

**Approved Minutes of the Maricopa HOME Consortium
Public Hearing for Annual Action Plan
CHDO Presentations
and Public Meeting
January 21, 2016
9:30 a.m.**

Present: **Matt Hess, City of Avondale**
 Barbara Bellamy, City of Chandler
 Melissa Vizzerra, City of Chandler
 Andrew Carlson, Town of Gilbert
 Gilbert Lopez, City of Glendale
 Renee Ayres-Benevidez, City of Glendale
 Justin Boyd, City of Scottsdale
 Chad Beougher, City of Scottsdale
 Maryna Leyvas, City of Tempe
 Amy Jacobson, Maricopa County
 Carissa Cyr, Maricopa County
 Lisa Lowery, Maricopa County
 Dennis Newburn, City of Mesa
 Gary Smith, Guadalupe CDC
 Steve Langstaff, ARM of Save the Family
 Allen Carlson, Newtown CDC (telephonically)

Amy opened the Public Hearing at 9:30 A.M. Amy explained that the purpose of the Public Hearing is to obtain citizen input and comment on the FY2016-2017 Annual Action Plan (AAP) and solicit citizen views and comments regarding planned use for the HOME Investment Partnerships Program, Community Housing Development Organization's (CHDO) set-aside, Community Development Block Grant (CDBG), and the Emergency Shelter Grant (ESG) funding from July 1, 2016 through June 30, 2017. Interested parties were given the opportunity to provide verbal or written comments on the AAP and the County's performance and administration of these grants, and proposed funding for housing and community development activities. The breakdown in funding is: approximately \$2.9 million in HOME funds, \$2.5 in CDBG, and \$225, 000 in ESG funds. Amy asked if there were any comments. No comments were made. For additional information, Amy noted that citizens or consortium members can always contact our office Amy then closed the Public Hearing.

1. Call to Order and Roll Call-

At 9:41 a.m., Amy Jacobson called to order the January 21, 2016 Maricopa HOME Consortium Public Meeting held in the Roosevelt Room, at 234 North Central Ave., 3rd Floor, Phoenix, Arizona 85004. Carissa Cyr called the roll and a quorum was established.

2. Approval of Minutes (10/15/15)-

Amy called for a motion to approve the minutes of the October 15, 2015 monthly HOME Consortium Public Meeting, unless there were any changes or corrections to the minutes. Gilbert Lopez motioned to approve the October 15, 2015 minutes. The motion was seconded by Justin Boyd and passed unanimously.

3. CHDO Presentations-

Amy said the County received three applications for the 15% CHDO set aside funding:

ARM of Save the Family-\$450,000

Guadalupe CDC-\$250,000

Newtown CDC- \$450,000

She asked each of the presenters for the applications and talk about their activity, the jurisdiction in which their activity is proposed.

Presentations:

The first presenter was Gary Smith, the Executive Director of Guadalupe CDC (GCDC). GCDC requested \$250,000 for new construction of single family homes in the Town of Guadalupe.

GCDC has been in operation for over 24 years. Gary said this is their 6th CHDO application—they received funding the last five years. The Town of Guadalupe comprises mainly of Native American and Hispanic persons and is only $\frac{3}{4}$ of square mile. It is the poorest community outside of the reservations in Arizona. There is a major problem with overcrowding, due to multiple families living in a single household. Income levels are 80% AMI and below—there are 1200 families in Guadalupe of which 1000 have an income of \$45,000 per year or less with an average family size of 4.5 members. In other words, 80% of the families in Guadalupe would qualify as low income. GCDC recruits from the low income apartments in Guadalupe, two of which GCDC developed with LIHTC.

The Town of Guadalupe and GCDC has a problem with the appraised value versus the cost to build. Another issue is that the conventional, permanent financing their clients qualify for is typically between \$90,000 and \$110,000, while the houses that GCDC builds appraise approximately for \$140,000 \$155,000 depending on the floor plan and the cost to build slightly exceeds the appraised value.

GCDC has a new approach this year, with the help of the HOME and SHOP funding is GCDC was selected as a replacement technical assistance grantee with USDA-RD to implement a mutual self- help housing program. This grant is different from what GCDC has done in the past because now the families (homebuyers) will be required to commit to much heavier sweat equity labor. In fact, up to 65% of the labor of the homes must be accomplished by the homebuyer. This type of commitment translates to a lot of weekend work and encompasses approximately 30 hours per week. The technical assistance grant does not include any “sticks or bricks” funding, but is mostly for overhead for training and loan packaging. GCDC is excited because the technical assistance grant is a new opportunity for GCDC to improve housing. GCDC is committed to produce 10 homes in 2 years, in addition to the 4 houses that are currently under construction.

GCDC has requested \$250,000 for an average of \$50,000 per house, anticipating that the funding will cover any gap in the cost to build and the appraised value. GCDC still be able to sell the properties at an affordable price.

GCDC acts as their own general contractor and has a list of licensed and bonded subcontractors. The homes GCDC builds are Energy Star 3. The matching funds for the project will be created through the Self Help Opportunity Program (SHOP) which is a pass through grant that reduces the direct cost of the home to family. GCDC owns 4 lots now and has one in escrow and they are always looking for new lots.

The SHOP program operates a little differently than Habitat for Humanity. It uses the “barn raising approach” in that all of the families work on all of the houses and no one moves in until

the last house is completed. Also, there is an advantage to the Single Family Housing Guaranteed (SFGH) Section 502 Loan Program administered by USDA. These loans close on the front end, the house is built, and the loan is then transferred to the homeowner after construction. The borrowers must have the means to repay the loans, but be unable to secure reasonable credit terms elsewhere. There is also a savings on closing costs.

Amy then introduced the second presenter: Steve Langstaff, Director of Property Development of ARM (Affordable Rental Movement) of Save the Family. Save the Family is a non-profit that started in 1988 to provide transitional housing. After a few years, the Board realized that it was good to have a place for the homeless or victims of domestic violence to go with social services, but after they complete the program, where do they go next? In 1994 came the inception of ARM, a non-profit which controls the asset side of the organization. They are two distinct entities. ARM now owns 148 single family rental properties/duplexes/four-plexes/townhomes, scattered all over the SE valley. The portfolio does not include the LIHTC properties that ARM may acquire in the future.

When someone graduates from the transitional program, with the creation of ARM they now have the opportunity to live in permanent housing, although there are long waiting lists. In the transitional program, all of the client's costs are covered by the non-profit. In the permanent housing program, there is a long waiting list.

ARM is able to provide below market rents because ARM has no debt. ARM pays for water and sewer costs and the client pays for electricity. They provide monthly preventative maintenance. The property management division conducts annual inspections.

ARM is applying for \$450,000 to purchase two, or possible three properties in the county islands. ARM would like to purchase 3 bedroom homes.

The next applicant was introduced: Newtown CDC Executive Director, Allen Carlson. Newtown has requested \$450,000 for acquisition, rehabilitation, and resale using their Community Land Trust (CLT) Model in the City of Tempe. The CHDO is requesting HOME funds for acquisition for up to five properties.

Newtown sells the house and leases the land with a 99 year renewable lease. The ground lease requires the home to be owner occupied and the resale provisions limit the sale to future income qualified low income buyers. There is a shared appreciation provision which assures the homes are affordable to future families, while giving the initial owners a stake in the equity of the home. The subsidy goes with the land, not the buyer to create permanently affordable housing with CLT homes.

Mr. Carlson stated that they use certified home inspectors and staff inspections of the property before purchasing. These inspections are used to create the scope of work to be performed and determine the amount of rehabilitation required on the acquired properties. Not all of the houses Newtown purchases need substantial rehabilitation. However, Newtown can demonstrate significant neighborhood revitalization efforts. Mr. Carlson explained to the Consortium that there is a set total development budget, but not a set rehabilitation budget. Newtown has approximately six general contractors that they work with. With all of Newtown's experience, they have a good idea of what the project will cost and if a bid comes in too high, they will rebid. In most cases, the rehab process is completed within 45-60 days. Newtown uses the "Buyer – Driven" model and does not purchasing spec houses.

4. Program Year Expenditure Update Report-

Lisa said that we are now six months into the year and that we need to start ramping up our reimbursements. Currently, the County has only processed a little more than \$600,000. The County typically processes \$2.5-\$3 million per year.

Lisa reported that the County is now upgrading their computer systems. Because of the computer upgrade, the County is shortening the time frame for all reimbursements to be submitted to the County for the fiscal year ending June 30, 2016. The new deadline is May 15, 2016. This early date is to compensate for any glitches which may occur in the new system.

Lisa said that she updated the spreadsheet to include the 2015-2016 allocations.

5. HOME Contract Performance Reports-

Amy said that they are past due if they have not been submitted. The due date was January 15, 2016. Please submit your report if you have not already done so.

6. Programmatic Agreements-

Amy updated the consortium regarding the SHPO Programmatic Agreement. She said she is still discussing the Agreements with the County attorney. Because the County is not a party to the Agreements, we are having difficulty getting them through legal review. Amy said has a call scheduled this afternoon with the new HUD Environmental Review Officer, Kathleen McNulty and Bob Frankenberger. Amy said she hopes to get the issue resolved and onto the Board of Supervisor's agenda. She said there could possibly be an amendment to the SHPO Agreements which delineates the Certifying Officer of Maricopa County as responsible for the HOME funds and CDBG would be the appropriate jurisdiction.

7. Announcements and Information-

- Amy introduced Dennis Newburn, Chair of the Community Development Revitalization Development Committee for NAHRO from the City of Mesa. Liz Morales and Amy thought it would be a good idea for Dennis to report out on some available trainings. Dennis talked about CPD and NAHRO trainings. He said the state-wide NAHRO conference is going to be held August 16th -18th in Mesa. Dennis is asking, pleading, begging for CPD related training ideas for the conference, for both urban and rural community revitalization. Please send any training ideas directly to Dennis.
- Bulletins are now posted on the Maricopa County website. The bulletin in your packet is for the 95% value limits and the maximum per unit subsidy limit per bedroom size. Both of these limits are overlaid on each other and you must use the lower limit of the two as the maximum subsidy limit.
- New Consortium contact list is included in the packet. Introductions were made. Please submit the name and number of your Grants Accountant if you have one and they are not currently included on this new list.
- Annual Action Plan master schedule is included in the packet.

8. Call to the Public-

Call to the Public is an opportunity for the public to address the Consortium concerning a subject that is not on the agenda. Public comment is encouraged. At the conclusion of an open call to the public, individual members of the Consortium may respond to criticism made by those who have addressed the Consortium, may ask staff to review a matter, or may ask that a matter be put on a future agenda. However, members of the Consortium shall not discuss or take legal action on matters raised during an open Call to the Public unless the matters are properly noticed for discussion and legal action. *No response from the public.*

9. Adjournment-

There being no other business, the Chair entertained a motion for adjournment by Justin Boyd and seconded by Barbara Bellamy. The motion was passed unanimously. The meeting was adjourned at approximately 10:55 a.m. The next scheduled public meeting will be February 18, 2016.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Regina Marette".

Regina Marette
Recording Secretary