



The Arizona Department of Housing 2010 Information Bulletin

REGARDING PROGRAMS: State Housing Fund Programs

REGARDING FUNDING SOURCES: Home Investment Partnerships Program (HOME)

INFORMATION BULLETIN No. 12-10

ISSUED: August 27, 2010

**RE: Notice of Funding Availability for State Housing Funds
Owner Occupied Housing Rehabilitation**

NOTICE OF FUNDING AVAILABILITY

The Arizona Department of Housing (the Department) is pleased to announce a Notice of Funding Availability (NOFA) for funding through the State Housing Fund (SHF), HOME Investment Partnerships Program (HOME). This NOFA is for housing rehabilitation programs for owner occupied single family dwellings. For FY2011, the Department expects to allocate approximately \$4,000,000.00 in SHF. The SHF will be allocated through one competitive funding round and the application submission deadline is January 14, 2011 at 4:00 p.m.

The Application process for SHF can be found in the SHF Program Summary and Application Guide. The guide can be downloaded from the ADOH website at: www.azhousing.gov.

GENERAL OVERVIEW

The mission of the Department is to “provide housing and community revitalization to benefit the people of Arizona.” The Owner Housing Objective for FY2011 is:

- To improve through owner-occupied housing rehabilitation programs, the quality of owner-occupied housing.

In support of this Objective, the Department will allocate HOME funds to activities that improve the condition of housing units to meet the following standards:

- State’s Rehabilitation Standards.
- Local codes, zoning and ordinances, or if no Local code exists, meet model building codes.
- Newly reconstructed units must meet Model Energy Code and Energy Star standards.

The funding process can be found in the SHF Program Summary and Application Guide which includes information regarding:

1. Completeness review.
2. Threshold review.
3. Scoring.
4. Financial and Technical review.
5. Funding review.

Eligible Activities

Rehabilitation of owner-occupied housing units, including:

▪ **Reconstruction**

When the cost to rehabilitate the existing housing unit is in excess of the cost to replace the unit, then reconstruction is an eligible activity. Reconstruction is eligible to the extent that the replacement unit will be situated on the same property as the existing unit and the replacement unit is substantially the same as the existing unit, except when a larger or smaller unit is necessary to comply with property standards or local zoning, codes or ordinances. Reconstruction includes replacement of existing manufactured housing. Unit being replaced must be demolished and removed from the property receiving assistance.

▪ **Refinancing**

Refinancing existing debt that is secured by the existing housing unit is an eligible activity in conjunction with rehabilitation only if State funds loaned for rehabilitation and refinancing will result in a lower overall housing cost than would result from any other combination of loans.

For example:

A homeowner is seeking rehabilitation assistance. They have an outstanding principal balance on their first mortgage of \$30,000, at 10% interest, with a monthly payment of \$263. The cost of rehabilitation is \$15,000. The rehabilitation agency is offering a rehabilitation loan at 4% for a 20-year term, with a monthly cost to the homeowner of \$91. The monthly payments for both loans would total \$354, making participation in the rehabilitation program a financial burden for the homeowner. Using State funds to refinance the first mortgage and include the rehabilitation loan would result in a monthly payment of \$273, a lower overall housing cost.

Eligible Applicants

Eligible applicants are limited to:

- Units of local government, including cities, towns and counties.
- Tribal governments, tribally designated housing entities, and tribal housing authorities.
- Public Housing Authorities.
- Regional Councils of Government.
- Non-Profit Agencies, including Community Housing Development Organizations (CHDOs).

All applicants must be authorized to conduct business in Arizona.

Eligible Beneficiaries

All assisted homeowners must meet the following guidelines:

- Have an annual gross income that does not exceed 80 percent of the area median income adjusted by household size.
- The household must be income eligible at the time the rehabilitation commitment is made to the homeowner.
- Certify that they occupy the property as their principal and only residence.

Eligible Property Types

The following property types are eligible:

- Single-family (one-unit structures).
- Condominium units.
- Manufactured housing only if the unit upon completion will be:
 - located on a permanent foundation (requires certification) and is connected to permanent utility hook-ups;
 - is located on land that is held in fee-simple title, or long-term ground lease with a term of at least 99 years (50 years for tribal land);
 - meets the construction standards of 24 CFR 3280 if manufactured after June 15, 1976; or, meets applicable local and/or state codes if manufactured prior to June 15, 1976; and
 - meets all other requirements of Chapter 5 of the SHF Program Summary and Application Guide.

Maximum Applicant Funding

The maximum limit of HOME funding available per application is **\$300,000**. An additional 10% (up to **\$30,000**) in general administrative funding thru the Housing Trust Fund is also available for a total maximum application funding of **\$330,000.00**. Only one application request per applicant will be considered for funding.

Maximum Investment per Unit

The new maximum investment per unit for rehabilitation or refinance with rehabilitation is **\$50,000** and the maximum investment per unit for full replacement of either Mobile Home or Stick Built is **\$75,000.00**. Maximum investment limits include administration, project soft costs and project hard costs that are attributable to a specific individual assisted property. HTF funded general administrative costs are not included the per unit investment limits.

Application and Threshold Review Criteria

The review criterion is set forth in Chapters 2 and 5 of the SHF Program Summary Application Guide available on the ADOH website at: www.azhousing.gov.

Competitive Funding Determinations

The SHF Application must meet the SHF eligibility, application review, and threshold criteria. Award of SHF is subject to the availability of the funds provided to the Department for the SHF Program. Competitive funding criteria are utilized to make funding decisions. Only

applications that meet thresholds are competitively scored. Competitive funding criteria can be found in Chapter 2 of the SHF Program Summary and Application Guide.

Funding Notification

The Department will make every effort to make its funding decisions within 90 days, depending on the number and complexity of the applications received.

Technical Assistance

The Department will not preview, comment on, or pre-judge any element of any application prior to its initial submittal. A limited amount of assistance is available regarding the interpretation of the Department's policies, the SHF Program in general, and how program requirements should be applied.

Application Submission

Applicants must submit one (1) original and one (1) copy of the completed application package.

Applicants must submit their application packages as described under Application Format, completing all required sections and providing all required supporting documentation. Application packages not filed in duplicate or not received by 4:00 p.m. on the application deadline will not be accepted for review. The application package and any subsequent revisions or clarifications, if approved for funding, will become part of the agreement with the Department. Please refer to Chapter 2, section 2.2 (A) and Chapter 5, section 5.14 for additional application completeness criteria.

Application Format

Applications must be typewritten or computer generated. Applicants are not to revise the formatting of these forms in any way. A copy of this application is available by US Mail, on diskette, by e-mail, or at the Department's website: www.azhousing.gov.

Application material must be:

- **Original must be bound in a 3 ring binder**
- **Copy must be two hole punched at the top and be bound with a large clip.**
- **8 ½ x 11 format**
- **single-sided**
- **indexed and tabbed to correspond with the application checklist**

In instances where the documentation is not applicable to a project, the tab must still be included and a single sheet indicating "N/A" and a statement describing the reason(s) the item is not applicable should be included in this space. The tabulation format should not be altered in any way.

Application Deadline

Applications are due (must be in the possession of the Department) no later than 4:00 p.m. on January 14, 2011.

Applications delivered after 4:00 p.m. on the deadline date noted above will not be accepted.

Applications must be delivered to:

**Attn: State Housing Fund, CD&R Division
Arizona Department of Housing
1110 West Washington Street, Suite 310
Phoenix, Arizona 85007**

Questions regarding Owner Occupied Housing Rehabilitation applications may be directed to Kathy Blodgett at (602) 771-1021 or Kathy.Blodgett@azhousing.gov.

**Arizona Department of Housing**

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