

# Grantee: Surprise Town, AZ

## Grant: B-11-MN-04-0506

### April 1, 2021 thru June 30, 2021 Performance Report

<b>Grant Number:</b> B-11-MN-04-0506	<b>Obligation Date:</b>	<b>Award Date:</b>
<b>Grantee Name:</b> Surprise Town, AZ	<b>Contract End Date:</b>	<b>Review by HUD:</b> Reviewed and Approved
<b>Grant Award Amount:</b> \$1,329,844.00	<b>Grant Status:</b> Active	<b>QPR Contact:</b> David Lane Jr.
<b>LOCCS Authorized Amount:</b> \$1,329,844.00	<b>Estimated PI/RL Funds:</b> \$1,134,555.00	
<b>Total Budget:</b> \$2,464,399.00		

### Disasters:

#### Declaration Number

NSP

### Narratives

#### Summary of Distribution and Uses of NSP Funds:

City of Surprise will utilize the NSP funds for a number of activities. Funds will be used for Administration costs which result in homebuyer education, counseling, marketing and salary for the Program Coordinator. Down payment assistance will be distributed to low income residents of Surprise who complete the homebuyer education courses and meet all other requirements. Funds will also be reserved for property improvements when necessary and home purchase. The homes purchased with NSP funds will be provided to applicants who also meet all the requirements included the income guidelines and who complete the homebuyer education course.

#### How Fund Use Addresses Market Conditions:

Currently the city of Surprise has seen huge impacts to the neighborhoods due to the number of foreclosed and vacant homes. Surplus of homes make sale of homes a lengthy process. Due to this surplus, property values have fallen as much as 75% in some areas in the city. As of February 27, 2011, there are 1,663 (6%) pending foreclosure and 921 (4%) bank owned homes in the city per RealtyTrac.com. The MLS system also lists 733 properties being delinquent with their mortgages.

As a result of the affordable pricing of virtually new homes with many upgraded amenities, purchase programs such as the one Surprise is proposing under this amendment is both affordable and attractive to potential buyers. The ability to work with programs such as the Fannie Mae First Look Program has allowed the city the ability to purchase homes as they come on the market without the need of competing with the investor market and to purchase at a discount that is then transferred to the home buyer as an additional benefit.

#### Ensuring Continued Affordability:

Surprise will ensure affordability for proposed homebuyer activities through 100% of recapture of funds secured through Deeds of Trust and Forgivable Loan Agreements with the homebuyer identifying the period of affordability as outlined by the table below. Assistance will be provided to homebuyers in the form of monetary assistance given to qualified individuals through a no-interest soft second mortgage that is due on sale or refinance during the affordability period. Recaptured funds will be used to continue funding of eligible activities under the NSP program through June 1, 2014 (or 36 months from entering into funding agreement), or other date as determined by HUD.

HOME Minimum Periods of Affordability for Homebuyer Activities	
Assistance Amount	Minimum Periods of Affordability
Under \$15, 000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years
New Construction	20 years

#### Definition of Blighted Structure:

Surprise will use the blighted structure definition from the IPMC (International Property Maintenance Code), Chapter 2, Section 202, Definitions, which the Surprise adopted through Chapter 105 of the Surprise Municipal Code, which states: BLIGHT OR BLIGHTED: Unsightly conditions of a building, structure, accessory building fence, landscaping or property characterized by neglect, lack of maintenance, damage or any other similar conditions of disrepair, or deterioration. Examples include but are not limited to the accumulation of debris, wood, scrap iron or other metal, boxes paper, vehicle parts, tires, inoperable equipment or vehicles, discarded appliances or any items that may harbor insect or vermin infestation or create a fire hazard; landscaping that is overgrown, dead or damaged; fences that are broken, rotted,

damaged or leaning; buildings or structures exhibiting general disrepair or dilapidation including but not limited to deteriorated shingles, peeling paint, broken doors or windows or any other evidence of neglect or lack of maintenance.

Definition of Affordable Rents:

No rental activities are currently proposed. Surprise uses the following definition:  
Affordable Rent: Rents that do not exceed 30% of gross household income for families earning at or below 50% Area Median Income for Maricopa County as determined by HUD with adjustments for number of bedroom units as more particularly described in 24CFR Part 92.252.b.1.

Housing Rehabilitation/New Construction Standards:

Surprise will use the HUD approved Minimum Basis Housing Rehabilitation Standards of the Maricopa County HOME Consortium. Surprise will incorporate green building, emergency efficiency, and visibility components as feasible (enclosed in Tab 5).

Vicinity Hiring:

The city of Surprise will include in its requests for bids their preference per program design to provide, to the greatest extent feasible, hiring of employees who reside in the vicinity of NSP 3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of the NSP 3 target area.

Procedures for Preferences for Affordable Rental Dev.:

Not Applicable

Grantee Contact Information:

Deb Perry -deborah.perry@surpriseaz.gov/623.222.1623/16000 N. Civic Center Plaza, Surprise AZ 85374  
Seth Dyson -seth.dyson@surpriseaz.gov/623.222.1620/16000N. Civic Center Plaza, Surprise AZ 85374

Overall	This Report Period	To Date
Total Projected Budget from All Sources	\$0.00	\$2,410,736.39
Total Budget	\$0.00	\$2,410,736.39
Total Obligated	\$0.00	\$1,580,766.64
Total Funds Drawdown	\$0.00	\$1,580,766.64
Program Funds Drawdown	\$0.00	\$1,261,474.23
Program Income Drawdown	\$0.00	\$319,292.41
Program Income Received	\$0.00	\$1,085,852.44
Total Funds Expended	\$0.00	\$1,575,316.64
HUD Identified Most Impacted and Distressed	\$0.00	\$0.00
Other Funds	\$ 0.00	\$ 0.00
Match Funds	\$ 0.00	\$ 0.00
Non-Match Funds	\$ 0.00	\$ 0.00

Funds Expended

Overall	This Period	To Date
City of Surprise2	\$ 0.00	\$ 1,575,316.64

Progress Toward Required Numeric Targets

Requirement	Target	Projected	Actual
Overall Benefit Percentage	99.99%	.00%	.00%
Minimum Non Federal Match	\$ .00	\$ .00	\$ .00
Overall Benefit Amount	\$2,265,826.25	\$ .00	\$ .00
Limit on Public Services	\$199,476.60	\$ .00	\$ .00
Limit on Admin/Planning	\$132,984.40	\$198,346.14	\$198,346.14
Limit on Admin	\$ .00	\$198,346.14	\$198,346.14
Most Impacted and Distressed	\$ .00	\$ .00	\$ .00
Progress towards LH25 Requirement	\$616,099.75		\$8,282.74

## Overall Progress Narrative:

The residential lot purchased by the Developer will need to be split into four parcels to accommodate the four new homes. The Developer has submitted pre-development documents to the planning department. Corrections for the submittal will be required. The Developer has reported it will take 2-3 months to revise the submittal documents. The lot split is anticipated to be complete in the second quarter of FY22.

## Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00
NSP3 - 01 - LMMI, Acquisition/Rehabilitation	\$0.00	\$1,264,283.65	\$1,164,399.00
NSP3 - 02 - LMMI, Down Payment Assistance	\$0.00	\$109,854.11	\$45,953.08
NSP3 - 03 - 25%, Down Payment Assistance 25%	\$0.00	\$8,282.74	\$8,282.74
NSP3 - 04 - Admin, Administration	\$0.00	\$198,346.14	\$42,839.41
NSP3 - 05 - 25%, New Construction 25%	\$0.00	\$709,969.75	\$0.00
NSP3 - 1A - 25%, Acquisition/Rehabilitation	\$0.00	\$120,000.00	\$0.00