

**Pima County
Community Development / Neighborhood Conservation Department
HUD NSP Quarterly Progress Report,
Fourth Quarter, October-December 2009**

The HUD NSP Grant Agreement with Pima County (AZ) was approved on March 19, 2009, for the amount of \$3,086,867. The following was submitted into the HUD Disaster Recovery Grant Reporting System on-line for the quarterly progress report for the county's NSP grant:

Fourth Quarter (October-December 2009) Progress Narrative

Pima County Community Development and Neighborhood Conservation Department (CDNC) continues acquisition of vacant and blighted foreclosed properties in an area of high foreclosures in southwest Tucson (85746 zip code). We have established contracts with two local construction firms chosen through RFQ, to begin rehabilitation of foreclosed properties through individual Job Order Contracts. CDNC has also been in discussion with City of Tucson, another NSP recipient, about conveying county properties into the City's existing El Portal Affordable Rental program in the short term, and into a nascent Community Land Trust, once established, for sale to low-, moderate- and middle income (LMMI) households.

CDNC is also working to provide NSP funds to two non-profits working in local underprivileged communities: Primavera Foundation has begun to acquire foreclosed homes in South Tucson to be rehabilitated and sold at affordable rates to LMMI households; and the International Sonoran Desert Alliance has submitted a proposal currently under review, to redevelop vacant stores in the historic Ajo Plaza into new retail spaces, and demolish blighted structures scattered around Ajo, AZ.

CDNC received one application at the end of this quarter to a published RFP for local non-profit housing development agencies to identify, acquire and rehabilitate foreclosed multi-family residential structures, to be managed as affordable rental units for low-moderate income (50% AMI and below) households.

1. Project Administration

| | |
|----------------------|-----------|
| Budgeted: | \$308,687 |
| Quarter Expenditure: | \$ 19,304 |
| Total Expenditure: | \$ 63,597 |

CDNC administrative activities included reviewing proposals, drafting and completing contracts and compliance clearance for activities with two non-profit agency sub-

recipients (Primavera Foundation and International Sonoran Desert Alliance); identifying and inspecting properties, completing compliance clearance, and managing the process for county foreclosed property acquisition; drafting home rehabilitation specifications, and establishing Job Order Contracts with two firms for home rehabilitation work.

2. Cardinal / Valencia Foreclosed Property Acquisition & Rehabilitation

Housing activities in targeted high-foreclosure neighborhoods in SW Tucson

| | |
|----------------------|------------|
| Budgeted: | \$ 881,463 |
| Quarter Expenditure: | \$ 152,953 |
| Total Expenditure: | \$ 160,907 |

CDNC coordinated activities of Pima County departments to draft property appraisals, submit purchase offers, and complete compliance clearance on foreclosed properties. We acquired three (3) foreclosed properties this quarter (FHLMC, FNMA and US Bank) and we are in escrow for the purchase of one (1) additional property (HSBC), to close in mid-January 2010. In total, we have acquired four (4) foreclosed homes.

This quarter, we also appraised four (4) foreclosed properties and submitted offers on three (3) of those; and have offers pending on four (4) properties, which include offers from the previous quarter. In some cases, other buyers / investors submit offers before our appraisals are complete, or banks' list prices are far above the discounted appraised offer and we receive no response.

3. South Tucson, AZ Redevelopment

Affordable housing activities in the community of South Tucson, AZ

| | |
|----------------------|------------|
| Budgeted: | \$375,000 |
| Quarter Expenditure: | \$ 114,287 |
| Total Expenditure: | \$ 114,287 |

Pima County entered a contract with Primavera Foundation, Inc. in July 2009 to purchase two (2) foreclosed homes and three (3) vacant lots in the jurisdiction of South Tucson, AZ. This quarter, Primavera worked on rehabilitation of the one (1) foreclosed home they purchased late last quarter. They also acquired one (1) additional foreclosed property that has a main residence and guest house – the guest house will be rehabilitated, but the main residence is beyond repair – Primavera has asked that their contract be amended to use NSP funds to demolish this structure, as well as other blighted residences in the community. These home sites will be used for new manufactured housing, to be provided using other funding sources.

No vacant lots were purchased – Primavera noted that many South Tucson vacant lots lack adequate utility connections for new construction, and has asked to use NSP funding to redevelop two (2) vacant lots under their ownership to make them construction-ready for manufactured homes. Primavera has also requested additional funding to acquire foreclosed properties for either, depending on the condition, rehabilitation or demolition for new manufactured home construction using other funds. We are amending Primavera’s contract to allow for additional acquisition, redevelopment and demolition.

4. Ajo, AZ Redevelopment

Redevelopment of vacant retail space in the historic Ajo Plaza in the town center

| | |
|----------------------|-----------|
| Budgeted: | \$750,000 |
| Quarter Expenditure: | \$ 0 |
| Total Expenditure: | \$ 0 |

The International Sonoran Desert Alliance (ISDA) has submitted an updated proposal for the redevelopment of vacant stores (grocery and mercantile) into new retail spaces in the historic Plaza, and requested additional funding to demolish five (5) blighted structures in Ajo, AZ. We continue to work out details of the proposal and the contract to transfer NSP funding to ISDA.

5. 50% Area Median Income Foreclosed Property Acquisition & Rehabilitation

25% of the entire NSP grant is set aside on foreclosed property acquisition and rehabilitation to benefit households at or below 50% of area median income

| | |
|----------------------|-----------|
| Budgeted: | \$771,717 |
| Quarter Expenditure: | \$ 0 |
| Total Expenditure: | \$ 0 |

CDNC published an RFP and will enter a contract with local non-profit housing development organizations / agencies to identify, acquire, rehabilitate and manage foreclosed multi-family residential rental properties. We have discussed potential foreclosed properties with some organizations, and received one (1) proposal at the end of the quarter that we are currently evaluating (the applicant is also an Arizona NSP2 recipient). We will re-publish the RFP and expand the scope to allow for-profit housing development cooperators to apply.