

**Pima County Housing Commission
June 18, 2012 – 3:00 pm**

Pima County Housing Center
801 W. Congress St.
Tucson, AZ

Members Present:

Frank Moreno
Ken Anderson
Ray Clarke
Jon Miles
Kathleen Buske
Scott Place
David Godlewski
Frank Thomson
Henry Boice

Members Absent:

Tim Escobedo
David Greenberg

Staff & Guests:

Betty Villegas, Pima County
Marcos Ysmael, Pima County
Martha Martin, Pima County
Margaret Kish, Pima County
Tresina Lister, TMM
Terry Galligan, OPCS
Charles Lotzar, Lotzar Law Firm
Jerry Dixon, Gadsden Company
Adam Weinstein, Gadsden Company
Diane Luber, Pima County
Darren DaRonco, AZ Daily Star
Ann Vargas, City of Tucson
Chris Kaselemis, City of Tucson
Mike Czechowski, City of Tucson
Michael McDonald, Habitat for Humanity
Gigi Rodriguez, CPLC

I. Welcome & Call to Order

Commission Chair Frank Moreno called the meeting to order at 3:00 pm.

II. Pledge of Allegiance

Pima County Housing Manager Betty Villegas:

III. Approval of Minutes from March 19, 2012

Motion made by Commissioner Ken Anderson to approve the minutes.

Motion seconded by Commissioner Jon Miles. Motion carried unanimously.

IV. Discussion and possible action

• **Gadsden Project Discussion: Charles Lotzar, Lotzar Law Firm**

Pima County Housing Manager, Betty Villegas provided an overview of the Gadsden Project. Betty stated that Henry Boice declared a conflict of interest and has recused himself from the discussion.

Charles Lotzar, the attorney representing the Gadsden Company, was introduced. Mr. Lotzar explained the 4% low-income housing tax credit that is only available if fifty percent of the project's total development costs are financed through the proceeds of IRC Section 142(d) bonds for the development of residential rental housing. The Gadsden Company is interested in getting 4% credit because it will

cover 20-25% of the cost of building the project. In order to get the 4% credit, private activity bonds are needed and the Gadsden Company needs to go to HUD in order to get a credit enhanced transaction.

The HUD 220 program allows for an insured mortgage allowing 2 years of construction, interest only, and a 40 year amortization. HUD must provide an invitation to apply, followed by a preliminary meeting which should occur by the end of June (what year), and a final application would be submitted 30-45 days later it will take between 9-14 months to get the firm commitment for the project to be funded.

There are two sides of the transaction, the HUD side and Bond side. Gadsden will go to the Industrial Development Authority (IDA) for bonds. Once the IDA approves the transaction the issue goes before the Pima County Board of Supervisors. The transaction then goes to the Arizona Department of Housing, the body in AZ that has been given the power to handle the administration of the low income tax credit program.

Chair Frank Moreno asked what happens during the feasibility process. Mr. Lotzar answered that it the most important thing is to build that credit for the sale of bonds. The bulk of the work is done upfront with HUD that is why it takes so long to get to that point.

Commissioner Ken Anderson asked about the status of the application. Mr. Lotzar answered that the initial concept meeting was going to happen this month, then HUD will invite the Gadsden Company to submit the application. Commissioner Anderson asked if the Gadsden would know by August if there were any significant issues Mr. Lotzar answered yes.

Commissioner David Godlewski asked if the success of any of these steps was dependent upon the assurance of the \$769,518 of the Affordable Housing Bond funds. Mr. Lotzar said the GO Bond funds would be considered as gap financing, which is a very common In these type of construction deals.

Commissioner Thomson referred to the letter sent to Mr. Dixon after the Commission approved the project. The first item was securing all funding within the next 12 months, as of January 17, 2013. Mr. Lotzar this will depend on how fast HUD responds.

Commissioner Anderson asked Gadsden did not receive an invitation, would they would know by September or October? Mr. Lotzar stated that the developer could update the Commission every 90 days. Gadsden has engaged Bonneville, a HUD lender who has been interfacing with HUD, there have been applications for HOME funds at the City and County level. The application for gap financing that goes with the tax credit bond fund comes at the end from the state funds so that has not been applied for at this time.

Commissioner Thompson stated that the Commission needs to make a decision that is viable because it appears that Gadsden will not be able to comply with the one year requirement that had been placed on this project.

Discussion followed on the merits of the project, the timing and the ability of the project to meet the current timelines.

Motion made by Chair Frank Thomson to change the timeline from 12 months to 18 months (June 2013) to meet the terms of conditions prior to the Commission recommending funding **Motion seconded by Commissioner Ken Anderson, motion carried unanimously.**

- **Roof Top Fee Contributions**

Betty stated that this topic was briefly discussed at the last meeting of March 19, 2012. The Commission requested that the staff provide a table that shows how much is actually in the fund and where it came from. Two options were presented. Option 1: was to not make any funding available until a threshold of a specified amount has been reached, i.e.: \$50,000. Option 2: to make funding available as soon as available where a request would be considered on a first come, first served basis. Staff recommends Option 1, and requests that the Commission establish a sub-committee to work with staff and establish policies and procedures for accepting and processing the funding requests. Staff requests that the sub-committee also review the current contribution schedule to determine if the amount should be changed based on the current and projected housing market conditions.

Pima County staff Martha Martin added that 3 new development agreements for affordable housing have been received that have the potential for generating housing trust funds. One of those developments has 101 units on Riverview Road near Shannon, 40 units at Sabino Canyon DeGrazia Centennial Country Club, and 6 units in Green Valley.

Currently there is no contribution if the house is below \$185,000.

Motion made by Commissioner Kathleen Buske to Accept Option 1, to not make funding available, that \$50,000 be the minimum and that and the Chair appoint a subcommittee to work with staff to establish a procedure as to how the Commission is going to accept and process requests to award that money.

Motion seconded by Commissioner Ken Anderson. Motion carried unanimously.

V. **Staff Reports**

- **Copper Vista Project Update: Michael McDonald, Executive Director, Habitat for Humanity**

Corazon del Pueblo – still owe 15 units, 11 of those are currently under construction and scheduled to close around Christmas. The next four will begin construction around September and will close next May 2013. That will fulfill Habitat's obligation of 60 units.

Copper Vista - has 57 lots, originally there were 60 that the previous land developer was working on which stalled. Habitat is now finishing a partially completed home with Doucette. Commissioner Thomson added that there are a number of builders who have partnered up with non-profit developers, and maybe that's the way to go to get some expertise so it evens out some of these sight issues and sight development issues.

There are 54 lots This will be Habitat's focus will be in the next 3 to 5 years. Commissioner Thomson asked about the status and condition of the infrastructure that was paid for at Copper Vista I & II. Mr. McDonald answered that that Habitat is currently finishing up about \$300,000 in infrastructure.

Betty discussed the Bond investment in the Copper Vista projects. Even though the infrastructure is completed, the project has not met the objective of the bond program until the last house is built. Therefore, Pima County staff will continue to monitor the project, thought that it was important for the Commission to receive an update. Betty added that most Pima County projects have HOME federal funds and staff is working on establishing requirements and improving the due diligence in all future development projects.

.Mr. McDonald also stated that Habitat for Humanity has received property from the Northwest Fire District (by Marana) and will come back with a proposal to build 8 additional units. Habitat for Humanity will not be requesting and exemption from the Roof Top fee and intends to make a voluntary contribution to the Roof Top fee and inspire others to do the same.

- **NSP II Update: Margaret Kish, Director, CDNC**

NSP II funding originally received 22 million and has expended 15 million. Final date of expenditure is February, 2013. Most projects are moving along quickly. A couple of highlights include Primavera Foundation is now building a intergenerational complex for grandparents and children. Primavera recently acquired property at the old Capilla located on 34th Street by the railroad tracks. The structures there will be demolished. 6 homes will be built for this project. Overall, NSP2 has acquired and rehabbed 60 units for rental and 40 units for sale and 120 people who have participated in the down payment assistance program.

- **GO Bond Project and NSP I Updates: Marcos Ysmael**

Betty referred to a report titled "Pima County Affordable Housing Bonds & NSP1 Quarterly Activity Update" created by Marcos Ysmael. The report highlights what has been done so far. Summaries and per unit amounts are also included in the report and can be found on page two.

Marcos referred to the report and pointed out that CPLC is still coordinating the Copper Vista project, Item B, Iowa Project is now known as Liberty Corners. The project was remarketed and redesigned by CPLC there is now a new builder. The remaining infrastructure is now under construction. This project is also part of NSP2 collaborative with Liberty Corners. The Westmoreland project also has a new name: Menlo Park Place. This project has also been redesigned with new floor plans and a new builder.

Chair Frank Moreno asked how much bond funds are left. Marcos answered between \$135,000 to \$150,000.

- **Marana Honea Heights Bond Project**

Betty referred to a letter dated June 11, 2012 to Mr. Davidson from Mr. Hank Atha, the letter is in draft form and has been approved by Mr. Atha. Conditions were reiterated with some of the conditions that were in the original March 21st letter.. The Commission had given asked that they provide quarterly reports with the first one

due July 31st. Betty will email the report to the Commission when received, and asked that everyone respond to her only to comply with open meeting laws. The wastewater issue and the affordability period were discussed.. T. Van Hook is well aware of the July 31st deadline.

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VI. Call to the Audience

No comments from the audience.

VII. Announcements

Betty reminded the Commission to submit bios for the Annual Report.

VIII. Adjournment

Motion made by Commissioner Ken Anderson to adjourn the meeting.

Motion seconded by Chair Moreno. Motion carried.

Meeting adjourned at 4:35 p.m.