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MEMORANDUM
NEIGHBORHOOD RESOURCES- COUNCIL MEMO NR08-047

DATE: 10 FEBRUARY 2009

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
RICH DLUGAS, ASSISTANT CITY MANAGER RD
JUDY REGISTER, NEIGHBORHOOD RESOURCES DIRECTOR JR

FROM: STEFANIE GARCIA, COMMUNITY DEVELOPMENT ADMINISTRATOR SG

SUBJECT: RESOLUTION NUMBER 4253: 2008 ONE YEAR ACTION PLAN
AMENDMENT AND NEIGHBORHOOD STABILIZATION PROGRAM
FUNDING SUBMITTAL – PUBLIC HEARING

HHSC AND STAFF RECOMMENDATION: Mayor and City Council are requested to approve Resolution Number 4253 authorizing the approval of a substantial amendment to the FY 2008-09 Annual Action Plan and receipt of \$2,415,100 in Neighborhood Stabilization Program funds.

BACKGROUND: On October 1, 2008, the City of Chandler was notified of a potential allocation from the Housing and Urban Development's (HUD) Neighborhood Stabilization Program (NSP) of \$2,415,100 based on a formula including: the number and percentage of home foreclosures in the city; the number and percentage of homes financed by sub-prime mortgages; and, the number and percentage of homes in default or delinquency. The funds are part of the 2008 Housing and Economic Recovery Act (HERA) that totals \$3.92 billion and was signed by President Bush in July 2008.

The NSP is intended to assist states, counties and municipalities in addressing the effects of abandoned and foreclosed properties. Funds may be used for the following activities:

- Establishing financing mechanisms for the purchase and redevelopment of foreclosed homes and residential properties;
- Purchasing and rehabilitating abandoned and foreclosed homes and residential properties;
- Establishing land banks for foreclosed homes;
- Demolishing blighted structures; and
- Redeveloping demolished or vacant properties.

Generally, CDBG funds may be used to assist families at or below 80% of area median income (AMI), or approximately \$51,350 annually for a family of four. The new NSP guidelines allow for using the funds to assist families up to 120% AMI, or approximately \$77,050 annually for a family of four. Additionally, at least 25% of the funds must be allocated to assist families at or below 50% AMI, or approximately \$32,100 for a family of four.

Furthermore, the funds cannot be used for:

- Foreclosure prevention;
- Demolition of *non-blighted* structures; or
- Purchase of properties not abandoned, foreclosed upon, or blighted.

DISCUSSION: After analyzing foreclosure trends and code complaints, staff proposes targeting the 85225 zip code for programs using the NSP funds. On January 7, 2009, staff met with the Housing and Human Services Committee and recommended the following NSP strategies:

1. Development of a Chandler Community Land Trust (CCLT) – The amount of \$1,468,500 will be used to purchase and sell up to 17 formerly vacant, foreclosed single-family homes to income qualified homeowners, by leasing the land owned by the Land Trust to homeowners who buy only the structure that is on the land. With this program, the costs of the purchase are reduced, the owner shares the equity in the home with the Land Trust, and the home, as part of the Land Trust, *remains affordable indefinitely*. The families that are envisioned for these properties are between 81% and 120% of area media income (AMI), or approximately \$51,350 to \$77,050 annually for a family of four. Qualifying to purchase only the house greatly reduces the amount of the mortgage for which these families would have to apply. This strategy will focus on the area from Ray Road to Chandler Blvd; and Alma School Road to Arizona Avenue.

2. Creation of permanent affordable rental housing for homeless families – Approximately \$605,100 will be used to purchase and rehabilitate up to four vacant, foreclosed multifamily properties and rent them to income-qualified families. This is unlike the Section 8 program in that no voucher will be required. The families will be selected, evaluated and monitored by the partnering non-profit for their suitability for the program who will assume responsibility for the on-going maintenance of the properties after acquisition. This strategy will focus on Chandler Meadows at 286 W. Palomino Drive.

3. Down Payment Assistance – Approximately \$100,000 will be used to assist qualified potential homebuyers with down payment assistance. This will be secured with a ten-year forgivable lien on the purchased property. The partnering non-profit will qualify, educate and monitor the new homeowners. This strategy will focus on the area from Ray Road to Chandler Blvd; and Alma School Road to Arizona Avenue.

4. Administrative support – No more than \$241,500 can be used for staff support of any of the programs initiated through the NSP. This can include the staff support provided by the City and the City's non-profit partners in these programs.

In January 2009, HUD approved the proposal as outlined here.

FINANCIAL IMPLICATIONS: All costs associated with the federal Neighborhood Stabilization Program grant funds will be paid by the federal government and do not require repayment on the part of the City of Chandler. Current year appropriation is sufficient to start the program, and additional appropriation will be requested through the FY 2009-10 budget process to spend what remains of the funds.

PROPOSED MOTION: Move to approve Resolution Number 4253 authorizing the approval of the substantial amendment to the FY 2008-09 Annual Action Plan and receipt of \$2,415,100 in Neighborhood Stabilization Program funds in accordance with the recommendations of the Chandler Housing and Human Services Commission and staff.

Attachments: “A” – Resolution Number 4253
 “B” – NSP Substantial Amendment
 “C” – Data maps

RESOLUTION NO. 4253

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, MARICOPA COUNTY, ARIZONA AMENDING THE 2008 ONE YEAR ACTION PLAN AND SUBMITTING THE SUBSTANTIAL AMENDMENT TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR ITS CONSIDERATION IN ORDER TO RECEIVE FUNDING UNDER THE HOUSING AND ECONOMIC RECOVERY ACT OF 2008 (HERA).

BE IT RESOLVED by the City Council of the City of Chandler, Arizona, as follows:

WHEREAS, in July 2008, Congress enacted Public Law 110-289, the Housing and Economic Recovery Act of 2008 (HERA), which provided funding to U.S. Department of Housing and Urban Development (HUD) to allocate to states, counties and cities in response to the housing crisis; and

WHEREAS, Title III of Division B of HERA created and funded the Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes, commonly known as the Neighborhood Stabilization Program, under which state and local governments may utilize the funding by establishing financing mechanisms for the purchase and redevelopment of foreclosed homes and residential properties; purchasing and rehabilitating abandoned or foreclosed residential properties; establishing land banks for foreclosed homes; demolishing blighted structures; and redeveloping demolished or vacant properties, among other eligible activities; and

WHEREAS, the City of Chandler, Arizona has been allocated \$2,415,100.00 in funding from HUD to be used toward the above mentioned purposes; and

WHEREAS, in order to receive this funding, the City must amend its 2008 One Year Action Plan which was approved by Council through Resolution No. 4176, and submit said Substantial Amendment to HUD for its consideration; and

NOW, THEREFORE, BE IT RESOLVED that the City Council does hereby approve application to the U.S. Department of Housing and Urban Development with all documents, submissions, plans, and materials required by the Act: and

FURTHER, that the Mayor or City Manager, subject to requirements of the City Code, or their designee(s) are authorized to execute and submit the aforesaid Substantial Amendment to the United States Department of Housing and Urban Development.

FURTHER, that the Substantial Amendment to the 2008 Action Plan prepared pursuant to the Housing and Economic Recovery Act of 2008, a copy of which, in substantial form, is on file in office of the Director of Neighborhood Resources and is incorporated herein by reference, is hereby approved.

FURTHER, the City Manager or his designee shall have authority to provide required policy and administrative assurances including civil rights, equal opportunity, citizen participation, relocation and property acquisition policy, environmental assurances, labor standards, and others as may be specified;

FURTHER, that the City Manager or his designee be and is hereby authorized to take those actions necessary and prudent to implement the program outlined by the City Council including the expenditure of funds, the hiring of personnel and/or contractors, the scheduling of activities, the establishment of procedures for monitoring and evaluation of program activities and other steps necessary to insure that the program can be carried out in a timely and effective manner.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA THIS _____ DAY OF _____, 2009.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above foregoing Resolution No. 4253 was duly passed and adopted by the City Council of the City of Chandler, Arizona at a regular meeting held on the ____ day of ____, 20__, and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

GAB

This strategy will focus on the area from Ray Road to Chandler Boulevard; and Alma School Road to Arizona Avenue.

NSP GRANT SUBMISSION TEMPLATE **& CHECKLIST** **(UPDATED 10.21.08)**

NSP grant allocations can be requested by submitting a paper NSP Substantial Amendment or a form under the Disaster Recovery Grant Reporting (DRGR) system. This template sets forth the suggested format for grantees under the NSP Program. A complete submission contains the information requested below, including:

- (1) The NSP Substantial Amendment (attached below)
- (2) Signed and Dated Certifications (attached below)
- (3) Signed and Dated SF-424.

Grantees should also attach a completed NSP Substantial Amendment Checklist to ensure completeness and efficiency of review (attached below).

THE NSP SUBSTANTIAL AMENDMENT

<p>Jurisdiction(s): <u>City of Chandler, AZ</u> <i>(identify lead entity in case of joint agreements)</i></p> <p>Jurisdiction Web Address: <u>www.chandleraz.gov</u></p> <ul style="list-style-type: none">• <i>(URL where NSP Substantial Amendment materials are posted)</i>	<p>NSP Contact Person: Judy Register Address: P.O. Box 4008, Mail Stop 600 Chandler, AZ 85244-4008 Telephone: 480-782-4347 Fax: 480-782-4350 Email: <u>judith.register@chandleraz.gov</u></p>
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A. AREAS OF GREATEST NEED

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data, in developing this section of the Substantial Amendment.

Response:

The City of Chandler is submitting to the U.S. Department of Housing and Urban Development (HUD), Phoenix Office this amendment to its 2008/2009 Annual Action Plan for the purpose of requesting \$2,415,100 in Neighborhood Stabilization Program (NSP) funds. The City of Chandler proposes to use NSP funds to acquire, rehabilitate and utilize foreclosed and/or blighted properties within the City of Chandler in areas which have been identified as having the greatest need. The following information was used to determine areas of greatest need pursuant to Section 2301 (b)(4)(2) of the Housing and Economic Recovery Act (HERA) of 2008, as follows: 1) number and percentage of foreclosed homes; 2) number and percentage of sub-prime loans as determined by high interest rates; and 3) location of blighted foreclosed homes. As a result, Chandler's 85225 zip code was identified as having the greatest need for stabilization:

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- As of 10/16/2008, there are 542 homes for sale in 85225
- Of the 542 homes, 288 are priced above \$280,000 (53.1%)
- Of the 542 homes, 254 are priced below \$280,000 (46.9%)
- Of the 254 homes priced below \$280,000, 160 have been listed as foreclosed (29.5%)
- Of the remaining homes priced below 280,000 (94 homes), 47 are listed in pre-foreclosure (short-sale) (8.67%)
- The remaining 47 homes are traditional homes for sale.

Conclusion: Of the 542 homes currently for sale in 85225, 38.2% are either in foreclosure or are about to go into foreclosure. NOTE: These are just the homes listed for sale. In researching the Maricopa County Assessor's Office, there are many more in foreclosure that the banks have not listed for sale as of yet. It is unknown how many of those there are.

In addition, HUD's Estimated Foreclosure Abandonment Risk Score (the "Risk Score") measures the estimated foreclosure and abandonment risk of every census tract block group in the State. This score is scaled from 0 to 10, with 10 being the highest or greatest risk. The Risk Scores were developed by HUD to assist grantees in targeting the areas of greatest need within their jurisdictions. Utilizing the HUD provided dataset, Chandler found the zip code 85225 (census tract Number 522902) with a foreclosure abandonment risk score of 10 and a predicted 18 month foreclosure rate of 7.7%. This was the only Chandler zip code with a risk score of 10. Supporting data maps are attached as part of this amendment.

B. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a sub-prime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

Note: The grantee's narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

Response:

NSP Funds will be used to assist individuals and families earning no greater than 120% AMI with a minimum of 25% of the funds being used to assist individuals and families earning no greater than 50% AMI. All activities will meet the HUD Low/Moderate/Middle (LMMI) Income benefit objective as redefined by HUD for the NSP to 120% AMI.

To determine the areas with the greatest needs categories, staff used specific local data such as bank-owned property listings, foreclosure information and Code Enforcement

data. Based on current data, the following areas meet the three stipulated need categories: Neighborhoods between Ray Road to Chandler Blvd; and Alma School Road to Arizona Avenue; and others within the 85225 zip code. These are the areas identified as having the greatest need, contain the most currently available foreclosed properties, and where NSP targeting will produce the highest impact.

Chandler will distribute and utilize NSP funds by engaging in the following activities within the identified greatest need area (85225 zip code):

- Connecting qualified buyers and sellers by providing assistance for first-time homebuyers who will own and occupy foreclosed homes as their primary residence (\$100,000);
- Creating permanent affordable housing stock by creating a Chandler Community Land Trust for the sale and occupancy of qualified home-buyers through acquisition and/or rehabilitation of foreclosed single-family homes (\$1,468,500);
- Preserving affordable rental opportunities through acquisition and rehabilitation of foreclosed multi-family homes for affordable rentals. This strategy will assist in meeting the HERA-mandated set-aside of a minimum of 25% of the funds to preserve affordable rental opportunities for households below 50% of median income (\$605,100).

Administrative costs will not exceed \$241,500.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of “blighted structure” in context of state or local law.

Response:

Chapter 30 of the Chandler City Code defines blight as;

Blight or blighted. Unsightly conditions including [including -- not limited to] accumulation of debris; fences characterized by holes, breaks, rot, crumbling, cracking, peeling or rusting; landscaping that is dead, characterized by uncontrolled growth or lack of maintenance, or is damaged; any other similar conditions of disrepair and deterioration; and the exterior visible use or display of tarps, plastic sheeting, or other similar materials as flexible or inflexible screening, fencing, or wall covering upon a residential lot; regardless of the condition of other properties in the neighborhood.

Deteriorated or deterioration. A lowering in quality of the condition or appearance of a building, structure or premises, characterized by holes, breaks, rot, crumbling, cracking, peeling, rusting or any other evidence of physical decay, neglect, damage or lack of maintenance.

(2) Definition of “affordable rents.” **Note:** Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program-specific requirements, such as continued affordability.

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Response:

Affordable rents will be defined according to HOME affordable rent requirements in conjunction with Section 8 rules and regulations.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

With the development of the Community Land Trust program, the non-profit trust owns the land, therefore, homes will remain affordable indefinitely. If a homeowner wanted to sell their home, they would only share a percentage of the home equity and the land trust would then sell the home to another income-qualified buyer. For down payment assistance activities, a ten-year forgivable lien will be placed on the purchased property that is due at the time of sale or refinance of the property.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

The City has adopted the International Building Codes and other related codes and ordinances. As a member of the Maricopa HOME Consortium, the City of Chandler adopted the Consortium's Housing Rehabilitation Standards. As with our current housing rehabilitation programs, structures acquired and rehabilitated as part of the Neighborhood Stabilization Program will meet or exceed the minimum standards called for by these codes.

D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes, or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income: \$ 605,100.

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50% of area median income.

Response:

Chandler proposes to use \$605,100, or at least 25% of the NSP funds, to purchase and rehabilitate vacant, foreclosed multi-family properties and rent them to income-qualified families. This is unlike the Section 8 program in that no voucher will be required. The families will be selected, evaluated and monitored by a non-profit for their suitability for the program, who will assume responsibility for the on-going maintenance of the properties after acquisition.

E. ACQUISITIONS & RELOCATION

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income).

If so, include:

- The number of low- and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income) reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households (i.e., $\leq 120\%$ of area median income) reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50% of area median income.

Response:

The number of proposed dwelling units to be possibly demolished, rehabilitated, and/or converted to low- and moderate-income dwelling units is as follows:

- Neighborhood Stabilization Program Down Payment Assistance: 0 units will be demolished, rehabilitated or require relocation. It is estimated ten (10) qualified families at 81 – 120% AMI will receive down payment assistance;
- Chandler Community Land Trust (CCLT): Approximately seventeen (17) units will be acquired and rehabilitated for purchase by families at 81 – 120% AMI;
- Permanent Rental Housing: Four (4) units may be acquired, rehabilitated and/or converted to low-income dwelling units for families at or below 50% AMI.

F. PUBLIC COMMENT

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Note: Proposed NSP Substantial Amendment must be published via the usual methods and posted on the jurisdiction's website for no less than 15 calendar days for public comment.

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Response:

November 12, 2008 *55 N Arizona Place, Suite 310	Neighborhood Advisory Committee Public Hearing (NSP Information/Application Approval)
November 12, 2008 *215 E Buffalo Street, South Atrium Conference Room	Housing and Human Services Committee Public Hearing (NSP Information/Application Approval)
November 14, 2008	Day 1 - Public Comment Period begins and notice is published on website
November 21, 2008	Public Notice for comment published in Arizona Republic
November 29, 2008	Day 15 - Public Comment Period ends

No public comments were received

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name:

Response: **NSP Down Payment Assistance**

(2) Activity Type: (Include NSP eligible use & CDBG eligible activity)

Response: NSP Eligible Activity - Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves and shared equity loans for low- and moderate-income homebuyers.

CDBG: As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.

(3) National Objective: (Must be a national objective benefiting low-, moderate- and middle-income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income)

Response: The down payment assistance program will enable persons at or below 120% AMI to consider homeownership instead of rental.

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low-income housing requirement for those below 50% of area median income.

Response: Families at income levels between 81% and 120% AMI, who are potential first-time homebuyers, are faced with the possibility of purchasing a foreclosed home at prices that have been formerly out of reach for them. However, the only factor keeping them from benefiting from the housing crisis and taking a vacant home off of the market is their lack of down payment funds. The City of Chandler is proposing to partner with a non-profit organization to assist qualified potential homebuyers with down payment assistance on an abandoned or foreclosed home within the 85225 zip code. Any funds a homeowner qualifies for and receives under this program will be secured with a 10-year forgivable lien on the purchased property. The homes must remain owner-occupied and cannot become rental property. Down Payment Assistance through a non-profit organization has been available for families for some time as they assist dozens of potential homebuyers with training in becoming a responsible homeowner and the financial requirement for being a homeowner. They also work with their clients to create budgets that enable the families to begin the process of repairing their credit and savings prior to becoming homeowners.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known)

Response: The Down Payment Assistance activity will focus strategically on neighborhoods with a high percentage of residential properties of foreclosed or abandoned homes within the 85225 zip code. The targeted neighborhood within the 85225 zip code between Ray Road to Chandler Boulevard; and Alma School Road to Arizona Avenue.

(6) Performance Measures: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%)

Response: The Down Payment Assistance activity will assist approximately ten (10) homeowners that do not exceed 120% AMI.

(7) Total Budget: (Include public and private components)

Response: NSP funds \$100,000

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Response: A Request for Proposal (RFP) for non-profit organizations choosing to enter into an agreement of this kind with the City of Chandler will be initiated pending input from the City's Purchasing Division.

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: February 1, 2013

(11) Specific Activity Requirements:

For acquisition activities, include:

- Discount rate

For financing activities, include:

- Range of interest rates

For housing related activities, include:

- Duration or term of assistance;
- Tenure of beneficiaries--rental or homeownership;
- A description of how the design of the activity will ensure continued affordability.

Response: The City of Chandler will enter into a contract with a non-profit housing provider to provide homeownership counseling and training to potential owners in

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households earning up to 120% AMI. Each NSP applicant must attend and complete a face-to-face first-time homebuyer education course that is FHA/HUD approved and provided by a non-profit. Homebuyers will obtain a mortgage from a lender who agrees to comply with bank regulators guidance for non-traditional mortgages. All mortgages will be 30-year fixed prevailing rate loans. Debt ratios for homebuyers may not exceed 31% for the house payment, and 41% total debts (31/41). Monetary assistance provided to homeowners will be in the form of a 10-year forgivable lien on the purchased property. Recaptured funds will be used to assist a subsequent homeowner for the purpose of meeting long-term affordability provisions of the Home Program as stipulated in 24 CFR 91.254. Procurement of provider will be conducted pursuant to 24 CFR 85.36.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name:

Response: **Chandler Community Land Trust (CCLT)**

(2) Activity Type: (Include NSP eligible use & CDBG eligible activity)

Response: NSP Eligible Use - Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves and shared equity loans for low- and moderate-income homebuyers.

CDBG: As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.

(3) National Objective: (Must be a national objective benefiting low-, moderate- and middle-income persons, as defined in the NSP Notice—i.e., \leq 120% of area median income)

Response: The land trust will enable persons at or below 120% AMI to consider home ownership.

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low-income housing requirement for those below 50% of area median income.

Response: The program proposes purchasing up to 17 vacant, foreclosed properties in the 85225 zip code area and selling only the structure to income-qualified homebuyers. The Land Trust will own the land. With this program, the costs of the purchase are reduced, the owner shares the equity in the home with the Land Trust and the home, as part of the Land Trust, remains affordable indefinitely. The families that will be assisted through this program are between 81% and 120% of area media income (AMI), or approximately \$51,350 to \$77,050 annually, for a family of four. Qualifying to purchase only the structure greatly reduces the amount of the mortgage for which these families would have to apply. Newtown is the only Land Trust in Arizona and, therefore, a Request for Proposal will not be necessary in creating a contract between Newtown and the City of Chandler.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known)

Response: The Community Land Trust program will focus strategically on neighborhoods with a high percentage of residential properties of foreclosed or abandoned homes within the 85225 zip code. The targeted neighborhood within the

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85225 zip code between Ray Road to Chandler Boulevard; and Alma School Road to Arizona Avenue.

(6) Performance Measures: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%)

Response: At this time, it is estimated that by leveraging the NSP funds and the Newtown Community Land Trust funds, approximately 17 homes can be acquired and sold to families between 81% and 120% AMI. Newtown has a substantial Line of Credit with two different lenders to help with acquisition costs. The total number of homes purchased at the end of the term may vary depending upon actual market conditions and the buyers' incomes and mortgage amounts.

(7) Total Budget: (Include public and private components)

Response: \$1,468,500 from NSP for purchase of vacant, foreclosed single-family homes. Additional funds for rehabilitation will be utilized through a contract with Newtown Community Land Trust utilizing their public and private sources of funding.

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Response: The Newtown Community Development Corporation, Community Land Trust, and the City of Chandler will jointly implement this activity. Newtown Community Land Trust, 5611 W. University Dr. #4, Tempe, AZ 85281.
Tel: 480-517-1589.

(9) Projected Start Date: July 1, 2009.

(10) Projected End Date: July 1, 2013.

(11) Specific Activity Requirements:

For acquisition activities, include:

- Discount rate

For financing activities, include:

- Range of interest rates

For housing related activities, include:

- Duration or term of assistance;
- Tenure of beneficiaries--rental or homeownership;
- A description of how the design of the activity will ensure continued affordability.

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Response: Homes will be purchased from banks at a discount of at least 5% (less than the current market appraised value) for individual properties, and 15% for bulk or aggregate purchases of property. The land will be held by the land trust and will enter into a 99-year renewable lease for the land with the buyers. A \$35 per month ground lease fee will be charged to the homebuyers. Permanent affordability is maintained through a shared equity provision. The ground lease contains resale restrictions that provide the land trust a Right of First Refusal and require the homes to be sold to another income-eligible buyer.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name:

Response: **NSP Permanent Rental Housing**

(2) Activity Type: (Include NSP eligible use & CDBG eligible activity)

Response: NSP Eligible Use - Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG: 24 CFR 570.201 (a) Acquisition 570.202 eligible rehabilitation and preservation activities for homes and other residential properties.

(3) National Objective: (Must be a national objective benefiting low-, moderate- and middle-income persons, as defined in the NSP Notice—i.e., $\leq 120\%$ of area median income)

Response: Benefit to LMI persons and LMMH (120% of AMI) individuals and households.

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low-income housing requirement for those below 50% of area median income.

Response: Chandler will use NSP funds to purchase and rehabilitate foreclosed or abandoned rental properties, primarily multi-family focusing in the identified area of greatest need (zip code 85225). Properties will be acquired at a minimum of five percent (5%) below appraised value. Properties will be purchased, inspected and rehabilitated, then leased to income-qualified persons/families whose income is at or below 50% AMI. The City will partner with a non-profit organization to identify eligible families, evaluate and provide on-going monitoring, and support to selected families for long-term sustainability. In addition, the non-profit partner will assume responsibility for the on-going maintenance of the properties after acquisition.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known)

Response: The Permanent Rental Housing assistance activity will focus on a multi-family dwelling unit: Chandler Meadows, 286 W. Palomino Dr., Chandler, AZ 85225. This dwelling is located in the targeted 85225 zip code as identified, near Elliot Road and Arizona Avenue.

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(6) Performance Measures: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%)

Response: The Permanent Rental Housing assistance activity will acquire/rehabilitate four (4) rental units assisting families at or below 50% AMI.

(7) Total Budget: (Include public and private components)

Response: NSP funds: \$605,100

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Response: The City of Chandler will be the responsible organization for implementing this activity; Neighborhood Resources Division, 55 N. Arizona Pl, Ste. 310, Chandler, AZ 85225. Potential non-profit partner(s) will be solicited through the proper procurement mechanism based on projected funding and need.

(9) Projected Start Date: July 1, 2009

(10) Projected End Date: July 1, 2013

(11) Specific Activity Requirements:

For acquisition activities, include:

- Discount rate

For financing activities, include:

- Range of interest rates

For housing related activities, include:

- Duration or term of assistance;
- Tenure of beneficiaries--rental or homeownership;
- A description of how the design of the activity will ensure continued affordability.

Response: Dwelling units will be purchased at below market discount rates and leased at a reasonably determined amount to a non-profit partner. The duration for the rental activity could extend for an indefinite period of time, at a minimum occurring until December 31, 2013. The tenure of benefits for NSP participants will be based upon the activity, at a minimum until December 31, 2013. Staff will monitor the rental properties on a regular basis to ensure that the properties remain code compliant.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name:

Response: NSP Program Administration

(2) Activity Type: (Include NSP eligible use & CDBG eligible activity)

Response: Administration up to 10% of allocation 24 CFR 570.206 and 206.

(3) National Objective: (Must be a national objective benefiting low-, moderate- and middle-income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income)

Response: Not applicable

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low-income housing requirement for those below 50% of area median income.

Response: The City of Chandler will utilize no more than \$241,500 to pay for personnel costs associated with administering the NSP program.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known)

Response: Not applicable

(6) Performance Measures: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%)

Response: Not applicable

(7) Total Budget: (Include public and private components)

Response: NSP funds \$241,500

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Response: The City of Chandler, 55 N Arizona Place, Suite 310, Chandler, AZ 85225.

Chandler – NSP Substantial Amendment

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: February 1, 2013

(11) Specific Activity Requirements:

For acquisition activities, include:

- Discount rate

For financing activities, include:

- Range of interest rates

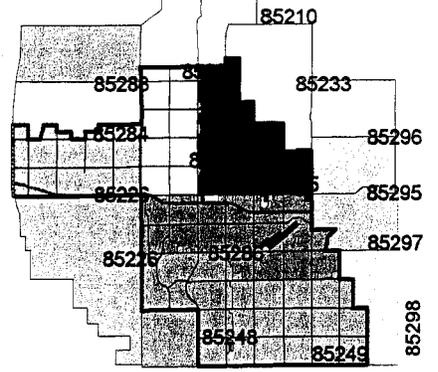
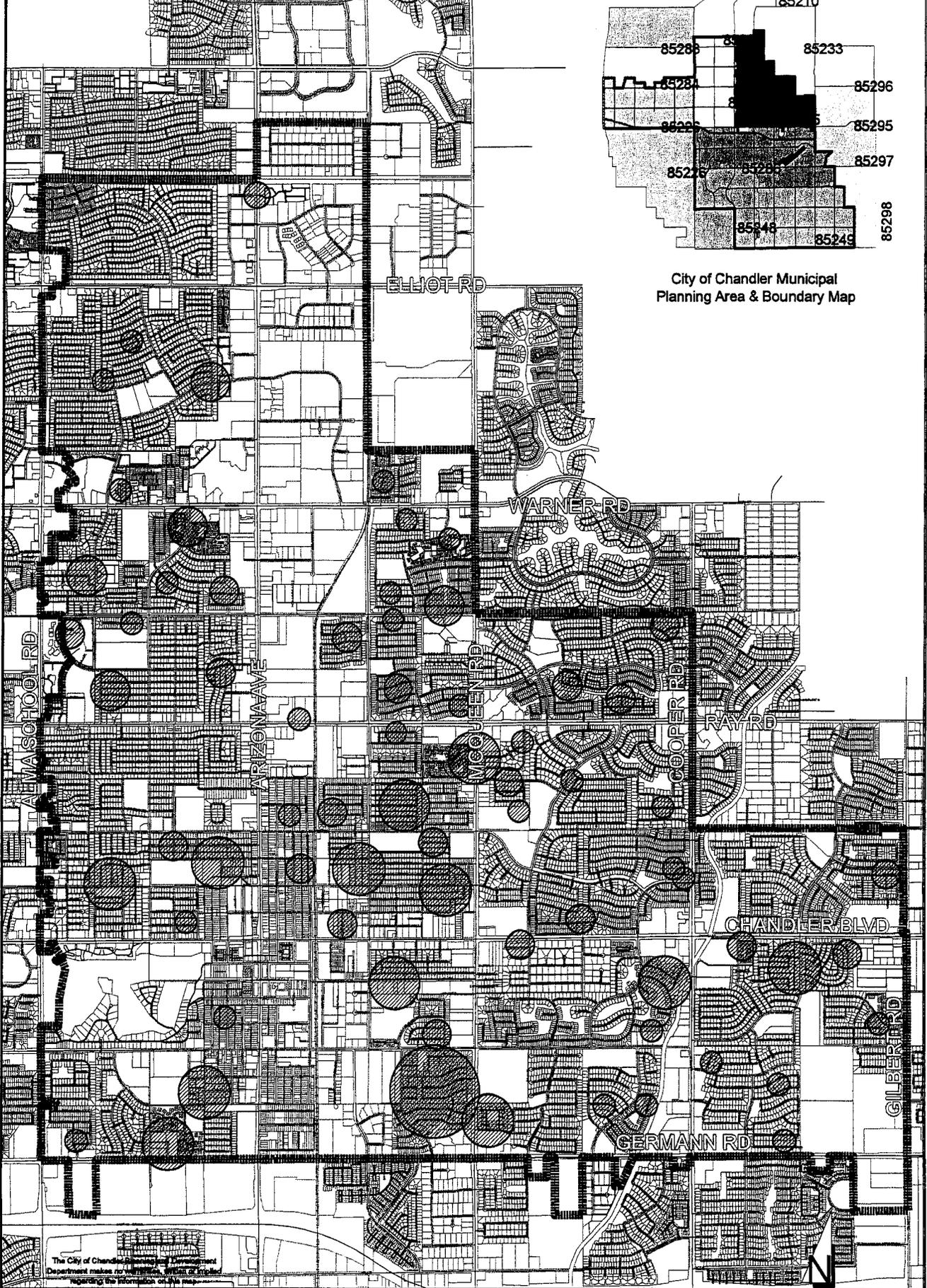
For housing related activities, include:

- Duration or term of assistance;
- Tenure of beneficiaries--rental or homeownership;
- A description of how the design of the activity will ensure continued affordability.

Response: Not applicable



ZIP CODE 85225



City of Chandler Municipal Planning Area & Boundary Map

The City of Chandler Planning & Development Department makes no warranty, express or implied, regarding the information on this map.



AREA OF GREATEST NEED

Current as of
December 2008

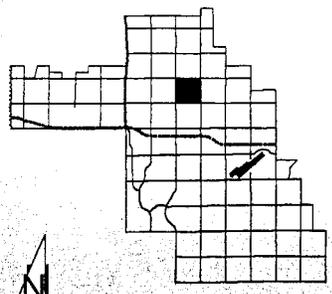
RAY RD

ALMA SCHOOL RD

ARIZONA AVE

CHANDLER BLVD

CONTEXT MAP



For more information on this map, please visit the website at www.cityofchandler.gov

#8

FEB 12 2009



Chandler · Arizona
Where Values Make The Difference

MEMORANDUM
NEIGHBORHOOD RESOURCES- COUNCIL MEMO NR08-047

DATE: 30 DECEMBER 2008

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
RICH DLUGAS, ASSISTANT CITY MANAGER RD
JUDY REGISTER, NEIGHBORHOOD RESOURCES DIRECTOR *JR*

FROM: STEFANIE GARCIA, COMMUNITY DEVELOPMENT ADMINISTRATOR *SG*

SUBJECT: RESOLUTION NUMBER 4253: 2008 ONE YEAR ACTION PLAN AMENDMENT AND NEIGHBORHOOD STABILIZATION PROGRAM FUNDING SUBMITTAL – PUBLIC HEARING

HHSC AND STAFF RECOMMENDATION: Mayor and City Council are requested to approve Resolution Number 4253 authorizing the approval of a substantial amendment to the FY 2008-09 Annual Action Plan and potential receipt of \$2,415,100 in Neighborhood Stabilization Program funds.

BACKGROUND: On October 1, the City of Chandler was notified of a potential allocation from the Housing and Urban Development's (HUD) Neighborhood Stabilization Program (NSP) of \$2,415,100 based on a formula including: the number and percentage of home foreclosures in the city; the number and percentage of homes financed by subprime mortgages; and, the number and percentage of homes in default or delinquency. The funds are part of the 2008 Housing and Economic Recovery Act (HERA) that totals \$3.92 billion and was signed by the President in July.

The NSP is intended to assist states, counties and municipalities in addressing the effects of abandoned and foreclosed properties. Funds may be used for the following activities:

- Establishing financing mechanisms for the purchase and redevelopment of foreclosed homes and residential properties;
- Purchasing and rehabilitating abandoned and foreclosed homes and residential properties;
- Establishing land banks for foreclosed homes;
- Demolishing blighted structures; and
- Redeveloping demolished or vacant properties.

Generally, CDBG funds may be used to assist families at or below 80% of area median income (AMI), or approximately \$51,350 annually for a family of four. The new NSP guidelines allow for using the funds to assist families up to 120% AMI, or approximately \$77,050 annually for a family of four. Additionally, at least 25% of the funds must be allocated to assist families at or below 50% AMI, or approximately \$32,100 for a family of four.

Furthermore, the funds cannot be used for:

- Foreclosure prevention;
- Demolition of *non-blighted* structures; or
- Purchase of properties not abandoned, foreclosed upon, or blighted.

DISCUSSION: After analyzing the foreclosure trends and code complaints in the 85225 zip code, staff proposes a target area from Elliot to Ray, Arizona Ave. to Alma School for programs using the NSP funds. On January 7, 2009 staff met with the Housing and Human Services Committee and recommended the following NSP strategies:

1. Development of a Chandler Community Land Trust (CCLT) – The amount of \$1,468,500 will be used to purchase and sell up to 15 formerly vacant, foreclosed single-family homes to income qualified homeowners, by leasing the land owned by the Land Trust to homeowners who buy only the structure that is on the land. With this program, the costs of the purchase are reduced, the owner shares the equity in the home with the Land Trust and the home, as part of the Land Trust, *remains affordable indefinitely*. The families that are envisioned for these properties are between 80% and 120% of area media income (AMI), or approximately \$51,350 to \$77,050 annually for a family of four. Qualifying to purchase only the house greatly reduces the amount of the mortgage for which these families would have to apply.
2. Creation of permanent affordable rental housing for homeless families – Approximately \$605,100 will be used to purchase and rehabilitate up to four vacant, foreclosed multifamily properties and rent them to income-qualified families. This is unlike the Section 8 program in that no voucher will be required. The families will be selected, evaluated and monitored by the selected non-profit for their suitability for the program and will assume responsibility for the ongoing maintenance of the properties after acquisition.
3. Down Payment Assistance – Approximately \$100,000 will be used to assist qualified potential homebuyers with down payment assistance. This will be secured with a ten-year forgivable lien on the purchased property. The partnering non-profit will qualify, educate and monitor the new homeowners.
4. Administrative support – No more than \$241,500 can be used for staff support of any of the programs initiated through the NSP. This can include the staff support provided by the City and the City's non-profit partners in these programs.

MEMO NR08-047

30 December 2008

Page 3 of 3

FINANCIAL IMPLICATIONS: All costs associated with the federal Neighborhood Stabilization Program grant funds will be paid by the federal government and do not require repayment on the part of the City of Chandler. Current year appropriation is sufficient to start the program, and additional appropriation will be requested through the FY 2009-10 budget process to spend what remains of the funds.

PROPOSED MOTION: Move to approve Resolution Number 4253 authorizing the approval of the substantial amendment to the FY 2008-09 Annual Action Plan and potential receipt of \$2,415,100 in Neighborhood Stabilization Program funds in accordance with the recommendations of the Chandler Housing and Human Services Commission and staff.

Attachments: “A” – Resolution Number 4253
 “B” – NSP Substantial Amendment
 “C” – Data maps

RESOLUTION NO. 4253

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, MARICOPA COUNTY, ARIZONA AMENDING THE 2008 ONE YEAR ACTION PLAN AND SUBMITTING THE SUBSTANTIAL AMENDMENT TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR ITS CONSIDERATION IN ORDER TO RECEIVE FUNDING UNDER THE HOUSING AND ECONOMIC RECOVERY ACT OF 2008 (HERA).

BE IT RESOLVED by the City Council of the City of Chandler, Arizona, as follows:

WHEREAS, in July 2008, Congress enacted Public Law 110-289, the Housing and Economic Recovery Act of 2008 (HERA), which provided funding to U.S. Department of Housing and Urban Development (HUD) to allocate to states, counties and cities in response to the housing crisis; and

WHEREAS, Title III of Division B of HERA created and funded the Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes, commonly known as the Neighborhood Stabilization Program, under which state and local governments may utilize the funding by establishing financing mechanisms for the purchase and redevelopment of foreclosed homes and residential properties; purchasing and rehabilitating abandoned or foreclosed residential properties; establishing land banks for foreclosed homes; demolishing blighted structures; and redeveloping demolished or vacant properties, among other eligible activities; and

WHEREAS, the City of Chandler, Arizona has been allocated \$2,415,100.00 in funding from HUD to be used toward the above mentioned purposes; and

WHEREAS, in order to receive this funding, the City must amend its 2008 One Year Action Plan which was approved by Council through Resolution No. 4176, and submit said Substantial Amendment to HUD for its consideration; and

NOW, THEREFORE, BE IT RESOLVED that the City Council does hereby approve application to the U.S. Department of Housing and Urban Development with all documents, submissions, plans, and materials required by the Act: and

FURTHER, that the Mayor or City Manager, subject to requirements of the City Code, or their designee(s) are authorized to execute and submit the aforesaid Substantial Amendment to the United States Department of Housing and Urban Development.

FURTHER, that the Substantial Amendment to the 2008 Action Plan prepared pursuant to the Housing and Economic Recovery Act of 2008, a copy of which, in substantial form, is on file in office of the Director of Neighborhood Resources and is incorporated herein by reference, is hereby approved.

FURTHER, the City Manager or his designee shall have authority to provide required policy and administrative assurances including civil rights, equal opportunity, citizen participation, relocation and property acquisition policy, environmental assurances, labor standards, and others as may be specified;

FURTHER, that the City Manager or his designee be and is hereby authorized to take those actions necessary and prudent to implement the program outlined by the City Council including the expenditure of funds, the hiring of personnel and/or contractors, the scheduling of activities, the establishment of procedures for monitoring and evaluation of program activities and other steps necessary to insure that the program can be carried out in a timely and effective manner.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA THIS _____ DAY OF _____, 2009.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above foregoing Resolution No. 4253 was duly passed and adopted by the City Council of the City of Chandler, Arizona at a regular meeting held on the _____ day of _____, 20____, and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY *GAB*

NSP GRANT SUBMISSION TEMPLATE

& CHECKLIST

(UPDATED 10.21.08)

NSP grant allocations can be requested by submitting a paper NSP Substantial Amendment or a form under the Disaster Recovery Grant Reporting (DRGR) system. This template sets forth the suggested format for grantees under the NSP Program. A complete submission contains the information requested below, including:

- (1) The NSP Substantial Amendment (attached below)
- (2) Signed and Dated Certifications (attached below)
- (3) Signed and Dated SF-424.

Grantees should also attach a completed NSP Substantial Amendment Checklist to ensure completeness and efficiency of review (attached below).

THE NSP SUBSTANTIAL AMENDMENT

<p>Jurisdiction(s): <u>City of Chandler, AZ</u> <i>(identify lead entity in case of joint agreements)</i></p> <p>Jurisdiction Web Address: <u>www.chandleraz.gov</u></p> <ul style="list-style-type: none">• <i>(URL where NSP Substantial Amendment materials are posted)</i>	<p>NSP Contact Person: Judy Register Address: P.O. Box 4008, Mail Stop 600 Chandler, AZ 85244-4008 Telephone: 480-782-4347 Fax: 480-782-4350 Email: <u>judith.register@chandleraz.gov</u></p>
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A. AREAS OF GREATEST NEED

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data, in developing this section of the Substantial Amendment.

Response:

The City of Chandler is submitting to the U.S. Department of Housing and Urban Development (HUD), Phoenix Office this amendment to its 2008/2009 Annual Action Plan for the purpose of requesting \$2,415,100 in Neighborhood Stabilization Program (NSP) funds. The City of Chandler proposes to use NSP funds to acquire, rehabilitate and utilize foreclosed and/or blighted properties within the City of Chandler in areas which have been identified as having the greatest need. The following information was used to determine areas of greatest need pursuant to Section 2301 (b)(4)(2) of the Housing and Economic Recovery Act (HERA) of 2008, as follows: 1) number and percentage of foreclosed homes; 2) number and percentage of sub-prime loans as determined by high interest rates; and 3) location of blighted foreclosed homes. As a result, Chandler's 85225 zip code was identified as having the greatest need for stabilization:

Chandler – NSP Substantial Amendment

- As of 10/16/2008, there are 542 homes for sale in 85225
- Of the 542 homes, 288 are priced above \$280,000 (53.1%)
- Of the 542 homes, 254 are priced below \$280,000 (46.9%)
- Of the 254 homes priced below \$280,000, 160 have been listed as foreclosed (29.5%)
- Of the remaining homes priced below 280,000 (94 homes), 47 are listed in pre-foreclosure (short-sale) (8.67%)
- The remaining 47 homes are traditional homes for sale.

Conclusion: Of the 542 homes currently for sale in 85225, 38.2% are either in foreclosure or are about to go into foreclosure. NOTE: These are just the homes listed for sale. In researching the Maricopa County Assessor’s Office, there are many more in foreclosure that the banks have not listed for sale as of yet. It is unknown how many of those there are.

In addition, HUD’s Estimated Foreclosure Abandonment Risk Score (the “Risk Score”) measures the estimated foreclosure and abandonment risk of every census tract block group in the State. This score is scaled from 0 to 10, with 10 being the highest or greatest risk. The Risk Scores were developed by HUD to assist grantees in targeting the areas of greatest need within their jurisdictions. Utilizing the HUD provided dataset, Chandler found the zip code 85225 (census tract Number 522902) with a foreclosure abandonment risk score of 10 and a predicted 18 month foreclosure rate of 7.7%. This was the only Chandler zip code with a risk score of 10. Supporting data maps are attached as part of this amendment.

B. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantee’s NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a sub-prime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

Note: The grantee’s narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

Response:

NSP Funds will be used to assist individuals and families earning no greater than 120% AMI with a minimum of 25% of the funds being used to assist individuals and families earning no greater than 50% AMI. All activities will meet the HUD Low/Moderate/Middle (LMMI) Income benefit objective as redefined by HUD for the NSP to 120% AMI.

To determine the areas with the greatest needs categories, staff used specific local data such as bank-owned property listings, foreclosure information and Code Enforcement

Chandler – NSP Substantial Amendment

data. Based on current data, the following areas meet the three stipulated need categories: Neighborhoods within the Downtown Redevelopment Area (Pecos Rd to Ray Rd, and Alma School Rd to Arizona Ave) and others within the 85225 zip code. These are the areas identified as having the greatest need, contain the most currently available foreclosed properties and where NSP targeting will produce the highest impact.

Chandler will distribute and utilize NSP funds by engaging in the following activities within the identified greatest need area (85225 zip code):

- Connecting qualified buyers and sellers by providing assistance for first-time homebuyers who will own and occupy foreclosed homes as their primary residence (\$100,000);
- Creating permanent affordable housing stock by creating a Chandler Community Land Trust for the sale and occupancy of qualified home-buyers through acquisition and/or rehabilitation of foreclosed single-family homes (\$1,468,500);
- Preserving affordable rental opportunities through acquisition and rehabilitation of foreclosed multi-family homes for affordable rentals. This strategy will assist in meeting the HERA-mandated set-aside of a minimum of 25% of the funds to preserve affordable rental opportunities for households below 50% of median income (\$605,100).

Administrative costs will not exceed \$241,500.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of “blighted structure” in context of state or local law.

Response:

Chapter 30 of the Chandler City Code defines blight as;

Blight or blighted. Unsightly conditions including [including -- not limited to] accumulation of debris; fences characterized by holes, breaks, rot, crumbling, cracking, peeling or rusting; landscaping that is dead, characterized by uncontrolled growth or lack of maintenance, or is damaged; any other similar conditions of disrepair and deterioration; and the exterior visible use or display of tarps, plastic sheeting, or other similar materials as flexible or inflexible screening, fencing, or wall covering upon a residential lot; regardless of the condition of other properties in the neighborhood.

Deteriorated or deterioration. A lowering in quality of the condition or appearance of a building, structure or premises, characterized by holes, breaks, rot, crumbling, cracking, peeling, rusting or any other evidence of physical decay, neglect, damage or lack of maintenance.

(2) Definition of “affordable rents.” **Note:** Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program-specific requirements, such as continued affordability.

Response:

Affordable rents will be defined according to HOME affordable rent requirements in conjunction with Section 8 rules and regulations.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

With the development of the Community Land Trust program, the non-profit trust owns the land, therefore, homes will remain affordable indefinitely. If a homeowner wanted to sell their home, they would only share a percentage of the home equity and the land trust would then sell the home to another income-qualified buyer. For down payment assistance activities, a ten-year forgivable lien will be placed on the purchased property that is due at the time of sale or refinance of the property.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

The City has adopted the International Building Codes and other related codes and ordinances. As a member of the Maricopa HOME Consortium, the City of Chandler adopted the Consortium's Housing Rehabilitation Standards. As with our current housing rehabilitation programs, structures acquired and rehabilitated as part of the Neighborhood Stabilization Program will meet or exceed the minimum standards called for by these codes.

D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes, or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income: \$ 605,100.

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50% of area median income.

Response:

Chandler proposes to use \$605,100, or at least 25% of the NSP funds, to purchase and rehabilitate vacant, foreclosed multi-family properties and rent them to income-qualified families. This is unlike the Section 8 program in that no voucher will be required. The families will be selected, evaluated and monitored by a non-profit for their suitability for the program, and will assume responsibility for the ongoing maintenance of the properties after acquisition.

E. ACQUISITIONS & RELOCATION

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income).

If so, include:

- The number of low- and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income) reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households (i.e., $\leq 120\%$ of area median income) reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50% of area median income.

Response:

The number of proposed dwelling units to be possibly demolished, rehabilitated, and/or converted to low- and moderate-income dwelling units is as follows:

- Neighborhood Stabilization Program Down Payment Assistance: 0 units will be demolished, rehabilitated or require relocation. It is estimated ten (10) qualified families at 81 – 120% AMI will receive down payment assistance;
- Chandler Community Land Trust (CCLT): 17 units will be acquired and rehabilitated for purchase of families at 81 – 120% AMI;
- Permanent Rental Housing: 4 units may be acquired, rehabilitated and/or converted to low-income dwelling units for families at or below 50% AMI.

F. PUBLIC COMMENT

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Note: Proposed NSP Substantial Amendment must be published via the usual methods and posted on the jurisdiction’s website for no less than 15 calendar days for public comment.

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Response:

November 12, 2008 *55 N Arizona Place, Suite 310	Neighborhood Advisory Committee Public Hearing (NSP Information/Application Approval)
November 12, 2008 *215 E Buffalo Street, South Atrium Conference Room	Housing and Human Services Committee Public Hearing (NSP Information/Application Approval)
November 14, 2008	Day 1 - Public Comment Period begins and notice is published on website
November 21, 2008	Public Notice for comment published in Arizona Republic
November 29, 2008	Day 15 - Public Comment Period ends

No public comments were received

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name:

Response: **NSP Down Payment Assistance**

(2) Activity Type: (Include NSP eligible use & CDBG eligible activity)

Response: NSP Eligible Activity - Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves and shared equity loans for low- and moderate-income homebuyers.

CDBG: As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.

(3) National Objective: (Must be a national objective benefiting low-, moderate- and middle-income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income)

Response: The down payment assistance program will enable persons at or below 120% AMI to consider homeownership instead of rental.

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low-income housing requirement for those below 50% of area median income.

Response: Families at income levels between 80% and 120% AMI, who are potential first-time homebuyers, are faced with the possibility of purchasing a foreclosed home at prices that have been formerly out of reach for them. However, the only factor keeping them from benefiting from the housing crisis and taking a vacant home off of the market is their lack of down payment funds. The City of Chandler is proposing to partner with a non-profit organization to assist qualified potential homebuyers with down payment assistance on an abandoned or foreclosed home within the 85225 zip code. Any funds a homeowner qualifies for and receives under this program will be secured with a 10-year forgivable lien on the purchased property. The homes must remain owner-occupied and cannot become rental property. Down Payment Assistance through a non-profit organization has been available for families for some time as they assist dozens of potential homebuyers with training in becoming a responsible homeowner and the financial requirement for being a homeowner. They also work with their clients to create budgets that enable the families to begin the process of repairing their credit and savings prior to becoming homeowners.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known)

Response: The Down Payment Assistance activity will focus strategically on neighborhoods with a high percentage of residential properties of foreclosed or abandoned homes within the 85225 zip code. The targeted neighborhood within the 85225 zip code is located east of Alma School Rd., west of Arizona Ave., south of Ray Rd., and north of Chandler Blvd.

(6) Performance Measures: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%)

Response: The Down Payment Assistance activity will assist approximately ten homeowners that do not exceed 120% AMI.

(7) Total Budget: (Include public and private components)

Response: NSP funds \$100,000.

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Response: A Request for Proposal (RFP) for non-profit organizations choosing to enter into an agreement of this kind with the City of Chandler will be initiated pending input from the City's Purchasing Division.

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: February 1, 2013

(11) Specific Activity Requirements:

For acquisition activities, include:

- Discount rate

For financing activities, include:

- Range of interest rates

For housing related activities, include:

- Duration or term of assistance;
- Tenure of beneficiaries--rental or homeownership;
- A description of how the design of the activity will ensure continued affordability.

Response: The City of Chandler will enter into a contract with a non-profit housing provider to provide homeownership counseling and training to potential owners in

Chandler – NSP Substantial Amendment

households earning up to 120% AMI. Each NSP applicant must attend and complete a face-to-face first-time homebuyer education course that is FHA/HUD approved and provided by a non-profit. Homebuyers will obtain a mortgage from a lender who agrees to comply with bank regulators guidance for non-traditional mortgages. All mortgages will be 30-year fixed prevailing rate loans. Debt ratios for homebuyers may not exceed 31% for the house payment and 41% total debts (31/41). Monetary assistance provided to homeowners will be in the form of a 10-year forgivable lien on the purchased property. Recaptured funds will be used to assist a subsequent homeowner for the purpose of meeting long-term affordability provisions of the Home Program as stipulated in 24 CFR 91.254. Procurement of provider will be conducted pursuant to 24 CFR 85.36.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name:

Response: **Chandler Community Land Trust (CCLT)**

(2) Activity Type: (Include NSP eligible use & CDBG eligible activity)

Response: NSP Eligible Use - Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves and shared equity loans for low- and moderate-income homebuyers.

CDBG: As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.

(3) National Objective: (Must be a national objective benefiting low-, moderate- and middle-income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income)

Response: The land trust will enable persons at or below 120% AMI to consider home ownership.

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low-income housing requirement for those below 50% of area median income.

Response: The program proposes purchasing up to 17 vacant, foreclosed properties in the 85225 zip code area and selling only the structure to income-qualified homebuyers. The Land Trust will own the land. With this program, the costs of the purchase are reduced, the owner shares the equity in the home with the Land Trust and the home, as part of the Land Trust, remains affordable indefinitely. The families that will be assisted through this program are between 80% and 120% of area median income (AMI), or approximately \$51,350 to \$77,050 annually, for a family of four. Qualifying to purchase only the structure greatly reduces the amount of the mortgage for which these families would have to apply. Newtown is the only Land Trust in Arizona and, therefore, a Request for Proposal will not be necessary in creating a contract between Newtown and the City of Chandler.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known)

Response: The Community Land Trust program will focus strategically on neighborhoods with a high percentage of residential properties of foreclosed or abandoned homes within the 85225 zip code. The targeted neighborhood within the

85225 zip code is located east of Alma School Rd., west of Arizona Ave., south of Ray Rd., and north of Chandler Blvd.

(6) Performance Measures: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%)

Response: At this time, it is estimated that by leveraging the NSP funds and the Newtown Community Land Trust funds, approximately 15 homes can be acquired and sold to families between 80% and 120% AMI. Newtown has a substantial Line of Credit with two different lenders to help with acquisition costs. The total number of homes purchased at the end of the term may vary depending upon actual market conditions and the buyers' income and mortgage amounts.

(7) Total Budget: (Include public and private components)

Response: \$1,468,500 from NSP for purchase of vacant, foreclosed single-family homes. Additional funds for rehabilitation will be utilized through a contract with Newtown Community Land Trust utilizing their public and private sources of funding.

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Response: The Newtown Community Development Corporation, Community Land Trust, and the City of Chandler will jointly implement this activity. Newtown Community Land Trust, 5611 W. University Dr. #4, Tempe, AZ 85281.
Tel: 480-517-1589.

(9) Projected Start Date: July 1, 2009.

(10) Projected End Date: July 1, 2013.

(11) Specific Activity Requirements:

For acquisition activities, include:

- Discount rate

For financing activities, include:

- Range of interest rates

For housing related activities, include:

- Duration or term of assistance;
- Tenure of beneficiaries--rental or homeownership;
- A description of how the design of the activity will ensure continued affordability.

Chandler – NSP Substantial Amendment

Response: Homes will be purchased from banks at a discount of at least 5% (less than the current market appraised value) for individual properties, and 15% for bulk or aggregate purchases of property. The land will be held by the land trust and will enter into a 99-year renewable lease for the land with the buyers. A \$35 per month ground lease fee will be charged to the homebuyers. Permanent affordability is maintained through a shared equity provision. The ground lease contains resale restrictions that provide the land trust a Right of First Refusal and require the homes to be sold to another income-eligible buyer.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name:

Response: **NSP Permanent Rental Housing**

(2) Activity Type: (Include NSP eligible use & CDBG eligible activity)

Response: NSP Eligible Use - Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG: 24 CFR 570.201 (a) Acquisition 570.202 eligible rehabilitation and preservation activities for homes and other residential properties.

(3) National Objective: (Must be a national objective benefiting low-, moderate- and middle-income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income)

Response: Benefit to LMI persons and LMMH (120% of AMI) individuals and households.

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low-income housing requirement for those below 50% of area median income.

Response: Chandler will use NSP funds to purchase and rehabilitate foreclosed or abandoned rental properties, primarily multi-family focusing in the identified area of greatest need (zip code 85225). Properties will be acquired at a minimum of five percent (5%) below appraised value. Properties will be purchased, inspected and rehabilitated, then leased to income-qualified persons/families whose income is at or below 50% AMI. The City will partner with a non-profit organization to identify eligible families, evaluate and provide on-going monitoring, and support to selected families for long-term sustainability. In addition, the non-profit partner will assume responsibility for the ongoing maintenance of the properties after acquisition.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known)

Response: The Permanent Rental Housing assistance activity will focus on a multi-family dwelling unit: Chandler Meadows, 501 E. Ray Rd., Chandler, AZ 85225. This dwelling is located in the targeted 85225 zip code as identified and located near Ray Rd. and Arizona Ave.

(6) Performance Measures: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%)

Response: The Permanent Rental Housing assistance activity will acquire/rehabilitate four (4) rental units assisting families at or below 50% AMI.

(7) Total Budget: (Include public and private components)

Response: NSP funds: \$605,100

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Response: The City of Chandler will be the responsible organization for implementing this activity; Neighborhood Resources Division, 55 N. Arizona Pl, Ste. 310, Chandler, AZ 85225. Potential non-profit partner(s) will be solicited and procured through the proper procurement mechanism based on projected funding and need.

(9) Projected Start Date: July 1, 2009

(10) Projected End Date: July 1, 2013

(11) Specific Activity Requirements:

For acquisition activities, include:

- Discount rate

For financing activities, include:

- Range of interest rates

For housing related activities, include:

- Duration or term of assistance;
- Tenure of beneficiaries--rental or homeownership;
- A description of how the design of the activity will ensure continued affordability.

Response: Dwelling units will be purchased at below market discount rates and leased at a reasonably determined amount to a non-profit partner. The duration for the rental activity could extend for an indefinite period of time, at a minimum occurring until December 31, 2013. The tenure of benefits for NSP participants will be based upon the activity, at a minimum until December 31, 2013. Staff will monitor the rental properties on a regular basis to ensure that the properties remain code compliant.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name:

Response: NSP Program Administration

(2) Activity Type: (Include NSP eligible use & CDBG eligible activity)

Response: Administration up to 10% of allocation 24 CFR 570.206 and 206.

(3) National Objective: (Must be a national objective benefiting low-, moderate- and middle-income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income)

Response: Not applicable

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low-income housing requirement for those below 50% of area median income.

Response: The City of Chandler will utilize no more than \$241,500 to pay for personnel costs associated with administering the NSP program.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known)

Response: Not applicable

(6) Performance Measures: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%)

Response: Not applicable

(7) Total Budget: (Include public and private components)

Response: NSP funds \$241,500

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Response: The City of Chandler, 55 N Arizona Place, Suite 310, Chandler, AZ 85225.

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: February 1, 2013

(11) Specific Activity Requirements:

For acquisition activities, include:

- Discount rate

For financing activities, include:

- Range of interest rates

For housing related activities, include:

- Duration or term of assistance;
- Tenure of beneficiaries--rental or homeownership;
- A description of how the design of the activity will ensure continued affordability.

Response: Not applicable



AREA OF GREATEST NEED

Current as of
December 11, 2008

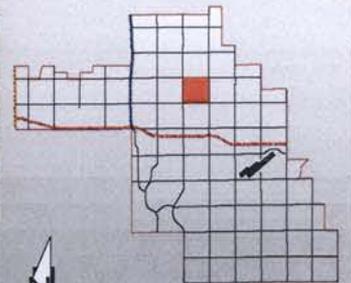
RAY RD

ALMA SCHOOL RD

ARIZONA AVE

CHANDLER BLVD

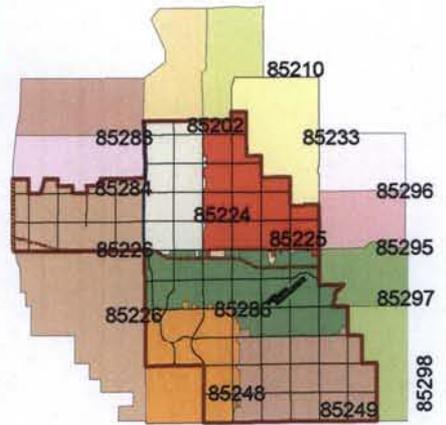
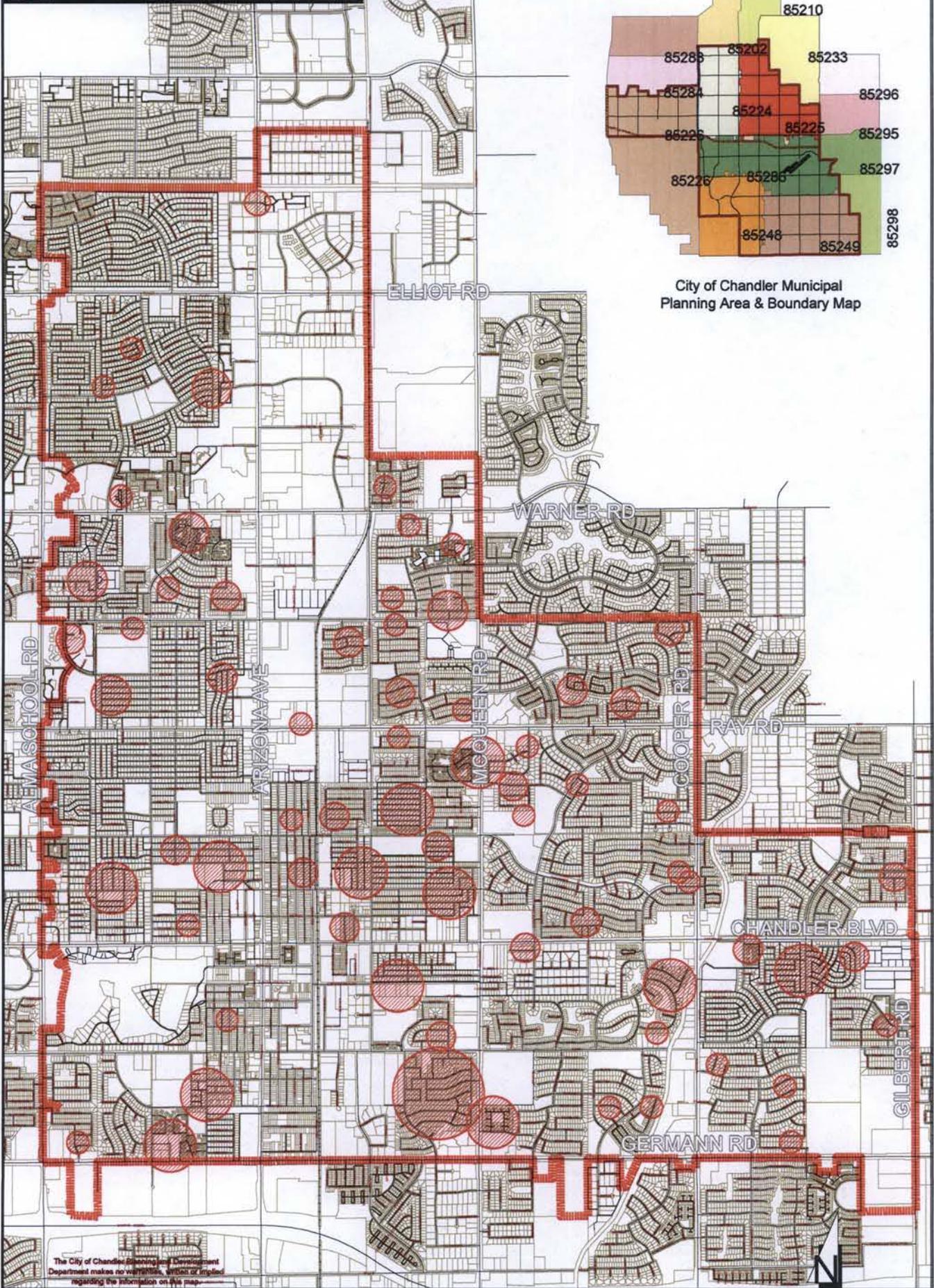
CONTEXT MAP



City of Chandler, Arizona
Planning and Development Department
1000 W. Chandler Blvd., Chandler, AZ 85226
www.chandler.gov
For more information on water resources, visit
www.chandler.gov/water or call 480-780-2200
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ZIP CODE 85225



City of Chandler Municipal Planning Area & Boundary Map

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