



**MEMORANDUM COMMUNITY & NEIGHBORHOOD SERVICES DEPARTMENT CNS16-125**

**DATE:** MAY 12, 2016

**TO:** MAYOR AND COUNCIL

**THRU:** MARSHA REED, CITY MANAGER *MR*  
NACHIE MARQUEZ, ASSISTANT CITY MANAGER *NM*  
LEAH POWELL, ACTING HOUSING AND REDEVELOPMENT  
MANAGER *LP*

**FROM:** BARBARA BELLAMY, CDBG SUPERVISOR *BB*

**SUBJECT:** RESOLUTION NO. 4952 AUTHORIZING THE AGREEMENT BETWEEN NEWTOWN COMMUNITY DEVELOPMENT CORPORATION, THE CITY OF CHANDLER, AND MARICOPA COUNTY HOME CONSORTIUM FOR THE ACQUISITION, REHABILITATION AND RESALE OF PROPERTIES FOR LOW TO MODERATE INCOME FIRST TIME HOMEBUYERS USING FY 2015-16 HOME INVESTMENT PARTNERSHIP (HOME) COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) FUNDS IN THE AMOUNT OF \$400,000; AND AUTHORIZING THE CITY MANAGER TO SIGN THE AGREEMENT AND ALL RELATED DOCUMENTS ON BEHALF OF THE CITY

RECOMMENDATION: Resolution No. 4952 authorizing the agreement between Newtown Community Development Corporation, the City of Chandler and Maricopa County for the acquisition, rehabilitation and resale of properties for low to moderate income first time homebuyers using FY 2015-16 Home Investment Partnership Program (HOME) Community Housing Development Organization CHDO funds in the amount of \$400,000; 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 (HUD) 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 CHDO's. In February 2015, Newtown

CDC obtained a resolution of support from the Chandler City Council for an application to the Maricopa County Consortium for HOME CHDO funds. The application was approved by the County HOME Consortium and Newtown was awarded funds to develop up to four units of affordable housing for first time homebuyers in the City of Chandler. In order for funding to be available, the City of Chandler must enter into an agreement with Newtown and the County Consortium for the administration of the contract for the purchase and acquisition of the housing units.

DISCUSSION: Newtown Community Development Corporation is a non-profit that provides first time homebuyer programs to individuals and families in Tempe, Glendale, Scottsdale and Chandler. Newtown first began providing its Community Land Trust (CLT) program in Chandler in 2009, when they received an allocation of Neighborhood Stabilization Program (NSP) funds. Since that time, the City has awarded additional HOME funds to Newtown for the same purpose.

Through HOME funding, the City has created a successful community land trust program with Newtown. Newtown's CLT program provides access to homeownership for people who are otherwise priced out of the housing market. At the time of sale, the CLT buyer purchases the improvements only (the house) and enters into a 99-year renewable ground lease for the land. Newtown holds the land in perpetuity. The ground lease contains resale restrictions that require the home to be sold to another income eligible buyer. Permanent affordability is maintained through a shared equity provision that limits the amount of appreciation the seller may take and establishes an affordable sales price. The ground lease also requires owner-occupancy and gives Newtown the right of first refusal.

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.

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

PROPOSED MOTION: Resolution No. 4952 authorizing the agreement between Newtown Community Development Corporation, the City of Chandler and Maricopa County for the acquisition, rehabilitation and resale of properties for low to moderate income first time homebuyers using FY 2015-16 Home Investment Partnership Program (HOME) Community Housing Development Organizations CHDO funds in the amount of \$400,000; and authorizing the City Manager to sign the Agreement and all related documents on behalf of the City.

**RESOLUTION NO. 4952**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AUTHORIZING THE AGREEMENT BETWEEN NEWTOWN COMMUNITY DEVELOPMENT CORPORATION, THE CITY OF CHANDLER, AND MARICOPA COUNTY HOME CONSORTIUM FOR THE ACQUISITION, REHABILITATION AND RESALE OF PROPERTIES FOR LOW TO MODERATE INCOME FIRST TIME HOMEBUYERS USING FY 2015-16 HOME INVESTMENT PARTNERSHIP (HOME) COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) FUNDS IN THE AMOUNT OF \$400,000 AND AUTHORIZING THE CITY MANAGER TO SIGN THE AGREEMENT AND ALL RELATED DOCUMENTS ON BEHALF OF THE CITY**

WHEREAS, Newtown Community Development Corporation is a CHDO designated non-profit that has a history of community service in Chandler, Arizona and has among its purposes the provision of affordable housing for low and moderate income households; and

WHEREAS, Newtown Community Development Corporation has applied to the Maricopa County HOME Consortium for federal HOME CHDO funding set aside for affordable housing; and

WHEREAS, the U.S. Department of Housing and Urban Development, through the Maricopa County HOME Consortium has approved Newtown Community Development Corporation's application to utilize \$400,000 in HOME CHDO funds to acquire and rehabilitate properties to be made available to first time low to moderate income homebuyers; and;

WHEREAS, the properties to be developed under the first time homebuyer program are located within our jurisdictional boundaries, the City of Chandler will be the administrator of the contract between Newtown Community Development Corporation and the Maricopa County HOME Consortium; and

WHEREAS, the activity that Newtown Community Development Corporation proposes meets the priorities identified in the City of Chandler Consolidated Plan as approved by the City Council of the City of Chandler, Arizona,

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Chandler, Arizona, that the City Council authorizes the City Manager to enter into a contract with the Newtown Community Development Corporation for the acquisition, rehabilitation and resale of properties to be made available to first time homebuyers 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 Newtown Community Development Corporation.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CHANDLER,  
ARIZONA, THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2016.

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above foregoing Resolution No.4952 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the \_\_\_\_ day of \_\_\_\_, 2016, and that a quorum was present thereat.

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY GAB