

HOUSING TOWARD BUILD-OUT

Chandler is known for residential quality through well-planned neighborhoods and exceptional community services. Rising home prices, however, are becoming an increasing problem. Affordable housing is a crucial ingredient in the land use mix. Achieving the Vision of a balanced, maturing community is dependent on inclusionary housing opportunities.

Growth has been both job-driven and housing-driven. Employment and commerce have become build-out priorities to assure a strong, stable economic future. Homebuilding will move at a slower pace as remaining land designated for residential construction is absorbed. There is, however, a greater than ever need for affordable housing.

At General Plan community workshops, citizens understood the necessity for their community's strong emphasis on economic development. In order to sustain housing excellence and pay for residential services, land use activities that generate more financial resource than they cost are essential.

The Neighborhood Planning, Land Use, Energy and Redevelopment Elements relate closely with Housing. They suggest ways to improve Chandler's residential component through cooperative planning, designing for more urban densities and rehabilitating older dwelling units in mature neighborhoods.

GOAL: ENSURE A VARIETY OF HOUSING CHOICE FOR ALL INCOME LEVELS.

Objective: Address Chandler's housing affordability gaps for family home ownership and rental opportunities.

Objective: Upgrade older neighborhoods with enhancements and incentives to promote financially attainable housing for low and moderate-income families.

Objective: Permit urban, multi-story housing in select locations where excellent access and sufficient infrastructure capacity are in place.

Objective: Protect existing low-density neighborhoods.

Objective: Address housing needs of fixed-income elderly persons and other special populations.

GOAL: WORK WITH THE HOUSING INDUSTRY FOR OPTIMUM DWELLING UNIT PRODUCTION.

Objective: Utilize existing residentially zoned and planned areas without infringing on lands reserved for commerce or employment.

Objective: Add to the City's housing stock through neighborhood revitalization, infill and mixed-use developments.

Objective: Support increased density with urban living arrangements where appropriate.

GOAL: CONTINUE HIGH RESIDENTIAL QUALITY AND SUSTAINABILITY STANDARDS.

Objective: Encourage homebuilders to construct energy-efficient, "green" homes.

Objective: Design or retrofit neighborhoods to emphasize outdoor enjoyment, traffic reduction and water conservation.

Objective: Create residential "enterprise zones" with educational outreach, code enforcement, revitalization assistance and replacement of substandard homes.

Existing Conditions

Chandler's residential land supply has been rapidly diminishing. As of January 1, 2008, only 15% (approximately 3,016 acres) of the City's land that is planned for residential remained to be developed. Of those 3,016 acres, an estimated 2,190 acres (73% of the remaining residential land) were already committed for residential development. Committed residential developments are those that were either under construction, had recently obtained zoning approval or were in the process of requesting zoning approval. To put things into perspective, only 4.2% of Chandler's residential land (an estimated 826 acres) had not already been committed for development.

For many years Chandler has been one of the fastest growing cities in the nation with almost 4,000 residential building permits issued annually during peak years. However, the era of rapid residential growth has slowed down dramatically due to the changing housing market conditions with approximately 1,000 residential permits issued annually for the last couple of years. Even when the housing market cycles back, the City does not expect to experience rapid residential growth as it did in the past, because there is a relatively small amount of land left. Most major homebuilders have moved on past Chandler to outlying areas containing larger tracts of land.

As of January 1, 2008, there were 93,769 dwelling units in Chandler (a 29% increase from the 66,592 dwelling units in 2000). As shown in Figure 12, the majority of added units was in the single-family category (71%). Multi-family construction (including townhomes and condominiums) contributed 7,359 new units, (27.0%) -- a slightly greater proportion than reported in an earlier study prepared for the 2002 Plan.

Figure 12

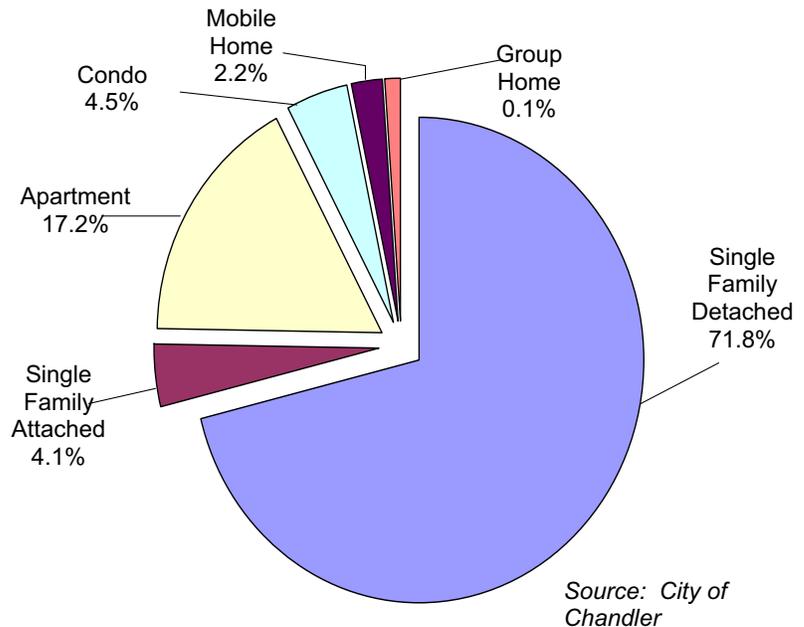
Housing Unit Growth by Type, 2000 and 2008						
Type	2000		2008		Change	
	Number	Percent	Number	Percent	Number	Percent
Single-Family Detached	48,033	72.1%	67,326	71.8%	19,293	71.0%
Townhomes/Condominiums	4,167	6.3%	8,065	8.6%	3,898	14.3%
Multi-Family	12,854	19.3%	16,315	17.4%	3,461	12.7%
Mobile Homes	1,538	2.3%	2,063	2.2%	525	1.9%
Total	66,592	100.0%	93,769	100.0%	27,177	100.0%

Source: 2000 U.S. Census, Phoenix Metro Housing Study, ASU, City of Chandler Long Range Planning Division

The 2007-08 Chandler Housing Study validates the City's reputation as a very desirable community. Homebuilders in Chandler have marketed to one of the highest median household incomes in the State of Arizona, \$74,142. However, rising prices for new and resale dwellings have outpaced wage growth since 2000.

The 2007-2008 Study identifies some growing affordability gaps. Most serious are those facing households with annual incomes lower than the median. Even many well-paid wage earners residing in Chandler might not qualify for an average-priced new home (\$443,315) or even their own home. Recent downturns in the metropolitan housing market are reducing prices (which would correct some deficiencies), but serious gaps still exist for moderate and lower income households.

**Figure 13
Chandler Housing Inventory 2008**



Arizona Real Estate Center research allows comparison among cities in Chandler's immediate market region. Prices were still rising steeply in 2006. For example, Chandler's median price for townhouse/condominiums was \$189,900 in 2006; an increase of \$22,218 from 2005.

Figure 14

Home Sales and Median Prices Selected East Valley Cities 2006					
	Median Resale Home Price	Resale Number	Median New Home Price	New Homes Number	Median Home Price
Chandler					
Single-Family	\$297,000	4,625	\$447,070	1,570	\$321,200
Townhouse/Condo	\$180,000	510	\$222,500	515	\$189,900
Gilbert					
Single-Family	\$327,000	3,730	\$348,515	2,210	\$364,000
Townhouse/Condo	\$211,000	165	\$238,850	40	\$216,000
Mesa					
Single-Family	\$243,500	7,600	\$293,240	1,425	\$226,200
Townhouse/Condo	\$156,000	2,000	\$173,400	390	\$165,000
Scottsdale					
Single-Family	\$595,000	5,150	\$904,080	965	\$513,000
Townhouse/Condo	\$264,005	2,900	\$309,950	1,150	\$265,000
Tempe					
Single-Family	\$285,000	1,785	\$408,290	75	\$266,200
Townhouse/Condo	\$190,000	885	\$216,685	680	\$204,460

Source: Arizona Real Estate Center, ASU (December 31, 2006); U.S. Census Bureau (July 1, 2006).

The 2000 median monthly rent for apartments in Chandler was \$705. Although up by 28% between 2000-2006, Chandler rents have not risen as rapidly as purchase housing -- which more than doubled. The 2006 median monthly rent of \$982 is only five percent higher than the average of East Valley cities.

Figure 15

Median Monthly Apartment Rents in 2006	
City	All Units
Chandler	\$982
Gilbert	\$1,109
Mesa	\$773
Scottsdale	\$1,008
Tempe	\$782
Average for East Valley Cities	\$931

Source: U.S. Census Bureau (July 1, 2006), 2006 American Community Survey.

The housing production slump in Chandler from 2004 peaks began to level off in Fiscal Year 2006-07. The affordability gap had widened considerably during that time span. Both new and resale homes more than doubled in price. Household incomes rose, too, but by less than one-third.

Figure 16

Chandler Housing Affordability Gap				
	2000		2007	
	New Home	Resale Home	New Home	Resale Home
Median House Price	\$172,000	\$136,000	\$443,315	\$290,000
Interest Rate (10% down)	8.15%	8.15%	6.20%	6.20%
Loan Amount	\$154,980	\$122,940	\$398,984	\$261,000
Total monthly housing payment (PITI)	\$1,429	\$1,134	\$3,694	\$2,416
Annual required income	\$57,161	\$45,344	\$106,066	\$83,815
Chandler Median Household Income	\$52,100	\$52,100	\$74,172	\$74,172
Affordability Index	91	115	57	87

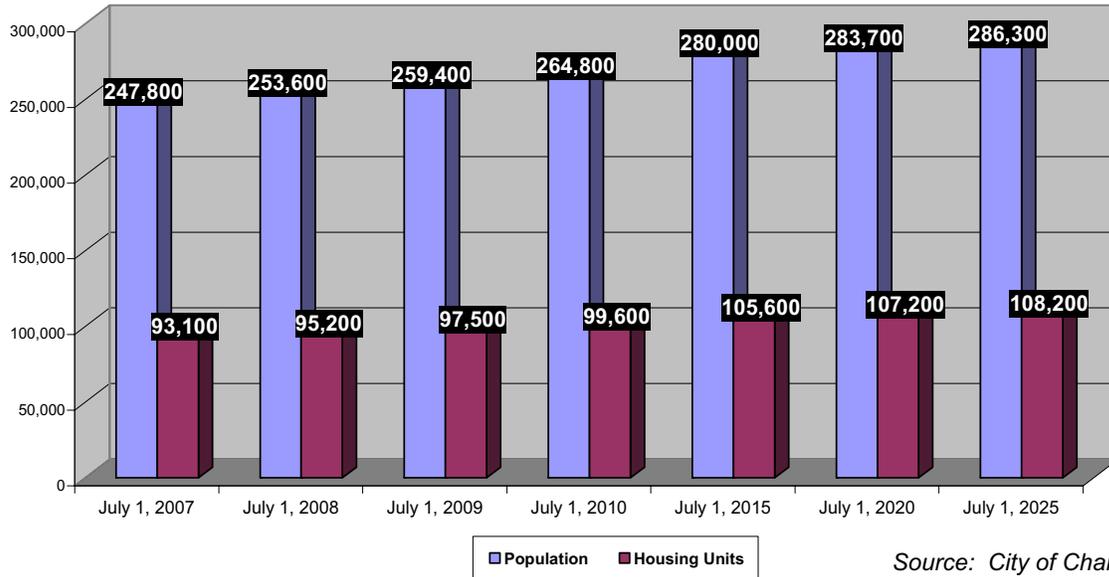
Source: Arizona Real Estate Center, ASU (December 31, 2006)

Although interest rates were considerably lower in 2007, annual household income required to afford median-priced homes had skyrocketed. In 2000, a median income family could easily afford a resale home, and new homes required incomes less than ten percent above the median \$52,100. By 2007, the Affordability Index for new homes had dropped 34 points. The median income was only 57% of the \$106,066 required income. Resale affordability had also fallen, by 28 points: the median income covered less than seven-eighths of required income.

Looking to the future, Chandler is expected to grow from just over a quarter-million residents in 2008 to a projected 286,300 by 2025. An additional 15,100 housing units will be required by 2025 to accommodate this growing population. Residents cannot continue to "overbuy". The gap between wages and housing costs has to be addressed -- in large part by creating affordable housing alternatives.

Figure 17

Chandler Population and Housing Unit Projections



Assets. Homeowners enjoy solid residential values in most parts of the City. The overall housing stock is relatively new, i.e., two thirds of it has been constructed since 1990. Although aging, the remaining third can become a major force for community sustainability and housing affordability.

Chandler's neighborhoods constitute a positive factor in Chandler. Organized efforts among property owners with City assistance are beginning to establish cohesive, supportive relationships for preserving residential quality. Traditional neighborhoods emphasize common social interests, have unique residential character, are centrally located and in some instances exhibit physical maintenance issues. Chandler's many homeowners' associations participate actively in sustaining their communities. Some traditional and HOA neighborhood groups are represented in the City's Congress of Neighborhoods (See Neighborhood Planning Element).

Municipal services such as police, fire, water, sewer, and parks and recreation enhance all residential areas. Capital Improvement Plan (CIP) projects bring investment in new and existing developments to continue to improve the City's quality of life. As discussed in the Public Facilities and Services Element (and others such as Recreation and Open Space or Public Buildings), the City continuously conducts needs assessments to determine where recreational space, after school or senior activity programs, libraries, public safety stations and many other neighborhood services may be located.

The City of Chandler is one of the few Housing Authorities in the region that offers both Low Rent Public Housing and Section 8 Housing Choice Vouchers. The Housing and Redevelopment Division administers a variety of affordable housing programs that are principally funded by the federal government to assist low-income families, the elderly and people with disabilities. The Public Housing program currently serves over 300 families through four family apartment sites, one elderly apartment site, and 103

scattered single-family homes. The Section 8 program offers rental subsidies to the very-low income families, elderly and people with disabilities to be able to afford decent, safe and sanitary housing in the private market. The Housing Division currently assists up to 480 families with affordable housing through the Section 8 program housing voucher program.

When opportunities arise, Homeownership Programs are offered to Public Housing and Section 8 residents whom have worked to become self-sufficient and financially stable. The Housing and Redevelopment Division is a significant and valuable resource that provides affordable housing assistance to Chandler's low-income population, the elderly and people with disabilities.

The City's Residential Infill Program awards \$5,000 for the construction of a new home and another \$5,000 for demolition of substandard homes located in the older part of the City (north of Pecos Road and ½ mile east of Price Road up to the City limits). Since its adoption in 2001, the construction of 119 residential units and the demolition of two substandard dwellings have been approved for financial awards through this program.

Challenges/Issues. Housing challenges center on applying the residential assets Chandler has -- and adapting them to assure more equitable housing choices. The most difficult issues are: 1) affordable housing; 2) variety in dwelling types; and 3) integrating new residential construction with existing neighborhoods.

Affordability gap analysis shows the importance of matching housing expenses (i.e., ownership or rental) with prevailing wage rates. The objective is to make wholesome living accommodations attainable to a larger proportion of Chandler's workforce. Low and moderate-income families should be especially targeted. The 2008 Community Needs Assessment shows that resources are not sufficient to meet the demand.

The ranges of dwelling unit types, densities, floor areas and siting layouts should be expanded. Creative residential arrangements may provide solutions to cost, compatibility and energy use questions. Clustered, attached dwellings could work for infill situations.

Relating variable housing types to adjacent, existing neighborhoods requires communication to deal with compatibility issues. Nearby homeowners' negative perceptions about greater density or height may be overcome by suggestions for shared amenities, connectivity and landscaping. These urbanizing features can also be used in mixed-use developments that include housing components.

Opportunities. Older neighborhoods, which are representative of Chandler's culture and history, are also key to providing affordable housing today and in the future. Relatively small upgrades and aesthetic improvements in these homes would result in an affordable alternative for many families. These neighborhoods, which are conveniently located near jobs, shopping and other activities, bring savings in transportation costs -- as well as commuting time. These advantages represent additional "living smarter" benefits.

Proactive City programs could educate, counsel and assist persons on finding a more affordable match for their housing needs. The City might also partner with contractors

and suppliers to offer discounted group services to homeowners. For example, the City may work with selected contractors and neighborhood organizations together, by matching a portion of the costs for such projects as: replacing deteriorated wood fencing, roofing/siding/fascias, driveway/parking or front yard landscaping/clean-ups. As these refurbished homes come into the resale market, the City's supply of decent and affordable housing is maintained and enhanced.

Although the Residential Infill Program has helped the City provide more affordable housing, the program could be modified to provide assistance for upgrading and improving existing homes to those who demonstrate financial need.

The City of Chandler indicates a willingness to accept new types of residential projects. Although the land area planned for future housing may soon approach the build-out stage, developers may gain in land use intensity -- yielding more dwelling units -- by responding to General Plan housing objectives. There will be opportunity to design different housing types while homebuilders complete their platted subdivisions or planned residential communities.

Higher density housing layouts lower the cost of land per dwelling unit. Permitting greater height in appropriate locations encourages urban living styles, perhaps with a mixture of uses, including shops and offices on lower floors. In such instances, the additional dwelling units amount to a bonus: added development without requiring more land. However, in no instance should greater density be used solely to reconcile what a developer has paid to a seller for the land.

More dense residential projects can be promoted in growth areas or near public transit stops. In fact, developers that do not appear to utilize a site's full potential should be encouraged to optimize residential or mixed-use intensity. Redeveloping sites in mature residential areas that are currently underutilized (such as high-vacancy shopping centers) could also integrate new housing variety to help reinvigorate the area.

Build-Out Policies

Creative approaches are needed for extending homeownership opportunities to households of all economic levels. Cutting residential purchase or rental costs without sacrificing housing quality is good for employers and the community as well as persons seeking wholesome, economical shelter.

Workforce housing is especially important to the City's long-term financial well-being. Homes and rents need to be affordable in relation to wage scales earned by residents and their families. As noted, other planning objectives, such as reducing costs of energy and commuting, contribute to housing affordability.

- ◆ Concentrate on improving housing affordability City-wide.
- ◆ Consider infill and neighborhood revitalization housing programs as highest priority.
- ◆ Protect and preserve older residential neighborhoods to provide quality affordable housing.
- ◆ Promote core area housing with innovative redevelopment strategies.
- ◆ Encourage higher density or taller residential developments in select downtown, growth area or transportation corridor locations.

- ◆ Coordinate housing policies with those of other Elements, particularly Neighborhood Planning, Land Use, Circulation and Energy.
- ◆ Encourage demonstration of affordability, workplace proximity, transportation advantages and other benefits for approving residential components in mixed-use developments.
- ◆ Respond to applicable Area Plan or neighborhood planning guidelines.
- ◆ Blend a variety of housing types including townhomes, condominiums and other compatible dwellings in multi-family housing areas.

Implementation Recommendations

Future residential area design and construction should be a teamwork process involving the developer (who proposes the project); City staff (who provide detailed plan review) and interested citizens -- particularly residents of nearby neighborhoods. Vacant, residentially-designated land is an asset that deserves careful stewardship both by property owners and the community. Infill, redevelopment and revitalization possibilities in existing neighborhoods offer additional sites for dealing with identified gaps in the housing market.

Guide residential build-out. Broadly-based residential choice in Chandler is a keystone of sustainability that concerns everyone. Homeowners and their neighborhood organizations need to understand, appreciate and support diversity in housing. Builders and lenders should apply housing market expertise to create new residential products. Retailers and employers also have a significant stake as to where and how well customers or employees live.

The General Plan acts as the foundation for adjusting the course of housing production to a somewhat slower, deliberate pace. Area Plans provide more specific criteria for residential development in some parts of the City. Neighborhood plans can become a vehicle, ideally, for inclusionary principles that could smooth the integration of new housing with existing homes.

In some appropriate instances, the City may encourage homebuilders and developers to increase dwelling unit yields on proposed projects. Greater density promotes better infrastructure utilization, public transit ridership, land cost economy and activity center synergism for nearby shopping and workplaces. Where lower density has been previously planned such as in South Chandler neighborhoods, more spacious, suburban lifestyles should be protected.

Neighborhood Planning Element goals stress citizen participation actively to assist in residential land use guidance. Establishing preferred ways to accommodate new or revitalized adjacent dwellings should be done in advance. Suggesting ideas for compatibility, and being proactive when a project is proposed, represents the neighborhood's most positive role in housing build-out.

Recommendation: Promote sustainable housing developments including a variety of housing types and higher densities where they may be compatible with adjoining land uses and appropriate in the context of approved area plans, neighborhood plans and/or the General Plan.

Foster housing opportunity. The decreasing percentages of Chandler residents that are able to qualify for new or existing home purchase or average-priced rental units serve as a warning. The City's broadly-based workforce attracts business that depends on having housing available for all wage levels.

The General Plan advocates proactive measures for adding to the City's housing variety, especially new types of shelter to address gaps in housing affordability. Special attention should be directed to reinvigorating central neighborhoods' housing stock at prices/rents that low and moderate-income households can afford. Identify groups of residential properties to receive reduced cost economies on home improvement work.

Recommendation: Establish an Affordable Housing consortium consisting of companies and organizations involved in providing shelter. Create incentives, such as density bonuses or transfer of development rights, for builders.

Sponsor programs in revitalization areas that would package a number of homes needing residential upgrade or energy-efficiency projects for contractor(s) agreeing to pass along savings to homeowners in return for volume business. Obtain commitments from lending institutions willing to assist low-income families and first-time homebuyers. Arrange and support housing affordability counseling by social service agencies and institutions.

Maintain strong jobs-to-housing balance. Chandler's housing initiatives should offer various options that allow the local workforce to live close to their employment. Affordable residential opportunities often act as a primary factor in attracting employers that bring desired job types.

Economic development will continue beyond residential build-out. Sustainability principles can be observed by placing dwelling units strategically: reducing commuting expense and time, encouraging neighborhood connectivity, helping local business capture higher proportions of workers' expenditures and blending different land use intensities together.

Workforce housing data should be easily obtainable for existing as well as prospective employers and employees. Private-public "clearinghouse" activities should extend to advisory help and other forms of assistance to persons or families in need, especially low and moderate-income workers.

Recommendation: Report Chandler housing trends regularly (such as at Congress of Neighborhoods conferences) with information on newly available dwelling units and affordability in relation to the employment base. Coordinate with the private sector to provide "match" information on available residential locations, costs, commute times for employers and their employees.