



# MEMORANDUM

Date: September 12, 2024

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: Jan Leshner   
County Administrator

Re: **Additional Information for the September 17, 2024 Board of Supervisors Meeting, Agenda Item #17 – Industrial Development Authority Single-Family Mortgage Revenue Bond Program, Resolution No. 2024-54**

Attached is a Memorandum from Pima County Economic Development Director Heath Vescovi-Chiordi related to the Pima County Industrial Development Authority (IDA) Resolution on the September 17, 2024, Board of Supervisors Agenda. The agenda item is requesting consideration of a Single-Family Mortgage Revenue Bond (SFMRB) program in a not to exceed amount of \$150 million.

If approved, this request would continue the Pima-Tucson Lighthouse program that offers competitive interest rates and down payment assistance to low and moderate first-time homebuyers in Pima County. Additionally, the Memorandum contains a cumulative status report provided by Michael Slania, attorney for the Pima County IDA, on all of the IDA's Single-Family programs since 2020.

Mr. Slania will attend the September 17, 2024 Board of Supervisors meeting. Pima County Economic Development staff is also available for any questions you may have on the agenda item or the status report.

JKL/anc

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator  
Francisco Garcia, MD, MPH, Deputy County Administrator & Chief Medical Officer  
Steve Holmes, Deputy County Administrator  
Heath Vescovi-Chiordi, Director, Economic Development

SEP 13 24 AM 08:19 PC CLK OF BD 



## MEMORANDUM

Date: September 12, 2024

TO: Jan Leshar, County Administrator

FROM: Heath Vescovi-Chiordi Director, Pima County Economic Development

**SUBJECT: Pima County Industrial Development Authority Single Family Revenue Mortgage Revenue Bond Authorization for the September 17, 2024 Board of Supervisors Agenda and Cumulative Report**

Administrator Leshar,

The Pima County Industrial Development Authority (IDA) has requested an item be placed on the Board of Supervisors' September 17, 2024 meeting agenda for the Board's consideration. The Pima IDA's resolution seeks approval of the Single Family Mortgage Revenue Bonds (SFMRB) Series 2025, that would authorize an issuance of bonds principal amount not to exceed \$150 million to fund the creation of the SFMRB Program of 2025. On September 10, 2024, the forthcoming issuance for the next tranche of Lighthouse 6.0 (2024D) has been priced at 5.84%, which is an extremely competitive rate in the current market and includes 4 points of down payment assistance.

This Series 2025 resolution, if approved by the Board of Supervisors, would serve as an extension of the PimaTucson Lighthouse program in which the bond issuances are used to facilitate home purchases by low and moderate-income residents of Pima County. This program has proved to be extremely popular with first time homebuyers and mortgage lenders as mortgage interest rates and increased home prices have priced many Pima County residents out of the housing market. As you are aware, on December 19, 2023 the Pima County Board of Supervisors approved by a vote of 4-0 a resolution authorizing \$100 million that would be issued in tranches timed to bond market conditions without seeking Board approval for each tranche. The Series 2025 authorization would also be issued in similar tranches. The City of Tucson's IDA is expected to partner in some of these tranches and will continue to provide marketing support for the PimaTucson Lighthouse program.

I have asked Michael Slania, attorney for the Pima IDA, to provide a recap of the Pima IDA's SFMRB programs since 2020. As indicated in the attached report from Mr. Slania, the Pima IDA has expended significant financial investment in way of issuer expenses to provide the Lighthouse program to Pima County homebuyers. For each issuance, the report cites the number of loans facilitated, the down payment assistance provided and the interest rate for the program.

I believe the Pima IDA's SFMRB issuances under the Board of Supervisors authorization and the PimaTucson Lighthouse program provide tremendous benefit to Pima County residents and Pima County's economy. Please let me know if I can provide any additional information in advance of the Board of Supervisors consideration of this item.

Professionally,

Heath S. Vescovi-Chiordi

Director, Pima County Economic Development

c: Michael Slania, Attorney, Pima Industrial Development Authority

# **PIMA IDA SINGLE FAMILY PROGRAMS since 2020**

(as of September 12, 2024)

## **2023 Single Family Mortgage Bond Programs**

### **Single Family Mortgage Revenue Bonds, Series 2023A (issued jointly with The Industrial Development Authority of the City of Tucson, Arizona)**

1. \$25,000,000 Authorization by Pima IDA on June 9, 2023 and Pima County Board of Supervisors on June 20, 2023; Volume Cap obtained on June 15, 2023
2. Program Area – Residences throughout Pima County, including the City of Tucson
3. Date of Issue – August 29, 2023 (35 days to initial full mortgage loan reservation)
4. Lendable Proceeds \$25,000,000, Premium \$1,112,335.80
5. Issuer expenses
  - a. Pima IDA - \$503,458.34
  - b. Tucson IDA - \$503,458.33
  - c. COI (non-refundable) - \$338,752.47
    - (i) less Underwriter's Fee and Counsel - \$202,582.67
  - d. Cap I (Returned if not used) - \$775,000.00
  - e. Rebate - \$5,500
6. Down Payment Assistance – 4% (\$1,000,000.00)
7. Interest Rate – 6.20%
8. 95 loans made
9. 10 Basis Points Annually (1/2 per IDA) based upon the amount of the Certificates, Issuer fee starting: July 1, 2024

### **Single Family Mortgage Revenue Bonds, Series 2023B**

1. \$25,000,000 Authorization by Pima IDA on September 8, 2023 and Pima County Board of Supervisors on October 3, 2023; Volume Cap obtained on October 12, 2023
2. Program Area – Residences throughout Pima County, including the City of Tucson

3. Date of Issue – November 16, 2023 (30 days to initial full mortgage loan reservation)
4. Lendable Proceeds \$25,000,000, Premium \$793,641.60
5. Issuer expenses
  - a. Pima IDA - \$1,442,621.07
  - b. COI (non-refundable) - \$375,762.67
    - (i) less Underwriter’s Fee and Counsel- \$202,805.95
    - (ii) less Tucson IDA Marketing Fee - \$11,500.00
  - c. 2<sup>nd</sup> Mortgage Loan Account \$206,358.40
  - d. Cap I (Returned if not used) - \$855,000.00
  - e. Rebate \$5,500.00
6. Down Payment Assistance – 4% (\$1,000,000.00)
7. Interest Rate – 6.89%
8. 96 loans made
9. 15 Basis Points Annually based upon the amount of the Certificates, Issuer fee starting: July 1, 2024

**2024 Single Family Mortgage Bond Program**

**Single Family Mortgage Revenue Bonds, Series 2024A (issued jointly with The Industrial Development Authority of the City of Tucson, Arizona)**

1. \$100,000,000 authorization by Pima IDA on December 8, 2023 and Pima County Board of Supervisors on December 19, 2023; Volume Cap applied for and obtained by Tucson IDA, plus director’s discretion
2. Program Area – Residences throughout Pima County, including the City of Tucson
3. Date of Issue – March 6, 2024 (20 days to initial full mortgage loan reservation)
4. Lendable Proceeds \$25,000,000, Premium \$957,916.40
5. Issuer expenses
  - a. Pima IDA - \$201,255.26
  - b. Tucson IDA - \$201,255.25
  - c. COI (non-refundable) - \$341,591.11

- (i) less Underwriter's Fee and Counsel - \$204,911.11
  - d. 1<sup>st</sup> Mortgage Loan Account (\$17,500) and 2<sup>nd</sup> Mortgage Loan Account (\$42,083.60)
  - e. Cap I (Returned if not used)
    - (i) \$654,164.20 released from 2023A – Cap Interest and COI
    - (ii) Total of \$1,056,674.71 needed from IDA's
  - f. Rebate \$5,500.00
6. Down Payment Assistance – 4% (\$1,000,000.00)
  7. Interest Rate – 6.00%
  8. 92 loans made
  9. 20 Basis Points Annually (1/2 per IDA) based upon the amount of the Certificates, Issuer fee starting: July 1, 2024

**Single Family Mortgage Revenue Bonds, Series 2024B**

1. \$100,000,000 authorization by Pima IDA on December 8, 2023 and Pima County Board of Supervisors on December 19, 2023; Volume Cap obtained on March 18, 2024, plus director's discretion
2. Program Area – Residences throughout Pima County, including the City of Tucson
3. Date of Issue – April 30, 2024 (one day to initial full mortgage loan reservation)
4. Lendable Proceeds \$25,000,000, Premium \$882,377.25
5. Issuer expenses
  - a. Pima IDA - \$1,055,609.92
  - b. COI (non-refundable) - \$319,987.17
    - (i) less Underwriter's Fee and Counsel - \$190,807.17
  - c. 1<sup>st</sup> Mortgage Loan Account (\$17,500) and 2<sup>nd</sup> Mortgage Loan Account (\$117,622.75)
  - d. Cap I (Returned if not used) - \$585,000.00
  - e. Revenue Fund Deposit \$10,000.00
  - f. Rebate \$5,500.00
  - g. Tucson IDA's Marketing Fee \$11,500.00
6. Down Payment Assistance – 4% (1,000,000.00)
7. Interest Rate – 6.13%

8. Expected total of 94 loans (not yet completed)
9. 15 Basis Points Annually based upon the amount of the Certificates, Issuer fee starting: January 1, 2025

\*\*\*\*These Single Family Mortgage Revenue Bond Programs of the Pima IDA and the Tucson IDA (also marketed as the Lighthouse Program) were awarded the 2024 Single Family Excellence Award by the National Association of Local Housing Finance Agencies at their annual meeting in Las Vegas, NV in May, 2024. The IDAs had also won in the prior year (2023) for the Essential Workers Housing Fund, created as part of the Pima Tucson Homebuyers Solution Program.\*\*\*\*

### **Single Family Mortgage Revenue Bonds, Series 2024C**

1. \$100,000,000 authorization by Pima IDA on December 8, 2023 and Pima County Board of Supervisors on December 19, 2023; Volume Cap obtained on May 8, 2024 and extended to November 6, 2024
2. Program Area – Residences throughout Pima County, including the City of Tucson
3. Date of Issue – July 23, 2024 (four days to initial full mortgage loan reservation)
4. Lendable Proceeds \$25,000,000, Premium \$849,490.80
5. Issuer expenses
  - a. Pima IDA - \$1,014,178.05
  - b. COI (non-refundable) - \$323,168.85
    - (ii) less Underwriter's Fee and Counsel - \$191,268.85
  - c. 1<sup>st</sup> Mortgage Loan Account (\$10,000) and 2<sup>nd</sup> Mortgage Loan Account (\$150,509.20)
  - d. Cap I (Returned if not used) - \$515,000.00
  - e. Revenue Fund Deposit \$10,000.00
  - f. Rebate \$5,500.00
6. Down Payment Assistance – 4% (\$1,000,000.00)
7. Interest Rate – 6.10%
8. Expected total of approximately 94 loans (not yet completed)
9. 20 Basis Points Annually based upon the amount of the Certificates, Issuer fee starting: January 1, 2025

## Single Family Mortgage Revenue Bonds, Series 2024D

1. \$100,000,000 authorization by Pima IDA on December 8, 2023 and Pima County Board of Supervisors on December 19, 2023; Volume Cap obtained on August 1, 2024, plus remaining amounts from prior volume cap allocations for Mortgage Credit Certificates and 2024C Single Family Mortgage Revenue Bonds
2. Program Area – Residences throughout Pima County, including the City of Tucson
3. Date of Issue – September 19, 2024 (unknown)
4. Lendable Proceeds \$25,000,000, Premium \$911,415.75
5. Issuer expenses
  - a. Pima IDA - \$881,344.00
  - b. COI (non-refundable) - \$317,259.75
  - (iii) less Underwriter's Fee and Counsel - \$190,759.75
  - c. 1<sup>st</sup> Mortgage Loan Account (\$10,000) and 2<sup>nd</sup> Mortgage Loan Account (\$88,584.25)
  - d. Cap I (Returned if not used) - \$450,000.00
  - e. Revenue Fund Deposit \$10,000.00
  - f. Rebate \$5,500.00
6. Down Payment Assistance – 4% (\$1,000,000.00)
7. Interest Rate – 5.84%
8. Unknown number of loans
9. 20 Basis Points Annually based upon the amount of the Certificates, Issuer fee starting: January 1, 2025

## **Single Family Mortgage Credit Certificates**

### **Single Family Mortgage Credit Certificates, Series 2020 - \$85,988,510**

1. Date of Issue – March 25, 2020
2. Program Administrator– Community Investment Corporation
3. Program Area (based upon volume cap received) – All of Pima County and the rural areas of Arizona, excluding any city or town which has exercised its statutory right to not participate in the program.
4. Costs: \$130,000

### **Single Family Mortgage Credit Certificates, Series 2021 - \$91,849,094**

1. Date of Issue – March 25, 2021
2. Program Administrator– Community Investment Corporation
3. Program Area (based upon volume cap received) – All of Pima County and the rural areas of Arizona, excluding any city or town which has exercised its statutory right to not participate in the program.
4. Costs: \$165,000

### **Single Family Mortgage Credit Certificates, Series 2022A & B - \$85,720,139**

1. Date of Issue – March 28, 2022
2. Program Administrator– Community Investment Corporation
3. Program Area (based upon volume cap received) – All of Pima County and the rural areas of Arizona, excluding any city or town which has exercised its statutory right to not participate in the program.
4. Costs: \$165,000

### **Single Family Mortgage Credit Certificates, Series 2022C- \$85,000,000**

1. Date of Issue – June 28, 2022



2. Program Administrator- Community Investment Corporation
3. Program Area (based upon volume cap received) – All of Maricopa and Pima Counties, excluding any city or town which has exercised its statutory right to not participate in the program.
4. Costs: \$127,500

**Single Family Mortgage Credit Certificates, Series 2023 – \$94,578,038**

1. Date of Issue – March 28, 2023
2. Program Administrator- Community Investment Corporation
3. Program Area (based upon volume cap received) – All of Pima County and the rural areas of Arizona, excluding any city or town which has exercised its statutory right to not participate in the program.
4. Costs: \$165,000

**Single Family Mortgage Credit Certificates, Series 2024 – \$43,649,567**

1. Date of Issue – August 27, 2024
2. Program Administrator- Community Investment Corporation
3. Program Area (based upon volume cap received) – All of Pima County and the rural areas of Arizona, excluding any city or town which has exercised its statutory right to not participate in the program.
4. Costs: Estimated at \$165,000

**Pima Tucson Homebuyers Solution (PTHS) (issued jointly with The Industrial Development Authority of the City of Tucson, Arizona)**

**Pima Tucson Homebuyer Solution**

1. Authorization by Pima IDA and Tucson IDA in 2012, but amended numerous times (no approval of Pima Board of Supervisors required)
2. Program Area – Residences throughout Pima County, including the City of Tucson
3. Taxable program (no Volume cap needed and no limit on amount)
4. Agreements create a limit of \$75,000,000 at any point
5. Daily Priced rates for different types of loans (FHA, Fannie Mae or Freddie Mac) with varying amounts of downpayment assistance; IDAs hold a second position loan, forgiven ratably over three years from date of closing
6. Originally funded by the IDAs at \$225,000 each and increased at various points over the years – it is now a revolving fund with no more monies being needed to be added at this time
7. Pursuant to a Fiscal Agent agreement, CIC holds the PTHS account at \$400,000 (CIC is paid a fee)
8. Currently available

**Pima Tucson Homebuyer Solution Advantage**

1. Authorization by Pima IDA and Tucson IDA in 2022
2. Program Area – Residences throughout Pima County, including the City of Tucson
3. Taxable program (no Volume cap needed and no limit on amount)
4. This program uses the same agreements as PTHS
5. Daily Priced rates for FHA mortgage loans with 4 points of downpayment assistance; IDAs hold a second lien loan forgiven after 30 years from date of closing
6. Originally funded by the IDAs with \$500,000 from the PTHS account, to which the IDAs each added \$250,000 in March 2023 and an additional

\$150,000 each in June 2023 (required match to continue 50/50 split). Pima IDA had further authorized \$100,000, dependent upon the Tucson IDA matching the amount.

7. Interest rate offered through PTHS Advantage are reduced from PTHS, as 2% of downpayment assistance is paid through the sale of the loan and 2% is paid by the IDAs through a netting process with US Bank when the loans are sold
8. Pursuant to a Fiscal Agent agreement, CIC holds the PTHS Advantage account (CIC is paid a fee)
9. CIC holds the remaining PTHS Advantage funds (estimated at \$185,000)
10. Currently available