



City of Phoenix

***Neighborhood Stabilization Program 3
Proposed Substantial Amendment***



City of Phoenix

Neighborhood Stabilization Program 3 (NSP3) Substantial Amendment

The City of Phoenix has prepared this Substantial Amendment to our NSP3 Substantial Amendment to make adjustments to our NSP3 program based on program progress.

Through this Substantial Amendment we are proposing the following change: Adjust the allocation of dollars and beneficiary goals between eligible uses based on program progress to date and market changes.

PROJECT / Activity	PROJECTED UNITS IN APPLICATION	FUNDS BUDGETED IN APPLICATION	CURRENT BUDGET IN DRGR	PROPOSED PROJECTED UNITS	PROPOSED FUNDS BUDGETED
Admin		\$1,605,352	\$1,605,352		\$1,605,352
MF LH25 (Use B)	95	\$4,013,382	\$4,013,382		\$5,712,378
MF-Cochise-LH25			\$2,700,000	54	\$2500,000
MF-Ocotillo-LH25			\$1,313,382	118	\$3,212,378
MF LMMI (Use B)	76	\$3,210,704	\$3,210,704		\$1,511,708
MF-Ocotillo-LMMI			\$3,036,618	55	\$1,511,708
MF-unassigned-LMMI			\$174,086	0	\$0
ACQ for Demo (Use B)		\$115,000	\$115,000		\$66,736
SF-ACQ for DEMO			\$105,000		\$66,736
SF-ACQ-PHX			\$10,000		\$0
Demo (Use D)	4	\$177,000	\$177,000		\$106,111
SF-DEMO			\$167,000	4	\$106,111
SF-DEM-PHX			\$10,000		\$0
SF-LandBank (Use C)		\$14,722	\$14,722		\$22,320
HAP (Use A)	50	\$1,040,855	\$1,040,855		\$20,817
SF-HAP			\$750,000	1	\$15,000
SF-HAP-HoCo			\$40,550		\$811
SF-HAP-LoanServ			\$98,000		\$1,960
SF-HAP-PHX			\$152,305		\$3,046
MIR (Use B)	29	\$5,851,510	\$5,851,510		\$7,008,103
SF-MIR-ACQ			\$3,016,371		\$2,910,122
SF-MIR-HoCo			\$23,519		\$73,202
SF-MIR-FSL *			\$0	16	\$2,032,587
SF-MIR-MAN *			\$0	15	\$1644,453
SF-MIR-PHX			\$100,000		\$291,899
SF-MIR-REHAB			\$2,654,780		\$0
SF-MIR-LoanServ			\$56,840		\$55,840
totals	254	\$16,053,525	\$16,053,525	263	\$16,053,525

* indicates new activity

Summary of Distribution and Uses of NSP Funds

Arrest blighted conditions in neighborhoods and reconnect these areas with the economic, housing market, and social networks of the community. This includes:

- \$7,008,103 for acquisition/rehabilitation and re-sale of 31 foreclosed homes.

- \$172,847 for the acquisition and demolition of four blighted, vacant and foreclosed properties for infill housing development.

Assist Qualified Homebuyer:

- \$20,817 for homeownership assistance in the form of subordinate loan to assist the homebuyer of a newly built home on an NSP-acquired blighted property that has been demolished.

Address multi-family foreclosures within the target areas through acquisition and rehabilitation of foreclosed multi-family properties for affordable rentals. The allocation of \$7,224,086 will assist:

- 172 households at or below 50% of median income
- 55 households at or below 120% of median income

Administration:

- Up to 10% of the allocation, or \$1,605,353, will be used for management and administration of the program to assure all goals are met in compliance with all applicable requirements.

How Fund Use Addresses Market Conditions

The City of Phoenix has taken great care to assess and define target areas for NSP3. The target areas proposed were selected based on greatest need, with a composite needs score of approximately 19.1. Most target areas identified have a needs score of 20. In addition to greatest need, the City also considered target areas that would continue the momentum generated by NSP1 and NSP2 efforts. While the impact in the selected NSP3 target areas is anticipated to be lower than the 20% requested by HUD, the City of Phoenix believes, based on market research and sound principles of neighborhood revitalization, the areas selected present the best opportunities for stabilization and/or homeownership moving forward.

The metro Phoenix housing market is ever changing. In February 2013, metro Phoenix experienced a foreclosure milestone with fewer than 1,000 homes taken back by lenders. According to the Information Market, foreclosure starts (Notice of Trustees Sales) fell to 1,681 in February from the 2,245 notices sent in January. CoreLogic released an analysis stating that REO inventory declined at a rapid pace while investor activity intensified and that the Phoenix market was in the top five markets that have experienced the biggest declines in inventory.

Ensuring Continued Affordability: no changes

Definition of Blighted Structure: no changes

Definition of Affordable Rents: no changes

Housing Rehabilitation/New Construction Standards: no changes

Vicinity Hiring: no changes

Procedures for Preferences for Affordable Rental Development: no changes

Public Comment: The proposed Substantial Amendment was posted at http://phoenix.gov/webcms/groups/internet/@inter/@res/@stab/@nsp/documents/web_content/nsp3_proposed_amendment.pdf beginning Monday, May 13 through Wednesday May 29, 2013, for public comment. Comments could be made via email to a city email address set up for this specific purpose or to a telephone hotline also for this specific purpose. No comments were received.

Approval by Phoenix City Council: The Phoenix City Council approved the request by The Neighborhood Services Department Director to submit this NSP3 Substantial Amendment to the U.S. Department of Housing and Urban Development (HUD) for approval at their formal council meeting on Wednesday, July 3, 2013. The vote was unanimous.