



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: December 18, 2018

DEC 18 2018 PM 12:34 PDC/KCF/RD

Title: Resolution of the Pima County Board of Supervisors Authorizing the Chair of the Board to sign approval letter and related documents for Esperanza En Escalante's 2018 Low Income Housing Tax Credit award and future awards to build permanent supportive housing for low-income Veterans and Veteran families

Introduction/Background:

In 1990, the U.S. Department of Health and Human Services ("HHS") conveyed 19.64 acres of real property, located at 3700 S. Calle Polar in Tucson, Arizona, to Esperanza En Escalante ("EEE") for the purpose of developing affordable housing, secured by a Quit Claim Deed ("the Federal Deed"). In 2012, Pima County ("County") entered into Contract No. CT-CD-12-2218 ("the Contract") providing Esperanza En Escalante with General Obligation Bond Funds for the construction of infrastructure to support affordable housing for Qualified Homeless Veterans. Under the terms of the Contract, EEE is to build transitional and permanent supportive affordable housing to house a total of 203 Qualified Homeless Veterans by the year 2024 ("the Veterans' Housing Project"). Construction of the affordable housing units is ongoing in phased development according the contract.

Discussion:

EEE, as a member of EEE Supportive II, L.L.C., was awarded 2018 Low-Income Housing Tax Credits ("LIHTC") from the Arizona Department of Housing to build new permanent supportive housing. Pursuant to the terms of the award, ownership of 4.69 acres will be transferred to EEE Supportive II, L.L.C. for the development of 50 new units of affordable housing for Qualified Homeless Veterans and Veteran families ("the Family LIHTC Project"). The Family LIHTC Project will be owned by EEE Supportive II, LLC and will require County approval for modification of EEE's Federal Deed Restrictions on the 4.69 acres as well as subsequent County Performance Deeds to secure County Affordability Restrictions on the 4.69 acres and the Veteran's Housing Project.

Conclusion:

The Family LIHTC Project, and any future construction to fully complete the Veterans' Housing Project as set forth in the Contract, is in the best interests of the people of Pima County; the LIHTC awards needed to construct the housing cannot be utilized unless the Federal Deed Restrictions on the 4.69 acres are removed (abrogated). Therefore approval of the abrogation of Federal Deed Restrictions on the 4.69 acre parcel and any other portions of the real property for completion of the Veteran's Housing Project are also in the best interests of the County.

Recommendation:

Staff recommends approval of this Resolution of the Board of Supervisors to authorize the Chair of the Board to sign approval letters and related documents required for the 2018 LIHTC award and to preserve the original County Affordability Restrictions pursuant to County contract CT-CD-12-2218.

Fiscal Impact:

There is no impact to the County Budget.

Board of Supervisor District:

☐ 1 ☒ 2 ☐ 3 ☐ 4 ☐ 5 ☐ All

Department: Community Development

Telephone: _____

Contact: Marcos Ysmael

Telephone: 724-2462

Department Director Signature/Date:

Margaret Kue 12/11/2018

Deputy County Administrator Signature/Date:

Dave 12/11/2018

County Administrator Signature/Date:

C. Delaney 12/12/18

RESOLUTION NO. 2018 - _____

RESOLUTION OF THE PIMA COUNTY BOARD OF SUPERVISORS AUTHORIZING THE CHAIRMAN OF THE BOARD TO SIGN APPROVAL LETTER AND RELATED DOCUMENTS FOR ESPERANZA EN ESCALANTE'S 2018 LOW INCOME HOUSING TAX CREDIT AWARD AND FUTURE AWARDS TO BUILD NEW PERMANENT SUPPORTIVE HOUSING FOR LOW INCOME VETERANS AND VETERAN FAMILIES

The Board of Supervisors of Pima County, Arizona finds:

1. In 1990, the U.S. Department of Health and Human Services ("HHS") conveyed 19.64 acres of real property, located at 3700 S. Calle Polar in Tucson, Arizona, to Esperanza En Escalante ("EEE") for the purpose of developing affordable housing, secured by a Quit Claim Deed ("the Federal Deed"), recorded in the Office of the Pima County Recorder at Sequence No. 20010930337.
2. In 2012, Pima County ("County") entered into Contract No. CT-CD-12-2218 ("the Contract") providing Esperanza En Escalante with \$1,178,000.00 in General Obligation Bond Funds. The funding was used for the construction of infrastructure to support affordable housing for Qualified Homeless Veterans.
3. As set forth in the Performance Deed of Trust recorded at Sequence No. 20121580069 to secure performance of the Contract ("the County Deed"), a "Qualified Homeless Veteran" is a person who meets all of the following criteria:
 - 3.1. Is a veteran (a person who has served in any branch of the United States military) and the veteran's spouse and children;
 - 3.2. Is homeless at the time of initial occupancy of a unit; and
 - 3.3. Is low-income as defined by the U.S. Housing and Urban Development guidelines in effect at the time of initial occupancy.
4. Under the terms of the Contract, EEE is to build a transitional and permanent affordable housing to house a total of 203 Qualified Homeless Veterans by the year 2024 ("the Veterans' Housing Project"). Construction of affordable housing units is ongoing.
5. In order to secure funding for the various components of the Veterans' Housing Project, EEE is required to raise funds from several sources.
6. In addition, in order to build the units of the Veterans' Housing Project, HHS requires that County agree that certain restrictions set forth in the Federal Deed be abrogated.
7. EEE, as a member of EEE Supportive II, L.L.C., was awarded Low-Income Housing Tax Credits ("LIHTC") from the Arizona Department of Housing. Pursuant to the terms of the award, ownership of 4.69 acres (described in **Exhibit A** attached hereto), will be transferred to EEE Supportive II, L.L.C. for the development of 50-units of affordable housing for Qualified Homeless Veterans ("the Family LIHTC Project").

8. The Family LIHTC Project, and any future construction to fully complete the Veterans' Housing Project as set forth in the Contract, is in the best interests of the people of Pima County.
9. The LIHTC award cannot be utilized, unless restrictions set forth in the Federal Deed are abrogated.
10. The abrogation of the Federal Deed restrictions on the 4.69 acres for the Family LIHTC Project is in the best interests of the County.
11. The abrogation of the Federal Deed restrictions on any other portions of the real property subject to the Federal Deed for completion of the Veterans' Housing Project are also in the best interests of the County, so long as the restrictions in the County Deed are recorded against any parcel where HHS rights are abrogated.

NOW, THEREFORE, BE IT RESOLVED BY THE PIMA COUNTY BOARD OF SUPERVISORS (the "Board") as follows:

A. The Chairman of the Pima County Board of Supervisors is authorized to sign:

- 1) Sign the letter attached hereto as **Exhibit B** agreeing to the abrogation of restrictions set forth in the Federal Deed relating to the 4.69 acres for the Family LIHTC Project subject to the restrictions set forth in the letter.
- 2) Any additional documents that may be required by HHS to formalize this abrogation.
- 3) Future letters, similar to the letter attached hereto as Exhibit B, when necessary to abrogate restrictions of the Federal Deed future to allow for the completion of the Veterans' Housing Project. Any such letter must set forth the same restrictions as a condition of the approval.

B. County staff is directed to:

- 1) Prepare any agreements, including a performance deed of trust, to fully secure the construction and occupancy of the Family LIHTC Project.
- 2) Prepare any agreements, including a performance deeds of trust, to fully secure the completion and occupancy of the Veterans' Housing Project when an abrogation letter is signed in the future.

Passed and adopted, this 18th day of December, 2018.

Chairman, Pima County Board of Supervisors

ATTEST:

Clerk of the Board

APPROVED AS TO FORM:



Karen S. Friar, Deputy County Attorney

Exhibit A



2025 W. Ruthrauff Road, Suite 125 · Tucson, Arizona 85705

Office: 520.398-6651

PROJECT NO. 18399

DATE: November 13, 2018

PROPOSED PROPERTY BOUNDARY – PHASE II

That portion of Lot 1 of "Esperanza En Escalante Veterans Housing Lots 1 & 2" as recorded at Sequence No. 20161450617, Pima County Records, being a portion of Lot 4, located in the Southwest quarter of the Southwest quarter of Section 30, Township 14 South, Range 15 East, Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

Commencing at the South one-quarter corner of said Section 30;

Thence North 89°56'48" West 1314.37 feet upon the South line of the Southwest quarter of said Section 30 to the Southeast corner of said Lot 4;

Thence continue North 89°56'48" West 75.00 feet upon the South line of said Lot 4 to the West right-of-way of Calle Polar, to the Southeast corner of Lot 1 of said "Esperanza en Escalante Veterans Housing Lots 1 & 2" plat;

Thence continue North 89°56'48" West 589.62 feet upon the South line of the Southwest quarter of said Section 30, upon the South line of said Lot 1 to the Southwest corner thereof;

Thence North 00°23'38" East 299.38 feet upon the West line of said Lot 1 to the **Point of Beginning**;

Thence continue North 00°23'38" East 952.84 feet upon said the West line of said Lot 1 to the Northwest corner thereof;

Thence South 89°52'26" East 117.19 feet upon the North line of said Lot 1 to the Northwest corner of Lot 2 of said "Esperanza En Escalante Veterans Housing Lots 1 & 2";

Thence South 00°09'00" West 320.00 feet upon the West line of said Lot 2 to the Southwest corner thereof;

Thence South 89°52'26" East 60.71 feet upon the South line of said Lot 2;

Thence South 00°00'00" East 46.16 feet;

Thence North 90°00'00" West 36.86 feet;

Thence South 00°00'00" East 93.39 feet;

Thence North 90°00'00" East 101.40 feet;

Thence North 00°00'00" East 7.53 feet;

Thence North 90°00'00" East 87.08 feet;

Thence South 00°00'00" East 167.88 feet;

Thence North 90°00'00" West 18.99 feet;

Thence South 00°00'00" East 104.00 feet;

Thence North 90°00'00" West 7.02 feet;

Thence South 00°00'00" East 88.03 feet;

Thence North 90°00'00" East 20.33 feet;

Thence South 00°00'00" East 75.00 feet;

Thence North 90°00'00" West 207.44 feet;

Thence South 00°00'00" East 65.48 feet;

Thence North 90°00'00" West 122.10 feet to the West line of said Lot 1, to the **Point of Beginning**.

The area of said parcel contains 205,785.8 square feet or 4.72 acres, more or less.

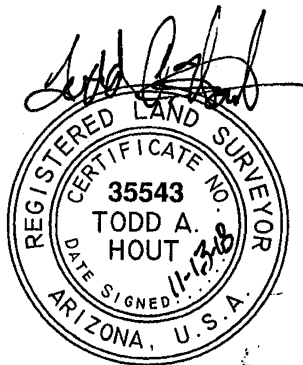


Exhibit B

Phyllis Russell, Executive Director
Esperanza en Escalante
3700 S. Calle Polar
Tucson, AZ 85730

December 18, 2018

Re: Abrogation of Federal Rights on 4.69 acres of Esperanza en Escalante
for development of permanent supportive housing for low-income
veterans and veteran families

Dear Ms. Russell:

Esperanza en Escalante ("EEE") owns approximately 13.32 acres ("the Property") in Tucson, Arizona. Among other encumbrances, the Property is subject to:

- A Performance Deed of Trust ("the DOT") between Pima County and EEE recorded in Pima County, Arizona on June 6, 2012, Sequence No. 20121580069; and
- Restrictions set forth in the Quit Claim Deed ("the Federal Deed") transferring the property from the United States of America to EEE, recorded in Pima County on May 14, 2001 at Sequence No. 20010930337.

Pursuant to terms of the Federal Deed, EEE has asked that Pima County ("County") agree to the abrogation of certain of the Deed's restrictions for approximately 4.69 acres of the Property. County understands that the 4.69 acre parcel, legally described in **Exhibit A** of this letter ("the 2018 LIHTC Parcel"), has been, or soon will be, transferred to EEE Supportive II, L.L.C. ("the Corporation").

The Corporation, of which EEE is a partner, was recently awarded 2018 Low Income Housing Tax Credits ("LITHC") for the development of affordable housing on the Property. The 2018 LITHC award will be utilized to raise private equity investments for the construction of a new 50-unit affordable housing project ("the Family LITHC Project"). This Family LITHC Project will include eighteen (18) 3 bedroom units and seventeen (17) 2 bedroom units for chronically homeless veterans and veterans' families on the 2018 LIHTC Parcel.

County believes that the Family LITHC Project is consistent with the terms of the Federal Deed and that it will also further the County's requirements set forth in the County DOT. Therefore, pursuant to Pima County Resolution No. 2018-____, attached hereto as **Exhibit B**, County agrees to the abrogation of certain terms and conditions of the Federal Deed subject to the following conditions:

1. The abrogation of the Federal Deed restrictions will apply only to the 2018 LIHTC Parcel;
2. The terms and conditions of the County DOT will remain in full force and effect on the entire Property, including the 2018 LIHTC Parcel when transferred to the Corporation;

and

3. The Corporation will execute and file with the Office of the Pima County Recorder, a new County Performance Deed of Trust which will secure adherence to the terms and conditions of the County DOT on the 2018 LIHTC Parcel.

If you have any questions or concerns, please contact Marcos Ysmael in the Pima County Community Development and Neighborhood Conservation Department, (520)724-2462.

Sincerely,

Richard Elias, Chairman
Pima County Board of Supervisors

Attachments: Exhibit A – Legal Description of the 2018 LIHTC Parcel
Exhibit B –Resolution No. 2-18 - of the Pima County Board of Supervisors

Exhibit A – Legal Description

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Exhibit B

(Insert Signed County Resolution here)