



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: August 17, 2015

Title: Resolution Allocating HUD HOME Investment Partnership Funds to Southern Arizona Land Trust, Inc. (SALT) For An Affordalbe Housing Development known as the 4 Corners Rental Housing Project

Introduction/Background:

On June 5, 2015, Pima County Community Development and Neighborhood Conservation Department (CDNC) received an application from the Southern Arizona Land Trust, Inc. ("SALT"), an Arizona nonprofit corporation, requesting an allocation of the County's HUD HOME Investment Partnership Program (HOME) funding in order to build four new single family rental homes located in District 2 on four vacant residential in-fill lots owned by SALT. The project will be known as the *4 Corners Rental Housing Project*; all four lots are located in the City of Tucson within close proximity to public transportation, El Pueblo Community Center and Library, Rodeo Park, the *Tucson Market Place & UA BioPark at The Bridges*, Quincie Douglas Park, Community Center and Library.

Discussion:

Stagnant wages, increasing rents maintains demand for supply of affordable, energy efficient, SF rental housing accessible to public transportation and other community amenities as indicated in our HUD 5 YR Consolidated Plan for City of Tucson - Pima County. As part of the City/County HOME Program Consortium and Subrecipient Agreements (referenced in the Resolution) County may allocate a portion of its HOME funds for a joint project within the City and any such HOME project may be overseen by the City. CDNC staff recommends approving an allocation of County's HOME funds for the project and further recommends that the City administer this Contract with County staff assisting with project oversight and monitoring due to the use of County's HOME funding allocation and County NSP2 program income which has already been allocated to SALT. SALT established itself as an affordable housing partner during the implementation of the County's Neighborhood Stabilization Program 2 (NSP2). Program income from that effort will be used toward the proposed 4 Corners Rental Project. CDNC Housing staff recommend allocating \$200,000 of County's allocation of HUD HOME funds which will be designated strictly for the construction of four (4) affordable, energy efficient, single family homes. HOME funds will be leveraged by SALT in the amount of \$378,000 for a total project cost of approximately \$578,000. HOME funds will be secured by our HOME Program CCR's and a Deed of Trust that will be recorded on each of the lots to be developed prior to the disbursement of HOME funds. The CCR's and Deed of Trust will guarantee that each of the homes remain affordable for the required HUD 20 year period; during which time the project will be subject to compliance with HUD requirements and annual monitoring from City and County housing staff.

Conclusion:

This project will provide affordable, quality housing for eligible low income rental households in Pima County. The proposed affordable housing development and use of HOME funds is consistent with our HUD 5 year Consolidated Plan for Pima County and City of Tucson. Upon approval of the Resolution, City of Tucson Housing and Community Development Department will administer the contract under the authority of our HOME Consortium and Sub-recipient Agreements as referenced in the attached Resolution. HOME funds will be secured by County Deed of Trust and CCR's to guarantee homes remain affordable for required HUD 20 year affordability period.

Recommendation:

Approve request to allocate \$200,000 from COUNTY's HUD HOME Program Funds to the 4 Corner's Rental Housing Project.

Fiscal Impact:

No impact on General Funds

Board of Supervisor District:

☐ 1 ☒ 2 ☐ 3 ☐ 4 ☐ 5 ☐ All

Department: Community Dev and Neighborhood Conservation **Telephone:** 724-2462

Department Director Signature/Date: *J. E. Allen for M. Kish* 7-29-15

Deputy County Administrator Signature/Date: J. H. A. 7-29-15

County Administrator Signature/Date: C. D. Delaney 7/29/15



PIMA COUNTY
COMMUNITY DEVELOPMENT

MEMORANDUM

JULY 29, 2015

TO: C.H. Huckelberry, County Administrator
FROM: Margaret M. Kish, Director *mk*
CC: Hank Atha, Deputy County Administrator; Betty Villegas, Affordable Housing Program Manager
RE: Resolution for August 17, 2015 Board of Supervisors Agenda
Southern Arizona Land Trust HOME Program Funding Allocation

Recommendation and Summary:

On June 5, 2015, Pima County Community Development – Housing Center received an application from the Southern Arizona Land Trust, Inc. ("SALT"), an Arizona nonprofit corporation, requesting an allocation of the County's HUD HOME Program funding in order to build four new single family rental homes located in District 2 on four vacant residential in-fill lots owned by SALT. The project will be known as the *4 Corners Rental Housing Project* with 2 units at 131-137 E Palmdale and 2 units at 802-808 E 33rd Street; all four lots are located in the City of Tucson within close proximity to El Pueblo Community Center and Library, Rodeo Park, the *Tucson Market Place & UA BioPark at The Bridges*; Quincie Douglas Park, Community Center and Library.

As part of the City/County HOME Consortium Agreement, City and County Consortium staff recommends that the City administer this Contract with County staff assisting with project oversight and monitoring due to the use of County's HOME funding allocation and County NSP2 program income in the amount of \$378,000. SALT established itself as an affordable housing partner during the implementation of the County's Neighborhood Stabilization Program 2 (NSP2). Program income from that effort will be used toward the proposed 4 Corners Rental Project. Housing staff recommend allocating \$200,000 of County's allocation of HUD HOME funds which will be designated strictly for the construction of four (4) affordable single family homes. HOME funds will be leveraged by SALT in the amount of \$378,000 for a total project cost of approximately \$578,000. Upon approval of the Resolution, City of Tucson Housing and Community Development Department will administer the contract under the authority of our HOME Consortium and Sub-recipient Agreements as referenced in the attached Resolution.

Department: Community Development and Neighborhood Conservation
Funding Source: U.S. Dept. of HUD HOME Investment Partnership Program
New Funding Amount: \$200,000.00 **Proposed Term:** 8/31/2015-8/30/2016

Funding Purpose:

Construction of four (4) three-bedroom, two bath single family, energy efficient homes each with approximately 1,227 square feet. Each unit shall be leased to qualified low income households and managed in accordance with prevailing HUD guidelines and quality standards.

Program Goals/Predicted Outcomes:

Within one year, the complete construction and rental of 4 single family, energy efficient rental homes to be occupied exclusively by qualified low income households enjoying access to public transportation, centers of employment, shopping, community centers, parks and other opportunities. Maximum rents will be set annually by HUD and will require a utility allowance to ensure affordability.

Public Benefit:

These units will benefit low income households who are unable to find affordable rentals. Data continues to show that rents continue to rise while wages stay stagnant and low. The units will add to the shortage of safe, decent, affordable single family rental housing in Pima County. Each unit shall remain affordable for a period of twenty (20) years, to be secured by the recording of a Deed of Trust and CCRs in order to guarantee affordability, proper management and maintenance during the 20 year period.

Metrics Available to Measure Performance:

- ☐ Annual project site visits and tenant file reviews to ensure preservation of units and eligibility of tenants.
- ☐ A minimum 20 year affordability restriction for 4 rental housing units.

Approved: _____

C.H. Huckelberry

7/29/15
Date

RESOLUTION NO. 2015 - _____

RESOLUTION OF THE PIMA COUNTY BOARD OF SUPERVISORS ALLOCATING UP TO A MAXIMUM OF \$200,000.00 OF U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS TO SOUTHERN ARIZONA LAND TRUST, INC. FOR THE AFFORDABLE HOUSING PROJECT, IN THE CITY OF TUCSON, PIMA COUNTY, ARIZONA TO BE CALLED "4 CORNERS RENTAL HOUSING PROJECT"

The Board of Supervisors of Pima County, Arizona finds:

1. In 1992, Pima County ("County") and the City of Tucson ("City") formed the Tucson/Pima County HOME Consortium to apply for HOME Investment Partnership Program ("HOME") funds from the U.S. Department of Housing and Urban Development ("HUD").
2. The Consortium has been awarded HOME funds to distribute for the development of affordable housing between July 1, 2013 and June 30, 2016.
3. The terms and conditions for the distribution of the HOME funds by County and City are set forth in the HOME Investment Partnership Subrecipient and Intergovernmental Agreement ("the IGA"), CITY Contract No. 17776 and approved pursuant to Pima County Resolution No. 2013-66.
4. Pursuant to HUD requirements, Pima County Board of Supervisors adopted Resolution No. 2015-20 approving the FY 2015-2016 Annual Action Plan for Pima County ("the Plan") to use HOME funds to assist in the construction and preservation of affordable housing for low-income households.
5. Pursuant to the terms of the IGA and the HOME Program:
 - a. County may allocate a portion of County's HOME funds for a joint project with City; and
 - b. Any such joint HOME project may be overseen by City.
6. Southern Arizona Land Trust, Inc. ("SALT"), a non-profit corporation, has requested HOME funds from County for the construction of a single family affordable rental housing project.
7. County has HOME funds available for affordable housing development projects.

8. This affordable housing development ("the Project") will:
 - a. Be called "4 Corners Rental Housing Project";
 - b. Be located at 131-137 E. Palmdale Street, Tucson, AZ 85714 and 802-808 E 33rd Street, Tucson, AZ 85713 in the City of Tucson;
 - c. Consist of four (4) single family three and four bedroom rental homes exclusively for low-income households; and
 - d. Comply with all HUD HOME Program rules and regulations.
9. SALT has pledged the following additional funds to ensure completion of construction of the Project:
 - a. SALT Neighborhood Stabilization Program 2 ("NSP2") program income in the amount of \$100,000.00; and
 - b. SALT line of credit with Family Housing Resources, Inc. in the amount of \$278,000.00.
10. City will enter into a contract with SALT for the allocation, distribution and administration of the HOME funds.
11. City and County jointly oversee the construction and monitoring of the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE PIMA COUNTY BOARD OF SUPERVISORS as follows:

Section 1: County HOME funds up to a maximum of \$200,000.00 are allocated to Southern Arizona Land Trust, Inc. for the construction of 4 Corners Rental Housing Project located at 131-137 E Palmdale Street and 802-803 E 33rd Street in Tucson, Arizona for low-income households.

Section 2: The proper use of these HOME funds will be secured by a Deed of Trust and Assignment of Rents and a Declaration of Covenants, Conditions and Restrictions.

Section 3: Staff is hereby authorized to cooperate with City and take whatever steps are necessary to assure that the HOME funds are properly allocated, distributed and administer for the Project and that the documents to secure the funds are executed and recorded.

Section 4: City will contract with SALT for the distribution of the HOME funds and administer the contract.

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Section 5: The Chair of the Pima County Board of Supervisors is authorized to execute any documents required to allocate the HOME funds and secure the investment of same.

Passed and adopted, this _____ day of August, 2015.

Supervisor Chair, Pima County Board of

ATTEST:

Clerk of the Board

APPROVED AS TO FORM:


Deputy County Attorney