

COB - BOSAIR FORM

10/31/2025 9:58 AM (MST)

Submitted by Sofia.Blue@pima.gov



BOARD OF SUPERVISORS AGENDA ITEM REPORT (BOSAIR)

All fields are required. Enter N/A if not applicable. For number fields, enter 0 if not applicable.

Record Number: PO CWD PO2500028550

Award Type: Contract

Is a Board Meeting Date Requested? Yes

Requested Board Meeting Date: 11/18/2025

Signature Only:

NO

Procurement Director Award / Delegated Award: • N/A

Supplier / Customer / Grantor / Subrecipient: The City of Tucson

Project Title / Description: Tucson House Preservation

Purpose: In support of Board of Supervisors Policy- Prosperity Initiative priorities 1-3, this is an Intergovernmental Agreement to effectuate the award of \$1,000,000.00 between Pima County and The City of Tucson for the Tucson House project. The project consists of preserving a total of 358 rental units consisting of 60 studio units, 276 one-bedroom units, and 22 two-bedroom units within the Tucson House. The Project is located at 1501 N. Oracle Road, Tucson, AZ 85705.

Procurement Method: Misc. Contracts: This Contract is a non Procurement contract and not subject to Procurement rules.

Procurement Method Additional Info: CWD-RFP-AHF-RFP-02-2023

Program Goals/Predicted Outcomes: The Tucson House will be converted into a 55 and older community. This aging population has grown by over 33% during the last decade in this community, and desperately needs safe and quality housing for seniors to age in place. Due to its age, lack of amenity space, and market demand, many of the existing studio units are being combined to create additional 1-bedroom apartments to better serve the residents. Once rehabilitated, the tower will be comprised of 358 units with studio (60), 1-bedroom (276) and 2-bedroom (22) units plus a large amount of indoor and outdoor space for services for the residents. In addition to the newly renovated units the updated flooring, cabinets, plumbing fixtures, countertops, and appliances, there will be added space that will enable HCD to expand the existing resident services and programs to better serve the residents and community.

TO: COB, 11/4/25 (1)
VERSION: 0
PAGES: 26

NOV04'25AM1122PO

Public Benefit and Impact:	The preservation and rehabilitation of the Tucson House will make a significant impact on the lives of many senior residents in Tucson and Pima County who are on fixed incomes, have physical limitations and are at high risk of being socially isolated. Once renovated, the Tucson House will reach its true potential of providing safe and modern affordable housing with integrated supportive services to serve the seniors in this community.
Budget Pillar	• Improve the quality of life
Support of Prosperity Initiative:	• 1. Increase Housing Mobility and Opportunity
Provide information that explains how this activity supports the selected Prosperity Initiatives	Increase the supply of housing by prioritizing practices and investments that focus on families with children and result in diverse housing types and prices in neighborhoods, ensuring affordable housing options are available throughout Pima County, especially in low poverty areas.
Metrics Available to Measure Performance:	Rehabilitation of 358 units of low-income housing.
Retroactive:	NO

Contract / Award Information

Record Number: PO CWD PO2500028550

Document Type:	PO
Department Code:	CWD
Contract Number:	PO2500028550
Commencement Date:	11/18/2025
Termination Date:	07/31/2029

Total Expense Amount:

\$1,000,000.00

Total Revenue Amount:

\$0.00

Funding Source Name(s) Required: General Fund

Funding from General Fund?

YES

If Yes Provide Total General Funds:

\$100,000.00

Percent General Funds 100

Contract is fully or partially funded with Federal Funds?

NO

Were insurance or indemnity clauses modified?

YES

Vendor is using a Social Security Number?

NO

Department: Community and Workforce Development

Name: Sofia Blue

Telephone: 520-724-7312

Add Procurement Department Signatures

No

Add GMI Department Signatures

No

Department Director Signature:  Date: 10/31/25

Deputy County Administrator Signature:  Date: 11/3/2025

County Administrator Signature:  Date: 11/3/2025

**Intergovernmental Agreement
between
Pima County and The City of Tucson
for
Affordable Housing Gap Funding Tucson House Preservation**

This Intergovernmental Agreement (“IGA”) is entered into by and between Pima County, a body politic and corporate of the State of Arizona (“**County**”) and the City of Tucson, (“**City**”) pursuant to A.R.S. § 11-952.

1. Background.

- 1.1. County and City may contract for services and enter into agreements with one another for joint or cooperative action pursuant to A.R.S. § 11-951, et seq.
- 1.2. As part of Pima County's (“County”) fiscal year (“FY”) 2023-24 budget, the Pima County Board of Supervisors (“Board”) allocated \$5 million toward increasing affordable housing in Pima County. The Board appointed a Pima County Regional Affordable Housing Commission (“Commission”) to study and make recommendations on how to expend that funding. Among the Commission's recommendations was using the remaining balance from FY 2022-23 and FY 2023-24 allocation, totaling \$6.875 million to provide “gap funding” for development or preservation of affordable housing.
- 1.3. County staff, with Commission comment and approval, developed and issued a Request for Proposals (“RFP”), CWD-RFP-AHF-RFP-02-2023, to solicit proposals for projects to seek gap funding. Twenty-one proposals were received, seeking a total of \$15,645,977.22 in funding. The proposals were scored by a panel with expertise in diverse areas, including housing, development, community development, and finance based on criteria set forth in the RFP. The panel also included Commission representation from a non-conflicted commissioner. The panel recommended funding ten projects: (1) West Point Apartments, La Frontera Partners, \$1 million; (2) Belvedere Terrace, LP, Newport SW LLC., \$1 million; (3) Desert Dove Apartments, GHK Properties, LLC., \$1 million; (4) The Safford, Marana Leased Housing Associates, I LLLP, Dominium, \$1 million; (5) Tucson House, City of Tucson, \$1 million; (6) Emery Park Place, Family Housing Resources, \$750,000.00; (7) El Camino Affordable Housing, Casa Maria, Compass Affordable Housing, \$375,000.00; (8) Barrio Anita Casitas, Pima County Community Land Trust, \$234,316.00; (9) Rio Azul Apartments, Southwest Nonprofit Housing Corporation, \$1 million; and (10) Mars Landing, Habitat for Humanity Tucson, \$1 million.
- 1.4. The Commission unanimously endorsed the panel's recommendations. On March 5, 2024, the Board approved the Commission's recommendations, awarding funding to the ten recommended projects in the amounts requested.
- 1.5. The County and City are authorized by A.R.S. § 36-1401 *et seq.* to design, construct, operate and maintain housing projects to provide decent, safe, and sanitary urban dwellings, apartments or other living accommodations, along with associated amenities, for persons of low-income.

- 1.6. The County is authorized by A.R.S. § 36-1403 *et seq.* to expend County funds to finance, in whole or in part, the cost to reconstruct, improve, alter extend or repair any public housing project or projects, including the Project (defined below).
 - 1.7. The City shall coordinate the design and construction, in addition to, the operation and maintenance of the Project.
 - 1.8. The “Project” consists of preserving a total of 358 rental units consisting of 60 studio units, 276 one-bedroom units, and 22 two-bedroom units within the Tucson House. The Project is situated on a portion of a parcel at 1501 N. Oracle Road, Tucson, AZ 85705 and further identified by Pima County Assessor Tax Parcel Number 115-180-220 (“Project Property”). Plans for renovation and preservation of the Project is underway. City will ensure that Owner (defined below) has obtained, or will obtain, all necessary plan approvals and construction permits from the City of Tucson and any other necessary approving entity as and when the same are needed to complete the Project. A description of the Project is attached as **Exhibit A**, and a map depicting the Project is attached as **Exhibit B**.
 - 1.9. Construction of the Project is currently scheduled to commence on or before January, 2026, subject to acquisition of all necessary permits, easements, and environmental clearances and is currently estimated to be completed approximately 30 months after the start of construction.
 - 1.10. The City will enter into a ground lease for the Project Property which Thrive Tucson House, LLC, an Arizona limited liability company (“Owner”) will undertake the development of the Project.
1. **Purpose.** This Gap Funding IGA Agreement (“Agreement”) is among the County, and the City of Tucson, to effectuate the award of \$1,000,000.00 in gap funding (“Gap Funding”) toward the preservation and renovation of the Project.
 2. **Scope**
 - 2.1. **City Responsibilities.** The City will:
 - 2.1.1. Assure that the Project design standards and features comply with all applicable codes and industry standards.
 - 2.1.2. Together with Owner, assemble all public and private funding and financing necessary and utilize County Gap Funds (defined below) to complete the Project according to the project description included at **Exhibit A** and in accordance with all local codes and ordinances.
 - 2.1.3. Conduct and manage any public participation processes for the Project. The City shall coordinate all publicity or public participation activities and shall coordinate all public meetings on the Project.
 2. El Pueblo Housing Development (“EPHD”), an affiliate of the City, which one or more of its affiliates will be a member of Owner and as such, will be involved in the ongoing operation & maintenance of the Tucson House.

3. Record a fully executed County Affordable Housing Restrictive Covenant (County Covenant) against the Project Property in substantially the form attached as **Exhibit C** as part of the closing of financing for the Project.
- 2.1.4. Maintain affordability of all units for a minimum of 30 years as required by the County Covenant.
- 2.2. **County Responsibilities.** County will:
 - 2.2.1. Provide County Gap Funds in accordance with the terms of this IGA.
 - 2.2.2. Provide the final form of the County Covenant.
3. **Payment**
 - 3.1. **Gap Funding Total.** County will pay the City an amount not to exceed \$1,000,000.00 ("County Gap Funds"). County and City acknowledge that the City will use the County Gap Funds to make a loan to Owner and that Owner will be incurring all of the expenses related to the Project. All of the documentation required in this Section 4 will confirm that Owner has incurred the requisite expenses and had completed the construction for which funds are requested.
 - 3.2. **Timing of Invoices.** Unless otherwise agreed, the City will submit invoices on the template provided by County for the period the City is requesting reimbursement of completed work on the Tucson House project. .
 - 3.3. **Content of Invoices.** All invoices will be accompanied by a narrative description of the work performed during the period covered by the invoice, time accounting information and an allocation of all direct costs, including reimbursable costs to County. City charges must be supported by appropriate documentation with each separate invoice submitted. City will provide a project narrative as it applies to the project timeline with each invoice.
 - 3.4. **Invoice Adjustments.** The City applied for Gap funding for direct construction costs. County will adjust invoices at a reimbursement rate of not less than 90% until the project meets half of their construction timeline. After the halfway milestone is reached, the County will adjust its reimbursement rate to 95%.
 - 3.5. **County Review.** County will review the invoice and, within 10 days, either approve it or reject it. If approved, County will pay the City the amount requested within 10 days of the date of the invoice. If rejected, County will provide City with a written response including the reasons for the rejection, and the Parties may submit a new invoice to correct any deficiencies.
 - 3.6. **After Project completion,** the City will submit a final invoice for the remaining Gap Funding. City must include with the final invoice documentation demonstrating full Project completion, including a project completion report, final Certificates of Occupancy issued by the City of Tucson, final payment lien waivers from the general contractor and all subcontractors. County will review the invoice and, within 10 days, either approve it or reject it. If approved, County will pay the City the amount requested within 10 days of the date of the invoice. If rejected, County will provide City with a written response including the reasons for the rejection, and City may submit a new invoice to correct any deficiencies.

4. **Term.** This IGA will be effective on the date it is fully executed by both parties and will continue for a period of 40 months unless it is, prior to the expiration of such period, extended or terminated by agreement of the parties.
4. **Indemnification.** The City will indemnify, defend and hold harmless Pima County, its officers, departments, employees and agents from and against any and all suits, actions, legal or administrative proceedings, claims, demands, or damages of any kind or nature which result from any act or omission of the City, its agents, employees or anyone acting under its direction, control or on its behalf except to the extent caused by County's own negligence. County shall give City immediate written notice of any action or suit filed or any claim made against the County that may result in litigation in any way related to this Agreement.
5. **Insurance.** Each party warrants that it is self-insured or otherwise maintains and will maintain adequate insurance to fully cover its liability under this IGA. County will include the Tucson House in its inventory of property covered by its self-insurance trust.
6. **Compliance with Laws.** The parties will comply with all federal, state and local laws, rules, regulations, standards and Executive Orders. **Non-Discrimination.** The parties will comply with all provisions and requirements of Arizona Executive Order 2009-09, which is hereby incorporated into this IGA, including flow-down of all provisions and requirements to any subcontractors. During the term of this IGA, the parties will not discriminate against any employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin.
7. **ADA.** The parties will comply with all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36.
8. **Conflict of Interest.** This IGA is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511, the pertinent provisions of which are incorporated herein by reference.
9. **Non-Appropriation.** Notwithstanding any other provision in this IGA, this IGA may be terminated if for any reason the Pima County Board of Supervisors or the City of Tucson] does not appropriate sufficient monies for the purpose of maintaining this IGA. In the event of such cancellation, the parties will have no further obligations under this IGA other than for payment for services rendered prior to cancellation.
10. **Worker's Compensation.** Each party will comply with the notice of A.R.S. § 23-1022 (E). For purposes of A.R.S. § 23-1022, irrespective of the operations protocol in place, each party is solely responsible for the payment of Worker's Compensation benefits for its employees.
11. **No Joint Venture.** It is not intended by this IGA to, and nothing contained in this IGA will be construed to, create any partnership, joint venture or employment relationship between the parties or create any employer-employee relationship between a party and the employees of the other party. Neither party will be liable for any debts, accounts, obligations or other

liabilities whatsoever of the other, including (without limitation) the other party's obligation to withhold Social Security and income taxes for itself or any of its employees.

12. **No Third-Party Beneficiaries.** Nothing in this IGA is intended to create duties or obligations to or rights in third parties not parties to this IGA or affect the legal liability of either party to the IGA by imposing any standard of care with respect to the maintenance of public facilities different from the standard of care imposed by law.
13. **Notice.** Any notice required or permitted to be given under this IGA must be in writing and served by email with confirmation of receipt and/or by certified mail upon the other party as follows (or at such other address as may be identified by a party in writing to the other party):

County:

Attn: Director
cwd_affordable_housing@pima.gov
Community & Workforce
Development Department
2797 E. Ajo Way, 3rd Fl
Tucson, AZ 85713

City:

Attn: Deputy Director
Johanna.Hernandez@tucsonaz.gov
Housing & Community Development
Department
310 N. Commerce Park Loop
Tucson, AZ 85745

14. **Amendment.** This IGA may only be modified, amended, altered or changed by written agreement signed by the parties.
15. **Severability.** If any provision of this IGA, or any application of a provision to the parties or any person or circumstance, is found by a court to be invalid, that invalidity will not affect other provisions or applications of this IGA that can be given effect without the invalid provision or application.
16. **Legal Authority.** Neither party warrants to the other its legal authority to enter into this IGA. If a court, at the request of a third person, should declare that either party lacks authority to enter into this IGA, or any part of it, then the IGA, or parts of it affected by such order, will be null and void, and no recovery may be had by either party against the other for lack of performance or otherwise.
17. **Entire Agreement.** This document, and any exhibits attached to it, constitutes the entire agreement between the parties pertaining to the subject matter addressed, and all prior or contemporaneous agreements and understandings, oral or written, are superseded and merged into this IGA. This IGA may not be modified, amended, altered or extended except through a written amendment signed by the parties.
18. **Dispute Resolution.** The Parties shall informally resolve any dispute concerning any Party's performance or decisions under this Agreement, or regarding its terms, conditions or meaning of the Agreement. A neutral third party may be used if the parties agree. In the event of an impasse in the resolution of any dispute, the issue shall be submitted to the City Attorney's office and County Attorney's office for a recommendation or resolution. The laws and regulations of the State of Arizona will govern the rights of the parties, the performance of this IGA and any disputes. If recommended, any action relating to this IGA will be brought in a court in Pima County.

19. **Survival of Obligations.** The obligations of the parties under Sections 6, 7, and 19 shall survive the termination of this Agreement.
20. **Effective Date.** This IGA will become effective when all parties have signed it. The effective date of the IGA will be the date this IGA is signed by the last party (as indicated by the date associated with that party's signature).

THIS AGREEMENT MAY BE SIGNED IN COUNTERPARTS.

IN WITNESS WHEREOF, the parties agree to affix their signatures to execute this Agreement on the dates written below.

PIMA COUNTY

City of Tucson

Chair
Board of Supervisors

Mayor

Date

Date

ATTEST

ATTEST

Clerk of the Board

City Clerk

REVIEWED AND APPROVED BY:

REVIEWED AND APPROVED BY:

 _____
Director, Date
Community & Workforce Development
Department

10/31/23

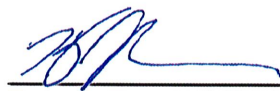
Director Date
Housing & Community Development
Department

Intergovernmental Agreement Determination

The foregoing Intergovernmental Agreement between Pima County and the City of Tucson has been reviewed by the undersigned, each of whom has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the party he or she represents.

PIMA COUNTY:

CITY OF TUCSON

 _____
Deputy County Attorney and not personally

City Attorney and not personally

EXHIBIT A – Project Description (1 page)

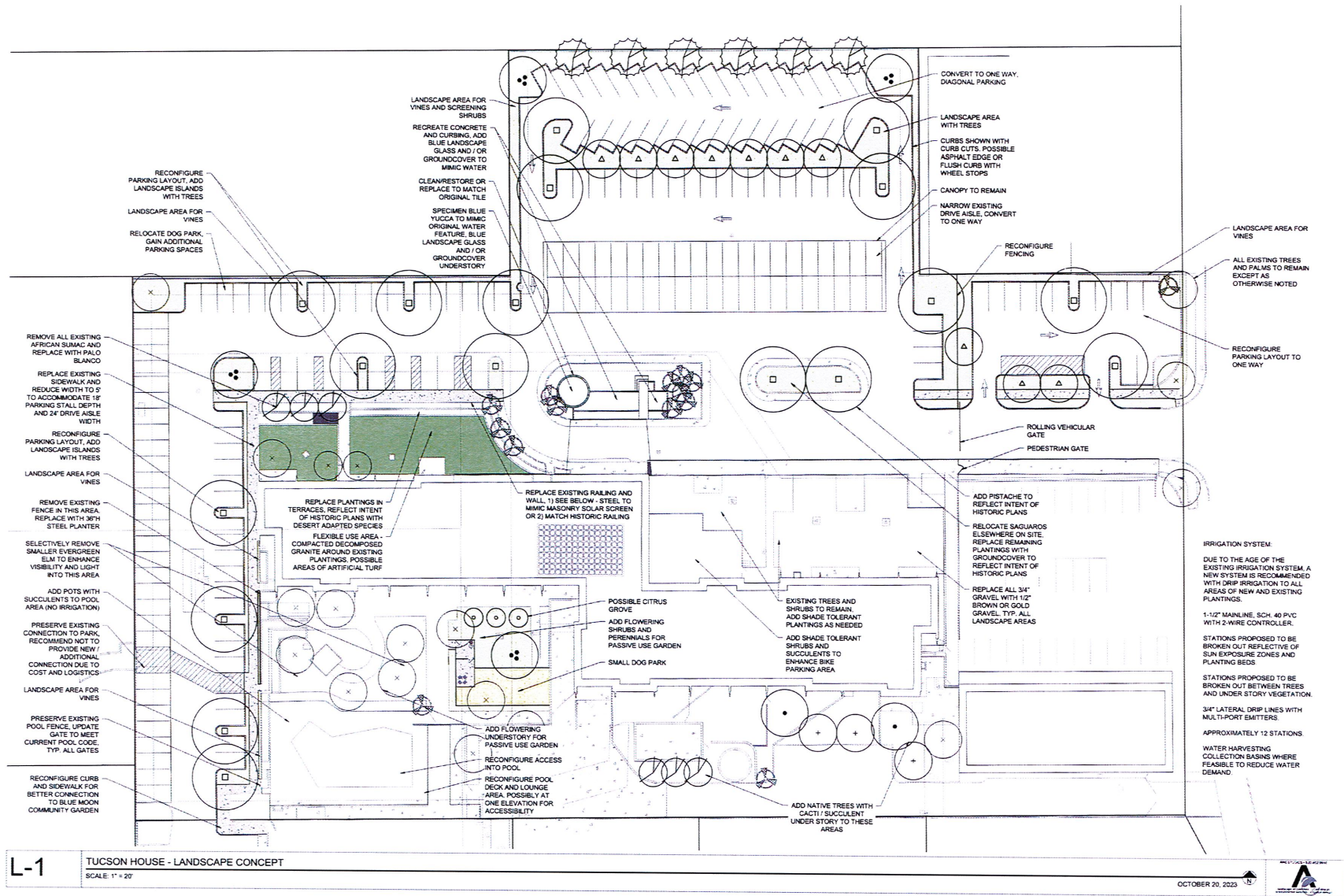
The Tucson House Apartments is a 17-story tower comprised of 408 dwelling units that contains 27% of the City of Tucson's public housing stock. Rehabilitation has been selected over demolition because this structure has and continues to be an integral part of the community and represents its long history. The Tucson House was listed as a "contributing" structure to the Miracle Mile National Historic District in the National Register of Historic Places in 2017. While it is acknowledged that the cost of rehabilitation is relatively high, demolition/new construction is not a feasible or desirable option given the historic status of the building and Federal Section 106 regulations. Also, a portion of the rehabilitation cost of this historic structure is mitigated by the federal Historic Tax Credit built into the overall construction budget.

The tower was built in 1963 as a luxury apartment complex. At the time, it was considered the pinnacle of commercial investment along the Miracle Mile and was featured in Time Magazine and TV Guide. For years, it was the tallest building in Tucson and continues to be a prominent focus of the skyline just north of downtown Tucson. In the mid 1970's, the occupancy at Tucson House declined as the area deteriorated and the federally insured mortgage was foreclosed. In October 1976, the property was auctioned to HUD, which provided a grant to the City of Tucson to purchase it. In August 1986, the property was converted to public housing. Tucson House is now almost 60 years old, and rehabilitation is essential given the age and severe obsolescence of the units, lack of usable community space, and the building's need for full replacement to the mechanical, plumbing, elevators, and electrical systems.

The Tucson House will be converted into a 55 and older community. This aging population has grown by over 33% during the last decade in this community, and desperately needs safe and quality housing for seniors to age in place. Due to its age, lack of amenity space, and market demand, many of the existing studio units are being combined to create additional 1-bedroom apartments to better serve the residents. Once rehabilitated, the tower will be comprised of 358 units with studio (60), 1-bedroom (276) and 2-bedroom (22) units plus a large amount of indoor and outdoor space for services for the residents. In addition to the newly renovated units the updated flooring, cabinets, plumbing fixtures, countertops, and appliances, there will be added space that will enable HCD to expand the existing resident services and programs to better serve the residents and community.

The preservation and rehabilitation of the Tucson House will make a significant impact on the lives of many senior residents in Tucson and Pima County who are on fixed incomes, have physical limitations and are at high risk of being socially isolated. Once renovated, the Tucson House will reach its true potential of providing safe and modern affordable housing with integrated supportive services to serve the seniors in this community.

EXHIBIT B – Depiction of Project (4 pages)



54222822

City of Tucson - Tucson House IGA – PO2500028550

-THIS BATHROOM TYPE OCCURS ONLY AT UNIT 26 ONLY.
-THIS KITCHEN TYPE OCCURS ONLY AT UNIT 26 ONLY.



3) ENLARGED
SCALE: 1/4" = 1'-0"

-THIS BATHROOM TYPE OCCURS ONLY AT UNIT 13 AND 23 ONLY.
-KITCHEN IS TYPICAL OF UNITS 12, 13, AND 23 (LAUNDRY ALTERNATE



2 LAUNDRY



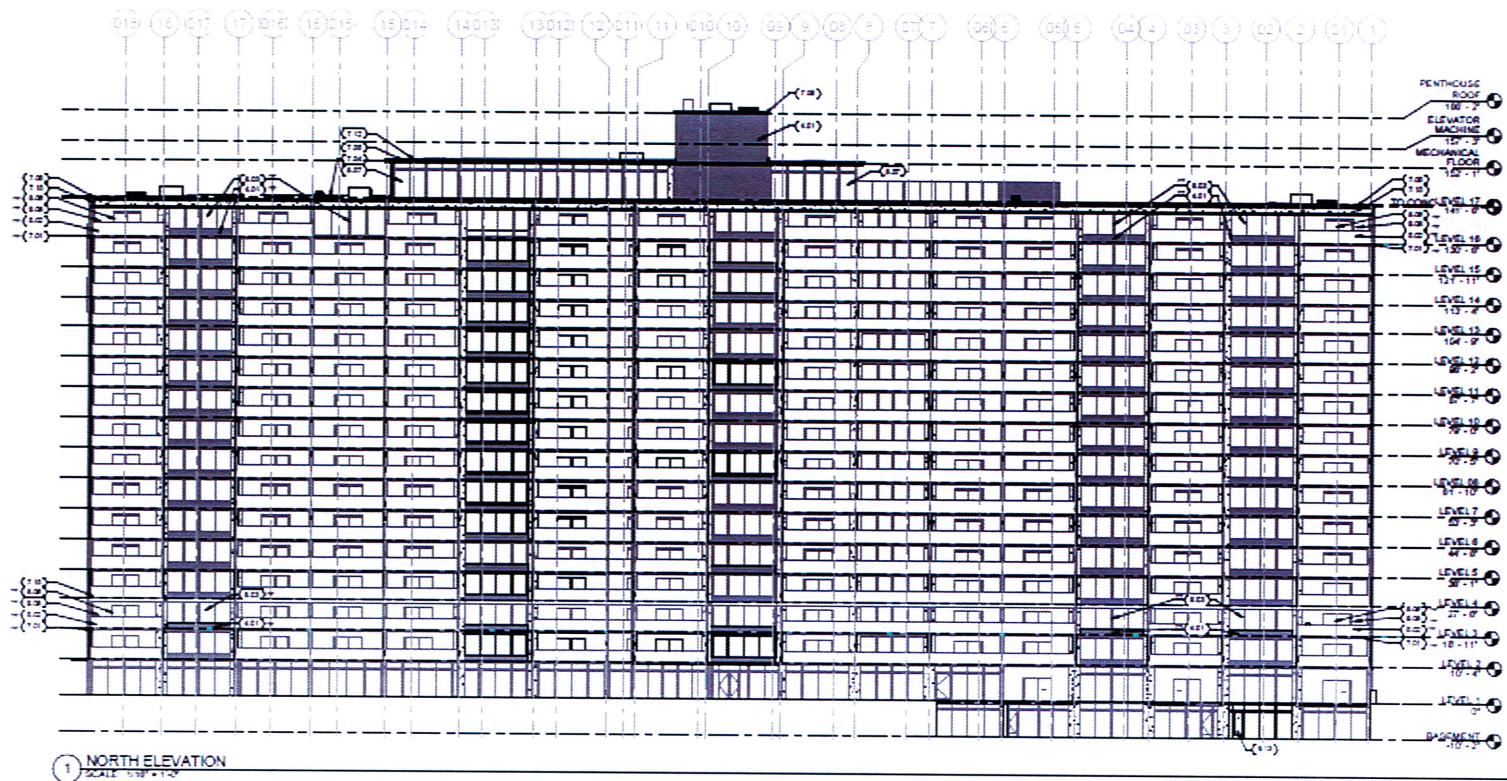
1) ENLARGED
SCALE: 1" = 1'

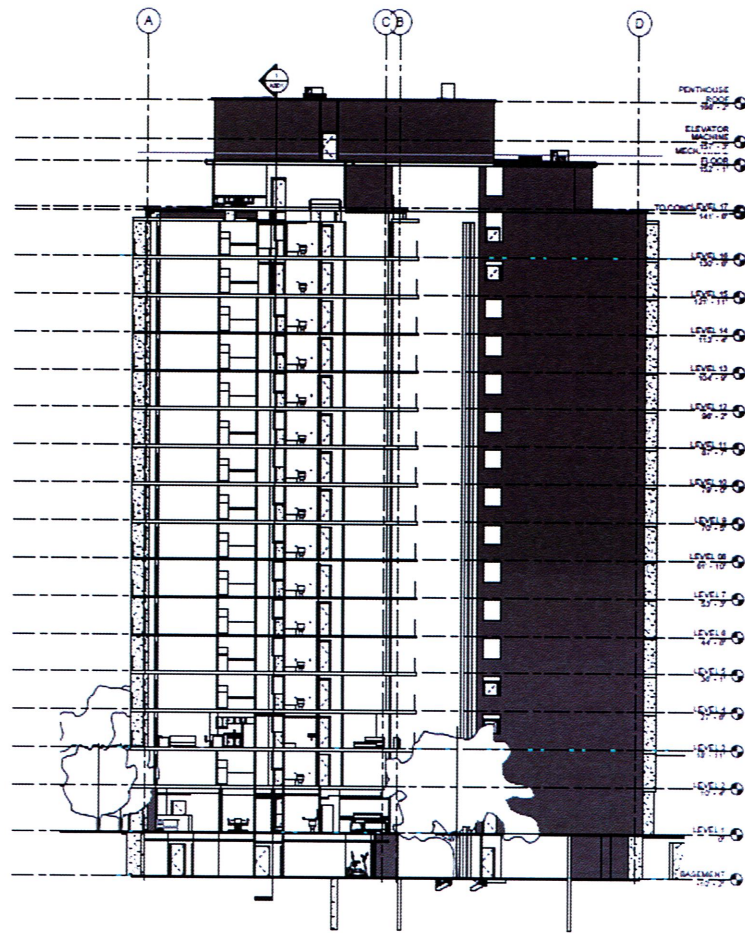


(2A) $\frac{510}{250}$

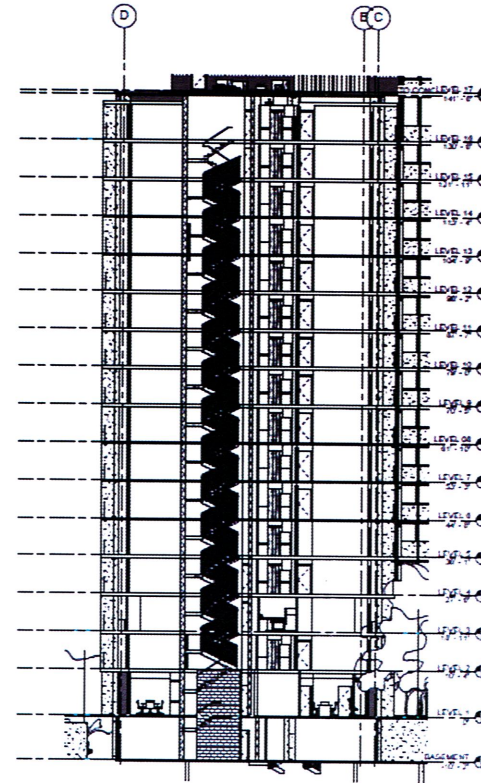


(1A) $\frac{311}{100}$





1 Section 9
SCALE: 3/32" = 1'-0"



2 Section 10
SCALE: 3/32" = 1'-0"

Exhibit C – Form of Affordability Restrictive Covenant

When Recorded, Please Return To:

Director, Pima County Community & Workforce Development
2797 E. Ajo Way
Tucson, AZ 85713-6223

AFFORDABLE HOUSING RESTRICTIVE COVENANT

1. Background and Purpose.

1.1. Pima County ("County"), City of Tucson Housing and Community Development, an Arizona local government ("City"), have entered into an Affordable Housing Gap Funding Agreement ("Agreement"), Pima County Contract No. PO2500028550. Under that Agreement, County provided \$1,000,000.00 to the City in funding ("Gap Funding") to allow City to make a loan to Thrive Tucson House, LLC, an Arizona limited liability company ("Owner") to complete an affordable-housing renovation project, Tucson House ("Project"), subject to, among others, the requirement that the Project remain affordable for a period of 30 years ("County Affordability Period") as provided in this Affordable Housing Restrictive Covenant ("Covenant"). The Project is also subject to affordability restrictions tied to other funding sources, including a Low Income Housing Tax Credit ("LIHTC") Affordability Period, the commencement date of which may vary from unit to unit but began on or about December 31, 2026 and is in effect for 30 years thereafter unless earlier terminated in accordance with the LIHTC "qualified contract" process described in Internal Revenue Code § 42(h)(f)(6) ("LIHTC Affordability Period").

1.2. The Project consists of 358 studio, one- and two-bedroom rental units, and is located on one parcel of land, legally described in attached **Exhibit C-1** and further identified by Pima County Assessor Tax Parcel Number 115-180-220

(“Project Property”). Owner owns a leasehold interest in the Project Property pursuant to a Ground Lease between Owner and City (the “Ground Lease”).

1.3. In order to effectuate the Affordability Restrictions, County, Owner (to the extent of its interest in the Project Property) desire to enter into this Covenant to be recorded against the Project Property to ensure that any subsequent sale of the Owner’s interest in the Project Property would be subject to the County Affordability Period.

2. Use Restrictions. The Project Property will be subject to the following covenants and restrictions (collectively the “Affordability Restrictions”) regulating and restricting the use and transfer of the Project Property, commencing on the date hereof. These restrictions shall be covenants running with the land and will bind Owner, and their respective successors and assigns as set forth in this Covenant.

2.1. **Residential Use.** Owner will cause all occupants to use the Property only for residential purposes and any incidental activities related to residential use that are currently permitted by applicable state and local zoning laws and the LIHTC program.

3. Term and termination. This Covenant takes effect upon its execution by the last Party to sign it (“the Effective Date”) and, unless earlier terminated by written consent of all Parties or through foreclosure, deed in lieu of foreclosure, or exercise of the power of sale under the senior Deed of Trust identified on **Exhibit C-2** or which is otherwise senior to this Covenant, terminates 30 years after the Effective Date.

4. Affordability Restrictions.

4.1. While the LIHTC Affordability Period is in effect, all 358 rental units comprising the Project must be leased in accordance with applicable United States Housing and Urban Development (HUD) and LIHTC Income and Rent Limits, which are published annually by the Arizona Department of Housing (for demonstrative purposes, a copy of the LIHTC Income and Rent Limits applicable at the time of the execution of this Covenant is attached as **Exhibit C-3**).

- 4.2. After the LIHTC Affordability Period expires, but before expiration of the County Affordability Period, all 358 rental units comprising the Project must be leased to tenants whose household income does not exceed 80% of the area median income (“AMI”) for Pima County, as determined and promulgated by the Department of Housing and Urban Development, as applicable at the time the unit is rented. During this period, the total monthly rent for any one unit may not at any time exceed the allowable HUD rent limits for any HUD assisted units and for the remaining units, the rent limits as established by the Arizona Department of Housing as published for the applicable year for 80% AMI tenants (“80% AMI Rent”), which includes the required utilities pursuant to the government program (for demonstrative purposes, a copy of the 80% AMI Rent applicable at the time of the execution of this Covenant is attached as **Exhibit C-4.**)
- 4.3. **Physical Condition Standards.** During the Affordability Period, the Owner must maintain the Project suitable for occupancy; and, in decent, safe, and sanitary condition and good repair in accordance with the applicable local, state, and federal health, safety, and building codes and regulations.
5. **Eligibility Verification.** Owner must ensure that, for the duration of the County Affordability Period, the household income for each household occupying a unit in the Project is verified to be within the applicable limits described in Section 4, based on the tenant’s current household income. Eligibility verification requires some form of income documentation (e.g., pay stubs, direct deposit images, third-party government verification of income within applicable limits), which must be retained for the duration of that household’s tenancy and for at least one year after termination of that tenancy.
6. **Monitoring and Enforcement.**
- 6.1. In order to ensure compliance with and enforce this Covenant, County may:
- 6.1.1. At any reasonable time and in a reasonable manner enter and inspect the Project Property and to inspect any facility, document book, and record of the Owner relating to the Project.

- 6.1.2. With at least 30 days' prior written notice, take any reasonable action to cure any violations of the provisions of this Covenant.
- 6.2. Owner covenants and agrees to inform County by written notice of any breach of the Owner's obligations hereunder within twenty (20) calendar days of first discovering any such breach. Violations must be cured within the deadlines described in paragraph 6.4, below.
- 6.3. If County believes Owner has violated any provision of this Covenant, County will serve Owner with written notice of the alleged default. The notice must specify both the violation alleged and the actions County believes are necessary and feasible to remedy the violation.
- 6.4. If Owner fails to cure the violation after more than 30 days after written notice of the violation from County (or for a longer period as may be reasonably required under the circumstances to cure the violation, provided that the Owner has commenced the cure within the initial 30-day period and is thereafter diligently pursuing the cure to completion), County, at its option (without liability to any party for failure to do so), may, in addition to any other remedies available at law:
- 6.4.1. Apply to an Arizona court of competent jurisdiction for specific performance of this Covenant or an injunction to remedy the violation, or for such other relief as may be appropriate.
- 6.4.2. Seek damages against Owner in an amount that represents that portion of the Gap Funding that is the extent to which the duration of the violation compares to the County Affordability Period and the scope of the violation compares to the overall Project. As an illustration of how this measure of damages should be applied, if the violation lasted for one year after expiration of the cure period and involved 100 of the 358 total units, the damages formula would be $\$1,000,000.00 * (1/30) * (100/358) = \$92,178.77$.

6.5. In any action brought under this Covenant, the prevailing Party is entitled to recover its reasonable costs and fees incurred in the action, including its reasonable attorney fees.

6.6. Owner and County each acknowledge that the primary purpose for requiring compliance by the Owner with the restrictions provided in this Covenant are to assure compliance of the Project and the Owner with the program requirements, AND BY REASON THEREOF, THE OWNER IN CONSIDERATION FOR RECEIVING GAP FUNDS FOR THIS PROJECT HEREBY AGREES AND CONSENTS THAT COUNTY AND THE LOW-INCOME TENANT(S) (WHETHER PROSPECTIVE, PRESENT OR FORMER OCCUPANTS OF THE PROJECT) (OR EITHER OR ALL OF THEM) WILL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE OWNER OF ITS OBLIGATIONS UNDER THIS COVENANT IN ANY ARIZONA STATE COURT OF COMPETENT JURISDICTION. Owner hereby further specifically acknowledging that the beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder.

7. Representations, Covenants and Warranties of Owner. Owner hereby warrants and covenants that the warranties, covenants, and declaration of obligations and duties set forth herein may be relied upon by County and all persons interested in Project compliance under the Agreement requirements. In performing its duties and obligations hereunder, County may rely upon statements and certificates of the Owner pertaining to occupancy of the Project. The Owner further represents, covenants and warrants to County that:

7.1. The Owner:

- 7.1.1. has the power and requisite authority to own its properties and assets as owned, where owned, and to carry on its business as now being conducted (and as now contemplated) by this Covenant and the Agreement;
- 7.1.2. has the full legal right, power, and authority to execute and deliver this Covenant and the Agreement and to perform all undertakings of the Owner hereunder; and
- 7.2. The execution and performance of this Covenant and the Agreement by the Owner:
 - 7.2.1. will not violate or, if applicable, have not violated any provision of law, rule or regulation, or any order of any court or other governmental agency;
 - 7.2.2. will not violate or, if applicable, have not violated any provision of any indenture, declaration, mortgage, mortgage note or other instrument to which the Owner is a party or by which it or the Project is bound; and
 - 7.2.3. will not result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature.
- 7.3. Except for those items listed on attached **Exhibit C-2**, the Owner will, at the time of execution and delivery of this Covenant, have good and marketable leasehold title to the real property and improvements constituting the Project free and clear of any lien or encumbrance.
- 7.4. There is presently no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Owner, threatened against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair the Owner's right to carry on business substantially as now conducted (and as now contemplated) by this Covenant and the Agreement or which would materially, adversely affect

its financial condition. Neither the Owner, its principals, shareholders, managers, members or general partners, as the case may be, have any judgment entered against them which would, when recorded, constitute a lien against or otherwise impair the security of the Project.

7.5. No actions will be taken by the Owner which will in any way adversely affect the use of the Project.

8. Preservation of Records. Owner must maintain records related to compliance with Pima County's affordability restrictions for the duration of each household's tenancy and for at least one year following the termination of any household's tenancy.

9. Recordation of Documents. Owner is authorized to record and file any notices or instruments appropriate to assuring the enforceability of the Affordability Restrictions. Owner will execute any such instruments upon request. The benefits of the Affordability Restrictions may be assignable by County to any successor institution performing substantially similar functions. The Parties intend that the restrictions arising hereunder take effect upon the date hereof, and to the extent enforceability by any person ever depends upon the approval of governmental officials, such approval when given shall relate back to the date hereof regardless of the date of actual approval or the date of filing or recording of any instrument evidencing such approval.

10. Nondiscrimination. Owner may not discriminate in the lease, use, or occupancy of any of the rental units on the basis of any of the following: race, color, ethnicity, religion, sex, age, disability, marital or familial status, sexual or gender identity, or lawful source of income.

11. Covenant Runs with the Land. Upon execution Owner will cause this Covenant and all amendments and attachments hereto to be recorded and filed in the official records of the Pima County Recorder's Office in the count in which the Project is located, and pay all fees and charges incurred in conjunction with said recording. The restrictions and other provisions in this Covenant burden and run with the Owner's interest in the

Project Property, bind any of Owner's successors or assigns, and inure to the benefit of County and any of its assigns.

12. Severability. The provisions of this Covenant are severable. If any provision of this Covenant, or any application of any of its provisions, to the Parties or any person or circumstances, is held invalid, that invalidity will not affect other provisions or applications of this Covenant that can be given effect without regard to the invalidity.

13. Restraint on Alienation. If the Affordability Restrictions are deemed unenforceable by virtue of its scope in terms of purpose or eligibility of tenants, but would be enforceable by reducing or increasing, as applicable, any part or all thereof, the same will be enforced to the fullest extent permissible under the laws and public policies applied in the State of Arizona.

14. No Waiver. No waiver by County of any breach of this Covenant, or any other act or omission by County, may be deemed a waiver of any other or subsequent breach.

15. Governing Law. This Covenant is governed by and must be interpreted in accordance with Arizona law.

16. Conflict of Interest. This Covenant is subject to the provisions of Arizona Revised Statutes § 38-511.

17. Entire Agreement; Amendment. This document constitutes the entire agreement among the Parties pertaining to its subject matter. This Covenant may be modified, amended, altered, or extended only by a written agreement signed by all Parties.

18. Subordination. This Covenant is intended to be subordinate to the LIHTC and any an all mortgage liens on the Owner's interest in the Project Property. In the event the Owner seeks to refinance any mortgage loans, the County agrees to approve a re-subordination to the new loans which approval will not be unreasonably withheld.

PIMA COUNTY

Rex Scott
Chair, Board of Supervisors

Date

ATTEST

Clerk of the Board

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me the _____ day of _____, 20____ by _____.

Notary Public

My Commission Expires: _____

OWNER:

Authorized Officer Signature

Print Name and Title

Date _____

STATE OF ARIZONA)

) ss.

COUNTY OF PIMA)

The foregoing instrument was acknowledged before me the _____ day of _____, 20__ by _____,

Notary Public

My Commission Expires: _____

Exhibit C-1

Legal Description –

Exhibit C-2 Permitted Encumbrances

Not Applicable

Exhibit C-3 Arizona Low Income Housing Tax Credit – Imputed Incomes/Allowable Rents



ARIZONA LOW INCOME HOUSING TAX CREDIT PROGRAM - IMPUTED INCOMES/ALLOWABLE RENTS
FOR RENTS BASED ON UNIT SIZE (Number of bedrooms: Post 1989 Projects)
(Figures derived from HUD Median Income Charts effective April 01, 2025)

MSA/County	%	(1 Person)	(2 Persons)	(3 Persons)	(4 Persons)	(5 Persons)	(6 Persons)	(7 Persons)	(8 Persons)	Rent	Rent	Rent	Rent	Rent	Rent
										0 Bdrm	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	5 Bdrm
Phoenix (Maricopa/Pinal)	60	\$47,160	\$53,820	\$60,600	\$67,320	\$72,720	\$78,120	\$83,520	\$88,920	\$1,179	\$1,262	\$1,515	\$1,750	\$1,953	\$2,155
	50	\$39,300	\$44,850	\$50,500	\$56,100	\$60,600	\$65,100	\$69,600	\$74,100	\$982	\$1,051	\$1,262	\$1,458	\$1,627	\$1,796
	40	\$31,440	\$35,880	\$40,400	\$44,880	\$48,480	\$52,080	\$55,680	\$59,280	\$786	\$841	\$1,010	\$1,167	\$1,302	\$1,437
	30	\$23,580	\$26,910	\$30,300	\$33,660	\$36,360	\$39,060	\$41,760	\$44,460	\$589	\$631	\$757	\$875	\$976	\$1,077
	20	\$15,720	\$17,940	\$20,200	\$22,440	\$24,240	\$26,040	\$27,840	\$29,640	\$393	\$420	\$505	\$583	\$651	\$718
HERA FY2025, the HERA Special limit is exceeded by the FY2025 Section 8 Income Limits and as a result, projects placed into service prior to December, 31, 2008 in Phoenix-Mesa-Scottsdale, AZ MSA do not require the calculation of a special income limit.															
Tucson (Pima)	60	\$40,380	\$46,140	\$51,900	\$57,660	\$62,280	\$66,900	\$71,520	\$76,140	\$1,009	\$1,081	\$1,297	\$1,499	\$1,672	\$1,845
	50	\$33,650	\$38,450	\$43,250	\$48,050	\$51,900	\$55,750	\$59,600	\$63,450	\$841	\$901	\$1,081	\$1,249	\$1,393	\$1,538
	40	\$26,920	\$30,760	\$34,600	\$38,440	\$41,520	\$44,600	\$47,680	\$50,760	\$673	\$721	\$865	\$999	\$1,115	\$1,230
	30	\$20,190	\$23,070	\$25,950	\$28,830	\$31,140	\$33,450	\$35,760	\$38,070	\$504	\$540	\$648	\$749	\$836	\$922
	20	\$13,460	\$15,380	\$17,300	\$19,220	\$20,760	\$22,300	\$23,840	\$25,380	\$336	\$360	\$432	\$499	\$557	\$615
Yuma (Yuma)	60	\$30,540	\$34,860	\$39,240	\$43,560	\$47,100	\$50,580	\$54,060	\$57,540	\$763	\$817	\$981	\$1,133	\$1,264	\$1,395
	50	\$25,450	\$29,050	\$32,700	\$36,300	\$39,250	\$42,150	\$45,050	\$47,950	\$636	\$681	\$817	\$944	\$1,053	\$1,162
	40	\$20,360	\$23,240	\$26,160	\$29,040	\$31,400	\$33,720	\$36,040	\$38,360	\$509	\$545	\$654	\$755	\$843	\$930
	30	\$15,270	\$17,430	\$19,620	\$21,780	\$23,550	\$25,290	\$27,030	\$28,770	\$381	\$408	\$490	\$566	\$632	\$697
	20	\$10,180	\$11,620	\$13,080	\$14,520	\$15,700	\$16,860	\$18,020	\$19,180	\$254	\$272	\$327	\$377	\$421	\$465
HERA Special	60	\$32,640	\$37,260	\$41,940	\$46,560	\$50,340	\$54,060	\$57,780	\$61,500	\$816	\$873	\$1,048	\$1,211	\$1,351	\$1,491
	50	\$27,200	\$31,050	\$34,950	\$38,800	\$41,950	\$45,050	\$48,150	\$51,250	\$680	\$728	\$873	\$1,009	\$1,126	\$1,242
	40	\$21,760	\$24,840	\$27,960	\$31,040	\$33,560	\$36,040	\$38,520	\$41,000	\$544	\$582	\$699	\$807	\$901	\$994
	30	\$16,320	\$18,630	\$20,970	\$23,280	\$25,170	\$27,030	\$28,890	\$30,750	\$408	\$436	\$524	\$605	\$675	\$745
	20	\$10,880	\$12,420	\$13,980	\$15,520	\$16,780	\$18,020	\$19,260	\$20,500	\$272	\$291	\$349	\$403	\$450	\$497
Apache	60	\$29,400	\$33,600	\$37,800	\$42,000	\$45,360	\$48,720	\$52,080	\$55,440	\$735	\$787	\$945	\$1,092	\$1,218	\$1,344
	50	\$24,500	\$28,000	\$31,500	\$35,000	\$37,800	\$40,600	\$43,400	\$46,200	\$612	\$656	\$787	\$910	\$1,015	\$1,120
	40	\$19,600	\$22,400	\$25,200	\$28,000	\$30,240	\$32,480	\$34,720	\$36,960	\$490	\$525	\$630	\$728	\$812	\$896
	30	\$14,700	\$16,800	\$18,900	\$21,000	\$22,680	\$24,360	\$26,040	\$27,720	\$367	\$393	\$472	\$546	\$609	\$672
	20	\$9,800	\$11,200	\$12,600	\$14,000	\$15,120	\$16,240	\$17,360	\$18,480	\$245	\$262	\$315	\$364	\$406	\$448

The rent limits listed above are what an owner can charge, not what an owner must charge to avoid non-compliance.
Notifications sent to residents, for any owner imposed rent increase, that are characterized as mandates under ADOH, IRS or HUD regulations are prohibited.

Exhibit C-4 – HUD 80% AMI Income and Rents Limits for 2025

FY 2025 MTSP Income Limits									
FY 2025 MTSP Income Limit Area	Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Tucson, AZ MSA	80 Percent Income Limits	\$53,840	\$61,520	\$69,200	\$76,880	\$83,040	\$89,200	\$95,360	\$101,520
	70 Percent Income Limits	\$47,110	\$53,830	\$60,550	\$67,270	\$72,660	\$78,050	\$83,440	\$88,830
	60 Percent Income Limits	\$40,380	\$46,140	\$51,900	\$57,660	\$62,280	\$66,900	\$71,520	\$76,140
	<u>50 Percent (Very Low) Income Limits</u>	\$33,650	\$38,450	\$43,250	\$48,050	\$51,900	\$55,750	\$59,600	\$63,450
	40 Percent Income Limits	\$26,920	\$30,760	\$34,600	\$38,440	\$41,520	\$44,600	\$47,680	\$50,760
	30 Percent Income Limits	\$20,190	\$23,070	\$25,950	\$28,830	\$31,140	\$33,450	\$35,760	\$38,070
	20 Percent Income Limits	\$13,460	\$15,380	\$17,300	\$19,220	\$20,760	\$22,300	\$23,840	\$25,380