

HOME-ARP Application Workshop

JUNE 17, 2022



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Agenda

- ▶ High-level HOME-ARP overview
- ▶ Funding process
- ▶ Application forms and attachments

- ▶ Please use the chat feature to ask questions.
 - ▶ In-workshop clarifications will be provided as time permits
 - ▶ Q&A session follows workshop
 - ▶ 12:45 PM – 1:45 PM



HOME-
ARP

HOME

New Program with
limited HUD guidance



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HOME-ARP Overview

- ▶ Qualifying populations – *regardless of income*
 - ▶ Homeless per Consolidated Plan definition (CoC & ESG)
 - ▶ Except fleeing or attempting to flee who have no other residence and lack resources or support network
 - ▶ Expanded definition below
 - ▶ At risk of homelessness per CoC definition
 - ▶ Fleeing, attempting to flee domestic violence, dating violence, sexual assault, stalking, sex / labor trafficking
 - ▶ Definition per VAWA plus human trafficking definition from Trafficking Victims Protection Act of 2000
 - ▶ Homeless or at-risk of homelessness not a factor
 - ▶ Other qualifying populations
 - ▶ Other families requiring services or assistance to prevent homelessness
 - ▶ Previously homeless and now housed temporarily and will become homeless again without additional assistance
 - ▶ At greatest risk of housing instability
 - ▶ 30% of AMI & severe cost burden (50%+)
 - ▶ 50% AMI and meets one of the criteria in the Consolidated Plan definition of homeless



HOME-ARP Projects

▶ Non-congregate Shelter

- ▶ Construction, acquisition and/or rehabilitation
- ▶ Occupancy by qualifying populations only
 - ▶ Within six months of completion
- ▶ No lease
- ▶ Restricted Use Period
 - ▶ 10-15 years depending on development activity
 - ▶ May be converted to HOME-ARP rental housing after 3 – 10 years
 - ▶ No operating funds
 - ▶ Minimum habitability standards

▶ Rental Housing

- ▶ Construction, acquisition and/or rehabilitation
 - ▶ Begins within 12 months
 - ▶ Completed within 48 months
 - ▶ Occupancy begins within six months of completion
- ▶ Not less than 70% of HOME-ARP units for qualifying populations
 - ▶ Up to 30% for LI
- ▶ Lease meets HOME requirements
- ▶ Minimum Compliance Period
 - ▶ 15-years
 - ▶ Capitalized operating reserve for HOME-ARP QP units with no PBRA
 - ▶ If no reserve already established
 - ▶ Property standards



ADOH HOME-ARP Allocation Plan

- ▶ Approved March 8, 2022
- ▶ Does not include preferences
 - ▶ Each project and activity must be made available to all qualifying populations
 - ▶ Activity or waiting list
 - ▶ Individuals / families selected in chronological order
 - ▶ Cannot prioritize (as in chronic homeless)
 - ▶ Cannot limit (exclude certain populations or subpopulations – e.g. women, people with disabilities, adults only)
 - ▶ To provide a preference must complete HUD substantial amendment process
 - ▶ Data showing greater gap than for other qualifying populations
 - ▶ And demonstrate that all qualifying populations can still benefit from HOME-ARP funds
 - ▶ Draft amendment
 - ▶ Public notice
 - ▶ Public hearing and 15-day public comment period
 - ▶ 45-day HUD review period



Funding Process



Applications

▶ Non-congregate Shelter (NCS)

▶ 12 Tabs

1. Cover page
2. Checklist
3. Project & Site
4. Timeline
5. Cross-cutting Regulations
6. Project Team & Capacity
7. Development Funding Sources
8. Development Budget
9. Program Description
10. Operating Budget
11. Supportive Services
12. NPO Operating & Capacity Building

▶ Rental Housing

▶ 14 Tabs

1. Cover page
2. Checklist
3. Project & Site
4. Timeline
5. Cross-cutting Regulations
6. Project Team & Capacity
7. Development Funding Sources
8. Development Budget
9. Unit Mix
10. Rent Schedule
11. Operating Budget
12. Operating Reserve Calculation
13. NPO Operating & Capacity Building
14. Supportive Services



Common Application Thresholds

- ▶ All applicants / projects
 - ▶ Tribal consent
 - ▶ Non-speculative
 - ▶ Comply with federal cross-cutting requirements
- ▶ Nonprofit and for-profit applicants
 - ▶ Certificate of good standing
 - ▶ Most recent financial statements
 - ▶ Partnership or operating agreement specifying ownership interest and cash contributions if partnership or LLC
- ▶ Nonprofit
 - ▶ IRS nonprofit designation
 - ▶ 501c3, 501c4, Section 905 subsidiary



Application Forms and Program Documents

https://housing.az.gov/documents-links/forms/rental-development-lihtc?tid_2=822

Rental Development LIHTC Program

[Fair Housing Forms](#)
[Rent & Income Limits](#)
[CDBG](#)
[Weatherization](#)
[State Housing Fund](#)
[Rental Asset Management](#)
[Rental Development LIHTC](#)
[Rental Development Bonds](#)
[Rental Development Supportive Housing](#)
[Rental Compliance](#)
[Special Needs](#)
[Special Needs-Continuum](#)
[Public Housing Authority](#)
[Forms](#)

HOME-ARP NOFA

[HOME-ARP NOFA](#)
[1. HOME-ARP Non-congregate Shelter Application May 2022](#)
[2. HOME-ARP Rental Housing Application May 2022](#)
[3. HOME-ARP Funding Process and Application Instructions May 2022](#)
[HOME-ARP Underwriting Guidelines](#)
[HOME-ARP Program Summary](#)

For questions concerning the Rental Development-LIHTC, contact [Rental Development Division](#)



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Application Submission


- ▶ Fully electronic through ADOH rental development Portal
 - ▶ <https://housing.az.gov/portals/document-upload-portals/rental-development-upload-portal>

Rental Development Portal

Please fill out the required fields below and choose the file(s) for upload.

<p>Email</p> <input type="text"/>	<p>Document Type Options</p> <ul style="list-style-type: none">• 9% LIHTC Application• 4% LIHTC w/ Bonds Application• Carryover Submittal• Reservation Acceptance• 10% Test Package• 8609 Package• Material Change• SHF Application• Equity Closing Package• SHF Loan Closing• Other (please specify)
<p>First Name</p> <input type="text"/>	
<p>Last Name</p> <input type="text"/>	
<p>Company</p> <input type="text"/>	
<p>Project Name</p> <input type="text"/>	
<p>Document Type (please see options to right)</p> <input type="text"/>	

Document Type (please see options to right)



Drag files here

[Browse files](#)

Nonprofit Operating Cost and Capacity Building Assistance



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Application Thresholds

- ▶ Must have identified project site or sites
 - ▶ Up to 24 months to implement
- ▶ Tab 1 Cover Page and Tab 2 Checklist
 - ▶ Different thresholds when requesting NPO operating and/or capacity building
- ▶ Rental Housing Tab 13 or NCS Tab 12
- ▶ Required Attachments
 - ▶ AZ Corporation Commission Certificate of Good Standing
 - ▶ Proof of IRS 501c3, 501c4 or Section 905 subsidiary status
 - ▶ Partnership or LLC operating agreement specifying ownership interest and cash contributions, if applicable
 - ▶ Tribal government consent, if project on tribal lands
 - ▶ Most recent financial statements
 - ▶ Board-approved fiscal year operating budget
 - ▶ Board-approved fiscal year program operating budgets



Funding Caps and Eligible Uses

▶ Operating Cost Funding

- ▶ Fixed total amount with incremental funds release
- ▶ Up to \$50,000 / fiscal year or 50% of general operating budget, whichever is less
 - ▶ Max. \$75,000 with capacity building
 - ▶ ADOH caps at 5 years
- ▶ Not tied to any program, project or activity undertaken
- ▶ General admin / operating only
 - ▶ Staff
 - ▶ Training
 - ▶ Travel
 - ▶ Office space, utilities, etc.
 - ▶ Other general operating

▶ Capacity Building Funding

- ▶ Fixed total amount with incremental funds release
- ▶ Up to \$50,000 fiscal year
 - ▶ Max \$75,000 / year with operating
 - ▶ ADOH caps at 4 years
- ▶ Tied directly to building organization capacity to carry out HOME-ARP project
 - ▶ New staff
 - ▶ Staff development – training, skill-building
 - ▶ Hardware, software, equipment needed to support increased capacity or improve processes
 - ▶ TA & consultant capacity-building contracts
 - ▶ With organization not for organization or project



Expenses	Agency	Program 1	Program 2
Staff salaries and ERE			
Executive Director	\$ 45,195	\$ 15,065	\$ 15,065
Assistant to Director	\$ 23,377	\$ 7,792	\$ 7,792
Program Manager 1		\$ 46,753	
Program Manager 2			\$ 46,753
New development coordinator	\$ 67,532		
Rent & Utilities	\$ 16,200	\$ 5,400	\$ 5,400
Insurance	\$ 3,600	\$ 1,200	\$ 1,200
Legal & accounting	\$ 14,400	\$ 4,800	\$ 4,800
Supplies	\$ 600	\$ 200	\$ 200
Printing & copying	\$ 1,500	\$ 500	\$ 500
Telecommunications	\$ 7,200	\$ 2,400	\$ 2,400
Travel	\$ 6,000	\$ 2,000	\$ 2,000
Marketing & advertising	\$ 3,600	\$ 1,200	\$ 1,200
Staff training & development	\$ 6,000	\$ 2,000	\$ 2,000
Contract services	\$ 5,760	\$ 1,920	\$ 1,920
Program delivery 1	\$ -	\$ 144,000	\$ -
Program delivery 2	\$ -	\$ -	\$ 144,000
Total Expenses	\$ 200,964	\$ 235,230	\$ 235,230

Could request up to \$50,000 /year for new position and TA contract – total \$200,000 over 4 years

Max total request including operating = \$75,000

Could request additional \$25,000/year for general operating – total \$150,000 (\$25,000 yrs 1 – 4 & \$50,000 yr 5)



HOME-ARP Supportive Services



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Supportive Services

- ▶ Voluntary activity
- ▶ Apply in conjunction with development project
- ▶ Two types
 1. Qualifying populations who are homeless, at risk of homelessness, or housed and the services will help them to regain housing stability or move into other permanent housing (ESG services)
 2. All qualifying populations (Housing Counseling provided by HUD-certified Housing Counseling Agency)
- ▶ Must be provided by organization with experience/capacity
 - ▶ Applicant
 - ▶ Subrecipient
 - ▶ Contractor



Supportive Services

5					
6	This application INCLUDES a request for HOME-ARP supportive services funding.		yes, at least one service must be selected from the supportive services menu		
7					
8					
9	Service	Provided? Applicant or 3rd Party select from dropdown menu	On-site or Off-site select from dropdown menu	Proposed number of beneficiaries	Proposed direct cost of service including staff / program delivery (not to exceed through September 30, 2030)
10	FOR QUALIFYING POPULATIONS WHO ARE homeless, at risk of homelessness, or who are housed and the services will help them to regain housing stability or move into other permanent stable housing.				
11	Qualifying population determination.	Required			
12	Assessment of services needs and existing services secured by the individual or family.	Required		0	\$ -
13	Benefits and services navigation.			0	\$ -
14	Meals or groceries for program participants.			0	\$ -
15	Housing stability case management.			0	\$ -



Supportive Services

7	Credit counseling and money management.
8	Landlord/Tenant Liaison services.
9	Rental application fees.
0	Security deposits.
1	Utility deposits.
2	Utility arrears.
3	Moving costs.
4	First and last month's rent.



Supportive Services

42							
43	Services Delivery Cost Assumptions	Hourly Rate, including ERE	Estimated Annual Hours	Estimated Total Annual Cost	Estimated Years of Service	Total Estimated Cost (All Years)	
44	Provider 1 Name:						
45	Position:	\$ -	0	\$ -	-	\$ -	
46	Position:	\$ -	0	\$ -	-	\$ -	
47	Position:	\$ -	0	\$ -	-	\$ -	\$ -
48	Services Delivery Cost Assumptions	Hourly Rate, including ERE	Estimated Annual Hours	Estimated Total Annual Cost	Estimated Years of Service	Total Estimated Cost (All Years)	
49	Provider 1 Name:						
50	Position:	\$ -	0	\$ -	-	\$ -	
51	Position:	\$ -	0	\$ -	-	\$ -	
52	Position:	\$ -	0	\$ -	-	\$ -	\$ -



Supportive Services

21

- ▶ Thresholds
 - ▶ NCS or Rental Housing Project Application
 - ▶ Include Rental Housing Tab 14 or NCS Tab 11
 - ▶ Required Attachments
 - ▶ Agreement(s) with service provider(s)
 - ▶ Waiting list procedures
 - ▶ Due process procedures
 - ▶ Substantially similar to ADOH HOME-ARP program summary



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HOME-ARP Non-Congregate Shelter



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Tab 1 – Cover Page

- ▶ General applicant and project information
- ▶ HMIS participation when serving qualifying populations that are homeless or at risk
- ▶ Qualifying population preference, priority, limitation
- ▶ HOME-ARP Funds requested
 - ▶ Four possible activities for NCS
 - ▶ Rental housing – adds capitalized operating reserve
- ▶ Certification

53			
54	HOME-ARP Funds Requested	Select yes or no from dropdown menu	\$
55	Development		\$
56	Supportive Services		\$
57	Nonprofit Operating Assistance		
58	Nonprofit Capacity Building Assistance		

Tab 3 – Project and Site Information

24

X

- ▶ Site control
- ▶ Seller information
- ▶ Land and buildings
 - ▶ Occupied = relocation
 - ▶ Demolition = 1-for-1 replacement if low-income dwelling(s)
 - ▶ Does not include SRO
- ▶ Property Amenities
- ▶ Zoning, Variances and Use Permits
- ▶ Written waiting list procedures
- ▶ Rental application adds:
 - ▶ Unit amenities
 - ▶ Site and neighborhood standards for new construction projects



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Tab 3 – Project and Site Information

25

- ▶ Required attachments
 - ▶ Document evidencing site control
 - ▶ Independent appraiser report, if project includes acquisition
 - ▶ Review appraisal, if project includes acquisition
 - ▶ Title commitment or report
 - ▶ Zoning verification
 - ▶ Project relocation plan, if any buildings are occupied by residents or businesses
 - ▶ Termite inspection report



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Tab 5 – Cross Cutting Regulations

26

- ▶ Environmental Review
 - ▶ 24 CFR Part 58
 - ▶ Will be either categorically excluded or environmental assessment
 - ▶ Phase I Assessment
 - ▶ Asbestos and lead paint reports if acquisition and/or rehabilitation
- ▶ Relocation & Real Property Acquisition
 - ▶ Voluntary sale only
 - ▶ Seller and occupants notification of rights
 - ▶ Cost incorporated into budget
- ▶ Federal Labor Standards
 - ▶ 12 or more HOME-ARP units



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Tab 5 – Cross Cutting Regulations

- ▶ Demolition or Change in Use
 - ▶ 1-1 replacement if low-income dwelling(s)
- ▶ Procurement & Contracting – 2 CFR 200
 - ▶ Written policies if government or NPO
 - ▶ Followed for any completed procurement
 - ▶ Includes minorities and women to extent possible & practicable
 - ▶ Includes Federal Labor Standards & Section 3 requirements
- ▶ Civil Rights & Non-discrimination
 - ▶ Accessible site & buildings
 - ▶ Project and, if applicable service provider
 - ▶ Includes cost of disability accessibility improvements in budget



Tab 5 – Cross Cutting Regulations

- ▶ Financial Records & Audits
 - ▶ Complies with 2 CFR 200
 - ▶ Most recent audit date
- ▶ Section 3
 - ▶ \$200,001 or more of covered assistance (not just HOME-ARP)
 - ▶ Describe labor hours tracking and qualitative actions
 - ▶ ADOH Section 3 handbook
- ▶ Drug-free Workplace
- ▶ Conflicts of Interest
 - ▶ Written standards of conduct
 - ▶ Organizational and non-organizational
- ▶ Confidentiality
- ▶ Rental housing adds:
 - ▶ VAWA emergency transfer procedures



Tab 5 – Cross-Cutting Regulations

- ▶ Required attachments
 - ▶ Part 58 ERR
 - ▶ FONSI/RROF if environmental assessment
 - ▶ Phase I Environmental Assessment
 - ▶ FEMA Floodplain map, if applicable
 - ▶ 1-1 Replacement Plan, if demolition or change in use
 - ▶ Procurement policy, if nonprofit or governmental
 - ▶ Drug-free workplace policy
 - ▶ Conflict of interest standards and procedures
 - ▶ Organizational conflict of interest standards and procedures
 - ▶ Confidentiality procedures
 - ▶ Rental housing adds:
 - ▶ VAWA emergency transfer procedures



Tab 6 – Project Team & Organization Capacity

- ▶ Team members – name, title, organization/ company, phone number, and email address
- ▶ Applicant, principal, officers
 - ▶ Past 7 years – litigation, bankruptcies
 - ▶ Pending litigation or judgments
- ▶ Family ties or financial interests between or among two or more project entities
- ▶ All same for rental housing

8		
9		Name (if unknown, state "unknown" and leave remainder of line blank)
10	Developer	
11	Builder	
12	Architect	
13	Engineer	
14	Contractor	
15	Consultant	
16	Attorney	
17	Accountant	
18	Property Manager/Operator	
19	Environmental Review	
20	Relocation & Acquisition Administration & Reporting	
21	Labor Standards Administration & Reporting	
22	Project (Applicant) Administration & Reporting	
23	Service Provider	
24	Service Provider	
25	Other:	
	Other:	

Tab 6 – Project Team & Organization Capacity

31

- ▶ Required attachments
 - ▶ List of projects completed by team
 - ▶ Project name and location
 - ▶ Type(s) of funding used
 - ▶ Unit and bed mix
 - ▶ Services provided
 - ▶ On-site
 - ▶ Off-site
 - ▶ List and description of
 - ▶ Litigation or bankruptcies in past seven years
 - ▶ Pending litigation or judgments
 - ▶ Explanation of family ties or financial interests
 - ▶ New team members list of projects



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Tab 7 – Development Funding Sources

- ▶ Committed & Tentative Funding
 - ▶ Amounts
 - ▶ Loan or grant
 - ▶ Lender/funder name
- ▶ Required attachments
 - ▶ Letters of commitment or term sheets for each funding or financing source
 - ▶ Include evidence of equity funds
- ▶ All same for rental housing

	A	B	C	
		Committed Funding. For all funding firmly committed to the project, indicate the amount of the commitment	Tentative Funding. For all funding not firmly committed to the project, indicate the amount of funds applied for	Indica
2	ADOH HOME-ARP FUNDS		\$ -	
3	Bank Loan	\$ -	\$ -	

19	Other Funding	\$ -	\$ -
20	Other Funding	\$ -	\$ -
21	Subtotal	\$ -	\$ -
22	Total Funding	\$ -	\$ -
23			



Tab 8 –Development Budget

Development Budget	Total Cost	ADOH HOME-ARP Requested	Other Source(s) of Financing/Funding	Other Source of Financing/Funding Name 1	Other Source of Financing/Funding Name 2
I. ACQUISITION					
Land	\$ -	\$ -	\$ -		
Buildings	\$ -	\$ -	\$ -		
Closing Costs	\$ -	\$ -	\$ -		
42 Phase I Environmental	\$ -	\$ -	\$ -		
43 Appraisals (acquisition & after-rehab value)	\$ -	\$ -	\$ -		
44 Capital Needs Assessment	\$ -	\$ -	\$ -		
45 Legal Fees	\$ -	\$ -	\$ -		
22 Subtotal	\$ -	\$ -	\$ -		
III. DIRECT CONSTRUCTION					
24 Rehabilitation - to make occupancy ready	\$ -	\$ -	\$ -		
25 Rehabilitation - capitalized replacement reserve	\$ -	\$ -	\$ -		
26 New Construction	\$ -	\$ -	\$ -		
Builder Fee					

NCS



Tab 8 –Development Budget

70						
71	Capitalized Operating Reserve	\$ -	\$ -	\$ -		
72	Capitalized Replacement Reserve	\$ -	\$ -	\$ -		
	Other (specify):	\$ -	\$ -	\$ -		

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Tab 8 – Development Budget

- ▶ Acquisition cost cannot exceed appraised value plus closing costs
- ▶ Off-site improvements ineligible
- ▶ No federal per-unit cap
 - ▶ Must be reasonable
- ▶ Builder (contractor fee)
 - ▶ Including profit, overhead & general requirements does not exceed 15% of net construction costs
 - ▶ Net construction costs = construction cost less contractor fee and building permits

2	
3	I. ACQUISITION
4	Land
5	Buildings
	Closing Costs

6	Net Construction
7	Builder Fee
8	Builder Overhead
9	Builder Profit
0	General Requirements



Tab 8 – Development Budget

- ▶ Rehab cost based on Capital Needs Assessment
 - ▶ Required for acquisition and/or rehabilitation projects
- ▶ For NCS - capitalized replacement reserve only for replacement (during restricted use period) of systems identified in Capital Needs Assessment
- ▶ Construction contingency does not exceed 10% of project hard costs
 - ▶ Except for acquisition or rehab with documented risk factors

22	
23	III. DIRECT CONSTRUCTION
24	Rehabilitation - to make occupancy ready
25	Rehabilitation - capitalized replacement reserve
26	New Construction

1	Permits & Fees paid by Developer	\$
2	Construction Contingency	\$
3	Sales Tax	\$

Tab 8 – Development Budget

- ▶ Architect fees (NCS)
 - ▶ 61+ beds
 - ▶ Up to \$7,000/bed
 - ▶ 31-60 bed
 - ▶ Up to \$8,000/bed
 - ▶ 1-30 units
 - ▶ Up to \$9,000/bed
- ▶ Developer fee (NCS)
 - ▶ 61+ beds
 - ▶ Up to 15%
 - ▶ 1-60 beds
 - ▶ Up to 20%
 - ▶ May be deferred
 - ▶ Surplus cash projections sufficient to repay within restricted use period
 - ▶ Equal installments
 - ▶ Defer to waterfall provisions if LIHTC

NCS bed =
Rental Housing
Unit

IV. PROFESSIONAL AND INDIRECT COSTS	
36	
37	Architect - Design
38	Architect - Supervision
39	Survey & Engineering

VII. DEVELOPER COST	
2	
3	Developer Fee
4	Consultant Fee
5	Construction Management Oversight
6	Other (specify):



Tab 8 –Development Budget

38

- ▶ Required attachments
 - ▶ Property design standards, drawings and/or plans
 - ▶ Capital Needs Assessment, if project includes acquisition or rehabilitation
 - ▶ Capitalized operating reserve agreement, if applicable
 - ▶ Rental housing add:
 - ▶ Capitalized replacement reserve agreement, if applicable



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Tab 9 – NCS Program Description

- ▶ Project service area description
 - ▶ Factors contributing to need
 - ▶ Number of sheltered / unsheltered from most recent PIT count
 - ▶ Other data and information explaining nature and degree of problem
- ▶ Protocols, facility design strategies, etc. that will be implemented to prevent spread of infectious disease
- ▶ Estimated number of people that will be served during restricted use period & maximum length of stay
- ▶ Description of how qualifying populations will be identified and referred.
 - ▶ How project will coordinate with other systems of care
 - ▶ Beware coordinated entry preferences



Tab 10 – NCS Operating Budget

40

X

- ▶ Operating revenue sources and amounts
- ▶ Operating costs
 - ▶ Debt & deferred developer fees
 - ▶ Equal installment only
 - ▶ Explain assumptions or basis for line items
 - ▶ Utilities
 - ▶ General administration
 - ▶ Staffing
 - ▶ Do not include supportive services staff
 - ▶ Other project operations
 - ▶ Repairs and maintenance
 - ▶ Non-capital
 - ▶ Taxes and insurance



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Tab 10 – NCS Operating Budget

- ▶ Income will be increased 2% annually
- ▶ Costs will be increased 3% annually
- ▶ If net income is negative in any year during 15-yr restricted use period
 - ▶ Demonstrate operating deficit reserve / escrow account
 - ▶ Describe how operating secured in the past
 - ▶ Explain how intend to raise necessary funds
- ▶ Required attachments
 - ▶ Commitment letter from funder of operating deficit reserve / escrow account, if applicable
 - ▶ Firm or tentative commitments from operating funds sources, if applicable

2						
3		NET INCOME YEAR 1		\$	-	
4						
5						
6	15-YEAR OPERATING BUDGET	Year 1	Year 2	Year 3	Year 4	
7	Annual Revenue	\$	-	\$	-	\$
8	Annual Expenses	\$	-	\$	-	\$
9						
10	NET INCOME	\$	-	\$	-	\$
11						

HOME-ARP Rental Housing



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Market Assessment

- ▶ Required attachment
- ▶ Contents based on number of units / project occupancy
- ▶ Not less than six months old
- ▶ Utilize current data
 - ▶ US Census, Claritas, ESRI, primary data preferred
 - ▶ Document reliability if other data used
- ▶ Demand for all units in project
- ▶ Reasonable rents within regulatory limits
- ▶ Achievable occupancy rates
- ▶ Reasonable capture rate
 - ▶ Project as a whole – 10%
 - ▶ Specific bedroom size – 25%
 - ▶ Unsheltered / sheltered in emergency or transitional – 50%
- ▶ Absorption – full occupancy within 6 months of completion
- ▶ Unlikely to have negative impact on other projects in PMA
- ▶ If new construction, site and neighborhood standards supporting documentation



Market Assessment

- ▶ 31+ total units
 - ▶ National Council of Housing Market Analysts model standards
 - ▶ Content, data, analysis and conclusions
 - ▶ www.housingonline.com
 - ▶ LIHTC, other source of federal funding, including guarantee or insurance
 - ▶ Study submitted for other funding
- ▶ 30 or fewer total units OR all units HOME-ARP
 - ▶ May submit same as 31+ total units
 - ▶ Abbreviated market assessment
 - ▶ Purpose and scope
 - ▶ Project description
 - ▶ Unit mix by BR size and targeted income level
 - ▶ QP assumptions, including min and max income for each unit type
 - ▶ PBRA by number and type of unit
 - ▶ Location & site characteristics
 - ▶ PMA definition and basis for determining
 - ▶ Waiting list OR detailed PMA income increments
 - ▶ Current rents, vacancy rates, etc. for rehab projects
 - ▶ Analysis and conclusions



Tab 9 – Unit Mix

- ▶ Specify if HOME-ARP units will be fixed or floating

- ▶ Minimum number of HOME-ARP units OR maximum amount of HOME-ARP investment
 - ▶ Proportionate and comparable
 - ▶ TDC / units in project
 - ▶ Proportionate and not comparable
 - ▶ Residential floor area
 - ▶ Not proportionate and comparable
 - ▶ Residential floor area
 - ▶ Sufficient QP units



Tab 9 – Unit Mix

HOME-ARP Units NOT evenly distributed or comparable

	Bedrooms	Bathrooms	Unit Residential Floor Area	Total Residential Floor Area	% of Project Residential Floor Area	Total Units (by Residential Floor Area)	HOME-ARP QP Units no PBRA	HOME-ARP QP Units with PBRA	HOME-ARP LI Units	Other Restricted Units no PBRA	Other Restricted Units with PBRA	Unrestricted Units		% of Project Units	HOME-ARP Units Floor Area		HOME-ARP QP Units % of HOME-ARP Units	HOME-ARP LI Units % of HOME-ARP Units
9	0	1	350	1,750	2%	5	5	0	0	0	0	0	0	7%	1,750		17%	0%
10	0	1	420	2,100	3%	5	3	2	0	0	0	0	0	7%	2,100		17%	0%
11	1	1	500	2,500	3%	5	3	1	1	0	0	0	0	7%	2,500		14%	3%
12	1	1	550	2,750	4%	5	0	0	0	5	0	0	0	7%	-		0%	0%
13	2	1	650	3,250	4%	5	2	0	1	1	1	0	0	7%	1,950		7%	3%
14	2	1	700	3,500	5%	5	0	2	1	1	1	0	0	7%	2,100		7%	3%
15	3	2	1000	5,000	7%	5	1	0	0	3	1	0	0	7%	1,000		3%	0%
16	3	3	1100	5,500	7%	5	0	1	0	3	1	0	0	7%	1,100		3%	0%
17	4	2	1220	6,100	8%	5	1	0	0	3	1	0	0	7%	1,220		3%	0%
18	4	3	1320	6,600	9%	5	0	1	1	2	1	0	0	7%	2,640		3%	3%
19	4	4	1420	7,100	9%	5	0	0	0	4	1	0	0	7%	-		0%	0%
20	5	2	1320	6,600	9%	5	1	1	0	2	1	0	0	7%	2,640		7%	0%
21	5	3	1420	7,100	9%	5	0	0	0	4	1	0	0	7%	-		0%	0%
22	4	4	1520	7,600	10%	5	0	1	0	3	1	0	0	7%	1,520		3%	0%
23	5	5	1620	8,100	11%	5	0	0	0	4	1	0	0	7%	-		0%	0%
24				-	0%								0	0%	-		0%	0%
25				-	0%								0	0%	-		0%	0%
26				-	0%								0	0%	-		0%	0%
27				-	0%								0	0%	-		0%	0%
28				75,550		75	16	9	4	35	11	0	0		20,520		86%	14%
29																		
30																		



Yes

Sufficient QP units in project

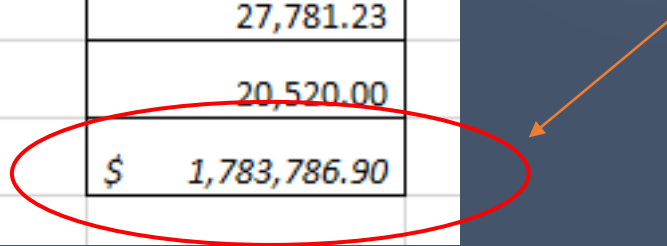


Arizona Department of Housing

Tab 9 – Unit Mix – Not comparable

31	HOME-ARP Development Funds Requested	\$	2,415,000.00
32	Total Development Cost	\$	6,567,500.00
33	Minimum HOME-ARP Units		27.58
34	Actual HOME-ARP Units		29.00
35	Maximum HOME-ARP funding (units)	\$	2,539,433.33
36			
37	Minimum HOME-ARP Units floor area		27,781.23
38	Actual HOME-ARP Units floor area		20,520.00
39	Maximum HOME-ARP funding (floor area)	\$	1,783,786.90

Reduce HOME-ARP funding request or increase residential floor area of HOME-ARP units



Tab 9 – Unit Mix

HOME-ARP Units are evenly distributed AND comparable



	Bedrooms	Bathrooms	Unit Residential Floor Area	Tota Residential Floor Area	% of Project Residential Floor Area	Total Units (by Residential Floor Area)	HOME-ARP QP Units no PBRA	HOME-ARP QP Units with PBRA	HOME-ARP LI Units	Other Restricted Units no PBRA	Other Restricted Units with PBRA	Unrestricted Units		% of Project Units	HOME-ARP Units Floor Area	HOME-ARP QP Units % of HOME-ARP Units	HOME-ARP LI Units % of HOME-ARP Units
9	0	1	350	1,750	2%	5	5	0	0	0	0	0	0	7%	1,750	17%	0%
10	0	1	420	2,100	3%	5	3	2	0	0	0	0	0	7%	2,100	17%	0%
11	1	1	500	2,500	3%	5	3	1	1	0	0	0	0	7%	2,500	14%	3%
12	1	1	550	2,750	4%	5	0	0	0	5	0	0	0	7%	-	0%	0%
13	2	1	650	3,250	4%	5	2	0	1	1	1	0	0	7%	1,950	7%	3%
14	2	1	700	3,500	5%	5	0	2	1	1	1	0	0	7%	2,100	7%	3%
15	3	2	1000	5,000	7%	5	1	0	0	3	1	0	0	7%	1,000	3%	0%
16	3	3	1100	5,500	7%	5	0	1	0	3	1	0	0	7%	1,100	3%	0%
17	4	2	1220	6,100	8%	5	1	0	0	3	1	0	0	7%	1,220	3%	0%
18	4	3	1320	6,600	9%	5	0	1	1	2	1	0	0	7%	2,640	3%	3%
19	4	4	1420	7,100	9%	5	0	0	0	4	1	0	0	7%	-	0%	0%
20	5	2	1320	6,600	9%	5	1	1	0	2	1	0	0	7%	2,640	7%	0%
21	5	3	1420	7,100	9%	5	0	0	0	4	1	0	0	7%	-	0%	0%
22	4	4	1520	7,600	10%	5	0	1	0	3	1	0	0	7%	1,520	3%	0%
23	5	5	1620	8,100	11%	5	0	0	0	4	1	0	0	7%	-	0%	0%
24				-	0%								0	0%	-	0%	0%
25				-	0%								0	0%	-	0%	0%
26				-	0%								0	0%	-	0%	0%
27				-	0%								0	0%	-	0%	0%
28				75,550		75	16	9	4	35	11	0	0		20,520	86%	14%
29																	
30																	

Yes

Tab 9 – Unit Mix comparable

31	HOME-ARP Development Funds Requested		\$ 2,415,000.00
32	Total Development Cost		\$ 6,567,500.00
33	Minimum HOME-ARP Units		27.58
34	Actual HOME-ARP Units		28.00
35	Maximum HOME-ARP funding (units)		\$ 2,451,866.67
36			
37	Minimum HOME-ARP Units floor area		27,781.23
38	Actual HOME-ARP Units floor area		28,130.00
39	Maximum HOME-ARP funding (floor area)		\$ 2,415,000.00

Funded amount is amount requested

Always round up units



Tab 10 – Rent Schedule

- ▶ Select county
- ▶ Use most recent rent and income limits for stabilized rent
 - ▶ <https://housing.az.gov/sites/default/files/documents/files/IB39-22-SHF-Income-and-Rent-Limits-eff-6-15-22.pdf>
- ▶ Unit mix information forwards from Tab 9 – Unit Mix

8	County	Coconino							
9									
10	Bedrooms	Bathrooms	Unit Residential Floor Area	HOME-ARP QP Units no PBRA	HOME-ARP QP Units with PBRA	HOME-ARP LI Units	Other Restricted Units no PBRA	Other Restricted Units with PBRA	Unrestricted Units
11	0	1	350	1	0	0	4	0	0
12	0	1	420	1	1	0	3	0	0
13	1	1	500	1	0	1	3	0	0
14	1	1	550	1	1	0	3	0	0
15	2	1	650	1	0	1	2	1	0
16	2	2	700	1	1	1	2	0	0
17	3	2	1000	1	0	1	2	1	0
18	3	3	1100	1	1	0	2	1	0
19	4	2	1220	1	0	0	4	0	0
20	4	3	1320	1	0	1	2	1	0
21	4	4	1420	1	1	1	1	1	0
22	5	2	1320	1	0	0	3	1	0
23	5	3	1420	1	0	0	3	1	0
24	5	4	1520	1	0	0	3	1	0
25	5	5	1620	1	1	1	1	1	0
26	0	0	0	0	0	0	0	0	0

Tab 10 – Rent Schedule

- ▶ Monthly rent by bedroom size and unit restriction type
 - ▶ HOME-ARP QP units with no PBRA = Low-HOME rent
 - ▶ HOME-ARP QP units with PBRA = High-HOME rent or rent paid by source of PBRA
 - ▶ HOME-ARP LI units – High-HOME rent
- ▶ Utility allowance by bedroom size (from operating budget Tab 11)
- ▶ Will calculate gross monthly and annual rent

Proposed Monthly Rent (including utility allowance)							
HOME-ARP QP Units no PBRA	HOME-ARP QP Units with PBRA	HOME-ARP LI Units	Other Restricted Units no PBRA	Other Restricted Units with PBRA	Unrestricted Units	Allowance for tenant-paid utilities	
\$ 752	\$ 958	\$ 958	\$ 958	\$ 958	\$ 1,250	\$ 125	
\$ 752	\$ 958	\$ 958	\$ 958	\$ 958	\$ 1,250	\$ 125	
\$ 806	\$ 1,027	\$ 1,027	\$ 1,027	\$ 1,027	\$ 1,500	\$ 150	
\$ 806	\$ 1,027	\$ 1,027	\$ 1,027	\$ 1,027	\$ 1,500	\$ 150	
\$ 967	\$ 1,234	\$ 1,234	\$ 1,234	\$ 1,234	\$ 1,750	\$ 175	
\$ 967	\$ 1,234	\$ 1,234	\$ 1,234	\$ 1,234	\$ 1,750	\$ 175	
\$ 1,116	\$ 1,417	\$ 1,417	\$ 1,417	\$ 1,417	\$ 2,000	\$ 200	
\$ 1,116	\$ 1,417	\$ 1,417	\$ 1,417	\$ 1,417	\$ 2,000	\$ 200	
\$ 1,246	\$ 1,561	\$ 1,561	\$ 1,561	\$ 1,561	\$ 2,250	\$ 225	
\$ 1,246	\$ 1,561	\$ 1,561	\$ 1,561	\$ 1,561	\$ 2,250	\$ 225	
\$ 1,246	\$ 1,561	\$ 1,561	\$ 1,561	\$ 1,561	\$ 2,250	\$ 225	
\$ 1,375	\$ 1,704	\$ 1,704	\$ 1,704	\$ 1,704	\$ 2,500	\$ 250	
\$ 1,375	\$ 1,704	\$ 1,704	\$ 1,704	\$ 1,704	\$ 2,500	\$ 250	
\$ 1,375	\$ 1,704	\$ 1,704	\$ 1,704	\$ 1,704	\$ 2,500	\$ 250	
\$ 1,375	\$ 1,704	\$ 1,704	\$ 1,704	\$ 1,704	\$ 2,500	\$ 250	

Tab 11 – Operating Budget

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X

- ▶ Gross rent carries forward from Tab 10 – Rent Schedule
- ▶ Add other sources of income
- ▶ Estimate vacancy loss & bad debt
 - ▶ 7.0% maximum or explain
- ▶ Utility allowance schedule
- ▶ Annual expenses
 - ▶ Reasonable and customary
- ▶ Debt service and deferred developer fees
 - ▶ Equal installments only



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Tab 11 – Operating Budget

- ▶ Income will be increased 2% annually
- ▶ Costs will be increased 3% annually
- ▶ Will calculate average per unit expenses

4		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Ye
5	5-YEAR OPERATING BUDGET											
6	Annual Revenue	\$ 945,492	\$ 964,402	\$ 983,690	\$ 1,003,364	\$ 1,023,431	\$ 1,043,899	\$ 1,064,777	\$ 1,086,073	\$ 1,107,794	\$ 1,129,950	\$
7	Annual Expenses	\$ 621,850	\$ 640,506	\$ 659,721	\$ 679,512	\$ 699,898	\$ 720,895	\$ 742,521	\$ 764,797	\$ 787,741	\$ 811,373	\$
8	Equal Installment Debt & Deferred Fees	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$
9												
10	NET INCOME	\$ 163,642	\$ 163,896	\$ 163,969	\$ 163,851	\$ 163,533	\$ 163,005	\$ 162,256	\$ 161,276	\$ 160,053	\$ 158,577	\$
11												
12	Average per unit expense	\$ 8,291	\$ 8,540	\$ 8,796	\$ 9,060	\$ 9,332	\$ 9,612	\$ 9,900	\$ 10,197	\$ 10,503	\$ 10,818	\$
13												



Tab 11 – Operating Budget

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- ▶ Required attachments
 - ▶ Letters of commitment or term sheets for each operating phase funding or financing source
 - ▶ Letters of interest or commitment for project-based rental assistance
 - ▶ Must include firm start and end dates
 - ▶ Utility allowance calculation support
 - ▶ Affirmative marketing procedures
 - ▶ Tenant selection plan
 - ▶ Operating reserve agreement
 - ▶ Replacement reserve agreement



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Tab 12 – Operating Reserve Calculation

- ▶ Year 1 = 30% of HH income for household at 30% AMI
 - ▶ Easy = Use most recent NHTF program rents for year 1
 - ▶ Lower of rent limit or poverty guideline rent AND subtract allowance for tenant-paid utilities
 - ▶ <https://housing.az.gov/sites/default/files/documents/files/2022%20National%20Housing%20Trust%20Fund%20Program%20Rent%20Chart%20%20EFF%206.15.22.pdf>

County	Coconino											
Bedrooms	Bathrooms	HOME-APP QP Units (no rental assistance)	(Year 1 Monthly Net Rent) 30% of HH income for	Year 2 Monthly Rent (net of utility allowance)	Year 1 Rent Collected	Year 1 Average per Unit Operating	Year 2-15 Net Rent Collected (1 month vacant)	Year 2-15 Average per Unit Operating	Maximum Initial Capitalized Operating Reserve Request			
-	1	1	\$ 214	\$ 627	\$ 2,568	\$ 8,291	\$ 6,897	\$ 10,423				
-	1	1	\$ 214	\$ 214	\$ 2,568	\$ 8,291	\$ 2,354	\$ 10,423				
1	1	1	\$ 248	\$ 248	\$ 2,976	\$ 8,291	\$ 2,728	\$ 10,423				
1	1	1	\$ 248	\$ 248	\$ 2,976	\$ 8,291	\$ 2,728	\$ 10,423				
2	1	1	\$ 400	\$ 400	\$ 4,800	\$ 8,291	\$ 4,400	\$ 10,423				
2	2	1	\$ 400	\$ 400	\$ 4,800	\$ 8,291	\$ 4,400	\$ 10,423				
3	2	1	\$ 470	\$ 470	\$ 5,640	\$ 8,291	\$ 5,170	\$ 10,423				
3	3	1	\$ 470	\$ 470	\$ 5,640	\$ 8,291	\$ 5,170	\$ 10,423				
4	2	1	\$ 522	\$ 522	\$ 6,264	\$ 8,291	\$ 5,742	\$ 10,423				
4	3	1	\$ 522	\$ 522	\$ 6,264	\$ 8,291	\$ 5,742	\$ 10,423				
4	4	1	\$ 522	\$ 522	\$ 6,264	\$ 8,291	\$ 5,742	\$ 10,423				
5	2	1	\$ 574	\$ 574	\$ 6,888	\$ 8,291	\$ 6,314	\$ 10,423				
5	3	1	\$ 574	\$ 574	\$ 6,888	\$ 8,291	\$ 6,314	\$ 10,423				
5	4	1	\$ 574	\$ 574	\$ 6,888	\$ 8,291	\$ 6,314	\$ 10,423				
5	5	1	\$ 574	\$ 574	\$ 6,888	\$ 8,291	\$ 6,314	\$ 10,423				
-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
-	-	15	\$ -	\$ -	\$ 78,312	\$ 124,370	\$ 76,329	\$ 156,341	\$ 1,166,229			

Max reserve request (Tab 1)



Arizona Department of Housing

HOME-ARP Question and Answer Session

BEGINS AT 12:45 PM



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