

# THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): <a href="#">Maricopa County</a> ( <i>identify lead entity in case of joint agreements</i> ) <a href="#">Maricopa County Community Development</a> Jurisdiction Web Address: <a href="http://www.maricopa.gov/comm_dev/">www.maricopa.gov/comm_dev/</a> ( <i>URL where NSP Substantial Amendment materials are posted</i> )	NSP Contact Person: <a href="#">Renee Ayres-Benavidez</a> Address: 222 N. Central Avenue Suite 5200, Phoenix, AZ 85004 Telephone: 602.372.1535 Fax: 602.372.2292 Email: <a href="mailto:ayresr@mccd.maricopa.gov">ayresr@mccd.maricopa.gov</a>  <i>Para información en español, favor de comunicarse a las oficinas de Maricopa County Community Development a 602-372-1535.</i>
--	--

## **A. AREAS OF GREATEST NEED**

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

### Response:

Maricopa County will receive \$9,974,267 in Neighborhood Stabilization Program funds to address the purpose of assisting in the redevelopment of abandoned and foreclosed homes and residential properties in the Urban County. Decreasing the number of foreclosed and abandoned properties through the activities described in this Amendment will provide community benefit by: 1) Addressing the housing needs of Low-Moderate-Middle-Income (LMMI) households and special needs populations; 2) Reducing the number of homes that are left vacant and/or are boarded up which has a direct correlation to area safety and crime levels; 3) Increasing neighborhood stability by requiring housing counseling which educates program participants on how to maintain homeownership over the long term; and 4) To the degree feasible, increasing the energy efficiency of housing units.

Maricopa County's service area for the Urban County includes the cities/towns of Buckeye, Cave Creek, El Mirage, Goodyear, Gila Bend, Guadalupe, Litchfield Park, Queen Creek, Tolleson, Wickenburg, Youngtown and the unincorporated areas of Maricopa County.

The Maricopa Urban County has been hit hard by the foreclosure crisis, as have many Arizona cities, towns and communities. While Maricopa County recognizes this situation, HUD regulations require the County to target the Neighborhood Stabilization Program funds to the areas of greatest need.

Using the data available at the time of document preparation, including HUD's foreclosure and abandonment risk scores, Maricopa County has identified the Urban County's areas of greatest need as being within the cities/towns of El Mirage, Buckeye and Goodyear.

An analysis of home prices within Maricopa County's areas of greatest need supports home prices are currently affordable. Given this, and that there appears to be reasonable access to transit, employers and services, there is a strong probability for success in stimulating these local economies through the Neighborhood Stabilization Program.

The table below reflects data collected from HUD data sets to determine the areas of greatest need. Specific strategies and steps taken by Maricopa County to determine the greatest need areas are explained under Section B of this document.

Community	HUD's Foreclosure Risk Score $\geq 8$	Rate of Un-employment $\geq 5\%$	High Cost Loans $\geq 30\%$	18 Month Problem $\geq 5\%$	USPS Vacancy Rate $> 5\%$	% of Foreclosures $\geq 5\%$	Number of Foreclosures $\geq 500$
Anthem							X
Buckeye	X	X	X	X		X	X
El Mirage	X	X	X	X		X	X
Gila Bend			X	X		X	
Goodyear	X		X	X	X	X	X
Guadalupe			X	X		X	
Laveen	X		X	X			X
New River							X
Queen Creek *				X		X	X
Sun City	X			X	X		
Sun City West							
Tolleson	X		X	X		X	
Wickenburg				X		X	
Youngtown	X		X	X	X	X	

\* For purposes of this analysis, information for unincorporated Pinal County was excluded as it is outside Maricopa County's service area

To the extent possible, Maricopa County intends to also target funds to the populations of greatest need. Populations of greatest need include: Households at or below 120% of Area Median Income; Households at or below 50% of Area Median Income; and formerly homeless households, disabled persons, and/or other special needs populations.

The proposed activities to be undertaken with Neighborhood Stabilization Program funds include: homebuyer assistance (financial mechanisms including soft seconds, down payment and closing cost assistance and shared equity loans); single-family housing acquisition and rehabilitation; and acquisition and rehabilitation of rental housing and/or construction of new rental housing (to possibly include demolition of blighted properties).

Maricopa County will adopt HERA counseling requirements that program beneficiaries must attend a minimum 8 hours of housing counseling from a HUD-approved counseling agency and provided by a certified housing counselor.

Each of the proposed activities is consistent with the Maricopa **HOME Consortium Five Year Consolidated Plan** for 2005 through 2009 and the **Urban County Five-Year Consolidated Plan** for 2005 through 2009. Copies of these plans are available upon request.

The attached **map** helps illustrate the areas of greatest need for purposes of this program.

## ***B. DISTRIBUTION AND USES OF FUNDS***

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

### Response:

Neighborhood Stabilization Program funds will meet the requirements of Section 2301(c)(2) of HERA to: Provide and/or improve permanent residential structures that will be occupied by households whose income is at or below 120% of area median income (LMMH). As required in section 2301(f)(3)(A)(ii), Maricopa County will use 25% of our allocation to meet the HERA requirement to provide benefit to low-income households (earning 50 percent or less of Area Median Income).

Maricopa County conducted its needs assessment by analyzing statistics from the HUD Data Sets that were created for Arizona; broken down by Census Tract and Block Group. These data sets reflect foreclosure and abandonment risk scores for the Neighborhood Stabilization Program, designated by HUD through analysis from four sources<sup>1</sup>. Criteria included 1) Unemployment rates; 2) High cost loans; 3) Significant foreclosure increases likely over the next 18 months; and 4) USPS vacancy rates. Maricopa County also took into consideration the percentage of foreclosures by census tract and the actual number of foreclosures in each census tract<sup>2</sup>. Using this data, Maricopa County created a needs assessment matrix (located on page 2) and delineated service areas with risk scores of 8 or above; unemployment rates of 5% or above; high cost loans greater than 30%; an 18 month underlying problem of 5% or above; USPS vacancy rates of 5% or above; foreclosure rates of 5% or above; and number of foreclosures over 500 households. Areas that met the designated criteria in six or more categories were deemed to meet the definition of areas of greatest need for the purpose of the Neighborhood Stabilization Program.

Maricopa County's areas of greatest needs analysis is supported in *The Arizona Republic (October 6, 2008)* that reports 9 of the 10 communities hit hardest by falling home prices were in the west Phoenix Metropolitan Area, and the only ZIP codes in which values decreased more than 30 percent were west of Interstate 17. El Mirage topped the list with an overall median home price decline of 32.5 percent, followed by Litchfield Park (28.2 percent), Youngtown (25.9 percent), Buckeye (24.5 percent) and Goodyear (23.7).

Additionally, Maricopa County Community Development sought input on needs from government entities, advisory boards and nonprofits including:

- Maricopa County Community Development Advisory Committee
- Maricopa County Board of Supervisors
- Urban County Cities and Towns
- Housing Authority of Maricopa County
- Maricopa County Industrial Development Authority
- The Arizona Department of Housing

- Maricopa County Real Estate Department
- Pima County
- City of Phoenix
- City of Tucson
- Rural Community Assistance Corporation
- Central Arizona Shelter Services
- Local Initiatives Support Coalition
- Habitat for Humanity
- Maricopa County HOME Consortium
- U.S Interagency Council on Homelessness Tele-Summit
- Neighborhood Housing Services of Phoenix
- Neighborhood Housing Services of Southwestern Maricopa County
- HUD, Phoenix Office
- Maricopa County Assessor and Treasurer
- Maricopa County Materials Management

After analyzing HUD's data sets, consulting with the before mentioned government agencies, nonprofit organizations, committees, etc. and considering citizen input; recommended uses were prepared by staff and are included in the table below.

<b>Activity Type</b> (evidence of eligible use of funds)	<b>Funding Amount</b>	<b># of Households ≤ 50% AMI</b>	<b># of Households 51% - 80% AMI</b>	<b># of Households 81% to 120% LMMI</b>
Financing Mechanisms/ Homeownership	\$250,000	0	5	10
Purchase/Rehabilitation Homeownership	\$6,233,274	5	20	25
Purchase/Rehabilitation Single and/or Multi-family Rental	\$2,493,567	15	0	0
Administration	\$997,426			
<b>Total</b>	<b>\$9,974,267</b>	<b>20</b>	<b>25</b>	<b>35</b>

<sup>1</sup>Office of Federal Housing Enterprise Oversight (OFHEO) data on decline in home values as of June 2008 compared to peak home value since 2000 at the Metropolitan/Micropolitan/Non-Metropolitan level

Federal Reserve Home Mortgage Disclosure Act (HMDA) data on percent of all loans made between 2004 and 2006 that are high cost at the Census Tract Level

Labor Department data on unemployment rates in places and counties as of June 2008

USPS data on residential addresses identified as being vacant for 90 days or longer as of June 2008 at the Census Tract level

<sup>2</sup> Using data from the Mortgage Bankers Association National Delinquency Survey as of June 2008, HUD calculated the approximate number of foreclosure starts for all of 2007 and the first six months of 2008 ("Foreclosure Starts over 18 months") at the statewide level

### ***C. DEFINITIONS AND DESCRIPTIONS***

(1) Definition of “blighted structure” in context of state or local law.

Response:

For purposes of this grant a “blighted structure” will be defined as real property which has been determined to have detrimental effects on the public health, safety, and/or general welfare <sup>3</sup>. A blighted structure or dilapidated building is any real property structure that is in such disrepair or is damaged to the extent that its strength or stability is substantially less than a new building or it is likely to burn or collapse and its condition endangers the life, health, safety, or property of the public. Dilapidated buildings shall include, but not be limited to, those buildings that meet any or all of the following criteria:

- a) The building or structure’s interior walls or other vertical structural members, list, lean or buckle to such an extent that a plumb line passing through the center of gravity falls outside of the middle third of its base.
- b) The building or structure, exclusive of the foundation, has thirty-three percent or more damage or deterioration to the supporting member or members structural assembly, or fifty-percent damage or deterioration to the non-supporting enclosing or outside walls or covering.
- c) The building or structure is infested by rodents, insects or other noxious pests, rendering it uninhabitable.
- d) The building or structure exhibits conditions that present actual hazards or dangers.
- e) The building or structure has been vacant and unsecured for more than forty-eight (48) hours, on more than one (1) occasion, during a previous twelve (12) month period.
- f) The building or structure or their contents represents an imminent health or fire hazard.

<sup>3</sup> Maricopa County Abatement Ordinance No. 11

(2) Definition of “affordable rents.” **Note:** Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

Response:

Maricopa County will comply with HOME rent limits as described in 24CFR 92.252. (a), (c), (e) and (f) in accordance with the Neighborhood Stabilization Program requirements as outlined below.

1. The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or
2. A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area as determined by HUD, with adjustments for number of bedrooms in the unit.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

Maricopa County will adopt the continued affordability standards and enforcement mechanisms within the guidelines of HOME Program Standards located at 24 CFR 92.254. Homeownership activities will have secured lien documents in place for soft seconds, down payment assistance, closing cost assistance, lease purchase and shared equity loans through the affordability period as identified in the table located below. Recaptured funds will be reinvested in the program. Maricopa County will defer specific recapture provisions to non-profit partners once the affordability period has been met.

The table below identifies the minimum affordability periods that will be imposed on all properties developed with Neighborhood Stabilization Program funds.

<b>Affordability Period for Activities</b>	
<b>Assistance Amounts</b>	<b>Affordability Period</b>
<\$15,000	5 Years
>\$15,000 to \$40,000	10 Years
>\$40,000	15 Years
New Construction	20 Years

A minimum 25% of funds received by Maricopa County will be used to assist households earning less than 50% of the Area Median Income. These units must remain affordable to households whose incomes do not exceed 50% of area median income during the affordability period. Maricopa County will monitor projects to ensure income guidelines, long term affordability and all other program compliance terms are being met.

Maricopa County will require subrecipients and/or developers of multi-family projects to ensure properties will be affordable for households whose incomes do not exceed 50% percent of Area Median Income. Rental projects will be secured through lien documents or a Land Use Restriction Agreement (LURA) to ensure the period of affordability. Recaptured funds, if any, will be reinvested in the program. If NSP funds assist a property that was previously assisted with HOME funds, but on which the affordability restrictions were terminated through foreclosure or transfer in lieu of foreclosure, Maricopa County Community Development will require HOME affordability restrictions for the greater of the remaining period of HOME affordability or the continuing affordability requirements of Neighborhood Stabilization Program.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

Foreclosed and abandoned homes or residential properties will be rehabilitated to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. Maricopa County and its subrecipients and/or developers will use the **Minimum Basic Housing Rehabilitation Standards**

adopted by the Maricopa County HOME Consortium as the minimum standard for any rehabilitation activities.

In addition, Maricopa County and any subrecipient or developer will include improvements whenever feasible to increase the energy efficiency of properties and to provide renewable energy source(s). Maricopa County will establish green building guidelines that can be strategically incorporated as cost effective, energy efficient improvements that ensure long term affordability, increased homeowner sustainability and improve the attractiveness of housing and neighborhoods.

#### ***D. LOW INCOME TARGETING***

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income:

##### Response:

Maricopa County will apply no less than \$2,493,567 for households with incomes at or below 50% of Area Median Income. To the extent feasible, assistance will be offered in the form of affordable homeownership opportunities through soft second liens, lease-purchase options, and/or down payment and closing cost assistance. Scattered site single-family rental projects and/or multi-family rental projects will be developed for households at or below 50% of Area Median Income who cannot qualify for homeownership. HERA funds may also be used for rental housing projects for formerly homeless households or other special needs populations as a possible way to achieve this objective.

#### ***E. ACQUISITIONS & RELOCATION***

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e.,  $\leq 80\%$  of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e.,  $\leq 80\%$  of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e.,  $\leq 120\%$  of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

##### Response:

Part of Maricopa County's strategy to address the Neighborhood Stabilization Program requirement that 25% of allocated funds assist households with incomes not exceeding 50% of Area Median Income may include the demolition of up to 20 blighted residential structures. If such an activity is undertaken, Maricopa County anticipates that it will construct a minimum of 15 new rental units, affordable to households whose income does not exceed 50% of Area Median Income. Such a

project will commence and be completed within the Neighborhood Stabilization Program obligation and expenditure deadlines.

#### ***F. PUBLIC COMMENT***

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

##### Response:

Maricopa County's Community Development Advisory Committee (CDAC) held a public hearing on November 12, 2008 for the purpose of obtaining public input on the Neighborhood Stabilization Program Annual Action Plan Amendment. Additionally, CDAC meetings were held on October 8, 2008 and November 12, 2008 to discuss the proposed uses of the Neighborhood Stabilization Program funds. Meetings were also held with the Maricopa County Board of Supervisors on October 15, 2008, November 17, 2008 and December 1, 2008 to solicit public input and obtain Board of Supervisors authorization to submit the Annual Action Plan Amendment to HUD. The Annual Action Plan Amendment was made available for public comment from November 12, 2008 to November 28, 2008 on Maricopa County's website at [www.maricopa.gov/comm\\_dev](http://www.maricopa.gov/comm_dev). Hard copies were also made available at Maricopa County Community Development's office located at 222 North Central, Suite 5200, Phoenix, AZ and at Maricopa County Public Housing Authority, 2024 N. 7<sup>th</sup> Street, Suite 101, Phoenix, AZ. A public notice on the Neighborhood Stabilization Program funding was published in the following publications:

- The Arizona Business Gazette on 11/06/08
- The East Valley Tribune on 11/07/08
- The Gila Bend Sun on 11/06/08
- The West Valley View on 11/07/08
- The Surprise Independent on 11/05/08
- The Wickenburg Sun on 11/05/08
- The Buckeye Valley News on 11/06/08

Affidavits of Publication are included as an Attachment for your review.

#### **Public Comments**

Maricopa County received the following comments from citizens, agencies and communities:

On November 12, 2008 the Community Development Advisory Committee (CDAC) held a public hearing for the purpose of obtaining citizen input and comment regarding the draft annual action plan amendment and proposed uses for the Neighborhood Stabilization program funding. CDAC members requested further explanation regarding some aspects of the NSP program such as targeting the areas and populations of greatest needs, green building practices and regarding differing regulations in correlation to HOME and CDBG. No public comments were received. The CDAC recommended the Amendment be forwarded to the Board of Supervisors for approval.



On November 17, 2008, the Board of Supervisors reviewed the draft Substantial Amendment to the Annual Action Plan addressing recommendations for the use of the Neighborhood Stabilization Program (NSP) funds. The Board expressed some concern regarding the potential impact the funds could have on the market. The Board also had some concerns regarding whether the investment of Neighborhood Stabilization Program funding will impact foreclosures going forward. Overall the Board was supportive of the plan including support for providing permanent supportive housing for special needs populations.

On November 20, 2008, the United States Veterans Initiative (USVI) submitted written comments requesting the housing needs of veterans be made a priority special needs population. USVI cited a growing number of veterans are returning from Iraq and Afghanistan. The USVI expressed concern regarding information provided to them by service organizations reporting the number of requests for help from military personnel and new veterans has jumped sharply, especially for those who were wounded, mentally or physically. USVI mentioned a specific need for workforce and clean and sober permanent housing. USVI also held that many veterans have low or very-low incomes, frequently struggling to keep their homes and pay their bills. USVI requested that Maricopa County target the growing housing needs of veterans by providing affordable rental housing options for low-income veterans.

Maricopa County appreciates the comments and recognizes the needs of the veterans and will strive to serve them along with other special needs populations. USVI was invited to attend a Maricopa County organized meeting, scheduled for December 10, 2008 on using Neighborhood Stabilization Program funds for permanent supportive housing.

Comments were generally helpful to the planning process and worked to inform and sometimes modify staff assessments of need and planned activities particularly in the support of permanent supportive housing for special needs populations.

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

(1) Activity Name: FINANCING MECHANISMS – Homeownership

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

The Neighborhood Stabilization Program's eligible use 2301(c)(3)(A) establishes financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low, moderate and middle income homebuyers. The correlated CDBG eligible activity includes: 1) Part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206; and 2) Financing mechanisms used to carry out CDBG eligible activities (i.e. down payment assistance, closing cost assistance, silent second loans, etc.)

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

Housing Activity: Homeownership assistance to assist in providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of Area Median Income (LMMH).

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

Eligible homebuyers at or below 120% Area Median Income will receive financial assistance of up to \$25,000 for down payment and closing costs. Assistance amounts will be determined on a sliding scale based on need. Criteria determining need will include but not be limited to household size, house price, etc. Recaptured funds will be reinvested into the program. This activity will serve the areas of greatest needs identified below under location description. This activity will not be used to meet the low income housing requirement to assist households at or below 50% of Area Median Income.

Maricopa County will adopt HERA counseling requirements that program beneficiaries must attend a minimum 8 hours of housing counseling from a HUD-approved counseling agency and provided by a certified housing counselor.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

This activity will primarily target Urban County cities and towns with a HUD Risk Score of 8 or higher in the Urban County. Funding may be made available for the purchase of foreclosed properties throughout Urban Maricopa County.

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

<b>Income Range</b>	<b># of Households</b>
<i>≤ 50% AMI</i>	<i>0</i>
<i>51% - 80% AMI</i>	<i>5</i>
<i>81% - 120%</i>	<i>10</i>
<b>Total</b>	<b>15</b>

(7) Total Budget: (Include public and private components) \$250,000 in Neighborhood Stabilization Program funding

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Maricopa County will partner with area nonprofits (not yet identified) to implement the NSP activity. Maricopa County Community Development is located at 222 N. Central, Phoenix, AZ 85004. The administrator contact is Ms. Renee Ayres Benavidez, Director. Ms. Benavidez can be reached at 602.372.1535 or by email at [ayresr@mccd.maricopa.gov](mailto:ayresr@mccd.maricopa.gov).

(9) Projected Start Date: February 13, 2009 or execution of funding contract, whichever comes earlier.

(10) Projected End Date: July 30, 2013

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

To the extent required by the Neighborhood Stabilization Program regulations, foreclosed-upon homes or residential property will be purchased at a discount of at least 5% from the current market-appraised value of the property. The average purchase discount for all properties purchased with Neighborhood Stabilization Program funds during the 18-month use period will be at least 15% in the aggregate.

For financing activities, include:

- range of interest rates

Zero percent to Prime (reasonable interest rates will be determined in conjunction with nonprofit partners who have on-going negotiations with lenders for the best possible products for potential homebuyers). Subprime mortgages will not be permitted. Acceptable homebuyer loans will be standardized fixed rate FHA and conventional loans unless the subrecipient submits a written request for an exception to Maricopa County; and Maricopa County grants a written exception to the nonprofit.

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

The affordability period is determined by the amount of assistance provided and is listed in the table below. This is a homeownership activity designed to provide homebuyer assistance in the form of soft seconds, down payment and closing cost assistance. Loan security documents will be used to ensure long term HOME Program affordability provisions are met.

<b>Affordability Period for Activities</b>	
Assistance Amounts (per unit)	Affordability Period
<\$15,000	5 Years
>\$15,000 to \$40,000	10 Years

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

(1) Activity Name: PURCHASE AND REHABILITATION - Homeownership

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

The Neighborhood Stabilization Program's eligible use 2301(c)(3)(A) establishes the purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such properties to households earning up to 120% LMMI. The correlating CDBG activity can be located in 24 CFR 570.201 and includes (a) Acquisition (b) Disposition (i) Relocation and (n) Direct Homeownership assistance as modified by NSP. Additional CDBG correlation is located at 24 CFR 570.202 including eligible rehabilitation and preservation activities for homes and other residential properties that may include counseling for those seeking to take part in the activity.

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

Housing Activity: Homeownership assistance to assist in providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of Area Median Income (LMMH).

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

Homes will be acquired, rehabilitated and offered for sale to eligible homebuyers for an amount equal to or less than the cost to acquire and redevelop or rehabilitate the property. The maximum sales price for a property will be determined by aggregating all costs of acquisition, rehabilitation and redevelopment (including project delivery costs, which include but are not limited to costs related to the sale of the property).

Eligible homebuyers at or below 120% Area Median Income will receive assistance under this activity. This activity will be used to meet the low income housing requirement to assist households at or below 50% of Area Median Income to the extent households are able to qualify to purchase a home. Recaptured funds will be reinvested into the program. This activity will serve the areas of greatest need identified below under location description.

Maricopa County will adopt HERA counseling requirements that program beneficiaries must attend a minimum 8 hours of housing counseling from a HUD-approved counseling agency and provided by a certified housing counselor.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Maricopa County will target funds to the areas of greatest need including primarily census tract areas in the cities/towns of Buckeye, El Mirage and Goodyear.

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

<b>Performance Measures</b>	
<b>Income Range</b>	<b># of Households</b>
<i>&lt; 50% AMI</i>	<i>5</i>
<i>51% - 80% AMI</i>	<i>20</i>
<i>81% - 120%</i>	<i>25</i>
<b>Total</b>	<b>50</b>

(7) Total Budget: (Include public and private components) \$6,233,274 in Neighborhood Stabilization Program funding

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Maricopa County Community Development will partner with area nonprofits (not yet identified) to implement the NSP activity. Maricopa County Community Development is located at 222 N. Central, Phoenix, AZ 85004. The administrator contact is Ms. Renee Ayres Benavidez, Director. Ms. Benavidez can be reached at 602.372.1535 or by email at [ayresr@mccd.maricopa.gov](mailto:ayresr@mccd.maricopa.gov).

(9) Projected Start Date: February 13, 2009 or execution of funding contract, whichever comes earlier

(10) Projected End Date: July 30, 2013

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

To the extent required by the Neighborhood Stabilization Program regulations, foreclosed-upon homes or residential property will be purchased at a discount of at least 5% from the current market-appraised value of the property. The average purchase discount for all properties purchased with Neighborhood Stabilization Program funds during the 18-month use period will be at least 15% in the aggregate.

For financing activities, include:

- range of interest rates

Zero percent to Prime (reasonable interest rates will be determined in conjunction with nonprofit partners who have on-going negotiations with lenders for the best possible products for potential homebuyers). Subprime mortgages will not be permitted. Acceptable homebuyer loans will be standardized fixed rate FHA and conventional loans unless the subrecipient submits a written request for an exception to Maricopa County and Maricopa County grants a written exception to the nonprofit.

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

The affordability period is determined by the amount of assistance provided and is listed in the table below. This is a homeownership activity designed to provide homebuyer assistance in the form of soft seconds. Homes will be acquired, rehabilitated and then offered for sale to eligible homebuyers for an amount equal to or less than the cost to acquire and redevelop or rehabilitate the property. The maximum sales price for a property will be determined by aggregating all costs of acquisition, rehabilitation and redevelopment (including project delivery costs, which includes but is not limited to costs related to the sale of the property). Loan security documents will be used to ensure long term HOME Program affordability provisions are met.

Maricopa County and any subrecipient or developer will include improvements whenever feasible to increase the energy efficiency of properties and to provide a renewable energy source(s). Maricopa County will establish green building guidelines that can be strategically incorporated as cost effective, energy efficient improvements that ensure long term affordability, increased homeowner sustainability and improved attractiveness of housing and neighborhoods.

<b>Affordability Period for Activities</b>	
<b>Assistance Amounts</b>	<b>Affordability Period</b>
<\$15,000	5 Years
>\$15,000 to \$40,000	10 Years
>\$40,000	15 Years

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

- (1) Activity Name: PURCHASE & REHABILITATION - Single and/or Multi-family Rental
- (2) Activity Type: (include NSP eligible use & CDBG eligible activity)

Neighborhood Stabilization Program's eligible use 2301(c)(3)(A) establishes the purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed-upon, in order to sell, rent, or redevelop such homes and properties (may include demolishing blighted structures). The correlating CDBG eligible activity from the entitlement regulations is located at 24 CFR 570.201 (a) Acquisition (b) Disposition (i) Relocation... and 570.202 eligible rehabilitation and preservation activities for homes and other residential properties.

- (3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

Housing Activity: Providing or improving permanent residential structures that will be occupied by a household whose income is at or below 50% Area Median Income which can include acquisition, rehabilitation, rental, sale, conversion, or construction of housing units.

- (4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

Maricopa County will provide rental opportunities for households at or below 50% of the Area Median Income. Special needs populations including the formerly homeless; physically disabled; developmentally disabled; veterans; and/or other special needs households will be targeted to the extent feasible. Rental units may be scattered site or multi-family depending on the availability of units. This activity may include acquisition and rehabilitation of rental units, and/or demolition of blighted structures and construction of new rental units. Recaptured funds, if any, will be reinvested into the program. This activity will serve the areas of greatest needs identified below under location description.

- (5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Maricopa County Community Development will target funds as follows:

- Areas of greatest need including primarily census tract areas in the cities/towns of Buckeye, El Mirage and Goodyear.
- Populations of greatest need including but not limited to: formerly homeless households; physically disabled; developmentally disabled; veterans and/or other special needs populations



(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

<b>Performance Measures</b>	
<b>Income Range</b>	<b># of Households</b>
<i>&lt; 50% AMI</i>	<i>15</i>
<i>51% - 80% AMI</i>	<i>0</i>
<i>81% - 120%</i>	<i>0</i>
<b>Total</b>	<b>15</b>

(7) Total Budget: (Include public and private components) \$2,493,567 in Neighborhood Stabilization Program funding

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Maricopa County Community Development will partner with area nonprofits (not yet identified) to implement the Neighborhood Stabilization Program activity. Maricopa County Community Development is located at 222 N. Central, Phoenix, AZ 85004. The administrator contact is Ms. Renee Ayres Benavidez, Director. Ms. Benavidez can be reached at 602.372.1535 or by email at [ayresr@mccd.maricopa.gov](mailto:ayresr@mccd.maricopa.gov)

(9) Projected Start Date: February 13, 2009 or execution of funding contract, whichever comes earlier

(10) Projected End Date: July 30, 2013

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate To the extent required by the Neighborhood Stabilization Program regulations, foreclosed-upon homes or residential property will be purchased at a discount of at least 5% from the current market-appraised value of the property. The average purchase discount for all properties purchased with Neighborhood Stabilization Program funds during the 18-month use period will be at least 15% in the aggregate.

For financing activities, include:

- range of interest rates N/A

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

The affordability period is determined by the amount and type of assistance provided and is listed in the table on the following page. Maricopa County will provide rental opportunities for households at or below 50% of the Area Median Income. Special needs populations including the formerly homeless; physically disabled; developmentally disabled; and/or other special needs households will be targeted.

Rental projects will be secured through lien documents or a Land Use Restriction Agreement (LURA) to ensure the period of affordability.

Maricopa County will comply with HOME rent limits as described in 24CFR 92.252. (a), (c), (e) and (f) in accordance with the Neighborhood Stabilization Program requirements as outlined below.

1. The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or
2. A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area as determined by HUD, with adjustments for number of bedrooms in the unit.

<b>Affordability Period for Activities</b>	
<b>Assistance Amounts (per unit)</b>	<b>Affordability Period</b>
<\$15,000	5 Years
>\$15,000 to \$40,000	10 Years
>\$40,000	15 Years
Refinancing of Rental Housing	15 Years
New Construction of Rental Housing	20 Years

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

(1) Activity Name: ADMINISTRATION AND PLANNING COSTS

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

An amount of up to 10% of an NSP grant provided to a jurisdiction and up to 10% of program income earned may be used for general administration and planning activities. The correlated CDBG eligible use is defined at 24 CFR 570.205 and 206.

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). N/A

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

A portion of administrative funds will be used for program coordination, staff salaries and employee related costs, developing systems for compliance, outreach to potential partners and the public, producing requests for proposals, proposal review, preparing agreements/contracts with subrecipients and developers, preparing reports, coordination and resolution of audit and monitoring findings, program evaluation, legal, accounting, audit, travel costs, fair housing outreach, and program supervision. Maricopa County may also grant a portion of administrative funds to partner agencies for the purposes identified above.

HUD has waived 24 CFR 570.200(h) to the extent necessary to grant permission to entitlement jurisdictions receiving a direct Neighborhood Stabilization Program allocation to incur costs necessary to develop the Neighborhood Stabilization Program substantial action plan and undertake other administrative actions necessary to receive the first grant, prior to the costs being included in the final plan provided that the other conditions of 24CFR 570.200(h) are met. Therefore, Maricopa County will use funds to cover pre-development and administrative costs accrued between September 29, 2008, and the date funds are actually awarded.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) N/A

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

Documentation of staff time, outreach events, back-up for legal, accounting and audit costs and complete financial records will be maintained to provide HUD with a measurement gauge. Likewise, subrecipients will be held to the same measurement of allowability, allocability and reasonableness.

(7) Total Budget: (Include public and private components) \$997,426 in Neighborhood Stabilization Program funding

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Maricopa County Community Development will partner with area nonprofits (not yet identified) to implement the NSP activity. Maricopa County Community Development is located at 222 N. Central, Phoenix, AZ 85004. The administrator contact is Ms. Renee Ayres Benavidez, Director. Ms. Benavidez can be reached at 602.372.1535 or by email at [ayresr@mccd.maricopa.gov](mailto:ayresr@mccd.maricopa.gov)

(9) Projected Start Date: February 13, 2009 or execution of funding contract, whichever comes earlier

(10) Projected End Date: July 30, 2013

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate N/A

For financing activities, include:

- range of interest rates N/A

For housing related activities, include: N/A

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability