



MEMORANDUM NEIGHBORHOOD RESOURCES – COUNCIL MEMO NO. NR12-011

DATE: JULY 9, 2012

TO: MAYOR AND MEMBERS OF THE CITY COUNCIL

THRU: RICH DLUGAS, CITY MANAGER *RD*
JEFF CLARK, FIRE CHIEF *JC*

FROM: JENNIFER MORRISON, NEIGHBORHOOD RESOURCES DIRECTOR *JM*

SUBJECT: RESOLUTION NO. 4585 AUTHORIZING THE AGREEMENT BETWEEN THE AFFORDABLE RENTAL MOVEMENT (ARM) OF SAVE THE FAMILY FOUNDATION OF ARIZONA AND THE CITY OF CHANDLER FOR THE PURCHASE AND REHABILITATION OF PROPERTIES AS AFFORDABLE RENTAL HOUSING FOR ECONOMICALLY DISADVANTAGED PERSONS USING HOME FUNDS IN THE AMOUNT OF \$422,245 AND AUTHORIZING THE CITY MANAGER TO SIGN THE AGREEMENT AND ALL RELATED DOCUMENTS ON BEHALF OF THE CITY

RECOMMENDATION: Approval of Resolution No. 4585 authorizing the agreement between the Affordable Rental Movement (ARM) of Save the Family Foundation of Arizona and the City of Chandler for the purchase and rehabilitation of properties to be developed as affordable rental housing for economically disadvantaged families using HOME Investment Partnership Program (HOME) funds in the amount of \$422,245 and authorizing the City Manager to sign the Agreement and all related documents on behalf of the City.

BACKGROUND: The City of Chandler, along with seven other local municipalities and Maricopa County, formed the Maricopa HOME Consortium for purposes of administering the U.S. Department of Housing and Urban Development's (HUD's) HOME Program. The goal of the HOME program is the development and preservation of affordable housing. Local jurisdictions can expend HOME funds for homebuyer programs, homeowner rehabilitation programs, rental housing programs and tenant based rental assistance programs to assist targeted populations such as homeless individuals and families.

Of the total funds allocated to each jurisdiction under the HOME Program, 15% must be reserved for specific types of nonprofit organizations known as Community Housing Development Organizations (CHDO's). In January of 2011, ARM of Save the Family obtained a resolution of support from the Chandler City Council for an application to the Maricopa County Consortium for CHDO HOME funds. The application was approved and ARM was awarded funds to develop up to four units of affordable rental housing in the City of Chandler. In order for funding to be implemented, the City of Chandler must enter into an agreement with ARM and the County

Consortium for the administration of the contract for the purchase and acquisition of the housing units.

DISCUSSION: ARM of Save the Family is a non-profit that provides affordable rental housing and case management services for low income families in Chandler, Gilbert, Mesa, Scottsdale, and Tempe. The goal of Save the Family's program is to assist low-income families in achieving self-sufficiency. Families in ARM units will have access to Save the Family's supportive and educational services. ARM currently owns seven, two and three bedroom units in Chandler.

In their application to the Maricopa HOME Consortium, ARM requested funding to acquire and rehabilitate three to four housing units in Chandler. The Consortium approved ARM's application for funding for these units which, per HUD guidelines, must be offered at below fair-market rents to working poor families and participants in the Save the Family program. The current average rent for an ARM two bedroom rental unit is \$550.00 per month.

ARM has designated Chandler's 85225 zip code as their primary focus area for the acquisition of units. ARM clients participating in the program must have an annual household income at or below 60% of area median income. For 2012, the income limit for a family of four totals \$39,840 annually. Currently, the average price of acquisition for ARM housing units in Chandler is \$89,247 and the average rehabilitation cost per unit is \$11,324. As all applications for HOME funding require matching funds for the project, ARM's application indicates they are providing a \$15,000 cash match, as well as providing \$105,561 in match through other agency funding sources.

The HOME Program requires a minimum affordability period for all projects receiving HOME funds, depending on the average amount of HOME funds invested in each unit and the type of activities performed. The affordability period for the units to be assisted in this case is fifteen years. The HOME required affordability period is secured by a Deed of Trust and Promissory Note recorded against the property. These instruments insure that the units are operated as affordable rental housing under HUD regulations for the required fifteen year period.

HOUSING AND HUMAN SERVICES COMMISSION: The Housing and Human Services Commission approved recommending to City Council Resolution No. 4585 at their meeting on March 28, 2012. The Commission unanimously recommended Mayor and Council authorizing the approval of an agreement between ARM and the City for development of permanent affordable rental housing.

FINANCIAL IMPLICATIONS: All costs associated with HOME Program will be paid by the federal government and do not require repayment on the part of the City of Chandler.

PROPOSED MOTION: Approval of Resolution No. 4585 authorizing the agreement between the Affordable Rental Movement of Save the Family Foundation of Arizona and the City of Chandler for the purchase and rehabilitation of properties to be developed as affordable rental housing for economically disadvantaged families using HOME Investment Partnership Program funds in the amount of \$422,245 and authorizing the City Manager to sign the Agreement and all related documents on behalf of the City.

RESOLUTION NO. 4585

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AUTHORIZING THE AGREEMENT BETWEEN THE AFFORDABLE RENTAL MOVEMENT (ARM) OF SAVE THE FAMILY FOUNDATION OF ARIZONA AND THE CITY OF CHANDLER FOR THE PURCHASE AND REHABILITATION OF PROPERTIES AS AFFORDABLE RENTAL HOUSING FOR ECONOMICALLY DISADVANTAGED PERSONS USING HOME FUNDS IN THE AMOUNT OF \$422,245

WHEREAS, Affordable Rental Movement (ARM) of Save the Family Foundation of Arizona is a non-profit Community Housing Development Organization (CHDO) which has a history of community service in Chandler, and has among its purposes the provision of affordable housing for working poor and formerly homeless families; and

WHEREAS, ARM of Save the Family Foundation of Arizona applied to the Maricopa HOME Consortium for federal HOME Investment Partnerships Program (HOME) funding set aside for CHDOs; and

WHEREAS, the U.S. Department of Housing and Urban Development, through the Maricopa County HOME Consortium has approved ARM of Save the Family's application to utilize \$422,245 in HOME CHDO funds to acquire and rehabilitate three to four properties which will be offered to low income families as affordable rental housing; and;

WHEREAS, the affordable rental housing units developed with HOME funds is located within the City's jurisdictional boundaries and the City of Chandler will be the administrator of the contract between ARM of Save the Family Foundation of Arizona and the Maricopa HOME Consortium; and

WHEREAS, the development of affordable rental housing that ARM of Save the Family Foundation of Arizona proposes meets the priorities identified in the City of Chandler Consolidated Plan as approved by the City.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Chandler, Arizona, that the City Council authorizes the City Manager, or a designee, to enter into a contract with the ARM of Save the Family for the acquisition and rehabilitation of properties to be made available to eligible families as affordable rental housing in the City of Chandler and the City recognizes that the intended use of such funds are in conformance with the City's Consolidated Plan and commits to administering the contract and approving the assignment to the City of Beneficial Interests under the loan agreement, deed of trust, promissory note and restrictive covenants, between Maricopa County and ARM of Save the Family Foundation of Arizona.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CHANDLER,
ARIZONA, THIS _____ DAY OF _____, 2012.

ATTEST:

CITY CLERK

MAYOR

CERIFICATION

I HEREBY CERTIFY that the above foregoing Resolution No. 4585 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the ____ day of ____, 2012, and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

GAB