



Contract Number: CT-CD-12 \* 347-03  
Effective Date: 4-1-13  
Term Date: 2-29-2020  
Cost: ✓  
Revenue:                       
Total:                      NTE:                       
Action  
Renewal By:                      12-1-2019  
Term:                      2-29-2020  
Reviewed by:                     

## **BOARD OF SUPERVISORS AGENDA ITEM SUMMARY**

Requested Board Meeting Date: May 6, 2014

### **ITEM SUMMARY, JUSTIFICATION &/or SPECIAL CONSIDERATIONS:**

Authorization of contract CT-CD 1200000000000000347 between Southern Arizona Land Trust Inc. and Pima County Community Development and Neighborhood Conservation Department (CDNC) to approve the Contract Amendment to modify the scope of work that will allow the Sub-grantee to retain some of the Program Income they receive and to make changes to the reporting requirements.

CONTRACT NUMBER (If applicable): 12000000000000000347

### **STAFF RECOMMENDATION(S):**

Staff recommends approval by the Board of Supervisors

CORPORATE HEADQUARTERS: Tucson, Arizona

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Ver. 20  
Vendor: 1  
pgs: 10

To: COB - 4.23.14  
Agenda - 5-6-14  
(2)

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CLERK OF BOARD USE ONLY: BOS MTG. \_\_\_\_\_

ITEM NO. \_\_\_\_\_

PIMA COUNTY COST: 0.00 and/or REVENUE TO PIMA COUNTY: \$

FUNDING SOURCE(S): Federal Funds /HUD  
(i.e. General Fund, State Grant Fund, Federal Fund, Stadium D. Fund, etc.)

**Advertised Public Hearing:**

		YES	X	NO
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**Board of Supervisors District:**

1		2		3		4		5		All	X
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**IMPACT:**

**IF APPROVED:**

County shall authorize contract CT-CD 12000000000000000347 between Southern Arizona Land Trust Inc. and Pima County Community Development and Neighborhood Conservation Department (CDNC) to approve the Contract Amendment to modify the scope of work that will allow the Sub-grantee to retain some of the Program Income they receive and to make changes to the reporting requirements.

**IF DENIED:**

County shall not authorize contract CT-CD 12000000000000000347 between Southern Arizona Land Trust Inc. and Pima County Community Development and Neighborhood Conservation Department (CDNC) to approve the Contract Amendment to modify the scope of work that will allow the Sub-grantee to retain some of the Program Income they receive and to make changes to the reporting requirements.

DEPARTMENT NAME: Community Development and Neighborhood Conservation

CONTACT PERSON: Gary Bachman TELEPHONE NO.: 243-6673



NOW, THEREFORE, the Parties agree as follows:

I. **ARTICLE I – DEFINITIONS** *is amended to add:*

***Close out.*** The date on which the close out agreement between HUD and County is executed (25CFR 570.509).

***Completion.*** When disposition of an NSP2 land bank property is final.

***Disposition.*** The sale, lease or donation of any real property in an NSP2 land bank to an eligible use.

***PI.*** Program income.

II. **ARTICLE III – EXPENDITURE DEADLINES AND PROGRAM INCOME** *is amended as follows:*

A. **Paragraph D(1)** is deleted in its entirety and replaced with the following:

All PI retained by, or provided to, Subgrantee must be used:

- a. For eligible NSP2 activities and uses set forth in the Pima County Consortium application for NSP2 funding which HUD approved and relied upon in awarding the NSP2 funds; and
- b. In strict compliance with all CDBG and NSP2 requirements for the use of program income.

B. **Paragraph D(2)** *is deleted in its entirety and replaced with the following:*

Subgrantee shall grant County access to all books and records associated with the original NSP2 funds distributed and all PI retained by or provided to Subgrantee pursuant to this Agreement. County shall be allowed to audit such records as County deems appropriate and necessary.

III. **ARTICLE VII – REPORTING, Paragraph B – Monthly Performance Reports** *is deleted in its entirety and replaced with the following:*

**Monthly Performance Reports.** Subgrantee shall provide Monthly Performance Reports in the forms attached as Exhibit C -- Rental and Exhibit D -- Sales. The Monthly Performance Reports must be submitted to County no later than fifteen (15) business days following the end of each month.

IV. **EXHIBIT A – SCOPE OF WORK** *is amended as follows:*

A. **Paragraph B(1), Subparagraph (a)** *is deleted in its entirety and replaced with the following:*

Identify foreclosed single family properties and foreclosed properties suitable for multi-family housing for possible acquisition. For purposes of this Agreement, a single family property may consist of one to four individual family units. A multifamily property will consist of five or more individual family units. All properties acquired must be convenient to shopping, employment and public transportation and be healthy and safe places for LMMH with children or seniors.

B. **Paragraph B(4) – Sale or Rental of rehabilitated homes** *is deleted in its entirety and replaced with the following:*

4. Sale or Rental of NSP2-assisted properties. The following conditions apply to residential properties acquired, constructed and/or rehabilitated with NSP2-funds or program income:

a. Single-family home sales. Subgrantee shall:

- i. Sales price cannot exceed the lesser of the appraised value at the time of sale or the cost of acquisition plus the costs associated with the rehabilitation. Sales price may not include: property maintenance, property management or replacement costs. The intended sales price must be approved by Pima County prior to listing the home for sale.
- ii. Screen potential buyers to determine that the potential homebuyer's household income meets LMMH standards and any other applicable eligibility requirements.
- iii. Follow NSP2 underwriting guidelines for homebuyers.
- iv. Prior to closing on the sale of a home funded with either NSP2 funds or program income generated from the use of NSP2 funds, assure that the homebuyer and all adult members of the buyer's household attend and successfully complete eight (8) hours of training from either a HUD or NeighborWorksAmerica Certified Homebuyers Education Program.
- v. If, due to market conditions, sale of a home is not feasible, the home may be rented at an affordable rate under a lease with an initial term of twelve (12) months. If, due to market conditions or tenant desire, a sale to the current tenant-household is not possible at the expiration of the lease period, Subgrantee must, pursuant to Article IX, Paragraph A(4) of this Agreement, either renew the lease if the tenant-household so desires for subsequent twelve month terms OR provide relocation assistance in compliance with 49 CFR Part 24.

b. Single-family home rentals. Subgrantee shall:

- i. Annually conduct a "rent reasonable" analysis of comparable rental homes using data from **socialserv.com** to determine the local market rent for the home. Rents shall be limited as follows:

Household Income	Maximum Rent	Adjustments
No more than 50% AMI	<u>Lesser</u> of 50% Low HOME rents or local market rents for the Tucson MSA	Tenant-paid utility allowances
51% AMI to 120% AMI	<u>Lesser</u> of 30% of monthly gross income or local market rents for the Tucson MSA	Tenant-paid utility allowances

- ii. Screen potential buyers to determine that the potential homebuyer's household income meets LMMH standards and any other applicable eligibility requirements.
- iii. Administer and manage all leases.

- iv. Collect rents.
  - v. Resolve resident disputes.
  - vi. Maintain and repair the property to assure marketability.
  - vii. Unless mutually agreed upon by the Parties, follow guidelines developed by County for the implementation of operating reserve accounts and use of funds for the replacement of systems.
- c. Multi-family rentals. Subgrantee shall:
- i. Sell the properties for no less than appraised value.
  - ii. Ensure that purchaser adheres to the requirements set forth in Subparagraph 4(b) above.
- d. Proceeds from income derived from sales or rents earned until February 11, 2014 must be returned to County. From and after February 12, 2014, PI shall be handled as set forth in Paragraph F of this Exhibit A.

**C. Paragraph B(5) – Affordability is deleted in its entirety and replaced with the following:**

5. Affordability. Subrecipient shall ensure that the properties acquired, constructed and/or rehabilitated with NSP2 funds or PI pursuant to the terms of this Agreement remain affordable, as defined in Article I of the Agreement, for the applicable Affordability Period set forth below.

a. Single-Family Home Sales.

- i. The length of the Affordability Period is determined by the amount of NSP2 funds or PI utilized for the acquisition, construction, rehabilitation and/or reduction of sales price to the buyer of property. NSP2 funding may not exceed \$40,000.00 for any home, unless approved by County in writing. The Affordability Period for single-family home sales is:

Amount of NSP2 funds or program income	Affordability Period
\$1.00 to \$15,000.00	Five (5) years from date of closing
\$15,001.00 to \$40,000.00	Ten (10) years from date of closing
\$40,001.00 and above	Twenty (20) years from date of closing

- ii. Affordability shall be ensured through a regulatory agreement which shall:
  - (a) Provide for a lien in favor of Pima County in the form of the Deed of Trust attached as Attachment 1 to Amendment 1;
  - (b) Be approved by County prior to closing; and
  - (c) Be executed at closing and recorded in the Office of the Pima County Recorder.
- iii. The lien shall be in an amount equal to the lesser of:

- (a) The amount of NSP2 funds and/or PI utilized for the acquisition, construction, rehabilitation and/or reduction in sales price to buyer; or
- (b) The difference between the appraised value and the first mortgage, less the buyer's cash contribution.

b. Single-Family Rentals.

- i. All rental houses shall remain affordable to and be rented to LMMH for a period of not less than 20 years from the initial rent up date of each house.
- ii. Affordability for the 20 year period shall be ensured through a regulatory agreement for each home. Each regulatory agreement shall:
  - (a) Provide for a lien in favor of Pima County in the form of the Deed of Trust attached as Attachment 1 to Amendment 1;
  - (b) Be approved by Pima County;
  - (c) Be in the amount of the NSP2 funds and/or program income utilized for the acquisition, construction or rehabilitation of the property; and
  - (d) Be executed and promptly recorded in the Office of the Pima County Recorder within 30 days of the execution of the initial lease.

c. Multi-Family Housing.

- i. Each multi-family housing structure shall remain affordable to and be rented to LMMH households for a period of not less than 25 years from the close of the sale.
- ii. Affordability shall be ensured through a regulatory agreement for each home. Each regulatory agreement shall:
  - (a) Provide for a lien in favor of Pima County in the form of the Deed of Trust attached as Attachment 1 to Amendment 1;
  - (b) Be approved by Pima County;
  - (c) Be in the amount of the NSP2 funds and/or program income utilized for the acquisition, construction or rehabilitation of the property; and
  - (d) Be executed upon closing of the sale and promptly recorded in the Office of the Pima County Recorder.
- iii. In the event that buyer of the multi-family housing structure is successful in renting all units in the complex to LMMH in less than five (5) years from the closing of the sale, the Deed of Trust may be amended to decrease the Affordability Period to a time 20 years from the first date that the last unit in the structure is rented.

D. Paragraph B(6) -- Land Banking is amended as follows:

1. Subparagraphs B(6)(c) is deleted in its entirety and replaced with the following:

Complete the disposition of each property pursuant to the NSP2 Land Bank Disposition Timeline set forth in Subparagraph B(7)(b) below.

2. Subparagraph B(6)(e) is amended to add:

From and after February 12, 2014, program income shall be handled as set forth in Paragraph F of this Exhibit A.

E. Paragraph B(7) – Timeline, Subparagraph B(7)(b) – Land Bank is amended to add the following table:

Disposition of land banked parcels	No. of properties	Proposed Activity	Date of completion <sup>1,2</sup>
Vista Montana Estates	44	Sale of single family homes	December 31, 2019
140 E. Drexel Road	1	Construction and sale of 16-unit multi-family rental complex	Three (3) years from grant close-out
131 & 137 E. Palmdale Street	2	Construction and sale of 2- 8 unit rental housing for veterans	Five (5) years from grant close-out
Pinal Vista	1	Construction and sale of 2-12 until multi-family rental complex	Five (5) years from grant close-out
808 E. 33 <sup>rd</sup>	1	Construction and sale of 2- 4 unit multi-family rental complex	Seven (7) years from grant close-out
2323 S. Euclid Avenue	1	Construction and sale of 2- 4 unit multi-family rental complex	Seven (7) years from grant close-out

F. Paragraph B(8) – Annual Report is deleted in its entirety and replaced with the following:

8. Annual Report and Annual Plan. Subgrantee shall submit to County the following:

- a. Annual Plan. On or before March 31 of each year, an Annual Plan. The Annual Plan shall:

- i. Outline the status and intended disposition of all properties in Subgrantee's portfolio acquired, constructed and/or rehabilitated with NSP2 funds or program income;

<sup>1</sup> HUD or County may require that these dates and/or activities be modified during the grant close-out process. If so required this schedule will be amended accordingly.

<sup>2</sup> Any properties that have not been properly disposed of pursuant to this schedule, as may be amended by the Parties, or required by HUD, shall be quit-claimed to County at no cost to County.

- ii. Provide a detailed budget for NSP2-assisted properties and activities for the year beginning July 1;
  - iii. Estimate program income to be earned during the year; amount of program income that will be retained by Subgrantee; and management and administrative costs; and
  - iv. Approved by the CDNC Director. Failure to provide an acceptable plan will result in Subgrantee forfeiting its share of the program income for March and every month thereafter until an acceptable plan is received.
- b. Annual Report. On or before August 15, an Annual Report for the year ending June 30 unless required sooner to meet HUD requirements. The Annual Report shall contain:
- i. A summary that includes, but is not limited, to a list of properties sold, acquired; a financial status report for SALT; and
  - ii. A narrative summary of the SALT's activities for the year ending June 30, including, but not limited to, challenges encountered, problems solved, and innovative practices.

**G. Paragraph F – Program Income is added to read:**

- F. Program Income. From and after February 12, 2014, all program income ("PI") generated from sales and rentals of NSP2-assisted properties (including properties assisted solely with NSP2 PI), shall be allocated as follows:
- 1. Subgrantee may retain 65% of PI earned each month.
  - 2. Subgrantee shall remit at least 35% of PI earned each month within 30 calendar days from the end of the month in which the PI is earned.
  - 3. Subgrantee shall not use more than 5% of PI retained each month for NSP2-eligible administrative expenses.

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4. PI expenditures must comply with the requirements set forth in Article III, Paragraph D(1) of this Consortium Master Funding Agreement. Use of PI must comply with the Annual Plan approved by County and cannot negatively impact the disposition of properties in the land bank.
5. **This Paragraph F shall survive the termination of this Agreement and remain in full force and effect so long as Subgrantee is earning program income from NSP2-funded activities.**

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The effective date of this Amendment shall be April 1, 2013.

All other provisions of the Contract, not specifically changed by this Amendment, shall remain in effect and be binding upon the parties.

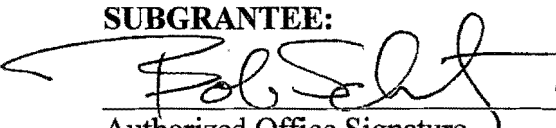
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IN WITNESS THEREOF, the parties have affixed their signatures to this Amendment on the dates written below.

**PIMA COUNTY:**

\_\_\_\_\_  
Chairman, Board of Supervisors      Date

**SUBGRANTEE:**

 03-31-2014  
Authorized Office Signature      Date

**ATTEST:**

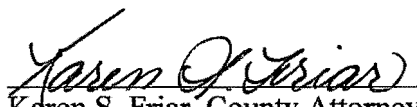
Bob Schwartz, CEO  
Name and Title (Please Print)

\_\_\_\_\_  
Clerk of the Board

**APPROVED AS TO CONTENT:**

 03/27/2014  
Margaret Kish, Department Head      Date

**APPROVED AS TO FORM:**

  
Karen S. Friar, County Attorney

## EXHIBIT C

### PIMA COUNTY COMMUNITY DEVELOPMENT NEIGHBORHOOD STABILIZATION (NSP2) PROGRAM

SOUTHERN ARIZONA LAND TRUST Contract# \_\_\_\_\_

Financial Status Report and Program Income Reconciliation for the month of  
\_\_\_\_\_ 20 \_\_\_\_\_

#### PROGRAM INCOME / NET PROCEEDS

Rental Property	This Month	Annual to Date
Gross Rents:	_____	_____
Fees:	_____	_____
Effective Gross Income	_____	_____
Expenses		
Replacement Reserves:	_____	_____
Utilities:	_____	_____
Insurance:	_____	_____
Property Management Fees:	_____	_____
Maintenance / Repairs:	_____	_____
Mileage:	_____	_____
Postage:	_____	_____
Legal Fees:	_____	_____
Misc:	_____	_____
Net Operating Income / PI	_____	_____
Program Admin (10%)	_____	_____
PI Retained by SALT (60%)	_____	_____
PI Retained by SALT for ADMIN (5%)	_____	_____
Total Retained by SALT	_____	_____
PI Returned to Pima County (30%)	_____	_____
PI Returned to Pima County for ADMIN (5%)	_____	_____
Total Returned to Pima County	_____	_____

I hereby certify that to the best of my knowledge, the data reported represents actual receipts and actual expenditures which have been incurred in accordance with the agreement for management and implementation of the NSP2 Program and are based on official accounting records and supporting documents which will be maintained by us for purpose of audit.

\_\_\_\_\_  
REVIEWED BY

\_\_\_\_\_  
PREPARED BY

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
PHONE NUMBER

\_\_\_\_\_  
DATE

\_\_\_\_\_  
DATE

## EXHIBIT D

### PIMA COUNTY COMMUNITY DEVELOPMENT NEIGHBORHOOD STABILIZATION (NSP2) PROGRAM

SOUTHERN ARIZONA LAND TRUST Contract# \_\_\_\_\_

Property Address: \_\_\_\_\_

Financial Status Report and Program Income Reconciliation for the month of  
\_\_\_\_\_ 20 \_\_\_\_\_

#### PROGRAM INCOME / NET PROCEEDS

Sale of Property	This Month	Annual to Date
Gross Sale Amount	_____	_____
Expenses		
Closing Costs:	_____	_____
Private Loan:	_____	_____
Other:	_____	_____
Net Operating Income / PI	_____	_____
Program Admin (10%)	_____	_____
PI Retained by SALT (60%)	_____	_____
PI Retained by SALT for ADMIN (5%)	_____	_____
Total Retained by SALT	_____	_____
PI Returned to Pima County (30%)	_____	_____
PI Returned to Pima County for ADMIN (5%)	_____	_____
Total Returned to Pima County	_____	_____

I hereby certify that to the best of my knowledge, the data reported represents actual receipts and actual expenditures which have been incurred in accordance with the agreement for management and implementation of the NSP2 Program and are based on official accounting records and supporting documents which will be maintained by us for purpose of audit.

\_\_\_\_\_  
REVIEWED BY

\_\_\_\_\_  
PREPARED BY

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
TITLE      PHONE NUMBER

\_\_\_\_\_  
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