

Housing Matters

WINTER 2014
VOLUME 13 | NUMBER 1

LEADING WITH SOLUTIONS

IS YOUR MORTGAGE UNDERWATER?

Homeowners who played by the rules have a lifeline.

AZHousing.gov
or **1-877-448-1211**

▲ Since September 2010 the Save Our Home AZ program has been dedicated to providing meaningful assistance to homeowners who played by the rules. See story page 1

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Arizona
Department
of Housing

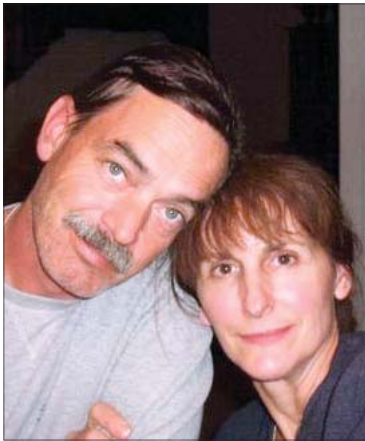




SOHAZ Program Provides Meaningful & Responsible Assistance to AZ Homeowners

The Save Our Home AZ (SOHAZ) program is committed to assisting Arizona homeowners avoid foreclosure, reduce negative equity, and stay in their homes. Since September 2010 the program has been dedicated to providing meaningful assistance to homeowners who played by the rules. In doing so, the program has been fiscally responsible, ensuring that those who need the assistance most are getting it, people like the Godesiabois family.

The Godesiabois Family



▶ David and Julie Godesiabois of Flagstaff, Arizona were blessed to discover the SOHAZ program. The program allowed their family to retain their home, retrain for reemployment, and ultimately assisted the family in reducing the negative equity that made remaining in their home a possible burden on their financial future

After Mr. Godesiabois, the primary bread winner, had become unemployed in the summer of 2011, the family struggled to make ends meet and fell two months behind in their mortgage payments. As the parents of three young children, the Godesiabois' found

the monthly assistance through the SOHAZ program to be a lifesaver, allowing Mr. Godesiabois to take the necessary training to become certified to drive a semi truck. After attaining his certification, he then worked his way up from being an unpaid trainee to a long-haul driver and regained full-time employment in 2013. Eventually, he began driving for a local company so he could be home at night with his family.

In addition to receiving monthly mortgage assistance for a year and a half, once Mr. Godesiabois was reemployed and the family became able to carry their monthly mortgage payments on their own, the SOHAZ program was able to reinstate past due amounts as well as reduce a significant amount of negative equity on their home.

Kim Haislet, a Homeownership Program Specialist with the Northern Arizona Council of Governments, who served as the family's housing counselor and aided them in

attaining assistance through the program said that the Godesiabois' story, "... just gets better. Mr. Godesiabois is now the Transportation Manager of the trucking firm."

SOHAZ WORKS

Everyone who applies to the program receives some type of assistance, either counseling, financial assistance, or both. As of December 31, 2013, over \$84 million in program assistance was committed to assist almost 2,600 homeowners.

The SOHAZ program provides assistance to eligible Arizona homeowners in the form of Principal Reduction Assistance for modification or eligible refinances, Second Lien Elimination, and Short Sale Assistance.

Additionally, SOHAZ has been a leader in the promotion and use of HARP 2.0, a program designed to help responsible homeowners who are current with their mortgages but have been hit hard by the recession and plummeting home prices. This program applies principal reductions to homeowners with negative equity.

Since its inception, SOHAZ has also invested over \$25 million assisting Arizona homeowners significantly reduce their negative equity, families like the Umana's of San Tan Valley.

The Umana Family

▶ Jose Umana, his wife and two daughters have lived in their home in San Tan Valley, Arizona for over six years. In November 2012, Mr. Umana lost his job as an

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insurance agent at a company where he had worked for years. Initially, Mr. Umana relied on unemployment insurance benefits to pay his mortgage, but after several months, Mr. Umana fell behind and faced foreclosure. Like other homeowners who had purchased a home in the last decade, after housing prices fell, his mortgage was seriously underwater. Mr. Umana found himself in a situation of owing fifty-four percent more on his mortgage than his house was currently worth.

After six months of searching for employment and many interviews, Mr. Umana received an offer by American Family Insurance to establish his own office here in Arizona, providing him with the opportunity to regain employment in his previous profession and to do that as a self-employed individual.

Although his employment situation was solved, his mortgage was still significantly underwater and delinquent. It looked to many like his best option was to hand the bank the keys to his family's home and walk away, becoming just another sad statistic in the mortgage foreclosure crisis. Fortunately, Mr. Umana found out about the SOHAZ program.

Utilizing the program's funds, SOHAZ was able to bring Mr. Umana current on his past due payments, eliminating the threat of foreclosure. Not stopping there, the program was able to help Mr. Umana by going one step further. SOHAZ was able to work with Mr. Umana's lender on a mortgage principal reduction that reduced the amount owed on his underwater mortgage, reducing his negative equity from 154% to only 112% of what the home is worth today.

The SOHAZ program is pleased to have been able to have provided the assistance needed to make a difference for both the Umana and the Godesiabois families, assisting them in avoiding foreclosure and giving them hope for a brighter future.

SOHAZ'S ONGOING COMMITMENT

Despite improvements in the state's housing market, nearly one in every four Arizona homeowners is still underwater. According to a recent study, Arizona ranks number three in the nation for the highest negative equity rates at the end of the third quarter for 2013. While home values throughout the state are rising, and foreclosures are back to normal levels, many Arizonans still need assistance. SOHAZ is constantly looking for new and creative ways to help struggling Arizona homeowners avoid foreclosure and reduce negative equity.

For additional information on the Save Our Home AZ program, or to take the self assessment to determine your eligibility, please visit www.azhousing.gov or call the **ARIZONA FORECLOSURE HELP-LINE** at 1-877-448-1211.

KEY HARP 2.0 Program

Qualifications:

- Homeowner's loan must be owned by Fannie Mae or Freddie Mac.
- Household may not have Gross Income of more than 150% of Area Median Income (AMI) (i.e., for a family of four in Maricopa County, the income limit is \$99,562.50 or less).
- Eligible properties may not have an outstanding mortgage(s) in excess of 150% of purchase price. Property must be the homeowner's primary residence.
- Current Loan to Value (LTV) or Combined Loan to Value (CLTV) must be more than 120%.
- Principal reduction target of 100% LTV after HARP 2.0 refinance.
- Assistance will be provided without a lien.
- Unsecured promissory note signed concurrently with HARP 2.0 refinance.
- May be combined with Second Mortgage Settlement Assistance.

Application Process:

- Homeowner verifies that mortgage is owned by Fannie Mae or Freddie Mac.
- Homeowner submits signed documents to SOHAZ by fax or mail (download and complete the Request for Certificate of Eligibility)
- Homeowner receives Certificate of Eligibility from SOHAZ to take to lender.
- Lender pre-approves customer for HARP 2.0 refinance.
- Customer completes SOHAZ online Self-Assessment & Application.
- Counselor completes credit counseling and collects any missing documents.
- Simultaneous close with HARP 2.0 refinance.



Director's Message

As we celebrate the grand openings of several new Low Income Housing Tax Credit (LIHTC) properties I am excited to see the great housing opportunities we are delivering to the marketplace.

Encore on First, Gracie's Village, Urban Living on 2nd Avenue, Villas at Pasadena and Escobedo at Verde Vista are all within walking distance to the Valley Metro Light Rail. Each has its own architectural style and serves different populations including seniors, families, disabled and extremely low income residents.

We're hearing heartwarming stories how residents are significantly reducing their housing and transportation costs, reducing their commute times and benefiting from the many supportive services offered at these location efficient housing communities.

Our development community is doing a great job of meeting the housing needs of Arizona's moderate and low income residents. New affordable housing communities in Tucson, Nogales, Sierra Vista, Flagstaff, Douglas and many other areas around our state are providing opportunities for citizens in need of safe decent housing.

Looking forward to 2014 we have some challenges.

If Congress ever gets to tax reform we will have to be diligent at demonstrating the effectiveness of the Low Income Housing Tax credit program.

Since its beginning in 1987 it has induced nearly 37,900 affordable multi-family apartment units to be built throughout Arizona. Construction activity to date has created nearly 36,000 person years of employment, \$1.3 billion in wages and nearly \$4.0 billion in economic activity. In addition, an estimated \$567.9 million in taxes and fees have been collected from construction related activity.

During the Great Recession LIHTC multifamily construction was a significant portion of overall construction activity in Arizona. Nearly 5,500 units within 80 different projects were approved and constructed from 2008 to 2013.

Our immediate efforts are focusing on permanently fixing the credit at 9% which expired at the end of 2013. Reducing the value of the credit to the floating rate of approximately 7 1/2% and the reduction in HOME funds and the State Housing Trust Fund used to provide gap financing will result in a smaller number of affordable housing units produced during a time of greater need.

The State Housing Trust Fund, along with many other state funded programs during the recession, was significantly reduced from an average of \$30 million per year to \$2.5 million per year. As the state's economy improves we hope to restore the State Housing Trust Fund.

Telling the story of how housing creates stability in families and communities has never been more important. As our country struggles with its massive budget deficit and the resulting reductions to various government funded programs we can't just say housing has value, we have to prove it. Then we need to present that proof to our political leaders and help them understand that housing not only provides stability in families and communities, it is an economic driver. Unfortunately with some it's an uphill battle as we learned with Medicaid expansion last year.

As we work toward our goals to provide attainable safe decent housing for our citizens and services that provide a path to self sufficiency we want to express our appreciation to all of our partners in government, nonprofit and for profit companies. It takes all of us working together to achieve our goals.

We look forward to serving our state with you in 2014.

Arizona Housing Finance Authority Activities

▶ The Annual Meeting of the Board of Directors of the Arizona Housing Finance Authority was held Thursday, October 10. The following Board members were elected to serve as officers for the upcoming year:

Robert Gardiner	Chairperson	John Sundt	Vice-Chairperson
Paul DeSanctis	Secretary	Randall Pullen.....	Treasurer

▶ The 2013 Home Plus program has been operational since April 2013. Since its inception, there have been over 200 loans reserved or closed in the amount of \$26.2 million. The Home Plus program couples a first mortgage loan with downpayment/closing cost assistance of 4% of the loan amount. The downpayment assistance is a grant that does not have to be repaid. Additional information on the Home Plus program may be found on the website: www.azhousing.gov.

▶ The AzHFA also offers a Mortgage Credit Certificate (MCC) program for first time homebuyers. The MCC provides a federal income tax credit for part of the interest paid annually on the borrower's first mortgage loan. Additional information on the MCC program can also be found at www.azhousing.gov.

info **Carl Kinney**, Arizona Housing Finance Authority Programs Administrator
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AZHFA BOARD OF DIRECTORS

Robert Gardiner
Chairperson
Northern Trust, NA

John Sundt
Vice Chairperson
Rusling Lopez & Lizardi, PLLC

Paul DeSanctis
Secretary
AZ Lending Specialists, LLC

Randall L. Pullen
Treasurer
Oasis Partners, LLC

Zeek Ojeh
Cartwright School District

SCHEDULED MEETINGS

February 13, 2014

March 13, 2014

**check website for times*

Arizona Housing Commission Activities

GOVERNOR BREWER APPOINTS NEW HOUSING COMMISSIONERS

Governor Brewer recently made three appointments to the Arizona Housing Commission.

- ▶ Nancy Ramirez fills the open Farm Worker Housing position on the Commission. Ms. Ramirez serves as the Programs Manager for Campesinos Sin Fronteras located in Somerton, Arizona.
- ▶ Jackson Moll is the Deputy Director of Municipal Affairs for the Home Builders Association of Central Arizona. Mr. Moll fills the Statewide Housing Association opening on the AHC.
- ▶ Lisa Everhart is the Community Development Officer for Wells Fargo Government and Community Relations Group. Ms. Everhart fills the Banking/Lending vacancy on the Commission.

There are currently a few vacancies left on the Arizona Housing Commission. If you wish to apply or would like to receive more information regarding the qualifications to fill these vacancies, please visit the Governor's Office of Boards and Commissions at <http://azgovernor.gov/bc/>.

info **Daniel Romm**, Legislative Liaison/PIO

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SCHEDULED MEETINGS

March 28

**check website for times and locations.*

MEMBERS

Kenneth F Anderson
Arizona Housing Association

Sarah Darr
City of Flagstaff

Lisa Deer
Salt River Financial Services

Albert Elias
City of Tucson

Deb Drysdale
George Washington Carver Elementary School

Lisa Everhart
Wells Fargo Bank

Peter David Herder
Herder Companies

John Kaites
913 W. McDowell, L.L.C.

Robert Michael McQuaid
JM Management Company

Jackson Moll
Central AZ Homebuilders Assn.

Nancy Ramirez
Campesinos Sin Fronteras

Daniel Ranieri
La Frontera

Roberto Ruiz
Ruiz Engineering

Steven Tofel
Tofel Construction

Betty Villegas
Pima County

Ted Williams
Arizona Behavioral Health

Dave Wolf
Mohave County Community Services Department

Neal Young
City of Phoenix

Sen. Andy Biggs
President, Arizona Senate

Rep. Andrew Tobin
Speaker, Arizona House of Representatives

Federal Legislative Update

Bipartisan Budget Deal Reached

On December 10, 2013, the two Budget Conference Committee chairs, Congressman Paul Ryan (R-WI) and Senator Patty Murray (D-WA) announced that a bipartisan agreement had been made on the FY2014 and FY2015 spending levels.

The House overwhelmingly passed the bipartisan budget bill, 332-94 and the Senate passed the measure 64-36. President Obama signed the bill into law on December 26, 2013.

The vote was split among Arizona's Congressional delegation with Democrat Representatives Ann Kirkpatrick, Ron Barber, Ed Pastor, and Kyrsten Sinema all voting in favor of the package along with U.S. Senator John McCain. Southern Arizona Democrat, Congressman Raul Grijalva joined with Republican members Matt Salmon, David Schwiebert, Trent Franks, and Senator Jeff Flake in opposing the measure.

The legislation sets discretionary spending at more than \$1 trillion for the next two fiscal years and replaces some of the sequester cuts that were slated to take effect in January.

The \$63 billion in sequestration relief is split 50/50 between defense and domestic programs. It eliminates \$45 billion from the next round of the sequester cuts that are set to hit in January, as well as another \$18 billion scheduled for 2015.

On January 15th, the House and Senate overwhelmingly approved an omnibus bill with a mix of new appropriations for some federal agencies and a continuing resolution for others, avoiding another government shutdown.

The omnibus bill includes:

- \$1 billion for the HOME Investment Partnerships program (HOME), \$52 million more than its FY 2013 level.
- \$17.4 billion for the renewal of Section 8 Housing Choice Vouchers, \$1 billion more than its FY 2013 level, and \$1.5 billion for Public Housing Authorities' (PHA) administrative costs, almost \$200 million more than its FY 2013 level;
- \$9.9 billion for project-based Section 8, including \$265 million for performance-based contract administrators' administrative fees, \$1 billion more than its FY 2013 level;
- \$2.1 billion for homeless assistance grants, \$172 million more than its FY 2013 level; and
- \$3 billion for Community Development Block Grants (CDBG), \$48 million less than its FY 2013 level.

Congress will next turn its attention to the issue of raising the debt ceiling. If the debt ceiling is not increased, the federal government will be unable to borrow the money necessary to cover all of its payment obligations. Many economists fear that failure to raise the debt ceiling could result in another devastating recession and an increase in unemployment. Congress has until February 7, 2014 to reach an agreement; however, the Obama Administration continues to state that it will not negotiate on this issue.



Housing Finance Reform Will Have to Wait

While Congress continues to push for legislation to reform the Housing Finance system, their proposals will have to wait at least another year.

Over in the Senate, Senators Warner and Corker continue to push for bipartisan legislation that calls for the liquidation of Fannie and Freddie, replacing them with a government reinsurer of mortgage securities behind private capital. This new entity would be known as the Federal Mortgage Insurance Corp. Under the plan, private entities are responsible for the majority of the mortgage system's functions, not only as originators, but also as issuers of mortgage-backed securities.

Republicans on the House Financial Services Committee continue to push for a plan that would entirely eliminate the government's involvement in Fannie Mae and Freddie Mac immediately; however, there is not much support for this proposal among many Democrats.

Over the last couple of years, the House Financial Services Committee and the Senate Banking Committee have held several hearings exploring numerous housing finance reform options. While progress remains slow, there is optimism for perhaps something to move forward in 2014.

Tax Reform

The desire for a bipartisan bill to reform and simplify the tax code remains strong on Capitol Hill, but due to the complexity of the tax code and the politics involved, it is not likely that we will see a comprehensive bill until at least 2015.

Both the House and Senate are expected to continue to look into the issue when Congress resumes next year as lowering the corporate tax rate continues to be a priority for both parties. However, with Senator Max Baucus (D-MT), set to leave the Senate to become the next U.S. Ambassador to China, things may be more challenging. Senator Baucus has been one of the driving forces in the Senate for comprehensive tax reform.

Additionally, Senator Cantwell's SB1442 that would fix the floating rate for the Housing Tax Credit at 9 percent will also have to wait until next year; however, the measure does continue to gain bipartisan support in both legislative chambers. It is possible that this language could be included on a tax extenders bill sometime in 2014.

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State Legislative Update

51st Arizona State Legislature, 2nd Regular Session Set to Convene

➤ The 51st Arizona State Legislature reconvened on Monday, January 13, 2014. Once again, Governor Brewer kicked off the start of the legislative session by delivering her state of the state address before a joint session of the House and Senate.



The Governor laid out her priorities for the upcoming year and beyond. Job creation, K-12 education, and changes to Child Protective Services are some of the key issues both the Governor and lawmakers will be looking to address this legislative session.

Going into an election year, the stage is set for what is expected to be a much shorter legislative session compared to last year; however, tensions among members are expected to linger following last year's session. Members are hopeful for a 100 day session; however, the number of bills could increase compared to last year due to the large number of freshman lawmakers who held off running legislation last session because they were fairly new to the legislative process.

State Budget Update

➤ Once again, going into the 2014 legislative session, state lawmakers are expected to continue to take a cautious approach when addressing the state's budget.

Despite maintaining an operating balance of \$1.8 billion in addition to \$454.4 million in the state's rainy day fund, legislative budget analysts are predicting that state spending will outpace tax collections some time later this upcoming year. The Joint Legislative Budget Committee is predicting this to continue over the next several years which could leave Arizona with significant budget shortfall starting in FY2016.

There are also questions remaining regarding what Arizona may owe with respect to the sale-leaseback agreement for the Capitol buildings which generated \$1.5 billion during the economic recession. The terms of the agreement capped the amount Arizona could have in surplus funds, requiring that remaining dollars must be spent on either programs or deposited into the debt repayment reserve fund.

Additionally, depending upon the outcome of a pending Maricopa Superior Court case, Arizona could also be accountable for up to \$240 million to cover K-12 inflation spending from FY11 to FY13. That being said, lawmakers are expecting to remain fairly conservative on any spending initiatives over the next few years.

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2013 Employee of the Year

Dirk Swift



Dirk Swift has been named the 2013 Arizona Department of Housing Employee of the Year. Dirk, the Transaction Manager Coordinator for the Save Our Home AZ program, was nominated for his outstanding supervisory skills, as well as his dedication to the Department's guiding principles.

Dirk consistently and diligently executes his duties in a responsible and effective manner. He provides a positive working environment for his staff and co-workers. Senior management has come to rely on Dirk's insight and opinions about program matters and highly values his input into issues of concern.

On December 11, Dirk was recognized at the Department's December All Agency Staff Meeting and Holiday Celebration. For this honor, Dirk received recognition from Director Michael Trailor.

On behalf of the entire Arizona Department of Housing, we would like to congratulate Dirk Swift on receiving this honor and thank him for his continued dedication to the Department and the state of Arizona.

Featured Groundbreakings & Grand Openings



AURORA VILLAGE | Youngtown, AZ

➤ Aurora Village, located at 12238 North 113th Avenue in the town of Youngtown, is a 3-story affordable housing project with 65 units (44 one-bedroom, one bathroom and 21 two-bedroom, one bathroom). The project, developed by Indiana based Englewood Development Company, caters to seniors 62 years of age and older with incomes at 40, 50, and 60 percent of the area median income.

Amenities for the project include barbeque grills, picnic areas, perimeter fencing, covered parking, green and solar technologies, and a community center. The community center will offer on-site: weekly transportation services, blood pressure screening, diabetes testing, briefing on fall and flu prevention, emergency preparedness, and recreation and wellness classes every two months through the non-profit, TMM Family Services, Inc. and Area Agency on Aging. Additionally, the project is located within a half mile of many retail businesses and is only 3 blocks from the town's government offices, community center, library and museum.

The grand opening ribbon cutting ceremony was held on November 6 with several ADOH staff members present.



ENCORE ON FIRST | Mesa, AZ

➤ Located at 25 West First Avenue in Mesa, Encore on First is a transit oriented development for independent seniors. This project, owned by Mesa Housing Associates, features 81 units, 54 one-bedroom units and 27 two-bedroom units and is located just adjacent to the Valley Metro Light Rail. Developed by Urban Development Partners and PacifiCap Group, Encore on First caters to individuals 62 years of age and older with income levels at 40 50, and 60 percent of the area median income. 50 percent of the common area electric usage will come from solar energy. Amenities for the property include covered parking, a community room, a common laundry area, along with other tenant services.

Director Trailor joined Mesa Mayor, Scott Smith along with members of the Mesa City Council for the ribbon cutting ceremony on December 12.

FEATURED OPENINGS *continued from page 7*



ESCOBEDO AT VERDE VISTA | Mesa, AZ

➤ Located at 125 E. University Drive in Mesa, Escobedo at Verde Vista is a 70 unit, low to moderate income energy-efficient community. This \$16 million dollar development is a partnership between Gorman & Company and ARM of Save the Family Foundation, a certified Community Housing Development Organization (CHDO), as well as the West Mesa CDC and the City of Mesa.

Within walking distance to a future planned light rail station, the project is constructed to a LEED Gold Standard. Some of the amenities of the community include a computer lab, training center, theater, fitness center, playground, picnic tables, and barbeque grills.

Escobedo at Verde Vista will serve as the new headquarters for Save the Family Foundation, a non-profit organization in Mesa founded in 1988 to help homeless families become self-sufficient.

A grand opening ribbon cutting ceremony took place on December 6. Mesa City Council members David Luna and Chris Glover joined ADOH Director Michael Traylor for the ceremony.



GRACIE'S VILLAGE | Tempe, AZ

➤ Gracie's Village, located in Tempe, is a partnership between Gorman & Company, Grace Community Church of the Valley, the Arizona Department of Housing and the City of Tempe.

The project involves a mix of ground floor community facilities including a brand-new thrift store with three stories of 50 affordable residential housing units above the store.

Amenities for Gracie's Village include a multi-purpose room for on-site before- and after-school care, a Wi-Fi internet lounge, a roof deck, playground, picnic area, front-loaded energy-efficient washers & dryers inside each unit, hard-surface flooring, and electronically controlled entry.

The grand opening for Gracie's Village took place on November 27.

FEATURED OPENINGS *continued from page 8*



URBAN LIVING ON 2ND AVENUE | Phoenix, AZ

► Located at 650 N. 2nd Avenue in downtown Phoenix, Urban Living on 2nd Avenue (UL2), is the latest affordable housing project from Native American Connections, Inc.

UL2 is within walking distance of the Valley Metro Light Rail and features 70 units with 28 of them set aside specifically for families with children. The majority of the units are for families with income levels at 40, 50, and 60 percent of the area median income.

Amenities for this LEED Gold Certified project include gated parking for security, a fitness center, a 24 seat movie room, coffee bar, business center, a playground and barbeque/picnic areas. Additionally, the project offers tenant services for those that suffer from chronic substance abuse and other behavioral health issues.

ADOH Director Michael Trailor joined Congressman Ed Pastor, Mayor Greg Stanton, and Native American Connection's President and CEO, Dede Yazzie Devine for the project's ribbon cutting ceremony on December 17.



VILLAS AT PASADENA | Phoenix, AZ

► The Villas at Pasadena is a \$6 million redevelopment project by Hope Development, located at 1616 West Pasadena Avenue in Phoenix, next to the Valley Metro Light Rail. This transit oriented project consists of 18 rehabilitated one and two-bedroom apartments as well as 16 new spacious three-bedroom townhomes for individuals at 40,50, and 60 percent of AMI.

Amenities for the project include a community center, front porches, playground, basketball court, computer training room, shaded picnic areas, and garages in selected units.

A grand opening for the project took place on November 6.

ADOH Releases Fiscal Year 2013 Annual Report

▶ As 2013 came to a close, we are all encouraged by the latest trends in the housing market. Statewide, home values are quickly rising, foreclosures are significantly down, our distressed inventory has decreased, and permitting is picking up, which means more jobs.

In January, we released our Fiscal Year 2013 Annual Report highlighting this past year's outstanding efforts and activities from the Arizona Department of Housing (ADOH), the Arizona Housing Finance Authority (AzHFA), and the Arizona Home Foreclosure Prevention Funding Corporation (AHPFPC).

The Department continues to provide programs and critical resources to the most vulnerable populations of the state while serving as the driver for economic development and leveraging private capital. Whether it is through our work to provide safe and affordable housing, assistance to help aid our homeless and special needs populations, or our ongoing efforts to prevent Arizonans from losing their homes, we remain fully committed to finding responsible and reasonable solutions to counter the housing crisis facing our state and nation.

In FY2013, ADOH, AzHFA, and AHPFPC made combined commitments of over \$164 million in assistance available to support housing, community development activities, and foreclosure prevention initiatives throughout the state. Additionally through the federally funded Save Our Home AZ program, over 600 families were able to avoid foreclosure. Together, all our resources were able to assist over 105,000 Arizona households throughout all 15 counties.

This year's annual report cover features Encanto Pointe, located in Phoenix. Encanto Pointe is the latest housing project from Native American Connections. This 54 unit apartment complex is one of the state's first ever "Housing First" communities for residents that are chronically homeless.

The "Housing First" concept places individuals into a stable environment which includes access to social and medical services. Rather than gradually working their way through various shelters or temporary housing facilities, "Housing First" individuals go immediately into permanent housing, regardless of their current circumstances. This approach is based on the belief that an individual is more likely to succeed by removing the instability that comes with being homeless.

It is our pleasure to share with you our Fiscal Year 2013 Annual Report. To access the report, please visit www.azhousing.gov.

New Rent & Income Limits Posted

▶ HUD has released updated rent and income limits for Low Income Housing Tax Credit projects effective December 18, 2013. The new limits have been posted on the ADOH website under [Forms and Handbooks/Income & Rent Limits](#).

Arizona Public Housing Authority Scores a Perfect 100 Percent!

▶ The Arizona Public Housing Authority's Section 8 Housing Choice Voucher Program has received a perfect score under HUD's Section 8 Management Assessment Performance (SEMAP) certification. SEMAP enables HUD to better manage the Section 8 tenant-based program by identifying housing agency capabilities and deficiencies related to the administration of the Section 8 program.

Congratulations the entire Arizona Public Housing Authority team for your hard work and dedication to the program!

Low Income Housing Tax Credit Program

2014 QAP signed by Governor

▶ The 2014 Qualified Allocation Plan was signed by Governor Brewer on December 20, 2013 and posted to the Department's website on December 23, along with the ancillary documents and forms needed to make application for the 2014 round.

ADOH will also be providing "Clarifications to the 2014 QAP" in a Q&A log format on their website. This document will be continually updated and is provided as a service to ensure that current information, clarifications and interpretations are available to the development community and general public. Applicants are responsible for checking the site for updates to this document, which will be incorporated into the QAP document.

Calendar 2014

JANUARY	
20	OFFICE CLOSED - Martin Luther King, Jr. Day
FEBRUARY	
10-11	LIHTC Compliance Workshop
13	Arizona Housing Finance Authority
17	OFFICE CLOSED - Presidents' Day
MARCH	
12-13	UPCS Workshop
13	Arizona Housing Finance Authority
28	Arizona Housing Commission

2014 ADOH Training Calendar

ADOH has scheduled the following training opportunities for 2014:

February 10-11	LIHTC Compliance Workshop #1
Phoenix Airport Marriott	8:00 am - 5:00 pm (both days) \$200.00
March 12-13	U.P.C.S. Workshop
Phoenix Airport Marriott	8:30 am - 4:30 pm (both days) \$250.00
July 22-23	LIHTC Compliance Workshop #2
Phoenix Airport Marriott	8:00 am - 5:00 pm (both days) \$200.00
October 21-23	LIHTC Compliance Workshop #3 (Available HCCP exam)
Location TBD (Tucson)	\$200.00
November 6	HOME Workshop
Phoenix Airport Marriott	8:00 am - 5:00 pm \$125.00

Potential Rural Development Training in 2014.

If you are interested in attending a one day workshop including a review of the RD program, application process, occupancy requirements (eligibility and income calculations), please contact Lisa Troy, Compliance Administrator, at lisa.troy@azhousing.gov.

info Visit the Event Calendar at www.azhousing.gov for additional information regarding deadlines, registration and hotel accommodations.

PHA Public Hearing

The Arizona Public Housing Authority has scheduled a Public Hearing regarding potential changes in the goals, objectives or policies for the Housing Choice Venture Program.

The Public Hearing will be held on March 19, 2014 at the Prescott Valley Civic Center, 7501 E. Civic Circle, Room 311, Prescott Valley, AZ.



2014 Arizona Housing Forum J.W. Marriott Starr Pass | Tucson, AZ September 10-12, 2014

Questions relating to this year's program can be directed to Cynthia Diggelmann at cynthia.diggelmann@azhousing.gov.

Housing Matters

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ADOH RESOLVES DISPUTE WITH HUD

► In 2008 the U.S. Department of Housing and Urban Development (HUD) approved the Arizona Department of Housing's (ADOH) request for authority to use HOME grant funds to build Apache ASL Trails, a 75 unit, low income apartment complex, that would provide accessible housing to individuals who were deaf, hard of hearing, and deaf blind. Located in Tempe, Arizona, Apache ASL quickly became a vibrant, thriving, barrier free community.

In June 2011, Apache ASL Trails won the prestigious Charles L. Edson Tax Credit Excellence Award for Accessible Design. However, just days later, HUD issued a Letter of Findings that placed a cloud over the community, saying that too many deaf people were residing at the property.

As a result for the purported Findings, HUD began enforcement efforts to limit the property's ability to provide a preference to disabled individuals for these accessible units, to only 25 percent. Additionally, in February of 2013, HUD issued a letter directing the City of Tempe to terminate the project-based Section 8 vouchers that had been promised to the property.

Refusing to give in to HUD's requests, ADOH and Cardinal Capital Management, the property's developer, fought tirelessly for two years defending the rights of the residents of Apache ASL Trails to have priority in renting these critically needed accessible units. Additionally, the National Association of the Deaf submitted a letter with sign-ons from 75 other deaf organizations to HUD in April 2013 demanding that HUD respect the wishes of deaf and hard of hearing people to live where they want, including at accessible housing such as Apache ASL Trails. Congresswoman Kyrsten Sinema, Congressman Matt Salmon, Senator Jeff Flake and other members of the Arizona delegation also sought a resolution with HUD on behalf of the residents.

In the United States, experts estimate that there are less than 400 units of low-income housing that are accessible for individuals who are deaf. Apache ASL Trails fills a desperately needed void as they are the only accessible units in the Southwest that provide a full range of amenities for deaf and deaf-blind individuals.

Apache ASL Trails was designed by a deaf architect and great care was taken to ensure that the community would be accessible to this underserved population. Features such as visual alarms, video access at the entrance, enhanced capacity for video relay use, open sight lines, reduced vibrations in the building design, and visual alerts on fans and disposals were built into every unit.

Perhaps more important than the physical features is the embracing of culture and skills that allow residents to communicate in American Sign Language with the manager, their neighbors and with the hairdresser, doctor, and other service providers who have

REP. SINEMA VISITS APACHE ASL

On February 19th, Congresswoman Kyrsten Sinema (CD9) visited with her constituents at Apache ASL Trails in Tempe.

Thank you Congresswoman Sinema, Congressman Salmon and Senator Flake for all that you have done and continue to do on behalf of the residents of Apache ASL Trails!

offices on the first floor. Hearing residents are provided interpreters so that they too can participate in the active social life at Apache ASL Trails. The motto of this wonderful and accessible housing is "Banish Extreme Loneliness."

After a two year standoff, HUD finally announced in late January of this year that they would withdraw the Letter of Findings and close their investigation. ADOH Director Michael Traylor, who championed this fight, applauded the long awaited resolution, saying, "All citizens have the right to be a vibrant part of their community, to choose where they want to live."

This resolution comes as a great relief to the residents of Apache ASL Trails, who have eloquently asserted their rights to be part of their community and to have housing that is both safe and barrier free; however, more needs to be done.

There are over 900,000 Arizonans living with disabilities. While all of them may not need supportive housing, a significant number of them do. Unfortunately, there a major shortage of housing options that promotes independence and dignity for people with disabilities in the state. Additionally, among Arizonans with disabilities, only one in five are employed. Therefore the need for "affordable" accessible housing is critical and must continue to be addressed.



SAVE OUR HOME AZ UPDATE

While there has been a noticeable improvement in the state's housing market, approximately 20 percent of Arizona homeowners are still underwater with several others still facing a potential foreclosure. Moving forward, the Save Our Home AZ program remains dedicated to assisting troubled homeowners and is constantly looking to

adjust the program and find new and creative ways to reach homeowners who may not have heard about the assistance.

Currently, the agency has been able to assist 2,861 families avoid foreclosure and stay in their homes. Over \$90.0 million in program assistance is expended or committed to individual homeowners as of March 31, 2014, through the program which is funded by the United States Department of the Treasury.

Additionally, Arizona's foreclosure hotline has assisted over 69,717 troubled homeowners with important information and housing counseling services.

ELIMINATING NEGATIVE EQUITY

The Save Our Home AZ program has been a leader in combining principal reduction assistance with HARP 2.0, a program designed to help responsible homeowners who are current with their mortgages but continue to face a negative equity positions with their mortgages. The program became available in July 2012. To date, we have disbursed over \$29.4 million to homeowners who are "underwater," reducing their mortgages by an average of \$51,940.

In February, the program received approval from Treasury to expand its negative equity assistance to homeowners whose negative equity position creates a disincentive for them to remain in their mortgage, as long as the homeowner is otherwise eligible for the program. This would allow homeowners with an affordable mortgage payment, but significant negative equity, to receive relief from their underwater mortgage position, creating more flexibility for their future with respect to refinancing or selling the property. Approximately 20 percent of Arizona homeowners continue to be plagued with negative equity positions which is a continued drag on Arizona's real estate market.

Save Our Home AZ was created to assist homeowners avoid foreclosure on their primary residence. The program provides assistance in the form of Principal Reduction Mortgage Modification, Unemployment/Underemployment Mortgage Assistance, Second Lien Elimination and Short Sale Assistance.

For additional information, or to take the self assessment to determine your eligibility, please visit www.azhousing.gov or call the **ARIZONA FORECLOSURE HELP-LINE** at **1-877-448-1211**.

Governor Brewer Declares April Fair Housing Month in Arizona

On April 11, 1968, President Lyndon Johnson signed the Civil Rights Act of 1968 into law. Popularly known as the Fair Housing Act, this historic legislation prohibited discrimination concerning the sale, rental, and financing of housing based on race, religion, national origin, sex, handicap, and family status.

Well into the late 1960s, race-based housing patterns were still quite prevalent throughout the country. Despite a number of Supreme Court cases prohibiting the discrimination of minorities from the opportunity to live in certain sections of cities, the problem persisted.

Although the subject of a contentious debate in Congress, this critical legislation was finally passed shortly following the assignation of civil rights leader Dr. Martin Luther King, Jr. Prior to its passage and King's funeral, President Johnson argued that this bill would be a fitting tribute and testament to King's legacy.

In honor of the 46th anniversary of this momentous legislation, Governor Jan Brewer has signed a proclamation declaring April 2014, Fair Housing Month, in Arizona.





FEDERAL LEGISLATIVE UPDATE

PRESIDENT RELEASES FY2015 BUDGET

➤ On March 4, the Obama administration sent Congress its FY2015 budget totaling \$3.901 trillion. The President's proposal includes \$46.7 billion in spending for HUD programs which is a 2.6 percent increase over the FY2014 funding level. While very little of the President's budget is expected to become law or seriously considered by Congress, it does serve as a benchmark for congressional Democrats.

Some of the Administration's FY15 budget requests include:

- HOME Investment Partnership Program: \$950M, 5 percent less than FY2014 level
- Community Development Block Grants: \$2.8B, 8 percent less than FY2014 level
- Housing Choice Vouchers: \$20M, 5 percent more than FY2014 level
- Section 8 Project-Based Rental Assistance: \$9.7B, 2 percent less than FY2014 level
- Homeless Assistance: \$2.4B, 14 percent more than FY2014 level
- Elderly Housing (Section 202): \$440M, 15 percent more than FY2014 level
- Persons with Disabilities (Section 811): \$160M, 27 percent more than FY2014 level
- AIDS Housing (HOPWA): \$332M, 1 percent more than FY2014 level

The US House on April 10 passed its FY2015 Budget Resolution, drafted by Congressman Paul Ryan (R-WI); however the Senate will not be moving forward with a counter proposal given that Congress already agreed to a FY2015 discretionary spending cap of \$1.014 trillion in the Bipartisan Budget Act of 2013. Therefore there will be no budget conference between the Senate in the House for FY2015 and Congress will not adopt a joint budget resolution this year.

TAX REFORM UPDATE: BIPARTISAN PROPOSAL KEEPS LIHTC PROGRAM

➤ U.S. House of Representatives Ways and Means Committee Chairman, David Camp (R-MI), recently released his much anticipated proposal for comprehensive tax reform. In a memorandum to his Committee members, the Chairman expects the Committee to "continue its efforts to both educate members and stakeholders" on the tax reform discussion draft he released February 26, "as well as collect and analyze feedback from members and taxpayers on the policy decisions contained in it." Congressman Camp plans to hold hearings on specific portions of the bill and "begin advancing permanent legislation through the Committee that paves the way for tax reform by making incremental progress towards full reform."

Under the Camp proposal, the Low-Income Housing Tax Credit program is preserved; however, several modifications are made to the program.

Below are some of the proposed modifications to the LIHTC program:

- Credit allocating agencies would allocate qualified basis, rather than Credit amounts.
- The annual amount of allocable basis for each State would be equal to \$31.20 multiplied by the State's population, with a minimum annual amount of \$36,300,000. The annual amount would continue to include unused basis allocations from the prior year plus basis allocations returned to the State during the calendar year from previous allocations.
- The national pool of unused Credits would be eliminated.
- The Credit period would be extended from 10 years to 15 years to match the current 15-year compliance period.
- The recapture rules also would be repealed "as no longer necessary to ensure that the building continues to be a low-income housing project for the duration of the tax benefit."
- The 4 percent Credit would be repealed.
- The 9 percent Credit for newly constructed property and substantial rehabilitations would be retained.
- Federally funded grants would not be taken into account in determining the eligible basis of a building for purposes of the Credit.
- The amount of the Credit would continue to equal the qualified basis in the qualified low-income building multiplied by the applicable percentage. The IRS would determine the applicable percentage generally for the month that the building is placed in service, which would be equal to the percentage that would yield over a 15-year period a Credit amount that would have a present value equal to 70 percent of the qualified basis of the building.
- The increased basis rule for high-cost and difficult development areas would be repealed.
- The general public-use requirement would be revised to eliminate the special occupancy preference for members of specific groups under certain Federal or State programs and the special preference for individuals involved in artistic and literary activities. Instead, occupancy preferences would only be permitted for individuals with special needs and for veterans.
- The requirement that States include in their Credit allocation selection criteria the energy efficiency of the project and the historic nature of the project would be repealed.

See **FEDERAL UPDATE** on page 4



STATE LEGISLATIVE UPDATE

52ND LEGISLATURE ADJOURNS SINE DIE

➤ On Thursday, April 24, the 52th Arizona State Legislature adjourned sine die after 101 days in session. While lawmakers were not faced with the daunting challenge of having to close a budget deficit, the budget did influence and dominated the tone of the legislative session with education funding and the development of a new child-welfare agency taking center stage.

LEGISLATURE AND GOVERNOR FINALIZE \$9.23B BUDGET DEAL

➤ On April 7, the Arizona Legislature approved a \$9.23 billion budget which included \$41.5 million in new spending. While the final version was not exactly what Governor Brewer had recommended to the Legislature back in January, her office was fairly pleased with the final outcome, given the State's budget limitations. Governor Brewer signed the complete budget package on April 11; however, she did use her line-item powers to preserve \$4.64 million for critical areas such as child welfare and education.

For several weeks the House and Senate were at odds with one another going back and forth on several budget amendments. In March, the House had approved a \$9.24 billion budget package expecting the Senate to sign onto the deal; however, just days later, the Senate made some significant changes to the House version, stripping off millions in proposed spending.

The House had proposed \$56 million in new spending with the Senate offering up \$27 million. The House refused to accept those changes sending the budget to a conference committee. After several days of negotiations and consultation with the Governor's Office, the House and Senate leadership agreed to split the difference with their numbers and settled on \$41.5 million in new spending measures.

Education spending for universities and for district schools that have converted to charters were some of the more contentious issues. Additionally Governor Brewer and several members of the Legislature were troubled with language in the Senate proposal that did not include a firm commitment by the body to add additional funding for the newly proposed child-welfare agency that will soon replace CPS.

The final budget agreement included \$4.5 million more for state universities and \$24.5 million for district schools that convert to charters; however, there will be a moratorium on public school conversions following FY2015. Additionally, the budget deal contained intent language from the Legislature to go back and add additional funding for the soon to be created child-welfare agency. Governor Brewer will call a special legislative session for members to address this matter and fully fund the new agency sometime in late May or early June.

FEDERAL UPDATE *continued from page 3*

Despite a strong push for tax reform among Democrats and Republicans, Congress is not expected to seriously a comprehensive tax reform measure until at least next year due. The Senate Finance Committee did pass a tax extenders package in early April that would extend for two years many expiring tax provisions, including a provision extending the minimum 9 percent Housing Credit rate for allocations made before January 1, 2016; however, the House has not fully committed to an extenders bill at this point.

HOUSING FINANCE REFORM UPDATE

➤ Senate Banking Committee Chairman Tim Johnson (S-SD) and Ranking Member Mike Crapo (R-ID) released their well anticipated housing finance reform legislation on March 16th, entitled the Housing Finance Reform and Taxpayer Protection Act of 2014.

Among other reforms, the proposed legislation would gradually wind down Fannie Mae and Freddie Mac, replacing them with the Federal Mortgage Insurance Corporation (FMIC), a government agency that would provide catastrophic reinsurance for mortgage-backed securities. Under their proposal, private entities would be expected to cover losses of at least 10 percent of the principal of a covered security before the FMIC's coverage went into effect.

While there is an overall consensus among Congressional members that housing finance reform is long overdue, the Johnson-Crapo plan may have trouble securing enough support in both legislative chambers. Many Congressional members, especially in the House believe that the government should get out entirely from the mortgage industry. House Financial Services Chairman, Jeb Hensarling (R-TX) in his own proposal is calling for the immediate elimination of Fannie Mae and Freddie Mac with no government reinsurance on mortgages.

Regrettably, like tax reform, proposals to reform the housing finance system are not expected to move forward this year; however, members on both sides of the aisle are hoping to continue the dialogue in order to keep the momentum going for the next Congress.

info Daniel Romm, Legislative Liaison/PIO
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Featured Groundbreakings & Grand Openings

LA MESITA | Mesa, AZ



➤ Located at 2254 W. Main Street, within walking distance of the Valley Metro Light Rail in Mesa, La Mesita was developed by A New Leaf, Inc. who partnered with Native American Connections, Inc. to complete this project.

This 80 unit, low-income, apartment complex will serve residents at 30, 50, and 60 percent of area median income. 24 of the units are set aside for households with children and 30 are set aside for the chronically homeless, under the Housing First model.

The “Housing First” concept places individuals into a stable environment which includes access to social and medical services. Rather than gradually working their way through various shelters or temporary housing facilities, “Housing First” individuals go immediately into permanent housing, regardless of their current

circumstances. This approach is based on the belief that an individual is more likely to succeed by removing the instability that comes with being homeless.

A New Leaf will provide a mix of supportive services including access to a New Leaf’s Child Care Program, before and after school educational programs, computer training and workforce development initiatives and financial literacy. La Mesita was constructed to meet LEED Gold certification. The property includes a multipurpose room, pool, common laundry area, playground, exercise equipment, theater and game rooms, a Ramada and BBQ areas.

La Mesita held their grand opening on March 31.



STEPPING STONE | Phoenix, AZ



➤ Located in the Central City Village Planning District of Phoenix at 1311 N. 14th Street, Stepping Stone Place is a permanent supportive housing community developed by Native American Connections.

Stepping Stone Place is the redevelopment of an existing affordable housing community consisting of 83 low-income units set aside for individuals at 40, 50 and 60 percent of -area median income. 17 of the units are set aside for veterans.

Case management and supportive services will be provided on-site, or at the Native American Connections Service Center, for tenants who are chronically homeless, seriously mentally ill, and/or have been diagnosed with HIV/AIDS. The services will include case management, alcohol/drug rehabilitation program services, mental health program services, employment services, access to entitlement benefits, counseling, education, healthcare, transportation, life skills training, and services through other community partners (legal, financial literacy, etc.).

The project has been constructed to meet LEED Gold certification. Amenities include a community room, a common laundry area, tenant services, a BBQ and picnic area, and a beautiful courtyard amphitheatre.

The grand opening for Stepping Stone Place took place on March 28th.



TEMPLE SQUARE | Mesa, AZ



▶ Temple Square, located at 324 S. Horne Street, hosted their grand opening on January 8th to celebrate the project's \$23 million rehabbing. The project was developed by the Greater Phoenix Urban League along with 202 Developers, LLC.

Formerly known as the Palms at Mesa, Temple Square is conveniently located within walking distance of the Valley Metro Light Rail system. This 152 unit complex, with 61 units set aside specially for families, offers before and after school programs, parenting classes, computer training, job training, job placement and financial counseling for individuals who are at 40, 50, and 60 percent of area median income. Additionally, there are two separate childcare centers located within a half a mile of the complex.

Temple Square's amenities include a community room, a common laundry area, security, tenant services, a playground and BBQ areas.

Arizona Housing Finance Authority Activities

▶ The Board of Directors of the Arizona Housing Finance Authority at its meeting March 13, 2014 approved a change to the Home Plus program that provides an additional 1 percent downpayment and/or closing cost assistance to qualified military personnel using the Home Plus program. Qualified military personnel can now receive a total of 5 percent assistance to help in the purchase of a home. Representative Sonny Borrelli suggested this change to AzHFA staff in order to provide additional assistance for those military personnel who serve or have served our country.

The Home Plus program has been up and running since April 2013. Since its inception, there have been over 280 loans reserved or closed in the amount of \$35 million. The Home Plus program combines a first mortgage loan with downpayment/closing cost assistance of 4 percent of the loan amount. The downpayment assistance is a grant that does not have to be repaid. Additional information on the Home Plus program may be found on the website: www.azhousing.gov.

The AzHFA also offers a Mortgage Credit Certificate (MCC) program for first time homebuyers. The MCC provides a federal income tax credit for part of the interest paid annually on the borrower's first mortgage loan. Additional information on the MCC program can also be found at: www.azhousing.gov.

Carl Kinney, Arizona Housing Finance Authority Programs Administrator
(602) 771-1091 + carl.kinney@azhousing.gov



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SCHEDULED MEETINGS

June 12, 2014

**check website for times*

DO SOMETHING!
2014 Arizona Housing Forum
 Sept 10-12 • JW Marriott Starr Pass • Tucson, AZ

► The Arizona Department of Housing invites you to attend the eleventh annual Arizona Housing Forum, September 10-12, 2014. This event is currently the only statewide housing conference in Arizona, annually drawing over 300 attendees. The theme of this year's Forum is "Do Something!" The 2014 Forum will be held at the J.W. Marriott Starr Pass Resort, located in an area considered to be the "birthplace of Tucson."



This year's keynote speaker, Dr. Uche Odiatu, is the author of **Fit for the LOVE of It** and **The Miracle of Health**. An NSCA certified personal trainer, international speaker and consultant, Dr. Uche breathes enthusiasm and life into his audiences with his energy, insights, practical action steps and humorous observations.



Dr. Lee McPheters is back with 2014 Economic Forecast.

Attendance at the Arizona Housing Forum is invaluable to anyone interested in Arizona's affordable housing industry. Attendees include developers, owners and managers of affordable housing projects, lenders, syndicators, and state and local housing agency staff. Sponsor and exhibitor information is now available on our website.

Once again, the Brian Mickelsen Housing Hero Awards will be presented at the Forum. Recipients of the awards are selected by their peers as the best in their field. The winners will be celebrated at a luncheon on Friday, September 12. Nominations are now open and will be accepted until July 15.

Registration starts at \$250.00 per person until August 15. For more information on this year's program, visit our website on the Event Calendar at www.azhousing.gov or click on the links below.

INFORMATION

**REGISTRATION
AGENDA**

**SPONSORS
EXHIBITORS
HOTEL**

**GROUND
MEDIA**

**Housing Hero Award
Nomination**



Calendar 2014

MAY	
26	OFFICE CLOSED - Memorial Day
JUNE	
12	Arizona Housing Finance Authority

Funding Deadlines

STATE HOUSING FUND for OOHR

For Federal FY2013 the Department expects to allocate approximately \$2,000,000.00 in State Housing Fund monies for housing rehabilitation programs for owner occupied single family dwellings.. Funds will be allocated through one competitive funding round and the application submission deadline is June 16, 2014 at 4:00 p.m. See Information Bulletin 03-14 for details.

CDBG to COLONIAS SET ASIDE PROJECTS

For FY 2013 and FY2014, the Department expects to allocate approximately \$1.8 million in Community Development Block Grant (CDBG) Program combined funds to Colonias Set Aside Projects. The FY 2013/2014 Colonias Set Aside funds will be distributed in one competitive funding round and the application submission deadline is July 17,2014 at 4 p.m. See Information Bulletin 05-14 for details.

ReinventPHX TOD Predevelopment Assistance Fund

\$500,000 is available through a competitive procurement process for matching predevelopment funds for qualified applications for transit oriented developments along the Phoenix light rail line. The City of Phoenix, in partnership with HUD's Office of Sustainable Housing and Communities, is soliciting proposals for projects that will serve as pilot projects demonstrating best practices in design, use and financing. A total of \$500,000 is available with a maximum of \$250,000 for any one project.

2014 ADOH Training Calendar

ADOH has scheduled the following training opportunities for 2014:

July 22-23	LIHTC Compliance Workshop #2
Phoenix Airport Marriott	8:00 am - 5:00 pm \$200.00
October 21-23	LIHTC Compliance Workshop #3
(Available HCCP exam)	8:00 am - 5:00 pm
Casino del Sol, Tucson	\$200.00
November 6	HOME Workshop
Phoenix Airport Marriott	8:00 am - 5:00 pm \$125.00

info Visit the Event Calendar at www.azhousing.gov for additional information regarding deadlines, registration and hotel accommodations.

New Faces



➤ Jovana Calderon join the Department as a Data Specialist in the Data Department. Jovana's past experience includes data and clerical support; she holds a Veterinary Assistant diploma from Carrington College.



➤ Anne Scott joins the Special Needs Division as a Specialist. Anne has more than 25 years experience in public policy and nonprofit consulting work. Anne holds a Bachelor of Arts in Political Science from the University of Arizona.



➤ Ada Lopez joins the Department as the Administrative Assistant in the Rental Department. Ada is a recent graduate of Arizona State University where she received a Bachelor's in Housing and Community Development. She most recently held a position with the Housing Authority of Maricopa County.



➤ Victoria Welan joins the Accounting Department as an Accounting Specialist and will work on the Hardest Hit Fund. Victoria's work experience includes 20 years in the mortgage and loan processing business.

Housing Matters

SUMMER 2014
Volume 13 | Number 3

LEADING WITH SOLUTIONS



▲ The annual Arizona Housing Forum provides a networking and educational venue for housing professionals doing business in the State. See page 1.

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- 6 AzHFA Update
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- 8 2014 Customer Survey Results
- 9 Events & Calendar

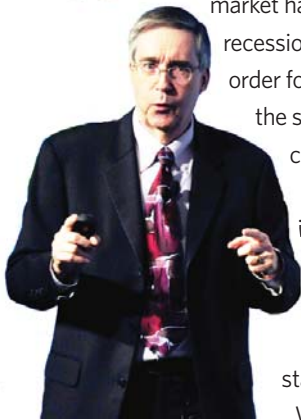


DO SOMETHING!

2014 Arizona Housing Forum
Sept 10-12 • JW Marriott Starr Pass • Tucson, AZ

The Arizona Department of Housing invites you to attend the 2014 Arizona Housing Forum on September 10-12, at the beautiful J.W. Marriott Starr Pass Resort in Tucson, Arizona. Join us as we celebrate the 11th anniversary of this conference. The theme of this year's Forum is, "Do Something!"

We in Arizona know firsthand just how important housing issues are to our State. Housing is much more than four walls and roof. Housing creates stability, job growth, healthy communities, and a strong economy.



While the latest news and trends regarding the Arizona housing market have shown improvement from the dark days of the recession, our work is far from over and we can't do it alone. In order for us to continue to improve housing conditions within the state, especially for our most vulnerable populations, it is critical that we all come together and "Do Something!"

Attendance at the Arizona Housing Forum is invaluable to anyone interested in Arizona's affordable housing industry. Attendees will include developers, owners and managers of affordable housing projects, lenders, syndicators, and state and local housing agency staff.

We have brought back many of your favorite speakers including Dr. Lee McPheters, Director of the JP Morgan Chase Economic Outlook Center at ASU. Dr. McPheters will bring his charts, humor, and his insight on the economic pulse of Arizona.

Ever wonder how funding from the U.S. Department of Housing & Urban Development flows to non-profits, owners and developers? Join HUD staff for a basic overview of how federal monies are distributed to communities and projects.

The Drachman Institute will present the findings of their research to support the development of workforce and mixed-income housing along High Capacity Transit corridors in eastern Pima County, including the results of a housing demand study.

As Arizona's affordable housing stock ages, tax credit developers are more frequently tackling rehabilitation projects. How does old construction mesh with new code standards? Does the fear of a perpetual money pit of change orders present hesitation to plan potential renovation projects? Our speaker will shed light on some of

the more commonplace issues found in Arizona rehab projects. Join us for an analysis of design and construction issues focused on a LIHTC rehabilitation project.

In Year 15 - Dispositions and Capital Accounts speakers will focus on Year 15 dispositions and how capital account balances affect cash distributions, discuss factors that influence the value of the property and how to account for allocation of gain or loss, identify key issues and concerns such as exit taxes, nonpayment of deferred fees, early buy-out of an LP, partnership termination and recapture rules with a potentially unlimited statute of limitations.

This year's keynote speaker, Dr. Uche Odiatu, is the author of *Fit for the LOVE of It* and *The Miracle of Health*. An NSCA certified personal trainer, international speaker and consultant, Dr. Uche breathes enthusiasm and life into his audiences with his energy, insights, practical action steps and humorous observations. Don't miss Dr. Odiatu's presentation during the lunch session on Thursday, September 11.



The Brian Mickelsen Housing Hero Awards will be presented for the tenth year. Recipients of the awards are selected by their peers as the best in their field. The winners will be celebrated at a luncheon on Friday, September 12.

We look forward to seeing you there!

REGISTRATION AGENDA
SPONSORS EXHIBITORS
HOTEL GROUND
MEDIA

Early Registration Deadline August 15
Hotel Registration Cut-off Date August 20



Director's Message

On behalf of the Arizona Department of Housing, it gives me great pleasure to invite you to attend the 11th Annual Arizona Housing Forum, September 10-12 at the J.W. Marriott Starr Pass Resort, located in Tucson.

These days, knowledge and networking are two things that help to make a difference. Each year, the Arizona Housing Forum offers exciting keynote speakers, a variety of informative sessions and great networking opportunities.

Come join us, along with our housing partners, as we explore solutions for some of the toughest housing and community issues facing our state and industry. We value your participation and look forward this special time of the year when we set aside our daily duties and open our minds to new ideas.

As a follow up to last year's theme, Stand Up For Housing, the theme of this year's Housing Forum sends a strong, but simple message, "Do Something!"

Once again, we have gathered experts from across the country including leading housing consultants, professionals, and economists.

Robert Moss and David Gasson will provide us with an update on the Low Income Housing Tax Credit program. National consultant Monte Frank will be returning to lead a discussion on the federal HOME Program and don't miss another opportunity to hear from ASU's lead economist, Dr. Lee McPheters at our annual Economic Forecast Breakfast.

We're excited for you to experience this year's keynote speaker, Dr. Uche Odiatu. He is the author of *Fit for the Love of it* and *The Miracle of Health*. Dr Uche breathes enthusiasm and life into his audiences with his energy, insights, practical action steps and humorous observations.

We look forward to celebrating the best of the best at this year's Brian Mickelson Housing Hero Awards.

This is the only chance each year that Arizona housing professionals have to gather together to renew past relationships and forge new ones.

Come, be engaged, be informed, be inspired, be in Tucson, and most importantly, be proactive and "Do Something!"



SAVE OUR HOME AZ UPDATE

While there has been a noticeable improvement in the housing market conditions since the recession, thousands of Arizona homeowners are still significantly underwater and are facing foreclosure. Fortunately, Save Our Home AZ remains committed to assisting these troubled homeowners.

Since its inception, the Save Our Home AZ program has been able to assist over 3,039 Arizona families stay in their homes and avoid foreclosure. As of May 31, 2014, over \$97 million in program assistance has been committed to assist

homeowners. Additionally, our foreclosure hotline has assisted over 72,075 troubled homeowners with important information and housing counseling services.

Save Our Home AZ was created to assist homeowners avoid foreclosure on their primary residence. The program provides assistance in the form of Principal Reduction Mortgage Modification, Unemployment/Underemployment Mortgage Assistance, Second Lien Elimination and Short Sale Assistance.

For additional information on the Save Our Home AZ program, or to take the self assessment to determine your eligibility, please visit www.azhousing.gov or call the **ARIZONA FORECLOSURE HELP-LINE** at 1-877-448-1211.

Another SOHAZ Success Story

In 2011, Raymond Correale of Gold Canyon lost his employment of five years as an environmental engineer. That same year his wife Lidia also became unemployed. As a result of the job loss, Raymond and his wife Lidia became past due on the mortgage payments for their family home.

Through participation in the Save Our Home AZ underemployment assistance program and Mr. Correale's acceptance of transitional jobs outside his chosen field, the family was able to remain in their home. This spring, Mr. Correale was fortunate to receive a referral from a previous co-worker which enabled him to become re-employed in the environmental engineering field. With this new employment, the Correales' mortgage on their family home became affordable. This successful "graduation" from the underemployment component of the Save Our Home AZ program then qualified the Correales for one more type of key assistance to help them remain in their home: reinstatement or, in other words, assistance with paying off all of the past due amounts that had accumulated prior to acceptance into the program.

The Correales recently shared their appreciation for the aid received through the Save Our Home AZ program, as well as the help of their assigned counseling agency, Genesis Housing Services. "Lidia and I would like to send our genuine heartfelt appreciation for all that you and your team has done for us in saving our home through this wonderful program," said Mr. Correale. "Often when we left the Genesis office after our appointments, Lidia and I both had tears in our eyes from the relief and kindness we received. We are so grateful for your kind help! Our difficulties were so hard to manage due to the loss of our jobs in 2011. Because of the assistance and genuine empathy we

received from all of you, we were able to manage keeping our home and American Dream we worked so hard for. We are now feeling a sense of self esteem again instead of constant fear and pressure from those terrible feelings and hardships. Words are not enough to express our deep appreciation for all your hard work and help."

HARP 2.0 Principal Reduction Program Continues to Provide Relief to AZ Homeowners

The Arizona Department of Housing continues to be a leader in the promotion and use of HARP 2.0, a program designed to help responsible homeowners who are current with their mortgages but have been hit hard by the recession and plummeting home prices. This program applies principal reductions to homeowners with negative equity. The program became available in July 2012. To date, we have dispersed more than \$31.6 million to homeowners who are "underwater," reducing their mortgages by an average of \$51,481.

To qualify, the mortgage must be owned by Fannie Mae or Freddie Mac. The loan to value ratio must be more than 120 percent or more of the home's market value, while the mortgage cannot be more than 150 percent of the home's original purchase value.

It's a simple process. Meet the qualifications and complete the application process of the Save Our Home AZ program, get pre-approved by a lender for the HARP 2.0 refinance and complete the credit counseling.



Raymond and Lidia Correale are Save Our Home AZ success stories.



FEDERAL LEGISLATIVE UPDATE

FEDERAL BUDGET-FY2014 HUD FUND LEVELS

➤ The appropriations process on Capitol Hill continues to be stalled with lawmakers in the Senate unable to agree on an amendment process to a \$120 billion spending bill that would fund the departments of Agriculture, Commerce, Justice, Transportation, and Housing and Urban Development beyond September of this year.

Senate Majority Leader Harry Reid (D-NV) has argued that the Senate should only consider amendments that are germane to the spending bill and they all should be required to pass with 60 votes. However, Minority Leader, Mitch McConnell (R-KY) has objected saying that only controversial amendments should be subjected to the 60 vote threshold and all amendments should be on the table.

With the Senate failing to reach an agreement, the bill has been delayed indefinitely. Lawmakers are continuing to seeking a resolution; however, if one cannot be found in a reasonable amount of time, they may have to consider passing a continuing resolution that would flat fund the these departments temporarily.

COMPREHENSIVE TAX REFORM

➤ It is becoming more and more apparent that a comprehensive, bipartisan tax reform bill will not take place this year in Congress. Additionally, the prospects for a bill, next year, also look out of reach, unless there is a major shake up with the November elections.

Unfortunately, there appears to be no clear indication from both parties as to what exactly constitutes “tax reform.” Back in February, U.S. House Ways and Means Committee Chairman, David Camp (R-MI), released his much anticipated proposal for comprehensive tax reform. However, his plan only seemed to further divide members of Congress and various special interest groups on the subject.

Under the Camp proposal, the Low-Income Housing Tax Credit program was preserved and on a positive note, most members of Congress appear to view the program favorably.

FIXING THE LIHTC FLOATING RATE

➤ Once again, Representative Pat Tiberi (R-OH) has sponsored a bill, H.R. 4717, which would make permanent the 9 percent Housing Credit rate floor for new construction and substantial rehabilitation and establish a 4 percent rate floor for the acquisition of affordable housing.

The bill has been assigned to the House Ways & Means Committee; however no action has been taken on the bill at this point. Proponents of the bill remain optimistic that it could be heard in committee and go to the floor before the end of the year.

HOUSING FINANCE REFORM

➤ Similar to tax reform, any real attempt at Housing Finance Reform over the next year appears to be quite unrealistic. While members on both sides of the aisle are hoping to continue the dialogue, no substantial legislation is expected to move forward for the foreseeable future.

Back in March, Senators Tim Johnson (D-SD) and Mike Crapo (R-ID) released their plan to gradually wind down Fannie Mae and Freddie Mac, replacing them with the Federal Mortgage Insurance Corporation (FMIC), a government agency that would provide catastrophic reinsurance for mortgage backed securities. Under their proposal, private entities would be expected to cover losses of at least 10 percent of the principal of a covered security before the FMIC’s coverage went into effect.

Despite a strong showing of bipartisan support, the Johnson-Crapo plan continues to face pushback by several members in both political parties. Many Republicans are looking to immediately eliminate Fannie Mae and Freddie Mac with no government reinsurance for the mortgage industry; while many Democrats feel their plan does not go far enough.

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STATE LEGISLATIVE UPDATE

ARIZONA FACES UPCOMING BUDGET CONCERNS

➤ Going into the next legislative session, lawmakers will be faced with the daunting task of having to deal with a projected budget shortfall. Revenue projections for fiscal years 2016 and 2017 are coming in appreciably less than originally anticipated. Additionally, the Arizona Supreme Court has determined that the legislature failed to adequately fund K-12 education during the economic recession. This of course further complicates the budget picture moving forward.

Proposition 301, passed by the voters, in the early 2000s, requires the legislature to account for inflation when funding K-12 education. Early on in the decade, the State paid more than what was required; however, when the economic recession hit, the legislature stopped making these payments. The school districts are now demanding back payments that could total close to \$1.7 billion, depending upon the court's decision.

Legislative leadership has argued that the court does not have the authority to force the legislature to make these back payments; however, they do claim that if they are forced to pay, the amount should take into consideration earlier overpayments. This amount would put the legislature on the hook for around \$80 million.

A ruling from the court could still take some time. Additionally, the losing side is expected to appeal. However, the Joint Legislative Budget Committee predicts that if Arizona is required to pay an estimated \$320 million per year to cover K-12 inflation costs, the state would be looking at a budget deficit of well over \$600 million for FY2016.

Unfortunately, when it comes to the budget shortfall, the legislature may not be left with many options. Agency budget cuts, fund sweeps, or the possibility of raising taxes will all be on the table. Regardless, the new legislature and incoming governor will have their hands filled right from the get go.

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ADOH Announces 2014 LIHTC Reservation List

On June 6, the Arizona Department of Housing released the 2014 Low Income Housing Tax Credit Reservations List. The follow projects were selected to receive funding:

- North Mountain Village Apartments, Phoenix, AZ
- Frank Luke Addition Phase III, Phoenix, AZ
- Highland Square, Cottonwood, AZ
- Casas de Esperanza, Douglas, AZ
- Pascua Yaqui Homes V, Tucson, AZ
- TOKA Homes I, Sells, AZ
- San Carlos Homes VII, Peridot, AZ
- Virginia @ 3rd, Phoenix, AZ
- Westward Ho, Phoenix, AZ
- Madison Heights Phase I, Avondale, AZ
- Madison Heights Phase II, Avondale, AZ
- Arizona Sun Apartments, Tempe, AZ
- Frank Luke Addition Phase II, Phoenix, AZ
- Downtown Motor Apartments, Tucson, AZ
- Rally Point Apartments, Tucson, AZ
- Encore on First West, Mesa, AZ
- Apache Villas, Tempe, AZ
- Cedar Crest, Flagstaff, AZ

Congratulations to all the projects receiving tax credits in this round. These projects represent 1,236 affordable rental units.

For additional information, please see [Information Bulletin 13-14](#) on the Publications page of the ADOH website.

The Low Income Housing Tax Credit (LIHTC) was created to promote the development of affordable rental housing for low income individuals and families. To date, it has been the most successful rental housing production program in Arizona, creating thousands of residences with very affordable rents. Please visit www.azhousing.gov for more information on this program.

Arizona Housing Finance Authority Activities



AzHFA Administrator Carl Kinney Retires

➤ On Friday, May 30, 2014 Carl Kinney stepped down as the Arizona Housing Finance Authority (AzHFA) Programs Administrator, retiring after 10 years with the Department.

Carl began his career with the State of Arizona in 2004 where he oversaw both Single-family and Multi-family Housing Bond Issuances, Mortgage Credit Certificate programs and other initiatives for the AzHFA.

Carl's leadership over the AzHFA provided over \$260 million in housing financing and assisted over 2,100 first-time homebuyers in the State of Arizona. Additionally, Carl managed the Arizona Department of Housing's mortgage programs during difficult economic times, transitioning from 100 percent bond financed products to a new TBA program, saving the Finance Authority approximately \$2 million in operating costs annually.

"Carl understood the importance of personal contact with customers, lenders, and realtors; traveling around the state to promote our mortgage programs, answering questions, and developing important relationships," said Arizona Department of Housing Director Michael Traylor. "He was an important member of our team and a pleasure to work with. We wish him all the best in his retirement."



New Administrator Takes Position with AzHFA

➤ Replacing Carl as the new Program Administrator for the AzHFA is Dirk Swift. Prior to taking over the position, Dirk was the Transaction Manager Coordinator for the Save Our Home AZ Program.

Dirk brings almost 30 years of mortgage related experience to the AzHFA. His background includes operational, sales, and management positions within the retail, wholesale and bulk acquisition mortgage distribution channels.

Dirk received his Bachelors degree from Western Illinois University and his M.B.A from Keller Graduate School of Management.



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SCHEDULED MEETINGS

August 14, 2014

September, 2014 *no meeting*
**check website for times*

AzHFA Update

➤ Over the past ninety days, 109 homebuyers have received a new Home Plus mortgage with a down payment assistance grant. The Home Plus program was established in April 2013. Since its inception, there have been over 362 loans reserved or closed in the amount of \$44.7 million. The Home Plus program combines a first mortgage loan with down payment/closing cost assistance of 4%.

Dirk Swift, Arizona Housing Finance Authority Programs Administrator
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Featured Groundbreakings & Grand Openings

29 PALMS | Phoenix, AZ



➤ 29 Palms is a multi-family acquisition/rehabilitation project consisting of twenty-two (22) one, two and three bedroom apartment units located at 4901 Holly Street in Phoenix. All twenty-one (21) of the units will be rented to households at or below 50% of Area Median Income (AMI). Two apartments are handicapped-accessible. Positive attributes of the neighborhood include a low crime rate and excellent access to employment centers, retail development and local services and amenities.

29 Palms will provide multi-generational supportive housing for seniors 55 years of age and older and five (5) units set aside for young adults, 18 years and older, with developmental disabilities, specifically autism. FSL, in partnership with Southwest Autism Research

and Resource Center (SAARC), will provide services to enhance the quality of life of both the seniors and the young adults who desire to live there. Residents of this FSL property enjoy a wide variety of services designed to meet the specific needs of the residents. In recent years the services from FSL have grown beyond recreation and social services to include transportation, healthcare, food banks and a multilingual gateway to the larger community.

29 Palms exhibits garden-style architecture including four single-story structures. The clubhouse and leasing office is part of one of the residential buildings. All relevant utilities (electric, water, sewer and trash collection) will be paid by FSL. Public transportation is relatively proximate to the project. Quality bus service is available with a Valley Metro bus stop at McDowell Road & 44th Street. A Valley Metro light rail transit stop is present at 44th and Van Buren Streets.

29 Palms Apartments unit amenities include range, refrigerator, disposals, central air conditioning, carpeting dual pane windows and coverings and patio/balconies. The project features tenant services, a community room, a common laundry area, a BBQ and picnic area.

29 Palms Apartments was funded in February 2013 through the Neighborhood Stabilization Program (NSP). This amount was the total development budget for the project. The ownership entity is FSL Real Estate Services, Inc.

A ribbon cutting ceremony for 29 Palms was held on Wednesday, June 18th.



PARADISE SHADOWS | Phoenix, AZ



➤ Paradise Shadows is a multi-family acquisition/rehabilitation project consisting of sixty-seven two and three bedroom apartment units located at 16035 North 27th Street in Phoenix (of which 66 are subsidized by a project-based Section 8 contract). The project serves a broad range of low-income individuals and families. The target AMGI for the project is 10% of the units at 50% AMI, with 90% of the units at 60% AMI.

Originally constructed in 1983, the project is comprised of 14 one and two-story buildings across 3.5 acres of land and it also includes new construction of a community building. Paradise Shadows also benefits from amenities such as a business center, supportive services, laundry facilities, a basketball court, a playground, picnic and barbeque areas and multiple tot lots.

The rehab scope included replacement of parking lot paving and concrete walks, construction of carports, improved landscape and tree lighting, Energy Star appliances, the addition of awnings and shade structures, and a photo-

FEATURED OPENINGS *continued from page 7*

voltaic power system to offset utility costs. In addition, the economic investment will have a catalyst effect on local investment and neighborhood character in general, with the potential to cause additional reinvestment. Paradise Shadows was funded as a Multifamily Revenue Bond / 4% Tax Credit deal with The Hampstead Companies.

A grand reopening ceremony was held at the property on May 30th.

VIDA NUEVA APARTMENTS | Tucson, AZ

▶ Intermountain Centers for Human Development (ICHD) and Compass Affordable Housing, Inc. recently completed work on the redevelopment of Vida Nueva Apartments.

Located on 3815 E. Monte Vista in Tucson, this project consists of 18,000 square feet of



housing and community space which creates healthy, secure and affordable housing for adults with developmental and mental disabilities. The project was awarded funding from

the Arizona Department of Housing, the City of Tucson, Federal Home Loan Bank and private sources. The project incorporated energy efficiency design and focused on creating outdoor space that enhanced the community as a whole. The project preserved existing housing and increased the number of permanent units that are affordable for very-low income special needs persons.



Vida Nueva Apartments before rehabilitation,

This redevelopment project commenced with help from the Tucson Utility Contractor's Association (TUCA). TUCA dedicated a day of community service by grading the property for the parking lot and digging a trench required for the new plumbing and drainage. Following construction of the first multi-story building, residents moved into the new portion of Vida Nueva, absolutely delighted with their brand new homes. In addition, volunteers from Tucson Electric Power/UNS constructed six raised garden beds for a community garden adjacent to the outdoor recreational area. A basketball court was donated by the Hazen Family Foundation and Compass Affordable Housing. The gazebo in the center space between the residential buildings provides a welcome respite from the sun and is an excellent gathering space. An open house and tour of the complex was held on May 29th.

2014 Customer Satisfaction Survey

"Overall Satisfaction with ADOH" hits 10 year high

Every year since becoming a state agency, the Arizona Department of Housing (ADOH) has surveyed its constituency to gauge its performance and seek feedback as to how the agency can improve its ability to serve Arizona. This year ADOH's constituency gave it the highest ranking in "Overall Satisfaction" that it has received since 2004. In rating its overall satisfaction with the Department, ADOH's constituency gave the Department a rating of 5.79, out of a possible top rating of 7.

An analysis of all eleven categories that the survey covers reveals that ADOH received its highest scores in every category within the past three years, when compared to all survey scores received by ADOH since 2005. This tells us that even though there may have been slight changes in satisfaction within individual categories from one year to the next over the past three years, ADOH has made its best strides in improving its customer service in its most recent past, when compared to its survey rankings over the past decade.

"We are continually striving to improve agency programs and operations, so that



the Arizona Department of Housing meets its mission to serve Arizona's housing and community development needs as it was intended," stated Director Michael Trailor. "While we take heart that our annual survey conveys we are headed in the right direction, you will not see us slow down our efforts to make improvements whenever and wherever we can."

Calendar 2014

AUGUST

14 Arizona Housing Finance Authority

SEPTEMBER

1 **OFFICE CLOSED - LABOR DAY**

10-12 2014 Arizona Housing Forum

Funding Deadlines

REINVENTPHX TOD PREDEVELOPMENT ASSISTANCE FUND

\$500,000 is available through a competitive procurement process for matching predevelopment funds for qualified applications for transit oriented developments along the Phoenix light rail line. The City of Phoenix, in partnership with HUD's Office of Sustainable Housing and Communities, is soliciting proposals for projects that will serve as pilot projects demonstrating best practices in design, use and financing. A total of \$500,000 is available with a maximum of \$250,000 for any one project.

Focus Groups Scheduled

ADOH has scheduled focus groups to gather comments on the first draft of the 2015 Qualified Allocation Plan.

September 12, 2014 | 2:15 pm
JW Marriott Starr Pass, Tucson

September 19, 2014 | 11:00 am
Carnegie Library Auditorium, Phoenix

For additional information, refer to the ADOH website Event Calendar or Information Bulletin 15-14 published July 17, 2014.

2014 ADOH Training Calendar

ADOH has scheduled the following training opportunities for 2014:

October 21-23 LIHTC Compliance Workshop #3
 (Available HCCP exam) 8:00 am - 5:00 pm
 Casino del Sol, Tucson \$200.00

November 5 & 6 HOME Workshop + HOME HCE Exam + Fair Housing Training

One day HOME Workshop (with optional HOME HCE exam) and second day 3-hour Fair Housing training, specifically designed for multi-family properties. Visit the ADOH Event Calendar for times and pricing.

info Visit the Event Calendar at www.azhousing.gov for additional information regarding deadlines, registration pricing and hotel accommodations.

New Faces



► Dena Dotson

Dena Dotson joins the Department as Finance and Accounting Administrator. While at the Commerce Department in 2002, Dena was instrumental in helping a fledgling Department of Housing set up its accounting functions. Dena holds a B.A. from the University of Phoenix.



► Kim Jackson

Kim Jackson joins the Foreclosure Division of the Department as a Transaction Manager Coordinator. Kim has worked in the mortgage industry for over fifteen years. She holds a Bachelor of Commerce from St. Mary's University in Halifax.



► Valerie Marciano

Valerie joins the Department from the Attorney General's office, assigned to legal work for our agency on a part-time basis. Valerie has over 30 years of experience in real estate, bankruptcy and litigation. She received both her B.A. and Juris Doctorate from the University of Arizona.

Housing Matters

FALL 2014
Volume 13 | Number 4

LEADING WITH SOLUTIONS



▲ Another successful program at the 11th annual Arizona Housing Forum at the JW Marriott Starr Pass in Tucson, September 10-12. Story on page 1.

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Arizona
Department
of Housing



AzHFA
Arizona Housing
Finance Authority



2014 Arizona Housing Forum
Sept 10-12 • JW Marriott Starr Pass • Tucson, AZ

ADOH Hosts 11th Annual Arizona Housing Forum

On September 10-12, the Arizona Department of Housing hosted their 11th Annual Arizona Housing Forum in

Tucson at the JW Marriott Star Pass Resort. The Arizona Housing Forum continues to be the only statewide housing conference in Arizona and has become a venue for elected officials, policymakers, industry professionals, advocates, and community leaders from across the state and nation to address the significant challenges facing Arizona's housing market.

Once again, we put together a fantastic program filled with a great lineup of speakers and guests. As a follow up to last year's message, Stand Up for Housing, we asked our 350 participants to not only stand up for housing, but to stand up and "Do Something!"

Tucson Mayor Jonathan Rothschild kicked off the Forum by welcoming everyone to his great city. ADOH Director Michael Traylor followed the Mayor with a special presentation highlighting the work being done around the state to improve housing conditions for Arizona's most vulnerable populations.

As part of the Director's presentation, two Arizonans who clearly live by the "Do Something" motto were recognized through videos highlighting their contributions. Mike McQuaid was recognized for his ongoing work and dedication to ending homelessness in Arizona. Southwest Autism Research and Resource Center's Denise Resnick was also recognized for her tireless efforts to help people with autism achieve success, independence, and the best possible quality of life.

The Arizona HUD field office, led by Director Stephanie Smelnick, provided a basic overview on how federal monies are dispersed to Arizona's local communities. She was joined on her panel by Michael Flores, Susan Marcell, and Margaret Skiffer.

Marilyn Robinson, Laura Jensen, and Kelly Eitzen Smith of the Drachman Institute were joined by Jacob Bintliff of BAE Urban Economics to present their research supporting the development of workforce and mixed-income housing along High Capacity Transit corridors in Eastern Pima County. Additionally, the panel presented the results of their housing demand study.

Boston Capital Corporation's David Gasson provided Forum attendees with an in-depth Capitol Hill briefing on the work going on behind the scenes with regards to federal housing legislation. David covered possible changes to the Low-Income Housing Tax Credit (LIHTC) program through tax reform, an update on the efforts to fix the float 9 percent rate for the LIHTC program, and the future of private activity tax exempt bonds.

As Arizona's affordable housing stock ages, tax credit developers are more frequently tackling rehabilitation projects. Local Arizona architect, Vince Scarano of Biltform Architecture Group, led a session called Making Rehab Work. Vince explained how old construction can mesh with new code standard in addition to sharing his perspective

on some of the commonplace issues that can occur with Arizona LIHTC rehab projects.

Coffelt-Lamoreaux Public Housing is the oldest active public housing project in Maricopa County. The Health Impact Assessment completed in 2013 examined how residents' physical and mental health can be affected positively by improvements in site infrastructure as well as improvements in housing conditions. Gloria Munoz from the Housing Authority of Maricopa County was joined by Debarti Majumdar Narayan, Catalyze Research & Consulting and Brian Swanton of Gorman and Company to discuss this report and its impact on other public housing developments.

The need for communities to practice capacity building as it pertains to infrastructure development in the rural areas is vitally important. The economic downturn dramatically impacted the ability of communities to fulfill their responsibilities. National consultant Monte Franke, ML Franke Consulting, led a discussion on Rural CDBG Infrastructure Development and the strategies to access technical assistance resources.

Monte also led discussion on the new HOME rules and how they affect rental housing development, especially as they relate to the identification of "other" financing. The discussion delved into what constitutes firm financing commitments necessary for the application of state HOME funds.

Native American Connections' Joe Keeper was joined by Eric Cicourel from the Federal Home Loan Bank, and Kathy Pechman of National Bank of Arizona on a discussion panel which covered the proper ways to submit a successful application for gap financing for a rental project.

Novagradac & Company's Brent Parker and Craig Staswick led a panel called, Year 15 - Dispositions and Capital Accounts. Their discussion focused on Year 15 dispositions and how capital accounts affect cash distributions. The panel covered various factors that influence the value of the property and how to identify key issues and concerns such as exit taxes and nonpayment of deferred fees.

The Service Prioritization Decision Assistance Tool (SPDAT) has now been established as the standard homeless assessment tool in Arizona. David Bridges, Human Services Campus, Mattie McVey

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Director's Message

On behalf of the Arizona Department of Housing, thank you for making this year's Housing Forum the best one yet!

If you were able to join us, we hope you left feeling as inspired as we did and came away with valuable information that will help improve your organizations and better our communities.

You were a great group and your enthusiasm and positive spirit helped make our time together in Tucson both productive and fun.

After 11 years, we're still learning and growing through this event, and we look forward to it every year. Thank you for your comments and suggestions on the evaluations and I assure you that each one will be given consideration so that future panels and breakout sessions will be even more of a success.

Thank you for taking the time to come, share your knowledge, and help us shape the future of affordable housing in Arizona. Your attendance is what makes the Arizona Housing Forum a success and we greatly value your participation.

If you were unable to make it to the Forum, we hope to see you in Phoenix next year.

Please continue to be engaged, stand up for housing, and together we can all "Do Something!" very special.



2014 BRIAN MICKELSEN HOUSING HERO AWARDS

The 2014 Brian Mickelsen Housing Hero Awards were presented at a special luncheon at the JW Marriott Star Pass Resort during the Arizona Housing Forum on September 12th. The Brian Mickelsen Housing Hero Awards recognize outstanding service by individuals and organizations for their commitment to numerous housing issues throughout the state. Nominees in seven different categories were selected based on their efforts to support affordable housing for moderate and low-income Arizona families. The awards are named in honor of the outstanding public service exemplified by the late Brian Mickelsen, an original member of the Arizona Housing Finance Authority and former city manager for the Town of Cottonwood.

► The **Outstanding Affordable Housing Initiative Award** was presented to 29 Palms Apartments of Phoenix. 29 Palms Apartments is a newly refurbished, incredibly unique affordable multifamily housing property, co-locating fifteen apartments for seniors 55 years of age and older with six apartments for adults 18 years and older, with Autism Spectrum Disorder. Today, many adults with autism are being cared for by aging parents who in most cases will not outlive their children, leaving them limited options for lifelong support. This growing new subset of the developmentally disabled population is too old for continued support through the special education services of a public school system and too fragile to live without support in the larger world. The Foundation for Senior Living, in partnership with the Southwest Autism Research and Resources Center (SAARC) developed 29 Palms to provide supportive services to enhance the quality of life of both the seniors and the young adults who desire to live there.

► Apache ASL Trails in Tempe was recognized with the **Innovative Supportive Housing Program Award**. This award recognizes creative programs and services that provide outstanding housing related support and resources to individuals. Cardinal Capital Management, partnered with the Arizona Deaf Senior Citizens Coalition to build Apache ASL Trails, a 75 unit, active, state-of-the art, independent living community for seniors 55 years of age and older. Located along the Valley Metro Light Rail in Tempe, Apache ASL Trails provides an affordable housing option for seniors, including those who are deaf, hard of hearing, and deaf-blind. In the United States, experts estimate that there are less than 400 units of low income housing that are accessible for individuals who are deaf. Apache ASL Trails fills a desperately needed void in accessible housing for these individuals.

► This year's **Tribal Initiatives Award** went to the Pascua Yaqui Tribe. The 17,000 member Tribe has successfully completed two projects totaling 96 units in less than three years. The units developed for the projects known as Homes II and IV, add 40 new units along with over 70 rehabilitated units. While the State of Arizona average household size is 2.66 persons, on the reservation the average is 5 persons. With an aging housing stock, the Tribe has more than 500 households on its waiting list for housing. Pascua Yaqui Homes II and IV include a mix of three,



Denise Resnick of SAARC, Director Traylor and Guy Mikkelsen of Foundation for Senior Living accept the Outstanding Affordable Housing Initiative Award for 29 Palms.



Director Traylor and Erich Schwenker of Cardinal Capital Management accepting the Innovative Supportive Housing Program Award for Apache ASL Trails.



Director Traylor, Richard Valenzuela and Raul Sereno of the Pascua Yaqui Tribe accepting the Tribal initiatives Award for Pascua Yaqui Homes II and IV.

continued on page 4

HOUSING HERO AWARDS (continued from page 3)

four, and five bedroom single family homes to ease the overcrowding issues. The Pascua Yaqui Tribe has succeeded in providing their lowest income residents with safe and affordable homes while preserving the Tribe's rich history and tradition. It can charge minimal rent to its impoverished residents and still utilize a very secure financing structure. The Tribe's achievements serve as a source of hope and an example to other tribes.

➤ Gary Bachman, Administrator of Housing and Community Programs for Pima County, was awarded with the **Arthur Cozier Partner in Housing Award** which celebrates the single action or a lifetime of success of an individual committed to improving the lives of families and the health of communities through recognition that decent, affordable housing is basic to our social fabric. Gary has served southern Arizona for nearly thirty years. He is a champion for the working poor and is an innovative thinker. Gary possesses a vision for the possibilities, but is a realist about the day-to-day management and responsibilities that are required to get the job done. Most recently he was the author of a successful grant application for \$22 million under the American Recovery and Reinvestment Act of 2009 and the chief architect of the project that included the formation of the Pima County Community Land Trust.

➤ The **Exemplary Urban Multifamily Project Award** recognizes an outstanding multifamily rental project in urban Arizona that serves low to moderate income individuals, families or seniors. For the first time ever, two projects were awarded.

Encore on First and La Abuelitas Family Housing and Community Center. Located in Mesa, Encore on First is an 81 unit transit-oriented apartment community for low-income independent seniors. The City of Mesa's leadership and commitment to light rail created the opportunity to redevelop this site, which was acquired from the City, into an urban community for residents who desire a walk-able lifestyle. The building's many sustainable features includes water saving fixtures, energy lighting and windows, and a 60 KW solar plant located on the roof that is tied into the City of Mesa's downtown power grid. This investment in renewable energy created a federal tax credit and local rebate to help offset the installation costs. Several years ago, a delegation of grandparents and great-grandparents met with the Primavera Foundation to explain their needs for accessible affordable housing in a community setting. They had a vision of a housing community where residents could provide cooperative child care, programming for elders and children, along with play and meeting areas for families. In Arizona, 60,000 children are being raised by grandparents or great-grandparents; 29 percent live in poverty; 62 percent of these grandparents are working or job hunting; and 21 percent of them have a disability. These types of families frequently deal with a variety of issues such as incarcerated parents, health and medical issues, financial stress, or even a grandchild having a baby. Las Abuelitas Family Housing and Community Center provides an affordable housing option for grandparents and great-grandparents that have legal custody to raise their grandchildren and great-grandchildren in a safe and healthy environment.

continued on page 5



Director Traylor and Gary Bachman accepting the Partner in Housing Award.



Director Traylor with Todd Marshall, Robert Gibson and Charles Huellmantel accepting the Exemplary Urban Multifamily Project Award for Encore on First.



Director Traylor, Peggy Hutchison and Denise Taub of Primavera accepting the Exemplary Urban Multifamily Project Award for Las Abuelitas.

HOUSING HERO AWARDS (continued from page 4)

Pineview Manor Apartments has been providing subsidized housing to Payson's seniors for 29 years and was recognized with the Exemplary Rural Multifamily Project Award. The 29 unit campus was originally built in 1986; however, in 2010 the Foundation for Senior Living's St. Peter Place, the owner entity for Pineview Manor, received an allocation of Low-Income Housing Tax Credits along with additional federal funds to acquire and rehabilitate the existing apartment units and add 20 newly constructed units to the campus. Pineview Manor represents all that is positive about a low-income senior community, serving seniors 62 years of age and older at 40, 50, and 60 percent of the area median income for Gila County. The project was constructed using environmentally friendly technologies including photovoltaic solar panels.

► Tucson Mayor, Jonathan Rothschild was presented with the 2014 **Elected Official Award** which recognizes an Arizona elected official who has demonstrated ongoing support for affordable housing projects and programs including housing for homeless, domestic violence, special needs and low income families and seniors. Mayor Rothschild exemplifies this award through his ongoing advocacy for affordable housing and ending homelessness in Tucson and throughout southern Arizona.

In addition to the Brian Mickelsen Housing Hero Awards, ADOH and the Arizona Housing Finance Authority (AzHFA) gave out two additional awards.

► The AzHFA presented Wallick and Volk with the **2014 High Volume Producer Award** for their amazing work assisting first time homebuyers in Arizona achieve the dream of homeownership. The loans for these homebuyers were made possible through the AzHFA's Mortgage Revenue Bond Plus program.

► Finally, ADOH presented Teresa Brice, Executive Director of LISC Phoenix, with the Arizona Department of Housing **Lifetime Achievement Award** for her years of commitment and dedication to providing quality and affordable housing while revitalizing neighborhoods into healthy and sustainable communities.

To see the full list of past Brian Mickelsen Housing Hero Award recipients please visit the Training and Events page on our website at www.azhousing.gov.



Director Trailor and Gary Bachman accepting the Partner in Housing Award.



Director Trailor and Gary Bachman accepting the Partner in Housing Award.



Director Trailor and Teresa Brice accepting the ADOH Lifetime Achievement Award.





SAVE OUR HOME AZ UPDATE

Since its inception, SOHAZ has been able to assist 3,230 families avoid foreclosure and stay in their homes. Over \$102.4 million in program assistance has been expended or committed to individual homeowners as of August 31, 2014, to assist these homeowners through the Save Our Home AZ program, funded by the United States Department of the Treasury. Additionally, Arizona's foreclosure hotline has assisted over 74,446 troubled homeowners with important information and housing counseling services.

While the housing market has improved since the height of the recession, nearly one in five Arizona homeowners are still underwater. Thousands of responsible homeowners who are current with their mortgages were hit hard by the recession and plummeting home prices. Many of these homeowners still need assistance and Save Our Home AZ may help.

Save Our Home AZ has a component that uses HARP 2.0, a federal program designed to help responsible homeowners who are current with their mortgages. This program applies principal reductions to homeowners with negative equity.

ADOH has successfully dispersed more than \$33.8 million to homeowners who are underwater since July 2012, reducing their mortgages by an average of \$42,216.

Homeowners who qualify for a HARP 2.0 refinancing can save thousands annually with a lower rate or other more favorable terms. Additionally, the program may also be able to reduce their principal by as much as \$100,000.

Save Our Home AZ was created to assist homeowners avoid foreclosure on their primary residence. The program provides assistance in the form of Principal Reduction Mortgage Modification, Unemployment/Underemployment Mortgage Assistance, Second Lien Elimination and Short Sale Assistance.

In October the program will be expanded to assist underemployed homeowners who meet program criteria for assistance to receive principal reduction, taking their loan balances below the market value of their homes, if their lenders will agree to recast their loans to a payment affordable to the homeowner. All assistance will be provided as a zero interest, due on sale loan.

For additional information on the Save Our Home AZ program, or to take the self assessment to determine your eligibility, please visit www.azhousing.gov or call the **ARIZONA FORECLOSURE HELP-LINE at 1-877-448-1211**.

HOUSING ASSISTANCE EVENTS

Nov 26

9:00 - 6:00 PM

MARICOPA COUNTY HOUSING ASSISTANCE EVENT

Glendale Adult Center, 5970 W. Brown Street, Glendale, Az 85302

Sponsored by the Office of the Attorney General, Neighborhood Housing Services, the Arizona Foreclosure Prevention Task Force and the City of Phoenix. <http://azmortgageresource.gov/event/>

Mortgage Trouble?
Don't Delay...Call Today

ARIZONA FORECLOSURE HELP-LINE

1-877-448-1211

TOLL FREE



FEDERAL LEGISLATIVE UPDATE

CONGRESS PASSES TEMPORARY BUDGET MEASURE

➤ Back in September, Congress passed a continuing resolution (CR) that will fund all federally funded programs through December 11, 2014 at slightly below FY2014 funding levels, on an annualized basis.

Congress needed to approve the CR or other funding legislation to avoid a government shutdown prior to the start of the new fiscal year which began on October 1. The CR includes no funding adjustments for HUD or U.S. Department of Agriculture rural housing programs.

With the CR expiring on December 11, Congress will either need to approve another CR or other FY2015 funding legislation during its post-election lame duck session to ensure that the federally funded programs continue operating after that date. Given the political environment on Capitol Hill, it remains unclear whether or not Congress will be able to approve a package of new FY2015 funding bills in an omnibus bill, similar to the way FY2014 appropriations were finalized, or if it will simply need to pass another funding extension and continue consideration of FY2015 appropriations in the new Congress this January.

Congress has adjourned until after the November elections and is scheduled to reconvene on November 12. Senate and House Appropriations Committee leadership have expressed their desire to pass another omnibus appropriation bill during this lame duck session of Congress.

COMPREHENSIVE TAX REFORM AND THE LIHTC FLOATING RATE FIX

➤ With Congress adjourned until after the November elections, it is unlikely that a bipartisan tax reform bill will take place this year. Additionally, the prospects for any major tax legislation next year also look out of reach.

There continues to be no clear indication from both parties as to what exactly constitutes tax reform. Back in February, U.S. House Ways and Means Committee Chairman, David Camp (R-MI), released his much anticipated proposal for comprehensive tax reform. However, his plan only seemed to further divide members of Congress and various special interest groups on the subject.

Congress may still consider extender legislation that would make permanent the 9 percent Housing Credit rate floor for new construction.

STATE LEGISLATIVE UPDATE

Arizona Faces Upcoming Budget Concerns



➤ Going into the next legislative session, lawmakers will be faced with the daunting task of having to deal with a projected budget shortfall. Revenue projections for fiscal years 2016 and 2017 are coming in appreciably less than originally anticipated. Additionally, the Arizona Supreme Court has determined that the legislature failed to adequately fund K-12 education during the economic recession. This of course further complicates the budget picture moving forward.

Proposition 301, passed by the voters, in the early 2000s, requires the legislature to account for inflation when funding K-12 education. Early on in the decade, the State paid more than what was required; however, when the economic recession hit, the legislature stopped making these payments. The school districts are now demanding back payments that could total close to \$1.7 billion, depending upon the court's decision.

Legislative leadership has argued that the court does not have the authority to force the legislature to make these back payments; however, they do claim that if they are forced to pay, the amount should take into consideration earlier overpayments. This amount would put the legislature on the hook for around \$80 million.

A ruling from the court could still take some time. Additionally, the losing side is expected to appeal. However, the Joint Legislative Budget Committee predicts that if Arizona is required to pay an estimated \$320 million per year to cover K-12 inflation costs, the state would be looking at a budget deficit of well over \$600 million for FY2016.

Unfortunately, when it comes to the budget shortfall, the legislature may not be left with many options. Agency budget cuts, fund sweeps, or the possibility of raising taxes will all be on the table. Regardless, the new legislature and incoming governor will have their hands full right from the get go.

Representative Pat Tiberi (R-OH) has sponsored a bill, H.R. 4717, which would make permanent the 9 percent Housing Credit rate and substantial rehabilitation and establish a 4 percent rate floor for the acquisition of affordable housing; however with the 113th Congress coming to a close shortly, the bill will most likely have to be reintroduced next year.

info Daniel Romm, Legislative Liaison/PIO
(602) 771-1008 + daniel.romm@azhousing.gov

National Foreclosure Mitigation Counseling Program Achieves Positive Results

In early September, the Urban Institute (UI) released its evaluation of the National Foreclosure Mitigation Counseling program (NFMC). Congress created the NFMC program in 2008 to address the nation’s foreclosure crisis through foreclosure mitigation counseling operated through state and local agencies and nonprofits. The Arizona Department of Housing has been a recipient of eight NFMC grants since 2008 and looks forward to submitting an application for a ninth round of funding in October.

UI conducted periodic progress reports on the NFMC program. The latest report focuses on funding rounds 3 through 5, which is

Table ES-1: NFMC Program Impacts on Mortgage Outcomes, Counseled Compared to Non-Counseled Households

	<i>NFMC Impact</i>
Change in odds of receiving a loan modification	2.83 times greater
Annual savings for NFMC clients resulting from loan modifications	\$518M
Change in odds of curing a troubled loan ^a	
<i>Loan modification cure</i>	1.78 times greater
<i>Non-modification cure</i>	1.86 times greater
Change in odds of redefaulting on the following cures:	
<i>Loan modification cure</i>	70 percent smaller
<i>Non-modification cure</i>	72 percent smaller
Change in percentage of troubled loans both curing and sustaining cures	2.9 times greater
Change in NFMC clients' probability of completing a short sale once started	21 percent greater
Change in the odds of completing the REO process for an NFMC client unable to cure a troubled loan	15 percent greater
Change in the odds of completing the REO process for an NFMC client able to cure a troubled loan	56 percent smaller

^aA troubled loan is 90 or more days delinquent, in foreclosure, or in REO status.

represented by borrowers who received program counseling between July 2009 and June 2012, with the outcomes of these clients observed through June 2013.

The NFMC program’s major objective is to help identify and implement the most appropriate solution to the homeowner’s specific circumstances, meaning there are multiple possible outcomes for any given participant in NFMC. This report points out how this makes measuring the “success” of the program much more difficult to quantify. That being said, UI has identified certain outcomes to measure the progress of the program, as shown in the chart below. According to the report, in all six areas that UI highlighted, NFMC clients experience better results than those homeowners not participating in the program. The report states that NFMC clients are more likely to receive a loan modification with NFMC participation, which provides significant (an average of \$4,980 per year) savings for each modification to the loan. Additionally, UI reports that troubled loans (90 or more days delinquent, in foreclosure, or in real-estate owned status) that are cured with the help of the NFMC program are 70 to 72 percent less likely to return to troubled status than loans not serviced by NFMC. The evaluation of the first two rounds of funding found similar positive effects for homeowners receiving NFMC counseling, especially in regards to troubled loans re-defaulting. UI states that the continued positive effects of NFMC counseling, even for participants in mid-2012 (four years after the crisis), are an impressive indication of the success of the program.

Arizona Housing Finance Authority Activities

PRODUCT ADDED TO HOME PLUS PROGRAM PORTFOLIO

On October 1, 2014 the Arizona Housing Finance Authority will add the Fannie Mae, HFA Preferred Product (with LTV's up to 97%) to the Home Plus Program portfolio. This mortgage product is a compliment to our existing program and will allow us to expand our current affordable housing finance options to a broader spectrum of potentially eligible homebuyers. In addition to the new FNMA HFA loan product, we have made a number of recent enhancements to the Home Plus program in an effort to both expand homebuyer eligibility and provide a more user-friendly lender experience. Finally, the Authority made the decision in July to terminate the issuance of Mortgage Credit Certificates (MCC). The program was set to expire on December 31, 2014 and due to the under utilization of the program, the termination date was moved up.

Over the past ninety days, 112 homebuyers have received a new Home Plus mortgage with a down payment assistance grant. The Home Plus program was established in April 2013. Since its inception, there have been over 508 loans reserved or closed in the amount of \$65 million. The Home Plus Mortgage Loan Program provides an attractive 30-year fixed-rate mortgage with a 4% down payment assistance grant to qualifying families purchasing homes throughout the State of Arizona. The down payment grant is a non-repayable grant that can be used for the down payment and closing costs. Qualified U.S. Military Personnel may receive an additional 1% for a total of 5% DPA. Information on the Home Plus program may be found on our website: www.azhousing.gov.

AzHFA ANNUAL MEETING AND ELECTION OF OFFICERS.

At their Annual Meeting on October 9, 2014, the Board of Directors voted unanimously to retain all current officers for the 2014-2015 year.



2014-2015 AZHFA BOARD OF DIRECTORS

Robert Gardiner
Chairperson
Northern Trust, NA

John Sundt
Vice Chairperson
Rusling Lopez & Lizardi, PLLC

Paul DeSanctis
Secretary
AZ Lending Specialists, LLC

Randall L. Pullen
Treasurer
Oasis Partners, LLC

Zeek Ojeh
Cartwright School District

SCHEDULED MEETINGS

November 12, 2014

December 11, 2014

2014 ARIZONA HOUSING FORUM (continued from page 1)

Referral, led a session that reviewed what has been learned from recent pilot programs and the incorporation of the tool into the Homeless Management Identification System.

Michael Jacobs from the National Equity Fund led a session updating attendees on the current state of the Low-Income Housing Tax Credit market and how Congress currently views the program.

Spurred by a housing survey that identified an immediate need for 34,000 homes in 110 communities across the Navajo Nation, the Navajo Housing Authority partnered with Swaback Partners to create a master plan that used best planning practices. Vern Swaback of Swaback Partners was joined by the Navajo Housing Authority's A.J. Yazzie on a panel to present their award winning planning initiative.

Uncertain that Congress will fix the 9 percent rate, tax credit developers are now looking at other options to leverage their deals. Ruby Dhillion, Alliant Company, Lisa Gutierrez, U.S. Bank, David Slattery, Sr., DESCO Arizona Affordable Housing Partners, and Celia Smoot, Local Initiatives Support Corporation discussed their perspectives and experiences with various means of "plugging the gap" and making tax credit deals feasible.

As the number of Supportive Housing and Housing First programs grows in Arizona, funders and practitioners must ensure fidelity to the models in order to maximize tenant outcomes and community investment. Kelli Donley, Arizona Department of Health Services and Charlene Flaherty, Corporation for Supportive Housing led a panel focusing on the best practices, program self-assessment, and monitoring tools that will assist in evaluating the effectiveness of supporting housing and housing first programs.

This year's keynote speaker was Dr. Uche Odiatu. Dr. Odiatu is a triple certified personal trainer and a professional member of the American College of Sports Medicine. Dr. Odiatu delivered an impactful message about the importance of health and fitness and how it relates to leadership. He managed to get all 350 attendees on their feet to do a little yoga and Tai Chi while inspiring us all.

Arizona State University Research Professor and Economist, Dr. Lee McPheters once again delivered a very informative economic briefing during the Friday morning breakfast plenary.

For a full list of the 2014 Arizona Housing Form speakers, copies of their presentations, photos and videos from the Forum, please visit the Training and Events page on our website at www.azhousing.gov.

Featured Groundbreakings & Grand Openings



EL RANCHO | Mesa, AZ

A groundbreaking ceremony was held on August 12th for El Rancho Apartments, 719 E. Main St., on the site of a blighted motel that will become a four story apartment community with 66 units to house families with children. The El Rancho development is a collaboration led by Community Development Partners with the City of Mesa, the Arizona Department of Housing, non-profit partner Integrity Housing, and supportive service provider, A New Leaf, with the goal of providing life-enhancing safe, quality affordable housing.

The El Rancho project pooled input from local groups including A New Leaf, Neighborhood Economic Development Corporation (NEDCO) and Cultural Coalition as well as the Mesa Arts Center and local artists to design a product that will

engage the community with enriching programs and public art pieces. The City of Mesa has invested heavily in the pursuit of creating a local culture conducive to supporting the arts which this project fully supports. In addition to the public art spaces, there is also a large communal gallery, a flexible studio space for children's service programming, a media room, computer lab, an outdoor eating area, a community garden (in cooperation with Mesa Urban Garden) and a pool.

Financing for the project comes from Low Income Housing Tax Credits, which the project was awarded in 2013. A construction loan from Chase Bank will finance the project through lease-up. The Arizona Department of Housing provided gap financing and the City of Mesa provided both a grant and loan through Housing Opportunities Made Equal, without which the project would not be feasible.



IRONWOOD VILLAGE | Glendale, AZ

A grand opening ceremony was held at Ironwood Village on September 4. The project was funded in 2012 with tax credits.

The project is a Fannie Mae foreclosed multifamily development built in 1971 in the heart of Glendale's centerline redevelopment area. It was the acquisition and rehabilitation of a master-metered 115 unit project. The property was acquired with City of Glendale NSP3 funds in the amount of \$1.8 million dollars. There are 95 low-income units with 30 units set aside as a preference to households with children (sixty-five 2-bedroom, twenty-nine 3-bedroom and one 4-bedroom). The set-aside

for the units are 40% (34 units), 50% (43 units), 60% (18 units) AMI.

The ownership entity of the property of Ironwood Village is Norwood Village Apartments, LLC, the developer is Gorman & Company and the co-developer is Catholic Charities Community Services, Inc.

One of the nation's oldest and largest service providers, Catholic Charities, will provide a comprehensive array of onsite services, including a before and after school program, computer training, parenting classes, financial literacy, and job placement services. A site-specific service plan has

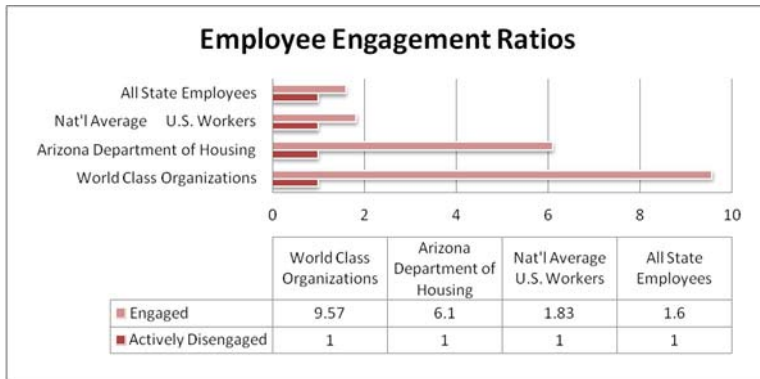


continued on page 11

ADOH Employees: Proud to Serve the State

This past June the Arizona Department of Administration (ADOA) conducted a statewide employee engagement survey of all employees of the State of Arizona. The 2014 survey gauged the Arizona Department of Housing's overall employee engagement ratio to be 6.1:1.

We are happy to report the Department's results from that survey, as the survey shows the Department's employee engagement rate to be head and shoulders above the national average for all organizations, as well as compared to other State agencies in general.



In order to understand our agency's results it is important to understand what is meant by Employee Engagement.

WHAT IS MEANT BY EMPLOYEE ENGAGEMENT?

The world's top-performing organizations understand that employee engagement is a force that drives business outcomes. Research shows that engaged employees are more productive employees. Engaged employees are more profitable (where profit is the goal), more customer-focused, safer, and more likely to withstand the temptations to leave the organization. In contrast, actively disengaged employees erode an organization's bottom line, while breaking the spirits of colleagues in the process. "Engaged employees" are defined as those who are engaged and inspired at work. An average "disengaged employee" simply is not engaged in their work. While those defined as "actively disengaged" are so disengaged, they are known for actively working to spread their discontent amongst their co-workers.

WHAT IS AN ENGAGEMENT RATIO?

The Gallup organization specializes in research in the area of Engagement Ratios. Gallup's engagement ratio is a macro-level indicator of an organization's health that allows management to track the proportion of engaged to actively disengaged employees. The average national working population ratio of engaged to actively

disengaged employees is not quite two to one and is expressed as 1.83:1. In stark contrast to the average, world-class organizations have an engagement ratio of more than 9:1. As organizations move toward this benchmark, they greatly reduce the negative effect of actively disengaged employees while unleashing the organization's potential.

While hiring the right employees goes a long way toward achieving a high level of employee engagement, management styles and good supervisors are also known to be key components in achieving and gaining ever higher levels of employee engagement. Our Director and managers deserve a lot of credit for creating an environment where a high engagement rate is attainable for those who seek it.

GRAND OPENINGS & GROUNDBREAKINGS

(continued from page 11)

been assembled to expand upon these services already offered by Catholic Charities.

The project will dramatically increase accessibility for the physically disabled through their on-going partnership with Arizona Bridge to Independent Living. There was a complete rehabilitation of all the unit interiors including the full replacement of cabinets, countertops, light fixtures, plumbing fixtures and appliances, doors, shelving, full abatement of popcorn ceilings, vinyl and ceramic tile. They implemented a new comprehensive landscape and lighting plan, installed a new fence, replaced insulation, replaced 100% of the windows and made substantial improvements to all the building systems.

Calendar 2014

NOVEMBER	
5&6	HOME & Fair Housing Workshop
11	OFFICE CLOSED - VETERANS DAY
12	AzHFA Board Meeting
27	OFFICE CLOSED - THANKSGIVING
DECEMBER	
11	AzHFA Board Meeting
25	OFFICE CLOSED - CHRISTMAS DAY

2015-2019 CONSOLIDATED PLAN

➤ ADOH is in the process of developing the 2015-2019 Consolidated Plan, a five year plan that sets forth goals and objectives, determines priorities, describes activities, establishes outcomes and outlines the method of distribution for the use of approximately \$80 million (from July 1, 2015 to June 30, 2020) in the following federal funds from the U.S. Department of Housing and Urban Development:

- Community Development Block Grant
- HOME Investment Partnerships
- Housing Opportunities for Persons with AIDS (HOPWA)
- Emergency Shelter Grant

The Emergency Shelter Grant program is administered by the Arizona Department of Economic Security. These funds are to be used for activities benefitting low income and special needs populations primarily in the non-metropolitan areas of Arizona. ADOH is seeking input on housing and community development needs in your community.

2015-2016 ANNUAL ACTION PLAN

➤ The Consolidated Plan also contains a one year component called the 2014-2015 Action Plan which outlines one year goals for approximately \$16 million of the above listed funding. These funds will be available for the program year which begins July 1, 2015 and ends June 30, 2016. ADOH is seeking input on the use of these funds.

New Faces



SANTANA SEPULVEDA

Santana Sepulveda has joined the ADOH staff as a Transaction Manager/Coordinator. Ms. Sepulveda comes to us with seven years experience in the areas of mortgage underwriting, loan processing, and wholesale lending, most recently with Wells Fargo. She is currently pursuing an undergraduate degree at

Arizona State University.



CABRINA WILLIAMS

Cabrina Williams has joined the ADOH staff as a Transaction Assistant. Ms. Williams comes to us with 13 years of experience in the areas of mortgage underwriting and loan processing, most recently with JPMorgan Chase. She has attended Harold Washington College and Loyola University.

2014-2015 ADOH Training Calendar

ADOH has scheduled the following training opportunities for 2014 and early 2015:

- Nov 5 & 6** HOME & Fair Housing Training with HOME HCE exam
- Jan 7** 2015 LIHTC Application Workshop
- Feb 3 & 4** LIHTC Compliance Workshop #1
- Mar 17 & 18** U.P.C.S. Workshop

info Visit the Event Calendar at www.azhousing.gov for additional information regarding deadlines, regis-