

Draft Minutes of the Maricopa HOME Consortium Public Meeting
September 19, 2019
9:30 a.m.

Consortium Members Present:

Karin Bishop, City of Chandler
Robert Kropp, Town of Gilbert
Matthew Hess, City of Glendale
Rachel Milne, Chair, Maricopa County
Jaime Gonzalez, City of Peoria
Michele Payakovich, City of Scottsdale (telephonically)
Adriane Clarke, City of Surprise
LeVon Lamy, City of Tempe (telephonically)

Others Present:

Mario L. Aniles, Housing Authority of Maricopa County
Gloria Munoz, Housing Authority of Maricopa County
Regina Marette, Maricopa County
Lina Alam, Maricopa County
Zelia Miranda, Maricopa County
Matt Utyro, Maricopa County
Ray Thimesch, City of Mesa
Elizabeth Garcia, City of Tempe
Kathy Nugent, City of Tempe

1. Call to Order

At 9:32 a.m., Rachel Milne, the Chair, called to order the September 19, 2019 Maricopa HOME Consortium Public Meeting, held in the Roosevelt Room, at 234 North Central Ave., 3rd Floor, Phoenix, Arizona 85004.

2. Roll Call

Regina Marette called the roll and a quorum was established.

3. Approval of Minutes (8/15/19)

Rachel Milne called for a motion to approve the minutes of the August 15, 2019 monthly HOME Consortium Public Meeting. Matthew Hess motioned to approve. The motion was seconded by Jaime Gonzalez and passed unanimously.

4. Maricopa Revitalization HOME Loan-forgiveness request of \$570,000

Rachel reminded the Consortium that a request was received from the City of Mesa in late July to forgive a note with the Housing Authority of Maricopa County (HAMC) in the amount of \$570,000 for a scattered site project known as the Maricopa Revitalization Partnership.

Ray Thimesch, Federal Grants Administrator at City of Mesa, presented background information on the project. The project was funded from 2002 HOME funds and LIHTC. It is his opinion that not enough capital was invested in the initial purchase of the units to provide for adequate rehabilitation and therefore the cost of maintaining the units has been high. An OIG audit revealed that all 32 properties were included as HOME funded in the Deed of Trust, when in fact only 22 of the properties included HOME funding. The legal documents securing the loan were not required to be amended to show only 22 homes. Mesa retained liens on the remaining 22 homes. The City of Mesa, to the best of his recollection, monitored the project in 2013 for financial and income eligibility and HQS. Payments of the loan were based on excess cash flow and no payments have been made to date.

Gloria Munoz, Executive Director at Housing Authority of Maricopa County explained that a RAD conversion was completed on 13 of the 35 units, removing them from the PHA's public housing inventory and allowing Section 8 vouchers which has since contributed to a positive cash flow. However the remaining 22 units not included in the RAD have serious rehabilitation issues. Of the remaining 22 units, one of the units is currently vacant because of a \$60,000 sewer system issue. This home is going to be used as a prototype for conversion to a one or two bedroom duplex. She stated that HAMC has the highest demand for one and two bedroom units. The estimated cost for the duplex conversion is \$229,500. The conversion should be completed by the end of the year. If the conversion is successful, HAMC estimates that they could possibly convert half of the 22 units to duplexes if they are able to secure funding. It is estimated that the rehabilitation costs necessary on the units, without converting them to duplexes, would cost \$100,000-\$150,000 each.

Because of the LIHTC investment, the units will not be sold and will remain affordable. Gloria said HAMC would consider a loan extension, if the loan is not forgiven.

Mario L. Aniles, HAMC Director of Finance and Portfolio Management explained that the HOME loan is in first lien position, but in third position for cash flow payment. If the duplex prototype is successful, HAMC is looking for a construction loan of approximately \$5 million and estimates a start to finish time of less than 2 years. He noted that the Operating Pro Forma Report provided to the Consortium is for all 35 units and that the bottom line total cash flow does not include repayments.

The Consortium members asked HAMC to provide: (1) draft 2019 audit (2) Pro-forma showing only the 22 units for 15, 20, and 30 years (3) estimated value of each unit (4) addresses of each unit.

5. HOME Consortium 3 Year IGA

Rachel stated Maricopa County's attorney met with another consortium member attorney earlier this week and made changes to the indemnification language in order to better protect all Consortium members. It has since been sent out to all members for attorney review. Rachel reassures the Consortium that the IGA is well ahead of schedule, but notes that Maricopa County will not be able to go to the Board of Supervisors (BOS) until all members have received council approval. Consortium members were requested to have their attorneys review/approve the new language by October 17th.

6. Update-NCDA Training class-Advanced HOME Underwriting- 20 person minimum

Adriane shared training option courses, dates, and pricing with the Consortium. Members unanimously requested separate course dates for CDBG Advanced and HOME Advanced, both of which include an Underwriting section. Adriane will discuss having the first training scheduled for the end of February 2020 with NCDA and provide an update.

7. CHDO NOFA and CHDO Volunteer Subcommittee

Regina notified the Consortium that the NOFA will go out October 16th. The subcommittee will consist of Maricopa County, the City of Peoria, and the City of Glendale.

8. Update on HOME Amendments

Regina stated there were quite a few changes in this amendment that has been submitted to the County Attorney. Glendale and Gilbert are scheduled for BOS approval today and hopes to group the remaining cities together in the next round. Peoria, Tempe, Scottsdale and possibly Chandler may have options to for BOS approval on October 23rd, November 16th or November 20th. Council approval is required prior approval by the BOS.

Rachel reminded the Consortium that this is the final time these contracts will be amended. There will be a brand new contract coinciding with the 5 year Con Plan, which has a different schedule than the Consortium 3 year IGA. Next year there will be a new IGA with each member and that IGA will be amended four (4) times.

9. Con Plan/AI/CAPER

WES, the HOME Consortium Consultant, presented at the County's public meetings last month in Tolleson, El Mirage, and Gilbert. Rachel noted that around seven hundred (700) responses were received on the Con Plan survey. The final presentation will be shared at the February Consortium meeting.

The draft CAPER has been posted and the County is currently in the public comment period. Carissa hopes to submit the final CAPER on either September 26th or 27th.

10. Environmental Review Discussion

Matt will be scheduling an ER training soon and is available to assist with anyone interested in completing an in-house ER, if a consultant is not available.

11. Consortium Member Updates

Members provided updates on current events in their cities/towns.

12. Call to Public

The public had no comment.

13. Adjournment

There being no other business, the Chair entertained a motion for adjournment by Karin Bishop and seconded by Jaime Gonzalez. The motion passed unanimously. The meeting was adjourned at approximately 10:17 a.m. The next scheduled public meeting will be 10/17/2019 unless there are no discussion items, in which case it will be cancelled. If there are a limited number of agenda items the meeting will be held telephonically.

Respectfully submitted,

Zelia Miranda, Recording Secretary