

Grantee: Phoenix, AZ

Grant: B-08-MN-04-0505

April 1, 2009 thru June 30, 2009 Performance Report

Grant Number:

B-08-MN-04-0505

Grantee Name:

Phoenix, AZ

Grant Amount:

\$39,478,096.00

Grant Status:

Active

Submitted By:

No Submitter Found

Obligation Date:**Award Date:****Contract End Date:****Review by HUD:**

Reviewed and Approved

Disasters:**Declaration Number**

NSP

Plan Description:

Foreclosures

Recovery Needs:**Overall****Total Projected Budget from All Sources****Total CDBG Program Funds Budgeted****Program Funds Drawdown****Obligated CDBG DR Funds****Expended CDBG DR Funds****Match Contributed****Program Income Received****Program Income Drawdown****This Report Period**

N/A

N/A

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

To Date

\$39,478,096.00

\$39,478,096.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	\$99.99	\$0.00
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$5,921,714.40	\$0.00
Limit on Admin/Planning	\$3,947,809.60	\$0.00
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

The first quarter of the NSP grant period was focused on:

1. Performing outreach and providing information to community stakeholders.
2. Mobilizing existing resources to implement NSP programs.
3. Partnering/procuring additional resources to assist with implementing NSP activities.

Outreach and Information

Mass outreach efforts included:

- establishing a webpage at www.phoenix.gov featuring the Homeownership Assistance Program;
- promoting the Homeownership Assistance Program in Water Department billings to approximately 400,000 accounts;
- issuing a press release resulting in an article about the Homeownership Assistance Program in the "Arizona Republic" daily newspaper.
- developing collateral which includes: Homeownership Assistance Fact Sheet, FAQs for the buyer and the lender, a process flow chart and a list of participating permanent mortgage lenders.

Targeted outreach included:

- "Brown Bag" presentations to the Phoenix Association of Realtors on March 2 and March 13
- Three information sessions for homebuyers and real estate professionals: Two on March 2 and another on July 14, attended by a total of almost 400 potential buyers and other interested parties.
- A briefing for permanent lenders on June 19, attended by representatives of more than twenty mortgage lenders.

Mobilizing existing resources

Community Housing Resources of Arizona (CHRA), a long-time CDBG and HOME program subrecipient, was selected to administer NSP1 Program 1, the Homeownership Assistance Program. Existing CDBG subrecipient Housing Counseling contracts with Community Housing Resources of Arizona, Neighborhood Housing Services of Phoenix (NHSP), Greater Phoenix Urban League and Chicanos Por La Causa were amended to accommodate implementation of NSP pre-purchase counseling requirements. Extensive emphasis was placed on coordinating the flow of homebuyers from the counseling agencies to CHRA for NSP-funded down payment and closing cost assistance.

A positive response to the outreach effort placed demands on counseling capacity that were initially in excess of local agencies' resources. By late May, more than 80 participants were enrolled in or had received housing counseling services. Out of 49 potential homebuyers referred to CHRA, 12 have been found eligible and ready in all respects for NSP-assisted homeownership, and the first two closings are expected in August.

The Garfield Infill Development Agreement with Neighborhood Housing Services of Phoenix was amended to initiate the NSP Acquisition/Rehab/Resale program at the earliest possible date in the Garfield Neighborhood Initiative Area, an existing targeted neighborhood in NSP Tier 3.

Partnering/procuring Additional Resources

More than 50 responsive proposals were received in response to a competitive Request for Proposals (RFP) issued by the City of Phoenix on March 27 for comprehensive, NSP-related services. Selected respondents are expected to be under contract by early September.

Along with other local jurisdictions, the State of Arizona, and HUD, REO seller/servicers such as Wells Fargo, US Bank, Bank of America, Fannie Mae, National Bank of Arizona and Chase have provided linkages and information regarding their asset management contacts and policies to facilitate identifying and purchasing their foreclosed inventory.

The National Community Stabilization Trust (NCST), representing national loan servicers and financial intermediaries, is finalizing documents and transaction details to implement as a pilot program in Phoenix their "First Look" program, which offers access to foreclosed properties at a potential savings to cities participating in NSP1.

MF- 25% of funding at/below 50% median

The Housing Department is investigating strategies that will protect current investment in affordable housing that would be eliminated by foreclosures. Several properties that HUD has an interest in are under consideration.

Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00
NSP1, Financing Mechanisms - DPA Only	\$0.00	\$0.00	\$3,200,000.00	\$0.00
NSP2, Financing Mechanisms - DPA w/ Rehab	\$1,890,800.00	\$0.00	\$9,340,800.00	\$0.00
NSP3, Acquisition/Purchase and Rehab - SFR/HO	\$2,030,400.00	\$0.00	\$6,330,400.00	\$0.00
NSP4, Acquisition/Purchase and Rehab - MF Rental	\$0.00	\$0.00	\$10,659,086.00	\$0.00
NSP5, Demolition - Blighted Structures	(\$3,900,000.00)	\$0.00	\$6,000,000.00	\$0.00
NSP6, Administration and Planning	(\$21,200.00)	\$0.00	\$3,947,810.00	\$0.00

Activities

Grantee Activity Number: NSP1-CHRA

Activity Title: Homebuyer Assistance Program

Activity Category:

Homeownership Assistance to low- and moderate-income

Activity Status:

Under Way

Project Number:

NSP1

Project Title:

Financing Mechanisms - DPA Only

Projected Start Date:

03/11/2009

Projected End Date:

03/11/2013

National Objective:

NSP Only - LMMI

Responsible Organization:

CHRA-Community Housing Resources of Arizona

Overall	Apr 1 thru Jun 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$0.00
Total CDBG Program Funds Budgeted	N/A	\$0.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The City will provide homeownership assistance (an NSP Financing Mechanism) in the form of subordinate mortgages to assist homebuyers purchase and occupy foreclosed or abandoned single-family homes in Tier 1, Tier 2 and Tier 3 areas that require no rehabilitation to meet lender requirements and/or City's housing standards. The target population would be FHA creditworthy borrowers with incomes at or below 120% AMI. Given current area home prices, it is expected that some buyers below 80% of median income could also be served. The City will ensure continued affordability of assisted units by adopting, at a minimum, the HOME program standard: Per-unit NSP Assistance Minimum Affordability Period = \$15,000 5 years \$15,001 - \$40,000 10 years > \$40,000 15 years

Location Description:

The City of Phoenix has established areas of greatest need pursuant to Section 2301 (b)(4)(2) of the Housing and Economic Recovery Act (HERA) of 2008, with priority emphasis given to the factors described in this report: 1) Areas in Phoenix having the greatest percentage of home foreclosures; 2) Areas in Phoenix with the highest percentage of homes financed by a subprime mortgage -related loan; and, 3) Areas in Phoenix likely to face a significant rise in the rate of home foreclosures. As discussed further in the City of Phoenix NSP Substantial Amendment, the NSP strategy to use and distribute funds to areas of greatest need will respond to large areas of the city with significant foreclosure rates and widespread foreclosure risk factors by developing a three-tiered approach that is consistent with the Community Development goals of the Consolidated Plan. Drawing from the information contained within this section, Map 1-4 in the City of Phoenix NSP Substantial Amendment highlights those Zip Codes that have been determined to constitute areas of greatest need, distinguished by the three tiers of targeting that the City will adopt to address such a widespread problem.

Activity Progress Narrative:

Community Housing Resources of Arizona (CHRA), a long-time CDBG and HOME program subrecipient, was selected to administer NSP1 Program 1, the Homeownership Assistance Program. Existing CDBG subrecipient Housing Counseling contracts with Community Housing Resources of Arizona, Neighborhood Housing Services of Phoenix (NHSP), Greater Phoenix Urban League and Chicanos Por La Causa were amended to accommodate implementation of NSP pre-purchase counseling requirements. Extensive emphasis was placed on coordinating the flow of homebuyers from the counseling agencies to CHRA for NSP-funded down payment and closing cost assistance.

A positive response to the outreach effort placed demands on counseling capacity that were initially in excess of local agencies' resources. By late May, more than 80 participants were enrolled in or had received housing counseling services. Out of 49 potential homebuyers referred to CHRA, 12 have been found eligible and ready in all respects for NSP-assisted homeownership, and the first two closings are expected in August.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	0	0/0	0/0	0/188
# of Households benefitting	0	0	0	0/50	0/138	0/188

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number: NSP3-ACQ

Activity Title: NSP3 - Acquisition

Activity Category:

Acquisition - general

Activity Status:

Under Way

Project Number:

NSP3

Project Title:

Acquisition/Purchase and Rehab - SFR/HO

Projected Start Date:

03/11/2009

Projected End Date:

03/11/2013

National Objective:

NSP Only - LMMI

Responsible Organization:

COP-NSD

Overall

Apr 1 thru Jun 30, 2009

To Date

Total Projected Budget from All Sources

N/A

\$1,069,316.00

Total CDBG Program Funds Budgeted

N/A

\$1,069,316.00

Program Funds Drawdown

\$0.00

\$0.00

Obligated CDBG DR Funds

\$0.00

\$0.00

Expended CDBG DR Funds

\$0.00

\$0.00

Match Contributed

\$0.00

\$0.00

Program Income Received

\$0.00

\$0.00

Program Income Drawdown

\$0.00

\$0.00

Activity Description:

The City or contracted intermediaries (for-profits and/or non-profits procured as contractors or performing under subrecipient agreements) will purchase foreclosed or abandoned homes and rehabilitate them in keeping with City standards described elsewhere in the NSP Action Plan. Homes may be purchased individually or at bulk sale. Purchase prices will average at least 15% below current appraised value, unless an acceptable methodology is developed to justify an average discount as low as 10%. NSP funds will also pay for allowable rehab costs. This activity will be focused on Tier 2 and Tier 3 areas of greatest need so as to produce tangible evidence of neighborhood improvement and to entice homebuyers to purchase newly-rehabbed homes. Upon the completion of rehabilitation, homes will be sold to FHA creditworthy borrowers with incomes at or below 120% AMI. Given current area home prices, it is expected that some buyers below 80% of median income could also be served. Sales to homebuyer will be at a price equal to or less than the cost to acquire and rehabilitate or redevelop the property, including related activity delivery costs and a reasonable developer fee unless the intermediary is a subrecipient, in which case they may recover their direct costs. LMMI purchasers who agree to occupy the property as their primary residence may qualify for Direct Homeownership Assistance. The City will ensure continued affordability of assisted units by adopting, at a minimum, the HOME program standard: Per-unit NSP Assistance Minimum Affordability Period = \$15,000 5 years \$15,001 - \$40,000 10 years > \$40,000 15 years

Location Description:

The City of Phoenix has established areas of greatest need pursuant to Section 2301 (b)(4)(2) of the Housing and Economic Recovery Act (HERA) of 2008, with priority emphasis given to the factors described in this report: 1) Areas in Phoenix having the greatest percentage of home foreclosures; 2) Areas in Phoenix with the highest percentage of homes financed by a subprime mortgage -related loan; and, 3) Areas in Phoenix likely to face a significant rise in the rate of home foreclosures. As discussed further in the City of Phoenix NSP Substantial Amendment, the NSP strategy to use and distribute funds to areas of greatest need will respond to large areas of the city with significant foreclosure rates and widespread foreclosure risk factors by developing a three-tiered approach that is consistent with the Community Development goals of the Consolidated Plan. Drawing from the information contained within this section, Map 1-4 in the City of Phoenix NSP Substantial Amendment highlights those Zip Codes that have been determined to constitute areas of greatest need, distinguished by the three tiers of targeting that the City will adopt to address such a widespread problem. Acquisition and Rehabilitation of Foreclosed Single Family Homes will be primarily targeted in Tier 2 and Tier 3 areas of greatest need, defined elsewhere in the NSP Action Plan, with limited targeting in Tier 1 areas of greatest need on an exception basis.

Activity Progress Narrative:

The Garfield Infill Development Agreement with Neighborhood Housing Services of Phoenix was amended to initiate the NSP Acquisition/Rehab/Resale program at the earliest possible date in the Garfield Neighborhood Initiative Area, an existing

targeted neighborhood in NSP Tier 3.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/85
# of housing units	0	0	0	0/0	0/0	0/85
# of Households benefitting	0	0	0	0/35	0/50	0/85
# of Parcels acquired voluntarily	0	0	0	0/0	0/0	0/85

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: NSP4-ACQ

Activity Title: NSP4-Acquisition of MF Rental

Activity Category:

Acquisition - general

Project Number:

NSP4

Projected Start Date:

03/11/2009

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Acquisition/Purchase and Rehab - MF Rental

Projected End Date:

03/11/2013

Responsible Organization:

COP-Housing Dept

Overall

Apr 1 thru Jun 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$5,195,784.00
Total CDBG Program Funds Budgeted	N/A	\$5,195,784.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The City will use NSP funds to assist with the purchase and rehabilitation of foreclosed or abandoned rental properties, primarily multi-family. Foreclosed or abandoned multi-family rentals introduce significant distress in any area. Identification of prospect properties will involve strategic targeting to Tier 2 and Tier 3 areas of greatest need, with secondary emphasis on identifying distressed properties that offer opportunities for affordable housing for households at or below 50% AMI in Tier 1. This will be the City's primary NSP program for benefiting households at or below 50% of median income. Properties could be purchased for the City's own portfolio or the City could assist non-profit or for-profit partners in acquisition and rehabilitation. The form of the City's assistance will be subordinated mortgages. The City will make every effort to leverage these loans with FHA or other first mortgages, tax credit proceeds (where possible) and other subordinate financing such as AHP, state funds and its own subordinate mortgage financing. Rental and occupancy agreements will be enforced through deeds of trust, covenants running with the property, deed restrictions or other mechanisms approved by HUD, in order to ensure continued affordability that will, at a minimum, meet the HOME standard: Per-unit NSP Assistance Minimum Affordability Period = \$15,000 5 years \$15,001 - \$40,000 10 years > \$40,000 15 years

Location Description:

The City of Phoenix has established areas of greatest need pursuant to Section 2301 (b)(4)(2) of the Housing and Economic Recovery Act (HERA) of 2008, with priority emphasis given to the factors described in this report: 1) Areas in Phoenix having the greatest percentage of home foreclosures; 2) Areas in Phoenix with the highest percentage of homes financed by a subprime mortgage-related loan; and, 3) Areas in Phoenix likely to face a significant rise in the rate of home foreclosures. As discussed further in the City of Phoenix NSP Substantial Amendment, the NSP strategy to use and distribute funds to areas of greatest need will respond to large areas of the city with significant foreclosure rates and widespread foreclosure risk factors by developing a three-tiered approach that is consistent with the Community Development goals of the Consolidated Plan. Drawing from the information contained within this section, Map 1-4 in the City of Phoenix NSP Substantial Amendment highlights those Zip Codes that have been determined to constitute areas of greatest need, distinguished by the three tiers of targeting that the City will adopt to address such a widespread problem. Identification of prospect properties will involve strategic targeting to Tier 2 and Tier 3 areas of greatest need defined elsewhere in the Action Plan, with secondary emphasis on identifying distressed properties that offer opportunities for affordable housing for households at or below 50% AMI in Tier 1.

Activity Progress Narrative:

The Housing Department is investigating strategies that will protect current investment in affordable housing that would be eliminated by foreclosures. Several properties that HUD has an interest in are under consideration.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/10
# of housing units	0	0	0	0/0	0/0	0/479
# of Households benefitting	0	0	0	0/125	0/234	0/479
# of Parcels acquired voluntarily	0	0	0	0/0	0/0	0/10

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources
