

Housing Matters

WINTER 2010
VOLUME 9 | NUMBER 1

LEADING WITH SOLUTIONS

Photo by Jason Grubb for 10dollarproject.com

▲ Chronic homelessness is a growing problem facing Arizona during these challenging economic times. Several of Arizona's community leaders traveled to Utah last month to learn about and see the success of Home First, a program designed to decrease chronic homelessness through self-sufficiency. See the story on page 7 for more information.

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Arizona
Department
of Housing



Human Services Campus Provides Regional Approach to Ending Homelessness in Maricopa County

With approximately 10,000 – 14,000 homeless men, women and children living in shelters, cars, unsafe buildings or on the streets of Maricopa County, the Human Services Campus was established in November 2005 through a collaboration of faith-based, non-profit, government, private and community organizations.

The Human Services Campus, now considered a national model, uses collaboration to provide solutions to end homelessness. Comprised of more than a dozen agencies, homeless families and individuals can receive services such as emergency shelter, health care, employment assistance, housing assistance, substance use treatment and daily meal service.



▲ Lodestar Day Resource Center serves as a one-stop shop for homeless services on the Human Services Campus.

Lodestar Day Resource Center

One of the most innovative service enhancements at the Human Services Campus is the Lodestar Day Resource Center (LDRC), a one-stop shop for homeless services. Referred to as the “hub” of the Campus, the LDRC serves as a gateway for individuals to access an extensive array of human services including the nation’s only homeless post office, phones, housing assistance, employment services, government benefits, substance abuse counseling and 12-step groups, mental health services, assistance with attaining identification, GED and computer tutoring, art, theatre, poetry, music, writing, life skills workshops, public restrooms, hydration and more.

The LDRC houses over ten different agencies and serves hundreds of homeless individuals each day. Through a three step program, the LDRC strives to move individuals from crisis to stability and sufficiency by engaging people in a safe environment, empowering them through services and programs and assisting them in acquiring housing.

Each year, the LDRC helps 1400 people obtain employment and 200 people obtain permanent, affordable housing. Of those individuals who remain engaged in an LDRC follow-up program, 70-80 percent remain in their housing after one year.



▲ The CASS Single Adult Shelter, located on the Human Services Campus, provides shelter to homeless individuals over 18 years of age.

Central Arizona Shelter Services, Inc.

Central Arizona Shelter Services Inc. (CASS), Arizona’s largest shelter and supportive services center for homeless individuals, served a key role in the development of the Human Services Campus. In November 2005, CASS relocated its single adult shelter, supportive services programs and dental clinic to the new facilities on the Human Services Campus in downtown Phoenix.

The CASS Single Adult Shelter provides emergency shelter and supportive services to homeless individuals over 18 years of age. All clients meet with a CASS case manager within three days of entering the shelter to complete the intake process and develop a case plan to address the client’s needs and set goals to deal with health issues, secure income through employment or benefit acquisition and find permanent housing. The shelter is made up of three incentive based dormitory levels which motivate clients to work to higher levels of accountability and self-sufficiency.

see *HUMAN SERVICES CAMPUS* (page 9)

Director's Message

From the Desk of Michael Traylor



As we look forward to the New Year with faith, hope and renewed energy to make 2010 a better year, we at the Arizona Department of Housing are grateful for the blessings we enjoy. We are blessed with opportunities to have an impact in our state, providing attainable housing and community revitalization. We participate with Arizona's leaders and are committed to making measurable progress toward solving our homeless problems. We have the opportunity to change people's lives for the better and we appreciate all of our partners that join us in our work.

2010 will continue to be a challenging year for Arizona. After losing over 270,000 jobs, Arizona is expected to suffer more job losses through the first half of this year. The state is experiencing the slowest rate of growth in 50 years. It appears that home prices have leveled off and the rate of foreclosures are slowing, but excess supply of homes in the greater Phoenix area could still be 40,000 to 50,000 units. The balance between supply and demand will not be fully achieved until about 2014, but homebuilding will get progressively better between now and then. Arizona continues to face monumental budget problems that will impact state agencies for the next couple of years.

POSITIVES:

- ▶ Arizona will benefit from the U.S. recovery.
- ▶ Housing is very affordable again.
- ▶ Single family permitting has already bottomed.
- ▶ Hopefully we all have a better prospective of what has value in our lives.

The Arizona Department of Housing will continue to focus on its mission to provide housing and community revitalization to benefit the people of Arizona. The Low Income Housing Tax Credit program is alive and well, providing opportunities to create jobs and increase Arizona's inventory of attainable housing in 2010. The department has worked diligently over the past couple of months reviewing, updating and reorganizing the Qualified Allocation Plan (QAP). As our development partners begin the process of pulling together their project applications we hope some of the reorganization to the QAP aids in the process.

Bottom line, we all need to work together to make 2010 a better year!

AzHFA Activities



AzHFA elects new officers

At its annual meeting on October 22, the Board of Directors elected new officers for the 2010 year. Carol Parry Fox, who has served on the AzHFA since 2008 was selected as Chairperson. She is currently the President of the Corporate Social Responsibility Advocates, a management consulting firm that specializes in helping corporations and non-profit organizations engage in issues such as the environment, community investment and philanthropy.

Other officers chosen to lead the AzHFA in 2010 include Richard Houseworth as Vice-Chairperson, Manny Gonzalez as Secretary and Robert Gardiner as Treasurer. The AzHFA would like to thank the outgoing officers for their leadership and efforts during the last year.

AzHFA approves Mortgage Revenue Bond Program

As part of the United States Department of Treasury's New Issue Bond Program, the Board of Directors for the Arizona Housing Finance Authority approved the issuance of up to \$25 million in Mortgage Revenue Bonds (MRB) at its meeting on December 10. The program will provide low-interest, fixed rate mortgages for first time homebuyers in the 13 rural counties of Arizona. Down payment assistance will also be available to qualified buyers that use the MRB program.

Announced by the federal Administration in October, the New Issue Bond Program was developed to support low mortgage rates and expand resources for low and middle income borrowers to purchase or rent homes that are affordable over the long term. Additional details about the program will be made available on our website as they become available.

info **Carl Kinney** Arizona Housing Finance Authority Programs Administrator
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AzHFA 2009 Board of Directors

Carol Parry Fox **Chairperson**

Corporate Social
Responsibility Advocates

Richard Houseworth **Vice Chairperson**

Capitol Bancorp, Ltd.

Robert Gardiner **Treasurer**

Northern Trust, NA

Manny Gonzalez **Secretary**

Pinal County

Paul DeSanctis

Arizona Lending Specialists,
LLC

Ross McCallister

MC Companies

SCHEDULED MEETINGS

JANUARY 21

FEBRUARY 11

MARCH 11

info For additional
information on AzHFA
Board Meetings contact:
Ann Pratt
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Arizona Housing Commission Activities

The Arizona Housing Commission Welcomes Five New Members

In October, Governor Jan Brewer appointed five new members to serve on the Arizona Housing Commission (AHC). Each of them bring unique backgrounds and skill sets that will prove valuable as the AHC continues to pursue its mission of encouraging and maintaining an environment that preserves, produces and makes available affordable housing for all Arizonans. Director Michael Traylor, Chairman Guy Mikkelsen and the current AHC members are pleased to welcome their newest members and look forward to their participation.



ARIZONA HOUSING COMMISSION

SCHEDULED MEETINGS

JANUARY 29

FEBRUARY 26

MARCH No MEETING



► **David Adame**, appointed to fill the Farm Worker Housing seat on the Commission, is the Chief Development Officer for Chicanos Por La Causa, Inc.



► **Albert Elias**, appointed to fill the Non-Rural City Government, Pima County seat on the Commission, is the Director of the Housing and Community Development Department at the City of Tucson.



► **Peter D. Herder**, appointed to fill the Private Sector Housing Industry seat on the Commission, is a third-generation homebuilder that comes from a family that has built over 20,000 homes in Arizona, California and Colorado.



► **Doug Lingner**, appointed to fill the Non-Rural County Government, Maricopa seat on the Commission, is the Executive Director of the Housing Authority of Maricopa County.



► **R. Michael McQuaid**, appointed to fill the Private Sector Real Estate seat on the Commission, is the President of JM Management Company, a commercial real estate firm in Arizona. Mr. McQuaid also serves as the Managing Director of the Human Services Campus in Phoenix Arizona.

info **Kristina Fretwell**, Legislative Liaison and Public Information Officer
(602) 771-1008 + kristina.fretwell@azhousing.gov

LEGISLATIVE UPDATE

State Legislature Returns for Fourth and Fifth Special Session on State Budget

► On November 17, the Legislature convened the Fourth Special Session of the year to continue work on the FY 2010 budget. Faced with a deficit of over \$2 billion, lawmakers met to enact some additional spending reductions and make mid-year adjustments necessary to tackle the growing gap between revenues and expenditures.

Included in the budget legislation enacted during the Fourth Special Session was a change to the formula by which the Housing Trust Fund is funded. The legislation ensured that the Department of Housing will receive \$10.5 million annually from Unclaimed Property revenues, a positive change considering earlier proposals to permanently defund the Housing Trust Fund.

While the Legislature enacted some additional spending reductions during the Fourth Special Session only a portion of the deficit was addressed. With a budget gap of \$1.6 billion remaining, the Legislature convened a Fifth Special Session on December 17.

During the final special session of the year, the Legislature enacted an additional \$200 million of spending reductions, including a \$4.8 million reduction to the Department of Housing. Fund sweeps and spending reductions were enacted to the Housing Trust Fund in the amount of \$2.4 million, to the Housing Program Fund in the amount of \$1.8 million and to the Arizona Housing Finance Authority in the amount of \$593,000.

Despite budget reductions passed during the 2009 calendar year, the Legislature will still face a deficit of \$1.4 billion for FY 2010 and an estimated deficit of \$3.4 billion when they reconvene for the 49th Legislature, 2nd Regular Session in January.

Congress approves FY 2010 HUD Appropriations Bill

► During the second week in December, Congress passed the Transportation - U.S. Department of Housing and Urban Development (HUD) Appropriations conference report. The report attached five remaining FY 2010 appropriations bills into one omnibus spending bill, which provides \$46.1 billion in discretionary funding for HUD, \$4.2 billion above the FY 2009 spending level.

The legislation maintained the FY 2009 funding level for the HOME program, increased funding for public housing programs, increased funding for the Community Development Block Grant program by \$348 million and increased funding for homeless assistance by \$190 million.

The bill also provided \$150 million under the Community Development Fund for the Sustainable Communities Initiative, designed to stimulate improved regional planning efforts that integrate housing and transportation decisions, challenge communities to reform zoning and land-use ordinances and conduct research on housing and transportation issues. The program will be jointly administered by HUD and the U.S. Department of Transportation.

Also under the Community Development Fund, \$25 million was provided for the Rural Innovation Fund to address the problems of concentrated rural housing distress and community poverty. The program will take the place of the Rural Housing and Economic Development program.

Additionally, the HOPE VI program was funded at \$200 million, of which \$65 million will be available for the Choice Neighborhoods Initiatives to provide competitive grants for revitalizing public and assisted housing to transform neighborhoods of extreme poverty into functioning, sustainable, mixed-income neighborhoods.

info **Kristina Fretwell**, Legislative Liaison
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McCarty on Monroe and Catherine Arms Celebrate Grand Openings

MCCARTY ON MONROE | New 65-unit rental complex will provide affordable housing for seniors

► The City of Phoenix Municipal Housing Corporation (PMHC), an instrumentality of the City of Phoenix, celebrated the grand opening of the McCarty on Monroe apartment homes on October 16.

McCarty on Monroe, developed by PMHC, was constructed on the site previously occupied by the McCarty Apartments and on three contiguous vacant lots owned by the City. The new complex provides 69 units for low to very-low income seniors, 62 and older.

The project consists of a four-story building with parking, administrative offices, community rooms and storage and maintenance facilities on the first floor. The 69 residential units are situated on the second through fourth floors and consist of 66 one-bedroom units ranging in size from 692 to 941 square feet and three two-bedroom units at 1192 square feet. Eight of the units, or approximately 12 percent of the complex, is handicapped accessible. Residents also have immediate access to the Light Rail Transit.

McCarty on Monroe was financed with Low-Income Housing Tax Credits, City of Phoenix HOME and General Obligation bond funds and private financing. Additionally, the City was able to preserve 24 units of existing public housing from the McCarty Apartments and received approval from HUD to add an additional 10 units of public housing to the new project.



info McCarty on Monroe is located at 1130 E. Monroe Street, Phoenix, AZ

CATHERINE ARMS | 28 units of Affordable Housing Available in Downtown Phoenix

► Joined by Arizona Department of Housing Director Michael Traylor, Native American Connections celebrated the Grand Opening of the Catherine Arms Apartment homes in downtown Phoenix on Thursday, December 10.

In dire need of fundamental building and life safety code improvements, Native American Connections began rehabilitating the aging 1950's apartment complex in 2008. The interior of the apartments have been modernized and include energy efficient windows, appliances and other energy efficient features. The exterior of the building has also been updated and Xeriscaping was used for the landscaping to conserve water. The community is located within walking distance of the Metro Light Rail, Arizona State University's Downtown campus and many other educational and employment opportunities.

The Catherine Arms apartments, which consist of 28 one-bedroom rental units, five of which will be reserved for victims of domestic violence and/or chronic substance abuse, will serve individuals at 40% and 50% of the area median income. Case management services will be provided to homeless residents who are employed or receiving permanent benefits.

Catherine Arms was funded with Low-Income Housing Tax Credits, Tax Credit Assistance Program Dollars, Housing Trust Fund dollars, City of Phoenix funds as well as funds from a private lender.



info Catherine Arms is located at 315 W. Fillmore Street, Phoenix, AZ

HOME FIRST

The “housing first” strategy operates under the philosophy that safe, affordable housing is a basic human right and a prerequisite for effective psychiatric and substance abuse treatment. Key components to the housing first model include: (1) a simple application process that does not require numerous site visits and excessive documentation; (2) a harm reduction approach in which tenants are not required to be clean and sober in order to obtain or keep their housing; and (3) no conditions of tenancy that exceed the normal conditions under which any leaseholder would be subject, including participation in treatment or other services. Research has demonstrated the effectiveness of this model, particularly among people who have been homeless for long periods of time and have serious psychiatric disabilities, substance use disorders, and/or other disabilities.



Thanks to the Valley of the Sun United Way (VSUW), 31 leaders from the public and private sectors of our community, including ADOH Director Michael Trailor, were treated to a day in Salt Lake City to see first hand the success **Home First** has achieved in their community. Similar to Arizona, Utah estimates that 15,525 people will experience homelessness in Utah in 2009. Homelessness in Utah has increased 8% in 2009 from the previous year. Chronic homelessness has decreased by 5% in 2009 from the previous year. The VSUW team learned how Utah has decreased chronic homelessness during a year when homelessness increased.

Community leaders decided in 2004 that they were going to attack their homeless problem with compassion and a solid business plan. They identified key members of the state to lead the charge. They gained political and community commitment and created a state vision.

STATE VISION - UTAH

Everyone has access to safe, decent affordable housing with the needed resources and supports for self-sufficiency and well being.

The state of Utah studied the homeless problem and learned that while the chronically homeless were estimated at 10% of their homeless population they used 50 - 60% of the state’s homeless resources. The business plan evolved from there. They established a goal to address the chronically homeless population and when successful, create 50 - 60% more capacity in existing emergency facilities and services.

They traveled the state and created Utah’s Ten Year Plan to end chronic homelessness, which was approved in March 2005, and organized 12 Local Homeless Coordinating Committees (LHCC) to cover the state. Each LHCC has a ten year plan on homelessness and has designed and implemented a pilot project. The Utah statewide homeless management system was implemented in July 2005 and in August 2005, 17 chronically homeless were placed in a “housing first” pilot project. A self-sufficiency matrix was implemented in July 2006.

As of December 2009 Utah has built 385 units of housing for the chronically homeless with supportive services. There are 110 more under construction.

Utah estimates that the annual emergency service costs per chronically homeless person is \$19,208 (includes emergency shelter and services, EMT runs, hospital emergency visits and police costs.) Permanent housing with case management costs \$10,000 per person annually.

When your vision is crystal clear, taking action happens naturally.

—Thomas F. Crum
“The Magic of Conflict”

Calendar 2009

JANUARY

18	CLOSED - Martin Luther King Day
21	Arizona Housing Finance Authority
29	Arizona Housing Commission

FEBRUARY

11	Arizona Housing Finance Authority
15	CLOSED - Presidents' Day
26	Arizona Housing Commission

MARCH

11	Arizona Housing Finance Authority
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ADOH Training Available

2010 Low Income Housing Tax Credit Application Workshop

January 19, 2010 | Crowne Plaza Phoenix Airport

ADOH staff will conduct an in-depth review of the Low Income Housing Tax Credit (LIHTC) application process as outlined in the 2010 Qualified Allocation Plan (QAP). Developers or ADOH-approved designees for the developer **MUST** attend this training to qualify for project application in the 2010 Tax Credit round.

- \$175 non-refundable registration fee, due by January 8, 2010
- Credit cards will be accepted for this training.

TO REGISTER Download a registration form: www.azhousing.gov

Housing Elements of General and Other Jurisdiction Plans

January 21, 2010 | ADOH Training Room, Phoenix

Join Corky Poster, Distinguished Professor Emeritus, and Emily Nottingham, PhD, Adjunct Planning Faculty, both at the College of Architecture and Landscape Architecture at the University of Arizona to learn how to look at the costs of housing for lower income families, the costs to the community of "poor decision" housing, alternative strategies for housing development, and alternative policies for sustainable affordable housing.

- Training is FREE but registration is required. No "at the door registration." Registration deadline: January 11, 2010

TO REGISTER Download a registration form: www.azhousing.gov

info Patricia Boland 602 771-1017 + patricia.boland@azhousing.gov

2010 Arizona Housing Forum

Complete our survey on the 2010 Arizona Housing Forum. Help us plan this year's program.

<http://survey.constantcontact.com/survey/a07e2ndjspig2s33w50/start>

Two Free Educational Luncheons

Foreclosure Rescue & Loan Modification Scams

January 26 | 11:30am - 1:30pm (Lunch Provided)

**El Pueblo Neighborhood Center, Rooms 1A-B-C
101 W. Irvington Road, Tucson**

January 27 | 11:30am - 1:30pm (Lunch Provided)

**Mountain View Luthern Church
11002 South 48th Street, Phoenix**

Come and listen to the Arizona Attorney General, the U.S. Department of HUD, and members the Arizona Foreclosure Prevention Task Force to learn how to identify foreclosure rescue scams before it is too late, what is being done to prevent them, and how to direct your constituents to legitimate agencies for foreclosure and loan modification assistance. **Registration is required as seating is limited.**

TO REGISTER <http://www.frbsf.org/community/resources/2010/0127/index.html>

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Human Services Campus (from page 1)

Level I is designed to provide for basic needs and encourage engagement in supportive services. Level II is designed for clients showing a commitment to their case plan and Level III is established to serve the special needs of working and veteran clients.

“Our job at CASS is to move people out of the emergency shelter and into affordable permanent housing as quickly as possible,” said Mark Holleran, CASS Chief Executive Officer. “Support services are a critical piece in helping our clients achieve self-sufficiency.”



▲ Steele Commons is Arizona's first permanent housing facility offering full-time supportive services for formerly homeless individuals.

To further their mission of empowering men, women and children with diverse needs to end their homelessness, CASS opened Steele Commons in 1997, Arizona's first permanent housing facility offering full-time supportive services.

Steele Commons consists of 84 single occupancy units, 10 of which are set aside for individuals with serious mental illness and 16 units set aside for disabled residents or those with substance abuse issues. Residents must have been formerly homeless and at 40 percent or less of the area median income.

“Residents are able to receive the support services they need while establishing a landlord/tenant relationship and gaining a sense of community while living at Steele Commons,” said Holleran.

Because of the success of Steele Commons, CASS is working to identify a facility for another permanent housing complex in the near future.

CASS Dental Clinic

Recognizing that homeless individuals had severely limited access to dental care, in 2001, CASS opened the nation's only dental clinic designed to serve the homeless population. Originally located in a two room dental trailer in a lot next to the main shelter facility, the CASS Dental Clinic began with one dentist and one hygienist. In 2005, the Clinic moved to a new eight chair dental facility located on the Human Services Campus and is staffed with over 500 volunteer and dental students serving clients.



▲ The Human Services Campus is home to the nation's only dental clinic designed to serve the homeless population.

The CASS Dental Clinic is equipped with state-of-the-art technology and operatory supplies contributed by local and national dental supply companies. They provide fillings, cleanings, root canals, dentures and partials, extractions, crowns and bridges, veneers, implants, cosmetic dentistry and some plastic surgery.

In addition to a strong volunteer base, the Clinic serves as a teaching facility for fourth year dental students from the Arizona School of Dentistry and Oral Health and third and fourth year students from the new Mid-Western School of Dentistry. The Clinic is also home to students from Rio Salado College School of Dental Hygiene, Phoenix College Dental Hygiene School, Rio Salado College Dental Assisting School and Phoenix College Dental Assisting School.

In March 2007, the CASS Dental Clinic expanded to include a children's dental clinic for homeless children and young adults. Children are referred to the clinic from homeless shelters throughout Phoenix and from the Murphy School District. The Clinic provides educational outreach for parents as well as basic dental restoration for homeless youth in need of dental care.

CASS and the LDRC are Valley of the Sun United Way Partner Agencies and also receive funding from the Arizona Department of Housing, other state and local governments, corporate sponsorships, private foundations and private individuals.

Your Way Home AZ Helps Nearly 500 Families Purchase Homes



➤ Only eight months after launching the Your Way Home AZ program, 465 families have received over \$13.7 million in financial assistance to purchase foreclosed homes throughout the state. With

more than 1200 potential homebuyers registered for the program, Your Way Home AZ continues to help many families achieve their dream of homeownership in Arizona.

Launched in early May, the Your Way Home AZ program provides up to 22 percent of a home's purchase price to eligible borrowers, provided the home has been in foreclosure. Because of the success of the program, Apache, Coconino, La Paz, Mohave, Navajo, Yavapai and Yuma counties have already expended their allotted funds for the program. Just over \$10 million remains available for eligible buyers in the remaining counties in Arizona.

Funding for the Your Way Home AZ program was made available through the U.S. Department of Housing and Urban Development Neighborhood Stabilization Program. The state of Arizona and nine other counties and communities received more than \$121 million to help stabilize the state's hardest hit neighborhoods.

Those interested in purchasing a foreclosed home can visit the program's web site, www.YourWayHomeAZ.com to determine if they are eligible to participate in the state's program or one of the other nine county and community programs listed on the web site.

Ron Sims Discusses HUD's "Choice Neighborhoods" Concept

Program Aims to Transform the Nation's Poorest Neighborhoods

On November 9 U.S. Department of Housing and Urban Development (HUD) Deputy Secretary Ron Sims appeared in Phoenix to address the nexus between sustainability and housing affordability. Termed the "Choice Neighborhoods Initiative" HUD is proposing a new program that aims to transform the nation's poorest neighborhoods into functioning, sustainable mixed-income neighborhoods by linking housing improvements with schools and day care centers, transportation, public assets such as sidewalks and parks and access to jobs.

The Choice Neighborhoods Initiative will build upon the HOPE VI program, enacted in 1992 to revitalize public housing projects into mixed-income developments. Since inception nearly 100,000 of the worst public housing projects in the country were torn down under the HOPE VI program. The Choice Neighborhoods Initiative will operate in a similar way by redeveloping public and assisted housing but will also include a community development component

The program will be a collaborative effort, linking together ideas and funding from the U.S. Departments of Education, Transportation, Health and Human Services and the Environmental Protection Agency. The Choice Neighborhoods Initiative also aims to partner with the proposed Promise Neighborhoods effort in the Department of Education budget. The program, modeled after one in New York, offers community organizations grants to improve low-performing school districts with day care centers and college training programs.

HUD estimates that 10 cities will be granted funding through the Choice Neighborhoods Initiative via a competitive process. At least 40 percent of the neighborhood's residents must live below the federal poverty line, about \$22,000 for a family of four. The communities awarded choice grants will need to provide matching funding from state or local authorities or through private financing.

info Visit the HUD web site + www.hud.gov.

Kristina Fretwell named 2009 ADOH Employee of the Year

► Kristina Fretwell, ADOH's Legislative Liaison and Public Information Officer, has been named the agency's 2009 Employee of the Year. Kristina was honored at the December staff meeting for the exemplary work standards that she displays on a regular basis.

In 2009, when budget reductions required the downsizing of the department, Kristina quickly stepped up to take over the Public Information Officer duties, which had once been considered a full-time position. She quickly learned new skills and handled her new communications-related duties with the same attention to detail that she has given her legislative duties.

Kristina actively demonstrates the majority of the agency's guiding principles in her day-to-day conduct, such as being clearly vision and mission driven, responsive and customer focused, demonstrates good communication and team work and strives for continual improvement and excellence.



Director Michael Trailor congratulates Kristina on her award.

Arizona Collaborative Clearinghouse

Reference tool now on-line

► A collaboration of the Arizona Department of Housing and the Stardust Center for Affordable Homes and the Family, the Clearinghouse allows registered users access to not only documents, special reports and public education materials, but the success stories and events of interest to those working on affordable housing and community development issues.



Use this site as a reference tool in developing your projects, as a forum for discussion, and for posting your events.

info Register at www.azcollaborative.net

ADOH would like to invite you to become a follower

Follow us on Twitter and Facebook to receive updates on legislative developments, meetings, events and internal happenings at the Department. Join today!



www.twitter.com/AZHousing



www.facebook.com

info **Kristina Fretwell**, Legislative Liaison and Public Information Officer
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SIGN-UP FOR OUR E-MAIL LISTS

We routinely e-mail information regarding notices of funding availability, changes in policy pertaining to our programs, training opportunities, and legislative updates. If you would like to receive these updates (as well as the **HOUSING MATTERS** newsletter), please visit our web site.

info www.azhousing.gov/PressRoom

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Housing Matters

SPRING 2010
VOLUME 9 | NUMBER 1

LEADING WITH SOLUTIONS



▲ The Legacy Crossing Family Housing Project will provide 80 units of affordable housing for low-income and homeless families in Phoenix. Residents will also receive full-time, on-site support services through UMOM's Next-Step Housing Program. For more information see the story on page 6.

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Arizona
Department
of Housing



Arizona Receives \$125.1 Million for Foreclosure Efforts

On February 19, President Obama announced a plan to direct \$1.5 billion in funding to five state housing agencies to help them develop new programs for addressing the housing crisis in their communities. The five states, California, Nevada, Arizona, Michigan and Florida are among the hardest hit states in the nation and have seen home values decline by more than 20 percent.

The initiative, financed through the federal government's Emergency Economic Stabilization Act (EESA) was allocated among eligible states based on home price declines and unemployment. Arizona, with a home price decline of -38.8 percent and an unemployment rate of 9.1 percent, will receive \$125.1 million in funding for these efforts.

"Since 2007, the Arizona Department of Housing (ADOH) has been working with lenders, community leaders and government representatives to coordinate outreach and foreclosure prevention efforts throughout the state," said ADOH Director Michael Traylor. "Unfortunately resources have not been adequate to make a significant impact on the number of foreclosures in Arizona. We look forward to this opportunity to develop new ideas and an improved strategy to help struggling homeowners in Arizona."

Termed the "Innovation Fund," the money is intended to allow state housing agencies to develop creative, effective approaches to the housing crisis that are tailored to meet the needs of that specific state or region. All programs must have foreclosure prevention and housing market stability as their primary objectives. Examples of eligible programs include mortgage modifications, principle reduction programs for borrowers with severe negative equity, programs to provide assistance to unemployed borrowers and second lien reductions.

States are required to submit proposals to the United States Treasury by April 16. The Arizona Department of Housing has been conducting outreach with lenders and community leaders as they begin to develop their plan of action. Additionally, ADOH will be conducting a public hearing on April 7 at 1:00 p.m. at the Carnegie Public Library in Phoenix to receive input on proposed programs for Arizona's funds.

"ADOH is exploring all available options and working with our partners in the other four states who received allocations to ensure the success of our program," said Traylor. "Our goal is to prevent as many avoidable foreclosures as possible and stabilize Arizona so that economic recovery can begin in our state."

info PUBLIC HEARING | APRIL 7 - 1:00 PM - CARNEGIE PUBLIC LIBRARY
1101 W. WASHINGTON, PHOENIX, AZ

DUE TO LIMITED SEATING, RESERVATIONS FOR THIS PUBLIC HEARING ARE REQUIRED. SEND E-MAIL: publichearing@azhousing.gov; include name and e-mail address for confirmation receipt.

Governor Proclaims April "Fair Housing Month"

On February 23, Governor Janice K. Brewer proclaimed April 2010 as "Arizona Fair Housing Month" recognizing the importance of fair housing to Arizonans and saluting the efforts of those who seek to reduce barriers to full and fair housing opportunities. Throughout the month of April, statewide and local organizations will host a number of events to commemorate Fair Housing Month in Arizona.

On April 11, 1968, President Lyndon Johnson signed the Civil Rights Act of 1968, a follow-up to the Civil Rights Act of 1964. The Civil Rights Act of 1968 expanded on previous acts and prohibited discrimination concerning the sale, rental and financing of housing based on race, religion, national origin, sex and as amended handicap and family status. Title VIII of the Act is also known as the Fair Housing Act of 1968.

Within the inaugural year of the Fair Housing Act of 1968, the U.S. Department of Housing and Urban Development (HUD) had completed the Title VIII Field Operations Handbook and instituted a formalized complaint process. That year, HUD hosted a celebration, shared with advocates and politicians across the nation. In subsequent years, the tradition of celebrating Fair Housing Month grew with Governors across the nation issuing proclamations that designated April as "Fair Housing Month."

In partnership with several organizations including the Arizona Fair Housing Partnership and the Southwest Fair Housing Council, the Arizona Department of Housing actively strives to increase awareness of fair housing issues year round by providing information to the public and policy officials regarding fair housing, participating in fair housing training events and monitoring discriminatory practices.

info SEE THE EVENT CALENDAR ON PAGE 7 FOR INFORMATION ON FAIR HOUSING MONTH EVENTS.

Director's Message

From the Desk of Michael Trailor



This spring, we have been very busy with a number of new and existing programs. Low-Income Housing Tax Credit Project applications were due and submitted on March 15. Once again it is a very competitive year with 31 applications submitted and only enough tax credits to fund one third of the applications. Unfortunately there will be good projects that will not receive funding due to the amount of available credits. Tax credits are allocated to the state based on population, another good reason to participate in the 2010 census.

Foreclosures continue to cause emotional stress to Arizonans, destabilize neighborhoods and stall the recovery of the real estate sector, which in turn stalls job growth. Many homeowners have applied for assistance through loan modification, a process that can take up to eight months. If you are one of the lucky homeowners who qualified for a modification, your payments in arrears and cost of modification are typically added to the principle balance, which is already significantly underwater. Over half of the modifications granted have eventually ended in foreclosure.

As you read on page one, President Obama announced the **"Hardest Hit Fund,"** \$1.5 billion to be divided between Arizona, California, Nevada, Florida and Michigan for foreclosure efforts. Arizona will receive \$125.1 million to develop new programs to address the housing crisis in our communities.

The department appreciates the great response we have received from the community to assist in developing a comprehensive plan. The primary focus of the modification plan will include a principal reduction strategy, a critical piece of the puzzle not addressed in current modification efforts. Applicants will have to meet certain criteria to qualify and demonstrate "personal responsibility."

Equally important to the modification program will be our homeowner advocacy. Most current modification efforts require the homeowner to fend for themselves with lenders. The department plans to utilize our qualified HUD counseling agencies to intercede on the homebuyer's behalf in negotiating a modification. The department's goal is to have a preplanned process in place that will allow us to efficiently modify qualified loans, a lofty goal in the current environment but critical to achieve success.

The department continues to appreciate and enjoy the many hard working, dedicated housing advocates in our state. From those of you who work tirelessly to provide decent, safe, attainable housing to others who provide the much needed services, it is a privilege to work with you in accomplishing our common goals.

AzHFA Activities

AzHFA Board announces new Mortgage Revenue Bond Plus Program

► The Arizona Housing Finance Authority (AzHFA) is pleased to announce its new Mortgage Revenue Bond (MRB) Plus program that will provide low-interest, fixed rate mortgages for first-time homebuyers in the 13 rural counties of Arizona. Participants who receive a loan through the MRB Plus program will be eligible for a grant of up to five percent of the purchase price of the home for down payment and/or closing cost assistance. The grant is forgivable after five years if the purchaser remains in the home.

To participate in the MRB Plus program, purchasers must be first-time homebuyers and occupy the home as their primary residence. To qualify as a first-time homebuyer, the purchaser must not have had prior ownership of a home in the last three years unless the property is located in a target or "census tract" area. Eligible participants must also contribute \$1,000 of personal funds, complete a homebuyer education class and meet credit score and income limits as prescribed by program guidelines.

The MRB Plus program was made available through the federal New Issue Bond Program, developed to support low mortgage rates and expand resources for low and middle income borrowers to purchase or rent homes that are affordable over the long term. Additional details about the program, including a list of participating lenders is available online at www.azhousing.gov.

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

AzHFA Board of Directors

Carol Parry Fox
Chairperson
Corporate Social
Responsibility Associates

Richard Houseworth
Vice Chairperson
Capitol Bancorp, Ltd.

Robert Gardiner
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Northern Trust, NA

Manny Gonzalez
Secretary
Pinal County

Paul DeSanctis
AZ Lending Specialists, LLC

Ross McCallister
MC Companies

SCHEDULED MEETINGS	
April	15
May	13
June	10

Arizona Housing Commission Activities

Arizona Housing Commission Supports House Bill 2210

► At their February meeting, the Arizona Housing Commission voted to support House Bill 2210, which outlines landlord and tenant obligations as they relate to bedbug infestations in rental housing units.

Thought to be eradicated over 50 years ago in the United States, bedbugs have resurfaced recently and their populations have increased significantly over the past few years. There are several ways in which dwellings can become infested including through contaminated luggage, furniture, clothing, toys and bedroom linens. Bedbugs can also travel along pipes and wires, increasing the probability that infestations can be spread throughout multi-unit housing such as condominiums, dormitories and apartment buildings.

Because infestations can have a costly impact to both residents and tenants of multifamily rental housing, the Arizona Housing Commission supports the efforts of the Arizona Multihousing Association to implement bedbug treatment protocol and management of bedbug infestations for rental housing.

info **Kristina Fretwell**, Legislative Liaison and Public Information Officer
(602) 771-1008 + kristina.fretwell@azhousing.gov



SCHEDULED MEETINGS	
April	30
May	No meeting
June	No meeting

State Legislative Update

Legislature Passes FY 2010 and FY 2011 Budget

On February 1, the Legislature convened the Sixth Special Session of the 49th Legislature to continue work on the FY 2010 budget. Faced with a deficit of \$1.4 billion, lawmakers met to enact some adjustments to the FY 2010 budget including the sale-leaseback of state assets, the proration of income tax deductions for out of state filers, adjustments to the state lottery program and a referendum to the voters to impose a temporary one-cent sales tax increase.

If approved by voters on May 18, the temporary one-cent sales tax increase is projected to infuse the state budget with nearly \$1 billion in FY 2011, dedicated to primary and secondary education, health and human services and public safety. While these measures addressed a portion of the deficit, a budget gap still remained for both fiscal years.

On March 8, the Legislature convened the Seventh Special Session to complete work on the FY 2010 budget and enact a budget for FY 2011. The budget legislation included an additional \$4.8 million reduction to the Department of Housing for FY 2010 and an \$8.6 million reduction for FY 2012. Fund sweeps and spending reductions were enacted to the Housing Trust Fund in the amount of \$2.5 million for FY 2010 and \$6 million for FY 2011, to the Housing Program Fund in the amount of \$2.1 million in FY 2010 and \$2.4 million in FY 2011 and to the Arizona Housing Finance Authority in the amount of \$176,900 in FY 2010 and \$251,400 in FY 2011.

The budget legislation also included a permanent 2.75 percent reduction in state employee compensation and mandatory furloughs through FY 2012, which equal an additional 2.3 percent salary reduction. The Arizona Department of Administration selected a schedule for the mandatory furlough days and will require state agencies to close on those days. The schedule of agency closures due to mandatory furlough is available on page 9 of this newsletter.

Additionally, as part of the budget compromise, the Legislature enacted a contingency budget that will go into effect if the temporary sales tax increase is not approved by voters in May. Included in the contingency budget is an additional \$2.1 million sweep from the Housing Trust Fund in FY 2010.

info **Kristina Fretwell**, Legislative Liaison
and Public Information Officer
(602) 771-1008 + kristina.fretwell@azhousing.gov

Federal Legislative Update

U.S. Senate Approves Extension of Tax Credit Monetization Program

On March 10, the U.S. Senate passed legislation extending the Low-Income Housing Tax Credit Monetization program for one year. Originally established as part of the American Recovery and Reinvestment Act of 2009, Congress created the Low-Income Housing Tax Credit Monetization program as a new tool to allow states to support rental housing projects financed with federal Low-Income Housing Tax Credits.

Through the federal Low-Income Housing Tax Credit program, state agencies award tax credits to housing developers, who turn the credits into construction funds by selling them to investors. Investors, in turn, receive a ten-year tax credit based on the cost of constructing or rehabilitating rental housing that cannot be rented to anyone whose income exceeds 60 percent of area median income. Due to the current state of the economy, the value of the tax credits has diminished significantly.

The Low-Income Housing Tax Credit Monetization program allowed the Arizona Department of Housing (ADOH) to exchange a portion of its 2008 housing tax credit ceiling for cash grants to finance the construction or acquisition and rehabilitation of qualified low-income buildings. Awards were determined through a competitive application process and funds were awarded to five projects, located in Bullhead City, Show Low, Tucson, Phoenix and Page, the total value of which is over \$47 million.

The House and Senate will now try to reach an agreement and hope to pass a final version of the tax extender legislation as early as April. Updated information on the extension of the program will be made available on the ADOH website.

Neighborhood Stabilization Program helps Homebuyers and Renters



yourwayhomeaz

In September 2008, the Arizona Department of Housing (ADOH) received over \$38 million from the federal government to help stabilize neighborhoods hit hard by multiple foreclosures and abandoned homes. With a portion of these Neighborhood Stabilization Program (NSP) funds, ADOH created the Your Way Home AZ program,

which provides 22 percent of a home's purchase price to eligible borrowers, provided the home has been in foreclosure.

Since launching the Your Way Home AZ program in early May, nearly 450 families have received financial assistance to purchase foreclosed homes throughout the state. Over 90 percent of those have been first-time homebuyers. Because of the success of the program, Apache, Coconino, La Paz, Mohave, Navajo, Pima, Yavapai and Yuma counties have already expended their allotted funds for the program. Just over \$7.0 million remains available for buyers in eligible zip codes in the remaining counties in Arizona.

At least 25 percent of NSP funds received by the state must be used to benefit individuals or families whose incomes do not exceed 50 percent of the area median income. To achieve this goal, ADOH set aside \$9.5 million of NSP funds for the redevelopment of foreclosed and vacant multi-family properties that will house this population.

In October 2009, ADOH issued a Notice of Funding Availability (NOFA) for the redevelopment of foreclosed multi-family rental housing projects through the NSP program. As a result, \$2 million was awarded to La Frontera Center, Inc. for the rehabilitation of the Glen Verde Apartments in Tucson, AZ. Just over \$7.5 million remains for eligible projects. ADOH issued a NOFA for the remaining funds on February 1, with an application due date of 4:00 p.m. on Monday, April 5.

info Visit the Your Way Home AZ program web site to determine eligibility for the state's program or one of the other nine county and community programs listed. + www.yourwayhomeaz.com

HUD awards \$118 million in Recovery Act funding for the Neighborhood Stabilization Program in Arizona

On January 14, the United States Department of Housing and Urban Development (HUD) awarded nearly \$118 million in Recovery Act funding throughout Arizona under HUD's Neighborhood Stabilization Program (NSP). The NSP grants announced in January are part of \$2 billion awarded nationwide to local communities and nonprofit housing developers to continue efforts to combat the effects of vacant and abandoned homes while creating jobs.

NSP was established by the federal government in 2008 to address the foreclosure crisis, create jobs and grow local economies by providing communities with the resources to purchase and rehabilitate foreclosed homes and convert them to affordable housing. Last year, the state of Arizona and nine other counties and communities received more than \$121 million to help stabilize the state's hardest hit neighborhoods.

The additional \$2 billion in NSP2 funds, made available through the American Recovery and Reinvestment Act of 2009, was competitively awarded to applicants with the most innovative ideas to address the impact the foreclosure crisis has had on local communities.

The City of Phoenix received \$60 million, Pima County received \$22.5 million and Chicanos Por la Causa, Inc. received \$35.8 million in NSP2 funds for activities such as down payment assistance for the purchase of foreclosed homes, acquisition and rehabilitation of foreclosed homes and land banking to ensure future development opportunities.

info For additional information visit the HUD web site + www.hud.gov

UMOM New Day Centers and NRP Group Celebrate Groundbreaking of Legacy Crossing Family Housing Project

► Joined by ADOH Director Michael Traylor, City of Phoenix Mayor Phil Gordon and several of Arizona's community leaders, UMOM New Day Centers and the NRP Group held a groundbreaking ceremony for the Legacy Crossing Family Housing Project on January 28.

Located in Phoenix, the Legacy Crossing Family Housing Project will provide 80 units of affordable housing for low-income and homeless families. Under UMOM's Next Step Housing program, Helping Hands Housing Services will provide a full-time, on-site services coordinator that will facilitate community-building activities among tenants and provide general practical support such as pre and after school programs, life skills training, job development classes, tutoring for school age children and monthly community activities.

The Legacy Crossing Family Housing Project represents a partnership between UMOM New Day Centers, the largest homeless shelter serving Arizona families, and the NRP Group, a full-service developer, general contractor and property manager. Construction on the project is expected to be complete by December 2010.

The Legacy Crossing Family Housing Project was funded with Low-Income Housing Tax Credits, Federal Tax Credit Assistance Program dollars, City of Phoenix HOME funds and private financing.

info Legacy Crossing is located at 3320 E. Van Buren, Phoenix, AZ 85008



Gorman & Company Celebrate Groundbreaking of Glendale Enterprise Lofts

► On March 24, Gorman & Company celebrated the groundbreaking of Glendale Enterprise Lofts, a new facility that will provide handicap-accessible, affordable housing in the Glendale Centerline Area. ADOH Director Michael Traylor joined Glendale Mayor Elaine Scruggs, Councilmember David Goulet and several of Arizona's community leaders at the event.

Glendale Enterprise Lofts features 28 units of affordable rental housing that are fully accessible for the disabled. Each unit is 1250 square feet with three bedrooms and two bathrooms. Rents range from \$521 to \$790 per month and will be rented to income-eligible families earning between 40 and 60 percent of the area median income, or \$23,000 to \$46,000 per year.

Residents will enjoy amenities such as a theater, computer lab, community center, fitness centers and washers and dryers in each unit. Additionally the property features a controlled entry.

The Glendale Enterprise Lofts were funded with Low-Income Housing Tax Credits and Tax Credit Assistance Program dollars.

info Glendale Enterprise Lofts are located on the southeast corner of 63rd and Glendale avenues, Glendale, AZ 85301



Governor issues Executive Order continuing the work of the Interagency and Community Council on Homelessness

On January 13, Governor Janice K. Brewer issued an executive order continuing the work of the Interagency and Community Council on Homelessness (ICCH) as the Arizona Commission on Homelessness and Housing (ACHH). The Commission serves as a statewide homelessness planning and policy development group for the Governor and the state of Arizona.

Originally created through Executive Order on June 5, 2004, the ICCH guided the development of a state level plan to end homelessness for Arizonans with a focus on families who are homeless. The state plan, approved on December 1, 2005 has four goals: (1) prevent homelessness, (2) build the infrastructure to address homelessness, (3) manage outcomes and (4) create permanent housing.

Chaired by the Governor and co-chaired by Arizona Department of Housing Director Michael Traylor and Department of Economic Security Director Neal Young, the Commission has been charged with overseeing the implementation and progress of the Housing Arizona State Plan to prevent and end homelessness and revising the State plan as needed. Members of the Commission include the Directors of the Governor's Office for Children, Youth and Families, the Departments of Corrections, Public Safety, Health Services and Veterans' Services as well as representatives of other public and private entities.

At their first meeting on March 16, the Commissioners reviewed the State plan and determined that they would begin to tackle six initiatives with a goal of completion in one year. Those six initiatives include developing a joint pre-release discharge planning process, creating a mechanism for state agency applications for funding and awards made for housing or services regarding homelessness, providing cross-training among benefits specialists, developing and maintaining a statewide inventory of housing stock designated for special populations and paired with some level of support services, conducting a comprehensive statewide needs assessment and analyzing results and creating a business plan for developing an array of housing and support services to meet the needs of homeless populations in the state.

info For more information about the ACHH or to view the state plan + http://gocyf.az.gov/EO/BRD_ICH.asp

ADOH offers housing assistance to Arizonans affected by winter storms

A series of strong winter storms moved across Arizona in January, bringing record amounts of rain and snow to the state, causing isolated flooding, roof cave-ins, power outages and landslides. The state banded together with local governments and non-profit agencies to provide services such as food and housing assistance and crisis counseling to residents affected by the storms.

In partnership with Catholic Charities and Gila County, the Arizona Department of Housing (ADOH) was able to assist residents displaced by flooding in Black Canyon City and Tonto Basin with security deposits and rental assistance for temporary or permanent housing. Additionally, ADOH worked with state financed rental properties in the area who agreed to waive security deposits and allow month-to-month leases for victims of the flood.

In addition to emergency assistance efforts, Long-Term Recovery Organizations were formed in Black Canyon City and Tonto Basin to unite local organizations, businesses and faith-based partner representatives with Arizona Voluntary Organizations Active in Disaster member groups to provide for disaster-related needs unmet by insurance or government programs.

The Long-Term Recovery Organizations are seeking cash donations to assist with the unmet needs of those impacted by the January storms.

info Tax deductible donations can be made through the Lutheran Social Services of the Southwest website + <http://www.lss-sw.org>

ADOH Calendar 2010

APRIL

7	Public Hearing - Foreclosure Program
15	Arizona Housing Finance Authority
20	Public Hearing - 5 Year Consolidated Plan
30	Arizona Housing Commission

MAY

13	Arizona Housing Finance Authority
31	Memorial Day Holiday - OFFICE CLOSED

JUNE

10	Arizona Housing Finance Authority
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Other Events

APRIL

Yuma Housing Festival

April 10, 2010 | 10am-2pm
 MLK, Jr. Neighborhood Center
 300 S. 13th Avenue, Yuma
info Community Legal Services + 928-782-7511

Opening Doors, Profitability and Fair Housing in Today's Economy

April 13, 2010 | 8:30am-12:30pm
 DEC Center, 5025 E. Washington, Phoenix
info Arizona Fair Housing Partnership + 602-252-3423

MAY

"It's the Great Round Up, Stand Up and Be Counted"

NAHRO's Annual Spring Conference
 May 2-4, 2010 | Hilton Scottsdale Resort & Villas
info <http://www.pswrc-nahro.org>

NeighborWorks Training Institute

May 3-7, 2010 | Phoenix (Various sites)
info <http://www.nw.org>

ACAA 2010 Annual Conference

May 13-14, 2010 | Wigwam Resort, Litchfield Park
info www.acteva.com

MARK YOUR CALENDAR



The J.W. Marriott Starr Pass in Tucson will be the location for the 7th annual Arizona Housing Forum, September 15-17, 2010. The Forum is the only annual statewide housing conference in Arizona.

Preliminary information on the hotel and rates can be found on our web site, www.azhousing.gov. An on-line registration component will be available soon as well as program information.

Potential sponsors are encouraged to review the available sponsor levels. New this year is a Cyber Cafe option. Get your logo and information about your company in front of all attendees. Download information on **Sponsorship** here.

Exhibiting in the popular Marketplace is another way to be in the middle of all conference activity. Download an **Exhibitor Registration** form here.

Stay Up To Date on News and Events

Watch for updates posted to the front page of the ADOH web site under this banner. We will be posting information on press releases, funding, articles of interest, etc. on this page. Just click on the **Stay Up To Date on News and Events** icon on our home page.

Results of Web Site Survey

Thanks to those of you who completed the web site survey released in February. Based on your responses, we have made the following changes to our web site.

- Changed front page menu bar items to more correctly reflect the information on ensuing pages. Programs of interest to the public are listed under "Services for the General Public" (i.e., Apartment Rentals, Evison or Mortgage foreclosure Assistance).

"Programs for Housing Partners" include the Arizona Public Housing Authority, Technical Assistance and Rental Development.

- Combined all Forms and Handbooks onto one page to alleviate the confusion of forms and applications that are used in more than one program or department.

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

ARIZONA FORECLOSURE HELP-LINE

1-877-448-1211

 TOLL FREE

Since inception on May 28, 2008, Arizona's mortgage foreclosure help-line has received over 33,000 calls.

info If you know of a workshop or training opportunity that would benefit those Arizonans at risk of losing their homes, please send the details to:

Cynthia Diggelmann

602 771-1016 + cynthia.diggelmann@azhousing.gov

Have Your Photo Featured in an ADOH Publication

The Department of Housing would like to invite you to send photos of your constituents enjoying the benefits of your projects to be featured in one of our publications. If chosen, your photo could appear on the cover of our quarterly newsletter, our annual report or another agency publication.



info Visit www.azhousing.gov for more information or to submit your photo.

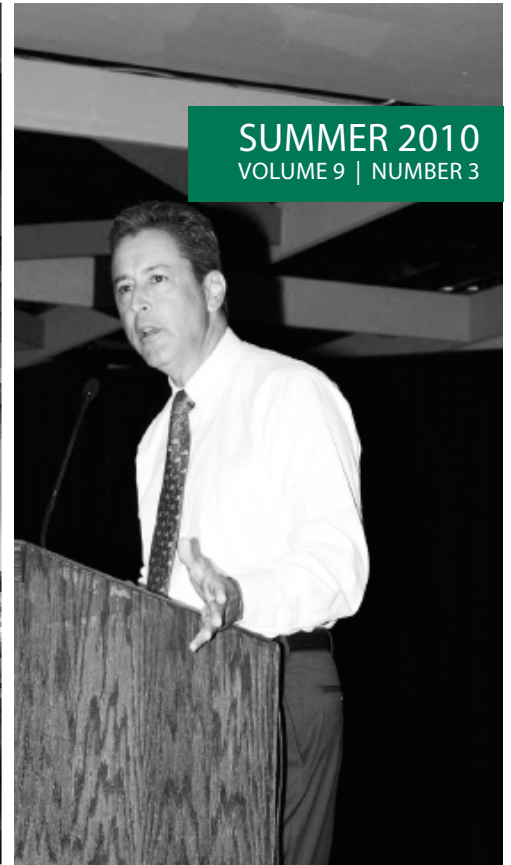
Mandatory Furlough Program

Beginning in July, 2010, all Arizona state agencies, boards and commissions will be required to participate in a mandatory furlough program on state designated furlough days. For the remainder of 2010, ADOH offices will be closed on July 23, August 20, September 17, November 26, and December 23.

Housing Matters

LEADING WITH SOLUTIONS

SUMMER 2010
VOLUME 9 | NUMBER 3



2010 Arizona Housing Forum J. W. Marriott Starr Pass | Tucson | September 15-17

INNOVATION...The Road to Recovery. Register on-line at www.azhousing.gov. This year's event will be held at the J.W. Marriott Starr Pass in Tucson. Additional information on page 8.

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- 8 **What's New**
- 9 **2010 Arizona Housing Forum**



Arizona
Department
of Housing



ARIZONA FORECLOSURE HELP-LINE

Mortgage Trouble?

Don't Delay...Call Today

1-877-448-1211

TOLL-FREE

ADOH Receives Funds to Continue Foreclosure Counseling Efforts

On April 16, the Arizona Department of Housing (ADOH) received a grant of \$2.1 million in fundings to continue its participation in the National Foreclosure Mitigation Counseling (NFMC) program. With the funds, ADOH will continue working with 15 HUD certified housing counseling agencies across the state to provide free foreclosure assistance to Arizonans through the Arizona Foreclosure Helpline. The toll-free helpline, 1-877-448-1211, has received over 35,000 calls since its launch in May 2008.

"Arizona currently has the second highest foreclosure rate in the nation, with another 50,000 foreclosures projected in 2010," said ADOH Director Michael Trailor. "It is our hope that continuation of our free counseling services through the Arizona Foreclosure Helpline will allow some of our most distressed citizens to retain their homes."

The Arizona Foreclosure Helpline will compliment another of ADOH's foreclosure prevention programs, which will launch in September. In addition to providing free counseling services to at-risk homeowners through the NFMC program, ADOH's network of HUD certified housing counseling agencies will be participating in the Save My Home AZ program. Homeowners will work with housing counselors as they navigate the application and loan modification process.

"Coupling the Arizona Foreclosure Helpline with the Save My Home AZ program will ensure that homeowners have access to all available foreclosure prevention options and an advocate to guide them through the process," said Trailor. "Through both of these efforts, we hope to help many at-risk Arizonans."

The NFMC program, originally authorized by the 2008 Consolidated Appropriations Act, is administered by NeighborWorks® America, an independent, Congressionally- chartered non-profit organization with a mission to provide access to sustainable homeownership and safe, affordable rental housing. Funding for round four grant awards was provided by Congress through the Consolidated Appropriations Act of 2010.

info Those interested in accessing public assistance in purchasing a foreclosed home can visit www.YourWayHomeAZ.com to determine if they are eligible to participate in the state's program or one of the other nine county and community programs listed on the web site.

State Budget Reductions Impact ADOH Programs and Services

Because of the state's economic crisis, funding for the Arizona Department of Housing (ADOH) and the Arizona Housing Finance Authority (AzHFA) has been significantly reduced over the past few years. Since FY 2008, ADOH and the AzHFA have lost a total of over \$69 million. As a result ADOH reduced staff by 25 percent and suspended or eliminated many programs and services. Additionally, the Legislature enacted a provision in 2009 restricting the Housing Trust Fund's annual distribution from Unclaimed Property revenues to \$10.5 million per year.

Since FY 2008, the reduction in funding to the Housing Trust Fund has resulted in the elimination of critical housing activities including:

- Emergency home repairs for low-income households or to address emergency housing situations created by floods or fires.
- Eviction prevention and emergency housing funding to provide one-time assistance for mortgage/rental payments, housing deposits and utility assistance to prevent homelessness.
- Homeownership and rental development projects solely supported by the Housing Trust Fund, including homeless and domestic violence shelter development.
- Homes for Arizonans Downpayment Assistance Program to help families achieve homeownership.
- Support for the AzHFA bonding programs to assist first-time homebuyers including the AzHFA Mortgage Credit Certificate Program.
- Housing development on tribal lands supported by the Housing Trust Fund.

While ADOH has significantly scaled back its scope of work, moving forward the Department will continue to fund projects that provide essential services for those in need including housing for the seriously mentally ill and emergency operating support for homeless shelter operations.

Director's Message

From the Desk of Michael Traylor



It is hard to believe it has been a year since I was given the honor and privilege to serve our state as director of the Housing department. We have achieved many accomplishments over the past year but have so much more to do. Solving homelessness, providing effective solutions and leadership to assist homeowners who are facing foreclosure, and developing state, county, and city leadership to promote and develop sustainable communities are high priorities.

The economic crisis is unparalleled in modern history and its effects continue to linger, especially in Arizona. Staffing at the department is at its lowest level since 2003 and we have contributed over \$69 million to assist with the state's budget deficit. No complaints, this is our job; this is what we are charged to manage and we are grateful to have an opportunity to help our state in this crisis.

Mediocrity will not survive this economy. We all must learn how to do our jobs better, be more efficient, more cost effective, develop better business plans, find housing opportunities that offer the greatest return on our investment and look to the future, not just maintain the status quo.

The staff at the department has been working hard to produce the best Arizona Housing Forum ever this coming September. We are excited to host the event this year at J.W. Marriott's Starr Pass in Tucson. We have invited new speakers that will discuss timely topics on property management issues, strategic marketing, proven strategies to solve homelessness, sustainable housing and communities, building cost effective urban housing, multi-generational housing, and last but certainly not least — Mr. Karnas goes to Washington - Part II.

The always entertaining and very knowledgeable economist Lee McPheters will give us an update on the economy and Ms. Mercedes Marquez, HUD Assistant Secretary for Community Planning and Development, will address forum participants as the keynote speaker for our closing luncheon on Friday. We understand that you invest time and money to attend the annual Housing Forum and it is our job to ensure that you get a good return on your investment.

As always, we appreciate all of our community partners who contribute to providing safe, decent and attainable housing for the residents of our state and look forward to seeing you at this year's forum.

AzHFA Activities

AZHFA BOARD APPROVES DISCONTINUANCE OF MCC PROGRAM

The Board of Directors of the Arizona Housing Finance Authority voted to discontinue the Mortgage Credit Certificate (MCC Plus) program effective May 31, 2010. The MCC Plus program provided the benefits of a Federal Income Tax Credit with down payment assistance. Due to the reductions in funding available from the Housing Trust Fund, the Finance Authority could not continue both the MCC Plus program and its Mortgage Revenue Bond program (MRB Plus). The MRB Plus program continues to be available and offers an attractive, 30 year fixed rate mortgage for first time homebuyers, along with downpayment and/or closing cost assistance of 5 percent of the purchase price of the home.

Additional information about the MRB Plus program and a list of participating lenders can be found on the website www.azhousing.gov and click on Arizona Housing Finance Authority.



BOARD WELCOMES NEW MEMBER

Governor Brewer has appointed Randall L. Pullen to the AzHFA Board to serve a seven year term. Mr. Pullen is a Managing Director of Oasis Partners, LLC, a private banking company and is currently the Treasurer of the Republican National Committee as well as the Chairman of the Arizona Republican Party. Mr. Pullen holds a BA in mathematics and an MBA from Arizona State University. He is a Certified Public Accountant in Arizona and California, as well as a licensed real estate broker in Arizona.

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

AHC Activities

MIKKELSEN AND VILLEGAS RE-ELECTED FOR 2011

In May, the Arizona Housing Commission (AHC) unanimously selected Guy Mikkelsen and Betty Villegas to remain in the Chairperson and Vice-Chairperson positions for FY 2011.

Mikkelsen has led the Foundation for Senior Living, one of the largest non-profit organizations in Arizona dedicated to improving the quality of life for seniors, adults with disabilities and their family caregivers, for 24 years. Prior to his work with the Foundation, he worked for the states of Arizona and South Dakota, and the Milwaukee County Public Welfare Department. Mikkelsen was originally appointed to the AHC by Governor Jane Dee Hull in January 1999 to represent special needs populations.

Villegas is the Housing Program Manager for the Pima County Community Development and Neighborhood Conservation Department. Prior to joining Pima County, she spent 19 years in the retail banking and lending industry. Villegas was appointed to the AHC by Governor Janet Napolitano in January 2008 representing Pima County.

"This reflects the outstanding leadership by Guy and Betty," said Commissioner Jerry Anderson. "We're fortunate to have the quality that these two folks bring to the Commission."

info **Carol Ditmore**, Assistant Deputy Director/Operations
(602) 771-1007 + carol.ditmore@azhousing.gov



SCHEDULED MEETINGS	
July	8
August	No meeting
September	9

SCHEDULED MEETINGS	
July	30
August	No meeting
September	17

Carol Parry Fox
Chairperson
Corporate Social
Responsibility Associates

Richard Houseworth
Vice Chairperson
Capitol Bancorp, Ltd.

Robert Gardiner
Treasurer
Northern Trust, NA

Manny Gonzalez
Secretary
Pinal County

Paul DeSanctis
AZ Lending Specialists, LLC

Ross McCallister
MC Companies

Randall L. Pullen
Oasis Partners, LLC

2009 Legislative Wrap Up

After 109 days in session, the Legislature adjourned the Forty-Ninth Legislature, Second Regular Session on April 29. 1233 bills were introduced this year of which 352 passed. Of those, 338 were signed by the Governor and 14 were vetoed.

Faced with large budget deficits for both FY 2010 and 2011, the Legislature began work on the budget in January. During a special session in February, lawmakers enacted some adjustments to the FY 2010 budget, which closed part of the \$1.4 billion deficit. Legislators continued work on the budget and convened an additional special session in March to complete work on the FY 2010 budget and enact a budget for FY 2011.

Included in the budget legislation was an additional \$4.8 million reduction to the Department of Housing for FY 2010 and an \$8.6 million reduction for FY 2011. Fund sweeps and spending reductions were enacted to the Housing Trust Fund in the amounts of \$2.5 million for FY 2010 and \$6 million for FY 2011, to the Housing Program Fund in the amount of \$2.1 million in FY 2010 and \$2.4 million in FY 2011, and to the Arizona Housing Finance Authority (AzHFA) in the amounts of \$176,900 in FY 2010 and \$251,400 in FY 2011. These sweeps are in addition to earlier sweeps affecting this fiscal year. The legislature swept a total of \$14.3 million from ADOH and the AzHFA for FY 2010.

With the budget resolved by mid-March, Legislators focused much of their attention on bills introduced in the early months of session. The foreclosure crisis remained a priority for legislators this year, with 21 bills introduced to address different aspects of the problem. Of those, eight were passed and signed by the Governor. One of the key bills that passed, SB 1130, establishes regulations for foreclosure consultants that are hired by homeowners in foreclosure. The legislation requires foreclosure consultants to disclose all fees to homeowners in a contract, which may be cancelled up to three days after the contract was signed. Foreclosure consultants are also prohibited from charging upfront fees.

Additionally, legislation was enacted to require lenders to contact borrowers to explore options to avoid foreclosure at least 30 days before a notice of trustee sale is recorded. Landlords of foreclosed homes will also be required to provide written notice of a possible foreclosure in any rental agreements entered into after foreclosure proceedings have begun.

info **Carol Ditmore**, Assistant Deputy Director/Operations
(602) 771-1007 + carol.ditmore@azhousing.gov

Federal Stimulus Update

In March 2010, President Obama and the U.S. Treasury announced that Arizona would receive \$125.1 million in funding from the federal government's Troubled Assets Relief Program (TARP). The Treasury program has also been referred to as the Hardest Hit Fund, and is designed to address the housing foreclosure crisis. Arizona, which has the second highest rate of foreclosures in the nation, was one of five states to receive this award. Since the initial announcement in March, five additional states have been slated to receive similar assistance.

Arizona Department of Housing (ADOH) officials have been working closely with the U.S. Treasury, mortgage service lenders, and others to develop a plan for utilizing this assistance. In June the U.S. Treasury announced the approval of Arizona's program plan. To view basic information on that plan click [here](#).

While the Arizona program received a green light from Treasury officials in June, much work still lies ahead in order to launch the new program called Save My Home AZ. The Arizona program is expected to become available for homeowners to access in early September. ADOH will be working with 22 HUD-approved counseling agencies to work with homeowners facing foreclosure, and homeowners will be able to apply for the assistance on-line, through a link that will be available through the agency's website, www.azhousing.gov, or by calling toll-free at 1-877-448-1211, to be connected with one of the counseling agencies.

Until the program becomes available, homeowners facing foreclosure may wish to access free counseling services by calling 1-877-448-1211.



View from balcony, looking northwest



View looking southwest from parking lot



1



2

APACHE ASL TRAILS COMMUNITY
Tempe, AZ

Cardinal Capital Management Inc.
135 S. 84th Street, Suite 100 Milwaukee, WI 53214

Arizona Deaf Senior Citizens Coalition

Architect:
Welman Sperides Mickelberg Architects PLC
4330 N. Campbell Avenue #268 Tucson, AZ 85718

Construction Manager:
Adolphson & Peterson Construction

Consultant Team:

Winter and Company
Boulder, CO

GAS Engineering
Scottsdale, AZ

PH Mechanical Engineering
Tucson, AZ

Electrical Design Associates
Tucson, AZ



Apache ASL Trails

ADOH Director Mike Traylor joined Tempe Mayor Hugh Hallman and others at the groundbreaking ceremony for the Apache ASL Trails apartment community on June 17.

The 75-unit development will provide housing for seniors who are deaf, deaf-blind, or hard of hearing. Management staff will use American Sign Language (ASL), and design features, such as flashing light signalers for phone and doorbell, videophones, light fixtures and windows designed to minimize glare, an amplification system for hearing aids, will be implemented to assist those with these impairments. Located at the corner of Lemon and Apache, this \$16 million community sits just east of the light rail station at Price and Apache., which will provide easy access for the residents to places along the route. The apartment homes will be ready for occupancy in the summer of 2011.

ADOH worked closely with the developer to obtain tax credits and stimulus funds to get construction underway. Partners in the development of the project with ADOH are the City of Tempe, Arizona Commission for the Deaf and Hard of Hearing, Arizona Community Foundation, JPMorgan Chase, Arizona State Comp Fund, and Red Stone Equity Fund.

1 (l to r) Tempe Mayor Hugh Hallman; ADOH Director Mike Traylor; Gilbert Gerst, JPMorgan Chase Bank; Doris Krampe, ADSCC; Corey Woods, Tempe City Council; (unidentified man); Olivia Ochoa, JPMorgan Chase Bank; Sherri Collins, ACDHH

2 Light rail access was a huge factor in the location of this project.

info Apache ASL Trails is located at 2428 E. Apache Boulevard, Tempe, AZ

Katie Voss or Judy Leiterman, Cardinal Capital Management

+ (414) 937-5903 or (414) 727-9902

Calendar 2010

JULY	
5	CLOSED - 4th of July
8	Arizona Housing Finance Authority
23	CLOSED - Furlough Day
30	Arizona Housing Commission
AUGUST	
20	CLOSED - Furlough Day
SEPTEMBER	
6	CLOSED - Labor Day
9	Arizona Housing Finance Authority
15-17	Arizona Housing Forum
17	Arizona Housing Commission
17	CLOSED - Furlough Day

ADOH on Furlough

Mandatory third quarter closures of all state offices will take place on

- July 23
- August 20
- September 17

Please make note of these dates.

ADOH Reports now Available

Five Year Consolidated Plan & 2010 Annual Update

The 2010-2014 State of Arizona Consolidated Plan and the 2010 Annual Plan are now available on the Publications page of the ADOH website.

Stay Up To Date On News And Events

Click on the **Stay Up to Date On News and Events** icon from any page of our website to be taken to a listing of all the Recent News for the Arizona Department of Housing.

Effective July 29, 2010, pursuant to H.B. 2209, ADOH will post Public Notices of Meetings on the **Notices & Deadlines** page accessed through the General Information tab on the home page.

LIHTC COMPLIANCE WORKSHOP

October 18-19, 2010

Desert Diamond Hotel | Tucson, AZ

This workshop is recommended for all Property Managers. Reduced room rate is available by contacting the hotel directly.

Day One | 8:00 am - 5:00 pm

Qualified Households Workshop

Day Two | 8:00 am - 5:00 pm

AM Qualified Households Workshop (*continued*)

PM ADOH specific issues and updates, focusing on the everyday work of an on-site LIHTC professional.

On-line registration www.azhousing.gov

Hotel reservations www.desertdiamondcasino.com

Use Attendee Code: [ADOH2010](#)

info Cynthia Diggelmann

602 771-1016 + cynthia.diggelmann@azhousing.gov

OTHER DATES OF NOTE:

August 7 COMMUNITY AUCTION | NSP Homebuyer Event

Information: www.yourwayhomeaz.com

August 31 - September 2 10th Annual Travois Indian Country Tax Credit Conference, Kansas City, MO

Information: www.travois.com + 816 994-8970

September 16, 23, 30 Arizona Saves | Financial Education Workshops, Sunnyslope Community Center

Register: <http://septsunnyslope.eventbrite.com>

New Faces

With the President's announcement that Arizona would receive \$125.1 million for the Save My Home AZ program, two new employees have joined the Homeownership Division.



Dirk Swift

Dirk Swift, brings over 24 years of mortgage related experience to ADOH as the Underwriter/Transaction Manager for the Save My Home AZ program. Dirk's background includes operational, sales, and management positions within the retail, wholesale and bulk acquisition mortgage distribution channels. He received his Bachelors degree from Western Illinois University and his M.B.A. from Keller Graduate School of Management.

Dirk and his wife Mindy have been residents of Arizona since 1985. With three children (sons Nathan- 20, Max - 11 and daughter Weslie - 16) and three dogs, the Swift home front is always busy and never boring.

Roxanne Wilson

Roxanne Wilson brings over 13 years mortgage industry experience to Arizona Dept of Housing as the Underwriter/Transaction Manager for the Save My Home AZ Program. Roxanne has held various positions in the mortgage industry which include: Underwriting, Loan Modification, Negotiation and most recently, supporting the Making Home Affordable Program. Roxanne is an avid sports fan and also enjoys traveling. She has been married to Paul Wilson for 25 years and moved to Phoenix in 1999 from Chicago, IL. Roxanne has a son, daughter-in-law and two grandchildren who reside in the Chicago area.



Have Your Photo Featured in an ADOH Publication

The Department of Housing would like to invite you to send photos of your constituents enjoying the benefits of your projects to be featured in one of our publications. If chosen, your photo could appear on the cover of our quarterly newsletter, our annual report, or another agency publication.



info Visit www.azhousing.gov for more information or to submit your photo.

New Administrator for Special Needs Program

Noël Schaus has taken on the leadership role for the Special Needs Program. Prior to her promotion, Noël worked in the Community Development and Revitalization area as a Senior CD&R Specialist, providing technical assistance and administering various community revitalization and housing contracts funded by CDBG, HOME, and State Housing Trust Fund dollars.



The Special Needs area is responsible for the implementation of Homelessness Prevention programs, Housing for Persons with Aids (HOPWA) funding, is the lead agency for the Continuum of Care process in the 13 rural Arizona counties, and acts as the ADOH liaison for the Arizona Commission on Homelessness and Housing (ACHH).

Noël came to ADOH in 2005 with several years of experience working in non-profit affordable housing development. She was named ADOH Employee of the Year in 2007, described by her nominator as "...very focused, self-motivated, a team leader, and a critical thinker...if she takes on a project, it is as good as done."

A quarterly publication of Arizona Department of Housing

Comments or suggestions on content should be forwarded to:

info **Cynthia Diggelmann**

602) 771-1016 + cynthia.diggelmann@azhousing.gov

This publication may be made available in alternative formats upon request.

info **Joy Johnson**

(602) 771-1026 + TTY (602) 771-1001

joy.johnson@azhousing.gov



Join ADOH and partners in Tucson in September for the only annual statewide housing conference in Arizona. The economy has made it necessary for us all to use innovative ideas and strategies to get the job done. The old formulas for successful projects and programs don't always work. **Innovation...the Road to Recovery** looks at innovative ideas and practices from those who are successfully meeting the challenges being presented.

info Detailed agenda and program are available on our web site + www.azhousing.gov

Agenda Highlights

► **INNOVATION...THE ROAD TO RECOVERY** Arizona Department of Housing, Director Michael Traylor will open the Forum, with an assist from Tucson Mayor, Bob Walkup.



► FRIDAY BREAKFAST PLENARY

Our traditional economic breakfast presentation will be by Dr. Lee McPheters, Research Professor in Arizona State University's W.P. Carey School of Business and Director of the school's JPMorgan Chase Economic Outlook Center, which specializes in economic forecasts for Arizona. Dr. McPheters is author of the article, **The**

End (of Recession) is Near, But it Won't Be Pretty, a look at his optimistic but cautious view of the Arizona economy.

► HOUSING HERO AWARD LUNCHEON

The luncheon will be held on Thursday to present these coveted awards to Arizona professionals nominated by their peers. Catherine Reagor, Arizona Republic reporter, will MC the event.



► KEYNOTE ADDRESS

This year's keynote speaker, Mercedes Marquez, was President Obama's choice as HUD Assistant Secretary for Community Planning and Development, the division which oversees the CDBG, HOME and HOPWA programs. Ms. Marquez has proven herself to

be one of the nation's most savvy and effective housing advocates, and a dynamic and knowledgeable speaker.

HOUSING HERO AWARDS
nomination deadline: July 9

Hotel Information

J.W. MARRIOTT STARR PASS
3800 W. Starr Pass Boulevard
Tucson, AZ 85745
(520) 792-3500

Starr Pass features 575 guestrooms and 35 suites all smoke-free. Go to the hotel's web site www.jwmarriottstarrpass.com to see amenities available.

The conference rate is \$125. Deadline to register at this rate is August 15, 2010.

info Reservations + 1-888-527-8989 or online using this link.

Marketplace

Don't forget to register for the Marketplace, a popular venue located in the hub of all conference activity, close to all plenary and meal sessions. New this year is an option to sponsor our Cyber Cafe. Display your logo or message on computers set up for attendee's internet access.

info Susy Bustillos
(602) 771-1007 + susy.bustillos@azhousing.gov

Sponsors

Sponsors are a very important part of the Forum. Sponsors help keep the costs low for attendees and help us provide quality programming. Download a sponsorship information packet to see the benefits of being a sponsor of this event.

info Susy Bustillos
(602) 771-1007 + susy.bustillos@azhousing.gov

2010 ARIZONA HOUSING FORUM SPONSORS



Housing Matters

FALL 2010
VOLUME 9 | NUMBER 4

LEADING WITH SOLUTIONS

FORECLOSURE

SAVE MY



HOME AZ

▲ Save My Home AZ will provide foreclosure prevention assistance to qualified Arizona homeowners. Your lender must agree to participate in the program. See page 1 for details.

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- 6 **Event Calendar**
- 8 **What's New**
- 9-10 **2010 Arizona Housing Forum Highlights**



Arizona
Department
of Housing



ADOH Launches *Save My Home AZ* Statewide.

\$125.1 million U.S. Treasury program is designed to avoid foreclosure

Before ADOH Director Michael Traylor received a call one day last winter asking if Arizona would be interested in participating in a new \$1.5 billion foreclosure mitigation effort that would be financed through the U.S. Department of Treasury, he never envisioned that within 24 hours the President of the United States would formally announce such a program, resulting in the agency spending the better part of the next six months creating a new avenue to address the issue. Since the announcement of this opportunity by President Obama on February 19, ADOH has worked diligently to establish an innovative method to address foreclosure in Arizona. The program formally launched on September 23.

One of Arizona's earliest concerns about the award was the sheer number of Arizonans facing foreclosure and the realization that the Treasury award, while a significant amount of money, could do little to stabilize a problem of overwhelming magnitude. Commenting on this issue, Traylor said, "With a foreclosure rate that is currently second in the nation, it was pretty clear from the beginning that the \$125.1 million allocation coming to Arizona could not be impactful with respect to the sheer number of households needing assistance. At best, these funds will assist just over 4,000 households or around 11,000 individuals to remain in their homes." To put this in perspective, Arizona is expecting as many as 50,000 foreclosures this year alone.

ADOH analyzed the situation, and found that while many early foreclosures were a result of over-speculation of single-family homes by investors and resets on adjustable rate mortgages, many Arizona households were now facing foreclosure due to job loss or reduced incomes as a result of the ailing economy. Additionally, because many homeowners owed far more than the current value of their home, they were choosing to foreclose rather than remain in their home. Because the "underwater" issue ranked so high in compelling Arizona foreclosures, ADOH determined that in order to be successful the program needed to be viewed as a pilot that would provide a financial model showcasing the viability as well as desirability to the lending community of choosing the expense of a mortgage principal reduction versus the expense of foreclosure. "We see this program as a win-win for both the lender and the homeowner," stated Traylor. "and, avoiding foreclosures puts us just one step closer to a recovering economy."

Working with the lending community has proven to be the most challenging aspect of the program. "Our proposal to engage the lending community in sharing responsibility for the principal reduction aspect of the program runs counter to how financial institutions do business," according to Traylor. "Working with mortgage servicers to achieve a commitment to participate has been our biggest hurdle." While many of

the nation's largest lenders have indicated an interest in participating, it remains to be seen to what extent that interest will result in actual participation. Many servicers have cited restrictions beyond their control including HAMP regulations and investor requirements.

Paramount in designing the program was the State's guiding principles, adopted in order to make sure that the program does not reward the type of irresponsible behavior that led so many households into foreclosure in the first place, such as investor purchases or refinancing to withdraw assumed equity.

The program ADOH ultimately designed addresses the major issues which have been contributing to the current level of foreclosures: loss of income coupled with a home mortgage payment that is not supported by the current market value of the home. The program was designed with several possible types of assistance: a permanent modification component which allows up to \$50,000 in principal reduction paid through the program, if matched dollar for dollar by the lender; a second mortgage settlement, available in concert with a permanent modification; and a temporary assistance program, for underemployed households requiring temporary mortgage assistance for a period of time while they seek more gainful employment.

Managing the public's expectations about this program is something that the State is very concerned about. "We cannot reiterate enough," stated Traylor, "that this program will not be able to assist everyone facing an unfortunate foreclosure and our ability to implement these modification tools is totally dependent upon the investor/servicer who holds the note." Applicants for assistance must complete an on-line application which is accessible through the agency's website at www.azhousing.gov. Applicants are required to answer a series of questions that will allow the homeowner to ascertain whether or not they are potentially eligible for the program.

Homeowners who are not able to progress through the program's eligibility filters will be referred to free mortgage foreclosure counseling, available through the agency's toll-free hotline at 1-877-448-1211. "The good news is, statistics have shown that the majority of people who seek foreclosure counseling through a legitimate housing counselor are able to avert the foreclosure," stated Traylor. "And right now, the State is able to provide free mortgage foreclosure counseling to all who ask."

info Those interested should visit www.azhousing.gov to determine if they are eligible to participate in the state's program or one of the other nine county and community programs listed on the web site.

Director's Message

From the Desk of Michael Traylor



Thank you to all who attended the Arizona Housing Forum in Tucson! The department has received positive feedback regarding this year's forum and we hope you found the content of value and the experience enjoyable. In the near future you will receive a questionnaire regarding the Housing Forum; we appreciate your feedback to aid us in planning next year's event at Talking Stick.

On September 23rd the department launched its principal reduction foreclosure prevention pilot program. Due to limited federal funding the program can assist a relatively small number of households compared to the foreclosure problem in Arizona. We are hopeful the principal reduction program will demonstrate that by reducing a homeowner's principal balance as part of the modification process their willingness to remain in their home will significantly increase and therefore prevent foreclosures.

Most national servicers continue to cite the "moral hazard" issue when approached with principal reduction as a modification tool. Bank of America is the only national servicer that is actively working to execute agreements with Arizona, California and Nevada on principal reduction. Fortunately local banks have been more willing to participate in the program. With 75 percent of the country's underwater mortgages in Arizona, California, Nevada and Florida it seems some type of principal reduction should be considered in modification efforts for those states.

Efforts to promote and build more sustainable communities in Arizona continue to gain momentum. Arizona municipal, county and state governments have more alignment and coordination on this issue than we have ever experienced in the past. Critical issues regarding planning for the extension of the light rail and development within a half mile diamond of light rail stations are before us. Some believe that the decisions we make or don't make on these issues will have significant impact on business growth in the future. Arizona cities must continue to evolve to be relevant in our competitive world economy.

As always, we appreciate all the hard work that our housing advocates devote to provide attainable housing for Arizona residents.

AzHFA Activities

MRB Plus Program

Twenty-three lenders across the state are currently participating in the MRB Plus program sponsored by The Arizona Housing Finance Authority. The MRB Plus program provides an attractive fixed interest rate for 30 year loans (see a participating lender for the Annual Percentage Rate) coupled with down payment and/or closing cost assistance of 5 percent of the purchase price of the home. The program is for first time homebuyers and is available in all counties of Arizona except Maricopa and Pima.

The Finance Authority issued \$25 million bonds to be used to fund the first mortgage loans. Approximately \$18 million of funding is still available. Additional details of the program and a list of participating lenders are available by visiting the ADOH website: www.azhousing.gov and clicking on "Arizona Housing Finance Authority."

The Finance Authority will hold its Annual Meeting and Elections at the October 28th meeting.

info For questions about the AzHFA or its programs, contact:

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

Carol Parry Fox
Chairperson
Corporate Social
Responsibility Associates

Richard Houseworth
Vice Chairperson
Capitol Bancorp, Ltd.

Robert Gardiner
Treasurer
Northern Trust, NA

Manny Gonzalez
Secretary
Pinal County

Paul DeSanctis
AZ Lending Specialists, LLC

Ross McCallister
MC Companies

Randall L. Pullen
Oasis Partners, LLC

SCHEDULED MEETINGS	
October	28
November	18
December	9

Arizona Housing Commission Activities

Meet the new members

Governor Brewer has appointed two new Arizona Housing Commission members to fill vacancies left by departing members.



Ken Anderson, appointed to fill the seat of a representative from the private sector housing industry, is the President of the Arizona Housing Association. Anderson became a member of the Association's Board of Directors on the day of its inception 21 years ago and served on the Board continuously until September 2008.

Dave Wolf who was appointed to fill the representative from a rural county government seat on the Commission, is the Mohave County Community Economic Development Department, Community Services Division manager. Wolf lives in Kingman where he has a chance to pursue his interest in local history.



SCHEDULED MEETINGS	
October	No meeting
November	5
December	10

info **Shaun Rieve**, Legislative Liaison and Public Information Officer
(602) 771-1008 + shaun.rieve@azhousing.gov

FEDERAL LEGISLATION

► Recently the House and Senate passed and the President signed a bill that provides funding for three housing related programs.

NEIGHBORHOOD STABILIZATION PROGRAM (NSP III): Arizona has committed the remaining funds allocated for the Your Way Home AZ program under the NSP funding. However, HUD announced on September 8th, that in the third wave of NSP funding Arizona would receive over \$45 million of NSP 3 funding with the Department receiving \$5 million of those funds. The use of the funding has yet to be determined, but additional program information should be made available in 3 to 4 months.

EMERGENCY HOMEOWNERS' RELIEF FUND: \$1 billion for the Emergency Homeowners' Relief Fund. This is a long-dormant HUD foreclosure prevention program that provides mortgage assistance relief to qualified homeowners. The total amount of assistance for any homeowner is capped at \$50,000. HUD must allow funds to be administered by a State that has an existing program which the Secretary determines to provide substantially similar assistance to homeowners, in which case the State will not be required to modify their program. We are hopeful an allocation to Arizona could be folded in the Save My Home AZ program funded through Treasury.

HOMEBUYER CREDIT: Congress also provided \$140 million to extend the homebuyer credit.

► On September 16, Senate Finance Committee Chairman Max Baucus (D-MT) released the Job Creation and Tax Cuts Act of 2010, which contains one-year extensions of several expiring tax provisions, including the Housing Credit Exchange Program. The bill also expands the Exchange Program to include Disaster Credits and provides \$1 billion for the Housing Trust Fund and \$65 million for project-based vouchers to states for Trust-financed homes.

► On Wednesday, Sept. 29, Congress passed a Continuing Resolution (HR 3801) to fund the federal government through Dec. 3. The House passed the measure 228-194 following a Senate vote in which the measure passed by a vote of 69-30. The CR will keep the government running at FY 2010 spending levels.

info **Shaun Rieve** Legislative Liaison and Public Information Officer
(602) 771-1008 + shaun.rieve@azhousing.gov

ADOH undergoes its first Sunset Review

Arizona, like many states, has adopted the practice of initiating an audit and review process to periodically gauge the effectiveness and necessity of its state agencies. The process, called a Sunset Review, requires that agencies undergo an intensive performance audit, appear at a hearing conducted by a legislative committee to discuss its relevancy and need to continue, and secure the support of a legislator to introduce a reauthorization bill for the agency. While it seems like just a short while ago that ADOH was brought into existence, for more than a year it has been proceeding through the Sunset Review process. Without reauthorization the agency would sunset on July 1, 2011.

After spending the better part of a year conducting an intensive audit of the agency, in June 2010 the Arizona Office of the Auditor General issued its Performance Audit and Sunset Review for ADOH. A copy of the report can be viewed by [clicking here](#).

The report concluded that agency programs increased housing opportunities and enhanced communities and that the programs of the agency were important in increasing the quality of life in Arizona: providing affordable housing opportunities across the state, supporting projects to meet community needs, and increasing homeownership. ADOH was especially pleased with the audit's conclusion that the agency operates a sound system for planning, awarding, and monitoring housing program resources. Having administered over \$1.9 billion in state and federal resources since it became an agency in October 2002, ADOH takes its fiduciary responsibility in overseeing significant public resources with extreme seriousness.

Sometime this autumn agency director, Michael Trailor, will appear before a legislative committee to discuss the future of the agency. Trailor stated, "We appreciate the opportunity that this review gave the agency to highlight what it has accomplished in its short history. We look forward to our continued service to the citizens of Arizona as we move into our second decade."



Devine Legacy on Central

New project meets City of Phoenix TOD requirements

► Overlooking Steele Indian School Park and conveniently located on the Metro light rail, Devine Legacy on Central will be collaboratively owned by Native American Connections, Phoenix Indian Center, and Native Health. This unique and nationally recognized multi-tenant, one-stop service center for urban Natives will fast become a vibrant destination for community services, small businesses, Native artisans, housing opportunities, and cultural amenities, fostering Native American growth and leadership opportunities for current and future generations.

Devine Legacy will be a 65-unit, multi-family housing community for working families. The community is named after long-standing CEO Diana Yazzie Devine. Devine Legacy on Central will be one of the first affordable housing communities along the Metro light rail route. The urban design will include a mix of studio, one, two and three-bedroom units (lofts, family flats and townhomes) and incorporate a number of green building design features. Outdoor facilities will consist of Ramada and BBQ areas in the central court yard, protected with an awning structure to ensure year-round use.

A groundbreaking was held on September 30. This project received tax credits in 2009 plus they were awarded \$988,000 in state HOME funds. They also received City of Phoenix funds and FHLB-AHP funds.

info **Devine Legacy on Central** is located at 4570 N. Central Avenue, Phoenix
housing@nativeconnections.org + (602) 252-2865

National Foreclosure Mitigation Counseling Program

NFMC breakfast held to thank counselors



Reginald Givens, the SMHAZ Coordinator for ADOH, addresses those at the "thank you" breakfast.

► On Wednesday, September 29 the Arizona Department of Housing teamed up with Arizona Foreclosure Prevention Task Force to celebrate counseling provided to over 23,500 homeowners since 2008 thanks to funding from the National Foreclosure Mitigation Counseling (NFMC) Program. With over 50 counselors in attendance, the breakfast focused on recognizing the hard work and dedication exhibited by the counseling agents.

In August, the NFMC Program announced that more than 1,000,000 homeowners across the nation have sought and received foreclosure intervention counseling from more than 1,700 nonprofit counseling organizations funded by the program. ADOH Director Michael Traylor recognizes the importance of the counseling agents; "As we continue to deal with numerous housing issues across our state and look to new and innovative ways to prevent foreclosures,

our counseling agents have done a tremendous job in providing assistance and aid to thousands of individuals who face foreclosure. Arizona's housing counselors provide resources and a helping hand to struggling homeowners as they attempt to negotiate a fair and reasonable resolution. Thanks to these agents, Arizona homeowners have a knowledgeable advocate to assist them during these unprecedented times and I commend these individuals for their dedication and hard work."

Simply put: counseling works. According to an independent evaluation of the NFMC Program by the Urban Institute, homeowners who received counseling through the Program were 60 percent more likely to avoid losing their home to foreclosure than homeowners who do not seek counseling. NFMC Program clients were more likely to receive a loan modification, and on average, saved \$454 more on their monthly mortgage payments per month, than homeowners who received modifications but did not work with a counselor.

Calendar 2010

OCTOBER

11	CLOSED - Columbus Day
18-19	LIHTC Compliance Workshop - Tucson
20	QAP Focus Group - Tucson
25	QAP Focus Group - Phoenix
28	Arizona Housing Finance Authority Annual Meeting & Elections

NOVEMBER

5	Arizona Housing Commission
11	CLOSED - Veterans Day
18	Arizona Housing Finance Authority
24	CLOSED - Thanksgiving Day
25	CLOSED - Furlough Day
29	QAP Public Hearing

DECEMBER

9	Arizona Housing Finance Authority
10	Arizona Housing Commission
23	CLOSED - Furlough
24	CLOSED - Christmas Holiday
31	CLOSED - New Year's Holiday

LIHTC COMPLIANCE WORKSHOP

October 18-19, 2010

Desert Diamond Hotel | Tucson, AZ

This workshop is recommended for all Property Managers.

Day One | 8:00 am - 5:00 pm

Qualified Households Workshop

Day Two | 8:00 am - 5:00 pm

AM Qualified Households Workshop (*continued*)

PM ADOH specific issues and updates, focusing on the everyday work of an on-site LIHTC professional.

On-line registration www.azhousing.gov

REGISTRATION DEADLINE

Registration will close Friday, October 8.

Hotel reservations www.desertdiamondcasino.com

Use Attendee Code: [ADOH2010](#)

info Cynthia Diggelmann

602 771-1016 + cynthia.diggelmann@azhousing.gov

QUALIFIED ALLOCATION PLAN

Focus Groups and Public Hearing Dates

The first draft of the 2011 report is scheduled to be posted to the Department's website for public review on October 12. ADOH will hold two focus group sessions to discuss revisions to the QAP and solicit feedback. First draft comments are due October 29, 2010. Focus groups are scheduled as follows:

► TUCSON

WEDNESDAY OCTOBER 20, 2010
9:00 AM - 11:00 AM

Sierra Vista City Hall

Tucson Community Service Center
320 N. Commerce Park Loop
Sentinel Bldg. | Pantano/Santa Cruz
Room

► PHOENIX

MONDAY OCTOBER 25, 2010
1:00 PM - 3:00 PM

Carnegie Library

1101 W. Washington
Main Floor
Phoenix, AZ

A revised draft, including comments gathered from the focus group sessions will be posted to the ADOH website the week of November 15. The Public Hearing is scheduled as follows:

► MONDAY, NOVEMBER 29, 2010 | 9:00 AM - 11:00 AM

Carnegie Library

1101 W. Washington
Main Floor
Phoenix, AZ

info Marla Charlesworth (602) 771-1030 + marla.charlesworth@azhousing.gov

New Faces



Ruby Dhillon

Ruby Dhillon comes to us from California and joined the Department of Housing as the new Rental Programs Administrator. Ruby received her Bachelor's Degree from the University of Southern California and later received her Juris Doctorate from the American College of Law. Ruby recently worked at Global Premier Development Inc. where she managed due diligence requirements and investor relations with tax credit equity providers and construction lenders.



Shaun Rieve

Shaun Rieve joins the Department of Housing as the Legislative Liaison and Public Information Officer. He received his Bachelor's degree in Political Science from Arizona State University and served as the Legislative Intern for the Governor's Office in 2009. Shaun comes to us from the Division for Community & Youth Development in the Governor's Office for Children, Youth and Families where he was involved in the Governor's mentoring initiative, and national service programs.



Have Your Photo Featured in an ADOH Publication

The Department of Housing would like to invite you to send photos of your constituents enjoying the benefits of your projects to be featured in one of our publications. If chosen, your photo could appear on the cover of our quarterly newsletter, our annual report or another agency publication.

info Visit www.azhousing.gov for more information or to submit your photo.

Other Items of Note

Green Remodel Workshop by GreenStreet

October 21 - Scottsdale, AZ

On-line registration — www.greenstreetdev.com/green-remodel-workshop/

info 602 466-7444

Arizona Coalition to End Homelessness 17th Annual Statewide Conference

October 18-19, 2010 - Black Canyon Conference Center

On-line registration — www.azceh.org

info 602 340-9393

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

ARIZONA FORECLOSURE HELP-LINE
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TOLL FREE

Since inception on May 28, 2008, Arizona's mortgage foreclosure help-line has received nearly 40,600 calls.



2010 ARIZONA HOUSING FORUM

ADOH plays host to over 325 attendees at 7th annual event

On September 15th through September 17th, the Arizona Department of Housing hosted over 325 guests at the Starr Pass Resort, in Tucson, Arizona, for the 2010 Arizona Housing Forum. The event was kicked off with an opening welcome reception Wednesday evening with a performance by Mariachi Los Aguilitas.

Guests were welcomed Thursday morning from Tucson Mayor Robert Walkup followed by a keynote speech from Department of Housing Director Michael Traylor. The Thursday luncheon was highlighted with the presentation of the 2010 Brian Mickelsen Housing Hero Awards. Six awards were presented to nominated individuals and organizations, from around Arizona, who have committed and dedicated themselves to helping individuals and helping to solve the many housing issues in Arizona. At dinner, guests were entertained by political cartoonist and satirist David Fitzsimmons.

Friday morning commenced with an economic forecast presentation from Dr. Lee McPheters, Director of the ASU JPMorgan Chase Economic Outlook Center. After the final two sessions the group reconvened for the keynote luncheon and speech from Mercedes Marquez, HUD Assistant Secretary for Community Planning and Development.

The forum concluded with the announcement of next year's location which will be at the Talking Stick Resort on the Salt River Pima Indian Community in Scottsdale, Arizona, September 21-23, 2011.

Photographs of the entire conference can be viewed at this link: <http://2010arizonahousingforum.shutterfly.com>. Enjoy!



The Mariachi Los Aguilitas played and sang for the attendees at the opening reception.



Nationally syndicated cartoonist, David Fitzsimmons delighted the crowd as entertainment after dinner on Thursday.



Housing Hero Awards were presented in six categories to awardees nominated by their peers.



Dr. Lee McPheters, Director of the ASU JPMorgan Chase Economic Outlook Center delivered the Arizona outlook for recovery.



Director Traylor ends the 2010 Forum by announcing the 2011 site: Talking Stick Resort.



ARIZONA HOUSING FORUM
INNOVATION
THE ROAD TO RECOVERY



HOUSING HERO AWARDS

Awardees for the 2010 Brian Mickelsen Housing Hero were celebrated at a luncheon during the 2010 Arizona Housing Forum. The program was emceed by Catherine Reagor, real estate reporter for the Arizona Republic and the awards were distributed by Lin Mickelsen. Awards were presented in six categories:

- ▶ The Tribal Initiatives Award recognizes the achievement in helping to meet the housing needs of tribal members in Arizona. This year's tribal initiatives award recognized the **San Carlos Apache Housing Authority** for their outstanding work in addressing critical housing issues for their tribal members. With the assistance from the Arizona Department of Housing and the LIHTC program, the Authority was able to build or rehabilitate nearly \$27 million dollars of housing in a five-year period.
- ▶ The Exemplary Multifamily Project Award was presented to **McCarty on Monroe** for their outstanding multifamily project that provided affordable housing to low income seniors. The project was able to turn a one-acre city owned site containing 24 public housing units with no amenities, into a state of the art development that provides attractive housing options for seniors in a desirable living location.
- ▶ **Project H3-Home, Health, Hope** was honored with the Innovative Partnership Award for their positive impact on the lives of the homeless community. In April 2010, over 160 community volunteers combed the streets, alleys, and vacant lots of Phoenix, Mesa, and Glendale, during the middle of the night for three consecutive nights, to identify those homeless individuals living on the streets who are the most at risk of premature death. Of the 208 chronically homeless individuals 20 of them have received in-kind Navigator services and 50 individuals have been sponsored through a myriad of in-kind and cash donations.
- ▶ The Superior Sustainable Design went to **GreenStreet Development** for their creative and innovative ways of developing cost affordable units that are energy efficient, with the end goal of creating environmental friendly and sustainable communities for the future. With Phoenix being in the center of the housing crisis and the fact that single family homes are responsible for 21 percent of carbon emissions in the United States, GreenStreet Development looks to help and solve some of these issues

by simultaneously reducing environmental impact and improving the community by transforming distressed properties into desired homes.

▶ For their great work in their local communities, the **Western Arizona Council of Governments (WACOG)** was deserving of the Outstanding Local Housing Program Award which recognizes the efforts of a local program that creates, improves, or promotes affordable housing. The housing programs offered by WACOG focus on: deposit, rent and mortgage assistance, homelessness prevention services, housing counseling programs, owner-occupied emergency repairs, owner-occupied housing rehabilitation, weatherization, and appliance replacement program. In 2009 alone WACOG was able to provide nearly 5,000 households with direct assistance. Many of these services are supported by grants received through the Arizona Department of Housing.

▶ **Helen Hudgens Ferrell** has dedicated more than 20 years to serving the housing needs of Flagstaff's low-income and homeless residents and was recognized with the Arthur Crozier Partner in Housing Award. Through exemplary leadership, compassion, and wisdom, Helen has committed herself to strengthening communities and the quality of life for people in need of affordable housing. Helen served as a member of the Arizona Housing Commission beginning in 2007 until her recent retirement. Under her direction, her programs provided \$4.2 million in direct financial assistance to 250 local households, leveraging \$250,000 in buyer contributions and over \$30 million in private mortgages.



Ron Boni, Housing Director of the San Carlos Apache Housing Authority accepts the Tribal Initiatives award.



Accepting the Exemplary Multifamily Project award were Peggy Martin and Kim Dorney of the City of Phoenix and LISC Executive Director, Theresa Brice.



Accepting the award for Innovative Partnerships, representing the H3 Home Health Hope team (l to r) Mattie McVey Lord, Michael Shore and Brad Bridwell.



Accepting for Outstanding Local Housing Program WACOG Executive Director Brian Babiarz and Human Services Director Gina Whittington



GreenStreet Development accepts the award for Superior Sustainable Design. Pictured are Tazmine Loomans, Carla Sandine, Philip Beere, and John Mellin.



Helen Hudgens Ferrell, recently retired from Bothands, Inc. in Flagstaff, was the recipient of the 2010 Arthur Crozier Partner in Housing Arizona award.