a proportion of the population will choose renting over owning, regardless of socio-economic factors such as age, income or family type. In general, younger households are more likely to rent, while older households are more likely to own.

Older and retired households generally have pensions or other retirement income. These households are also less likely to have a mortgage or require financing than households with wages and salaries, primarily due to accumulated wealth. The homeownership rate decreases after the age of 75 years, when renting, including congregate and continuing care residences, assisted housing, and skilled nursing care becomes more attractive.



Homeownership rates are also impacted by family type. Owned property is often considered more stable and is therefore likely more sought after by married couple families, with or without dependent children; this family type generally has a high homeownership rate. Couples in which both adults work and have no children have a higher income and are among the most likely to own. The household type that is least likely to own is the single-parent household with dependent children.

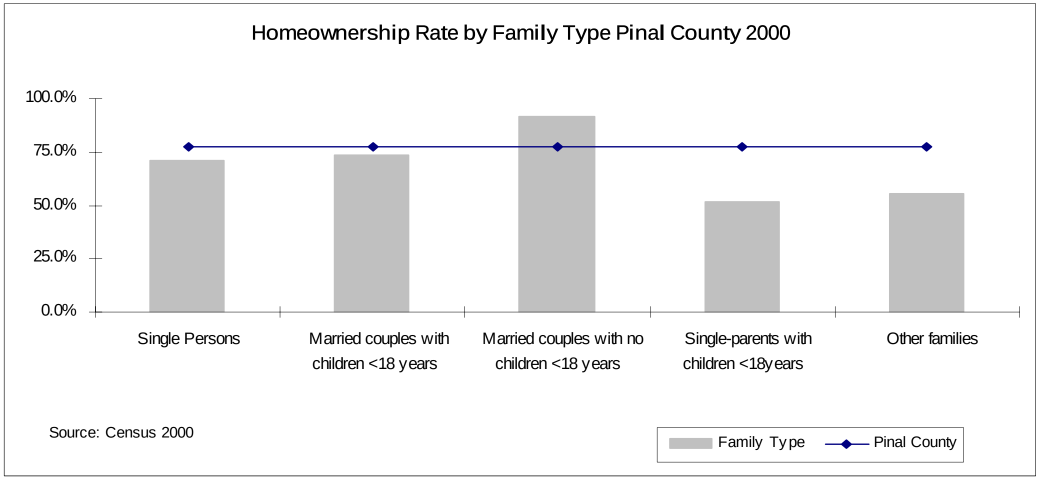


TABLE 15 - OWNERSHIP STATUS BY AGE OF HOUSEHOLDER BY JURISDICTION 2000																
			15 – 24		25 – 34		35 – 44		45 – 54		55 – 64		65 -74		75 and over	
Jurisdiction	TOTAL OWNER (1)	%	No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)
Pinal County	47,522	77.4%	1,024	43.0%	4,974	59.6%	7,786	69.7%	8,055	76.4%	8,896	86.5%	10,051	91.2%	6,736	88.4%
Unincorporated Pinal Co (3)	23,593	82.3%	382	47.8%	2,139	62.9%	3,842	71.6%	4,243	83.0%	5,166	91.5%	4,970	94.5%	2,851	92.1%
Apache Junction (Pinal Part)	11,249	82.9%	374	69.5%	1,223	73.5%	1,631	75.6%	1,465	73.9%	1,753	85.4%	2,611	93.4%	2,192	92.1%
Arizona City CDP	1,459	83.8%	27	38.6%	119	62.3%	290	83.3%	312	80.6%	238	97.1%	340	85.0%	233	89.6%
Casa Grande	5,654	63.5%	79	18.0%	832	47.1%	1,116	65.5%	1,020	64.2%	853	73.6%	1,104	81.8%	650	72.7%
Coolidge	1,734	66.6%	44	26.7%	142	46.3%	323	57.8%	355	68.9%	263	74.7%	382	92.0%	225	77.6%
Eloy	1,590	64.3%	110	37.7%	256	52.8%	358	62.5%	333	73.3%	276	85.2%	168	70.0%	89	85.6%
Florence	1,549	69.4%	0	0.0%	146	44.1%	187	58.8%	198	63.3%	219	71.8%	405	83.9%	394	89.1%
Kearny	644	81.6%	4	25.0%	84	69.4%	73	69.5%	139	82.7%	131	90.3%	115	95.0%	98	86.7%
Mammoth	430	76.5%	8	44.4%	57	62.0%	77	70.0%	103	83.1%	73	74.5%	55	94.8%	57	91.9%
Maricopa(4)	139	51.9%	9	52.9%	46	60.5%	46	48.4%	19	38.8%	0	0.0%	10	55.6%	9	100.0%
Oracle CDP	1,022	87.1%	10	15.2%	42	33.1%	259	80.4%	214	77.5%	246	86.3%	113	78.5%	112	77.2%
Queen Creek (Pinal Part)	46	88.5%	0	0.0%	0	0.0%	0	0.0%	5	100.0%	26	100.0%	5	45.5%	10	100.0%
San Manuel CDP	1,244	79.6%	35	55.6%	197	80.4%	255	69.3%	223	82.0%	210	85.4%	186	95.9%	44	74.6%
Superior	894	72.4%	14	26.4%	49	47.1%	133	73.5%	175	76.1%	136	76.8%	226	82.8%	161	74.2%

(1) Census 2000
(2) % of Jurisdiction

TABLE 16 - HOMEOWNERSHIP BY FAMILY TYPE BY JURISDICTION 2000															
	Single-person			Married couples with children <18			Married couples with no children <18			Single parents with children <18			All other families		
Jurisdiction	Total	Owners	% Owners	Total	Owners	% Owners	Total	Owners	% Owners	Total	Owners	% Owners	Total	Owners	% Owners
Pinal County	12,906	9,194	71.2%	12,352	9,058	73.3%	23,121	21,164	91.5%	6,313	3,248	51.4%	3,678	2,040	55.5%
Unincorporated Pinal County	5,078	3,930	77.4%	5,735	4,265	74.4%	12,607	11,716	92.9%	2,503	1,478	57.2%	1,524	968	63.5%
Apache Junction (Pinal Part)	3,634	2,946	81.1%	2,097	1,666	79.4%	4,997	4,632	92.7%	1,008	677	67.2%	769	709	92.2%
Arizona City CDP	320	241	75.3%	334	250	74.9%	843	761	90.3%	129	88	68.2%	151	119	78.8%
Casa Grande	1,944	982	50.5%	2,171	1,430	65.9%	2,573	2,216	86.1%	1,221	476	39.0%	516	162	31.4%
Coolidge	536	319	59.5%	547	409	74.8%	712	650	91.3%	437	141	32.3%	271	32	11.8%
Eloy	404	248	61.4%	817	547	67.0%	461	371	80.5%	504	224	44.4%	218	62	28.4%
Florence	614	346	56.4%	353	279	79.0%	842	755	89.7%	200	68	34.0%	139	41	29.5%
Kearny	167	129	77.2%	229	157	68.6%	299	265	88.6%	61	41	67.2%	47	15	31.9%
Mammoth	97	63	64.9%	145	121	83.4%	170	154	90.6%	90	44	48.9%	49	5	10.2%
Maricopa	65	0	0.0%	58	46	79.3%	25	10	40.0%	66	39	59.1%	45	20	44.4%
Oracle CDP	339	227	67.0%	305	266	87.2%	461	432	93.7%	144	45	31.3%	52	37	71.2%
Queen Creek (Pinal Co Part)	15	11	73.3%	4	4	100%	16	15	93.8%	0	0	0.0%	9	5	55.6%
San Manuel CDP	218	181	83.0%	506	390	77.1%	512	489	95.5%	129	80	62.0%	44	23	52.3%
Superior	352	220	62.5%	196	134	68.4%	419	380	90.7%	143	60	42.0%	91	21	23.1%

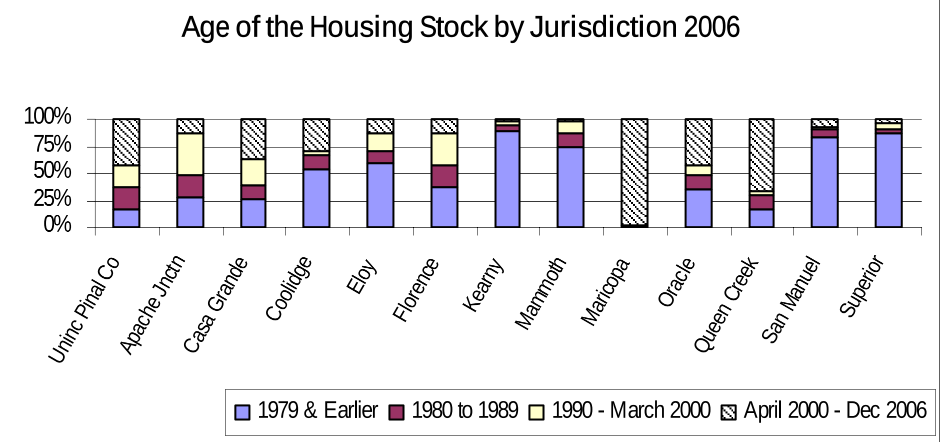
(1) Source: Census 2000
(2) % of Family Type
Note: may not add to total owner households

Housing Quality - Age of the Housing Stock

Housing quality encompasses a range of issues that are central to quality of life, including housing safety, design and appearance, maintenance and energy efficiency, and community safety and livability. The quality of the existing housing stock reflects economic prosperity and pride of community. Visitors to Pinal County often get their first impression of both lifestyle and community economic well-being as they drive through incorporated and unincorporated areas, therefore housing quality is vital not only to existing residents but also the attraction of potential employers and economic investors.

Some jurisdictions take a proactive approach to neighborhood stabilization, community clean ups and code enforcement. When available, these activities contribute to voluntary correction of code violations, create community and neighborhood pride, contribute to the health and safety of residents, and improve community appearance and character.

The age of the housing stock is one indicator of housing quality. While many older housing units have been well-maintained and lovingly restored, other older housing units may have been built to outdated building codes using materials and construction techniques that are no longer considered safe or sustainable. Older housing units may be less energy efficient, resulting in higher utility costs for occupants. In addition, some materials, such as lead (in units built prior to 1978) and asbestos may represent health hazards to unit occupants.



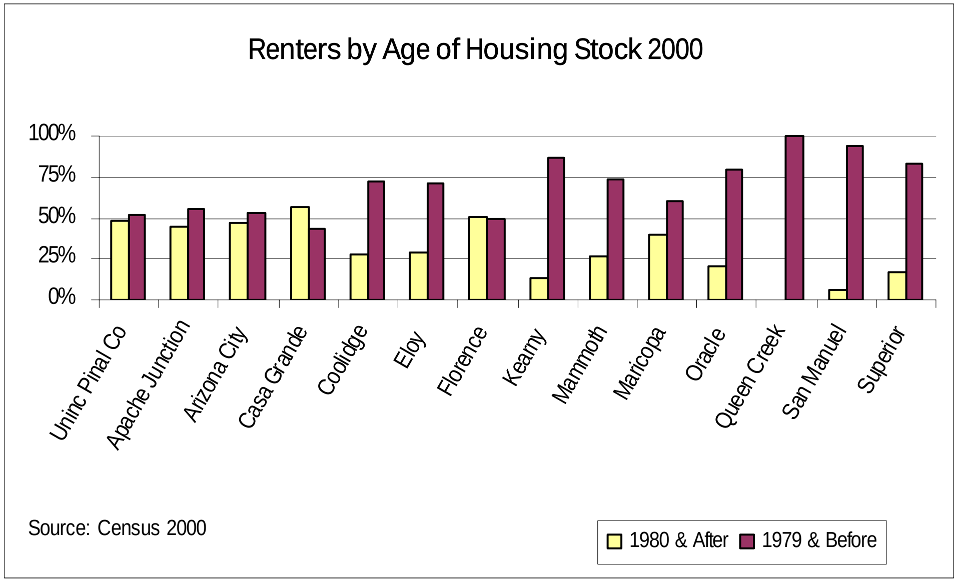
Sources: Census 2000, CAAG

The relative newness of the housing stock reflects the recent growth in both incorporated and unincorporated Pinal County – more than four in ten (41%) of the Pinal County housing stock has been built since 2000 and about one quarter (24%) of Pinal County housing units were built prior to 1980. The housing stock built prior to 1980 is more likely to have health and safety conditions that negatively impact residents, neighbors and communities.

In unincorporated Pinal County, nearly one-half (49%) of housing units have been built since 2000 and less than one of five (18%) were built before 1980. Other communities with a high proportion of new housing stock include Maricopa - 97% since 2000, Queen Creek – 65% since 2000, Oracle – 42% since 2000 and Casa Grande – 38% since 2000. More than three quarters of the housing stock was built prior to 1980 in Kearny (90%), Mammoth (74%), San Manuel (83%), and Superior (87%). Other communities with higher proportions of older stock are Coolidge (54%), and Eloy (49%).

TABLE 17 - AGE OF THE HOUSING STOCK BY JURISDICTION 2006											
		Apr 2000 - Dec 2006 (1)		1990 to March 2000 (2)		1980 to 1989 (2)		1960 to 1979 (2)		1959 or earlier (2)	
	Total	No.	% of Jurisdiction	No.	% of Jurisdiction	No.	% of Jurisdiction	No.	% of Jurisdiction	No.	% of Jurisdiction
Pinal County	137,687	56,533	41.1%	31,327	22.8%	16,987	12.3%	23,707	17.2%	9,133	6.6%
Unincorporated Pinal County	69,009	33,786	49.0%	15,001	21.7%	7,540	10.9%	9,704	14.1%	2,978	4.3%
Apache Junction (Pinal Co Part)	25,860	3,404	13.2%	10,023	38.8%	5,389	20.8%	6,192	23.9%	852	3.3%
Casa Grande	17,601	6,665	37.9%	4,121	23.4%	2,162	12.3%	3,032	17.2%	1,621	9.2%
Coolidge	4,472	1,293	28.9%	239	5.3%	514	11.5%	1,329	29.7%	1,097	24.5%
Eloy	3,159	422	13.4%	530	16.8%	351	11.1%	1,252	39.6%	604	19.1%
Florence	3,761	506	13.5%	1,115	29.6%	764	20.3%	869	23.1%	507	13.5%
Kearny	882	11	1.2%	36	4.1%	51	5.8%	502	56.9%	282	32.0%
Mammoth	687	8	1.2%	83	12.1%	85	12.4%	312	45.4%	199	29.0%
Maricopa (3)	10,565	10,279	97.3%	76	0.7%	54	0.5%	130	1.2%	26	0.2%
Queen Creek (Pinal Co Part)	160	108	67.5%	5	3.1%	20	12.5%	27	16.9%	0	0.0%
Superior	1,531	51	3.3%	98	6.4%	57	3.7%	358	23.4%	967	63.2%

(1) Source: Central Arizona Association of Governments
(2) Source: Census 2000
(3) Maricopa CDP Census 2000 data
(4) Estimate based on estimated housing units less Census 2000 housing units data.



Renters and Age of the Housing Stock

Owners of rental property are generally seeking financial benefit through current income generation, increased property value (appreciation), and depreciation (a tax benefit). All or some of these factors play a role in rental housing maintenance and older rental housing may offer fewer of these benefits to owners.

Housing quality concerns can multiply when older housing stock is renter-occupied. Renters rely on owners to maintain properties, and owners of older housing stock may be challenged to do so as repairs mount and the cost of repairs does not increase the value of the property relative to the expected income that will be generated.

In unincorporated Pinal County, renters are equally likely to occupy older housing as they are to occupy newer housing. With the exception of Casa Grande, where newer multi-family housing units are more prevalent, renters are more likely to occupy housing built before 1980. In some communities such as Apache Junction, Coolidge, and Eloy the older housing stock is much more likely to be renter occupied than owner occupied.

Countywide rental unit data provided by the Pinal County Assessor indicates that over four thousand new rental structures have been added to the market since 2000. This accounts for 61% of the registered rental structures. It is important to note however that other data, such as that available through the US Census Bureau suggests that many single-family rentals are not registered with the Assessor's Office.

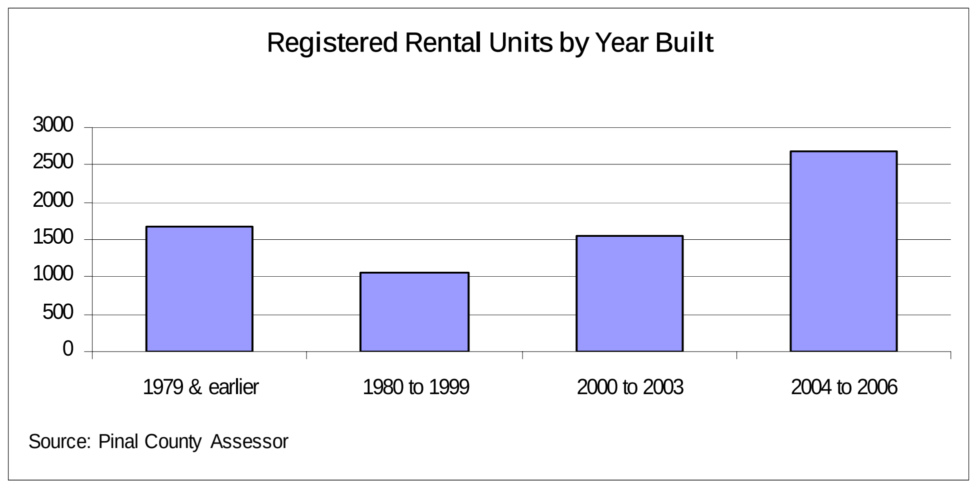


TABLE 18 - REGISTERED SINGLE FAMILY AND MULTI-PLEX RENTAL STRUCTURES BY YEAR BUILT PINAL COUNTY						
	Total		Single-Family		Multi-plex	
Year Built	Structures	%	Structures	%	Structures	%
1939 or earlier	170	2.4%	160	2.6%	10	1.4%
1940 to 1949	179	2.6%	156	2.5%	23	3.3%
1950 to 1959	489	7.0%	466	7.6%	23	3.3%
1960 to 1969	258	3.7%	210	3.4%	48	6.9%
1970 to 1979	569	8.1%	479	7.8%	90	12.9%
1980 to 1989	457	6.5%	241	3.9%	216	31.0%
1990 to 1999	598	8.5%	557	9.0%	41	5.9%
2000	155	2.2%	144	2.3%	11	1.6%
2001	275	3.9%	240	3.9%	35	5.0%
2002	502	7.2%	456	7.4%	46	6.6%
2003	609	8.7%	563	9.1%	46	6.6%
2004	1160	16.5%	1126	18.3%	34	4.9%
2005	1047	14.9%	999	16.2%	48	6.9%
2006	484	6.9%	460	7.5%	24	3.4%
2007	67	1.0%	65	1.1%	2	0.3%
Total	7,019		6,233		697	
Source: Pinal County Assessor						

Housing Affordability

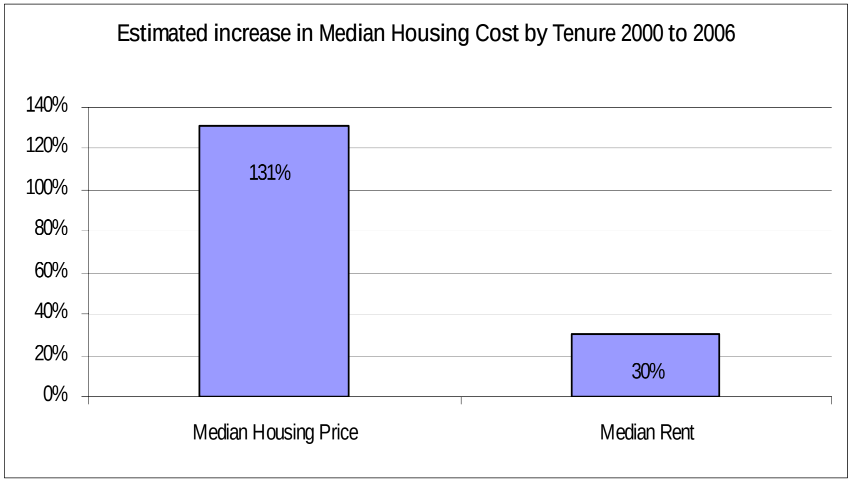
Housing affordability is a key measure of the economic health and viability of a community. A variety of economic and market factors contribute to housing affordability – income and employment, family size and type, age, housing variety and housing quality all play integral roles in the assessment. While government programs define affordability as paying not more than 30% of gross household income for total housing cost (rent or mortgage and utilities), this definition is more appropriate to lower and moderate income households than to higher income households.

Both owners and renters may choose to occupy housing that is disproportionately costly to their income for any number of reasons - limited availability, specific locations or amenities are more attractive, income is anticipated to increase, affordable housing quality is poor, and work or family are nearby are only a few factors that impact housing choice. Therefore, a more accurate definition of housing affordability is adequate income to meet (local) housing costs with sufficient resources remaining for basic goods and services (purchased locally) and the generation of additional and/or future income.

When housing is not affordable, individuals, businesses and communities feel the impact:

- Households with excessive housing costs have less disposable income for basic goods and services.
- Households that work in one community but live in another community experience higher transportation costs and have both less disposable income and time with family, impacting quality of life.
- Employees that live in one community and work in another may purchase fewer basic goods and services in the community where they live, negatively impacting local businesses and resulting in decreased sales tax revenue.
- If housing costs are too high or the quality is poor, employers have difficulty attracting and retaining quality employees. For major employers, housing affordability is often a key factor in location decisions.

When housing prices increase due to a fundamental supply and demand equation, then both rental prices and ownership prices can be expected to increase comparably. During the housing boom of 2000 to 2006, the population increased 99%, rents increased an estimated 30%, and purchase prices increased an estimated 131%.



Population growth early in the decade directly impacted housing prices as demand exceeded supply. Unit prices remained high even as the supply caught up with the demand. This suggests that the continued increase in housing costs during the housing boom had as much to do with a fundamental supply and demand imbalance as with other factors. These other factors, such as creative and liberal financing, and increased purchasing by retirees and investors had a significant impact on housing prices.

Homeownership Affordability

Homeownership affordability and housing affordability in general are assessed considering both supply and demand factors. The supply side of the affordability equation is measured primarily through values and sales prices, existing and new home sales, and vacancy rates. The demand side of the equation is measured primarily through growth in employment and household wealth, population growth, and financing opportunities such as the types of financing available and the interest rate applied to the financing. Housing quality and variety influence both sides of the equation.

TABLE 19 - MEDIAN VALUE AND MEDIAN PRICE ASKED BY JURISDICTION 2000

	Median Value	Median Price Asked		
	$	$	Price asked as % of Value	Units in Sample
Pinal County	76,300	83,000	109%	1,240
Apache Junction (Pinal Co Part)	74,300	113,200	152%	254
Arizona City	85,000	80,500	95%	73
Casa Grande	79,900	80,000	100%	120
Coolidge	55,400	62,000	112%	22
Eloy	48,400	49,600	102%	27
Florence	71,600	75,600	106%	33
Kearny	56,600	52,100	92%	23
Mammoth	46,100	50,000	108%	14
Maricopa	75,500	0	n/a	0
Oracle	106,000	88,000	83%	8
Queen Creek (Pinal Co Part)	94,000	0	n/a	0
San Manuel	98,000	71,500	73%	60
Superior	45,400	37,500	83%	17

Source: Census 2000

Values and Sales Prices

When housing prices increase at a faster rate than incomes increase, then housing affordability declines. When housing prices remain stagnant or decline while household income increases, then affordability increases.

Housing values directly impact the amount of funds that a buyer can borrow as well as the amount of taxes paid. Values are generally reflected in prices but during a time of high demand, prices can exceed values. Higher prices drive up values, as comparing prices is one method of determining value. Lenders provide financing up to a percentage of the value of a housing unit and this is one factor in determining whether a buyer is able to purchase a unit.

In 2000, the median value of a housing unit in Pinal County was $76,300 and the median price asked of for sale units was $83,000. Throughout the County, price asked in relationship to value ranged from a low of 73% in San Manuel to a high of 152% in Apache Junction. This difference may be explained by the volume and type of for-sale housing units.

TABLE 20 - HOUSING VALUES BY VALUE RANGE – SELECTED SINGLE FAMILY UNITS 2000 BY JURISDICTION																	
	$99,999 or less		$100,000 to $124,999		$125,000 to $149,999		$150,000 to $174,999		$175,000 to $199,999		$200,000 to $249,999		$250,000 to $299,999		$300,000 or more		All Units
Pinal County	14,800	54.1%	3,653	13.4%	2,381	8.7%	1,912	7.0%	1,168	4.3%	1,484	5.4%	946	3.5%	996	3.6%	27,340
Apache Junction (Pinal Part)	2,520	52.0%	1,544	31.8%	488	10.1%	143	2.9%	46	0.9%	58	1.2%	33	0.7%	16	0.3%	4,848
Arizona City	712	64.6%	112	10.2%	137	12.4$	115	10.4%	0	0.0%	10	0.9%	0	0.0%	0	0.0%	1,103
Casa Grande	2,830	64.6%	659	15.0%	339	7.7%	246	5.6%	139	3.2%	96	2.2%	51	1.2%	19	0.4%	4,379
Coolidge	1,342	92.4%	33	2.3%	28	1.9%	24	1.7%	11	0.8%	15	1.0%	0	0.0%	0	0.0%	1,453
Eloy	963	97.7%	6	0.6%	9	0.9%	8	0.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	986
Florence	466	64.5%	173	24.0%	19	2.6%	27	3.7%	7	1.0%	22	3.0%	0	0.0%	8	1.1%	722
Kearny	548	94.0%	22	3.8%	9	1.5%	0	0.0%	0	0.0%	2	0.3%	0	0.0%	2	0.3%	583
Mammoth	284	97.3%	1	0.3%	0	0.0%	5	1.7%	0	0.0%	0	0.0%	0	0.0%	2	0.7%	292
Maricopa CDP	325	47.5%	0	0.0%	0	0.0%	117	17.1%	16	2.3%	7	1.0%	38	5.6%	0	0.0%	684
Oracle	312	45.6%	125	18.3%	69	10.1%	117	17.1%	16	2.3%	7	1.0%	38	5.6%	0	0.0%	684
Queen Creek (Pinal Co Part)	5	50.0%	0	0.0%	0	0.0%	5	50.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	10
San Manuel	910	97.0%	14	1.5%	7	0.7%	7	0.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	938
Superior	716	96.4%	18	2.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	5	0.7%	4	0.5%	743
	25,779	59.9%	6,248	14.5%	3,349	7.8%	2,494	5.8%	1,396	3.2%	1,684	3.9%	1,073	2.5%	1,047	2.4%	43,070

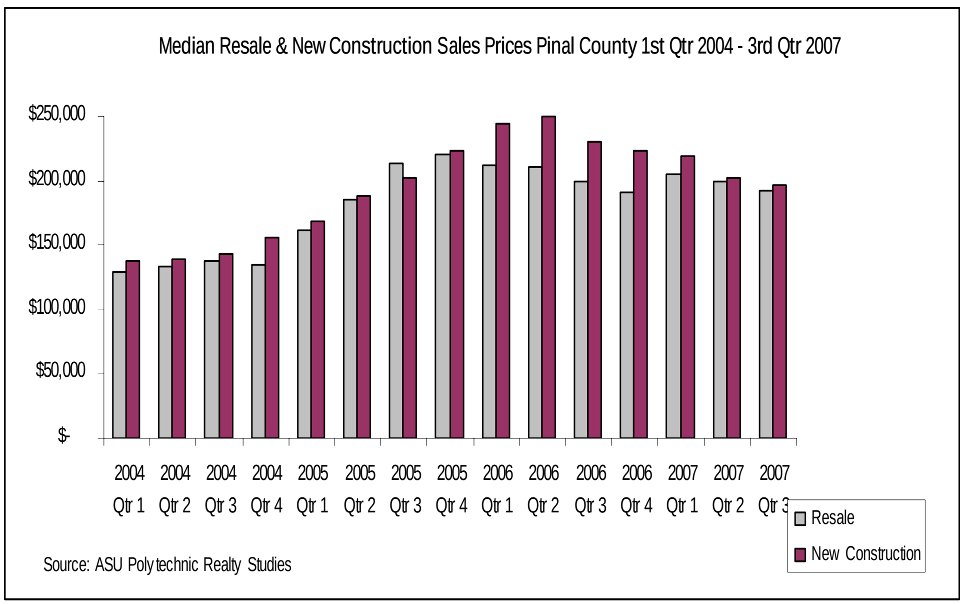
Source: Census 2000
Note: selected units do not include mobile homes, condominiums, or units on 10 or more acres

Sales and Sales Price Trends

While values and prices indicated relative affordability throughout most of Pinal County in 2000, the housing boom of 2000 – 2006 led to higher prices in both the resale and new construction sectors. Sales volume and sales prices both increased significantly during this period.

A variety of sources provide current price information, including the Multiple Listing Service and ASU Polytechnic Realty Studies. These sources track property information by address, rather than by jurisdiction so that surrounding unincorporated areas influence the data for incorporated communities. Still, housing markets are not defined by jurisdiction boundaries – jurisdictions have the capacity to address housing conditions within their boundaries, yet housing conditions adjacent to and surrounding their boundaries have an impact on the jurisdiction.

According to data available from the Multiple Listing Service, approximately 4,500 units listed for sale in September 2007. Of these units, approximately 10% were in unincorporated Pinal County. For both incorporated and unincorporated areas, over one half of the listed units were priced over $175,000. New and high-growth communities in and around Maricopa, Queen Creek and Apache Junction had housing more likely to be priced over $175,000. Low volume and slower-growth communities in and around Kearny, Mammoth, San Manuel and Superior had housing more likely to be priced under $175,000. Central County communities of Coolidge and Eloy had the majority of for-sale units priced under $100,000.

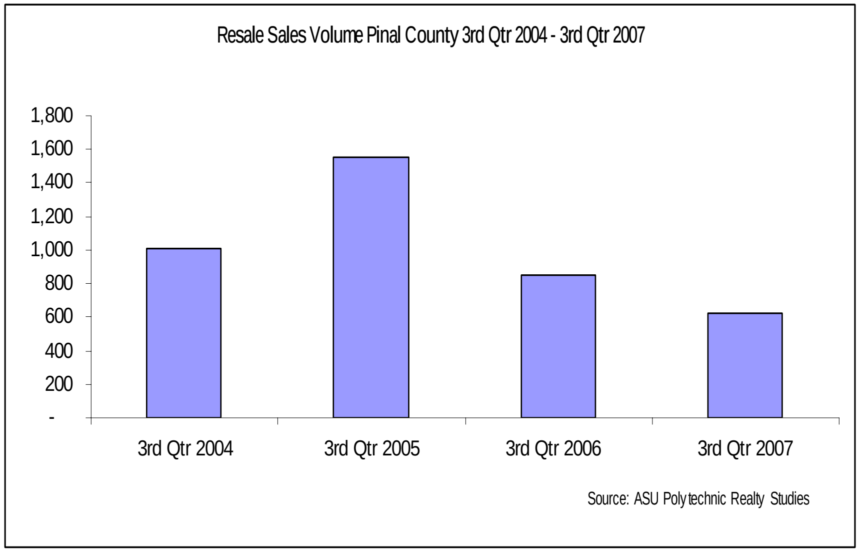


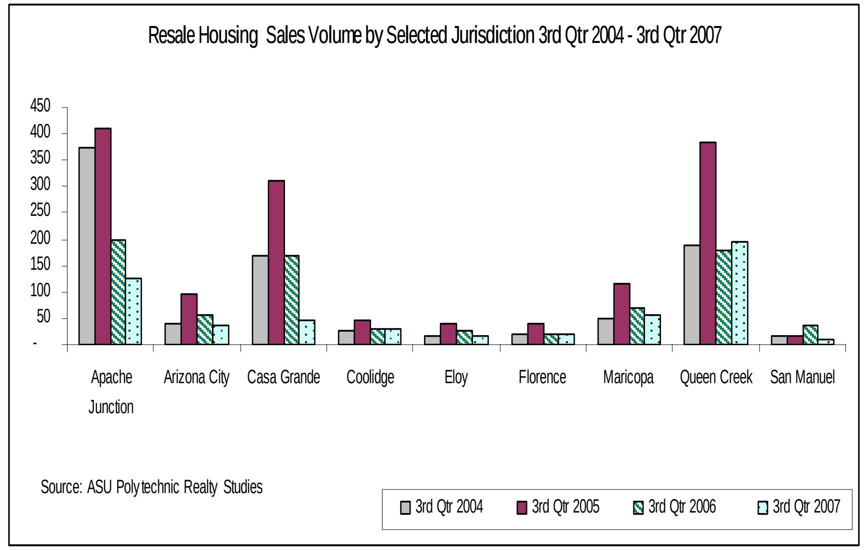
Both sales prices and sales volume are indicators of the housing market. According to ASU Polytechnic Realty Studies:

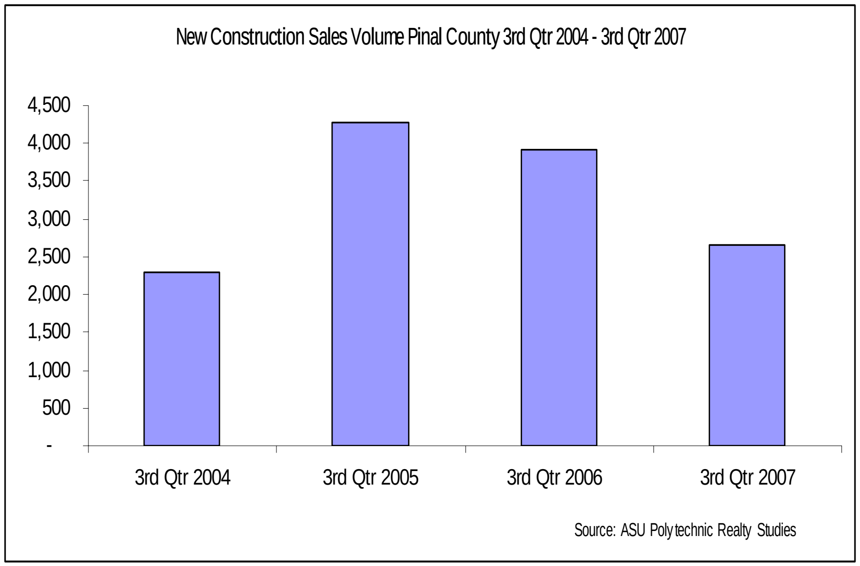
- The median sales price of resale homes was highest during 3rd Quarter 2005 ($214,000) and of new construction homes was highest during 2nd Quarter 2006 ($249,915).
- From 3rd Quarter 2006 to 3rd Quarter 2007:
  - The median sales price of resale homes declined 8.5% from $211,000 to $193,000.
  - The median new construction home sales price declined 14.7% from $229,850 to $196,180.
- Sales volume of resale homes was highest in 2nd Quarter 2005 and of new construction homes in 3rd Quarter 2006.
- From 3rd Quarter 2006 to 3rd Quarter 2007:
  - Resale sales volume declined 26.5% from 850 to 625 units.
  - New construction sales volume declined 32.6% from 3,925 to 2,645 units.

TABLE 21 - UNITS BY PRICE RANGE – SAMPLING OF FOR SALE HOUSING UNITS SEPTEMBER 2007 BY GEOGRAPHIC AREA																	
	$99,999 or less		$100,000 to $124,999		$125,000 to $149,999		$150,000 to $174,999		$175,000 to $199,999		$200,000 to $249,999		$250,000 to $299,999		$300,000 or more		All Units
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
Pinal County	28	5.9%	42	8.8%	132	27.6%	72	15.1%	51	10.7%	32	6.7%	37	7.7%	84	17.6%	478
Apache Junction (Pinal Part)	15	2.6%	14	2.4%	31	5.3%	48	8.2%	135	23.1%	168	28.7%	42	7.2%	132	22.6%	585
Arizona City	19	31.7%	14	23.3%	11	18.3%	3	5.0%	8	13.2%	1	1.7%	3	5.0%	1	1.7%	60
Casa Grande	59	7.2%	29	3.6%	76	9.3%	106	13.0%	119	14.6%	181	22.2%	80	9.8%	165	20.2%	815
Coolidge	227	53.0%	16	3.7%	37	8.6%	35	8.2%	46	10.7%	27	6.3%	13	3.0%	27	6.3%	428
Eloy	107	53.5%	23	11.5%	12	6.0%	12	6.0%	4	2.0%	8	4.0%	8	4.0%	26	13.0%	200
Florence	19	6.5%	19	6.5%	37	12.7%	42	14.4%	46	15.8%	70	24.1%	30	10.3%	28	9.6%	291
Kearny	0	0.0%	3	27.3%	5	45.5%	3	27.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	11
Mammoth	1	100%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1
Maricopa	2	0.2%	8	0.7%	39	3.4%	121	10.7%	249	22.0%	292	25.8%	204	18.0%	218	19.2%	1,133
Oracle	2	18.2%	1	9.1%	1	9.1%	0	0.0%	1	9.1%	1	9.1%	0	0.0%	5	45.5%	11
Queen Creek (Pinal Co Part)	1	0.2%	4	0.7%	39	6.6%	85	14.3%	139	23.4%	161	27.2%	104	17.5%	60	10.1%	593
San Manuel	6	50.0%	4	33.3%	1	8.3%	1	8.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	12
Superior	9	39.1%	3	13.0%	4	17.4%	5	21.7%	0	0.0%	1	4.3%	1	4.3%	0	0.0%	23
Units in Sample	495	10.4%	180	3.6%	425	9.0%	533	11.6%	798	17.2%	942	20.5%	522	11.3%	746	16.3%	4641

Note:
Units listed with MLS only; may include single-family, site-built, manufactured, and condominium type units.
Units by address may not be located within jurisdiction boundaries.


Resale Sales Volume Pinal County 3rd Qtr 2004 - 3rd Qtr 2007
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
3rd Qtr 2004
3rd Qtr 2005
3rd Qtr 2006
3rd Qtr 2007
Source: ASU Polytechnic Realty Studies


Resale Housing Sales Volume by Selected Jurisdiction 3rd Qtr 2004 - 3rd Qtr 2007
450
400
350
300
250
200
150
100
50
-
Apache Junction
Arizona City
Casa Grande
Coolidge
Eloy
Florence
Maricopa
Queen Creek
San Manuel
Source: ASU Polytechnic Realty Studies
3rd Qtr 2004
3rd Qtr 2005
3rd Qtr 2006
3rd Qtr 2007


New Construction Sales Volume Pinal County 3rd Qtr 2004 - 3rd Qtr 2007
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
3rd Qtr 2004
3rd Qtr 2005
3rd Qtr 2006
3rd Qtr 2007
Source: ASU Polytechnic Realty Studies

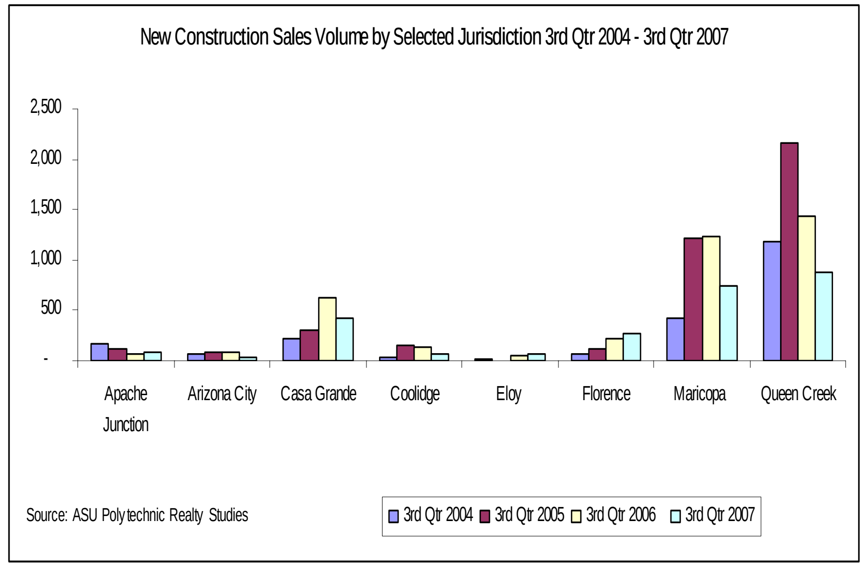

New Construction Sales Volume by Selected Jurisdiction 3rd Qtr 2004 - 3rd Qtr 2007
2,500
2,000
1,500
1,000
500
-
Apache Junction
Arizona City
Casa Grande
Coolidge
Eloy
Florence
Maricopa
Queen Creek
Source: ASU Polytechnic Realty Studies
3rd Qtr 2004
3rd Qtr 2005
3rd Qtr 2006
3rd Qtr 2007

TABLE 22 - MEDIAN RESALE AND NEW CONSTRUCTION PRICES AND VOLUME BY PROPERTY ADDRESS BY SELECTED MARKET AREA- 4TH QUARTER 2006

	Total Unit Sales	Resale Units			New Construction Units			New Home Sales Price as % of Resale Sales Price by Jurisdiction
		Units Sold	% of Units Sold by Jurisdiction	Median Price	Units Sold	% of Units Sold by Jurisdiction		
Pinal County	4,500	720	16.0%	191,500	3,780	84.0%	223,000	116%
Apache Junction	285	165	57.9%	216,500	120	42.1%	271,635	125%
Casa Grande	710	150	21.1%	160,000	560	78.9%	215,990	135%
Coolidge	200	25	12.5%	101,000	175	87.5%	173,790	172%
Eloy	95	25	26.3%	106,000	70	73.7%	332,945	314%
Florence	305	15	4.9%	169,000	290	95.1%	199,085	118%
Maricopa	1,085	55	5.1%	220,000	1,030	94.9%	245,000	111%
Queen Creek	1,560	175	11.2%	210,000	1,385	88.8%	215,000	102%
San Manuel	35	25	71.4%	83,500	10	28.6%	90,750	109%

Source: Arizona State University Polytechnic Campus Realty Studies

New Housing Production

In the Phoenix area, Realtors estimate that an 18-month supply of housing is currently available and this supply directly impacts the Pinal County housing market. Contributing to the concern regarding supply, builders have continued to draw building permits and produce housing. Assuming that new housing production is produced roughly at the rate of demand and new housing prices remain comparable to or less than existing housing prices, the unsold stock may remain unsold for some time. There is generally a lag time of six to eight months between permit and completion, so even if builders do not start planned units and curtail production of permitted units, a drop in new residential units being delivered to the market may not be seen until late 2008 or early 2009. It is difficult to predict how long it will take the market to absorb the current excess stock and achieve a balance of supply with demand. Until this balance occurs, housing prices are likely to stagnate or possibly to decline further.

New home builders are aggressively pursuing buyers for unsold and planned housing stock. This aggressive pursuit sometimes shows up as lower sales prices, which are also influenced by the size and location of new housing units. Most new home builders however attempt to maintain the underlying value of homes in the market by offering other incentives, such as free upgrades and gift cards that do not lower directly impact sales prices and thus values.

According to data available from the US Department of Housing and Urban Development State of the Cities Data System, there were 6,030 building permits issued by Pinal County from January 2007 through November 2007. This volume is down approximately 25% from 2006 completions. The County reports that several developers drew permits for subdivisions prior to the implementation of new impact fees.

TABLE 23 - PERMITS ISSUED PINAL COUNTY 2000 - 2007

	2000	2001	2002	2003	2004	2005	2006	2007 (1)
Single Family	2,183	3,259	4,317	6,516	10,041	18,199	11,023	5,948
Multi Family	71	266	160	386	326	208	82	82
Total	2,254	3,525	4,477	6,903	10,367	18,407	11,023	6,030

Source: US Department of Housing and Urban Development State of the Cities Data System
(1) through November 2007

Cost Burdened Owners

According to 2006 American Community Survey data from the US Census Bureau, nearly two-thirds (65.7%) of owner-occupied units in Pinal County have mortgages. Of these households, six of ten pay more than 30% of income towards that mortgage, including insurance and taxes. This percentage of household income towards housing costs is expected, given mortgage qualifying ratios that range from 28% to as much as 40% of gross income for housing costs. Still, the rate of cost burdened households with mortgages increased 58.9% since 2000.

Less expected is the percentage of owners both with and *without* mortgages that are paying more than *50%* of their income towards housing costs. These households are considered severely cost burdened. From 2000 to 2006, severely cost burdened households with a mortgage increased 80% and those without a mortgage increased 187%.

TABLE 24 - TRENDS IN MORTGAGE STATUS AND OWNER COST BURDEN PINAL COUNTY 1990 - 2006								
	1990		2000		1990 – 2000 % Change	2006		2000 – 2006 % Change
	No.	%	No.	%		No.	%	
Owners	15,790		27,586			81,036		
Cost burdened (>30%)	3,155	20.0%	5,912	77.0%		27,950	34.5%	
Severely cost burdened (>50%)	n/a	n/a	1,769	23.0%		10,237	12.6%	
Owners with a mortgage	9,298	58.9%	18,119	65.7%	11.5%	54,716	67.5%	2.7%
Cost burdened with a mortgage		24.9%		36.7%	47.4%		60.3%	64.3%
Cost burdened (>30%)	2,311	24.9%	5,104	28.2%	13.3%	24,487	44.8%	58.9%
Severely cost burdened (> 50%)	n/a	n/a	1,552	8.6%		8,505	15.5%	80.2%
Owners without a mortgage	6,492	41.1%	9,467	34.3%	(16.5%)	26,320	32.5%	(5.2%)
Cost Burdened without a mortgage		13.0%		10.8%			19.7%	82.4%
Cost burdened (>30%)	844	13.0%	808	8.5%	(34.6%)	3,463	13.2%	55.3%
Severely cost burdened (> 50%)	n/a	n/a	217	2.3%		1,732	6.6%	187%
Sources: 1990 US Census, Census 2000, 2006 American Community Survey, US Census Bureau Note: severe cost burden not calculated for 1990 US Census								

National Economic Indicators

At the national level, a variety of economic indicators are used to explain the housing market, these indicators include:

- Pending home sales. This data is produced monthly by the National Association of Realtors (NAR) and reflects the volume of homes on the market that are currently pending sale, which means a sales contract has been signed but the transaction has not closed. Locally, this data is also available from a member of the Multiple Listing Service.

- New home sales. This data is produced monthly by the US Census Bureau and provides information to the regional level. The data is derived from a survey of homebuilders, who are asked to report the construction and sales status, including prices, of homes for which they have taken out a building permit. The data is useful but highly erratic as it reports only that month's activity. The data does not reflect cancellations, so if the cancellation rate is high, the indicator might still reflect strong sales. Recent trends indicate that new home sales dropped 25% from 2005 to 2006. Average sales for the 1st three quarters are down 28% from the same period in 2006. The market in Pinal County has lagged the rest of the West, with a peak occurring in 2006. Consequently, new home sales in Pinal can be expected to drop a similar amount for 2007.

- House Price Index. This index is produced by the Office of Federal Housing Enterprise Oversight. This price index measures resales of the same houses and produces information at the metropolitan area and state levels, providing a more detailed view of the housing market. The data also includes refinancing of the same unit. The measurement of change in the price of the same housing unit is useful as it doesn't reflect a shift to more or less expensive units being produced. The index excludes non-conforming loans (those that exceed Fannie Mae & Freddie Mac limits) so may be less reliable in areas with very high housing prices. For Arizona, the HPI declined nearly 1% from 2nd quarter 2007 to 3rd quarter 2007.

- Vacancy Rates. This data is produced quarterly by the US Census Bureau down to the regional level. The data is derived from the monthly Current Population Survey and released about a month after the quarter ends. The data is reported separately for ownership and rental and can provide some useful information regarding overbuilding. At the regional level, rental vacancy rates have remained relatively stable for several decades, generally ranging from 5% to 8%. Homeownership vacancy rates are however at their highest since the mid 1980s, at 2.5% for the third quarter of 2007.

- Housing Starts. This data is produced monthly by the US Census Bureau and reflects the number of housing units under construction for which building permits have been issued. The data is broken down regionally and by the number of units in a project. The information is useful in that it demonstrates the supply-side of the housing market, and shows the difference between the single-family and multi-family markets. In the west, housing starts declined 32% from 2005 to 2006.

- The Consumer Price Index (CPI) is the most widely used measure of inflation, and inflation directly impacts interest rates. The CPI includes prices in major groups of consumer expenditures: food and beverages, housing, apparel, transportation, medical care, recreation, education and communications, and other goods and services. Some data is available at the local level but the most detailed data is available regionally and nationally. The index represents changes in purchase prices paid by employed urban households in 87 urban areas, including Phoenix. A survey of 50,000 landlords measures rents, which are included in the housing index.

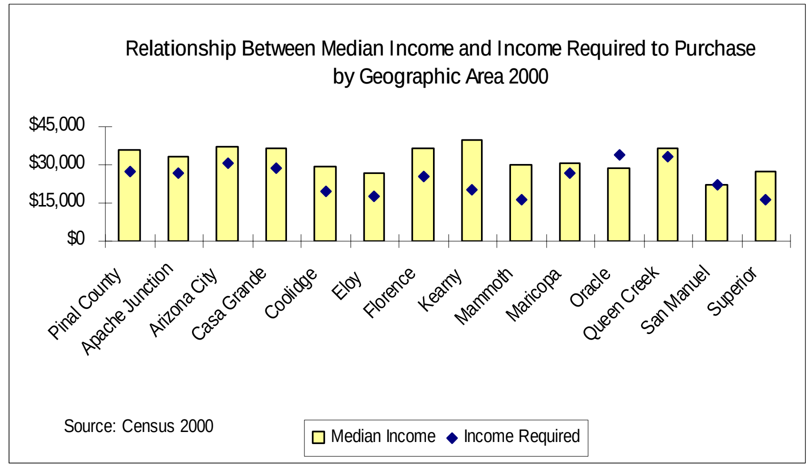
- Mortgage Applications. This data is produced weekly by the Mortgage Bankers Association and reported on the national level. It is useful because it provides up-to-date information on the overall state of the housing market. The information is based on a survey of mortgage bankers, commercial banks, and thrift institutions. The survey shows the mix between fixed- and adjustable-rate mortgages.

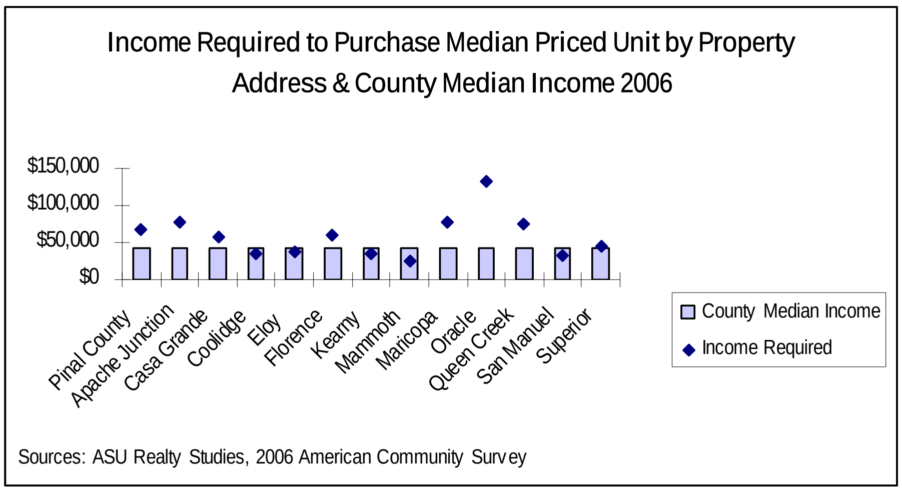
- Interest Rates. Borrowers often watch the prime rate or the federal funds rate and expect to see a change in mortgage interest rates. The prime rate and federal funds rate track each other closely, so short-term mortgages or those with short-term adjustable rates, such as one year, will also track the prime and federal funds rates. But mortgage lenders do not generally look to these short-term rates when setting long-term and fixed-rate mortgage rates. Instead, they look to economic growth and inflation indicators, such as the yield on the 10-year Treasury Constant Maturity, which takes into consideration a broad range of other indicators.

Median Income and Affordability

At its simplest, housing affordability is measured by the relationship between income and cost. In 2000, most areas of Pinal County were affordable to households earning the local median income.

From 2000 to 2006, the income needed to purchase the median priced housing unit in Pinal County increased 150% while the median income increased an estimated 22%. The result is that housing affordability in Pinal County declined 106% during the first part of the decade.





The percentage of median income required to purchase a median priced unit is another way to look at affordability. In 2006, households earning the County median income or less could afford to purchase a property with a Coolidge, Eloy, Kearny, Mammoth or San Manuel address (properties may be located within jurisdiction boundaries or adjacent to a jurisdiction). Nearly double the County median income was required to purchase a property with an address in Apache Junction, Maricopa, and Queen Creek, while triple the County median income was required to purchase in the Oracle area.

TABLE 25 - HOMEOWNERSHIP AFFORDABILITY BY JURISDICTION – 2000

	Value (1)	Income Required (2)	Median County Income (1)	Affordable to Households at or above % of local median
Pinal County	$ 76,300	$ 27,250	$ 35,856	76%
Apache Junction	$ 74,300	$ 26,536	$ 35,856	74%
Arizona City	$80,500	$28,750	$ 35,856	80%
Casa Grande	$ 79,900	$ 28,536	$ 35,856	80%
Coolidge	$ 55,400	$ 19,786	$ 35,856	55%
Eloy	$ 48,400	$ 17,286	$ 35,856	48%
Florence	$ 71,600	$ 25,571	$ 35,856	71%
Kearny	$ 56,600	$ 20,214	$ 35,856	56%
Mammoth	$ 46,100	$ 16,464	$ 35,856	46%
Maricopa	$ 75,500	$ 26,964	$ 35,856	75%
Oracle	$95,600	$34,143	$ 35,856	95%
Queen Creek	$ 94,000	$ 33,571	$ 35,856	94%
San Manuel	$62,100	$22,179	$ 35,856	62%
Superior	$ 45,400	$ 16,214	$ 35,856	45%

(1) Census 2000
(2) 2.8 x income

TABLE 26 - HOMEOWNERSHIP AFFORDABILITY BY PROPERTY ADDRESS - 2006

	Price	Income Required (1)	Estimated Median County Income (2)	Affordable to Households at or above % of County median
Pinal County	$ 191,500 (3)	$ 68,393	$ 43,637	157%
Apache Junction	$ 216,500 (3)	$ 77,321	$ 43,637	177%
Arizona City	$145,000 (3)	$51.786	$43,637	119%
Casa Grande	$ 160,000 (3)	$ 57,143	$ 43,637	131%
Coolidge	$ 101,000 (3)	$ 36,071	$ 43,637	83%
Eloy	$ 106,000 (3)	$ 37,857	$ 43,637	87%
Florence	$ 169,000 (3)	$ 60,357	$ 43,637	138%
Kearny	$ 96,000 (4)	$ 34,286	$ 43,637	79%
Mammoth	$ 72,000 (4)	$ 25,714	$ 43,637	59%
Maricopa	$ 220,000 (3)	$ 78,571	$ 43,637	180%
Oracle	$370,350 (4)	$132,368	$ 43,637	303%
Queen Creek	$ 210,000 (3)	$ 75,000	$ 43,637	172%
San Manuel	$90,750 (4)	$32,411	$ 43,637	74%
Superior	$ 128,000 (4)	$ 45,714	$ 43,637	105%

(1) 2.8x income
(2) 2006 American Community Survey US Census Bureau
(3) Arizona State University Polytechnic Campus Realty Studies, includes Maricopa County
(4)Trulia.com price data 2006Note: property addressed may not be inside jurisdiction boundaries

Home Purchase Affordability Analysis

The following home purchase affordability analysis assumes a 7% fixed-rate loan for a 30-year period. As the buyer is making a minimal (3%) down payment and financing the closing costs, the estimated mortgage amount is close to the total price of the housing unit being purchased. The analysis assumes that a buyer is qualifying based on loan requirements that allow either 28% or 33% of gross household income for housing costs, and 41% of gross household income for all debt combined. The greater the non-housing debt carried by a household the greater the income required to purchase a home. For example, a household purchasing the median priced resale unit, having $735/month in debt and qualifying based on a 28% ratio of income to housing costs would need $67,971 in income. A household purchasing the same unit with a 33% ratio of income to housing costs would need $10,000 less in income but would also need to have $351/month less in debt.

In Pinal County in 2006, a household needed at least $57,673 in gross income to qualify for the median-priced resale housing unit and at least $64,036 in gross income to qualify for the median-priced new construction unit.

TABLE 27 - HOME PURCHASE AFFORDABILITY 2006 – PINAL COUNTY

	Median Priced Resale Unit		Median Priced New Housing Unit	
Income to Housing Cost Ratio ➔	28%	33%	28%	33%
Unit Price	$191,500	$191,500	$212,650	$212,650
+ Closing Costs (2%)	$3,830	$3,830	$4,253	$4,253
- Down Payment (3%)	$5,745	$5,745	$6,380	$6,380
Estimated Mortgage Amount	$189,585	$189,585	$210,524	$210,524
Estimated Monthly Payment at 7% for 30 years, including principal, interest, taxes, insurance, PMI	$1,586	$1,586	$1,761	$1,761
Approx. Annual Income Needed to Purchase	$67,971	$57,673	$75,471	$64,036
Approximate Hourly wage needed (full-time)	$33	$28	$36	$31
Max other monthly debt (41% total debt ratio)	$736	$384	$818	$427

Source: ASU Polytechnic Realty Studies, Author

Financing Types and Interest Rates

Much attention is given to the supply side of the housing market equation. But supply is not generated without demand, and in recent years the demand side of the equation has greatly influenced the overall market. New homebuyers and investors flocked to the County to take advantage of more affordable housing. Factors such as economic expansion in Maricopa and Pima Counties and the resulting population growth, and liberal financing all contributed to the housing boom.

All loans carry a mix of risks associated with the buyer and the market. Buyer risk is associated with capacity, which may be defined as sufficient income to make payments over the period of the loan. Market risk is associated with collateral, which may be defined as sufficient value to support the amount of funds borrowed against the housing unit. Combined, these risk categories define buyers' ability to purchase.

During the housing boom, when housing prices increased rapidly, buyer risk was treated very liberally - buyers were given loans despite little or no down payment, no documentation of adequate income, and poor credit. Many buyers used exotic and hybrid financing, including adjustable rate mortgages to qualify for housing that would have otherwise been beyond their financial reach. At the same time, existing homeowners used similar financing products to cash out the increased home equity that resulted from increased housing values.

The most common types of real estate loans, generally referred to as mortgages, are fixed-rate, adjustable rate, interest-only, 80/20, and minimum payment/negative amortization.

- Fixed-rate loans have an interest rate and payment that stays the same for the term of the loan – usually 15, 20 or 30 years. Interest rates are often higher with fixed-rate loans than with other loans, so buyers may not qualify for as large of a mortgage as with other types of loan products. Shorter-term amortization periods usually have lower interest rates than longer term periods but have higher payments as they are amortized over less time. The shorter the term of the loan the more quickly principal is paid off and the less interest paid over the life of the loan. For example, the monthly payment on a $165,000, 7%, 30-year fixed-rate loan would be $1,098, on a 7%, 20-year fixed-rate loan would be $1,279 and on a 7%, 15-year fixed-rate loan would be $1,483.

  Fixed-rate loans are attractive to buyers who want predictable payments and plan to own their homes for five or more years. These are the least risky types of loans because buyers must qualify for the full payment at the time of purchase. The greatest risks are therefore associated with unit value and with uncontrollable family situations such as job loss or medical bills that impact ability to pay.

- Adjustable-rate loans like fixed-rate loans are usually for 15, 20 or 30 years. Unlike fixed-rate loans, adjustable-rate loans carry an initial interest rate for a period of time – usually from 1 year to 10 years – and thereafter adjust, usually annually but sometimes more frequently, based on an indexed rate. The indexed rate is often the yield on a Treasury note. The interest rate and therefore monthly principal and interest payment change within the limits set by the loan. Separate limits are usually set for annual adjustments and for the life of the loan. A longer initial fixed-rate period usually equates to a higher initial interest rate. For example, the initial monthly payment on a $165,000 1-year ARM would be $696, on a 3-year ARM would be $788, and on a 10-year ARM would be $990.

This type of loan is attractive to buyers with less than perfect credit, buyers who expect to earn a lot more in a few years, and buyers who do not expect to own the property for longer than the initial rate period. The low introductory interest rates associated with adjustable rate mortgages allow for higher purchase prices at lower initial monthly payment amounts – buyers can afford to purchase because they are qualified at the introductory rate. When used by buyers with less than perfect credit, adjustable rate mortgages are often sold as “bridge” loans - the buyer is told that if they make all their payments on time and improve their credit during the initial period, they might then qualify for a fixed-rate loan at a better interest rate. The idea is that this will happen before the interest rate resets, and the new mortgage payment is no longer affordable.

The greatest risks are that buyer income will not increase to cover increased mortgage costs, buyer credit will not improve to the point that affordable refinancing is possible, and that property values will remain stable or increase sufficiently to allow for refinancing at the time of the rate reset. The greatest risk with short-term investors or buyers is that the unit will not retain or increase in value, or they will otherwise be unable to sell before the initial rate adjusts.

Freddie Mac conducts a Primary Mortgage Market Survey®, and the 2006 survey states that “since 1995, the first year that Freddie Mac collected ARM share data, the ARM share has fluctuated between an annul low of 11 percent in 1998 and a high of 33 percent in 2004”. That same survey states that “over the last several years, annually adjusting ARMs with an initial “fixed-rate” period of more than one year, known as “hybrid” ARMs, have grown in popularity. Within that product type, ARMs with an initial fixed-rate period of five years, known as “5/1” ARMs, have been the dominant choice of consumers. In 2006, two-in-five ARMs were 5/1 hybrids.” One reason that the proportion of ARMs changes over time is the relationship between short-term and longer-term interest rates in the overall market. The greater the difference between short-term rates and long-term rates the more attractive adjustable rate mortgages.

- Interest-only loans are those in which none of the payments go toward retiring principal – usually for a fixed period ranging from 3 years to 10 years. Thereafter, the loan begins amortizing, with payments going toward both principal and interest. The longer the interest-only period, the shorter the amortization period and the larger the payment when the interest-only period ends. Interest-only loans may have fixed rates or adjustable rates.

  Interest only loans are attractive to borrowers who do not plan to stay in their home longer than the interest-only period or expect to earn a lot more in a few years and who want to maximize the amount of house they purchase now. They are also attractive to borrowers who are confident they can invest and therefore earn money on the difference between the interest-only payment and an amortizing payment. These loans carry the same risks as adjustable-rate mortgages.

- 80/20 loans split 80% to a first mortgage and 20% to a second mortgage, allowing the borrower to finance 100% of the home's value and avoid standard down payment and private mortgage insurance requirements. The first mortgage may be of any period and be fixed-rate or adjustable-rate. The second mortgage is usually a home equity loan or line of credit with an adjustable interest rate.

  80/20 loans are typically taken by buyers with strong credit but limited funds to commit to a down payment. The greatest risk with 80/20 loans is collateral risk as 100% of the unit value is borrowed. A decline in the value of the housing unit puts the borrower in a negative-equity position. A negative-equity position combined with an upward adjustment in the second mortgage results in payments that may be too high on a unit that is not worth what is owed.

- Minimum payment or negative amortization loans are adjustable-rate loans that also add the flexibility of several possible payment options each month. Payment options generally include minimum payment, interest-only or fully amortized. With the minimum payment option, the borrower pays a specified amount which may not fully cover the monthly interest due. If the minimum payment does not cover the monthly interest due, the interest is deferred and added to the amount of the loan. Fully-amortized payment options usually include either a 15-year or 30-year amortization period. The higher each monthly payment, the faster the loan is paid off.

  Minimum payment or negative amortization loans are attractive to buyers who plan to own the property for a short period of time and want or need flexibility in making payments. Low introductory interest rates allow for higher purchase prices at lower initial monthly payment amounts. The risks associated with minimum payment loans are the same as for all adjustable-rate loans. In addition, if the minimum payment is selected frequently, particularly in the early years of the loan, the increasing loan amount over time means the collateral risk increases.

The Subprime Market

Loans of any type may be considered prime or subprime. Generally, subprime mortgages are for borrowers with credit scores under 620. Credit scores range from about 300 to about 900, with most consumer scores in the 600s and 700s. Someone who is habitually late in paying bills, and especially someone who falls behind on debts by 90 days or more, will suffer from a plummeting credit score. Unlike prime mortgages where rates and other terms and conditions don't vary much from lender to lender, subprime mortgages often have widely differing terms and conditions. These widely differing terms and conditions are the result of how the lender computes risk and who originates the loan.

Generally, subprime loans have higher rates than equivalent prime loans. How much higher depends upon the lender's risk analysis, which includes such factors as credit score, down payment amount, and the types of credit issues the buyer has had in the recent past. Subprime loans are more likely to have prepayment penalties and balloon payments. Prepayment penalties are assessed against the borrower for paying off the loan early; balloon payments require the borrower to pay off the entire lump sum owed at a specified time.

Subprime lenders are often considered predatory lenders but it is important to note that not all subprime lenders are predatory. The subprime market has played and will continue to play an important role in helping households with less-than-perfect credit to purchase housing. Subprime borrowers however are often preyed upon by predatory lenders. Typical tactics of predatory lenders include outrageous fees and sky-high interest rates, and pressuring the homeowner to refinance the mortgage frequently, each time charging high fees and closing costs that are rolled into a new higher mortgage amount. Predatory lenders also tend to issue loans regardless of the borrower's ability to repay.

Delinquency and Foreclosure

Most experts predict that Arizona will be one of the top states for foreclosures. In making this prediction, experts cite two market conditions: 1) a higher proportion of subprime and ARM loans in recent years, which equates to foreclosure vulnerability when initial interest rates reset, and 2) a significant imbalance of supply and demand that is making it difficult to sell properties at prices sufficient to cover outstanding mortgages. Many recent homebuyers are faced with declining property values, inadequate income to pay higher housing costs associated with interest rate resets, and fewer borrowing options as lenders tighten underwriting standards. These buyers are in a negative equity position – they owe more than their property is worth – and therefore can't refinance or sell at a price sufficient to cover what they owe. A review of foreclosures listed on foreclosures.com reveals that of 405 housing units that will be auctioned in Pinal County from January through March 2008, 127 or 31.5% have negative equity.

A June 20, 2007 ACORN publication entitled Home Insecurity: Foreclosures in Phoenix, Mesa, Glendale, & Tucson Neighborhoods, indicates that subprime lending activity is particularly high in central city neighborhoods and outlying newer development areas where investor activity, flipping, and aggressive lending activities occurred over the past several years. In Maricopa County, the highest rates of foreclosure are in areas that are on the outskirts of the Phoenix metropolitan area. The outlying high growth areas are one of the primary foreclosure concerns going forward and Pinal County falls in this category.

Pinal County's "drive until you qualify" housing market makes it extremely vulnerable to shifts in the metropolitan economy and housing market. In the second quarter of 2007, the foreclosure rate in Maricopa County was 3.44% and this equates to nearly 80,000 foreclosed units. This volume of foreclosures has added to an already-slowing housing market and lower housing prices. Households that may have purchased in Pinal County when prices in Maricopa County were higher may look closer to their employment. And for those current Pinal County owners whose units are foreclosed, the option of possibly renting a home closer to employment may be sufficient incentive to move. In short, while the housing market in metropolitan Phoenix fueled the growth of adjacent areas of Pinal County, so too could it fuel the decline of the same markets.

According to data available at foreclosures.com, from January 2006 through September 2007, 5,854 single-family properties were foreclosed or in pre-foreclosure in Pinal County. Over two thirds (69% or 4,047) were recorded from January through September 2007. This number includes filings by lenders to initiate the foreclosure process and single family properties owned by lenders from foreclosures and deeds in lieu of foreclosure. About one-half of pre-foreclosures do not end up as actual foreclosures because borrowers are able to workout the existing loan with the lender, refinance, or sell the home.

As of September 2007, 6.99% of Pinal County single-family housing units were in pre-foreclosure and an additional 2.55% were already foreclosed. This equates to 9.54% of the housing stock in pre-foreclosure or foreclosure as of September 2007. This rate of pre-foreclosure and foreclosure is second only to Mohave County (10.37%) and is 2.5 times higher than most other Arizona counties.

Although foreclosures occur among all types of mortgages, including prime fixed-rate mortgages, the delinquency and foreclosure rates are higher among subprime and adjustable rate loans, and highest among subprime ARMs.

According to the Mortgage Banker's Association second quarter 2007 survey, the rate of foreclosure for subprime ARMs was five times the rate for all loans (6.42% v. 1.27%), and the rate of delinquency was three times that of all loans (11.24% v. 3.55%). While subprime ARMs are by far the greatest concern, prime mortgages with adjustable rates are an increasing concern. Subprime mortgages and ARMs remain the predominant share of loans going into foreclosure.

The primary concern in Pinal County is the volume of subprime and adjustable rate mortgages issued during the 2000 – 2006 housing boom, when these types of loans were common.

Historical conventional home purchase and refinancing data available through the Home Mortgage Disclosure Act (HMDA) shows that during the five year period from 2000 to 2004:

- Nationwide 11.7% of were originated by subprime lenders;
- In Arizona 12.1% of loans were originated by subprime lenders; and
- In Pinal County 15.8% of loans were originated by subprime lenders.
- The rate of subprime lending in Pinal County was greatest for refinancing loans (17.9%);

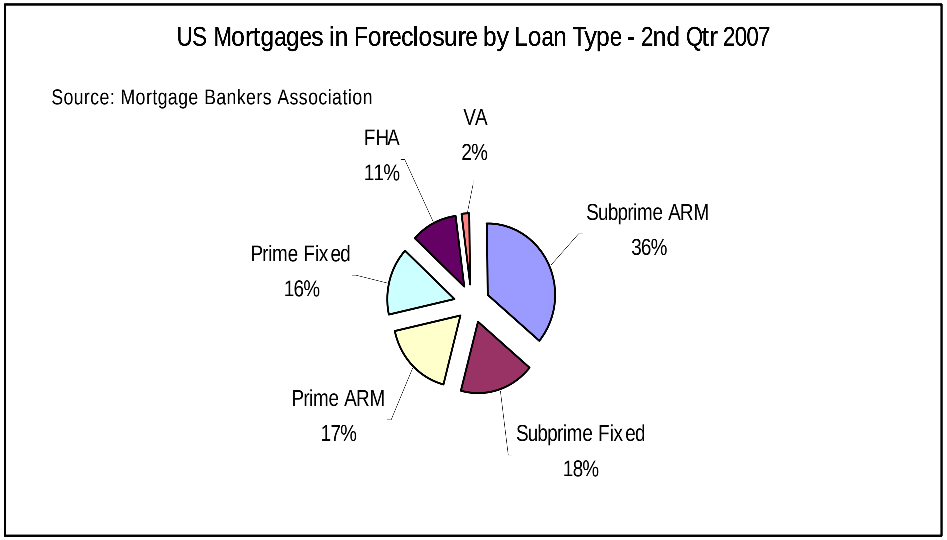


TABLE 28 - CONVENTIONAL HOME PURCHASE AND REFINANCING LOANS BY SUBPRIME LENDERS BY PROPERTY ADDRESS 2000 – 2004									
Jurisdiction	Home Purchase Loans	By Subprime Lenders		Refinance Loans	By Subprime Lenders		Total Loans	By Subprime Lenders	
		No.	%		No.	%		No.	%
Pinal County	24,896	3,508	14.1%	20,993	3,759	17.9%	45,889	7,267	15.8%
Apache Junction	4,181	794	19.0%	4,420	885	20.0%	8,601	1,679	19.5%
Arizona City	605	89	14.7%	404	72	17.8%	1,009	161	16.0%
Casa Grande	3,017	378	12.5%	2,939	588	20.0%	5,955	966	16.2%
Coolidge	320	92	28.7%	555	239	43.0%	875	331	37.8%
Eloy	352	58	16.5%	535	163	30.5%	887	221	24.9%
Florence	739	97	13.1%	779	196	25.1%	1,518	293	19.3%
Kearny	51	10	19.6%	126	37	29.4%	177	47	26.5%
Oracle	750	32	4.3%	1,191	137	11.5%	1,941	169	8.7%
Queen Creek (*)	6,987	600	8.6%	4,463	453	10.2%	11,450	1,053	9.2%
San Manuel	145	29	20.0%	317	98	30.9%	462	127	27.5%
Superior	108	18	16.7%	187	66	35.3%	295	84	28.5%

Source: Home Mortgage Disclosure Act

* includes Maricopa County

According to a November 13, 2007 report by the Center for Responsible Lending entitled Subprime Spillover, 38,899 housing units financed with subprime loans in 2005 and 2006 will be foreclosed in Arizona. Of these, an estimated 3,280 or 8.4% will be in Pinal County.

In October 2007 the Joint Economic Committee (JEC) issued a report and recommendations entitled The Subprime Lending Crisis: The Economic Impact on Wealth, Property Values and Tax Revenues, and How We Got Here. The JEC report estimated that 2,630 units financed with subprime lending during 2005 and 2006 would be foreclosed in Pinal County and that an additional 18,795 units would lose value as a result. The JEC estimated that each of the foreclosed and neighboring units would lose $3,183 in value for a total loss of property value from 2005 and 2006 subprime mortgages of $59,825,951. This report relies on an earlier study undertaken in Chicago (D. Immergluck and G. Smith (2006). *The External Costs of Foreclosure: The Impact of Single-Family Mortgage Foreclosures on Property Values*) that found that for each foreclosed unit, a 0.9% drop in property values occurred for each housing unit within 1/8 mile.

Applying a 10% foreclosure rate for subprime loans to the 7,267 loans made by subprime lenders in the unincorporated areas between 2000 and 2004, an estimated 725 additional subprime loans made between 2000 and 2004 will be foreclosed. Adding this number to an average of other estimates (2,955 units) brings the total potential loan foreclosure volume from subprime loans to 4,195.

In terms of spending and sales tax, research published by the National Center for Real Estate Research estimates that for every dollar of property value lost, annual spending is reduced by 6 cents. Therefore, a loss of $95.4 Million in property value could produce a reduction in annual spending of $5.7 Million, which would mean about $57,000 in annual sales tax revenue lost at a sales tax rate of 1.0%.

TABLE 29 - ESTIMATED IMPACT OF SUBPRIME FORECLOSURES

Est. Subprime Foreclosures 2000 – 2004 (1)	Est. Subprime Foreclosures 2005 – 2006 (2)	Total Est. Subprime Foreclosures 2000 – 2006	Est. Neighboring Units Impacted (3)	Est. Per Unit Loss in Property Value per Unit (4)	Total Est. Loss in Property Value	Total Est. Loss in Property Tax Revenue (5)
1,240	2,955	4,195	29,980	$3,183	$95,426,340	$9,542,634

(1) Foreclosure rate of 10% applied by author.

(2) Average of estimated foreclosures by the Center for Responsible Lending made in November 13, 2007 *Subprime Spillover* report and October 2007 Joint Economic Committee of the US Congress report *The Subprime Crisis: The Economic Impact on Wealth, Property Values and Tax Revenues, and How We Got Here.*

(3) D. Immergluck and G. Smith (2006). *The External Costs of Foreclosure: The Impact of Single-Family Mortgage Foreclosures on Property Values*

(4) October 2007 Joint Economic Committee of the US Congress report *The Subprime Crisis: The Economic Impact on Wealth, Property Values and Tax Revenues, and How We Got Here.*

(5) Property tax rate of 10% applied by author.

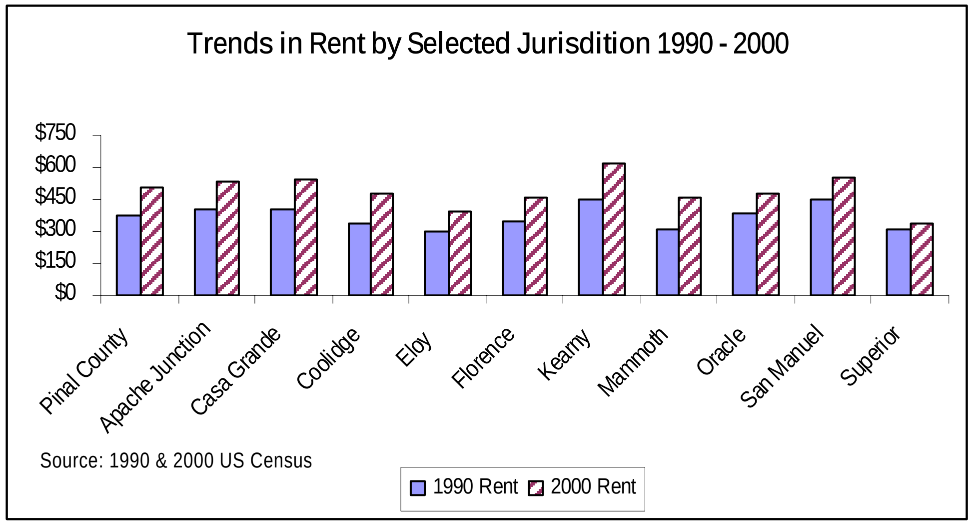
Rental Affordability

Difficulty affording housing is widely acknowledged as a common housing problem in the United States. The industry standard for measuring rental affordability is that a household should pay not more than 30% of their income towards total housing costs, including utilities. This standard measure of rental affordability does not measure choice or necessity; it simply measures the proportion of households paying more than 30% of their income for housing costs. It is important to note however, that rental affordability should also take into consideration the economic factors noted earlier in this assessment as well as housing choices that renters might make such as living in overcrowded conditions, distressed neighborhoods, or poor quality housing, and sometimes far from employment. Households that make these choices may very well have affordability issues that are not measured because the industry standard does not measure these choices.

Trends in Monthly Rent

Rents change for any number of reasons, including supply and demand factors for both homeownership and rental housing as well as housing quality and variety. Changes in housing quality may be reflected in changing rents. Higher rents may mean that newer stock has been added, and this newer stock commands a higher rent than older stock, that may have fewer amenities or have deferred maintenance and other housing quality issues. Conversely, lower rents may mean that the rental stock is aging and therefore commanding a lower rent.

According to the US Census Bureau, the median rent in Pinal County increased 35% from 1990 to 2000. Rent increases were highest in Coolidge (39%) and Mammoth (47%) and lowest in Superior (7%).



Trends in Rental Affordability 1990 - 2000

From 1990 to 2000, rental affordability increased in most of Pinal County, with an overall increase in affordability of 14%. Rental affordability remained relatively stable during this period in Casa Grande but decreased in Kearny, Mammoth and Oracle.

TABLE 30 - TRENDS IN MONTHLY GROSS RENT AND INCOME REQUIRED TO AFFORD THE MEDIAN RENT BY JURISDICTION 1990 TO 2000

	1990			2000		
	Median Monthly Gross Rent in $	Annual Gross Income Needed	Affordable to HH at or above % of median	Median Monthly Gross Rent in $	Annual Gross Income Needed	Affordable to HH at or above % median
Pinal County	$ 376	$ 15,040	71%	$ 509	$ 20,360	57%
Apache Junction	$ 400	$ 16,000	81%	$ 538	$ 21,520	64%
Arizona City	$ 503	$ 20,120	79%	$ 588	$ 23,520	63%
Casa Grande	$ 402	$ 16,080	62%	$ 541	$ 21,640	60%
Coolidge	$ 340	$ 13,600	78%	$ 474	$ 18,960	65%
Eloy	$ 298	$ 11,920	66%	$ 396	$ 15,840	60%
Florence	$ 343	$ 13,720	66%	$ 461	$ 18,440	51%
Kearny	$ 450	$ 18,000	57%	$ 618	$ 24,720	62%
Mammoth	$ 311	$ 12,440	50%	$ 459	$ 18,360	61%
Maricopa (1)	$ -	$ -	n/a	$ 349	$ 13,960	36%
Oracle	$ 382	$ 15,280	55%	$ 475	$ 19,000	62%
Queen Creek (1)	$ -	$ -	n/a	$ 475	$ 19,000	52%
San Manuel	$ 454	$ 18,160	62%	$ 556	$ 22,240	56%
Superior	$ 314	$ 12,560	78%	$ 336	$ 13,440	50%

Sources: 1990 US Census, Census 2000

(1) 1990 US Census data not available for Maricopa or Queen Creek

Rental Affordability Analysis Pinal County 2006

Rental affordability at its simplest measures the relationship between income and rent. Even with lower increases in rents relative to overall increases in housing cost, rental affordability in Pinal County declined an estimated 4% between 2000 and 2006. According to 2006 American Community Survey data from the US Census Bureau, rent in Pinal County increased 30% from 2000 to 2006 and the proportion of households that were renters declined 4%. As demand for homeownership housing was higher and for rental housing lower, this proportionate reduction in renters likely contributed to the lower rent increases relative to overall housing prices.

TABLE 31 - TRENDS IN RENTAL AFFORDABILITY PINAL COUNTY – 2000 TO 2006		
	2000	2006
Median Gross Rent	$ 509	$ 662
Approximate Monthly Income Needed	$ 1,967	$ 2,207
Approximate Annual Income Needed	$ 20,360	$ 26,480
Approximate Hourly wage needed (full-time)	$ 9.79	$ 12.73
Change in Annual Income Needed to Afford Median Gross Rent		$ 6,120
Change in Hourly Wage Needed to Afford Median Gross Rent		$ 3.04
% Change in Income Needed to Afford Median Gross Rent		30%
% Change in Median Income		22%

Cost Burdened Renters by Income Level

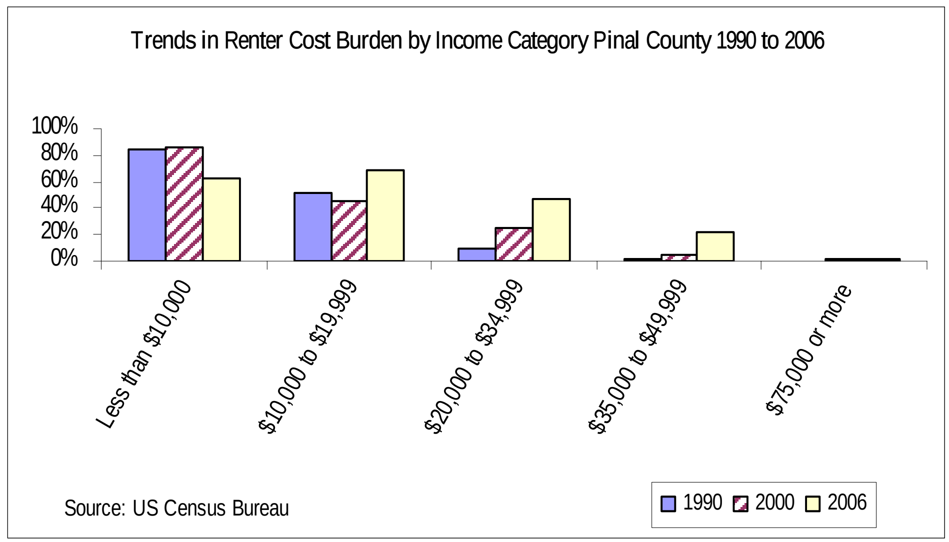
Cost burden is defined as paying more than 30% of gross household income towards rent and utilities. For the past several decades, the proportion of cost burdened renters has remained relatively stable, ranging from 37.2% in 2000 to 43.7% in 1990. Historically, the lowest-income renters have been the most likely to be cost burdened. However, based on the 2006 American Community Survey by the US Census Bureau, the rate of cost burden is decreasing for households with annual incomes below $10,000 and increasing for renters with annual incomes between $10,000 and $49,999. This change may be the direct result of fewer households in the below $10,000 annual income range as well as the availability of subsidized rental units and monthly rental assistance targeted to this income category.

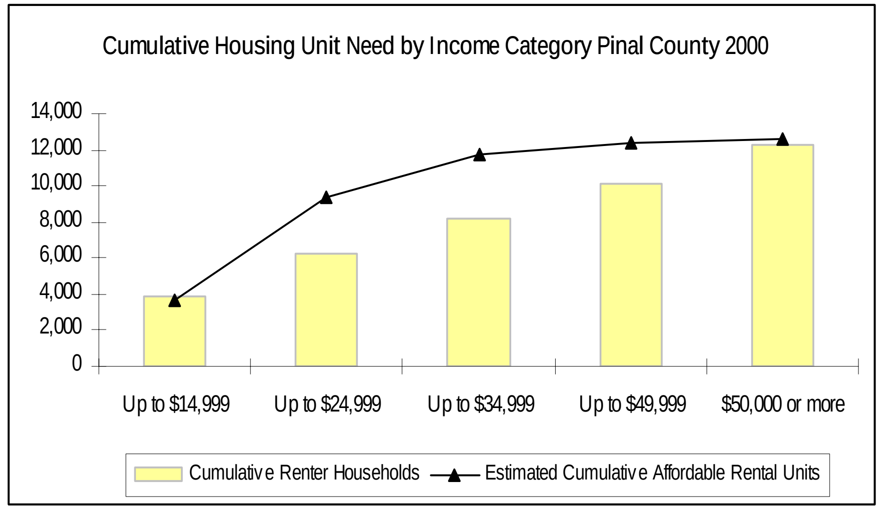
TABLE 32 - TRENDS IN PERCENTAGE OF RENTERS COST BURDENED BY INCOME LEVEL PINAL COUNTY 1990 - 2006					
	1990 (1)	2000 (2)	1990 – 2000 % Change	2006 (3)	2000 – 2006 % Change
Less than $10,000	84.1%	85.4%	1.3%	62.1%	(23.3%)
$10,000 to $19,999	50.8%	44.9%	(6.0%)	69.5%	24.6%
$20,000 to $34,999	8.6%	25.4%	16.8%	47.6%	22.2%
$35,000 to $49,999	1.5%	4.8%	3.3%	22.6%	17.8%
$75,000 or more	0.0%	1.3%	1.3%	1.3%	0.0%
Total cost burdened renters	43.7%	37.2%	(6.5%)	39.3%	1.9%

(1) 1990 US Census
(2) Census 2000
(3) 2006 American Community Survey, US Census Bureau

<u>Assistance to Low Income Renters</u>

The Pinal County Housing Authority currently assists 584 households and an additional 1,000 are on the waiting list for Section 8 assistance. The waiting list is not open to new applicants as the wait for assistance is approximately three years. In addition, the Housing Authority owns and operates 169 rental units.





<u>Estimated Rental Units Needed by Income Category</u>

As both population and income levels grow, the proportion of households earning less than $15,000/year will decline. However, even with proportionately fewer households in this income category, demand continues. The following table cross-references Census 2000 income categories with Census 2000 rental units affordable to each. While there were sufficient estimated units to meet overall demand in 2000, an additional 165 rental units renting for $375/month or less including utilities were needed to meet the demand among households in this income category.

Using trends in population, tenure and income from 1990 to 2000 and slow growth household estimates, 20,418 additional rental units will be needed between 2000 and 2010. An additional 8,047 rental units will be needed between 2010 and 2020 to meet demand created by a growing population.

TABLE 33 - ESTIMATED RENTAL UNITS NEEDED BY INCOME CATEGORY 2010 AND 2020 – PINAL COUNTY

Income	Monthly Rent	2000		2010		2000 – 2010 Estimated Additional Rental Units Needed	2020		2010 – 2020 Estimated Additional Rental Units Needed
		Estimated Renters	Estimated Units	Estimated Renters	Estimated Rental Units Needed		Estimated Renters	Estimated Rental Units Needed	
Up to $14,999	Up to $375	3,852	3,687	7,663	8,123	4,436	9,116	9,663	1,540
Up to $24,999	Up to $625	2,408	5,702	5,440	5,767	65	6,633	7,031	1,264
Up to $34,999	Up to $875	1,890	2,335	4,550	4,823	2,488	5,609	5,945	1,122
Up to $49,999	Up to $1,250	1,982	702	6,988	7,407	6,705	9,068	9,612	2,205
$50,000 or more	$1,250 or more	2,150	219	6,551	6,944	6,725	8,357	8,859	1,915
Total		12,282	12,645	31,192	33,063	20,418	38,783	41,110	8,047

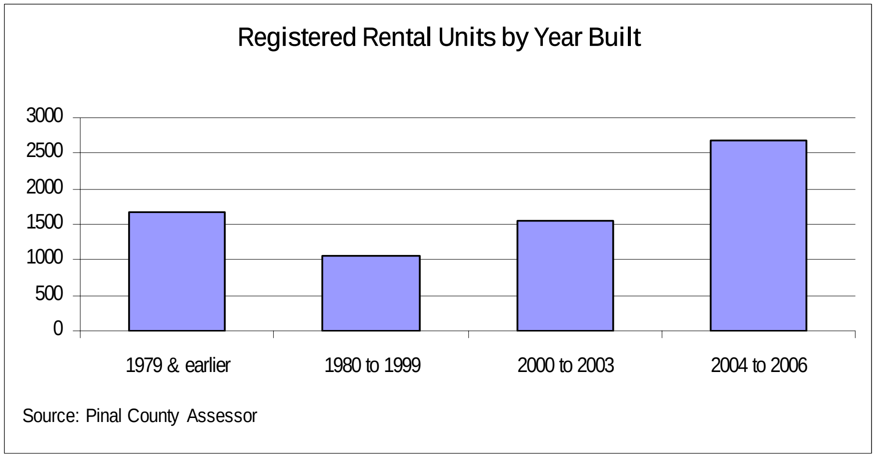
Notes: Est. rental units needed includes 6% vacancy rate. Est. renters based on 1990-2000 average renter households as proportion of estimated population based on slow growth scenario.

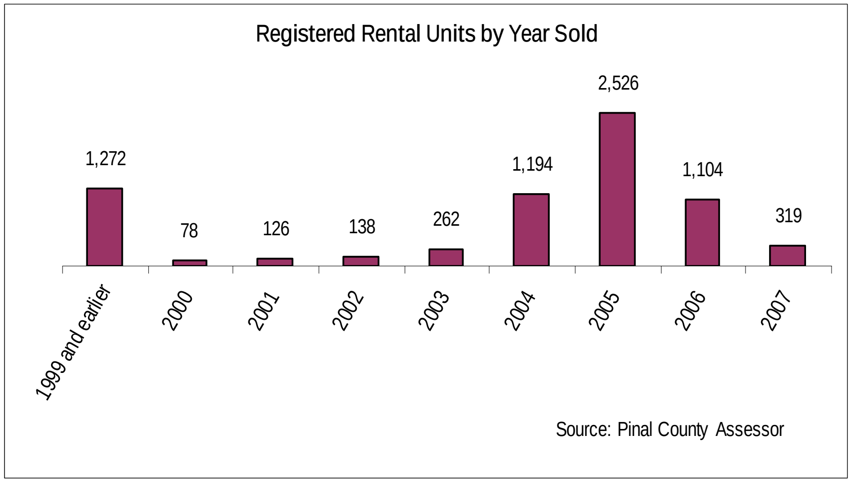
Investors and Flippers

Real estate investment partially drove the demand and resulting price increases from 2000 to 2006. Effective July 1, 2002 state law (A.R.S § 33-1901 and §33-1902) owners of residential rental property are required to provide contact information to the County Assessor's Office. According to County Assessor's data:

- The investment trend is significant in Pinal County. A comparison of registered single-family rental properties to permits issued indicates that 27.3% of the new housing stock permitted from 2000 to 2006 was purchased as investment property, with 2003 and 2004 representing peak years. This does not include property purchased and held for seasonal or recreational use.

- Among rental property registered with the Pinal County Assessor's office, 83% changed hands between 2000 and 2006, with more than two-thirds (79%) changing hands in 2004, 2005 and 2006. This includes both newer units and units built prior to 2000.





Investors and flippers face the same market conditions as recent purchasers – decreasing home values and prices, less access to flexible financing, and an oversupply of units. These market conditions mean that these rental units are also vulnerable to foreclosure. It also means that investors will withdraw from the market through sales and short sales.

According to the Mortgage Bankers Association, the share of non owner-occupied loans in default / foreclosure was 26% as of June 30, 2007. Further changes in the investment market, through sales, short sales, default and foreclosure will continue to impact the housing market in Pinal County and throughout Arizona. If the national default / foreclosure rate of 26% is applied to the 6,322 single-family rental properties registered with the Assessor's office, as many as 1,600 single-family rental units may be lost to foreclosure.

Apartment Rental Survey

In August 2007, the Pinal County Housing Authority undertook a phone survey of multi-family apartment-type rentals. The survey identified 34 properties throughout the County - 4 in Apache Junction, 11 in Casa Grande, 8 in Coolidge, 5 in Eloy, 3 in Florence, 1 in Oracle, and 1 in Superior. Nineteen properties consisting of 1,627 units participated, including 10 properties in Casa Grande, 4 in Coolidge, and 5 in Eloy. Over 80% of the total units included in the survey were located in Casa Grande.

The median rent for all units was $648. Just over one-half (51%) of units were 2-bedroom units. Fifty-seven percent of 2-bedroom units had one bathroom and the remainder had two bathrooms. The median rent was $590/month for 2-bedroom 1-bath units and $610/month for 2-bedroom, 2-bath units.

The overall vacancy rate was 8.3%. An overall vacancy rate of 5% to 7% is considered healthy. The vacancy rate was highest among two (10.7%), three (14.6%) and four (16.7%) bedroom units that included only one bath and lowest (less than 1%) among 3 bedroom, 2 bath units, most of which were also income restricted. It is important to note that the vacancy rate may have been impacted by season.

TABLE 34 - AUGUST 2007 SAMPLING OF APARTMENT RENTALS PINAL COUNTY COMMUNITIES OF CASA GRANDE, COOLIDGE AND ELOY

	Units Sampled	Number of Units by Bedrooms & Baths													
		0br		1br		2br 1ba		2br 2ba		3br 1ba		3br 2ba		4br 1ba	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Units	1,627	50	3.1%	590	36.3%	485	29.8%	357	21.9%	41	2.5%	98	6.0%	6	0.4%
Age Restricted	344	0	0.0%	222	64.5%	88	25.6%	12	3.5%	22	6.4%	0	0.0%	0	0.0%
Income Restricted	648	0	0.0%	258	39.8%	156	24.1%	92	14.2%	40	6.2%	96	14.8%	6	0.9%
Median Monthly Rent	$648	$480		$496		$590		$610		$1,205		$693		$542	
Vacancy Rate	8.3%	12.0%		6.6%		10.7%		9.5%		14.6%		<1%		16.7%	

Source: Pinal County Housing Department

Subsidized Apartment Units

The rental survey indicated that nearly two of every five (39%) units were restricted to renters earning less than 60% of the County median income, and two of every ten (21%) of units were restricted to seniors. One bedroom units were the most likely to be both age restricted and income restricted. Nearly two-thirds (65%) were age restricted and two-fifths (40%) were income restricted. Among 2-bedroom units, 12% were age restricted and 30% were income restricted. For 3-bedroom units, 16% were age restricted and nearly all (98%) were income restricted.

TABLE 35 - AUGUST 2007 SAMPLING OF SUBSIDIZED UNITS BY SUBSIDY TYPE –COMMUNITIES OF CASA GRANDE, COOLIDGE, ELOY

	Units	%
USDA Rural Development	102	6.3%
Low-income Housing Tax Credit	532	32.7%
US Department of Housing and Urban Development	14	<1%
Total Subsidized Units	648	38.5%

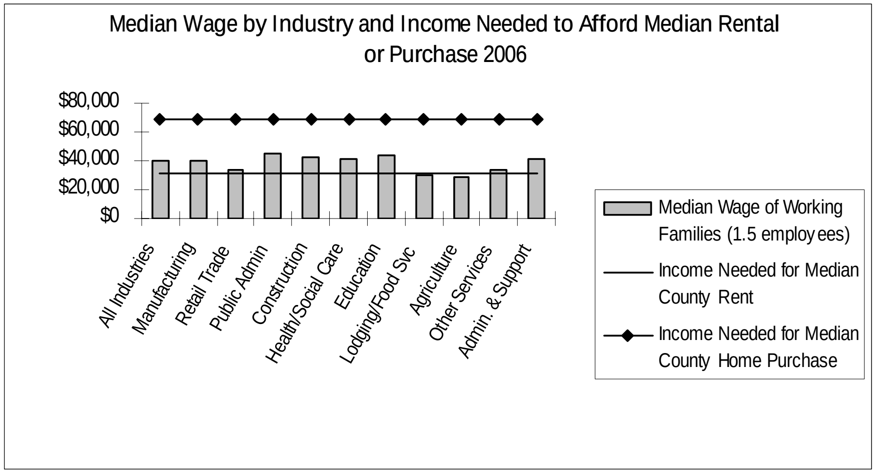
TABLE 36 - SUBSIDIZED APARTMENT UNITS BY JURISDICTION PINAL COUNTY

Name	City	Total Units	Restricted Units	Name	City	Total Units	Restricted Units
Crossings at Apache Junction	Apache Junction	92	86	Eloy Village	Eloy	31	31
Indian Wells	Apache Junction	117	103	Family Estates of Eloy	Eloy	24	24
Senior Cottages of Apache Junction	Apache Junction	176	100	Maddox Estates	Eloy	60	
Cottonwood Crossings	Casa Grande	128	80	Florence Park	Florence	88	70
Cypress Point Retirement	Casa Grande	104	92	Western Sunrise Villas I	Florence	26	26
Kachina Apartments II	Casa Grande	96	48	Western Sunrise Villas II	Florence	24	24
Silver Mesa Village	Casa Grande	96	96	Kearney Manor	Florence	12	12
Somerset Manor	Casa Grande	36	36	Saguaro Gardens	Florence	71	46
Villas by Mary T	Casa Grande	132	100	Harry Clark Jr. Residential Center	Oracle	25	25
Coolidge Station	Coolidge	24	24	Oracle Apartments	Oracle	40	40
Heritage Glen	Coolidge	28	28				

Source: US Department of Housing and Urban Development

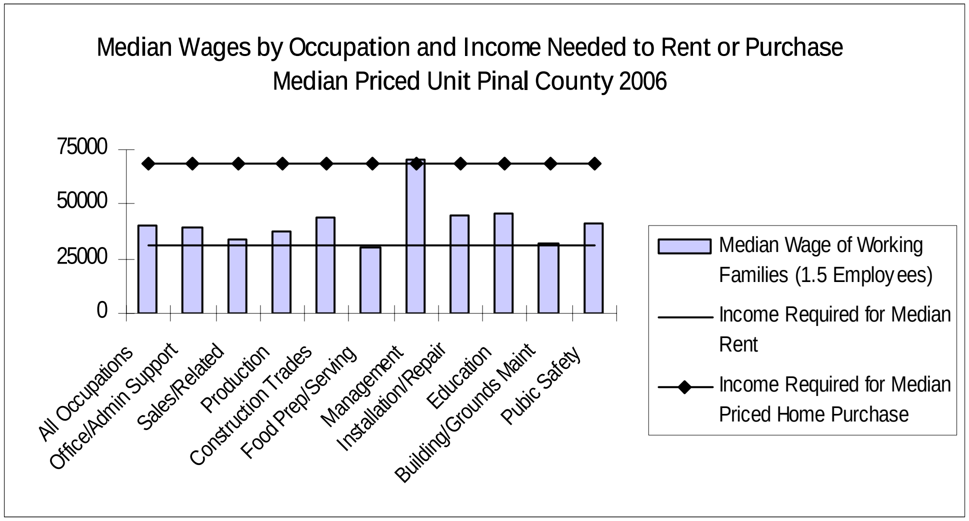
Workforce Housing

Housing the workforce is a critical element of community economic stability. Both rental and homeownership units must be available to employees in all industries, including those that a community wishes to attract as well as those it wishes to retain. Affordability for the workforce is measured by comparing median income to median rent and median housing cost.



Assuming that working households consist of an average of 1.5 full-time employees, with the full-time employee earning the median wage for the industry and the half-time employee earning the median wage for all industries, rental housing is affordable to all working households.

Purchasing a home is however beyond the reach of most working households. Working households experience an overall home purchase affordability gap of $78,940 in Pinal County. This means that working households would need to save or receive as subsidy or gifts $78,940 to purchase the median-priced housing unit. The gap is lowest among working households with employment in the public sector and highest among working households with employment in agriculture or accommodation and food services.



The same information applied to working households but instead taking into consideration the occupation of household members indicates that the median rent remains affordable, yet home purchase remains unaffordable to all but those households where the full-time earner is employed in management. The gap was highest among working households employed in Building and Grounds Maintenance Occupations and Sales Occupations (including retail sales).

TABLE 37 - HOUSING AFFORDABILITY BY INDUSTRY FOR PRIMARY INDUSTRIES PINAL COUNTY 2006						
	% of Employed Residents (1999) (1)	Median FTE Annual Wage 2006 (2)	Affordable Monthly Rent (3)	Monthly Rent Gap (4)	Affordable Ownership (5)	Ownership Affordability Gap (6)
All Industries		$ 26,800	$ 1,005	n/a	$ 112,560	$ 78,940
Manufacturing	12.7%	$ 26,847	$ 1,006	n/a	$ 112,692	$ 78,808
Retail Trade	11.5%	$ 20,291	$ 842	n/a	$ 94,335	$ 97,165
Public Administration	10.5%	$ 31,750	$ 1,129	n/a	$ 126,420	$ 65,080
Construction	9.8%	$ 29,080	$ 1,062	n/a	$ 118,944	$ 72,556
Health Care & Social Assistance	9.3%	$ 27,572	$ 1,024	n/a	$ 114,722	$ 76,778
Educational Services	7.9%	$ 30,191	$ 1,090	n/a	$ 122,055	$ 69,445
Accommodation & Food Services	7.8%	$ 16,371	$ 744	n/a	$ 83,359	$ 108,141
Agriculture, Forestry, Fishing & Hunting	4.5%	$ 15,602	$ 725	n/a	$ 81,206	$ 110,294
Other Services (except Public Administration)	4.5%	$ 20,674	$ 852	n/a	$ 95,407	$ 96,093

(1) Census 2000
(2) Arizona Workforce Informer 4th quarter 2006.
(3) Rent not exceeding 30% of gross income. 1.5 employees per household. FTE at industry wage; 1/2-time employee at 50% of median earnings for all industries.
(4) Median Gross Rent of $662/month. US Census Bureau 2006 American Community Survey.
(5) Ownership affordability factor of 2.8x gross income. 1.5 employees per household. FTE at industry wage; 1/2-time employee at 50% of median earnings for all industries.
(6) County median housing price 4th quarter 2006. Arizona State University Morrison School of Management and Agribusiness.

TABLE 38 - HOUSING AFFORDABILITY FOR PRIMARY OCCUPATIONS FOR PINAL COUNTY 2006						
	% of Employed Residents (1999) (1)	Median FTE Annual Wage 2006 (2)	Affordable Monthly Rent (3)	Rent Gap (4)	Affordable Ownership (5)	Ownership Affordability Gap (6)
All Occupations		$ 26,800	$ 1,005	n/a	$ 112,560	$ 78,940
Office and administrative support	14.9%	$ 26,358	$ 994	n/a	$ 111,322	$ 80,178
Sales and related	9.5%	$ 20,371	$ 844	n/a	$ 94,559	$ 96,941
Production	8.2%	$ 24,479	$ 947	n/a	$ 106,061	$ 85,439
Construction trades workers	6.6%	$ 30,185	$ 1,090	n/a	$ 122,038	$ 69,462
Food preparation and serving related	6.3%	$ 16,349	$ 744	n/a	$ 83,297	$ 108,203
Management occupations	5.7%	$ 56,920	$ 1,758	n/a	$ 196,896	$ 0
Installation, maintenance, and repair	5.6%	$ 31,093	$ 1,112	n/a	$ 124,580	$ 66,920
Education, training, and library	4.6%	$ 32,091	$ 1,137	n/a	$ 127,375	$ 64,125
Building and grounds cleaning and maintenance	4.4%	$ 18,391	$ 795	n/a	$ 89,015	$ 102,485
Fire fighting, prevention, and law enforcement	4.3%	$ 27,918	$ 1,033	n/a	$ 115,689	$ 75,811

(1) Census 2000
(2) Arizona Workforce Informer 4th quarter 2006.
(3) Rent not exceeding 30% of gross income. 1.5 employees per household. FTE at industry wage; 1/2-time employee at 50% of median earnings for all industries.
(4) Gross Median Rent of $662; US Census Bureau 2006 American Community Survey
(5) Ownership affordability factor of 2.8x gross income. 1.5 employees per household – one FTE at industry wage plus one 1/2-time employee at 50% of median earnings for all occupations.
(6) County median housing price $191,500 2nd quarter 2006. Arizona State University Morrison School of Management and Agribusiness.

BARRIERS TO AFFORDABLE HOUSING DEVELOPMENT

Sound planning considers, integrates, and balances a host of public objectives including a clean environment, adequate public infrastructure, schools, quality of life, and fiscal concerns, as well as housing needs and future growth accommodation. All communities have regulations that govern housing development and occupancy. Zoning and planning laws guide how communities develop while building codes define safe construction. These regulations are implemented through policies, rules and processes.

A policy, rule or process is considered a barrier to affordable housing development or housing affordability when it prohibits, discourages or significantly increases the cost of housing without a corresponding public benefit. Most policies and regulations that ultimately restrict housing affordability or housing development are initially developed and implemented with a positive outcome in mind. Whether that positive outcome is achieved is the measure of whether the policy or regulation is of public benefit.

As part of the housing needs assessment, local jurisdictions completed an assessment of barriers to affordable housing development. The assessment of barriers is intended to identify ways that local government might positively impact housing affordability through a review of existing plans, codes, zoning, ordinances, policies and practices. Most communities have at least one "barrier" to affordable housing development and some have many. Strategies to reduce local government barriers are often the most effective tools local government can use to contribute to ensuring adequate quality and affordable housing is available to support a broad range of households.

Pinal County is fortunate to have an abundant supply of housing but it lacks the employment necessary to support the households occupying that housing. With much of the growth in Pinal County dependent upon metropolitan Phoenix, the housing boom may in part be attributed to regulatory barriers in the Phoenix metropolitan area. When considering new regulation and the implementation of new regulation, it is important for Pinal County to ensure that it does not enact those very same processes and regulations.

Some indicators that local regulations are contributing to the housing affordability problem:

- Housing variety is limited, with few multi-family or manufactured housing units. Large homes and homes on large lots are the predominant residential building type.
- Housing at various price ranges is not produced.
- Developers indicate that the local process in unpredictable and often lengthy. City council or planning and zoning commission meetings are backlogged with development decisions.
- The density, size and amenities are dictated by the jurisdiction rather than by the market. Developers indicate that a market exists for a variety of housing at various price points yet zoning or policies don't allow it.
- Middle-income families are unable to enter the homeownership market.
- Residentially-zoned land or buildable land served by infrastructure (water, sewer, roads) is in short supply.
- Local building codes are not based on updated, nationally recognized model codes.

TABLE 39 - BARRIERS TO AFFORDABLE HOUSING DEVELOPMENT, VARIETY AND AFFORDABILITY		
	Yes	No
1. The jurisdiction's comprehensive plan includes a housing element? *Note: Arizona Law requires local units of government with a population of 50,000 or more to include a housing element in the general or comprehensive plan. The purpose of most housing elements is to consider housing quality, variety and affordability and to define policies and strategies to positively impact housing conditions.*	Apache Junction Casa Grande Coolidge Eloy Florence Pinal County	Maricopa Superior
2. If the jurisdiction's plan includes a housing element, the plan provides estimates of current and anticipated housing needs for existing and future residents, including low-, moderate-, and middle-income families, for at least the next 5 years?	Casa Grande Coolidge Florence Pinal County	Apache Junction Eloy Maricopa Superior
3. The jurisdiction's zoning ordinance and map, development and subdivision regulations, or other land use controls provide a broad range of land use and density categories (multifamily housing, duplexes, small lot homes, and other similar elements) to promote housing variety.	Apache Junction Casa Grande Coolidge Eloy Florence Maricopa Superior	Pinal County
4. The jurisdiction's zoning ordinance and map, development and subdivision regulations, or other land use controls provide land zoned "as of right" for a range of density categories(multifamily housing, duplexes, small lot homes, and other similar elements). Note: HUD defines "as-of-right," as uses and development standards that are determined in advance and that are specifically authorized by the zoning ordinance. The ordinance is largely self-enforcing because little or no discretion occurs in its administration.	Apache Junction Casa Grande Coolidge Eloy Florence Maricopa Superior	Pinal County

TABLE 39 - BARRIERS TO AFFORDABLE HOUSING DEVELOPMENT, VARIETY AND AFFORDABILITY		
	Yes	No
5. The jurisdiction's zoning ordinance or land use regulations permit manufactured (HUD-Code) housing "as of right" in all residential districts and zoning classifications in which similar site-built housing is permitted, subject to design, density, building size, foundation requirements, and other similar requirements applicable to other housing, irrespective of the method of production.	Casa Grande Superior	Apache Junction Coolidge Eloy Florence Maricopa Pinal County
6. The jurisdiction's zoning ordinance sets minimum building size requirements that are not based on explicit health standards.	Casa Grande Maricopa	Apache Junction Coolidge Eloy Florence Pinal County Superior
7. The jurisdiction charges impact fees for new development.	Apache Junction Casa Grande Coolidge Eloy Florence Maricopa Pinal County	Superior
8. If the jurisdiction has impact fees, the jurisdiction provides for pay-in of the fees by the local jurisdiction for affordable housing.	Coolidge	Apache Junction Casa Grande Eloy Florence Maricopa Pinal County Superior

TABLE 39 - BARRIERS TO AFFORDABLE HOUSING DEVELOPMENT, VARIETY AND AFFORDABILITY		
	Yes	No
9. The jurisdiction has adopted specific building code language regarding housing rehabilitation that encourages such rehabilitation through gradated regulatory requirements based on the different levels of work that are performed in existing buildings.	Coolidge	Apache Junction Casa Grande Eloy Florence Maricopa Pinal County Superior
10. The jurisdiction uses the most recent version of one of the nationally recognized model building codes without significant technical amendment or modification.	Apache Junction Coolidge Eloy Florence Pinal County	Casa Grande Maricopa Superior
11. Within the past 5 years, the jurisdiction has convened or funded comprehensive studies, commissions, hearings, or established a formal ongoing process to review the rules, regulations, development standards, and processes of the jurisdiction to assess their impact on the supply of affordable housing.	Coolidge Florence Maricopa	Casa Grande Eloy Pinal County Superior
12. Within the past 5 years, the jurisdiction modified infrastructure standards and/or authorized the use of new infrastructure technologies (for example, water, sewer, street width) to significantly reduce the cost of housing.		Apache Junction Casa Grande Coolidge Eloy Florence Maricopa Pinal County Superior

TABLE 39 - BARRIERS TO AFFORDABLE HOUSING DEVELOPMENT, VARIETY AND AFFORDABILITY		
	Yes	No
13. The jurisdiction gives density bonuses sufficient to offset the cost of building below-market units as an incentive for any market-rate residential development that includes a portion of affordable housing.		Apache Junction Casa Grande Coolidge Eloy Florence Maricopa Pinal County Superior
14. The jurisdiction has established a single, consolidated permit application process for housing development that includes building, zoning, engineering, environmental, and related permits, OR the jurisdiction conducts concurrent reviews for all required permits and approvals?	Apache Junction Casa Grande Coolidge Eloy Pinal County Superior	Florence Maricopa
15. The jurisdiction provides for expedited or “fast-track” permitting and approvals for all affordable housing projects.	Coolidge	Apache Junction Casa Grande Eloy Florence Maricopa Pinal County Superior
16. The jurisdiction has established time limits for government review and approval or disapproval of development permits.	Apache Junction Coolidge Eloy Florence Maricopa	Casa Grande Pinal County Superior

TABLE 39 - BARRIERS TO AFFORDABLE HOUSING DEVELOPMENT, VARIETY AND AFFORDABILITY		
	Yes	No
17. The jurisdiction allows “accessory dwelling units” either as (a) a special exception or conditional use in all single-family residential zones, or (b) “as of right” in most residential districts otherwise zoned for single-family housing.	Apache Junction Coolidge Maricopa	Casa Grande Eloy Florence Pinal County Superior
18. The jurisdiction has an explicit policy that adjusts or waives existing parking requirements for affordable housing developments.	Coolidge	Apache Junction Casa Grande Eloy Florence Maricopa Pinal County Superior
19. The jurisdiction requires affordable housing projects to undergo public review or special hearings when the project is otherwise in full compliance with the zoning ordinance and other development regulations.	Apache Junction Coolidge Maricopa	Casa Grande Eloy Florence Pinal County Superior

RESOURCES AND DELIVERY SYSTEM

There is little question that the success of any housing program is the direct result of political will and leadership. When political will exists then direction is set and action can take place. But political will and the resulting direction are not enough to ensure the action will be taken to successfully impact housing needs – leadership that stems from commitment and builds capacity must also be in place. Using available resources and building new resources – both human and financial – stem from the commitment and capacity.

Historically, most housing programs have focused on low-income households. This focus is the direct result of the limited choices low-income households often have in a housing market. By increasing the supply of housing affordable to low-income households, housing programs have provided an opportunity for more households to make positive social and economic contributions to the community. Many times the conventional housing market is not willing to or cannot deliver housing affordable to low-income households. This is particularly true during times of economic expansion, such as the housing boom that occurred earlier in the decade. During the housing boom, the housing industry focused their attention on meeting the demand for market-rate housing.

During the past decade, housing programs have become focused on the workforce and on households earning from the median income up to as much as 1.5 times the median income. Traditional affordable housing programs are often prohibited from assisting these households and the conventional housing market may find it difficult to profitably produce housing affordable to households in this income range. Employer-based programs as well as local incentives and programs may need to be targeted to this income range in order to create socially and economically vibrant communities.

The housing and related socio-economic needs of Pinal County's residents are broad and deep enough to support many organizations assuming a variety of roles. Through the development of a housing strategy, Pinal County is taking steps towards directly addressing housing quality, variety and affordability through policies and actions. Building on existing resources and supporting the existing delivery system helps to ensure successful implementation of policies and actions.

From the local government perspective, jurisdictions can generally implement policies and actions that use resources and directly impact residents within their respective jurisdictions. From the County perspective, policies and actions are focused on unincorporated areas and on bringing local jurisdictions and nonprofit organizations together to discuss the needs and issues. The Pinal County Housing Department is providing leadership by acting as a coordinating body for planning and discussion, and this is an important first step in building commitment and capacity to a County-wide effort.

The Private Sector

The private sector is the primary producer of housing. Adequate capacity among both the private and public sectors is necessary to positively impact housing conditions. The private sector has focused its attention primarily on providing market-rate housing, some of which is also affordable to households earning less than median income. Further, a segment of the private sector has built capacity around specific types of housing – primarily rental housing developed using Low Income Housing Tax Credits.

In addition to developers, other segments of the private sector play key roles in the development of affordable housing. Banks and other financial institutions, real estate brokers and agents, Title companies, and construction contractors are all key players in market-rate housing, and are often overlooked as partners in affordable housing.

As the role of the private sector is to profitably fill demand for housing, appropriate incentives to participate in affordable housing development and finance are needed if that role is to expand. These incentives are typically offered by local, state and federal government. Including the private sector in the housing affordability and other housing market discussions is essential to successful planning and coordination of effort.

The Nonprofit Sector

There are few nonprofit organizations active in the housing market in Pinal County. Projects that are developed are done so primarily by private and nonprofit developers from Maricopa and Pima Counties and elsewhere in the country. Programs are delivered by local jurisdictions, with a few County-wide efforts.

Community Action Human Resources Agency (CAHRA) is the primary nonprofit organization that assists local jurisdictions and the County with program and project planning and implementation. The agency provides direct services and home improvements/emergency home repair to relieve the effects of poverty and homelessness and to assist households in becoming self-sufficient and non-reliant on government or community programs. CAHRA has successfully administered programs in the areas of case management including homeless case management, utility assistance, emergency assistance, transitional housing, homeless assistance, weatherization, self-help housing, emergency home repair, housing rehabilitation, replacement of roofs, information and referral, technical assistance to food banks and distribution of gleaned produce.

Federal and State Government

While the provision of housing is predominantly a private sector, market-driven activity, all levels of government – federal, state and local – have a role to play in facilitating the production and preservation of affordable housing. The primary role of local government is planning and process, while the primary role of state and local government in Arizona is to provide financial resources. A variety of housing resources are available for specific populations and geographic areas from both Federal and State governments. In general, there is little coordination among levels of government.

Federal Government. USDA Rural Development, FHA, and the Veterans Administration offer homebuyer programs that often include lower down payment requirements and purchase subsidies. Other opportunities, such as preferred acquisition of foreclosure units and low cost leases are available to nonprofit organizations. To increase rental affordability, the federal government offers financing guarantees to developers and monthly rental subsidies to projects, yet these resources are increasingly limited to projects that house special needs populations. For individuals, the federal government offers monthly rental subsidies and supports public housing, with both resources available through local public housing authorities. There are two local housing authorities in Pinal County – the Pinal County Housing Department and the City of Eloy Housing Authority.

The State of Arizona. Several state agencies make available financial and human resources to address housing conditions. These agencies include the Arizona Departments of Housing, Economic Security, and the Behavioral Health Services.

- Arizona Department of Housing. Offers a variety of financing programs to nonprofit and local government organizations, as well as to private developers. Financing includes bonds, loans, and grants for programs and projects as diverse as the applicants and their projects. Most resources are directed towards households earning less than 80% of the County median income, with some restricted to households earning less than 60% of the County median income. Available resources come from both federal and state sources and include the Community Development Block Grant program, the HOME program, the Low Income Housing Tax Credit Program, and the State Housing Trust Fund. This department also coordinates planning and funding for special needs housing throughout rural Arizona.
- Arizona Department of Economic Security. Offers financial resources for the operation of homeless and transitional housing shelters, homeless prevention resources, and provides services directly to special populations.
- Arizona Department of Behavioral Health Services. Offers financial resources in support of housing and services to persons with mental illness. Most of the resources are administered in cooperation with the Arizona Dept. of Housing.

Approximately $200 million/year in State and Federal Resources are available for affordable housing in Arizona. The majority of resources, including federal resources, are available from the Arizona Department of Housing. he following table illustrates State resources available to the Town, its partners in affordable housing, and residents.

	State Housing Fund (Housing Trust Fund + Federal HOME funds)	Arizona Housing Finance Authority (AzHFA)	Community Development Block Grant (CDBG)	Low Income Housing Tax Credit
Financial Literacy and Home-Buyer Education	Required and funded only as part of assistance to develop or rehabilitate affordable housing	Required for beneficiaries of assistance Network of agencies provides	Eligible public service activity subject to statewide cap	Not eligible
Down Payment and Closing Cost Assistance	Variable amount based on cost of unit and buyer income	Variable amount based on cost of unit and buyer income	Eligible activity	Not eligible
Mortgage Guarantees or Other Special Mortgage Provisions	Not available	Mortgage Revenue Bonds (MRB) and Mortgage Credit Certificates (MCC) programs	Eligible activity	Not eligible
Rehabilitation assistance for owner occupants	Eligible activity	Not eligible	Eligible activity	Not eligible
Rehabilitation assistance for rental property owners	Eligible activity	Not eligible	Eligible activity	Eligible activity
New Construction of Rental or Homeownership Units	Eligible activity	Multi-family mortgage revenue bond	Eligible activity through community-based development organizations	Eligible activity
Neighborhood Revitalization	Through other eligible activities	Through other eligible activities	Multiple eligible economic, social and housing activities	Through other eligible activities

County and Local Government

Several departments within County government have authority and responsibility for tasks and activities that directly impact housing quality, variety and affordability. These departments include the Housing Department, and Planning and Development Services.

Housing Department. The mission of the Pinal County Housing Department is to provide and maintain temporary safe, decent, and sanitary standardized housing for qualified low-income people; to assist individuals in becoming independent by giving opportunities for education, training, counseling and support; to help residents remain independent and maintain their personal dignity for as long as possible, and to assist people in locating affordable housing through referrals and information. This mission is achieved through a variety of program resources including Section 8, Public Housing, and Community Development Block Grants. The Housing Department also operates a housing rehabilitation program to assist households with housing conditions.

Planning and Development Services Department. The Planning & Development Services Department administers land use regulations, including zoning, subdivisions, minor land divisions, planned area developments, comprehensive plans and amendments, specific plans and amendments, variances, addressing, zoning ordinance enforcement and floodplain management. The department provides clearance of all building and mobile home placement permits, including flood elevation certificates, maps and permits. In addition, the department provides special project support, such as mapping and brochure development to other County departments.

The Planning & Development Services Department provides administrative oversight, support, and coordination of Development Services provided by five divisions within the department. These divisions include: 1) Public Works, 2) Air Quality, 3) Environmental Health, 4) Building Safety, and 5) Planning & Development.

- The Public Works division primary responsibilities include planning, constructing and maintaining roads and bridges, commercial and residential plan review and inspections, countywide recycling program, airport economic development, investigations of illegal dumping, and maintaining and establishing storm water drainage systems and flood control.
- The Air Qualify division constitutes a regulatory agency, generally charged with protecting the public's interest in assuring that the air remains safe to breathe. The division maintains an on-going planning and rule development effort as most air quality standards originate from federal and State laws and regulations.
- The Environment health division provides education, consultation, plan review, permitting and inspection services including for public and semipublic swimming pools, public accommodations such as hotels and motels, on-site septic tank systems, food establishments such as restaurants, bars, grocery stores, school cafeterias, day care kitchens and mobile/temporary food vendors. The Division also investigates citizen's complaints and nuisance situations.
- The Building Safety division has adopted the International Building Codes in order to create a safe environment. The division provides inspection, plan review and investigative services to the unincorporated areas of the County and also to those cities that have entered into intergovernmental

agreements (IGA) with the County to provide building code services. The division also provides plan review and inspection services for County construction projects.

- The Planning division includes among its primary activities comprehensive planning. The comprehensive plan is a tool a County uses to determine development needs and sets the goals and objectives that direct future land use development. The comprehensive plan is a general and flexible guide that reflects the shared attitudes and values of a community around the way a community believes it should develop. The County's Comprehensive Plan is currently being updated.

Local government. All local jurisdictions facilitate the development of housing through land-use planning, zoning ordinances and subdivision regulations. Many local jurisdictions choose to play an additional role by providing financial incentives and regulatory relief, participating in state and regional housing programs and supporting either local or countywide programs and projects. Local governments are also responsible for ensuring the health and safety of local residents and the structural soundness and livability of the local housing stock via building permits and inspections.

Some local jurisdictions recognize housing quality, variety and affordability as key to individual and community economic and social well being. These jurisdictions further facilitate housing production and preservation by applying for funding from applicable grant and loan programs, working with developers and local residents to blend affordable housing into new and existing neighborhoods, and expediting review processes. Specific activities of local jurisdictions are described elsewhere in this document.

HOUSING NEEDS AND THE HOUSING MARKET CONCLUSIONS

This needs assessment describes and defines socio-economic and housing conditions on a County-wide basis, and by jurisdiction or market area, when appropriate data is available. This information is critical to informing policy that will positively impact housing conditions. It is also critical to taking the concept of need and translating it to a quantification of demand. When choosing policies and actions to meet the identified needs of households, it is important to give equal weight to the impact of those decisions on both the individuals and on the overall housing market. Each policy or action will have both intended and unintended outcomes, some of which will be positive and others that may be negative.

Housing choice and housing markets are comprised of three components – quality, variety and affordability. The following key conclusions are further categorized into two separate yet inter-related submarkets – homeownership and rental. Socio-economic factors further define the housing market within each of these components and categories.

Housing Variety

In general, the trend during the 2000 to 2006 housing boom was to build more single-family housing units and add fewer multi-family and manufactured housing units. While this trend was largely driven by demand, single-family housing is generally more expensive than other types of housing. In terms of housing variety, three submarkets exist in Pinal County:

1. Primarily single-family with limited multi-family. More than 70% of residential structures are single-family structures and 10% or fewer are multi-family structures. This includes unincorporated Pinal County, Coolidge, Kearny, Maricopa, Oracle, Queen Creek, San Manuel and Superior.
2. Mixed single-family and manufactured housing. More than 30% of the housing stock is manufactured housing. This includes Apache Junction, Florence and Mammoth.
3. Mixed variety. This includes Casa Grande and Eloy.

Housing Quality

The age of the housing stock is one indicator of housing quality. Four trends are evident in Pinal County:

1. Housing boom. Fifty percent or more of the housing stock has been built since April 2000. This includes unincorporated Pinal County, Maricopa and Queen Creek.
2. Newer. Fifty percent or more of the housing stock has been built since 1990. This includes Apache Junction, Casa Grande, and Oracle.
3. Consistent. The age of the housing stock is distributed fairly evenly in Florence.
4. Aging. Fifty percent or more of the housing stock was built prior to 1980. This includes Coolidge, Eloy, Kearny, Mammoth, San Manuel and Superior.

Homeownership and Home Purchase Affordability

Older householders and married couple families are more likely to own than rent. Homeownership becomes more prevalent as householders age and continues at a steady rate until after the age of 75 years. Married couple families are more likely to be homeowners than are other family types. Married couples with dependent children and single people are equally likely to own a home. Single parents with dependent children are the least likely to be homeowners.

Housing values and prices increased in most areas of the country during the housing boom. Housing values and prices in Pinal County during the boom fall into three categories based on market area (the defined jurisdiction and properties addressed):

1. More than doubled –unincorporated Pinal County, Casa Grande, Eloy, Florence, Maricopa, Oracle, Queen Creek and Superior.
2. Fifty percent to ninety percent increase - Apache Junction, Coolidge and Kearny.
3. Less than fifty percent increase - Mammoth and San Manuel.

Slowing market. Since the housing market has slowed, existing sales prices are dropping - in some communities by as much as 12%. Sales volume in the resale market dropped 36% from 4th quarter 2006 to 3rd quarter 2007 and sales volume of new units dropped 12% during the same period. Continued slowing in the market may mean values and prices decline further.

Cost burdened owners. From 2000 to 2006, the percentage of owners paying more than 50% of household income for housing costs increased 80% among owners with a mortgage and 187% among owners without a mortgage. Housing affordability is defined by the relationship of income to housing prices. Housing affordability in 2006 falls into three categories based on local estimated median income:

1. Direct Metropolitan Link. Purchasing in these areas requires more than 1.5 times the estimated median income, including unincorporated Pinal County, Apache Junction, Maricopa, Oracle, and Queen Creek.
2. Localized. Purchasing in these areas requires 1 to 1.5 times the estimated median income, including Casa Grande, Coolidge, Eloy, Florence, and Superior.
3. Affordable. Purchasing in these areas requires less than estimated median income to purchase, including Kearny, Mammoth and San Manuel.

Rentals, Rental Affordability and Rental Units Needed

Lower median income. Pinal County renters had a median income that was 68% of the County median income in 2000.

Older housing stock. Renters are more likely to occupy housing built before 1980 than housing built between 1980 and March 2000.

Newer single-family rentals. Single-family units represent a large proportion of the overall growth in the housing stock and in the rental stock. Sixty-one percent of registered rental structures have been built since 2000. Rents charged on new single-family units are not readily available yet directly influence overall rental affordability. A large volume of rental units, both old and new, were purchased during the housing boom. These units are at higher risk of foreclosure due to the higher likelihood that investors utilized creative financing.

Cost burdened Renters. Overall, nearly four of ten renters paid more than 30% of household income for rent and utilities in 2006. Cost burden was more prevalent for lower income renters, with six of ten renters earning less than $19,999 paying more than 30% of household income for rent and utilities in 2006. Nearly one-half (47.6%) of renters earning between $20,000 and $34,999 paid more than 30% of household income for housing.

Estimated Rental Units Needed. In 2000, an estimated 165 rental units renting for $375/month or less, including utilities, were needed in Pinal County. With increased rents and the larger volume of single-family rentals added since 2000, this estimate is likely somewhat low even with increased incomes.

Housing Choice. Among rental units with 2 or more bedrooms, the vacancy rate is high among those with 1 bathroom.

Other Market Factors

Seasonal Occupancy. In 2000, Pinal County had a relatively high vacancy rate. The overall vacancy rate was 24.4%. Over sixty percent (61.8%) of vacant housing units were seasonal units. Seasonal occupancy in Pinal County presents unique challenges for many communities. Those communities with seasonal vacancies accounting for more than 50% of overall vacancy in 2000 include: unincorporated Pinal County, Apache Junction, Coolidge, Florence, and Maricopa.

Tenure. The overall homeownership rate in Pinal County was relatively high at 70% in 2000. Lower homeownership rates at that time were identified in Casa Grande, Coolidge, Eloy and Maricopa.

Creative / Liberal Financing and Subprime Lending played a key role in the 2000 to 2006 housing boom. If the boom were purely a function of supply and demand, both sales prices and rents would have increased in relative proportion. Instead, housing prices more than doubled (up 131%) while rents increased 30%. Lenders are tightening underwriting standards and subprime lenders are going out of business. The combination of fewer loan products with higher underwriting standards means that owners' options for refinancing are becoming increasingly limited. Many loans are becoming more expensive and the creative financing that originally stretched buyer qualifications is simply no longer available.

Foreclosure Risk. The estimated risk of foreclosure in Pinal County is 3,680 units financed or refinanced using subprime loans between 2000 and 2006. This may be the most significant *current* market condition in Pinal County. The volume of subprime and adjustable rate loans in Pinal County is high, with at least 7,267 loans made by subprime lenders between 2000 and 2004. In the 2nd quarter of 2007, subprime loans accounted for 54% of loans in foreclosure in the United States, so the rate of foreclosure among these loans is also high.

Drive Until You Qualify. The relationship of Pinal County's housing market to Maricopa County leaves it vulnerable to market shifts in the metropolitan area economy. The high volume of units and the resulting lower prices available closer to employment centers in Maricopa County means that more households may choose housing located closer to work.

Excess Supply and Continued Production. An estimated 18-month supply of housing is available in the Phoenix metropolitan housing market, which includes many parts of Pinal County. Builders have continued to draw permits and produce housing. If new housing is produced at a rate to meet new demand, then the excess supply will remain for some time. Housing prices are likely to continue to decline as the supply remains high.

Converging market trends place homeowners as well as investors, particularly those who purchased recently or have adjustable rate or subprime loans, in a position where their choices are limited. Declining home prices, competition from new home builders, and mortgage rate resets on adjustable rate loans are all contributing to a market slowdown and an abundant supply of property for sale. Any owner with less than 5% to 10% equity is vulnerable.

The Delivery System and Regulatory Barriers

Perhaps the greatest factor influencing housing patterns in Pinal County is the diversity of jurisdictions, building codes and requirements, and processes for working with developers. This diversity means that Pinal County has a diverse social and economic climate. This diversity is the goal of many less diverse areas of the country. Still, the diversity means that developers of affordable housing are challenged to identify how to best provide suitable units throughout the County. The delivery of affordable units is at best coordinated within a local jurisdiction, and at worst delivered in local jurisdictions or areas of the County where it may not be accessible to employment and services.

Prior to the 2000 to 2006 housing boom, the private sector was able to provide housing affordable to most households earning the median income or more. Since then, housing affordability has declined and the private sector is more likely to address the housing market for households earning more than 1.5 times the area median income. Without a coordinated approach to the development of housing affordable to households at a variety of income levels, developers that may otherwise be willing to develop affordable housing are challenged.

The focus of housing policies and actions are to meet identified needs through strategies and activities that have positive impacts on housing markets. Housing markets are however not defined by jurisdiction boundaries. They are instead defined by social, economic and physical boundaries. So, within Pinal County and its local jurisdictions, many markets exist. The key to successful implementation of strategies is to have a broad framework or menu of activities that could positively impact conditions in a variety of markets. Doing so recognizes that while markets are not defined by jurisdiction, the ability to implement strategies may be jurisdiction oriented.

OVERVIEW AND CONDITIONS BY JURISDICTION

Pinal County and Unincorporated Areas

The unincorporated County consists of many areas of population concentration both small and large. The largest unincorporated areas are near the major metropolitan areas and around other local jurisdictions. The unincorporated areas generally have limited economic and social services so residents must travel for basic goods and services or to employment. Three unincorporated areas are included in this assessment – Arizona City, Oracle, and San Manuel. Other unincorporated areas, including Santan, Queen Valley and Gold Canyon were relatively small in population in 2000 but grew rapidly from 2000 to 2006. Little data is available to draw specific conclusions, and for these areas the County must examine policies and strategies similar to those examined by other high growth communities, such as Maricopa and Queen Creek.

Arizona City

While Arizona City is not an incorporated community, it is one of the larger unincorporated areas in central Pinal County. The US Census Bureau provides data for Arizona City as a Census Defined Place. Significant housing conditions in Arizona City include:

- Two-thirds of housing units were single family units and another one in five were manufactured housing or mobile home units.
- In 2000, 20% of units were vacant, and the majority (59%) of these vacancies were seasonal and recreational.
- A homeownership rate of 84% in 2000, with the highest homeownership rate among householders age 65 and older and married couple families with no dependent children, which were also the most common age ranges and family types.
- The greatest proportion (51%) of the housing stock built between 1990 and March 2000, with a steady rate of development in the 1980s and 1990s.
- The median price asked for a housing unit in 2000 was $80,500 and in 2006 was $139,900.
- 15.9% of home purchase and refinance loans made between 2000 and 2004 were made by subprime lenders.

Oracle

While Oracle is not an incorporated community, it is one of the larger unincorporated areas in southern Pinal County. The US Census Bureau provides data for Oracle as it is a Census Defined Place. Significant housing conditions in Oracle include:

- Nearly three quarters of housing units are single-family housing units and one in five are manufactured housing units or mobile homes.
- The community doubled in size from 2000 to 2006. The majority of that growth was single-family housing units.
- 13% of units were vacant in 2000, and the majority of vacancies were for rent.
- A homeownership rate of 87% in 2000. Homeownership rates were highest among householders age 35 to 64, and married couples with no dependent children. These were also the most common age ranges and family types.
- Four in ten housing units have been built since 2000. Another quarter were built between 1960 and 1979.

- The median price asked for a housing unit in 2000 was $88,000 and in 2006 was $370,350.
- Home purchase affordability declined an estimated 140% from 2000 to 2006.
- 8.7% of home purchase and refinance loans made between 2000 and 2004 were made by subprime lenders.

San Manuel

Like Arizona City and Oracle, San Manuel is not an incorporated community, but it is one of the larger unincorporated areas in southern Pinal County. The US Census Bureau provides data for San Manuel as it is a Census Defined Place. Significant housing conditions in San Manuel include:

- Nearly three quarters of housing units are single-family housing units and one in five are manufactured housing units or mobile homes.
- The community has experienced little growth since 2000, with 133 units permitted between 2000 and 2006.
- 20% of units were vacant in 2000, and the majority of vacancies were for rent.
- A homeownership rate of 80% in 2000. Homeownership rates were highest among householders age 45 and older, and married couples with no dependent children. The most prevalent age group was age 35 to 44, and the most prevalent family types were married couples, both with dependent children and without dependent children.
- Nearly one half of housing units were built before 1958 and another three in five were built between 1960 and 1979.
- The median price asked for a housing unit in 2000 was $71,500 and in 2006 was $90,750.
- Home purchase affordability increased an estimated 33% from 2000 to 2006.
- 27.5% of home purchase and refinance loans made between 2000 and 2004 were made by subprime lenders.

Unincorporated Pinal County

The County is the primary unit of government that would have housing policies and programs that positively impact the housing-related needs of residents. At the same time, many factors impact their ability to do so. Infrastructure, planning and zoning, economic opportunity, and changing demographics all impact, either positively or negatively, a jurisdicition's ability to address housing-related needs. The County is in the process of developing a Comprehensive Plan that will incorporate a vision and new land use, economic development and other elements that will impact upon housing quality, variety and affordability. In the unincorporated County, these factors include the following:

- In 2006, single family units accounted for nearly three-quarters (72.5%) of the housing stock, and manufactured housing accounted for approximately one-quarter (24.2%) of the housing stock.
- Nearly all (90%) of the housing stock added between 2000 and 2006 were single-family units and manufactured housing represented the other 10% of additional units.
- Eighty percent of units are occupied. Among vacancies, one-half (52.1%) are seasonal vacancies. Vacancy rates are much lower in the cooler winter months and higher in the hotter summer months.

- A homeownership rate of 82% in 2000, with the highest homeownership rates among householders age 65 and older and married couples with no dependent children. Married couples with no dependent children are the most prevalent family type; however householders are more likely to be under the age of 65 years old.
- Nearly one-half (49.1%) of the housing stock was build between 2000 and 2006.
- The median price asked for a housing unit in 2000 was $83,000 and in 2006 was $191,500 - an increase of 131%. During the same period median income increased from $35,856 to $43,637 – an increase of 18%.
- In 2000, a household earning 78% or more of the county median income could afford to purchase a median-valued unit. In 2000, a household earning 157% of the county median income could afford to purchase a median-priced resale unit.
- 15.8% of home purchase and refinance loans made between 2000 and 2004 were made by subprime lenders.

Apache Junction

Significant housing conditions in Apache Junction include:

- Nearly 1/2 of housing units are manufactured housing units or mobile homes and another third are single-family homes.
- Multi-family units accounted for a larger proportion of growth during the 2000 to 2006 housing boom than did other housing types.
- Sixty percent of units are vacant, the majority of these vacancies are seasonal. Vacancy rates are much lower in the cooler winter months and higher in the hotter summer months.
- A homeownership rate of 83% in 2000, with the highest homeownership rates among householders age 65 and older and married couples with no dependent children. These were also the most common age ranges and family types.
- The greatest proportion (39%) of the housing stock built between 1990 and March 2000.
- The median price asked for a housing unit in 2000 was $113,200 and in 2006 was $216,500.
- Home purchase affordability declined an estimated 139% from 2000 to 2006.
- 19.5% of home purchase and refinance loans made between 2000 and 2004 were made by subprime lenders.

HOME PURCHASE AFFORDABILITY 2006 – APACHE JUNCTION MARKET AREA				
	Median Priced Resale Unit		Median Priced New Housing Unit	
Income to Housing Cost Ratio ➔	28%	33%	28%	33%
Unit Price	$216,500	$216,500	$275,995	$275,995
+ Closing Costs (2%)	$4,330	$4,330	$5,520	$5,520
- Down Payment (3%)	$6,495	$6,495	$8,280	$8,280
Estimated Mortgage Amount	$214,335	$214,335	$273,235	$273,235
Estimated Monthly Payment at 7% for 30 years, including principal, interest, taxes, insurance, PMI	$1,793	$1,793	$2,285	$2,285
Approx. Annual Income Needed to Purchase	$76,843	$65,200	$97,929	$83,091
Approximate Hourly wage needed (full-time)	$37	$31	$47	$40
Max other monthly debt (41% total debt ratio)	$832	$435	$1,061	$554
Sources: ASU Polytechnic Realty Studies, Author				

Communities often wish to have housing policies and programs that positively impact the housing-related needs of residents. At the same time, many factors impact their ability to do so. Infrastructure, planning and zoning, economic opportunity, and changing demographics all impact, either positively or negatively, a community's ability to address housing-related needs. In Apache Junction, these factors include the following:

The City does not own or operate water and sewer services. Without City ownership and operation, planning and coordination is made more difficult, particularly for new development.

- There are dual water providers – one water district and one private. The water district created a master plan in 2001 and an update of that plan is underway. The private water company has a map but no plan; a 5-year plan is currently underway.
- There is one sewer district with no requirement to hook up unless the household is within a specific distance.
- To permit development, the Superstition Community Facilities District developed a master plan.

A variety of plans have been developed to support the community:

- Small area transportation study.
- Stormwater master plan.
- Drainage plan.
- Transportation master plan.
- An Infill Incentive Plan to encourage commercial and retail development in the downtown by offering a package of incentives.

The Code Compliance Division works to preserve and enhance the safety and appearance of the community by administering a program that emphasize voluntary compliance with City codes such as property maintenance, zoning and building safety codes. The condition of buildings and properties is monitored so that efforts can be undertaken to abate dangerous building and property conditions.

Specific to housing, Apache Junction offers a housing rehabilitation program to help address housing quality conditions. An annual paint-a-thon, assistance with upgrades to meet medical needs, and marketing and coordination of classes for first-time homebuyers interested in Habitat for Humanity housing and the State of Arizona homeownership assistance program. Housing programs are organized by the Development Services Division and some are managed by organizations with whom the City contracts or coordinates to provide services.

The City has adopted the 2006 International Building Code.

The City has graduated permit fees based on valuation.

There are few areas designated for higher-density housing types. Higher-density housing is generally more affordable than lower density housing.

Casa Grande

Significant housing conditions in Casa Grande include:

- Nearly 2/3 of housing units are single-family housing units and another quarter are manufactured housing units or mobile homes.
- Single-family units accounted for a larger proportion of growth during the 2000 to 2006 housing boom than did other housing types.
- Nineteen percent of units are vacant, and over half of these vacancies are seasonal. Vacancy rates are much lower in the cooler winter months and higher in the hotter summer months.
- A homeownership rate of 64% in 2000 was among the lowest in the County. Homeownership rates were highest among householders age 65 and older, and married couples with no dependent children. The most prevalent age group was aged 35 to 44 and the most prevalent family type was married couples with no dependent children.
- The greatest proportion (38%) of the housing stock built between 2000 and 2006.
- The median price asked for a housing unit in 2000 was $80,000 and in 2006 was $160,000.
- Home purchase affordability declined an estimated 65% from 2000 to 2006.
- 16.2% of home purchase and refinance loans made between 2000 and 2004 were made by subprime lenders.

HOME PURCHASE AFFORDABILITY 2006 – CASA GRANDE MARKET AREA

	Median Priced Resale Unit		Median Priced New Housing Unit	
Income to Housing Cost Ratio ➔	28%	33%	28%	33%
Unit Price	$160,000	$160,000	$236,990	$236,990
+ Closing Costs (2%)	$3,200	$3,200	$4,740	$4,740
- Down Payment (3%)	$4,800	$4,800	$7,110	$7,110
Estimated Mortgage Amount	$158,400	$158,400	$234,620	$234,620
Estimated Monthly Payment at 7% for 30 years, including principal, interest, taxes, insurance, PMI	$1,325	$1,325	$1,962	$1,962
Approx. Annual Income Needed to Purchase	$56,786	$48,182	$84,086	$71,345
Approximate Hourly wage needed (full-time)	$27	$23	$40	$34
Max other monthly debt (41% total debt ratio)	$615	$321	$911	$476

Sources: ASU Polytechnic Realty Studies, Author

Communities often wish to have housing policies and programs that positively impact the housing-related needs of residents. At the same time, many factors impact their ability to do so. Infrastructure, planning and zoning, economic opportunity, and changing demographics all impact, either positively or negatively, a community's ability to address housing-related needs. In Casa Grande, these factors include the following:

Specific to Housing, the City has five employees and two contracted field staff, all of whom are grant funded. The City has a Housing & Neighborhood Revitalization Division implements housing programs and other revitalization efforts. These efforts include infrastructure such as sewer and streets, leisure services such as parks, and playground equipment, and beautification programs, such as clean-ups, to improve the socio-economic environment in older neighborhoods. Housing programs are part of the Neighborhood Revitalization Division and Housing operates:

- A USDA, Rural development funded "Mutual self-Help Housing Program" to provide Homeownership opportunities to families at or below 80% of median income. The program has been in existence since 1987 and faces extinction due to population increases.
- A Housing Rehabilitation Program that typically assists owners of housing located in older neighborhoods where neighborhood studies (from the mid-90's) showed 75% of the units were in need of repair. The program can assist families earning up to 80% of County median income, yet funds typically assist families that are very low income or earn less than 50% of the County median income. Twelve to fifteen families are helped each year; the waiting list is from 2 to 3 years.
- Housing counseling and education services are provided to all participants in City programs.

The City has development impact fees for water, sewer, community services (parks and library), police, transportation, general government and fire/ems. Fees are flat for residential development, which is categorized as single-family, multi-family or other housing. Multi-family and other housing pay a lower fee than single-family housing.

Over one-third (34.4%) of zoned land is zoned for low-density residential use. Comparatively 1.7% is zoned for high-density residential use and less than 1% is zoned for manufactured housing communities. Higher-density residential and manufactured housing are typically the most affordable and providing sufficient land for development of these opportunities will heavily influence housing variety.

The City's General Plan 2010 includes goals and objectives specific to housing affordability. These goals and objectives also consider housing variety and quality. By incorporating affordable housing into its general plan, the City ensures that the full range of housing conditions is considered as it grows and changes demographically and economically. Housing-specific goals and objectives in the City's General Plan include:

- Ensuring opportunities for fair housing, as well as decent, safe and affordable housing choices.
- Maintaining and improving the existing affordable housing stock.
- Preserving the quality and appearance of the housing stock and overall appearance of the community.
- Continuing to provide housing rehabilitation and improvement programs for owner-occupied properties.
- Increasing the supply of affordable housing for low- and moderate-income families through a variety of sources that support and finance development.

Coolidge

Significant housing conditions in Coolidge include:

- Three quarters of housing units are single-family housing units and the remaining units are fairly evenly distributed among multi-family units and manufactured housing units or mobile homes.
- Single-family units accounted for a larger proportion of growth during the 2000 to 2006 housing boom than did other housing types. Still, other housing types were also frequently built.
- Eighteen percent of units were vacant in 2000, and over half of these vacancies are seasonal. Vacancy rates are much lower in the cooler winter months and higher in the hotter summer months.
- A homeownership rate of 67% in 2000 was among the lowest in the County. Homeownership rates were highest among householders age 65 and older, and married couples with no dependent children. The most prevalent age group was aged 35 to 44 and the most prevalent family type was married couples with no dependent children.
- The age of the housing stock is fairly evenly distributed, with nearly one quarter of housing units built prior to 1960, one quarter built between 1960 and 1979, and one quarter built since 2000. Fewer units were built between 1980 and 2000.
- The median price asked for a housing unit in 2000 was $62,000 and in 2006 was $101,000.
- Home purchase affordability declined an estimated 50% from 2000 to 2006.
- 37.8% of home purchase and refinance loans made between 2000 and 2004 were made by subprime lenders.

Communities often wish to have housing policies and programs that positively impact the housing-related needs of residents. At the same time, many factors impact their ability to do so. Infrastructure, planning and zoning, economic opportunity, and changing demographics all impact, either positively or negatively, a community's ability to address housing-related needs. In Coolidge, these factors include the following:

Codes currently in place in Coolidge are:

- 2000 International Building Code
- 2000 International Residential Code
- 2000 Uniform Mechanical Code
- 2000 International Fire Code
- 2002 National Electrical Code
- 1994 Uniform Plumbing Code/Arizona State Plumbing Code

HOME PURCHASE AFFORDABILITY 2006 – COOLIDGE MARKET AREA				
	Median Priced Resale Unit		Median Priced New Housing Unit	
Income to Housing Cost Ratio ➔	28%	33%	28%	33%
Unit Price	$101,000	$101,000	$177,495	$177,495
+ Closing Costs (2%)	$2,020	$2,020	$3,550	$3,550
- Down Payment (3%)	$3,030	$3,030	$5,325	$5,325
Estimated Mortgage Amount	$99,990	$99,990	$175,720	$175,720
Estimated Monthly Payment at 7% for 30 years, including principal, interest, taxes, insurance, PMI	$836	$836	$1,470	$1,470
Approx. Annual Income Needed to Purchase	$35,829	$30,400	$63,000	$53,455
Approximate Hourly wage needed (full-time)	$17	$15	$30	$26
Max other monthly debt (41% total debt ratio)	$388	$203	$683	$356
Sources: ASU Polytechnic Realty Studies, Author				

Development impact fees are not triggered by rehabilitation, unless the rehabilitation intensifies the use, such as adding an additional unit or other activity increasing the size of the water meter. Development fees are the same for all single-family housing, regardless of valuation and lower for all other housing types.

The City's Capital Improvement Plan that includes nine elements, which represent the core of the City's operation: general government, library, airport, liquid waste, solid waste, parks and recreation, fire, transportation and police.

The City's 2003 General Plan includes goals and objectives specific to housing, including:

- Rehabilitating substandard housing.
- Supporting alternative housing types for specific populations, including the elderly, renters.
- Ensuring opportunities for decent, safe, sanitary and fair housing.

- Maintaining and improving the existing affordable housing stock and the overall environment of the community through continuing housing rehabilitation programs, code enforcement activities, referral services, voluntary demolition, and neighborhood improvement programs that support community and historic character.
- Increasing the supply of affordable housing for low- and moderate-income families through a variety of sources that support and finance development. This includes applying for available government resources, using the Capital Improvement Program to improve deficient infrastructure in mature neighborhoods, developing standards for a density bonus program to promote affordable housing in large projects, coordinating with nonprofit and other government organizations, examining ways to incent developers to reduce costs when long-term affordability is assured, and using affordable housing as a tool for stimulating job opportunities for residents.
- Providing a manufactured home zone to promote affordable housing development at medium densities.

Eloy

Significant housing conditions in Eloy include:

- Six in ten housing units are single-family housing units and one quarter are manufactured housing units or mobile homes.
- Manufactured housing units accounted for a larger proportion of growth during the 2000 to 2006 housing boom than did other housing types.
- Only ten percent of units were vacant in 2000, and the majority of these were rental vacancies.
- A homeownership rate of 64% in 2000 was among the lowest in the County. Homeownership rates were highest among householders age 55 and older, and married couples with no dependent children. The most prevalent age group was aged 35 to 44 and the most prevalent family type was married couples with dependent children. This indicates that the most prevalent family types and age groups were having difficulty or otherwise do not wish to purchase housing in Eloy.
- The age of the housing stock is older than in most other central County communities, with four in ten units built between 1960 and 1979 and another two in ten built before 1959.
- The median price asked for a housing unit in 2000 was $49,600 and in 2006 was $106,000.
- Home purchase affordability declined an estimated 80% from 2000 to 2006.
- 24.9% of home purchase and refinance loans made between 2000 and 2004 were made by subprime lenders.

Communities often wish to have housing policies and programs that positively impact the housing-related needs of residents. At the same time, many factors impact their ability to do so. Infrastructure, planning and zoning, economic opportunity, and changing demographics all impact, either positively or negatively, a community's ability to address housing-related needs. In Eloy, these factors include the following:

The City is in the process of updating its general plan.

The following codes are in place in Eloy:

- 1997 Uniform Administrative Code
- 2003 International Building Code
- 2003 International Residential Code

HOME PURCHASE AFFORDABILITY 2006 – ELOY MARKET AREA		
	Median Priced Resale Unit	
Income to Housing Cost Ratio ➔	28%	33%
Unit Price	$106,000	$106,000
+ Closing Costs (2%)	$2,120	$2,120
- Down Payment (3%)	$3,180	$3,180
Estimated Mortgage Amount	$104,940	$104,940
Estimated Monthly Payment at 7% for 30 years, including principal, interest, taxes, insurance, PMI	$878	$878
Approx. Annual Income Needed to Purchase	$37,629	$31,927
Approximate Hourly wage needed (full-time)	$18	$15
Max other monthly debt (41% total debt ratio)	$408	$213
Sources: ASU Polytechnic Realty Studies, Author		

Florence

Significant housing conditions in Florence include:

- Four in ten housing units are single-family housing units and four in ten are manufactured housing units or mobile homes.
- Single-family housing units accounted for a larger proportion of growth during the 2000 to 2006 housing boom than did other housing types.
- Thirty-one percent of units were vacant in 2000, and the majority (66%) of vacancies were seasonal. Vacancy rates are lower in the cooler winter months and higher in the hotter summer months.
- A homeownership rate of 69% in 2000. Homeownership rates were highest among householders age 65 and older, and married couples with no dependent children. These were also the most common age ranges and family types.
- The age of the housing stock is fairly evenly distributed with 30% built between 1990 and March 200, 20% built between 1980 and 1989. Housing built before 1959 is as prevalent as housing built since 2000, with each representing 13.5% of the housing stock.
- The median price asked for a housing unit in 2000 was $75,600 and in 2006 was $169,000.
- Home purchase affordability declined an estimated 94% from 2000 to 2006.
- 19.3% of home purchase and refinance loans made between 2000 and 2004 were made by subprime lenders.

Communities often wish to have housing policies and programs that positively impact the housing-related needs of residents. At the same time, many factors impact their ability to do so. Infrastructure, planning and zoning, economic opportunity, and changing demographics all impact, either positively or negatively, a community's ability to address housing-related needs. In Florence, these factors include the following:

The Town of Florence adopted a development code in 2006. The development code includes the following housing-specific options:
Minimum lot area coverage to encourage affordability or create housing for specific populations such as active retirees.

Building permit fees are based on valuation and graduated so that less costly housing pays a lower fee. Development impact fees are in place for transportation, general government, public works, police, fire/ems, parks and community facilities, library and sanitation. These fees are flat for single-family residential and other types of residential units.

The Town partners with the school district to build one home annually for a local family. The Town does not implement or sponsor other housing programs.

HOME PURCHASE AFFORDABILITY 2006 – FLORENCE MARKET AREA				
	Median Priced Resale Unit		Median Priced New Housing Unit	
Income to Housing Cost Ratio ➔	28%	33%	28%	33%
Unit Price	$169,000	$169,000	$193,495	$193,495
+ Closing Costs (2%)	$3,380	$3,380	$3,870	$3,870
- Down Payment (3%)	$5,070	$5,070	$5,805	$5,805
Estimated Mortgage Amount	$167,310	$167,310	$191,560	$191,560
Estimated Monthly Payment at 7% for 30 years, including principal, interest, taxes, insurance, PMI	$1,399	$1,399	$1,602	$1,602
Approx. Annual Income Needed to Purchase	$59,957	$50,873	$68,657	$58,255
Approximate Hourly wage needed (full-time)	$29	$24	$33	$28
Max other monthly debt (41% total debt ratio)	$650	$339	$744	$388
Sources: ASU Polytechnic Realty Studies, Author				

Kearny

Significant housing conditions in Kearny include:

- Nearly nine in ten housing units are single-family housing units.
- There was very little growth in housing since 2000.
- Only 10% of units were vacant in 2000, and the majority of vacancies were for rent.
- A homeownership rate of 82% in 2000. Homeownership rates were highest among householders age 65 and older, and married couples with no dependent children. These were also the most common age ranges and family types.
- Nine in ten housing units was built before 1979.
- The median price asked for a housing unit in 2000 was $56,600 and in 2006 was $96,000.
- Home purchase affordability declined an estimated 39% from 2000 to 2006.
- 26.5% of home purchase and refinance loans made between 2000 and 2004 were made by subprime lenders.

Communities often wish to have housing policies and programs that positively impact the housing-related needs of residents. At the same time, many factors impact their ability to do so. Infrastructure, planning and zoning, economic opportunity, and changing demographics all impact, either positively or negatively, a community's ability to address housing-related needs. Smaller communities such as Kearny may occasionally utilize community development resources for housing purposes, yet the majority of government resources are usually focused on providing infrastructure and basic community services and amenities. The Town administration consists of public works including water, sewer, garbage and streets, recreation including a swimming pool, park and teen center, library, airport, and volunteer fire, full-time ambulance services, and police services.

HOME PURCHASE AFFORDABILITY 2006 – KEARNY MARKET AREA		
	Median Priced Resale Unit	
Income to Housing Cost Ratio ➔	28%	33%
Unit Price	$96,000	$96,000
+ Closing Costs (2%)	$1,920	$1,920
- Down Payment (3%)	$2,880	$2,880
Estimated Mortgage Amount	$95,040	$95,040
Estimated Monthly Payment at 7% for 30 years, including principal, interest, taxes, insurance, PMI	$795	$795
Approx. Annual Income Needed to Purchase	$34,071	$28,909
Approximate Hourly wage needed (full-time)	$16	$14
Max other monthly debt (41% total debt ratio)	$369	$193
Sources: ASU Polytechnic Realty Studies, Author		

Mammoth

Significant housing conditions in Mammoth include:

- Nearly six in ten housing units are single-family housing units and three in ten are manufactured housing units or mobile homes.
- There was very little growth in housing since 2000.
- 19% of units were vacant in 2000, and the majority of vacancies were for rent.
- A homeownership rate of 76% in 2000. Homeownership rates were highest among householders age 45 and older, and married couples with no dependent children. These were also the most common age ranges and family types.
- Three quarters of housing units was built before 1979.
- The median price asked for a housing unit in 2000 was $46,100 and in 2006 was $72,000.
- Home purchase affordability declined an estimated 28% from 2000 to 2006.

Communities often wish to have housing policies and programs that positively impact the housing-related needs of residents. At the same time, many factors impact their ability to do so. Infrastructure, planning and zoning, economic opportunity, and changing demographics all impact, either positively or negatively, a community's ability to address housing-related needs. Smaller communities such as Mammoth may occasionally utilize community development resources for housing purposes, yet the majority of government resources are usually focused on providing infrastructure and basic community services and amenities. The Town administration consists of public works including water, sewer, cemetery, garbage, streets, parks, and swimming pool, library, and police services.

HOME PURCHASE AFFORDABILITY 2006 – MAMMOTH MARKET AREA

	Median Priced Resale Unit	
Income to Housing Cost Ratio ➔	28%	33%
Unit Price	$72,000	$72,000
+ Closing Costs (2%)	$1,440	$1,440
- Down Payment (3%)	$2,160	$2,160
Estimated Mortgage Amount	$71,280	$71,280
Estimated Monthly Payment at 7% for 30 years, including principal, interest, taxes, insurance, PMI	$596	$596
Approx. Annual Income Needed to Purchase	$25,543	$21,673
Approximate Hourly wage needed (full-time)	$12	$10
Max other monthly debt (41% total debt ratio)	$277	$144

Sources: ASU Polytechnic Realty Studies, Author

Maricopa

Significant housing conditions in Maricopa include:

- Nearly all (98.6%) of housing units are single-family housing units.
- There was explosive growth in population and housing units from 2000 to 2006. Ninety-seven percent of housing units have been built since 2000. Nearly all of this growth was single-family housing units.
- There were few housing units in 2000. At that time, most (94%) were occupied.
- A low homeownership rate of 52% in 2000. The homeownership rate is now likely much higher.
- The median value of a housing unit in 2000 was $75,500 and in 2006 the median sales price was $220,000.
- Home purchase affordability declined an estimated 139% from 2000 to 2006.

HOME PURCHASE AFFORDABILITY 2006 – MARICOPA MARKET AREA				
	Median Priced Resale Unit		Median Priced New Housing Unit	
Income to Housing Cost Ratio ➔	28%	33%	28%	33%
	$219,500	$219,500	$198,000	$198,000
+ Closing Costs (2%)	$4,390	$4,390	$3,960	$3,960
- Down Payment (3%)	$6,585	$6,585	$5,940	$5,940
Estimated Mortgage Amount	$217,305	$217,305	$196,020	$196,020
Estimated Monthly Payment at 7% for 30 years, including principal, interest, taxes, insurance, PMI	$1,817	$1,817	$1,639	$1,639
Approx. Annual Income Needed to Purchase	$77,871	$66,073	$70,243	$59,600
Approximate Hourly wage needed (full-time)	$37	$32	$34	$29
Max other monthly debt (41% total debt ratio)	$844	$440	$761	$397
Sources: ASU Polytechnic Realty Studies, Author				

Communities often wish to have housing policies and programs that positively impact the housing-related needs of residents. At the same time, many factors impact their ability to do so. Infrastructure, planning and zoning, economic opportunity, and changing demographics all impact, either positively or negatively, a community's ability to address housing-related needs. In Maricopa, these factors include the following:

– The City adopted its general plan in 2006. The City has focused much of its resources on the public facilities and services needed in response to sharp increases in demand generated by rapid growth. Residential areas are almost exclusively single-family detached homes. Still, duplex, multi-family and other common wall dwellings are presumed to be included in future development. Maricopa citizens support a high rate of growth with the promise of the creation of a full-service community, including housing development that offers a variety of living options. The City's vision statement includes a balance of employment and housing, and specific goals and objectives towards this vision include:
  - Supporting land use requests that improve the balance between housing and employment.
  - Establishing disbursed employment areas and mixed-use activity centers.
  - Allowing flexibility for mixed commercial and residential uses.
  - Preparing a housing element for the general plan to address community needs, diversity, design variety, and affordability.
  - Using zoning and subdivision standards to promote housing diversity.

– The City has very limited land identified for future high density development. However, the ability of high density residential to be included in planned development and mixed-use zones may encourage this type of housing.

– The City's general plan includes population projections based on the explosive growth that occurred since 2000, and these growth projections differ significantly from those included in this needs assessment. Regardless of the actual population growth that occurs, the City will have significant ongoing planning and development activity. Supporting that activity and providing appropriate infrastructure and services will continue to be the focus of the City's efforts.

– The City has published fee schedules for both building and permits and development impact fees. Building and permit fees are graduated and based on valuation. Development impact fees are imposed for parks and recreation, library, public safety, general government and transportation on all single-family and non-residential development. Development impact fees are used to support activities identified in the City's Capital Improvement Plan.

According to City staff, from July 2004 to December 2007, the City of Maricopa issued a total of 16,393 new single family residential building permits. The 2007 calendar year single family permits issued actually exceeded the 2006 total: 2,535 and 2,471, respectively. Fueled by explosive growth, the population of Maricopa is expected to reach nearly 100,000 residents by 2015, offering tremendous opportunities for business and commerce in terms of population to be served.

Further, City staff added that a significant driver of this population growth is due to housing affordability in Maricopa as compared to other cities in the Phoenix Metro area coupled with comparable accessibility and commute rates. The City of Maricopa has consistently retained the most affordable median home price of compared cities and the Phoenix Metro area. The local population, however, is highly educated - over 46% of residents surveyed in 2007 report a Bachelor's Degree or higher, and nearly 86% have some post-high school training.

Queen Creek

The majority of the Town of Queen Creek is located in Maricopa County, and this needs assessment considers only that part located in Pinal County. Overall, Queen Creek has experienced growth in population and housing very similar to that described in Maricopa. Significant housing conditions in Queen Creek as defined in this Pinal County assessment include:

- There were very few housing units located in Pinal County. Of those located in Pinal County, more than eight in ten were single-family units.
- Nearly all growth was single-family housing units from 2000 to 2006.
- All units were occupied in 2000, and the majority (88%) by homeowners.
- The median value of a housing unit 2000 was $94,000 and the median price of a housing unit 2006 was $210,000.
- Home purchase affordability declined an estimated 84% from 2000 to 2006.
- 9.2% of home purchase and refinance loans made between 2000 and 2004 were made by subprime lenders. This percentage includes loans in Maricopa County.

HOME PURCHASE AFFORDABILITY 2006 – QUEEN CREEK MARKET AREA				
	Median Priced Resale Unit		Median Priced New Housing Unit	
Income to Housing Cost Ratio ➔	28%	33%	28%	33%
Unit Price	$198,000	$198,000	$233,450	$233,450
+ Closing Costs (2%)	$3,960	$3,960	$4,669	$4,669
- Down Payment (3%)	$5,940	$5,940	$7,004	$7,004
Estimated Mortgage Amount	$196,020	$196,020	$231,116	$231,116
Estimated Monthly Payment at 7% for 30 years, including principal, interest, taxes, insurance, PMI	$1,639	$1,639	$1,933	$1,933
Approx. Annual Income Needed to Purchase	$70,243	$59,600	$82,843	$70,291
Approximate Hourly wage needed (full-time)	$34	$29	$40	$34
Max other monthly debt (41% total debt ratio)	$761	$397	$897	$469
Sources: ASU Polytechnic Realty Studies, Author				

Communities often wish to have housing policies and programs that positively impact the housing-related needs of residents. At the same time, many factors impact their ability to do so. Infrastructure, planning and zoning, economic opportunity, and changing demographics all impact, either positively or negatively, a community's ability to address housing-related needs. In Queen Creek, these factors include the following:

As part of Maricopa County, the Town has access to housing and community development resources that are not as readily or directly available as in Pinal County.

The Town has adopted the following codes

- 2003 International Building & Associated Codes.
    - 2003 International Building Code
    - 2003 International Residential Code
    - 2003 International Mechanical Code
    - 2003 International Fire Code
    - 2003 International Electrical Code-Administrative Provisions
- 2002 National Electrical Code
- 1994 Uniform Plumbing Code
- 2003 International Property Maintenance Code
- 2003 Existing Building Code
- 2003 Code Requirements for Housing Accessibility
- 1982 Adobe Amendment to the Uniform Building Code (revised July 1988)

The Town collects development impact fees for wastewater, parks and recreation, fire, library, town facilities, and transportation. Development impact fees are highest for mobile homes and lowest for multi-family housing.

The Town's Neighborhood Preservation Division enforces Town codes and ordinances related to property maintenance through a proactive approach. They provide programs and opportunities for residents to participate in neighborhood and community beautification.

The Town of Queen Creek adopted its current general plan in 2002. The general plan includes the following housing related goals:

- Monitoring absorption rates to ensure that land is not rezoned when ample properly-zoned land already exists.
- Encouraging master-planned communities that provide a mixture of housing types.
- Encouraging residential development that provides housing attainable to an expanded local and regional employment base.
- Tracking net employment growth or loss, jobs-to-population and housing ratios, and average commute times.

There are no high-density zones in Queen Creek.

The Town has an economic development strategic plan. This plan includes housing related goals primarily related to increasing the image of Queen Creek as an upscale move-up community.

Superior

Significant housing conditions in Superior include:

- Eight in ten housing units are single-family housing units.
- There has been very little growth in housing since 2000.
- 17% of units were vacant in 2000, and the majority of vacancies were for rent.
- A homeownership rate of 72% in 2000. Homeownership rates were highest among householders age 45 and older, and married couples with no dependent children. These were also the most prevalent age ranges and family types.
- Six in ten housing units were built before 1959 and an additional two in ten were built between 1960 and 1979.
- The median price asked for a housing unit in 2000 was $37,500 and in 2006 was $128,000.
- Home purchase affordability declined an estimated 132% from 2000 to 2006.
- 28.5% of home purchase and refinance loans made between 2000 and 2004 were made by subprime lenders.

Communities often wish to have housing policies and programs that positively impact the housing-related needs of residents. At the same time, many factors impact their ability to do so. Infrastructure, planning and zoning, economic opportunity, and changing demographics all impact, either positively or negatively, a community's ability to address housing-related needs. In Superior, applications for Planned Area Development that include deviations from the original zoning may choose as an option to provide not less than 10% and not more than 25% of residential units as affordable housing.

HOME PURCHASE AFFORDABILITY 2006 – SUPERIOR MARKET AREA

	Median Priced Resale Unit	
Income to Housing Cost Ratio ➔	28%	33%
Unit Price	$128,000	$128,000
+ Closing Costs (2%)	$2,560	$2,560
- Down Payment (3%)	$3,840	$3,840
Estimated Mortgage Amount	$126,720	$126,720
Estimated Monthly Payment at 7% for 30 years, including principal, interest, taxes, insurance, PMI	$1,060	$1,060
Approx. Annual Income Needed to Purchase	$45,429	$38,545
Approximate Hourly wage needed (full-time)	$22	$19
Max other monthly debt (41% total debt ratio)	$492	$257

Sources: ASU Polytechnic Realty Studies, Author

POLICY AND STRATEGY MENU

The following tables demonstrate policies and actions that may be undertaken by Pinal County as well as local jurisdictions and nonprofit and private organizations to positively impact conditions. These conditions focus on six primary goals:

1. Increase capacity for and coordination of affordable housing programs and projects.
2. Increase the availability of and access to a variety of funding resources.
3. Increase the dedication of land for future affordable housing production.
4. Incorporate affordable housing and housing affordability into planning and zoning processes and decisions.
5. Encourage private investment in affordable housing.
6. Develop and deliver community-based programs.

Policies and strategies are intended for implementation with equal provision for the housing needs of all segments of the community regardless of race, color, creed or economic level.

How to Use the Menu

All of the goals, objectives and actions are suited to exploration and/or implementation by Pinal County during the next ten years. The one-year, short-term (2-5 yrs) and long-term (6-10 yrs) columns apply to a suggested time frame for exploration and/or implementation by Pinal County only.

Those strategies that are suitable for most jurisdictions are shaded in the “most jurisdictions” column. Local jurisdictions should consider policies and strategies only after a complete assessment of local conditions. Some local conditions are identified in this county-wide strategy; however, such conditions generally merit further exploration prior to adopting policy and implementing strategies.

GOAL 1: INCREASE CAPACITY FOR AND COORDINATION OF AFFORDABLE HOUSING PROGRAMS AND PROJECTS					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
Objective A: Evaluate and Establish Processes					
1.A.1	Establish a process for continually tracking key housing market conditions, including variety and affordability.	✓			
1.A.2	Ensure that housing programs, policies and actions incorporate an analysis of current and projected economic, social and political forces, the potential for displacement or loss of existing affordable units, resident input, permanency of affordability mechanisms, balance of variety and affordability, and impact on neighboring jurisdictions or county-wide efforts.	✓			
1.A.3	At least annually, update housing sales volume and median price data to ensure that current policies, programs and projects are targeted appropriately.		✓		
1.A.4	At least annually, update apartment rental information including median rent and vacancy rates by bedroom size to ensure that current policies, programs and projects are appropriately targeted.		✓		
Objective B: Create Formal and Informal Organizational Structures to Support Housing Policies and Activities					
1.B.1	Expand the role and authority of the Housing Advisory Board: o Identify and map government-owned land throughout the County and by jurisdiction; o Identify and map land zoned for manufactured, multi-family or mixed-use development; o Educate staff, appointed and elected officials regarding practices that increase the supply of affordable housing and housing affordability; o Act as a coordinating body for all possible affordable housing projects and programs by providing information regarding suitable sites and resources; o Serve as a review committee for proposed plans to ensure that housing variety and affordability are addressed.		✓		
1.B.2.	Evaluate the creation of a County or local Housing Commission or staff function charged with quantifying local market conditions, creating key relationships, researching and suggesting policies and strategies, establishing and managing programs and resources and reviewing planned development agreements.	✓			
1.B.3.	Identify a primary role for the Housing Advisory Board or successor organization. Consider regulation, advocacy, facilitation/intermediary, lender or equity investor, and developer.	✓			

GOAL 1: INCREASE CAPACITY FOR AND COORDINATION OF AFFORDABLE HOUSING PROGRAMS AND PROJECTS					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
1.B.4.	Identify and involve other agencies and organizations, including government, nonprofit and private, essential to moving forward with affordable housing policies and strategies.	✓			
1.B.5	Empower a regional affordable housing policy and strategy decision-making body.			✓	
1.B.6	Establish a Housing Task Force comprised of local government, nonprofit and private interests to research, evaluate and recommend appropriate policies and strategies to elected and appointed officials.		✓		
1.B.7	Evaluate the effectiveness of various organizational structures to finance, construct or manage housing for households earning less than the area median income or for other target populations as may from time-to-time be identified. At a minimum evaluate: a. An expanded role for existing housing authorities; b. A community development corporation (CDC) or similar nonprofit organization.		✓		
1.B.8	When developing and implementing programs and projects, ensure that all roles, relationships and lines of authority are clear. Designate one or more positions to ensure compliance.	✓			
Objective C: Develop Education Materials and Outreach Activities to Support Housing Policies and Actions					
1.C.1	Set specific community education goals and educate the public, key staff and elected and appointed officials regarding housing variety and affordability. Repeat selected themes often. Include: a. Factual information on specific information such as density, crime, design, traffic, and parking; b. How moderate and higher-income owners benefit from federal tax policy and private sector underwriting standards; c. The range of employment and income opportunities and how these relate to the cost of renting or owning.	✓			
1.C.2	Develop a portfolio of projects and programs. Include photos; describe appearance, design, and impact on individuals, neighbors and neighboring properties, employers, sales tax revenues, traffic reduction, and other visual/statistical data.		✓		
1.C.3	Ensure that a public input process is utilized for all key programs, projects and policies.		✓		
Objective D: Support Processes, Organizational Structure and Education Efforts through Continued Evaluation of Housing Conditions					
1.D.1	Examine the financial impact of increased property taxes on existing residents, primarily those of low- and moderate-incomes.		✓		
1.D.2	Map the location of Section 8 voucher holders and identify common characteristics of selected geographic areas.	✓			

GOAL 1: INCREASE CAPACITY FOR AND COORDINATION OF AFFORDABLE HOUSING PROGRAMS AND PROJECTS					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
1.D.3	Undertake a housing conditions inventory in areas consisting primarily of housing stock built prior to 1980. Identify and map substandard units into four categories: 1) minor and cosmetic repair and removal of code violations; 2) moderate rehabilitation including at least one major system failure; 3) substantial rehabilitation including more than one major system failure; and 4) not suitable for rehabilitation.		✓		
1.D.4	Undertake a systematic housing inspection program in areas with a high volume of substandard dwellings and/or code violations. Seek resources from federal, state and local sources to ensure the program is well funded and resources are available to assist property owners.			✓	
1.D.5	Utilize a systematic approach to identify the needs of neighborhoods or other geographic areas, both incorporated and unincorporated, where residents are primarily of low- and moderate-income. Involve neighborhood residents in the planning process and develop action plans to meet identified needs including social and community services, infrastructure, transportation, economic development, law enforcement and affordable housing.			✓	
1.D.6	Develop comprehensive redevelopment or revitalization plans for identified geographic areas or neighborhoods to preserve, rehabilitate, and revitalize through: targeted housing rehabilitation and code enforcement, removal of abandoned and dilapidated structures, encouragement of infill development, encouragement of business and job development, coordination of infrastructure improvements with other activities, pedestrian-friendly streetscapes and transportation opportunities, development of needed community facilities and other community-oriented services.			✓	

GOAL 2: INCREASE THE AVAILABILITY OF AND ACCESS TO A VARIETY OF FUNDING RESOURCES					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
Objective A: Increase the Amount of Non-local Funding Sources invested in Housing					
2.A.1	Support projects and programs that meet County and local goals and objectives and are applying for funding sources from governmental and private sources.	✓	✓	✓	
2.A.2	Pursue federal and state funding to expand the supply of financial resources and funding available for affordable housing programs and projects, including designation and application for HUD resources as entitlement jurisdiction or urban county.		✓		
Objective B: Reduce Reliance on Non-local Funding Sources by Establishing Local Funding Sources and Mechanisms					
2.B.1	Explore the creation of a Dedicated Revenue Fund or Housing Trust Fund. Examine political will to dedicate revenue, capacity to oversee and administer, and possible sources of capitalization. Define parameters of Fund use, including interest and repayment options, types of housing, intended residents, affordable rent or purchase prices, potential for displacement or loss of existing affordable units, permanency of affordability mechanisms, balance of variety and affordability, and impact on neighboring jurisdictions or county-wide efforts.		✓		
2.B.2	Create a Dedicated Housing Fund or Housing Trust Fund. Establish an oversight body and long-term capital plan. Ensure the Fund has the ability to accept resources from multiple sources. Continually examine new sources of revenue for Dedicated Revenue and/or Housing Trust Funds. Include: a. Sale of government-owned property; b. Real estate transfer taxes; c. Developer fees; d. Private and public foundations; e. Lodging tax.		✓		
2.B.3	Explore the creation of a linkage program that would require developers to assist in the development of affordable housing if they are developing real estate that could increase the demand for affordable housing, such as hotels, offices or retail centers.		✓		
2.B.4	Explore the waiver of permit fees and paying or deferring impact fees as incentives to encourage affordable residential development or neighborhood revitalization. Ensure that specific guidelines regarding income, rent or purchase prices and occupancy requirements are developed and met.		✓		

GOAL 2: INCREASE THE AVAILABILITY OF AND ACCESS TO A VARIETY OF FUNDING RESOURCES					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
2.B.5	Explore the creation of employer-based programs and assistance. Explore counseling and education services, financial matching, interest buydowns or mortgage assistance, subsidized rent, rehabilitation or purchase loans, move-in assistance, land contributions, and direct development and management with employers of all sizes.		✓		
2.B.6	Explore the creation of a linked deposit program wherein financial institutions are selected for deposit of governmental funds based on their willingness to contribute loans and other resources to valued public activities, including affordable housing.	✓			
2.B.7	Explore the creation of a Community Land Trust (CLT) to provide secure, affordable access to land and housing.		✓		

GOAL 3: INCREASE THE AVAILABILITY AND DEDICATION OF LAND FOR FUTURE AFFORDABLE HOUSING PRODUCTION					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
Objective A: Acquire and Contribute Land as a Mechanism to Ensure Housing Availability and Affordability					
3.A.1	Explore the possible use of Community Development Block Grant funding and General Obligation Bonds as sources for land acquisition and near-term affordable housing development.	✓			
3.A.2	Evaluate the suitability of all government-owned property for affordable housing. Include an assessment of whether each could be dedicated for development by a nonprofit organization, or rezoned for manufactured or higher-density housing.	✓			
3.A.3	Explore the conveyance or sale of County-owned property to nonprofit organizations that will provide affordable housing for low-income families (A.R.S. § 11-251.10)		✓		
3.A.4	Identify and map publicly-owned parcels that may have room for residential development. Include surplus parcels, undeveloped or underdeveloped portions of actively-used sites, commercial and recreational property and low-density structures in areas suited for higher densities.	✓			
3.A.5	Evaluate publicly-owned parcels for housing development potential, particularly affordable housing.	✓			
3.A.6	Evaluate publicly-owned parcels for mixed-use development potential, including affordable housing.	✓			
3.A.7	Explore incentives for agencies to participate in the development of affordable housing on publicly-owned parcels.		✓		
3.A.8	Consider adaptive reuse of public and vacant structures for affordable housing.	✓			
Objective B: Expand the Potential for Privately-owned Parcels to Contribute to Housing Availability and Affordability					
3.B.1	Develop a process for identifying and tracking abandoned, vacant and foreclosed property. Evaluate such property for use as affordable housing.	✓			
3.B.2	Explore mechanisms to facilitate infill development.		✓		
3.B.3	Evaluate the rezoning of underutilized commercial property to residential or mixed-use zoning. Ensure that the potential impact rezoning may have on existing businesses, as well as future economic development and job creation potential is evaluated.			✓	
3.B.4	Identify areas in advance where developers can build certain types of residential or commercial structures "as of right" without needing a variance or negotiated process.	✓			
3.B.5	Ensure that adequate sites are designated for multi-family and manufactured housing to meet expected demand among households at various income levels, including very-low and low-income households.	✓			

GOAL 4: INCORPORATE AFFORDABLE HOUSING AND HOUSING AFFORDABILITY INTO PLANNING AND ZONING PROCESSES AND DECISIONS					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
Objective A: Establish Processes to Promote Housing Quality, Variety and Affordability					
4.A.1	In regulatory policy, add maintaining and increasing the supply of affordable housing as a primary goal.	✓			
4.A.2	Incorporate a Housing Element in compliance with A.R.S. into newly-developed comprehensive or general plans.				
4.A.3	Promote affordable housing as part of new planned development.		✓		
Objective B: Continually Examine Housing Affordability through Assessment of Policies and Standards					
4.B.1	Explore the development of standards and policies that reduce or rebate fees and reduce building permit fees for housing that is available for rent to targeted households.	✓			
4.B.2	When updating land use and other regulatory policies, reassess the impact of regulatory policy on housing affordability and affordable housing development.	✓			
4.B.3	Carefully examine how zoning provisions and building codes add to the cost of production of all units, not just affordable units.		✓		
Objective C: Incorporate Policies and Mechanisms that Promote Housing Availability and Affordability into Local / County Codes, Standards, and Related Requirements					
4.C.1	Explore the waiver of or reduction of setbacks, parking or landscaping requirements when affordable housing will be provided.		✓		
4.C.2	Explore the elimination of minimum lot sizes in specific zones to encourage developers to create units within the site and environmental constraints of a property.		✓		
4.C.3	Examine the potential for a common building code and plan review checklists among all jurisdictions throughout Pinal County.		✓		
4.C.4	Examine reduced parking requirements, smaller minimum lot sizes, and alternative construction methods and materials as methods to lower housing production costs.		✓		
4.C.5	Evaluate the adoption of rehabilitation codes that tailor compliance requirements to the type and extent of planned rehabilitation work.			✓	
4.C.6	Implement rehabilitation codes in defined areas as a method to rehabilitate older buildings, provide mixed-income or mixed-use housing and spark redevelopment or revitalization.			✓	
4.C.7	Ensure that infill housing is compatible with the surrounding neighborhood.		✓		

GOAL 4: INCORPORATE AFFORDABLE HOUSING AND HOUSING AFFORDABILITY INTO PLANNING AND ZONING PROCESSES AND DECISIONS					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
4.C.8	Develop new development codes and ordinances to encourage urban style, higher density residential development in areas of existing activity.		✓		
4.C.9	Maintain the historic character of existing neighborhoods and buildings through development guidelines that promote the preservation and rehabilitation of existing structures.		✓		
4.C.10	Establish design criteria for manufactured and modular housing to promote placement in a wider array of zoning districts.		✓		
4.C.11	Develop new codes and revise existing ordinances to encourage housing that will accommodate the needs of seniors and disabled individuals		✓		
4.C.12	Ensure that new housing units are designed to respect the mass, scale, siting and form of other buildings in a neighborhood or area.	✓			
4.C.13	Use buffering, screening and design standards to mitigate impacts of higher-density residential development on neighboring lower-density residential development.	✓			
4.C.14	Ensure that affordable housing is integrated into existing development and neighborhoods to avoid economic segregation.	✓			
4.C.15	Examine density bonuses and reduced parking requirements for senior housing based on the limited impact of such housing on infrastructure.		✓		
Objective D: Expand the Potential for Additional Housing Availability and Affordability through Cooperation and Expedition					
4.D.1	Evaluate and implement expedited and simplified permit and review processes for all development. Consider specific approaches for expediting the approval process for housing for identified populations, such as low-income households, workforce, or special needs.		✓		
4.D.2	Create a one-stop shop that co-locates permitting, licensing, plan-checking and other development-related services in one central office.		✓		
4.D.3	Identify methods by which developers whose plans for affordable housing are accepted in one jurisdiction will also be accepted in other jurisdictions throughout Pinal County.		✓		
4.D.4	Involve housing staff in development review and negotiations to ensure a clear and mutual understanding of housing variety and affordability conditions.		✓		

GOAL 4: INCORPORATE AFFORDABLE HOUSING AND HOUSING AFFORDABILITY INTO PLANNING AND ZONING PROCESSES AND DECISIONS					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
Objective E: Provide for a Variety of Uses that Promote Housing Availability and Affordability through Zoning					
4.E.1	Encourage mixed-use zoning to allow different types of uses within the same structure. Explore mixed zoning by right as a mechanism to shorten the approval and development process.		✓		
4.E.2	Explore a variety of zoning districts to encourage housing variety, such as traditional neighborhood or cluster housing districts.	✓			
4.E.3	Explore form-based zoning as a mechanism to reduce “Not In My Backyard” issues.			✓	
4.E.4	Explore neighborhood district zoning in which a variety of housing types, including multi-family, single-family as well as commercial and retail space are included.		✓		
4.E.5	Minimize commute times by encouraging zoning that increases the jobs-housing balance.	✓			
4.E.6	Explore areas where Accessory Dwelling Units may be built and incorporate such units into the zoning.			✓	
4.E.7	Evaluate density bonuses as a method of constructing more affordable units within new market-rate subdivisions.		✓		
4.E.8	Explore the use of density bonuses as a mechanism to increase affordability and integrate affordable housing into market-rate neighborhoods.		✓		
4.E.9	Incorporate high-density residential structures into areas with high-density office and retail structures.			✓	
Objective F: Identify Incentives to Encourage Housing Availability and Affordability					
4.F.1	Provide for continued code amendments as appropriate and continue programs to assist in the redevelopment or rehabilitation of dilapidated and/or vacant housing stock.	✓			
4.F.2	Provide for zoning incentives that encourage the development of diverse housing types, including smaller, more affordable units for aging singles and couples, and three, four, and five-bedroom units suitable for large families.	✓			
4.F.3	Develop incentives to encourage the development of land to accommodate the placement of both site-built and factory-built housing.		✓		
4.F.4	Develop standards for the use of alternative building materials.			✓	
4.F.5	Establish policies and standards that encourage the development of higher-density and multi-family housing opportunities adjacent to and within existing employment and other commercial areas.		✓		

GOAL 4: INCORPORATE AFFORDABLE HOUSING AND HOUSING AFFORDABILITY INTO PLANNING AND ZONING PROCESSES AND DECISIONS					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
4.F.6	Evaluate the rezoning of low-density residential to higher- or mixed density residential.	✓			
4.F.7	Ensure that high density and mixed-use development fits within the existing character of neighborhoods.	✓			
4.F.8	Evaluate zoning policies to ensure that a diverse range of housing types, including multifamily homes, manufactured homes and accessory dwelling units, are possible to deliver housing that meets a broad range of needs and price levels.		✓		
4.F.9	Develop reasonable standards for manufactured homes within appropriate areas to ensure housing is affordable to households at a range of income levels.		✓		
4.F.10	Ensure that zoning policies recognize and accommodate the needs and preferences of a changing demographic, including seniors, couples without children and people living alone.		✓		
4.F.11	Evaluate how adjoining zoning districts might be consolidated to promote a greater diversity of allowable uses, or how overlay districts might be introduced to supplement the existing code to promote housing variety and affordability.			✓	
4.F.12	Reevaluate land use recommendations for areas adjacent to major transportation corridors for zoning for higher-density and mixed-use development that includes affordable housing.	✓			
4.F.13	Amend existing land use maps to accommodate the estimated 2020 population, including households at various income levels.	✓			
Objective G: Encourage Affordable Housing Development					
4.G.1	Ensure that subsidized housing is located close to shopping, employment, schools and community services and in a manner that does not encourage concentrations of low-income households in one geographic area.	✓			
4.G.2	Promote economic vitality through the development of employment and business opportunities located in close proximity to existing housing and neighborhoods.		✓		
4.G.3	Ensure that adequate sites are designated for multi-family and manufactured housing to meet expected demand among households at various income levels, including very-low and low-income households.	✓			
4.G.4	Encourage housing construction in locations that are accessible to services and employment.	✓			
4.G.5	Identify distressed neighborhoods with little private investment and explore the creation of a redevelopment district or revitalization area.		✓		

GOAL 5: ENCOURAGE PRIVATE INVESTMENT IN AFFORDABLE HOUSING					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
Objective A: Encourage Partnerships that will lead to additional Affordable Housing Development and Investment					
5.A.1	Encourage neighborhood leadership in both aging and new neighborhoods.		✓		
5.A.2	Encourage partnerships among planned developments, the unit of government and nonprofit organizations to develop housing for rent or sale to households earning less than the area median income and compatible with the planned development.	✓			
5.A.3	Encourage partnerships among property owners and private or nonprofit developers to encourage investment in the development, redevelopment, rehabilitation and adaptive reuse of land and buildings for housing for households earning less than the area median income.			✓	
Objective B: Create Incentives for Private-sector Investment in Affordable Housing					
5.B.1	Explore infill incentives as a method to promote the production or rehabilitation of affordable housing close to existing infrastructure, shopping and services. Consider financial incentives, density and zoning incentives, fee waivers, and donated or reduced cost land.	✓			
5.B.2	Identify areas where upgrading infrastructure and community amenities (parks, libraries, streets) could improve neighborhood involvement in and encourage private investment in housing production and/or rehabilitation.	✓			
5.B.3	Explore a variety of methods to reduce up-front costs and minimize developer risk in affordable housing by: a. Improving government-owned land prior to sale to a developer. b. Identifying potential sites and projects and undertaking land assembly and other pre-development activities. c. Deferring fees and exactions until occupancy or sale. d. Developing neighborhood or specific-area plans that provide for a variety of overlay zoning.			✓	
5.B.4	Provide incentives that reduce the impact of fees assessed for development that sets aside at least twenty percent of units exclusively for long-term occupancy by households earning less than the area median income.		✓		
5.B.5	Explore the fiscal and organizational impacts of a tiered fee reduction program for housing development targeted to households earning less than the area median income. Ensure that the greatest fee reductions are available for housing made available to the lowest income households.	✓			

GOAL 5: ENCOURAGE PRIVATE INVESTMENT IN AFFORDABLE HOUSING					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
5.B.6	Provide incentives to developers such as reimbursement of fees or density increases for sale of infill housing to households earning less than the area median income.		✓		
5.B.7	Provide incentives that reduce impact of fees assessed for acquisition and/or rehabilitation of existing substandard housing units in identified neighborhoods. Offer additional incentives when rehabilitated units will be sold or leased to households earning less than the area median income.		✓		
5.B.8	Provide incentives that reduce impact of fees assessed for development that sets aside at least twenty percent of units exclusively for long-term occupancy by targeted households.		✓		
5.B.9	Support developers making application for state and federal housing resources when such applications are compatible with this strategy.	✓			
Objective C: Provide Opportunities for Private-sector Investment and Development					
5.C.1	Identify areas along commercial corridors that would benefit from a mix of commercial and residential uses. Include areas with infill opportunities, as well as rehabilitation and new planned development.	✓			
5.C.2	Examine residential uses over commercial uses as an opportunity to expand housing choice while providing additional and alternative income to property owners.			✓	
5.C.3	Explore density bonuses as a method for increasing the supply of affordable housing, with greater densities provided for units set aside for the lowest-income households.		✓		

GOAL 6: DEVELOP AND DELIVER COMMUNITY-BASED PROGRAMS					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
Objective A: Create Administrative Structures that Support and Encourage Housing Variety, Quality and Affordability					
6.A.1	Explore the creation of a one-stop shop for developers and other organizations interested in affordable housing production, rehabilitation or related services.	✓			
6.A.2	Explore the creation of shared administration and expertise across units of government wherein each jurisdiction expands the capacity to deliver specific types of programs or projects and through inter-governmental cooperation assists other units of government.	✓			
6.A.3	Based on the availability of resources, utilize existing organizations or create additional capacity to implement a homeownership assistance program for households earning less than the area median income.		✓		
6.A.4	Provide support to one or more nonprofit organizations to develop a mechanism to acquire and rehabilitate property, including housing intended for demolition or that is not structurally-sound, for sale or lease to households earning less than the area median income.		✓		
6.A.5	Develop a cooperative code enforcement agreement among local jurisdictions and the County.		✓		
6.A.6	Link economic development incentives with housing for employees.		✓		
6.A.7	Ensure that when needs are shared by multiple jurisdictions, regional or joint solutions are implemented to ensure greater efficiency and reduced costs.	✓			
6.A.8	Secure all resources through legal mechanisms that provide for a return of investment in the event that property is sold or transferred or guidelines are not otherwise met. Reinvest returned resources into additional affordable housing projects and programs.		✓		
6.A.9	Prior to developing new or expanding existing programs or resources, assess organizational capacity to successfully deliver each.	✓			
6.A.10	Implement legal methods by which program and project resources may be secured to ensure affordability and preservation of affordable units. Include rights of first refusal, shared equity provisions, and deed or land use restrictions.	✓			
Objective B: Develop and Implement Programs to Serve Households in Need of Quality Affordable Housing					
6.B.1	Contact organizations and agencies that currently provide financial and other resources and sponsor workshops and other educational opportunities for homeowners, investors, and renters.	✓			

GOAL 6: DEVELOP AND DELIVER COMMUNITY-BASED PROGRAMS					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
6.B.2	Develop an owner-occupied housing rehabilitation program. In doing so, identify appropriate structures, geographic areas or neighborhoods, owner income levels and amounts of investment. Ensure that all investments of financial resources, whether direct or deferred, are legally secured.		✓		
6.B.3	Examine property management capacity and the ability of the Housing Department to expand services to private property developers and owners interested in providing affordable housing.	✓			
6.B.4	Explore the creation of a rental rehabilitation program targeted towards investors owning fewer than ten units.		✓		
6.B.5	Encourage partnerships with financial institutions to develop a local loan pool targeted to the development of housing for or for direct benefit of households earning less than the area median income.		✓		
6.B.6	Explore the creation of a loan pool to acquire foreclosed property for rent or sale to households displaced by foreclosure.	✓			
6.B.7	Ensure that housing is linked to wealth building and social services, such as child care, job training, and employment search assistance.	✓			
6.B.8	Explore the creation of a vacant and/or foreclosed property receivership program wherein one or more nonprofit organizations have an option to acquire and/or rehabilitate property for rent or sale to targeted populations.		✓		
6.B.9	Develop and implement an employer-assisted housing program for government employees. Initially focus on the acquisition of vacant or foreclosed units close to the place of employment. Evaluate market conditions regularly to ensure that the program is addressing a housing market condition or gap.		✓		
6.B.10	Work with private and nonprofit financial institutions to provide incentives for owners of single-family rental housing to refinance or rehabilitate units at risk of loss.		✓		
6.B.11	Develop and implement a foreclosure prevention program that includes owner education, refinancing opportunities, and assistance negotiating with financial and servicing institutions. Ensure that all financial assistance is secured so it may be recycled for assistance to other owners.	✓			
6.B.12	Investigate programs and services to assist seniors to "age in place".			✓	
6.B.13	Increase housing options for people with low and moderate incomes and for people with special needs, including the elderly, homeless, victims of domestic violence, handicapped, mentally ill and disabled.		✓		
6.B.14	Identify multi-family affordable housing properties with expiring use subsidies within a five year period and contact owners to discuss possible methods and practices for retaining units as affordable.		✓		

GOAL 6: DEVELOP AND DELIVER COMMUNITY-BASED PROGRAMS					
	Policy or Action	One-year	Short-term (2-5 yrs)	Long-term (6-10 yrs)	Most Jurisdictions
6.B.15	Explore the creation of short-term assistance to all households that may be displaced as a result of foreclosure.	✓			
6.B.16	Support equal housing opportunities for all persons.	✓			
6.B.17	Create a process for employer input into housing programs and projects as a method to facilitate employee attraction and retention.	✓			
6.B.18	Tie economic and social services that focus on individual wealth creation or building to affordable housing programs or projects. Consider job search and training assistance, transportation, and child care.		✓		
6.B.19	Increase workforce housing opportunities using incentives, public/private partnerships, and other sources of capital investment.		✓		
6.B.20	Ensure that policies and standards are in place to ensure that affordable housing is not lost through redevelopment, rehabilitation or expiring use agreements and subsidies.	✓			
Objective C: Support and Sponsor Activities that Expand Household Capacity to Become Self-sufficient					
6.C.1	Ensure that residents have access to financial and housing counseling to support housing decisions and investments.	✓			
6.C.2	Encourage programs that offer counseling throughout the County on the responsibility of homeownership and debt management, and provide technical assistance to potential homeowners.	✓			
6.C.3	Encourage home-based business to participate in neighborhood watch and neighborhood organization activities. Utilize neighborhood watch to organize and facilitate clean-ups.		✓		
6.C.4	Sponsor tenant and landlord training on rights and responsibilities of each party and fair housing laws.		✓		
6.C.5	Sponsor foreclosure education seminars.	✓			
6.C.6	Promote home ownership initiatives as a means to build community support, pride, and expand housing choices for individuals.		✓		
6.C.7	Sponsor home maintenance and repair clinics and counseling to assist property owners in making their own repairs.		✓		

2007 PUBLIC INPUT MEETING SUMMARY

Meeting Structure

Three meetings were held to identify key housing issues and conditions as perceived by residents and industry stakeholders throughout Pinal County. Specifically, meetings were held:
San Manuel - June 21, 2007
Apache Junction – June 21, 2007
Casa Grande – July 20, 2007

Public input meetings were structured to glean information and discuss:

1. Primary strengths, limitations/impediments, and opportunities/resources in both the homeownership and rental housing market segments;
2. Governmental barriers, non-governmental barriers, and opportunities/resources related to new development;
3. Neighborhood-based conditions; and
4. Special populations.

Each participant was encouraged to identify their key concerns or observations in each of the four discussion areas. Following identification of key concerns / observations, each concern / observation was clarified and discussed, providing an additional opportunity for participants to identify conditions. Where more than one participant identified a key concern / observation the number of times the condition was identified is in parentheses.

San Manuel

HOMEOWNERSHIP

Strengths

1. Soft market and large inventory mean more units are available in the $80,000 - $150,000 range (2)
2. Land is available for development / buildability unknown (2)
3. Households may qualify for financing through USDA Rural Development
4. Community social infrastructure is in place to support residents who want to purchase and stay – shopping, banks, churches

Limitations

1. Prices are higher closer to Tucson and the metro-area employment opportunities
2. Low-paying [$7.50 - $12.50/hour] jobs (4)
3. Lack of jobs requires long commute to Tucson, Globe or Florence (3)
4. Construction costs are higher than in metro areas and have been increasing
5. Interest rates are increasing
6. Appraisals have been questionable [too high or lender-driven]
7. Mortgage and funding scams of past few years
8. Lenders are going out of business
9. Poor advice is given to buyers and this results in inappropriate mortgages, including balloons, over-lending, and ARMs (adjustable rate mortgages)
10. Desire by some communities to limit land use for homes (2)
11. Environmental concerns related to water, sewer, and wildlife corridors
12. Requirements for manufactured/mobile home financing too restrictive (2)
13. Some communities have no new housing with most of the stock 30-50 years old
14. Mobile homes, particularly those located in parks are in poor condition
15. Due to age of housing stock, rehabilitation is needed for many
16. Many buyers “drive until you qualify” not taking into account the cost of transportation

Opportunities / Resources

1. Homes for Arizonans Program
2. Housing Rehabilitation Assistance [this area has a proportionately large volume of requests for assistance]
3. Pinal County provides owner-occupied housing rehabilitation assistance
4. CAHRA (Community Action Human Resources Agency) provides emergency housing rehabilitation assistance
5. Builders are offering incentives for purchasers of new units
6. Plenty of vacant land (2)

RENTAL

Strengths

1. Lots of investment by out-of-town owners in rental properties [approximately 15% of the rental stock]
2. Rentals in more rural areas are homes with yards rather than apartments
3. Rents are affordable – from $400 to $700/month

Limitations / Impediments

1. Limited variety in available units
2. Not enough units are available
3. Quality of the stock [owner-occupied higher than renter-occupied]
4. Transient employment and employees make many unable to commit to lease
5. Many potential renters do not pass background and credit checks
6. Commute distance to employment is prohibitive for many renters
7. Not enough Section 8 vouchers
8. No units specifically dedicated to low-income in Mammoth, Oracle, San Manuel
9. Transportation is an issue because shopping, employment located so far away
10. One – two major employers / industries (mining, construction) means employment is unstable

Opportunities / Resources

1. Section 8 vouchers (18 month waiting list) are available from Pinal County [unlike some rural counties]
2. Low-income Housing Tax Credits are available from the AZ Dept of Housing

NEW DEVELOPMENT

Non-governmental Barriers

1. Lack of incorporation in many communities means lack of unified representation and a government center in which to conduct business
2. BHP controls the land
3. Infrastructure in more rural areas (power, sewer gas), about 50% of units are on septic systems
4. NIMBY attitude
5. Environmentalists do not welcome change
6. Land splits have resulted in easement, infrastructure issues for many land/unit owners
7. Many buyers uneducated about land split concerns / risks

Governmental Barriers

1. Transportation systems, including roads limits growth in this area (2)
2. High proportion of state and federal land limits growth
3. Historic preservation may mean dedication of San Manuel as a Historic site – this could be both a strength and a limitation
4. CDBG (Community Development Block Grant) Method of Distribution makes coordinated and appropriate use of resources difficult

Opportunities / Resources

1. Plans to redevelop San Manuel in 10-15 years using 8,000 acres of BHP land
2. Pinal county comprehensive plan will be updated in near future providing opportunity for more coordinated planning and development as well as citizen participation – conscious and conscientious planning opportunity (3)
3. Growth is bringing more business that will generate more revenue
4. More planning and coordination is needed to tie housing development to services, jobs and a sales tax base (2)
5. Pinal county clustering ordinance preserves vacant land and increases affordability

NEIGHBORHOODS

Positive

1. Sense of community varies greatly by community / area
2. Most people are proud but uninvolved
3. County provides clean-up/dump days and vouchers to promote code compliance
4. Increased code enforcement with a move to more proactive rather than complaint-driven compliance
5. Most communities are close knit
6. “Kearny Pride” ensures local clean-up – good model for other areas/communities
7. County is providing new drop-off points to discourage illegal dumping

Not-so positive

1. Dump fees are too high
2. Continued drug (methamphetamine) manufacture and sale problems in some areas
3. Increased illegal dumping
4. Growth is uncontrolled
5. County could provide a neighborhood leadership program or resources
6. A program to increase interaction is needed

SPECIAL POPULATIONS

Needs

1. Senior housing is needed – small units with some services attached and disbursed throughout the county so seniors can stay in their community
2. More housing rehabilitation assistance is needed for seniors
3. Need increased cooperation among social service agencies, particularly related to seniors and focused on keeping them in their home and community
4. Transportation for seniors is needed
5. Younger people and families need increased life skills programs and training opportunities
6. Need more anti-drug support

Limitations

1. Social services are often unavailable
2. Many seniors will not accept available assistance due to regulatory requirements
3. There are limited health and social services available in the area
4. Some employers are unable to recruit due to lack of a highly-qualified work force
5. Mines no longer provide health care or services and health services are limited
6. Single parents are unable to survive due to low wages and unemployment; additional resources and services are needed for this population

Opportunities

1. There is an opportunity to invite investors and vendors to invest in the growing senior population
2. Attractive area for active retirees means increased need for senior services in the future
3. Small towns lend themselves to easily reaching special populations
4. Opportunity to connect seniors/retirees and business people with youth and young families to encourage coaching and mentoring
5. Voices for Education is a model (Tucson-based) life skills program that could potentially be brought into the area

Apache Junction

HOMEOWNERSHIP

Strengths

1. High rate of homeownership means strong family ties to community
2. Age demographic – retirees – means pride of ownership and sense of neighborhood
3. Variety of housing is available particularly in Superstition Vistas and Lost Dutchman areas
4. Strong resale market

Limitations

1. “Drive until you qualify destination” for Maricopa County means inadequate employment base for people who live here, heavy traffic impact, sales tax leakage [3]
2. Lack of variety - price, type and availability - in AJ
3. Costs are high in relationship to income [3]
4. Large volume of winter visitors
5. Costs continue to rise while income remains stable
6. HOA (homeowner’s association) fees continually increasing
7. Volume of growth and influx of new households creates environmental concerns
8. Property maintenance an issue for many seniors
9. Increasing cost of new housing
10. Increasing interest rates
11. Recent creative financing and speculative investment/building create uncertainty in market

Opportunities / Resources

1. Resale prices are stabilizing [2]
2. Plenty of vacant land
3. Participation on boards and commissions increases pride and improves the community, including housing values
4. Homes for Arizonans program
5. Increasing economic development means jobs closer to home
6. Demographic is changing – more younger people and families
7. Large amount of State Trust Land

RENTAL

Strengths

1. Individuals on fixed incomes can rely on someone else for big-ticket repairs
2. New housing is available for rent
3. Good time for investment in rental property
4. County works to keep seniors in their homes so not so much needed
5. High demand for affordable, accessible, subsidized units

Limitations / Impediments

1. Long waiting list for Section 8 housing
2. Small supply of affordable and accessible units [2
3. Not enough subsidized units [2
4. More affordable units are located in undesirable areas
5. Renters do not have same incentive to maintain their units as do homeowners
6. Limited choices and variety [2
7. Many rental units are substandard [2
8. Focus of the market is on seasonal/snowbirds; not enough units that will take children and/or pets [3
9. Too many absentee landlords
10. Government resources have too many requirements for the seasonal nature of the market
11. Abundance of mobile homes – residents own the structure (depreciating) while landlords own the land (appreciating)

Opportunities / Resources

1. Downtown area of AJ zoned for condos and multiple uses
2. Rental assistance is available through Pinal County
3. Low income Housing Tax Credits are available through the AZ Dept of Housing

NEW DEVELOPMENT

Non-governmental Barriers

1. Land splits have resulted in easement, infrastructure issues for many land/unit owners
2. Under-qualified workforce + age of residents makes business attraction difficult (2)
3. Lack of good jobs near housing [7]
4. Lack of universal design, visitability and rehabilitation/modification ready units
5. Large volume of mobile homes means community (AJ) has a stigma
6. Land costs are high
7. Land is available but not ready to build

8. Investment portfolio concerns
9. Lack of 4-year college
10. Lack of medical, health, and hospital services

Governmental Barriers

1. Water resource requirements don't demonstrate real numbers – how much water is there and how much will be available 20 years from now
2. Too many restrictions on improvements that can be made to your own home – cost and process is also prohibitive
3. Property taxes are high compared to California
4. Increased property assessment and taxes a challenge for those on fixed incomes
5. Government resources have too many requirements for the seasonal nature of the market
6. State Land Department disposition requirements/process impedes coordination and sound investment [2
7. Inadequate transportation, including roads, corridors, and transit [8]
8. Good connectively and easy access from Mesa, Florence, etc.
9. Appropriate zoning for light industry is limited
10. Not enough law enforcement presence in Queen Valley; long response times
11. County islands impact residents (law enforcement, code enforcement) and surrounding incorporated communities
12. Development impact fees are high

Opportunities / Resources

1. More business incentives to encourage economic development (2)
2. Increased business retention and education services to aide seasonal and marginal businesses and create year-round employment (2)
3. Development impact fees are low in relation to other areas (2)
4. Permitting process is relatively streamlined and simple in comparison to other counties
5. As comprehensive and general plans are updated there is an opportunity for well-planned growth, particularly to keep the rural feel while addressing the tax base
6. State Trust Lands are under a single, comprehensive plan and this makes Pinal county one of the most desirable areas for investment and real estate ventures in the country
7. Programs to enhance the community image
8. Balance of zoning to encourage a mix of retail, commercial and industrial development
9. Seek revision of State Land Department requirements so developers will engage with communities in well-planned ventures
10. Committees are being formed and working together around key issues
11. Demographic data is now available through CAAG
12. Professionalism of the Pinal County Housing Authority
13. Horse owners have a strong voice in the consultation process

NEIGHBORHOODS

Positive

1. Quite a bit of unity in most areas
2. Nice mix of neighborhood types from urban through rural
3. CDC is pulling together the downtown residents of AJ
4. Time to embrace the image and promote greater diversity
5. County considering “neighborhood zoning” v “subdivision zoning”
6. Many areas have dark skies (2)

Not-so positive

1. Water, sewer, roads and other infrastructure are not always available in some areas (2)
2. No sense of neighborhoods – people live in subdivisions and are therefore subdivided
3. High crime in the more affordable areas of AJ
4. Concentration of substandard housing

SPECIAL POPULATIONS

Needs

1. Adequate services, particularly health services
2. Neighborhood retail
3. Transportation/transit
4. More information and easier access to information regarding programs
5. Increased coordination and education among agencies and jurisdictions
6. Safe housing for single parents and students
7. More affordable, accessible units

Casa Grande

HOMEOWNERSHIP

Strengths

1. A lot of available units in Casa Grande (2
2. Wide variety of housing types and price ranges in Casa Grande (2
3. A expanding number of locations where homes can be purchased in Casa Grande.
4. Casa Grande is affordable relative to the region.
5. In Coolidge, a couple of builders are pursing relatively affordable housing (under $119,000)
6. Price point is a major factor in the Pinal County housing market.
7. Condos are being built.
8. Coolidge has a variety of housing and lots available for infill.
9. A variety of housing prices ($110,000 - $200,000) in Coolidge.
10. Builders have dropped their price points and value engineered homes to reduce prices. (2
11. Some builders with reductions and incentives have lowered prices 40% in past year; increasing affordability for new buyers.
12. Prices are lower than two years ago.
13. Plenty of available land throughout the County.
14. Elected officials at municipal and County levels are mostly open to discussion on increasing affordable housing opportunities.
15. Housing prices are holding up better in Casa Grande than elsewhere in the County.

Limitations

1. New housing is all the same and most is not affordable to local residents.
2. Lower income and poor credit households are not able to purchase a home.
3. Negative equity situations will result in increased foreclosure (first investors, then top of market purchasers, then commuters) (3
4. Buyers who are “upside down” don’t seek help fast enough and end up in foreclosure.
5. Predatory lending continues (2
6. Lots of households are financially overextended.
7. Road construction is poorly planned and will negatively impact residents of Maricopa.

8. The railroad does not move quickly to make changes needed for community.
9. Lack of jobs near new housing and neighborhoods results in massive commuting problems. Drive until you qualify (3
10. Buyers with "creative" financing such as interest only, ARMs, 80/20s and balloons are not protected from market changes. Another segment of the market at risk of foreclosure.
11. There are no organizations to assist potential homebuyers or to help when they get delinquent with mortgage payments (2
12. Many communities are too large for USDA RD funding and too small for HUD funding (2
13. Homeownership opportunities throughout the County are not varied. Majority of units are single family. Condos, townhouses, patio homes, etc. are needed.
14. Raw land prices range from $30,000 to $50,000/acre and up. Combined with infrastructure costs, this leads to developed lots that are priced from $30,000 up. Hard to get affordable housing with those prices unless the lots are very small or the density is very high; both are politically unpopular.
15. Existing home prices are extremely high compared to new construction.
16. Wages are not high enough to afford current prices of both new construction and existing units.
17. Market prices are inflated.
18. Newer housing developments are not close to shopping and other services.
19. No public transportation, although whether it would be used is questionable.
20. Higher density housing that has been built is not attractive or affordable and doesn't fit well with the community.
21. Casa Grande and neighboring jurisdictions have a large surplus of single family homes, declining housing markets, and existing homeowners competing with developers through incentives and price cuts.

<u>Opportunities / Resources</u>

1. Cluster housing to create more affordable units for locals.
2. More local employment opportunities.
3. Self-help housing in Casa Grande and through CAHRA (in Eloy, Coolidge and Arizona City)
4. Community and housing character maintained.
5. Section 8 homeownership programs through Public Housing Authorities.
6. Some areas still eligible for USDA RD funding.
7. Inventory of USDA RD units.
8. Some rental assistance and mortgage foreclosure assistance is available.
9. Many cities and the County operate owner-occupied housing rehabilitation programs.
10. ADOH Homes for Arizonans program.

11. CAHRA is a HUD-approved housing counseling agency.
12. Investors seeking long-term investment can accumulate inventory.

RENTAL

Strengths

1. Can rent a new single family home for around $750 in Casa Grande.
2. Many rentals are more affordable than in urban areas.
3. Most renters want single family units and these are available.

Limitations / Impediments

1. Vacancy rates are increasing in older and low income units, especially 2 bedroom units and those in Casa Grande and Maricopa. These units can't compete with new units.
2. In Coolidge rental rates are high at around $1,000/month even for dilapidated units.
3. Older stock of apartments with no luxury apartments in Casa Grande.
4. Limited supply and types of rental housing in Casa Grande.
5. Rental prices are too high across the County and in relation to income.
6. Rental properties are aging and in need of repair/rehab; owners cannot afford the repair/rehab.
7. Older apartment units have not been maintained.
8. Older rental units in good Casa Grande neighborhoods at risk of being boarded up due to competition from new housing.
9. Wait for Section 8 voucher is 12-18 months. Pinal County housing has 662 vouchers and about 800 on waiting list. Public housing wait is 3 to 6 months.

Opportunities / Resources

1. Section 8 rental assistance is available through Pinal county.
2. Section 8 units are better maintained.
3. CAHRA has some resources for move-in and rental assistance.
4. Those who can afford to purchase could now rent the same unit for less than they can purchase it. This is an opportunity to save for future purchase.

NEW DEVELOPMENT

Non-governmental Barriers

1. Excess inventory driving market values down and putting a ceiling on resale values.
2. Developers and the railroad are not keeping to their agreements. There is no recourse if they don't follow through.

3. Land prices have increased 200% in two years for infill lots in Casa Grande.
4. Lack of contractors for smaller projects.

Governmental Barriers

1. No County landfills result in increased litter in rural areas.
2. Water retention basin maintenance costs are passed onto homeowners and this impacts affordability.
3. Municipalities create minimum standards that create minimum standards communities.
4. Infrastructure hasn't kept pace with residential development, especially roads (3
5. Municipalities have been reacting to growth with limited capacity to be proactive.
6. Questionable road improvements, engineering and inspections.
7. Many lots in County were grandfathered and will not bear impact fees, which will change sales patterns in the future.
8. Small water retention basins are called open space (note that Casa Grande no longer allows this in Parks plan).
9. Zoning follows same model that encourages bedroom community setting.
10. Cultural values and ideas about what constitutes community and acceptability differ greatly between new residents and those that have been in communities for a long time.
11. Poor customer service among contractors.
12. School districts are having a hard time keeping up with growth and in some cases must pay impact fees on new development.
13. State School Facilities Board is a barrier.
14. Limited development potential due to traffic congestion in commute to metro Phoenix.
15. Lack of sidewalks.
16. Impact fees are complicated and do not generate enough revenue to support infrastructure needs.
17. In Maricopa, too many building permits were issued without prior planning.
18. Utility blackouts in Maricopa and fluctuating water pressure in Coolidge.

Opportunities / Resources

1. Good variety of densities and reasonable design standards in Casa Grande.
2. Developers are being more creative in developing "community".
3. Incorporate more walking paths into new development.
4. Subdivisions will begin selling lots instead of units with lots. Opportunity for small builders to do infill.
5. More suppliers due to growth.

6. Growth has funded expanded services through impact fees.
7. Grandfather developers will have a financial advantage for new home construction. This is where the next “boom” will take place.

NEIGHBORHOODS

Positive

1. Some are very strong and a resource to residents.
2. Home repair programs can help improve housing in concentrated areas for low income homeowners.
3. Schools (especially elementary) provide a neighborhood identity.
4. Schools have kept pace with development in Casa Grande.

Not-so positive

1. Older neighborhoods need technical assistance to take ownership and responsibility of neighborhood issues. Planning and implementation of neighborhood projects (physical and social) through block watches, etc. are needed.
2. Value differences between new residents and existing residents often come out in neighborhood settings and on community changes such as street renaming.
3. Older neighborhoods in Casa Grande do not have a school identity.
4. Lack of unified school district in Casa Grande – legislative roadblocks hamper the effort.

SPECIAL POPULATIONS

Needs

1. Walking paths and connectivity to services.
2. Subsidized senior housing (3).
3. SMI, substance abusers and Iraq war vets.
4. Homeless shelter for singles and families

Opportunities

1. AZ Training Center is mostly vacant and provide a real opportunity for reuse as a special needs residential facility.
2. What is the demand for 55+ housing?

2008 PUBLIC INPUT MEETING SUMMARY

A series of three public input meetings were held to discuss primary conditions identified through the needs assessment and suggested foundation steps for addressing those conditions. The meetings were held on March 25, 2008 in Casa Grande and San Manuel and on April 2, 2008 in Apache Junction. Participants engaged in discussion regarding the conditions and responded to suggested first steps through a survey. The survey requested that participants indicate whether a strategy was considered positive, negative or neutral. Twelve surveys were completed and returned and the results follow.

GOAL 1: INCREASE CAPACITY FOR AND COORDINATION OF AFFORDABLE HOUSING PROGRAMS AND PROJECTS			
Policy or Action	Positive	Negative	Neutral
A: Evaluate and Establish Processes			
Establish a process for continually tracking key housing market conditions, including variety and affordability.	10		2
Ensure that housing programs, policies and actions incorporate an analysis of current and projected economic, social and political forces, the potential for displacement or loss of existing affordable units, resident input, permanency of affordability mechanisms, balance of variety and affordability, and impact on neighboring jurisdictions or county-wide efforts.	10		2
B: Create Formal and Informal Organizational Structures to Support Housing Policies and Activities			
Evaluate the creation of a County or local Housing Commission or staff function charged with quantifying local market conditions, creating key relationships, researching and suggesting policies and strategies, establishing and managing programs and resources and reviewing planned development agreements.	10		2
Identify and involve other agencies and organizations, including government, nonprofit and private, essential to moving forward with affordable housing policies and strategies.	8	2	2
C: Develop Education Materials and Outreach Activities to Support Housing Policies and Actions			
Set specific community education goals and educate the public, key staff and elected and appointed officials regarding housing variety and affordability. Repeat selected themes often. Include: d. Factual information on specific information such as density, crime, design, traffic, and parking; e. How moderate and higher-income owners benefit from federal tax policy and private sector underwriting standards; f. The range of employment and income opportunities and how these relate to the cost of renting or owning.	12		
D: Support Processes, Organizational Structure and Education Efforts through Continued Evaluation of Housing Conditions			
Map the location of Section 8 voucher holders and identify common characteristics of selected geographic areas.	5		7

GOAL 2: INCREASE THE AVAILABILITY OF AND ACCESS TO A VARIETY OF FUNDING RESOURCES			
Policy or Action	Positive	Negative	Neutral
A: Increase the Amount of Non-local Funding Sources invested in Housing			
Support projects and programs that meet County and local goals and objectives and are applying for funding sources from governmental and private sources.	10		2
B: Reduce Reliance on Non-local Funding Sources by Establishing Local Funding Sources and Mechanisms			
Explore the creation of a linked deposit program wherein financial institutions are selected for deposit of governmental funds based on their willingness to contribute loans and other resources to valued public activities, including affordable housing.	7	2	3

GOAL 3: INCREASE THE AVAILABILITY AND DEDICATION OF LAND FOR FUTURE AFFORDABLE HOUSING PRODUCTION			
Policy or Action	Positive	Negative	Neutral
A: Acquire and Contribute Land as a Mechanism to Ensure Housing Availability and Affordability			
Explore the possible use of Community Development Block Grant funding and General Obligation Bonds as sources for land acquisition and near-term affordable housing development.	6	3	3
Evaluate the suitability of all government-owned property for affordable housing. Include an assessment of whether each could be dedicated for development by a nonprofit organization, or rezoned for manufactured or higher-density housing.	8	2	2
Identify and map publicly-owned parcels that may have room for residential development. Include surplus parcels, undeveloped or underdeveloped portions of actively-used sites, commercial and recreational property and low-density structures in areas suited for higher densities.	8	1	3
B: Expand the Potential for Privately-owned Parcels to Contribute to Housing Availability and Affordability			
Develop a process for identifying and tracking abandoned, vacant and foreclosed property. Evaluate such property for use as affordable housing.	12		
Identify areas in advance where developers can build certain types of residential or commercial structures “as of right” without needing a variance or negotiated process.	6	1	5

GOAL 3: INCREASE THE AVAILABILITY AND DEDICATION OF LAND FOR FUTURE AFFORDABLE HOUSING PRODUCTION			
Policy or Action	Positive	Negative	Neutral
Ensure that adequate sites are designated for multi-family and manufactured housing to meet expected demand among households at various income levels, including very-low and low-income households.	10	2	

GOAL 4: INCORPORATE AFFORDABLE HOUSING AND HOUSING AFFORDABILITY INTO PLANNING AND ZONING PROCESSES AND DECISIONS			
Policy or Action	Positive	Negative	Neutral
A: Establish Processes to Promote Housing Quality, Variety and Affordability			
In regulatory policy, add maintaining and increasing the supply of affordable housing as a primary goal.	9		3
B: Continually Examine Housing Affordability through Assessment of Policies and Standards			
Explore the development of standards and policies that reduce or rebate fees and reduce building permit fees for housing that is available for rent to targeted households.	6	3	3
C: Incorporate Policies and Mechanisms that Promote Housing Availability and Affordability into Local / County Codes, Standards, and Related Requirements			
Ensure that new housing units are designed to respect the mass, scale, siting and form of other buildings in a neighborhood or area.	9		3
Use buffering, screening and design standards to mitigate impacts of higher-density residential development on neighboring lower-density residential development.	9		3
Ensure that affordable housing is integrated into existing development and neighborhoods to avoid economic segregation.	10	1	1
E: Provide for a Variety of Uses that Promote Housing Availability and Affordability through Zoning			
Explore a variety of zoning districts to encourage housing variety, such as traditional neighborhood or cluster housing districts.	9		3
Minimize commute times by encouraging zoning that increases the jobs-housing balance.	12		
F: Identify Incentives to Encourage Housing Availability and Affordability			
Provide for continued code amendments as appropriate and continue programs to assist in the redevelopment or rehabilitation of dilapidated	9		3

GOAL 4: INCORPORATE AFFORDABLE HOUSING AND HOUSING AFFORDABILITY INTO PLANNING AND ZONING PROCESSES AND DECISIONS			
Policy or Action	Positive	Negative	Neutral
and/or vacant housing stock.			
Provide for zoning incentives that encourage the development of diverse housing types, including smaller, more affordable units for aging singles and couples, and three, four, and five-bedroom units suitable for large families.	9		3
Evaluate the rezoning of low-density residential to higher- or mixed density residential.	5		7
Ensure that high density and mixed-use development fits within the existing character of neighborhoods.	7	2	3
Reevaluate land use recommendations for areas adjacent to major transportation corridors for zoning for higher-density and mixed-use development that includes affordable housing.	9		3
G: Encourage Affordable Housing Development			
Ensure that subsidized housing is located close to shopping, employment, schools and community services and in a manner that does not encourage concentrations of low-income households in one geographic area.	9		3
Ensure that adequate sites are designated for multi-family and manufactured housing to meet expected demand among households at various income levels, including very-low and low-income households.	8		4
Encourage housing construction in locations that are accessible to services and employment.	10		2

GOAL 5: ENCOURAGE PRIVATE INVESTMENT IN AFFORDABLE HOUSING			
Policy or Action	Positive	Negative	Neutral
A: Encourage Partnerships that will lead to additional Affordable Housing Development and Investment			
Encourage partnerships among planned developments, the unit of government and nonprofit organizations to develop housing for rent or sale to households earning less than the area median income and compatible with the planned development.	10		2
B: Create Incentives for Private-sector Investment in Affordable Housing			
Explore infill incentives as a method to promote the production or rehabilitation of affordable housing close to existing infrastructure, shopping and services. Consider financial incentives, density and zoning incentives, fee waivers, and donated or reduced cost land.	9		3

GOAL 5: ENCOURAGE PRIVATE INVESTMENT IN AFFORDABLE HOUSING			
Policy or Action	Positive	Negative	Neutral
Identify areas where upgrading infrastructure and community amenities (parks, libraries, streets) could improve neighborhood involvement in and encourage private investment in housing production and/or rehabilitation.	9		3
Explore the fiscal and organizational impacts of a tiered fee reduction program for housing development targeted to households earning less than the area median income. Ensure that the greatest fee reductions are available for housing made available to the lowest income households.	5		7
C: Provide Opportunities for Private-sector Investment and Development			
Identify areas along commercial corridors that would benefit from a mix of commercial and residential uses. Include areas with infill opportunities, as well as rehabilitation and new planned development.	8		4

GOAL 6: DEVELOP AND DELIVER COMMUNITY-BASED PROGRAMS			
Policy or Action	Positive	Negative	Neutral
A: Create Administrative Structures that Support and Encourage Housing Variety, Quality and Affordability			
Explore the creation of a one-stop shop for developers and other organizations interested in affordable housing production, rehabilitation or related services.	8		4
Ensure that when needs are shared by multiple jurisdictions, regional or joint solutions are implemented to ensure greater efficiency and reduced costs.	9		3
Implement legal methods by which program and project resources may be secured to ensure affordability and preservation of affordable units.	9		3
B: Develop and Implement Programs to Serve Households in Need of Quality Affordable Housing			
Contact organizations and agencies that currently provide financial and other resources and sponsor workshops and other educational opportunities for homeowners, investors, and renters.	10		2
Explore the creation of a loan pool to acquire foreclosed property for rent or sale to households displaced by foreclosure.	5	2	5
Ensure that housing is linked to wealth building and social services, such as child care, job training, and employment search assistance.	7		5

GOAL 6: DEVELOP AND DELIVER COMMUNITY-BASED PROGRAMS			
Policy or Action	Positive	Negative	Neutral
Develop and implement a foreclosure prevention program that includes owner education, refinancing opportunities, and assistance negotiating with financial and servicing institutions. Ensure that all financial assistance is secured so it may be recycled for assistance to other owners.	9		3
Explore the creation of short-term assistance to all households that may be displaced as a result of foreclosure.	5	3	4
Create a process for employer input into housing programs and projects as a method to facilitate employee attraction and retention.	7	1	4
Ensure that policies and standards are in place to ensure that affordable housing is not lost through redevelopment, rehabilitation or expiring use agreements and subsidies.	7	4	2
C: Support and Sponsor Activities that Expand Household Capacity to Become Self-sufficient			
Ensure that residents have access to financial and housing counseling to support housing decisions.	10		2
Encourage programs that offer counseling throughout the County on the responsibility of homeownership and debt management, and provide technical assistance to potential homeowners.	10		2
Sponsor foreclosure education seminars.	7	1	4