



MEMORANDUM

Date: October 13, 2023

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

From: Jan Leshner 
County Administrator

Re: **Additional Information for the October 17, 2023 Board of Supervisors Meeting - Agenda Item #24 – Gap Funding Agreement with Family Housing Resources**

On June 20, 2023, the Board of Supervisors awarded “gap funding” to two affordable-housing projects following a competitive Request for Proposals process and unanimous recommendation by the Regional Affordable Housing Commission. Community & Workforce Development worked with the two awardees to develop the contractual mechanism to award those resources.

The Board of Supervisors at its September 5, 2023 meeting approved the first agreement, with Southwest Nonprofit Housing Corporation. The second agreement, with Family Housing Resources is on your agenda for approval.


The attached memorandum from Deputy Director for Housing and Community Resources, Jenifer Darland provides a detailed description of the process as well the terms of this \$500,000 award. When concluded, this project will support the preservation of 96 units of affordable housing stock.

I recommend approval of this contract.

JKL/dym

Attachment


c: Carmine DeBonis, Jr., Deputy County Administrator
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer
Steve Holmes, Deputy County Administrator
Dan Sullivan, Director, Community & Workforce Development
Jen Darland, Deputy Director, Housing and Community Resources


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Date: October 12, 2023

To: Jan Leshar
County Administrator

From: Jen Darland 
Community & Workforce
Development Deputy Director

Francisco Garcia, MD, MPH
Deputy County Administrator and
Chief Medical Officer

Re: October 17, 2023 Board of Supervisors Agenda Item 24 – Gap Funding Agreement with Family Housing Resources

On June 20, 2023, the Board of Supervisors awarded “gap funding” to two affordable-housing projects following a competitive Request for Proposals process and unanimous recommendation by the Regional Affordable Housing Commission. Following award, Community and Workforce Development worked with the two awardees, Southwest Nonprofit Housing Corporation and Family Housing Resources (FHR), to negotiate and prepare contracts effectuating those awards. The agreement with Southwest Nonprofit Housing Corporation was approved September 5. The agreement with FHR is now on the agenda for approval October 17, item 24.

The agreement provides for payment of \$500,000.00 in gap funding to facilitate completion of the Talavera Apartments preservation project. Talavera was constructed in 1986, became a low-income project in 2001, and now is in need of a full renovation. The preservation project, which is now underway and nearing completion, will ensure affordability of 96 one- and two-bedroom units for an additional 30 years. Low Income Housing Tax Credit affordability restrictions currently apply, but those are subject to potential expiration, so the County affordability restrictions imposed as a result of this agreement will guarantee affordability for 30 years.

The County affordability restrictions require units to be rented to households at or below 80% of area median income who will pay affordable rents based on a schedule published annually by the state. The affordability restrictions will be recorded in a covenant running with the land, are binding on the owner and developer, and are enforceable by the County or tenants for 30 years, including the ability of the County to obtain injunctive relief or claw back a proportionate share of the gap funding if affordability restrictions are not followed.

The agreement is structured to pay up to 90% of the gap funding, based on actual eligible costs incurred, after execution of the agreement, with 10% held back until FHR demonstrates full project completion. After final payment, the Affordability Restrictive Covenant will be brought back to the Board for approval and then recorded.

Following is a brief timeline of the development and negotiation of this agreement:

- June 20, 2023 – Award approved by the Board
- June 30, 2023 – Initial meeting held with FHR to discuss agreement framework
- July 24, 2023 – Follow-up meeting with FHR
- Early August 2023 – Email communications regarding payment structure and cost reimbursement

Jan Leshner, County Administrator

Re: October 17, 2023 Board of Supervisors Agenda Item 24 – Gap Funding Agreement with Family Housing Resources

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- August 20, 2023 – First drafts of Gap Funding Agreement and Affordability Restrictive Covenant sent to FHR
- September 7, 2023 – Follow-up meeting with FHR
- September 14-26, 2023 – Drafts with comments and edits exchanged back and forth between FHR and CWD
- September 29, 2023 – BOSAIR and final version submitted for placement on October 17 agenda

CWD recommends approval of the Gap Funding Agreement.

c: Dan Sullivan, Director, Community & Workforce Development