



CITY OF
TUCSON

HOUSING &
COMMUNITY
DEVELOPMENT
DEPARTMENT

May 13, 2011

Ms. Noemi Ghirghi
HUD Phoenix Office
US Department of Housing & Urban Development
1 N Central Avenue, Suite 600
Phoenix, AZ 85004

Subject: City of Tucson Annual Action Plan FY 2012

Dear Ms. Ghirghi:

Attached please find the City of Tucson's Annual Action Plan for FY2012 (in hard copy and via disc) for your review and comment.

We look forward to your review. If you have any questions concerning the enclosed materials, please contact Chris Kaselemis of my staff at 520-837-6956.

Thank you in advance for your consideration.

Sincerely,

Albert Elias, AICP
Director
Housing and Community Development Department

Attachments





Second Program Year Action Plan

The CPMP Second Annual Action Plan includes the [SF 424](#) and Narrative Responses to Action Plan questions that CDBG, HOME, HOPWA, and ESG grantees must respond to each year in order to be compliant with the Consolidated Planning Regulations. The Executive Summary narratives are optional.

Narrative Responses

GENERAL

Executive Summary

The Executive Summary is required. Include the objectives and outcomes identified in the plan and an evaluation of past performance.

Program Year 2 Action Plan Executive Summary:

Executive Summary starts on the next page.

Please note that this document refers to the City of Tucson's Fiscal Year 2012, which reflects HUD's 2011 appropriations.

City of Tucson 2012 Annual Action Plan Executive Summary

What is the Action Plan?

The U.S. Department of Housing and Urban Development (HUD) requires communities that receive federal funding, listed below, to submit Annual Plans. The Plan describes activities that will be funded in FY 2012 to meet the goals stated in the 2010-2015 Consolidated Plan. These goals address: Affordable Housing, Homelessness, Community Development and Non-Homeless Special Needs. The City of Tucson's 2012 Action Plan details the goals and funding priorities for Program Year 2012, to continue the City's efforts in improving the quality of life for Tucson's low- and moderate-income residents through enhancing the physical environment as well as providing direct benefits that will result in improved housing opportunities and enhanced quality of life. The Plan lists the City's allocations, goals, objectives and performance measures for FY 2012. *(Please note: these allocation numbers are preliminary and subject to change by HUD)*

HUD Formula Grant Programs **\$10,235,149**

Community Development Block Grant (CDBG): **\$ 5,597,406**

CDBG funds will be used for a variety of housing and community development activities that benefit low- and moderate-income persons.

HOME Investment Partnerships Program (HOME): **\$ 3,912,499**

HOME funds, leveraged with local general funds, will be allocated for new construction and acquisition projects to preserve and improve the supply of affordable housing.

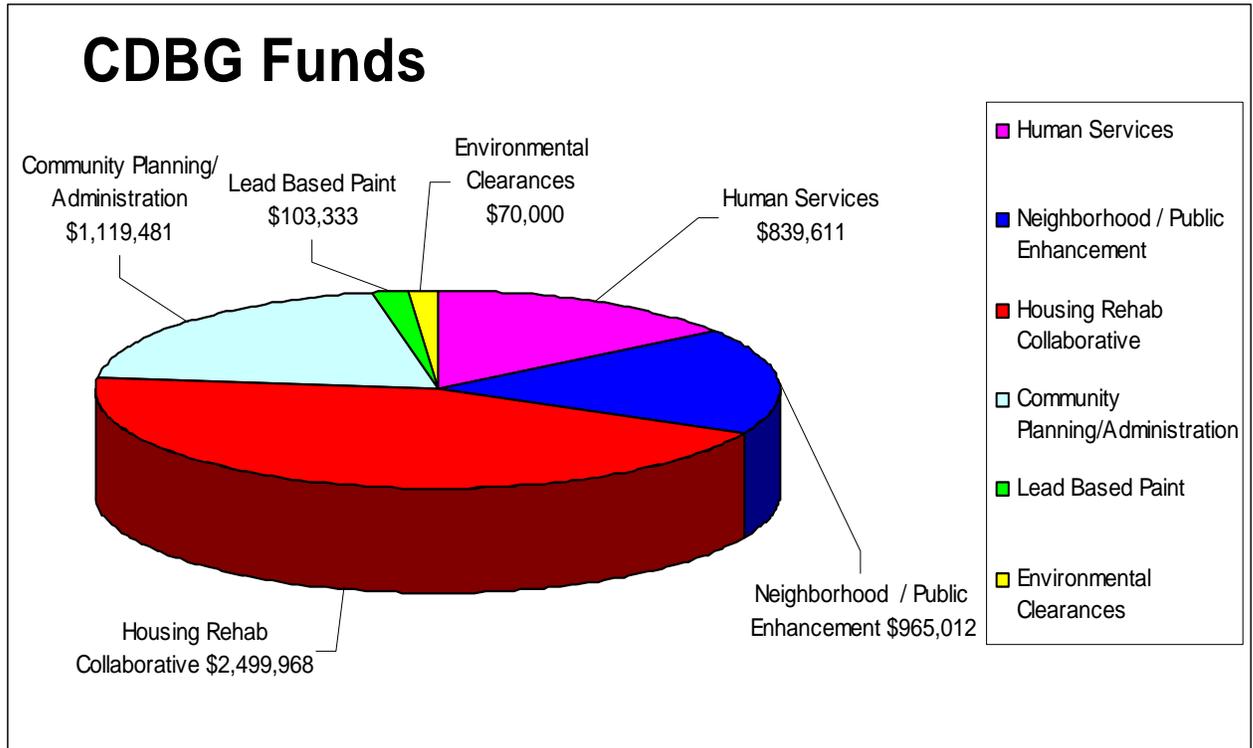
Emergency Shelter Grant program (ESG): **\$ 271,483**

ESG funds will be applied to shelter operating expenses and services to assist shelter residents.

Housing Opportunities for Persons with AIDS (HOPWA): **\$ 453,761**

The City will contract with the Southern Arizona AIDS Foundation (SAAF) to provide housing and case management services.

CDBG Funds:



HOME Funds:

HOME entitlement grants are based on the needs of the City of Tucson and Pima County Consortium. The Consortium is expected to receive **\$ 3,912,499** in FY 2012 (notification of final allocation has not been made at this time).

The City will fund the following activities with **\$2,096,826** in HOME project funds.

Program	Activity	Amount
Housing Development	Develop affordable ownership units	\$283,422
Housing Rehabilitation	Rehabilitate owner-occupied homes	\$100,000
Rental Development & Preservation	Develop & preserve rental units	\$1,693,404
Tenant Based Rental Assistance	Security & Utility Deposits for clients in City of Tucson Housing Assistance Division Specialty Programs: VASH/Family Unification/51 Homes/NED-2 (non-elderly disabled)	\$20,000
TOTAL		\$2,096,826

Emergency Shelter Grant (ESG) Funds:

The following table shows how the City's **\$271,483** entitlement will be used in FY 2012. (These funds were allocated as part of the City's Human Services process.)

Agency	Project	Prevention	Essential Services	O&M	Total
New Beginnings for Women & Children	Emergency Shelter	\$20,000	\$24,366		\$44,366
Open Inn	Emergency Assistance and Shelter		\$35,000	\$47,803	\$82,803
Primavera Foundation	Relief & Referral Men's Shelter		\$20,000	\$20,000	\$40,000
Primavera Foundation	Emergency Family Shelter	10,000		\$60,740	\$70,740
TMM Family Services, Inc.	Family Journey Transitional Housing			\$20,000	\$20,000
City of Tucson	Administration				\$13,574
Total		\$30,000	\$79,366	\$148,543	\$271,483

A complete description of programs for persons who are experiencing homelessness can be found on page 30 of the Annual Plan.

Housing Opportunities for People with AIDS (HOPWA) funds:

A total of **\$453,761** is available for programs that provide housing opportunities to people with AIDS. The City will contract with Southern Arizona AIDS Foundation (SAAF) for **\$440,148** to provide the following services to people living with AIDS:

- Emergency short-term rent, mortgage and utility assistance
- Rental assistance for tenant-based permanent housing units
- Case management and clinical case management
- Supportive services including permanent housing placement and transportation assistance

The following table shows how the City's **\$453,761** entitlement will be used in FY2012.

COT Section 8/TBRA	\$43,893
SAAF/STRMU	\$96,000
SAAF/Supportive Services & Permanent Housing Placement	\$274,332
SAAF Administration (7%)	\$25,923
COT Grantee Administration (3%)	\$13,613
Total	\$453,761

Evaluation of Past Performance

In the 2010-2015 Consolidated Plan, the City of Tucson established annual and five-year goals and priorities for low-income populations. The following chart lists the stated goals and the City's accomplishments toward meeting those goals.

Activity	Annual Goals	FY 2011 Accomplishments	Five-Year Goals
New Homeownership Opportunities	165 units	172 units	825 units
Homeowner Assistance Rehabilitation	474 households	485 households	2,370 households
Rental Production	184 units	206 units underway	920 units
Assistance to persons who are experiencing homelessness	30,000 units of service	100,028 units of service (8,898 persons assisted)	150,000 units of service
Assistance to Persons with Special Needs	6,205 persons assisted	6,700 persons assisted	31,025 persons assisted
Public Services (human services)	37,900 persons assisted	34,625 persons assisted 18,207 (CDBG) 1,371 (ESG) 15,047 (General Funds)	189,500 persons assisted
Community Development Neighborhood Revitalization (Non-housing)	22 facilities	8 facilities 12 projects	110 facilities/ project
Infrastructure	0-1 project	0 miles	3 projects
Blight Remediation	7 structures demolished	6 structures demolished	35 structures demolished

Housing Production and Rehabilitation - Housing quality and affordability affects households and neighborhoods, and is a major contributor to what makes a City function well. Housing that is safe and affordable is crucial to a healthy, vibrant community. Without it, there is an increase in homelessness, public assistance and criminal behavior, as well as a decline in educational performance and proper nutritional health.

Since the peak in 2006/2007, the Tucson-area median sales price has dropped \$60,000 or 27%, creating the potential for a larger pool of low-income buyers to enter the Tucson homeownership market. In 2009, the median priced unit was within reach of nearly one-half of Tucson area households and the assistance required by a moderate income buyer was reduced to \$36,200 from \$95,600. This gap makes multiple strategies to assist first-time homebuyers appropriate, including down payment assistance and interest rate buydowns. At the same time, stricter

underwriting criteria and competition from real estate investors continues to hamper the purchasing efforts of Pima County's low and moderate income households. Homeownership Housing Objectives for the next five years include:

1. Rehabilitate and/or replace 2,370 existing substandard housing units, including historic preservation and lead abatement.
2. Utilizing CDBG, HOME and local resources, support pre-purchase and post-purchase financial and housing counseling and education programs for 2,000 households.
3. Coordinate housing counseling and education resources with down payment, closing cost and new development funding to assist 850 homebuyers. Offer counseling and education to owners in gentrifying areas.
4. Acquire and rehabilitate 450 foreclosed properties (through NSP) for purchase by households, including middle-income households.

Homeless - According to the Homelessness in Tucson/Pima Count report, dated August 2010, approximately 3,500 people a day are homeless in Tucson. The 2010 annual street count revealed an increase of 16% in the number of homeless individuals reported over 2009. Of this population, chronically homeless individuals account for 30% and families with children account for 27%. There was an increase of 20% over last year in the number of homeless youth. City staff will continue working with the Tucson/Pima Collaboration to end Homelessness to develop policies and coordinate comprehensive planning in support of the *Continuum of Care for the Homeless* and the *Ten Year Plan to End Homelessness*. Within the existing Continuum of Care and Plan to End Homelessness there are nine goals and priorities. These goals and priorities include prevention, employment, housing, support services, private sector engagement, transportation, collaboration and coordination, data gathering and education. The City of Tucson has a goal of providing 40,000 units of service to homeless persons each year (these include bed nights, case management, emergency assistance, employment & training, housing vouchers, and food & clothing). That goal was met and exceeded this year as over 100,000 units of service were documented. Consolidated Plan goals and strategies are designed to support these goals and priorities. In addition, the 5-year consolidated plan includes the goal of adding 200 transitional and permanent supportive housing units.

Special Needs – The likelihood of having a disability increases with age. In light of the aging of the Baby Boomers and increasing life expectancies, the City can expect an increase in the number of people with disabilities. Programs available in the community to assist this population include: home repair, retrofitting for handicapped accessibility, reverse mortgage counseling and loans, transportation assistance, and housing for persons living with serious mental illness and HIV/AIDS. This past year, we met our annual goal, having served 6,700 individuals.

Community Development (non housing needs) – The goals with regard to public facilities were met. The goals set for infrastructure improvements were not met due to the availability of funding for these types of projects through other programs. Demolition production was slightly less than projected; however several projects are under historical review which may result in preservation rather than demolition. In FY 2011, the City of Tucson received approximately \$1.3 million in program income from the termination of a contract with the Business Development Finance Corporation revolving loan program. The bulk of these funds will be utilized to restore the exterior of the Marist College downtown in an effort to mitigate spot blight in the area.

Public Services - Public services address the needs of families and individuals that have difficulty maintaining a basic level of security. Over this past year, a total of 34,625 persons were served with a combination of CDBG, ESG and General Funds. This number is slightly less than the stated goal of 37,900 persons.

Objectives and Outcomes

The City of Tucson has incorporated the CPD Outcome Performance Measurement System thereby ensuring that all activities have clearly defined objectives and outcomes. For example, the City intends to fund fourteen programs administered by nine agencies that comprise the Housing Rehabilitation Collaborative in the amount of \$2,499,969 to provide housing rehabilitation services under the objective of Decent Housing with a primary outcome of Sustainability and a secondary outcome of Affordability. Eighteen human service projects will be funded with CDBG in the amount of \$906,291 under the objective of a Suitable Living Environment with an outcome of increased Availability/Accessibility. An additional \$1,257,294 will be applied to projects that have the objective of Suitable Living Environment through public enhancements in low mod areas.

The following table summarizes the proposed objectives and outcomes for FY 2012.

Activity	Amount	Objective	Primary Outcome
Human Services	\$906,291	Suitable Living Environment	Sustainability
Housing Rehabilitation Collaborative	\$2,499,969	Decent Housing	Sustainability
Lead Based Paint (in Housing Rehabilitation Collaborative Program) <i>see Project Listing table</i>	\$100,000	Decent Housing	Sustainability
Neighborhood / Public Enhancement	\$1,257,294	Suitable Living Environment	Availability Accessibility
Environmental Clearances	\$70,000	Suitable Living Environment	Availability Accessibility
Administrative funds, to include Planning	\$1,208,388	Suitable Living Environment	Sustainability

The projects table at the end of this report identifies the individual projects and agencies that will assist in carrying out our identified objectives.

General Questions

1. Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed during the next year. Where appropriate, the jurisdiction should estimate the percentage of funds the jurisdiction plans to dedicate to target areas.
2. Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.215(a)(1)) during the next year and the rationale for assigning the priorities.

3. Describe actions that will take place during the next year to address obstacles to meeting underserved needs.
4. Identify the federal, state, and local resources expected to be made available to address the needs identified in the plan. Federal resources should include Section 8 funds made available to the jurisdiction, Low-Income Housing Tax Credits, and competitive McKinney-Vento Homeless Assistance Act funds expected to be available to address priority needs and specific objectives identified in the strategic plan.

Program Year 2 Action Plan General Questions response:

GEOGRAPHIC AREAS OF THE JURISDICTION

Tucson is the second largest city in Arizona, covering approximately 227 square miles. It is the central city of the metropolitan area. New residents come to Tucson not only from elsewhere in the United States and from Mexico, but also from all over the world. The proximity of Mexico and the presence of the University of Arizona and Davis-Monthan Air Force Base are major factors in Tucson's continuing attraction to residents from other countries, strengthening the international flavor of the community.

In many ways, Tucson follows national trends: the average age of the population of the United States is growing older, just as it is in Tucson. Traditional families are becoming fewer and working moms are more commonplace.

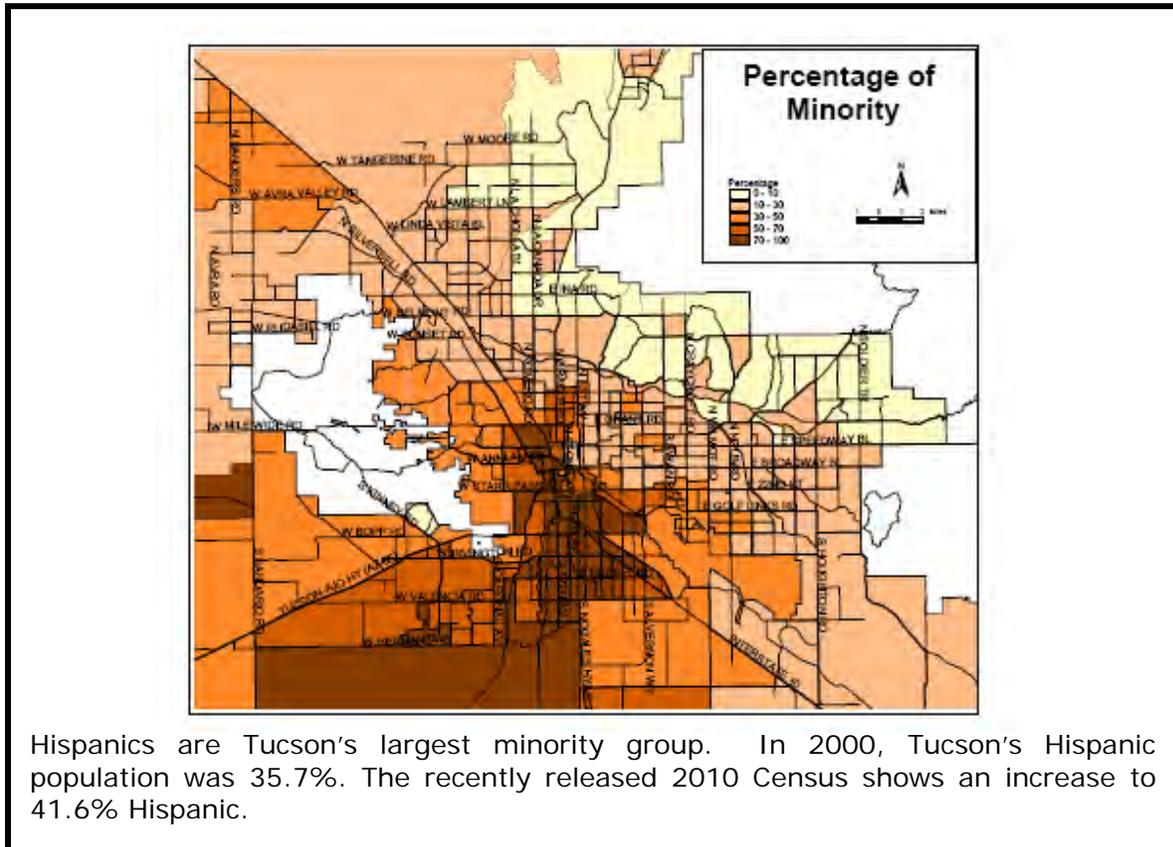
Tucson is also unique. During ordinary economic times, its population grows at a higher rate than the national average. Tucson is more ethnically diverse, with the Hispanic population three times larger than in the rest of the nation. There is a higher proportion of people 65 years and older. Tucsonans move more frequently, and are more likely to rent housing than are residents in most of the United States.

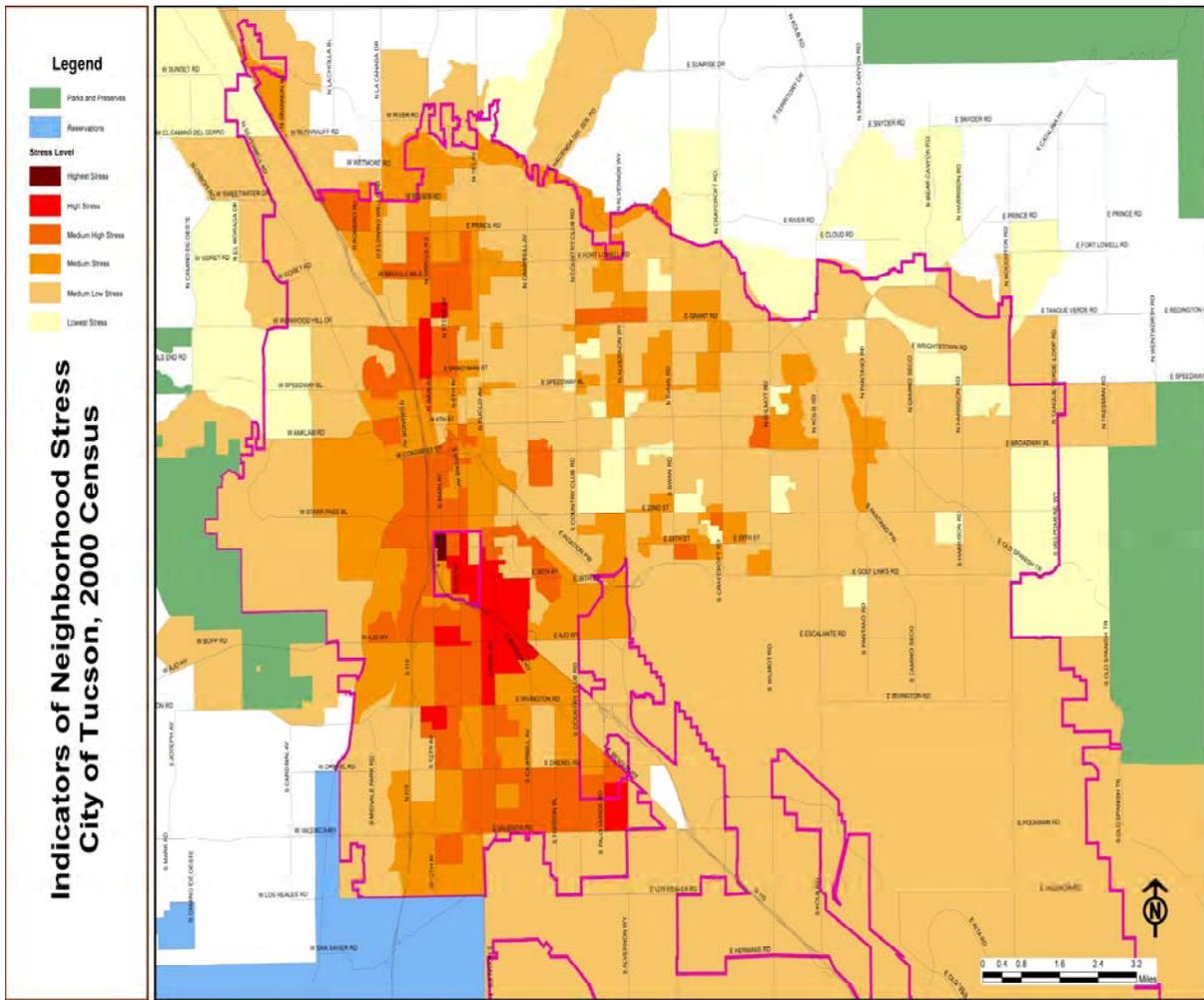
Poverty rates and the number of people in poverty are important means of measuring a community's well-being. In 2000, Tucson's poverty rate was high, 18.4%, compared to 12.4% for the nation. Children comprise the largest group of people living in poverty. According to the 2007/2009 American Community Survey, 20.7% of the City of Tucson's population lives in poverty. Of those in poverty, 28.2% are children, 12.7% are seniors and 19.3% are working age adults. The highest rate of poverty is among families with children.

POVERTY AND TRENDS IN POVERTY (2000 – 2009)						
CITY OF TUCSON						
People in Poverty	2000			2009		
	Total Pop.	In Poverty	% in Poverty	Total Pop.	In Poverty	% in Poverty
Population	469,210	86,532	18%	524,083	108,243	21%
Children Age 0 – 17	116,566	28,318	31%	126,490	35,717	28%
Adults Age 18 – 64	312,913	51,921	14%	335,285	64,605	19%
Adults Age 65+	57,112	6,293	11%	62,308	7,921	13%

Source: Census 2000; American Community Survey 2007/2009 3-yr estimate

Consolidated Plan funds (except HOPWA) will generally be targeted toward this population or toward activities that benefit residents of low-income areas of the City.

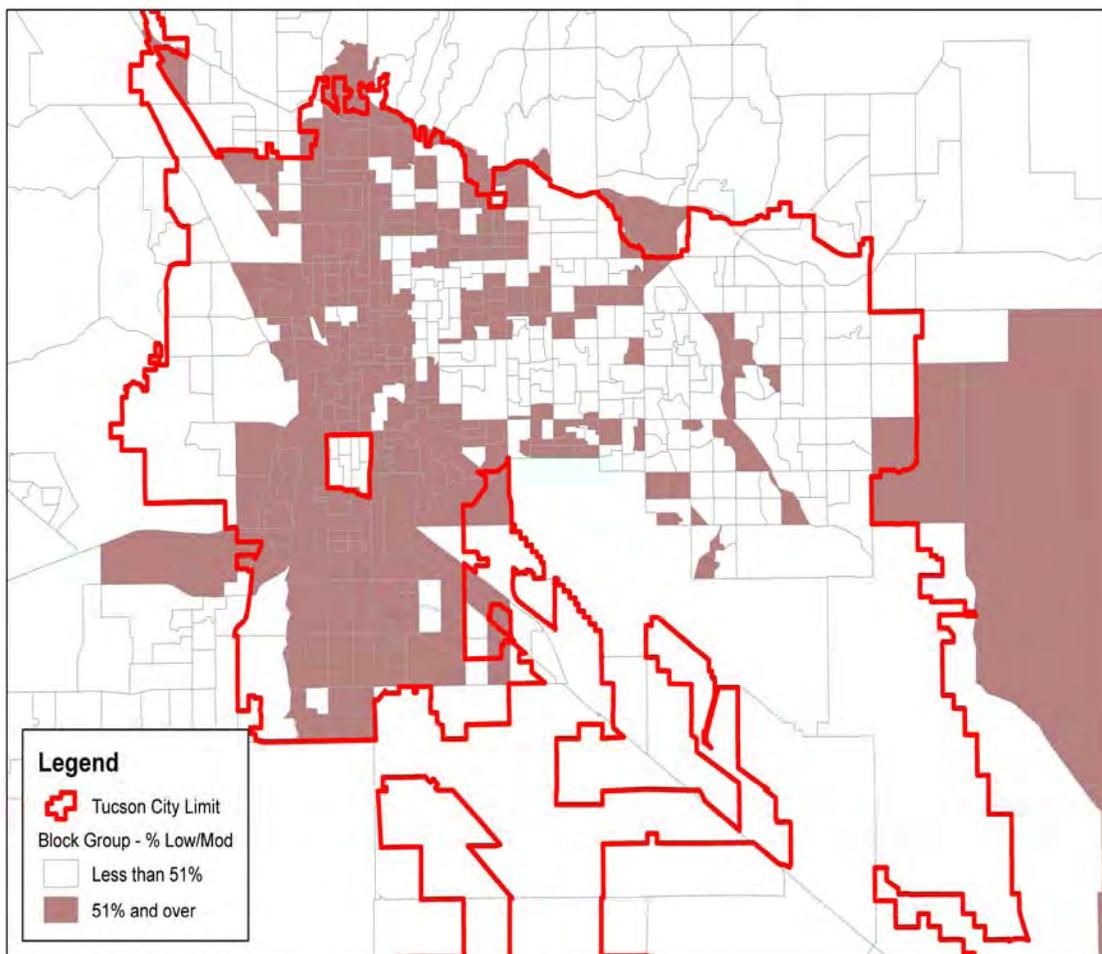




Indicators of neighborhood stress for the City of Tucson are calculated at the block group level. Some block groups straddle or touch the City limits and extend outward. These areas contribute to the city average and are shown on the map.

According to the 2000 census, approximately 40% of Tucson residents earn less than 80% of the area median income, and are therefore classified as low- or moderate-income by HUD. The map below shows 2009 data for block groups with 51% or more low/moderate income persons.

**City of Tucson Block Groups
with 51% or more Low or Moderate Income**



source: HUD, FY 2009 data <http://www.hud.gov/offices/cpd/systems/census/az/>

BASIS FOR ALLOCATION OF FUNDING

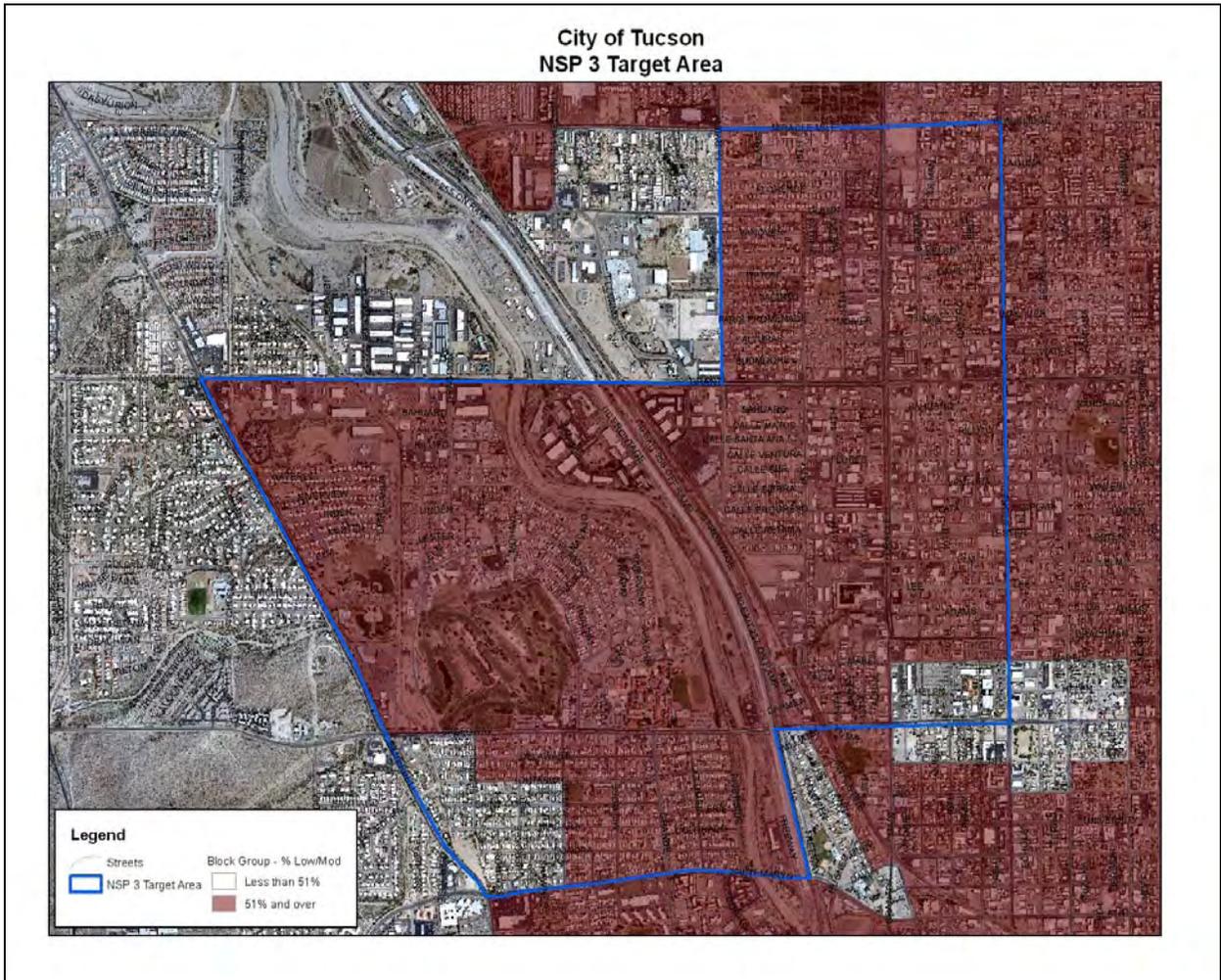
The investments of City entitlement funds in areas of minority concentration is estimated to be broadly distributed and relatively high, as most of the City's entitlement supported programs are open to income-eligible residents city-wide.

The City allocates funding in several ways to ensure investment in areas of minority concentration:

1. Funds allocated to the Housing Rehab Collaborative are distributed to agencies that provide services primarily on a city wide basis with the exception of a few target areas, such as the 15 neighborhoods that adjoin the downtown area, known as Rio Nuevo.
2. Public Services of the City's entitlement funding is directed to citywide programs. This is intended to provide access to services to a broad spectrum of clients. Clients who are also residents from areas of minority concentration may receive services in an area of minority concentration or at a location where the service is offered, outside of an area of minority concentration. In either case, entitlement funds are directed to benefit residents of minority concentration areas. The City has more specific information about clients served at the end of the fiscal year when the Consolidated Annual Performance and Evaluation Report (CAPER) is prepared.
3. The City will fund public facilities projects under the CDBG program only if they are located in a designated low-income area. Many of these projects are located in areas that are both low-income and high minority concentration areas. The City will make these investments to upgrade facilities in areas where there is a disproportionate need or a disparity in the facilities available to the surrounding area.
4. The City of Tucson's Department of Housing and Community Development has been awarded an NSP3 grant. The Department has committed to target other programs, federal and local dollars, and other services into this target area in order to complement the work that will be accomplished as part of the NSP 3 program. The goal of targeting is to have a measurable impact on the residents and businesses in this area and transform it. Services and programs that this department is responsible for that can be targeted in this area include:
 - code enforcement efforts (within the department is a Code Enforcement Division)
 - HOME dollars (proposals will be sought for rental or homeownership projects)
 - Human services program funding (both CDBG and City funding)
 - Home rehabilitation funding (federal funding sources)

- Historic preservation efforts (the City's Historic Preservation Office is within this department)
- Down payment assistance (federal sources)

The City also operates the Tucson House in this area, which is a high rise public housing structure with 408 units that house elderly and disabled persons. Two projects that have come out of the OARP related to the Tucson House are the proposed development of an on-site community garden, and the upgrade of the transit stop that fronts the complex. Both projects are included in this annual action plan. A map of the NSP 3 Target Area is included below, indicating 2009 HUD identified low/moderate block groups within the target area.



Meeting the Needs of the Underserved

Tucson strives to meet the underserved needs of the community. This is accomplished through programs and services to homeowners, renters, and persons who are experiencing homelessness.

Homeowners

The Tucson Housing Rehabilitation Collaborative works together in the furtherance of the following goals:

- the incorporation of home maintenance education and preventive care in housing rehabilitation programs;
- streamlining of the application process for eligible households to apply and receive housing rehabilitation assistance;
- enhancing resources; and
- applying for a portion of the annual CDBG allocation to fund the coordinated strategy.

Renters

Section 8 Housing Voucher Program – At least 75% of the families who are admitted into the Voucher Program must be extremely low-income, meaning those with incomes at or below 30% of the area median. The Tucson area median income for a family of four is \$59,000 (HUD FY 2010 Income Limits).

In FY 2012, the City of Tucson will provide 4,294 Section 8 units for Tucson and an additional 852 for Pima County. These figures include several specialty programs for specific populations.

Public Housing – The City of Tucson will provide 1,505 public housing units in FY2012. These units are targeted in the following way:

- 50% of new admissions at 30% or below of median income;
- 40% of new admissions at 31% to 50% of median income;
- 10% of new admissions at 51% to 80% of median income.

Homeless

Other programs that assist renters and persons who are experiencing homelessness include: Low-Income Housing Tax Credits, HOME-funded Rental Housing Partnership, VANS, El Portal, Shelter Plus Care, HOPWA, Positive Housing Opportunities, and Pathway Supportive Housing.

Lead Hazard Control Program (LHCP)

The City of Tucson is currently implementing a Lead-Based Paint Hazard Control Program. An award was made in November 2007 in the amount of \$3 million. While the City of Tucson's 2010 application was not successful; the City intends to re-apply in the spring of 2011. This award is expected to be received by October 2011. The City follows strict EPA/HUD guidelines for testing and abatement of lead-based paint and other hazardous substances, and requires compliance from its contractors and subcontractors. Funded and administered by HUD's Office of Healthy Homes, the Lead Hazard Control Program (LHCP) conducts a lead risk assessment on eligible residential structures (built prior to 1978 and in which at least one child under the age of six resides) and, upon detection of lead contamination, provides for lead abatement and final clearance testing. Under LHCP, which provides \$3,000,000 over a three-year period, the community's inventory of lead-safe housing units is

increased. This project completes roughly 115 residential units per year and positively impacts the health of 300+ children.

Rehabilitation projects - The City follows strict EPA/HUD guidelines for testing and abatement of lead-based paint and other hazardous substances, and requires compliance from its contractors and subcontractors. Any structures built before 1978 that are proposed for rehabilitation under Federal Programs are evaluated for lead-based paint hazards; remediation activities are carried out as deemed necessary. Notices and requirements regarding testing and removal of lead-based paint are provided to program participants, contractors and project sponsors. The City of Tucson has licensed contractors who are available to perform appropriate abatement and/or removal procedures if lead-based paint is present.

In FY 2012, funds will be allocated for the Housing Rehabilitation Collaborative's Environmental Resources and Compliance Project. Part of the funding will be used to train non-profit and City staff on federal compliance requirements. In addition, seminars dealing with asbestos, mold and healthy-homes awareness will be held.

Housing/Transportation Coordination

Describe the actions to coordinate its housing strategy with local and regional transportation planning strategies to ensure to the extent practicable that residents of affordable housing have access to public transportation.

Creating neighborhoods that offer both housing and transportation affordability requires multiple and targeted strategies and coordination within and across government agencies and the private sector. Strategies must take into account availability of public transportation; location of housing in relation to transportation options, basic services, and jobs; and land use provisions that accommodate mixes of uses. The Center for Neighborhood Technology (CNT) has developed the Housing + Transportation Affordability Index, which includes the cost of transportation with the cost of housing to more accurately determine the affordability of a residential unit by factoring its location in relation to transit, jobs, schools, and other basic services. The tool now includes Pima County data.

The City of Tucson is in the process of preparing a new General Plan. The Plan will provide guidance to better integrate housing, public transportation, services, and jobs. Tools such as the CNT Index will be considered in the development of the Plan.

Additionally, member jurisdictions within the Tucson Metropolitan Area have been working together to create a regional vision that takes into account the issues of affordable housing and transportation as an important component to smart growth.

Federal, State and Local Resources

In addition to the funds noted in this document, an estimated \$65.5 million in federal, state and local resources will help address the needs identified in the plan. They include:

- \$31.5 million - Housing Choice Voucher Program
- \$15.2 million - Public Housing Program
- \$ 1.8 million - HUD 811 Sunrisa Apartments
- \$.5 million - ADHS Sunrisa Apartments
- \$ 1.5 million - Pima County General Obligation Bonds

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- \$ 2.5 million - Pima County Neighborhood Reinvestment
 - \$ 350,000 - Neighborhood Stabilization Program (NSP1)
 - \$ 3.0 million - Neighborhood Stabilization Program(NSP2)
 - \$ 2.1 million - Neighborhood Stabilization Program (NSP3)
 - \$ 2.5 million - First Things First Economic Stabilization of Families
 - \$ 4.5 million - Mortgage Credit Certificates

Managing the Process

1. Identify the lead agency, entity, and agencies responsible for administering programs covered by the consolidated plan.
2. Identify the significant aspects of the process by which the plan was developed, and the agencies, groups, organizations, and others who participated in the process.
3. Describe actions that will take place during the next year to enhance coordination between public and private housing, health, and social service agencies.

Program Year 2 Action Plan Managing the Process response:

The City of Tucson Housing and Community Development Department is responsible for overseeing the development of the Action Plan. For the administration of CDBG, ESG and HOME funds, the City of Tucson Housing and Community Development Department is the lead agency and collaborates with the Tucson Housing Rehabilitation Collaborative, Tucson Pima Collaboration to End Homelessness (TPCH), Pima County, Pima Association of Governments SSBG Committee as well many non-profit agencies delivering services in developing needs and priorities for funding and services. The 2010-2015 Consolidated Plan remains the key guiding document for funding and goal setting.

HCD staff is involved in committees and sub-committees of local organizations and collaboratives providing services to our identified service populations. Through staff's work on these committees and internal information exchanges, the Department of Housing and Community Development monitors emerging issues and changing needs for programs and services within the community. The City convenes the Human Services Planning Committee bi-annually to determine priorities and selection criteria for Public/Human Services Funding. The City contracts with the Southern Arizona AIDS Foundation (SAAF) to provide housing and case management services with HOPWA funds.

Citizen Participation

1. Provide a summary of the citizen participation process.
2. Provide a summary of citizen comments or views on the plan.
3. Provide a summary of efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities.

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4. Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.

Program Year 2 Action Plan Citizen Participation response:

As required by the Department of Housing and Urban Development (HUD), the City of Tucson complies with 24 CFR 91.105, Citizen Participation Plan for local governments as outline. The City has adopted a citizen's participation plan that sets forth the City's policies and procedures for citizen participation. A complete copy of this plan may be found on the City's website www.tucsonaz.gov/hcd

The City of Tucson's goal for citizen participation (<http://cms3.tucsonaz.gov/files/hcd/Citizen%20Participation%20Plan.PDF>) is to ensure broad participation of both residents and service providers in housing and community development planning and program development. The City follows its published Citizen Participation Plan in consulting with the public and stakeholder agencies.

The City of Tucson Housing and Community Development Department is responsible for overseeing the development of the Action Plan. The City's Citizen Participation Plan was followed in preparing the Action Plan. The Action Plan was made available to the public for a 30-day review period (April 8 – May 8). A public meeting was held on April 20, 2010 and a final public hearing was held by the Mayor and Council on May 10, 2011. City staff undertook a comprehensive outreach approach for the public meeting, including direct mailings and notices in the local paper. The mailing list was comprised of agencies that have responded to previous Requests for Proposals, and other community stakeholders.

There were no attendees at the April 20 meeting, and no citizens commented at the Mayor and Council Public Hearing of May 10. One comment was received via e-mail, comment and response are listed below:

>>> Barbara Montrose <Barbara.Montrose@cpsa-rbha.org> 5/4/2011 3:46 PM >>>

Comments regarding the CPMP Second Annual Action Plan

Under the HOMELESS section TPCH is referred to as Tucson Planning Council for the Homeless. The correct name is Tucson/Pima Collaboration to end Homelessness. The name changed in January 2011. It makes me wonder if the document creators have been provided with sufficient information to create the section called HOMELESS. The information about the amount of HUD CoC funding is incorrect as is the percentage that is devoted to permanent supportive housing.

Naming a group of people as "the homeless" stigmatizes and de-humanizes them. It also creates a class of people that are considered lower than all others. HUD refers to "people who are experiencing homelessness" rather than "the homeless". Perhaps this document could also use less stigmatizing language.

The 51homes initiative is not mentioned. This is the most noteworthy activity to address the challenge of helping people who live on the street who have extreme medical vulnerability. The initiative addresses helping the community, helping people and changing systems. The PHA is an important partner in this initiative.

Thanks for the opportunity to comment.

-----Original Message-----

From: Anna Sanchez [<mailto:Anna.Sanchez@tucsonaz.gov>]

Sent: Wednesday, May 11, 2011 10:20 AM

To: Barbara Montrose

Subject: Re: CPMP Second Annual Action Plan Comment

Dear Ms. Montrose,

Thank you for your comments regarding our Second Annual Action Plan.

Your point regarding our use of the term "the homeless" rather than "persons who are experiencing homelessness" is well taken. We will correct the terminology utilized in the plan. We will also change the correct name for TPCCH based on the name change of January 2011.

The funding reported in the annual plan for the CoC is the portion the City of Tucson receives as part of the CoC. All CoC funding is not reflected in the City of Tucson's Annual Plan.

We agree that the 51 Homes is a most noteworthy activity. It is mentioned in the Annual Plan on page 29 under the discussion of chronic homelessness.

Again, thank you for taking the time to review our annual plan. Your input is invaluable in helping us to improve and refine our community's plan.

Anna S. Sanchez
Principal Planner
Housing & Community Development Department
310 W. Commerce Park Loop
P.O. Box 27210
Tucson AZ 85726-7210
Ph: 520-837-6953
Fax:520-791-2529

Anna.Sanchez@tucsonaz.gov

>>> Barbara Montrose <Barbara.Montrose@cpsa-rbha.org> 5/11/2011 10:22 AM >>>
Subject: Re: CPMP Second Annual Action Plan Comment

Thank you.

Monitoring

1. Describe actions that will take place during the next year to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.

Program Year 2 Action Plan Monitoring response:

Program monitoring for CDBG and HOME regulatory compliance occurs on a continual basis.

The following is the City's current guidance relating to monitoring plans for both CDBG and HOME (HOME monitoring schedule is located on page 26). Our strong commitment to the monitoring of our partnering agencies has resulted in stronger relationships, minimization of errors, and better product and service delivery throughout the community. Of particular note is our pre-contract audit requirement, whereby City staff review agencies' financial systems to insure that they have the capacity to successfully manage the awarded funds.

During the contract process, subrecipients are afforded one-on-one technical assistance designed to assist with developing successful programs, and to discuss the regulatory requirements of the CDBG/HOME/ESG/HOPWA programs.

Pre-Award Screening

- Prior to award of funds, all sub-recipient service providers received pre-contract assessments to assure that sufficient administrative and fiscal management systems were in place to successfully provide the service identified in the grant applications.
- During the RFP process, City staff met individually with agencies to evaluate other program capacity issues.

Post-Award Monitoring

- After funding approval, sub-recipients received program orientation and technical assistance in setting up the necessary reporting mechanisms.
- Desk monitoring and technical assistance was provided on a continual basis as monthly billings were reviewed and processed.

City staff conducted Need and Risk Assessments on 100% of the contracts. City staff used the Monitoring HOME Program Performance model developed by HUD to ensure compliance with HOME rules and regulations. Public facility and infrastructure projects with Davis-Bacon requirements were implemented, administered and monitored in compliance with the appropriate statutes and regulations.

Annually, City staff holds an eligibility-training class for all funded agencies that manage low-income HOME rental units. The class is mandatory for all CHDO's that receive CHDO Operating Funds. The training includes how to conduct income eligibility in accordance with Section 8 guidelines, and explains what documents must be maintained in the eligibility file.

CDBG Monitoring

It is the policy of the Housing and Community Development Department, Planning and Community Development Division, to monitor all sub-recipient contracts on an annual basis. All sub-recipients will, at a minimum, be monitored by means of an office desk-review utilizing a monitoring checklist appropriate for the program/project. Those sub-recipients whose risk assessment is high (4 or more factors checked) will receive on-site monitoring. Those sub-recipients whose risk assessment is medium (2 to 3 factors checked) will, time permitting, receive on-site monitoring, with those with the highest number of risk factors being a priority. Those sub-recipients whose risk assessment is low (0 to 1 factors checked) will receive a desk-review monitoring. All sub-recipients will receive on-site monitoring in the event it is requested by an authorized city, state or federal official. Additionally, the City may, at its discretion, perform a risk assessment of a sub-recipient, and if the risk assessment warrants on-site monitoring, the City may perform same. The monitoring checklist will be revised this year based on discussions with HUD staff. All public facility projects require an on-site visit prior to making final payment.

Monitoring Consolidated Plan Performance and Timeliness Requirements

The Consolidated Plan is utilized as the basis for compiling the Annual Action Plan to ensure continuity of progress toward meeting the goals of the 5-year plan. The Division conducts weekly management meetings to discuss issues and develop plans to mitigate problems, achieve stated goals, and meet regulations. Project specific meetings are conducted to discuss issues associated with particular projects. The department director and assistant director are informed and/or included in project specific meeting as needed. The Consolidated Annual Performance and Evaluation Report (CAPER), is reviewed to ensure that needs are being met and goals are being

accomplished. IDIS timeliness reports are utilized to monitor disbursements and to ensure that the drawdown ratio is in compliance with HUD's timeliness standard.

Lead-based Paint

1. Describe the actions that will take place during the next year to evaluate and reduce the number of housing units containing lead-based paint hazards in order to increase the inventory of lead-safe housing available to extremely low-income, low-income, and moderate-income families, and how the plan for the reduction of lead-based hazards is related to the extent of lead poisoning and hazards.

Program Year 2 Action Plan Lead-based Paint response:

The City follows strict EPA/HUD guidelines for testing and abatement of lead-based paint and other hazardous substances. The City requires compliance from its contractors and subcontractors involved in rehabilitation projects. Any structures built before 1978 that are proposed for rehabilitation under Federal Programs are evaluated for lead-based paint hazards; remediation activities are carried out as deemed necessary. Notices and requirements regarding testing and removal of lead-based paint are provided to program participants, contractors and project sponsors. The City of Tucson has licensed contractors who are available to perform appropriate abatement and/or removal procedures if lead-based paint is present. In FY 2012, funds will be allocated for the Housing Rehabilitation Collaborative's Environmental Resources and Compliance Project. Part of the funding will be used to train non-profit and City staff on federal compliance requirements. In addition, seminars dealing with asbestos, mold and healthy-homes awareness will be held.

HOUSING

Specific Housing Objectives

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

Program Year 2 Action Plan Specific Objectives response:

Tucson strives to meet the underserved needs of the community. This is accomplished through programs and services to homeowners, renters, and persons who are experiencing homelessness.

Homeowners

In FY 2012, The Housing Rehabilitation Collaborative will provide assistance to 500 households through its various housing rehab programs.

Renters

Section 8 - In FY 2012, the City of Tucson will provide 4,294 Section 8 units for Tucson and an additional 852 for Pima County. These figures include several specialty programs for specific populations.

Public Housing – The City of Tucson will provide 1,505 public housing units in FY2012. These units are targeted in the following way:

- 50% of new admissions at 30% or below of median income;
- 40% of new admissions at 31% to 50% of median income;
- 10% of new admissions at 51% to 80% of median income.

Annual Affordable Housing Completion Goals

Grantee Name: City of Tucson Program Year: 2012	Expected Annual Number of Units To Be Completed	Funding Sources			
		CDBG	HOME	ESG	HOPWA
BENEFICIARY GOALS (Sec. 215 Only)					
Homeless households	75	X		X	
Non-homeless households	340	X	X		
Special needs households	375	X	X		X
Total Sec. 215 Beneficiaries*	790				
RENTAL GOALS (Sec. 215 Only)					
Acquisition of existing units	100		X		
Production of new units	100		X		
Rehabilitation of existing units	75		X		
Rental Assistance	125		X		X
Total Sec. 215 Affordable Rental	400				
HOME OWNER GOALS (Sec. 215 Only)					
Acquisition of existing units	15		X		
Production of new units	75		X		
Rehabilitation of existing units	175	X	X		
Homebuyer Assistance	125		X		
Total Sec. 215 Affordable Owner	390				
COMBINED RENTAL AND OWNER GOALS (Sec. 215 Only)					
Acquisition of existing units	115		X		
Production of new units	175		X		
Rehabilitation of existing units	250	X	X		
Rental Assistance	125		X		
Homebuyer Assistance	125		X		
Combined Total Sec. 215 Goals*	790				
OVERALL HOUSING GOALS (Sec. 215 + Other Affordable Housing)					
Annual Rental Housing Goal	400	X	X	X	X
Annual Owner Housing Goal	390	X	X		
Total Overall Housing Goal	790	X	X	X	X

Needs of Public Housing

1. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.
2. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year.

Program Year 2 Action Plan Public Housing Strategy response:

The City has several initiatives that provide opportunities to Public Housing Program residents:

Family Self -Sufficiency Program

City of Tucson's Self-Sufficiency Program seeks to assist Section 8 and public housing residents move from dependency on public assistance programs to independence. Provision of case management services, educational opportunities, job training opportunities, employment assistance, and the use of an escrow savings account are program components designed to help participants achieve goals.

IDEA Program

The IDEA program provides assistance with down payment and closing costs to qualified participants of the City of Tucson's Family Self-Sufficiency program (FSS). In an effort to promote first-time homeownership for low-income families, eligible FSS families receive homebuyer education/counseling and their escrow savings accounts are matched on a \$3-to-\$1 basis, up to a maximum award of \$15,000. IDEA funding for Tucson is provided by Federal Home Loan Bank of San Francisco, and administered by National Bank of Arizona.

Depot Plaza

The City was awarded a \$9.8 million grant for a HOPE VI Grant to revitalize the Martin Luther King (MLK) Apartments, which serve the elderly and disabled. The overall project, entitled Depot Plaza, includes a mixed-use, mixed-income, transit-oriented development that complements plans to establish Downtown Tucson as a premier urban center in the Southwest. The new apartment building has 68 units, however all 96 of the original MLK units have been replaced, either on the Downtown site or in other City locations.

Asset Management Project (AMP) Operations

Tucson manages the federally funded Public Housing Program, which operates according to HUD's AMP approach to property management. The Program includes 11 AMP's managed by six Housing Management Project Coordinators and their administrative and maintenance staff. The AMPs include both multifamily complexes and individual homes, duplexes, and triplexes scattered throughout the city.

ROSS Program

Over several years, Lutheran Social Services of the Southwest (LSS–SW) has received three HUD Resident Opportunities and Self-Sufficiency (ROSS) grants in the amount of \$375,000 each, to serve our Public Housing elderly/disabled residents. HCD acts as Contract Administrator, overseeing activity on these grants. Each grant has an initial term of three years. ROSS grants provide services that help residents to maintain physical and mental health, good nutrition, fitness, and socialization. They learn ways to manage chronic disease, navigate the health care system, and find resources in the community. Group transportation to shopping, cultural & community events, parks & outdoor activities, health fairs, and health screenings are also provided through the ROSS grants. These services enable many residents to continue living independently and to avoid institutionalization.

Barriers to Affordable Housing

1. Describe the actions that will take place during the next year to remove barriers to affordable housing.

Program Year 2 Action Plan Barriers to Affordable Housing response:

The following are actions the City will take in FY 2012 to remove barriers to affordable housing:

Bilingual Material

A large percentage of low-income residents in Pima County are Spanish speaking. Materials and advertisements promoting countywide homeownership programs are printed in English and Spanish.

The City of Tucson has also established a Language Assistance Plan for those clients with limited English proficiency (LEP Plan). It provides meaningful access to program information and services for clients who are limited in their English proficiency.

Incentives for Private Developers

The City provides incentives to non-profit and for-profit developers that expand their affordable housing production. The City has leveraged land and provided below-market financing for affordable housing development. The City also markets individual homes and provides qualified buyers for affordable houses produced by the private sector.

Don't Borrow Trouble Program

Don't Borrow Trouble is the first comprehensive consumer awareness campaign of its kind, combining public education and counseling services to help homeowners avoid lending practices that strip away their home's equity. Don't Borrow Trouble uses brochures, mailings, posters, public service announcements, transit ads and television commercials to inform the public and answer questions from potential borrowers — and to provide assistance to consumers if they've already taken out a loan.

Affirmatively Furthering Fair Housing

The City of Tucson/Pima County consortium receives entitlement funds and collaborates to conduct the Analysis of Impediments (AI) process and submit the AI report to HUD. The initial AI report was submitted in 1998. That document was updated, enhanced, revised and finally submitted in completed form to HUD in April 2000.

The 2009 AI, covering 2010-2014, updates and revises the last AI completed in 2004, and is available at <http://cms3.tucsonaz.gov/hcd/plans>. The 2009 AI was drafted by the Southwest Fair Housing Council (SWFHC) in collaboration with the Southwest Center for Economic Integrity (SCEI) under contract to, and with funding from, Pima County. This work was done on behalf of the consortium, which includes Pima County and the City of Tucson.

FUNDS COMMITTED TO FAIR HOUSING ACTIVITY

AGENCY	CITY FUNDING
Southwest Fair Housing Council	\$27,000
Don't Borrow Trouble	\$27,000
TOTAL	\$54,000

HOME/ American Dream Down payment Initiative (ADDI)

1. Describe other forms of investment not described in § 92.205(b).
2. If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of the HOME rule.

Affordability of HOME funds shall be maintained by the recapture method, except for those instances where HOME funds is used in conjunction with the Pima County Community Land Trust, in those instances, the affordability will be maintain by the resale method. A Note and Deed of Trust will be recorded to ensure the required period of affordability is met.

3. If the PJ will use HOME funds to refinance existing debt secured by multifamily housing that is that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under § 92.206(b). The guidelines shall describe the conditions under which the PJ will refinance existing debt. At a minimum these guidelines must:
 - a. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.
 - b. Require a review of management practices to demonstrate that disinvestments in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.
 - c. State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.
 - d. Specify the required period of affordability, whether it is the minimum 15 years or longer.

-
- e. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.
 - f. State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.

HOME funds will not be utilized in this manner.

4. If the PJ is going to receive American Dream Down payment Initiative (ADDI) funds, please complete the following narratives:
 - a. Describe the planned use of the ADDI funds.
 - b. Describe the PJ's plan for conducting targeted outreach to residents and tenants of public housing and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide down payment assistance for such residents, tenants, and families.
 - c. Describe the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.

The City will not receive ADDI funds.

Program Year 2 Action Plan HOME/ADDI response:

HOME PROGRAM DESCRIPTION

The Home Investment Partnership program (HOME) was authorized by Congress as part of the 1990 National Affordable Housing Act. HOME is an annual entitlement that provides local governments with funds to acquire, rehabilitate, build or subsidize transitional, rental and homeowner housing for low-income families. HOME program funds require a 25% local match with non-federal funds.

The program allows localities to join together to form a consortium, in which one entity is the lead and the HOME entitlement is calculated based on the needs of the consortium as a whole. The City of Tucson and Pima County formed a HOME consortium in 1992, with the City as the lead agency.

The HOME program also defines special non-profits called Community Housing Development Organizations (CHDOs), which are certified to meet federal criteria, and for which at least 15% of the local HOME allocation must be set aside. CHDOs may also get HOME funds (up to 5% of the allocation) for operating costs. The City of Tucson and Pima County have nine certified CHDOs.

Each year the City and County are required to prepare a HOME program description as part of the annual update to the 5-year Consolidated Plan. This program description describes how HOME funds will be budgeted for the upcoming fiscal year, July 1 through June 30. As part of the Annual Plan, this program description is submitted to HUD for approval.

HUD FY 2012 HOME Allocation

The total HOME funds allocated to the City of Tucson and Pima County for FY 2012 is \$3,912,499. These funds are allocated as follows: 10% for Administration, 20% CHDOs (15% projects, 5% operating costs not to exceed 50% of a CHDOs non-federal total operating budget), and 70% for other HOME projects. The following describes the use and project types for the City of Tucson HOME program entitlement funds, followed by the description of use and project types of the Pima County HOME program entitlement funds.

HOME Funds Distribution	Consortium Allocation	Pima County Allocation	City of Tucson Allocation
Total	\$3,912,499	\$885,750	\$3,026,749
Administration	\$391,250	\$71,677	\$319,573
CHDO Projects	\$586,875	\$129,112	\$457,762
CHDO Operating	\$195,625	\$43,037	\$152,587
Projects	\$2,738,749	\$641,923	\$2,096,826

City Projects	
Rehabilitation (deferred Loan)	\$100,000
TBRA*	\$20,000
Rental	\$1,693,404
Homeownership	\$283,422
Total	\$2,096,826

County Projects	
Homeownership: down payment assistance, development & preservation	\$221,923
Rental Development & Preservation	\$420,000
Total	\$641,923

*The use of TBRA under the Section 8 Housing Choice Voucher Program for deposits is limited to the following special populations:

1. **Homeless persons** under the following programs:
 - a. HUD-VASH (homeless veterans)
 - b. Family Unification Program
 - i. Families that are separated by DES/CPS for lack of adequate housing
 - ii. Youth 18-21 that lack adequate housing due to aging out of foster care
 - c. 51 HOMES homeless persons that are medically vulnerable
2. **Disabled Persons**
 - a. NED-2 PROGRAM: Persons that are non-elderly but disabled who are being placed out of an institution (discharge planning)

The City and County will set aside general funds as necessary to meet the 25% HOME match requirement. The City and County will also calculate resources such as: donated land, non-federal sources of cash invested in projects, and the value of savings on below-market interest rate loans.

Investment of HOME funds that result in affordable housing in the 15 downtown neighborhoods defined by the Rio Nuevo redevelopment project is encouraged.

Community Housing Development Organizations (CHDOs) Budget: \$586,875

The City of Tucson, as the lead agency, works directly with CHDOs to develop affordable housing units. CHDOs are non-profit organizations that meet federal HOME criteria to develop, sponsor, and/or own projects. The activities of CHDOs include rental housing, transitional housing and single-family home acquisition, rehabilitation and new construction, and assistance to homebuyers. Funding for this program is the amount equivalent to 15% of the total HOME allocation.

CHDOs Operating Expenses - Budget: \$195,625

This program allows a CHDO to request for operating costs of up to 50% of its total operating non-federal budget or \$50,000, whichever is greater. CHDO operating expenses is defined as reasonable and necessary costs required in the operation of a CHDO.

HOME Program Match Requirement

Twenty-five percent (25%) matching funds for HOME funding will be provided from the County and City general funds as well as the value of resources such as donated land, nonfederal source sources of cash invested in projects and the value of savings on below-market interest rate loans to meet the 25% HOME Match requirement.

HOME Monitoring

Annually, the City of Tucson monitors the following units to ensure that all of the HOME units, and the Complexes meet the HOME Monitoring requirements as specified in 24 CFR Part 92.207.

Rental Partnership Monitoring Frequency and Scheduling

	Project	Frequency	# COT HOME Units
1	Casa Bonita 1 & 2	2 years	4
2	MHC - 9 Home Contract	2 years	9
3	MHC - 11 Home Contract	2 years	11
4	El Portal	Annual	43
5	Casita Mia 1 & 2	2 years	10
6	Parkside Terrace Apts	Annual	11
7	Winstel Terrace Apart.	Annual	19
8	Colores Del Sol	Annual	11
9	Casa Bonita 3, 4 & 5	Annual	11
10	St. Lukes in the Desert	Annual	5

11	1 North 5th	Annual	11
12	Talavera Apartments	Annual	11
13	Fry Apartments	Annual	48
14	TMM Fairhaven North	3 years	5
15	Mabel & Delano	2 years	8
16	TMM Lee St - Fourplex	3 years	4
17	TMM Fairhaven South	3 years	4
18	New Beginnings PH 1	2 years	16
19	New Beginnings PH 2	2 years	24
20	Las Villas De Kino Phase 1	Annual	11
21	Las Villas De Kino Phase 2	Annual	11
22	Casitas Esperanzas Byas	2 years	8
23	Wings of Freedom	2 years	8
24	MacArthur Apartments	2 years	6
25	Michael Keith	3 years	1
26	Casita Mia 5	3 years	2
27	ADDI/HAP	Annual	N/A
28	Council House	Annual	4
29	NCR of Tucson	Desk Only	30
30	Ghost Ranch Lodge Ph 1	Annual	20
31	Casitas On Broadway	Desk Only	28
32	Glenstone Apts	Annual	7
33	Ghost Ranch Lodge Ph 2	Annual	11
34	Blanche Johnson	Desk Only	34

Housing quality inspections are done on an annual basis to ensure continued compliance with City of Tucson housing codes.

Affirmative Marketing

The City of Tucson requires the owner/agent to comply with the City’s procedures and requirements for rental projects containing five or more HOME assisted housing units. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area (as defined in the original HOME funds application) to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. The affirmative marketing requirements and procedure adopted by the city of Tucson are included in every HOME/agency contract.

The City will assess the affirmative marketing efforts of the owner by comparing predetermined occupancy goals to actual occupancy data that the owner is required to maintain. Outreach efforts on the part of the owner will be evaluated by reviewing marketing efforts.

The City will assess the efforts of the owners receiving HOME funds during the rent-up period and marketing of the units by use of a compliance certification or personal monitoring visit to the project at least annually.

Corrective actions are required when it is determined that the owner has failed to follow affirmative marketing requirements. Such actions include extensive outreach efforts to appropriate contacts to achieve occupancy goals, or other actions the City may deem necessary.

Minority Outreach

The City of Tucson has developed a Disadvantaged Business Enterprise (DBE) Program to ensure full and equitable economic opportunities to persons and businesses that compete for business with the City. This program serves to create equal opportunity for those firms doing business with the City of Tucson on projects receiving federal financial assistance. A firm must be a minority or woman-owned business; or owned by a majority owner who can demonstrate social and economic disadvantage. The disadvantaged owner must own at least 51% of the business enterprise. The disadvantaged owner must manage, operate, and control the managerial and daily operational functions of the firm. Minority- and Women-Owned business outreach provisions are incorporated into every HOME Contract.

HOMELESS

Specific Homeless Prevention Elements

1. Sources of Funds—Identify the private and public resources that the jurisdiction expects to receive during the next year to address homeless needs and to prevent homelessness. These include the McKinney-Vento Homeless Assistance Act programs, other special federal, state and local and private funds targeted to homeless individuals and families with children, especially the chronically homeless, the HUD formula programs, and any publicly-owned land or property. Please describe, briefly, the jurisdiction's plan for the investment and use of funds directed toward homelessness.
2. Homelessness—In a narrative, describe how the action plan will address the specific objectives of the Strategic Plan and, ultimately, the priority needs identified. Please also identify potential obstacles to completing these action steps.
3. Chronic homelessness—The jurisdiction must describe the specific planned action steps it will take over the next year aimed at eliminating chronic homelessness by 2012. Again, please identify barriers to achieving this.
4. Homelessness Prevention—The jurisdiction must describe its planned action steps over the next year to address the individual and families with children at imminent risk of becoming homeless.
5. Discharge Coordination Policy—Explain planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how, in the coming year, the community will move toward such a policy.

Program Year 2 Action Plan Special Needs response:

Plan for Investment and Use of Available Funds

The Continuum of Care expects to receive approximately \$13 million from public and private sources with 100% intended to address the needs of persons who are experiencing homelessness. Of the approximate \$6.6 million provided by HUD, 10% is dedicated to the development and ongoing operation of permanent supportive housing for homeless persons with disabilities. The remaining 84% is dedicated to a

variety of homeless transitional housing programs that include supportive services and employment services.

During FY 2012, the City plans to spend \$673,922 in federal CDBG and ESG funds on programs for persons who are experiencing homelessness. These programs will serve approximately 9 transitional housing and emergency shelters. Specific projects being supported during FY 2012 are listed below. The goals of these projects are to prevent homelessness and assist individuals and families find permanent housing and regain self-sufficiency.

Projects that Serve the Homeless

		CDBG	ESG
Human Services			
Community Food Bank	Emergency Food Assistance Program	\$85,000	
Interfaith Coalition for the Homeless	Winter Shelter	\$24,900	
Open INN	Crisis Assistance Shelter	\$31,040	\$82,803
New Beginnings for Women & Children	Emergency Shelter	\$46,176	\$44,366
PCOA/CHRPA	Elderly Independence	\$30,500	
Primavera Foundation	Emergency Services	\$58,864	\$40,000
Primavera Foundation	Family Shelter Services	\$6,640	\$70,740
Primavera Foundation	Women's Services	\$58,150	
TMM Family Services	Family Journey	\$23,240	\$20,000
Wingspan	Anti Violence Project	\$25,730	
Youth on their Own	Special Needs	\$25,773	
		CDBG Total	ESG Total
		\$416,013	\$257,909

HOMELESSNESS

The 2010-2015 Consolidated Plan listed the following housing goal to assist persons who are experiencing homelessness and special needs populations:

- Add 200 units of transitional housing and permanent supportive housing (40 units/year)

For Fiscal Year 2012, the City of Tucson plans to use CDBG and ESG money to fund a variety of non-profit agencies for the provision of services to persons who are experiencing homelessness, those at risk of being homeless and homeless households with children. These activities are summarized below.

- Fund providers through the Continuum of Care process that propose to link housing to services
- Identify homeless characteristics and adapt service system to meet the characteristics
- Increase supply of shelter services, transitional and permanent supportive housing
- Seek additional funding from Shelter Plus Care and Supportive Housing Program Grants

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- Seek additional funds for medical, behavioral, substance abuse, and mental health services
 - Fund services that enhance discharge planning and other preventive services
 - Prevention: rent, utility and mortgage assistance and debt and mortgage counseling
 - Short-term assistance: emergency shelters and motel vouchers
 - Employment and training tied to housing assistance
 - Implementation of Continuum of Care strategies through participation in the local process – Tucson/Pima Collaboration to end Homelessness
 - Development of housing targeted to special needs populations
 - Continued implementation of a 10-year plan to end homelessness

USE OF AVAILABLE RESOURCES

During Fiscal Year 2012 the City will receive the following funds:

Community Development Block Grant (CDBG): \$5,597,406

CDBG funds will be used for a variety of housing and community development activities that benefit low- and moderate-income persons.

HOME Investment Partnerships Program (HOME): \$3,912,499

HOME funds, leveraged with local general funds and program income of approximately \$550,000 (\$220,000 PI, \$338,530 GF), will be allocated for new construction, acquisition and down payment assistance projects to preserve and improve the supply of affordable housing.

The City of Tucson and Pima County formed a HOME consortium in 1992, with the City as the lead agency. The City and County will set aside general funds and also calculate resources such as donated land, non-federal sources of cash invested in projects and the value of savings on below-market interest rate loans to meet the 25% HOME Match requirement.

Emergency Shelter Grant program (ESG): \$271,483

ESG funds will be applied to shelter operating expenses and services to assist shelter residents. The ESG program requires a dollar-for-dollar match. This requirement will be met by participating agencies that contract for ESG funding.

Shelter Plus Care: \$1,483,572

The Shelter Plus Care Partnership grant (\$830,916) provides 100 units of permanent supportive housing for homeless persons and families with disabilities (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both; and/or have AIDS or other related diseases). The Shelter Plus Care III (\$330,084) grant provides 40 units of permanent supportive housing for homeless individuals and families with disabilities (serious mental illness, physical disabilities, and/or chronic substance abuse problems). The Shelter Plus Care IV grant (\$322,572) provides 41 units of housing to homeless veterans who may be seriously mentally ill, physically disabled and/or have chronic substance abuse problems.

Supportive Housing Program (SHP): \$892,694

The City will provide 63 units of transitional housing and supportive services for homeless, low-income individuals and families with children. This collaborative effort provides direct links between housing opportunities, supportive services and employment programs for persons who are experiencing homelessness. Targeted populations will include single unaccompanied youth, pregnant and parenting youth, single women or men with children, severely mentally ill persons and chronically homeless individuals with multiple barriers to employment. Although not specifically targeted, the project will serve veterans and victims of domestic violence. A separate Support Services Only project will provide supportive services to victims of domestic violence. In addition, Pathways provides 16 units of permanent supportive housing to homeless and chronically homeless disabled individuals and families.

Housing Opportunities for Persons with AIDS (HOPWA): \$453,761

The City will contract with the Southern Arizona AIDS Foundation (SAAF) to provide housing and case management services.

The City of Tucson intends to encourage local non-profit housing and support service agencies to pursue all available public and private funding to achieve the Consolidated Plan goals. It is expected that funding from a combination of federal, state and local sources will be used to pursue the majority of the housing and community development strategies. All available funding eligible for each project will be pursued. The City will also encourage these non-profit entities to work with financial institutions and develop plans for leveraging private and public funds to the maximum extent possible considering the specific project involved.

OBSTACLES TO COMPLETING ACTIONS

The following obstacles hinder the city's ability to meet the needs of persons who are experiencing homelessness:

- Insufficient funding for the subsidies necessary to create additional housing for this population
- The current economic and foreclosure crisis is creating a sharp increase in homelessness—particularly among first-time homeless individuals.
- Lack of coordination between social service providers and housing providers
- Length of time it takes the disabled population to obtain benefits such as SSI, SSDI and VA benefits
- Inadequate discharge planning
- Employment opportunities that support living wages
- Lack of affordable child care in support of employment
- Crime-free housing policies
- Lack of adequate housing resources
- Loss of prevention and case management funds
- Difficulty in siting projects – neighborhood opposition

Chronic Homelessness

In addition to the current plan and strategies to end homelessness, Tucson/Pima Collaboration to end Homelessness (TPCH) is charged with implementing the goals established in the 10-year plan to End Homelessness.

Objectives and Action Steps for ending Chronic Homelessness:

- Target new Shelter+Care and SHP applications to chronically homeless individuals
- Continue to provide rehabilitation job training and development for chronically homeless individuals
- Increase effectiveness of outreach efforts targeting chronically homeless individuals
- Continue to give priority to Continuum of Care applications that propose to provide housing and services to chronically homeless individuals
- Expand continuing education of case managers and social workers regarding the needs of the chronically homeless
- Implement a housing-first model and evaluate its effectiveness

TPCH and the Continuum have joined the National 100,000 Homes Campaign and have pledged to provide 51 homes for the most vulnerable chronically homeless in the Tucson Community. Using Common Ground's Vulnerability Index tool, over 100 volunteers will interview community members who are currently living in the desert or on the streets of Tucson. Interviews will be conducted in April of 2011. Once the most vulnerable are identified, 51 Homes navigators will aggressively work to coordinate with housing specialists and health and human service agencies to quickly and safely move each person into a home and provide intensive wrap-around support for long-term care. The City of Tucson, the Veterans Administration and the Community Partnership of Southern Arizona as well as private providers of assisted housing have come together to provide funding for the required permanent housing units.

Homelessness Prevention

Prevention services include programs aimed at maintaining people in their homes, i.e. rent and mortgage assistance, utility payment assistance to prevent eviction, case management, housing counseling, landlord/tenant mediation/legal services, behavioral health services, referral services, income maintenance programs and food stamps, job training and placement, and guardianship/representative payee. In addition, prevention programs include supportive education about an owner's/landlord's specific requirements, and information on tenants' rights and obligations under Arizona law.

Discharge Coordination Policy

The Discharge Planning Committee of Tucson/Pima Collaboration to end Homelessness developed discharge plans with all hospitals in Tucson/Pima County to address discharge procedures for homeless patients. In addition, it provided all hospital discharge planning staff with information about accessibility to all homeless shelters, entry requirements, contact names of shelter staff, and addresses.

PREP - (Prisoner Re-Entry Partnership) is one of 30 Prisoner Reentry Initiative sites in 25 states. Funded by the Department of Labor Employment and Training Administration, PREP provides recently released, non violent former prisoners with case management, job development, placement, training, and supportive services including ID, work clothes, tools, education and training vouchers, bicycles, bus passes, and mentoring. Primavera Foundation serves as the lead agency with the following partners: DK Advocates, Old Pueblo Community Services, YWCA, and Pima County One Stop. Begun in 2006, PREP has served 712 participants. The program ended in March of 2011 after 5 years of funding. Old Pueblo Community Services has applied for another grant to continue these services.

COMMUNITY DEVELOPMENT

Community Development

1. Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table (formerly Table 2B), public facilities, public improvements, public services and economic development.
2. Identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.

Program Year 2 Action Plan Community Development response:

Non-housing community development needs are those related to the needs of people and the needs of the built environment that supports people. The City of Tucson's non-housing community development strategy includes funding for the diverse human services and built environment needs of the City of Tucson.

Human Services

The City of Tucson invests the maximum possible resources (15% of CDBG funding) in human services activities. These funds, combined with ESG and General Fund monies, support effective human service programs that provide rental assistance, emergency and transitional housing, permanent supportive housing for special populations, and direct services such as basic education and assistance with daily living needs. Programs promote prevention and self-sufficiency for clients. Through its funding of Human Services agencies and programs, the City of Tucson's goal is to provide public services assistance to 37,000 individuals during the period covered by this action plan.

Built Environment

For several decades, the focus has been of necessity on supporting growth. The current economic recession represents an opportunity to reinvest in the built environment, focusing on revitalizing existing neighborhoods and communities and

enhancing the infrastructure necessary to support existing residents. The built environment is stabilized through code enforcement and demolition activities, historic preservation, rehabilitation of existing structures, and improvement of community infrastructure. Non-housing community development projects and programs identified for funding during this action plan year are focused on these areas and include the following:

City of Tucson Vacant & Neglected Structures (VANS) Program

The City of Tucson has identified the worst and most dangerous vacant buildings in Tucson through its Vacant and Neglected Structures (VANS) program. These vacant and abandoned structures contribute to blight and the destabilization of neighborhoods. They may threaten the health and safety of area residents. Funds from the VANS program will be utilized to stabilize (when possible) or demolish these unsafe structures.

Historic Preservation

CDBG funding will be used for repair, rehabilitation, and/or restoration of historic buildings of significance to the community, which meet one or more of the eligibility criteria of location in a low-moderate income area, blight, and/or a public facility.

NSP3 Target Area Infrastructure Improvements

The City has committed to target other funds and resources into the newly defined NSP3 Target Area to effect a positive transformation of the area. CDBG funds have been allocated for infrastructure improvements within the target area which has 86.3% of the population at less than 120% of AMI. The target area is a high minority concentration area with 62.2% of the population being Hispanic or Latino. In addition, the City also operates the Tucson House in this area, which is a high rise public housing structure with 408 units that house elderly and disabled persons.

Tucson House Senior Nutrition Community Garden Project

The Tucson House, a public housing facility has approximately 630 residents, including 451 low-income residents, 447 who are disabled or handicapped and 182 who are elderly. Access to fresh, healthy food and an opportunity for outdoor therapeutic recreation are two needs expressed by Tucson House residents through the public outreach phase of the Oracle Area Revitalization Project. The proposed Community Garden at the Tucson house will be sited on an unused parking lot directly behind the complex. The garden will include 36 raised bed gardens, a shade ramada with tables and small lockers. The garden will include ADA compliant walkways around the perimeter of the garden to encourage walking and desert-adapted landscape plants to create a pleasant and cool environment. A rainwater harvesting system will be built to capture water from the Tucson House and will provide water to the landscape plants.

Antipoverty Strategy

1. Describe the actions that will take place during the next year to reduce the number of poverty level families.

Program Year 2 Action Plan Antipoverty Strategy response:

Most activities undertaken with CDBG, HOME, ESG and HOPWA funds are efforts to reduce the number of persons living in poverty and improve the quality of life for city residents. The City will continue to support emergency assistance programs, and a variety of other support services that are used by low-income households to obtain basic necessities. The main goal is to prevent very low-income persons, especially those earning 30% or less of median income, from becoming homeless. The long-term goal is to provide more affordable housing options so that this group is not forced to spend all their available funds for housing, with little left over for other needs.

As outlined in the Annual Plan, the City has specific strategies that are directly linked to the reduction of poverty. These strategies, which are illustrated throughout this document, are:

- Employment Opportunities
- Self-Sufficiency Assistance
- Support Services
- Affordable Housing

NON-HOMELESS SPECIAL NEEDS HOUSING

Non-homeless Special Needs (91.220 (c) and (e))

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve for the period covered by the Action Plan.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

Program Year 2 Action Plan Specific Objectives response:

Special Needs populations fall into seven broad categories: elderly, frail elderly, physically and developmentally disabled, seriously mentally ill, chronic substance and alcohol abusers, persons living with HIV/AIDS and their families, victims of domestic violence, and public housing residents. Thirty percent (111,325) of Pima County's population is age 65 or older. Almost half are frail elderly (over the age of 75). Housing cost burden is a significant problem for both elderly owners and renters. Ten percent (38,000) of households in Pima County are disabled. Among disabled households, more than half are low or moderate income. There are currently 21,453 adults and 8,325 children in the public mental health system in Pima County. Among adults, 4,740 or 22% of those enrolled in the public mental health system are Seriously Mentally Ill as defined by a qualifying diagnosis and disability. There is limited data beyond that collected through agency reports and homeless counts that quantifies the number of people with chronic alcohol and substance addiction. Approximately 15,000 individuals sought treatment during 2009, many more than once.

Programs available in the community to assist this population include: home repair, retrofitting for handicapped accessibility, reverse mortgage counseling and loans, transportation assistance, and housing for persons living with serious mental illness

and HIV/AIDS. Goals for serving the non-homeless special needs population for this action plan year include the following:

Housing

The City of Tucson in partnership with the Housing Rehabilitation Collaborative to provide the following rehabilitation and accessibility improvements:

- Retrofit 30 existing housing units to improve accessibility
- Rehab 40 existing housing units for elderly homeowners
- Add 20 permanent, supportive housing units to the existing stock

Human Services

Through CDBG, ESG and General Fund allocations, the City of Tucson supports effective human service programs that provide rental assistance, emergency and transitional housing, permanent supportive housing for special populations, community infrastructure to support services, and direct services such as basic education and assistance with daily living needs. Human service goals for the non-homeless special needs population for this action plan year are to support human services for:

- 5,000 elderly and frail elderly
- 2,500 disabled
- 800 domestic violence victims
- 100 HIV/AIDS victims

Housing Opportunities for People with AIDS

1. Provide a Brief description of the organization, the area of service, the name of the program contacts, and a broad overview of the range/ type of housing activities to be done during the next year.
2. Report on the actions taken during the year that addressed the special needs of persons who are not homeless but require supportive housing, and assistance for persons who are homeless.
3. Evaluate the progress in meeting its specific objective of providing affordable housing, including a comparison of actual outputs and outcomes to proposed goals and progress made on the other planned actions indicated in the strategic and action plans. The evaluation can address any related program adjustments or future plans.
4. Report on annual HOPWA output goals for the number of households assisted during the year in: (1) short-term rent, mortgage and utility payments to avoid homelessness; (2) rental assistance programs; and (3) in housing facilities, such as community residences and SRO dwellings, where funds are used to develop and/or operate these facilities. Include any assessment of client outcomes for achieving housing stability, reduced risks of homelessness and improved access to care.
5. Report on the use of committed leveraging from other public and private resources that helped to address needs identified in the plan.

-
6. Provide an analysis of the extent to which HOPWA funds were distributed among different categories of housing needs consistent with the geographic distribution plans identified in its approved Consolidated Plan.
 7. Describe any barriers (including non-regulatory) encountered, actions in response to barriers, and recommendations for program improvement.
 8. Please describe the expected trends facing the community in meeting the needs of persons living with HIV/AIDS and provide additional information regarding the administration of services to people with HIV/AIDS.
 9. Please note any evaluations, studies or other assessments that will be conducted on the local HOPWA program during the next year.

Program Year 2 Action Plan HOPWA response:

One year goals for the number of households to be provided housing through the use of HOPWA activities for: short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family, tenant-based rental assistance, units provided in housing facilities that are being developed, leased, or operated.

The primary goals of the HOPWA housing program are to assist people living with HIV/AIDS in:

- Establishing and maintaining stable housing
- Improving access to health care
- Reducing the risk of homelessness

The project sponsor is the Southern Arizona AIDS Foundation (SAAF). SAAF is the result of a 1997 merger of the three primary AIDS service organizations in Tucson. The mission of the Southern Arizona AIDS Foundation is to create and sustain a healthier community through a compassionate, comprehensive response to HIV/AIDS. SAAF is a community-based organization in Southern Arizona providing case management, housing, and support services for people living with HIV/AIDS and their families; comprehensive prevention and education programs to reduce the rate of infection; and trainings and opportunities for community members to fill critical roles. SAAF is a member of the Pima County HIV/AIDS Consortium and the Tucson/Pima Collaboration to end Homelessness, the Continuum of Care for Tucson and Pima County.

The area of service is the City of Tucson, Arizona, and also includes areas outside the city limits within Pima County, Arizona that are part of the Public Housing Authority. The current prevalence of HIV and AIDS as reported by the Arizona Department of Health Services for Pima County is 2,312 cases, with 51.7% of those reporting an AIDS diagnosis. The City of Tucson, as HOPWA Formula Grantee, contracts with the Southern Arizona AIDS Foundation (SAAF) to provide housing and related supportive services. HOPWA Formula funds are not allocated geographically. The area of service is the City of Tucson, Arizona, and also includes areas outside the city limits within Pima County, Arizona that are part of the Public Housing Authority. Formula funds complement the Permanent Supportive Housing activities funded through the HOPWA Competitive grant administered by Pima County, providing a continuum of HOPWA program housing and supportive services based on community need as determined by the Southern Arizona AIDS Foundation in collaboration with the City. SAAF is the primary community based organization providing services to people living with HIV/AIDS in Tucson and Pima County, covering the same geographic area as the PHA. HOPWA Formula funds address the following range/type of housing activities for 2011-2012:

- 1) Housing Assistance
 - a. Rental Assistance for tenant-based permanent housing units
 - b. Emergency short-term rent, mortgage and utility assistance
- 2) Case management and supportive services
- 3) Permanent housing placement services

These activities complement the Permanent Supportive Housing activities which are the focus of the HOPWA Competitive funding administered through Pima County, Arizona, benefitting additional people living with HIV/AIDS in Pima County.

Of the people receiving services through SAAF last year, 96% were low income, with 53% living below the poverty level. Due to the stress of living with limited incomes, a higher number of those people received housing and transportation services and the demand remained high on basic support services including food and emergency rent and utility assistance, as well as essential medical services including dental care and medications assistance.

Barriers or Trends Overview

The City of Tucson and the Southern Arizona AIDS Foundation (SAAF) affirms the strong evidence base reported by the National AIDS Housing Coalition for housing as a key component of HIV treatment, care and prevention. Participants in SAAF's housing programs demonstrate access to medical care and supportive services and improved adherence to medical care. There is a reciprocal role between housing and healthcare outcomes—stable housing helps eligible applicants fulfill resident eligibility for the Arizona Health Care Cost Containment System (AHCCCS), the State's Medicaid program, and improved health outcomes help residents meet their goals for maintaining stable housing.

The ability for low income people living with HIV/AIDS to access necessary supportive services in order to maintain stable housing and improve health outcomes has been curtailed due to reductions in public sources that provide the services. In 2009 the State of Arizona diverted a portion of Ryan White Program Part B funds from services in order to meet the increased demand for the AIDS Drug Assistance Program (ADAP), while also reducing the formulary for covered medications. The Arizona Department of Economic Security eliminated or reduced a number of safety-net benefit programs, including General Assistance for people with disabilities. The Arizona Department of Health Services has eliminated all State funded mental health services due to the severe budget deficit in the State of Arizona, and is also considering changes to the eligibility requirements for AHCCCS that would leave significant numbers of people without coverage for medical care.

Assessment of Unmet Housing Needs

Sponsor organization Southern Arizona AIDS Foundation (SAAF) served 1,040 people living with HIV/AIDS in 2009/2010, and of those served 214 clients identified as homeless or living in non-permanent housing. SAAF estimates that 140 new clients will access services for the first time in 2009/2010 and at least 30% of those will need housing. They also estimate that 66 households who accessed STRMU this past year will continue to need assistance in 2009/2010, and estimate that 70 households will apply for housing in the coming year.

SAAF estimates that there is a current unmet housing need for 145 HOPWA eligible households. Of those, 40 have a need for tenant-based rental assistance, 55 for housing facilities such as community residences and other housing facilities, and 50 households have an unmet need for short-term rent, mortgage and utility assistance.

People living with HIV/AIDS in Tucson and Pima County need housing resources that are flexible. Supportive services that help people maintain stable housing, whether through comprehensive HIV/AIDS service providers or community mainstream resources, are needed to equip and support people navigating a complicated and fragmented service system, while recognizing the challenge of dealing with co-occurring health and mental health issues present in many people living with HIV/AIDS. In Pima County people living with HIV/AIDS includes other special needs populations, and the ability to coordinate with other service systems is critical in order to maintain stable housing and support access to care.

Specific HOPWA Objectives

Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the Action Plan.

Program Year 2 Specific HOPWA Objectives response:

Southern Arizona AIDS Foundation (SAAF) will provide the following services to people living with AIDS:

- Emergency short-term rent, mortgage and utility assistance

-
- Rental assistance for tenant-based permanent housing units
 - Case management and clinical case management
 - Supportive services including permanent housing placement and transportation assistance

Annual Performance under the Action Plan

The range/type of housing activities for 2011-2012 includes:

- 1) Housing Assistance
 - a. Rental Assistance for tenant-based permanent housing units
8 households annually at current funding level
 - b. Emergency short-term rent, mortgage and utility assistance
110 households annually at current funding level
- 2) Case management and supportive services including transportation assistance, vital records to facilitate access to benefits, and limited substance abuse related services
425 people annually at current funding level
- 3) Permanent housing placement services including move-in deposits, emergency shelter vouchers pending permanent housing placement, and housing prescreen assistance
115 people annually at current funding level

These activities complement the Permanent Supportive Housing activities which are the focus of the HOPWA Competitive funding administered through Pima County, Arizona, benefiting additional people living with HIV/AIDS in Pima County.

Outcomes to be reported in Year 2 include:

- A. Housing Stability: Assessment of Client Outcomes on Maintaining Housing Stability (Permanent Housing and Related Facilities)
- B. Prevention of Homelessness: Assessment of Client Outcomes on Reduced Risks of Homelessness (Short-Term Housing Assistance)
- C. Access to Care and Support
 - Has a housing plan for maintaining or establishing stable on-going housing.
 - Has contact with case manager/benefits counselor consistent with the schedule specified in client's individual service plan.
 - Had contact with a primary health care provider consistent with the schedule specified in client's individual service plan,
 - Has accessed and can maintain medical insurance/assistance.
 - Successfully accessed or maintained qualification for sources of income.
 - Total number of households that obtained an income-producing job

Other Narrative

Include any Action Plan information that was not covered by a narrative in any other section.

Project Listing

	AGENCY NAME	PROJECT NAME		CDBG AMOUNT	ESGP TOTAL	HOPWA
PUBLIC SERVICES/HUMAN SERVICES						
1	Arizona's Children Association <i>dba</i> Southern Arizona Center Against Sexual Abuse	Sexual Assault Crisis Services		\$55,170		
2	Community Food Bank	Emergency Food Assistance Program		\$151,762		
3	Emerge! Center Against Domestic Violence Abuse	Support Services for Domestic Abuse Survivors		\$179,216		
4	Interfaith Coalition for the Homeless	Seasonal Emergency Shelter and Service Program		\$24,900		
5	Interfaith Community Services	Safe and Healthy Senior/Disabled Independence Program		\$29,050		
6	New Beginnings For Women and Children	Emergency Shelter		\$46,176	\$44,366	
7	Open Inn	Crisis Assistance Shelter		\$31,040	\$82,803	
8	PCOA/CHRPA	Elderly Independence		\$30,500		
9	Primavera	Emergency Services (RR) Men's Shelter		\$58,864	\$40,000	
10	Primavera	Emergency Shelter Program (Greyhound Emergency Family Shelter)		\$6,640	\$70,740	
11	Primavera	Women's Services Program		\$58,150		
12	Public Housing City of Tucson	Family Self Sufficiency Program		\$18,000		
13	Southern Arizona AIDS Foundation	HOPWA funds				\$439,789
14	Southern Arizona Children's Advocacy Center	Clinical Services For Child Victims of Abuse		\$66,400		
15	TMM Family Services, Inc	Family Journey Transitional Housing		\$23,240	\$20,000	
16	Wingspan	Anti-violence Program		\$25,730		
17	Youth on Their Own	Special Needs		\$25,773		
18	United Way	Earned Income Tax Credit		\$9,000		
			Subtotal	\$839,611	\$257,909	\$439,789

	AGENCY NAME	PROJECT NAME		
			FAIR HOUSING ACTIVITIES	ADMIN FUNDS
19	Southwest Fair Housing Council	Fair Housing Activities		\$25,000
20	Southwest Fair Housing Council	Don't Borrow Trouble		\$25,000
			Subtotal	\$50,000
			HOUSING REHAB COLLABORATIVE	CDBG AMOUNT
21	COT/HCD/PCSD	City Neigh & Initiatives		\$173,700
22	COT/HCD/PCSD	Emergency Home Repair		\$370,800
23	COT/HCD/PCSD	Below Market Interest Rate		\$164,700
24	COT/HCD/PCSD	HRC Environmental Compl		\$63,000
25	PCOA	Elderly Home Repair Prgm		\$112,500
26	CPLC	Roof Replacement		\$103,500
27	DIRECT	Home Access Program		\$110,700
28	CHRPCA	City Minor Emer Repair		\$144,900
29	Rebuilding Together Tucson	Neighborhood Renovation		\$105,300
30	Tucson Urban League	Emergency Home Repair		\$169,200
31	Tucson Urban League	Housing Rehab South Park		\$70,200
32	TMM	Midtown Homeowner Program		\$81,000
33	Old Pueblo Community Found.	Housing Rehab		\$76,500
34	*Rebuilding Together Tucson	Rio Nuevo		\$26,489
35	*Old Pueblo Community Found.	Rio Nuevo		\$26,489
36	*CHRPCA	Rio Nuevo		\$26,489
37	*TMM	Rio Nuevo		\$26,489
38	*TUL	Rio Nuevo		\$26,489
39	*CPLC	Rio Nuevo		\$26,489
40	*DIRECT	Rio Nuevo		\$26,489
41	City of Tucson	Lead based paint hazard program match		\$103,333
42	COT/HCD/PCSD	Ward-centered housing rehab Program		\$186,045
43	COT/HCD/PCSD	NSP3 Target Area Housing Rehab Program		\$225,000
44	CHRPCA	Special Needs Home Repair		\$67,500
45	CPLC	Special Needs Home Repair		\$45,000
46	DIRECT	Special Needs Home Repair		\$45,000
			Sub-Total	\$2,603,301

* subject to continued participation

NEIGHBORHOOD ENHANCEMENT / COMMUNITY DEVELOPMENT			CDBG AMOUNT
47	COT/HCD/PCSD	VANS	\$162,000
48	City of Tucson Historic Preservation Office	Historic Preservation	\$286,830
49	City of Tucson HCD	Tucson House Senior Nutrition Community Garden Project	\$175,000
50	City of Tucson HCD	NSP3 Target Area Infrastructure Improvements	\$341,183
		Subtotal	\$965,013
51	City of Tucson	Environmental clearances for public facilities	\$70,000
		Subtotal	\$1,035,013
CONTINUUM OF CARE PLANNING			ADMIN FUNDS
52	Tucson/Pima Collaboration to end Homelessness	Planning for the Continuum of Care	\$25,000
		Subtotal	\$25,000

SPOT BLIGHT MITIGATION			Program Income (not previously included in a plan)
53	City of Tucson Historic Preservation Office	Marist College exterior stabilization and restoration	\$1,110,951

TUCSON NEWSPAPERS

Tucson, Arizona

STATE OF ARIZONA)
COUNTY OF PIMA)

Debbie Capanear, being first duly sworn deposes and says: that she is the Legal Advertising Representative of **TNI PARTNERS, commonly known as TUCSON NEWSPAPERS**, a General Partnership organized and existing under the laws of the State of Arizona, and that it prints and publishes the Arizona Daily Star, a daily newspaper printed and published in the City of Tucson, Pima County, State of Arizona, and having a general circulation in said City, County, State and elsewhere, and that the attached

Legal Notice

was printed and published correctly in the entire issue of the said Arizona Daily Star on each of the following dates, to-wit:

APRIL 7, 2011

Debbie Capanear

Subscribed and sworn to before me this 11 day of

May, 2011

Silvia H Valdez
Notary Public



SILVIA H VALDEZ
Notary Public--Arizona
Pima County
Expires 12/15/2013

My commission expires _____

TNI AD NO. 7458006



PUBLIC NOTICE: Each year the City of Tucson is required by the Department of Housing and Urban Development (HUD) to update the Consolidated Plan (FY 2010-2015) and develop an annual implementation plan. The Annual Plan outlines the needs, priorities and strategies for housing, supportive services, and community development programs. The Plan also establishes policies and goals for the City, and serves as the local government's application for annual entitlement funding for the following federal programs: Community Development Block Grant (CDBG); HOME Investment Partnership Program (HOME); Emergency Shelter Grant (ESG) and the Housing for People with Aids program (HOPWA). Fiscal Year 2012 estimated funding for each of the following programs is: CDBG \$5,041,942; HOME \$3,980,270; ESG \$271,483; and HOPWA \$453,391. **Amounts subject to change upon notice from U.S. Department of Housing and Urban Development (HUD) **

A public meeting regarding the Annual Plan for FY 2012 will be held on:

Monday, April 18, 2011
12:00 p.m.
320 N. Commerce Park Loop,
Tucson, Arizona
Sentinel Building
(Disabled Accessible)

The City of Tucson is accepting comments on the draft FY 2012 Annual Action Plan referenced above. A draft of the report will be available beginning on Friday, April 8, 2011 on the City's website: <http://cms3.tucsonaz.gov/hcd/whats-new>

Comments will be accepted through May 8, 2012 at 5:00 p.m., and may be faxed to 520-791-2529, e-mailed to HCDcomment@tucsonaz.gov or delivered to:

Housing and Community Development Department
c/o Anna Sanchez
310 N. Commerce Park Loop
Tucson, AZ 85745

Please contact Anna Sanchez at 837-6953 five (5) business days in advance of this meeting if an accommodation is required or 791-2639 (TTY)

The Mayor and Council of the City of Tucson will hold a Public Hearing to approve the Annual Plan on May 10, 2011. For more information, please consult the City Clerk's agenda schedule: <http://cms3.tucsonaz.gov/clerk/mcdocs>

Si desea recibir esta información en español por favor llame al (520) 791-4171.

Publish April 7, 2011
Arizona Daily Star



TUCSON NEWSPAPERS

Tucson, Arizona

STATE OF ARIZONA)
COUNTY OF PIMA)

Debbie Capanear, being first duly sworn deposes and says: that she is the Legal Advertising Representative of TNI PARTNERS, commonly known as TUCSON NEWSPAPERS, a General Partnership organized and existing under the laws of the State of Arizona, and that it prints and publishes the Arizona Daily Star, a daily newspaper printed and published in the City of Tucson, Pima County, State of Arizona, and having a general circulation in said City, County, State and elsewhere, and that the attached

Legal Notice

was printed and published correctly in the entire issue of the said Arizona Daily Star on each of the following dates, to-wit:

APRIL 29, 2011

Debbie Capanear (handwritten signature)

Subscribed and sworn to before me this 5 day of May, 2011

Silvia H Valdez (handwritten signature)
Notary Public



SILVIA H VALDEZ
Notary Public—Arizona
Pima County
Expires 12/15/2013

My commission expires

TNI AD NO. 7478798

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Mayor and Council of the City of Tucson will hold a public hearing on May 10, 2011, at or after 7:30 p.m. in the Mayor and Council Chambers of City Hall, 255 West Alameda, Tucson, Arizona, at which time and place all interested persons will have an opportunity to appear and be heard in relation to the following:

FY 2012 Annual Action Plan

This is a public hearing before the Mayor and Council to consider the City of Tucson FY 2012 Annual Plan.

The annual update is required by the United States Department of Housing and Urban Development (HUD) in order to receive federal funds under the following grant programs: the Community Development Block Grant (CDBG) Program, Housing Opportunities for Persons with AIDS (HOPWA), Emergency Shelter Grant (ESG) Program; and Home Investment Partnership (HOME) Program.

The annual Plan, which lists specific programs and dollar amounts, identifies the needs, goals, and priorities in the areas of affordable housing, human services, and other programs designed to improve the quality of life for low- and moderate income residents throughout the City and serves as the fiscal year 2012 City application to HUD for the allocation of funding as listed below:

CITY OF TUCSON - Fiscal Year 2012 Estimated HUD Funding

Table with 2 columns: Program Name, Amount. Rows include CDBG (\$ 6,041,942), HOME (\$ 3,980,270), ESG (\$ 271,483), HOPWA (\$ 453,291)

A copy of the proposed plan can be obtained from the City of Tucson Department of Housing and Community Development, located on the second floor of the Santa Rita Building, 310 N. Commerce Park Loop, Tucson, Arizona, or from the City of Tucson website at http://cms3.tucsonaz.gov/hcd/whats-new. If you have any questions, please call Anna Sanchez at (520) 791-4171.

The Council Chambers is wheelchair accessible. A request for reasonable accommodation for persons with disabilities must be made to the City Clerk's Office by parties at least five working days in advance of the scheduled meeting and can be made by calling 791-4213 or 791-2639 (TDD).

Título del documento: Aviso de Audiencia Publica

El tema de este documento es: Plan Anual de Acción - Año Fiscal 2012

Si usted desea este documento escrito en Español, por favor llame al número de teléfono: (520) 791-4171.

Cuando llame por este documento, por favor indique el título y el tema. Gracias.

Publish April 29, 2011
Arizona Daily Star

ADDENDUM



Substantial Amendment to Annual Plan

October 25, 2011

The Mayor and Council of the City of Tucson have amended the Annual Action Plan by approving the City of Tucson application to the Department of Housing and Urban Development (HUD) for Section 108 Loan Guarantee.

ADOPTED BY THE
MAYOR AND COUNCIL

October 25, 2011

RESOLUTION NO. 21809

RELATING TO HOUSING AND COMMUNITY DEVELOPMENT; APPROVING A SUBSTANTIAL PLAN AMENDMENT TO ITS 2012 ANNUAL ACTION PLAN TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) TO INCLUDE THE SECTION 108 LOAN PROGRAM; AND DECLARING AN EMERGENCY.

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA, AS FOLLOWS:

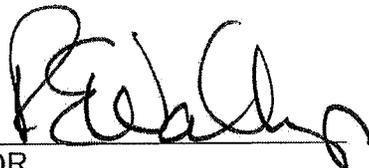
SECTION 1. The Mayor and Council hereby approves the Substantial Plan Amendment to its 2012 Annual Action Plan to the United States Department of Housing (HUD) to include the Section 108 Loan Program.

SECTION 2. The Director of the Housing and Community Development, or the Director's designee, is hereby authorized and directed to execute and timely deliver to HUD such other documents and data as may be required or recommended by HUD for the success of the subject Amendment.

SECTION 3. The various other City officers and employees, as appropriate, are hereby authorized and directed to perform all acts necessary or desirable to give effect to this resolution.

SECTION 4. WHEREAS, it is necessary for the preservation of the peace, health and safety of the City of Tucson that this resolution become immediately effective, an emergency is hereby declared to exist and this resolution shall be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA, October 25, 2011.

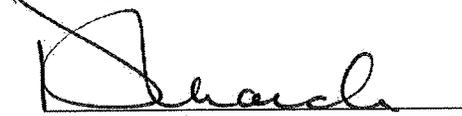

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

REVIEWED BY:

CITY MANAGER

 JH:jm
10/6/2011 11:22 AM



CITY OF TUCSON, ARIZONA

APPLICATION FOR
SECTION 108 LOAN GUARANTEE

FROM

U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT

City of Tucson
Section 108 Application

I. Introduction

The purpose of this Section 108 application is to assist with economic and community development activities in the City of Tucson. The City of Tucson is requesting a total amount of \$20 million in guaranteed loan funds to create a loan pool that will be available for individual projects in a target range of between \$2 million and \$10 million that will have positive economic and community development benefits within targeted neighborhoods.

In addition to the broad goal of job creation for low- to moderate-income individuals, the City of Tucson would like to encourage development loans that give priority to projects that have the following characteristics:

- pedestrian and transit oriented urban design characteristics
- located in the Rio Nuevo Tax Increment District (map, Attachment A)
- located within a ¼ mile of the Modern Streetcar alignment (map, Attachment B)
- located within ¼ mile of other regional high capacity transit routes identified in the 2009 PAG High Capacity Transit System Study

The PAG High Capacity Transit System Study can be found at this link:

<http://www.pagnet.org/documents/transportation/PAGHCTSS-2009-09-ExecSummary.pdf>

The Program will give priority to projects that demonstrate consistency with the six livability principles established by the Partnership for Sustainable Communities (U.S. Department of Transportation, Department of Housing and Urban Development and the Environmental Protection Agency). These livability principles can be found at this link:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/sustainable_housing_communities/Six_Livability_Principles

The City will also give funding priority to projects located in the City of Tucson Recovery Zone Area (formerly the Empowerment Zone, Attachment C); however the loan fund can be utilized on a citywide basis.

The Program will encourage applicants to leverage other funds particularly funds from the *Brownfields Economic Development Initiative (BEDI)*. BEDI is a competitive grant program that HUD administers designed to assist with the redevelopment of abandoned, idled and underused industrial and commercial facilities where redevelopment is burdened by environmental contamination. Other potential funds that could be leveraged include, but are not limited to, SBA 504, New Markets Tax Credits (NMTCs), other tax credits and IDA bonds.

Section 108 financing is intended to benefit low to moderate-income individuals. Typically this happens through job creation, preventing or eliminating urban blight, and meeting urgent needs of the community. These loans are intended to enable physical or economic revitalization projects that affect an entire neighborhood or large segments of the community. Initially, the focus of the program will be on projects that generate employment activities, particularly employment of low- to moderate-income individuals. Throughout the life of the program, documentation and submission of regular reports of how many low- and moderate-income individuals received benefit from the projects are

City of Tucson
Section 108 Application

required.

As each project becomes ready for commitment, the City will submit a loan proposal to HUD with a full description of the project, an explanation of the eligible activity and national objective to be achieved, plus an analysis of the project's compliance with the City's underwriting guidelines, which are described in greater detail below. The City understands that such information will be required prior to release of funds for an individual project.

II. Section 108 Submission Requirements

a. Community Development Objectives

The Section 108 loan fund will result in lending for economic and community development in the City of Tucson. The City has clearly identified issues related to Economic Development in its 2010-2015 5-Year Consolidated Plan:

<http://cms3.tucsonaz.gov/files/hcd/Tucson%20Pima%20County%202010-2014%20Consolidated%20Plan.pdf>

The development of a Section 108 Loan Pool will further the City's Economic Recovery Framework which was adopted by Mayor and Council on February 17, 2010 as a guiding structure to assist City of Tucson staff. Since that date, it has been included in the City Strategic Workplan and recently expanded upon at a November 16, 2010 Mayor and Council meeting:

<http://www.tucsonaz.gov/sirepub/cache/2/slpxyqq3p22plg45kwbcsizeq/329122603162011031017778.PDF>

The framework includes four elements that the City has committed to addressing in order to create a healthy local economy and encourage economic recovery. Those elements include:

1. City Financial Recovery and Core Service Delivery
2. Business Customer Focus
3. Partnerships, Tools, and Resources
4. Public-Private Investment

Under the category of Partnerships, Tools, and Resources, the City of Tucson has identified the Section 108 Loan Guarantee Program as one that it wishes to implement with the assistance of the statutorily designated The Industrial Development Authority (IDA) of the City of Tucson, Arizona, the Downtown Tucson Partnership (DTP) and other entities engaged in economic development in Tucson.

b. Compliance with 24 CFR §570.208 - National Objectives.

Section 570.200(a) (2) requires that all CDBG activities meet one of three National Objectives. Section 570.208 defines the three national objectives as: 1) benefit to low and moderate income families; 2) aid in the prevention or elimination of slums or blight; and 3) meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community

City of Tucson
Section 108 Application

where other financial resources are not available.

The Section 108 Loan Fund will be used primarily to assist in financing projects designed to meet the national objective of benefiting low- and moderate-income individuals by creating jobs, however, when deemed appropriate by the City, it may also be used to assist projects that help eliminate conditions of slum or blight, and/or to meet urgent needs of the community.

c. Compliance with 24 CFR §570.703 – Eligible Activities

The Section 108 loan fund is intended to be used primarily for eligible economic development activities such as those identified under §570.703(a) (acquisition); §570.703(e) (clearance, demolition, removal); §570.703(f) (site preparation); §570.703(i) (economic development activities); or §570.703(l) (public facilities). In addition, the Section 108 loan funds may be used for other related, eligible activities. These activities are all necessary to assist with our efforts to stimulate economic and community development activities in the City of Tucson.

For purposes of determining eligibility, all projects and activities must either principally benefit low- and moderate-income persons, aid in the elimination or prevention of slums and blight, or meet urgent needs of the community. The City of Tucson desires to use the Section 108 fund to provide economic stimulus by means of real estate loans for projects that will create and/or retain jobs. These funds may also be used in direct support of these projects for such purposes as acquisition of land and the development of public facilities and improvements.

None of the projects assisted with the Section 108 loan fund will be used for the ineligible activities provided in §570.207(a): buildings used for the general conduct of government, general governmental expenses, or for political activity.

d. Guidelines and Objectives for Evaluating Project Costs and Financial Requirements – Section 570.209

All projects eligible under §570.203 and §570.204 must comply with the requirements of §570.209. Review for compliance with the public benefit and eligibility requirements will be conducted by City staff prior to submission of a Section 108 Loan application for each project. This section outlines underwriting guidelines for ensuring that a proposed project carries out an economic development objective in an appropriate manner. These guidelines under §570.209 are not mandatory but serve as a framework for financially underwriting economic development projects. The City has developed underwriting guidelines consistent with §570.209 and described in greater detail in Section III below.

All projects eligible under §570.203 and §570.204 will comply with public benefit standards in §570.209. §570.209(b) (1) establishes the standards for evaluating public benefit in the aggregate, §570.209(b) (2) applies those standards, §570.209(b) (3) establishes the standards for individual activities, and §570.209(b) (4) applies those standards. All projects assisted with the Section 108 loan fund to which §570.209 applies will comply with the standards of §570.209(b) (1), (2), (3) and (4).

City of Tucson
Section 108 Application

This is a Loan Fund where each individual project will define how many jobs will be created. As a way of projection, this Loan Fund should create or retain at least 571 jobs in the aggregate based on the formula of creating or retaining at least one fulltime equivalent (FTE), permanent job per \$35,000 of CDBG funds used (i.e. \$20,000,000/\$35,000). Individual projects will not exceed the maximum amount permitted which is \$50,000 per FTE permanent jobs created or retained. Utilizing this individual project formula, the Loan Fund should create or retain 400 jobs (i.e. \$20,000,000/\$50,000).

III. Applicant Guidelines

a. Loan amount

The available loan amount per project will be in the target range of between \$2 million and \$10 million.

b. Pre-submittal conference

A pre-submittal conference with the City of Tucson staff, the City of Tucson's The Industrial Development Authority (IDA) staff and the staff of the Downtown Tucson Partnership if a downtown project, or other authorized entity (the "Underwriting Entity") will be required prior to the formal application submittal. The applicant shall be ready to present the scope of the project, the requested amount, and further the public benefit details outlined in Section IV, below.

IV. City's Underwriting Guidelines

In evaluating proposed projects the City of Tucson will use the following criteria:

a. Project Management

The "Underwriting Entity, will underwrite or cause to be underwritten all loan applications. Prior to submitting a resolution for a Section 108 loan application to Mayor and Council for consideration and action, the Underwriting Entity shall convene a meeting to consider the loan proposal. The members of the Underwriting Entity shall have a minimum of two weeks to review the loan proposal prior to the meeting. At the conclusion of the meeting, the members of the Underwriting Entity shall advise whether to recommend approval of the loan proposal. The staff of the Underwriting Entity shall prepare and distribute meeting minutes to the members. Following a recommendation for approval, the Underwriting Entity shall be consulted with respect to any material changes to the project financial structure, public benefits, or CDBG compliance.

The Housing and Community Development Department will designate a staff person to coordinate, facilitate and attend applicable meetings of the Underwriting Entity, but will not be an official member. The recommendation of the Underwriting Entity shall be presented to the City Manager for approval.

b. Public Benefits

The proposed project will clearly identify the public benefit(s) including the CDBG National Objective(s) to be achieved.

City of Tucson
Section 108 Application

- c. Loan Term** (as permitted under federal regulations)
Section 108 loans shall not exceed a loan term of 20 years, with no loan to exceed the remainder of the life of the 108 loan fund. In addition, no loan shall exceed the useful life of the asset being financed.
- d. Interest Rate/Lending Costs or Expenses/Application Fee**
Section 108 loans will carry a fixed rate pursuant to a HUD public offering; or floating rate based on the HUD formula of 90-day LIBOR (London Interbank Offered Rate), as adjusted monthly, plus 20 basis points. The City may charge the borrower an interest rate that is higher than the HUD floating rate or fixed rate. Any change in the interest rate will be discussed in the underwriting analysis. The City may also choose to allocate the costs, expenses or fees of loan servicing to the borrower. Such determinations will be made during the analysis and loan term negotiations and submitted as part of the project-specific application process. The Underwriting Entity will choose to allocate the cost of reviewing the loan application to the borrower, payable through a commitment fee due at time of final loan approval by HUD.
- e. Evidence of Site Control**
Eligible projects must demonstrate site control at the time of application that satisfies CDBG regulations.
- f. Payments/Amortization**
Each project will be individually evaluated to determine the best financing structure for repayment of the loan obligation. Requirements of any leveraged funds will be taken into account as necessary. Section 108 loans may be amortized over the full term of the loan (e.g., 20-year amortization for a 20-year loan); may contain interest-only periods of repayment; and may consider amortization greater than the term of the loan (e.g., 25-year amortization for a 15-year loan), if the anticipated financial condition of the project is sufficient to sustain a balloon payment at the end of the term.
- g. Ability to Repay**
The analysis will identify the primary, secondary and tertiary sources of repayment for the loan. Real estate projects will have a minimum of a 1.2 projected debt coverage ratio however, a debt coverage ratio of as low as 1.1 may be considered if the project's financial condition supports such a lower ratio (e.g., project has commitment of financially strong tenant(s) under long-term lease).

Key repayment risks will be analyzed in detail, including an analysis of project financial assumptions compared to actual market conditions. If applicable, the analysis will compare anticipated lease rates and vacancy rates to similar properties. The analysis may also describe the projected leasing time frame to achieve project stabilization and whether reserves exist to guard against delay. If there is a balloon payment at the end of the loan term, the analysis will describe the financial condition of the property on the maturity date, the project's ability to make the final payment and efforts to mitigate risk (e.g., replacement reserves to maintain the physical condition of the property). Debt service reserves may also be required.

City of Tucson
Section 108 Application

In addition, for any real estate projects, the Underwriting Entity will require appropriate supporting documentation, such as a recent appraisal and 15-year operating pro forma to support the analysis.

h. Collateral

Section 108 real estate loans should have a loan to after rehabilitation value ratio not to exceed 80 percent at project stabilization. This value must be supported by an appraisal prior to funding. The City's security interest will typically be in the form of a deed of trust. The analysis will first determine whether the loan to value ratio exceeds 80 percent, using the property being financed as the sole source of value. If such calculation exceeds 80 percent, the analysis will then determine whether there is sufficient cross-collateral to add as value in order to meet the loan to value requirement. In certain cases, HUD permits outside guarantees to suffice for additional collateral, depending on the resources and financials of the individuals or entities providing such guarantees. The Underwriting Entity will decide whether to accept outside collateral and/or guarantees to meet any loan to value requirement. Consistent with customary underwriting practice, loan to value coverage will be determined at project stabilization (i.e., the point in time when the project has obtained the targeted debt coverage ratio). If applicable, and in addition to 80 percent loan to value, Section 108 loans should have a minimum collateral coverage of 100 percent of the loan amount. The collateral coverage analysis will use an advance rate/discount value of 80 percent of appraised value for property (determined at project stabilization). The analysis will describe how, prior to stabilization, construction risk and lease-up risk will be mitigated. The analysis will also identify key mitigation issues such as construction contingencies, reserves, guaranteed maximum price contract, and experience of the development team.

i. Development/Management Team Capacity and Experience

Projects to be funded should have a development team that has both the capacity and demonstrated experience to complete the project as evidenced by past projects of similar size and scope, as well as financial strength. The analysis will include (i) resumes of development team members and (ii) a list of prior comparable projects completed by development team members with a description of project size and cost, and whether such projects were completed on time and on budget. Also, the analysis will describe development team members' experience with public funding sources and accompanying regulations as applicable (e.g., housing tax credits, new markets tax credits, Davis-Bacon).

j. Developer / Owner Commitment

Developer / owner commitment can take many forms. These commitments can include: developer / owner equity, guarantees of completion, guarantees to fund shortfalls or guarantees of minimum cash flow. The developer's financials will also be examined and analyzed.

k. Character

Projects to be funded should have developers with good credit histories, demonstrated integrity, and quality references.

l. Proposed Costs

City of Tucson
Section 108 Application

The analysis will compare estimated development costs to costs of similar properties. Also, the analysis will consider whether estimated development costs have been prepared by a credible third party, such as, a contractor or other cost estimator. Finally, the City's loan commitments will generally be conditioned on a final guaranteed maximum price contract (although other types of contracts will be considered) for development within the proposed budget.

m. Commitment of Funds

Section 108 loan applicants for real estate projects should have commitments of construction and/or permanent financing. Loan documents should contain adequate lender protections (e.g., default and cure privileges) for the City, subject to reasonable conditions of other lenders having priority over the Section 108 loan. Prior to committing 108 funds, the City will determine whether sufficient sources of funds are in place to finance the project. If private financing includes a right to adjust the interest rate after a certain point in time, the analysis will describe the effect of such a change on the Section 108 loan.

n. Need for Public Assistance

The analysis will determine whether the project can be developed feasibly with private financing alone or, in fact, requires public financial assistance to make the development feasible. The Underwriting Entity will examine the reasonableness of a for-profit developer's fee compared to market rates. If the for-profit developer has an ownership stake in the project, the Underwriting Entity will also examine the reasonableness of the developer's return under cash on cash return and internal rate of return ("IRR"). Cash on cash return measures the developer's cash return on a cash investment [i.e., $\text{cash flow} \div \text{equity}$]. IRR measures the rate at which the developer's investment grows over a long-term period, taking into account periodic cash flows and property appreciation. As part of such analysis, an excessive developer fee/return will be reduced and put back into the project in the form of additional equity and/or additional reserves.

V. Pledge of CDBG Guarantee

Revenues from each of the projects financed with Section 108 Loan Funds will be the primary repayment source. Additional repayment sources could be repayments from third party borrowers, dedicated revenue from payments in Lieu of Taxes (PILOT), and/or program income, or income from other community or economic development activities. In order to ensure that the City will not need to utilize its CDBG funds to make these payments, each Section 108 loan will have a minimum collateral coverage of 100 percent of the loan amount. This collateral may be a mortgage or deed of trust, or additional assets from the applicant. The City of Tucson understands that if the participants in this Section 108 Loan Fund fail to make timely payments and the City therefore fails to make a required payment on its notes, the City may use CDBG funds to meet the semi-annual payments should the income stream from the program not be available.

VI. Schedule for City's Repayment of Loan

City of Tucson
Section 108 Application

In requesting approval of this loan guarantee the City of Tucson is requesting a commitment for a 20-year term. The City will act as the borrower and issue the guaranteed debt obligations. Actual repayment schedules shall be submitted with specific project applications. As currently proposed, the sources of repayments will be payments on the loans from the proceeds of the guaranteed notes. If additional security is necessary, it will be specific to each project.

VII. Contact

Interested parties may obtain additional information about proposed activities by contacting:

Albert Elias, Director
City of Tucson
Housing and Community Development Department
Box 27210
Tucson, Arizona 85726
(520) 791-4171 (phone)
(520) 791-5407 (fax)
albert.elias@tucsonaz.gov

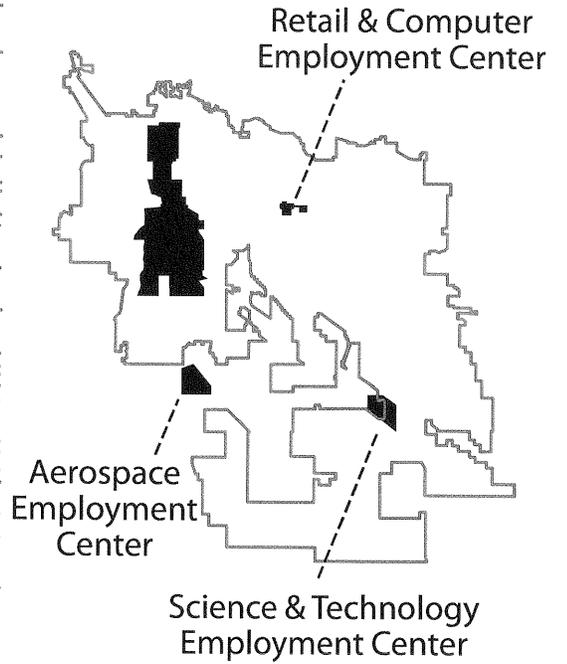
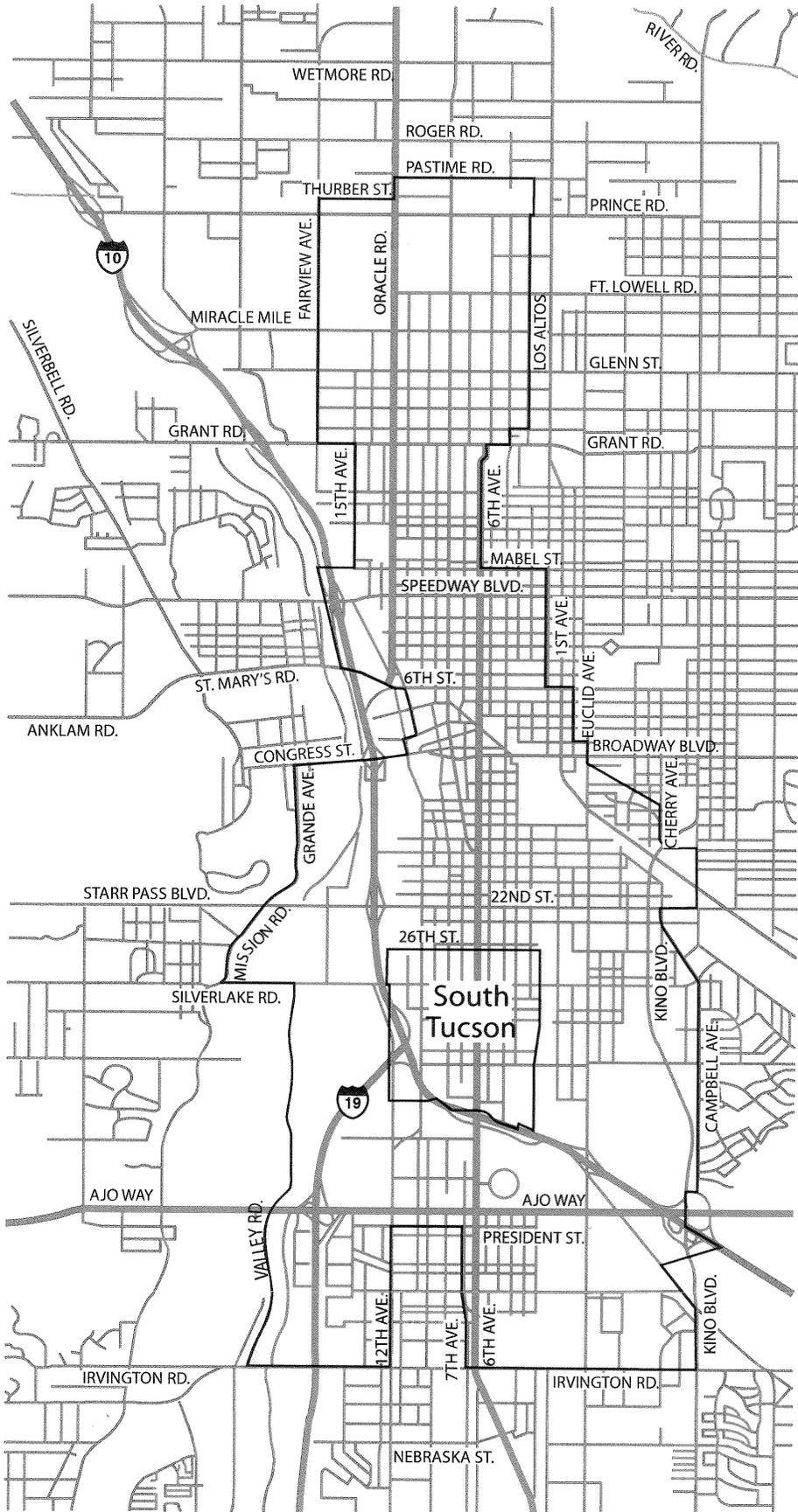
VIII. Attachments

Attachment A: Rio Nuevo District
Attachment B: Modern Streetcar Alignment
Attachment C: City of Tucson Recovery Zone

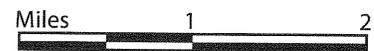
Attachment B: Tucson Modern Streetcar Alignment



Tucson Empowerment Zone Designated Areas



To find out if an address is in the Empowerment Zone log on to www.hud.gov/crlocator





PUBLIC NOTICE: The City of Tucson wishes to inform the public of the following: Each year the City of Tucson is required by the Department of Housing and Urban Development (HUD) to develop an annual implementation plan and to update the 2010-2014 Consolidated Plan. The City of Tucson is proposing a substantial amendment to the Consolidated Plan and fiscal year 2012 Annual Plan for the following:

Neighborhood Stabilization Program 3 (NSP3) - Public Comment is requested on the City of Tucson's intent to expand the target area for NSP3. The current NSP3 target area has seen very little activity. An additional geographic area has been identified for inclusion in NSP3 Target Area. Nineteen homes have previously been purchased in this additional area with NSP 1 and 2 funding. True stabilization can occur with the additional NSP 3 funding in this neighborhood. A map of the new area can be viewed on the City's website at: <http://cms3.tucsonaz.gov/hcd/whats-new>

Homelessness and Rapid Rehousing Program (HRRP) - Public Comment is requested for the City of Tucson (HRRP) budget that was submitted to Housing and Urban Development, as a Substantial Amendment to the Consolidated Plan, under the American Recovery and Reinvestment Act of 2009. It was anticipated that the 25% of the planned budget would be used to assist homeless individuals to be rapidly rehousing; 75% would be used to prevent individuals from losing their housing through eviction. After two years of program operation, 15% of the funds have been used to assist homeless individuals to be rapidly rehousing and 85% of the funds have been used to prevent individuals from losing their housing through eviction. It is anticipated that the remainder of the funding will be utilized in the same way.

Emergency Solutions Grant (ESG) - Public Comment is requested for the City of Tucson Emergency Solutions Grant (ESG) budget. The City of Tucson is preparing a Substantial Amendment to Housing and Urban Development to amend the FY 2012 Annual Action Plan to receive and utilize \$152,990 to provide Rapid Rehousing for homeless individuals and families. The Emergency Solutions Grant Program is designed to be the first step in a continuum of assistance to prevent homelessness and to enable homeless individuals and families to move toward independent living.

Enhanced CDBG Project Program-A substantial amendment to the Fiscal Year 2012 Annual Plan is proposed as directed by the City's Citizen Participation Plan, Section IX 1(C), regarding project funding level changes of more than 10%. Increases of funding and activities in existing projects have been included to facilitate the City's ability to comply with HUD timeliness requirement of 1.5 expenditure ratios by April 30, 2012.

A public meeting regarding the FY 2012 Annual Plan Substantial Amendment will be held on:

Thursday, April 19, 2012
1:00 p.m.
320 N. Commerce Park Loop, Tucson, Arizona
Sentinel Building (Disabled Accessible)

The City of Tucson is accepting comments on the current FY 2012 Annual Action Plan substantial amendments referenced above. Additional information may be found on the City's website: <http://cms3.tucsonaz.gov/hcd/whats-new>

Comments will be accepted through May 4, 2012 at 5:00 p.m. and may be faxed to 520-791-2529, e-mailed to HCDcomment@tucsonaz.gov or delivered to: Housing and Community Development Department
c/o Anna Sanchez
310 N. Commerce Park Loop
Tucson, AZ 85745

Please contact Anna Sanchez at 837-6953 five (5) business days in advance of this meeting if an accommodation is required or 791-2639 (TTY)

The Mayor and Council of the City of Tucson will hold a Public Hearing to approve the Substantial Amendment to the 2012 Annual Plan on May 8, 2012. For more information, please consult the City Clerk's agenda schedule: <http://cms3.tucsonaz.gov/clerk/mcdocs>

Si desea recibir esta información en español por favor llame al (520) 791-4171.

Publish April 4, 2012
Arizona Daily Star



PUBLIC NOTICE

ADOPTED BY THE
MAYOR AND COUNCIL

May 8, 2012

RESOLUTION NO. 21892

RELATING TO HOUSING AND COMMUNITY DEVELOPMENT; APPROVING A SUBSTANTIAL PLAN AMENDMENT TO THE 2012 ANNUAL ACTION PLAN TO INCLUDE CHANGES TO NEIGHBORHOOD STABILIZATION PROGRAM (NSP) 3 FUNDS; HOMELESSNESS AND RAPID REHOUSING PROGRAM (HPRP); EMERGENCY SOLUTIONS GRANT (ESG); AND THE ACCELERATED CDBG PROJECT PROGRAM; AUTHORIZING AND DIRECTING SUBMITTAL OF THE SUBSTANTIAL PLAN AMENDMENT TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD); AND DECLARING AN EMERGENCY

WHEREAS, the Department of Housing and Urban Development (HUD) requires the City of Tucson to develop a five-year Consolidated Plan and update the Plan annually with a strategy for allocation and use of its federal funds (the Annual Action Plan); and

WHEREAS, the 2010-2015 Consolidated Plan was adopted by Mayor and Council in May of 2010; and

WHEREAS, the United States Department of Housing and Urban Development (HUD) has awarded the City of Tucson Neighborhood Stabilization Program (NSP) 3 Funds and an additional geographic area has been identified in NSP3 Target area to

broaden the ability to purchase foreclosed homes leading to true stabilization as envisioned by the intent of the grant; and

WHEREAS, the budget for the Homelessness and Rapid Rehousing Program (HRRP) is being amended to show that 15% of the funds have been used to assist homeless individuals to be rapidly rehoused and 85% of funds have been used to prevent loss of housing due to eviction, and the budget has been adjusted to reflect actual expenditures; and

WHEREAS, A Substantial Amendment to Housing and Urban Development to amend the FY2012 Annual Action Plan must be completed to allow the City of Tucson to receive and utilize \$152,990 in Emergency Solutions Grant (ESG) II funds; and

WHEREAS, a Substantial Amendment to the FY 2012 Annual Plan is necessary for the Accelerated CDBG Project Program due to project funding level changes of more than 10%; and

WHEREAS, the adjustments to the Annual Plan listed above reflect significant changes requiring approval of a Substantial Amendment of the Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, AS FOLLOWS:

SECTION 1. The Mayor and Council of the City of Tucson approves the attached Substantial Plan Amendment to the 2012 Annual Action Plan, attached hereto and by this reference fully incorporated herein.

SECTION 2. The Director of the City's Housing and Community Development Department or the Director's designee is hereby authorized and directed to execute as many counterparts of the Substantial Plan Amendment and such other related

documents as may prove necessary or appropriate to achieve the ends of this Resolution and to submit the same to HUD.

SECTION 3. The various City officers and employees are authorized and directed to perform all acts necessary or desirable to give effect to this Resolution.

SECTION 4. WHEREAS, it is necessary for the preservation of the peace, health and safety of the City of Tucson that this Resolution become immediately effective, an emergency is hereby declared to exist and this Resolution shall be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Tucson, Arizona, May 8, 2012.



MAYOR

ATTEST:



CITY CLERK

APPROVED AS TO FORM:



CITY ATTORNEY

REVIEWED BY:



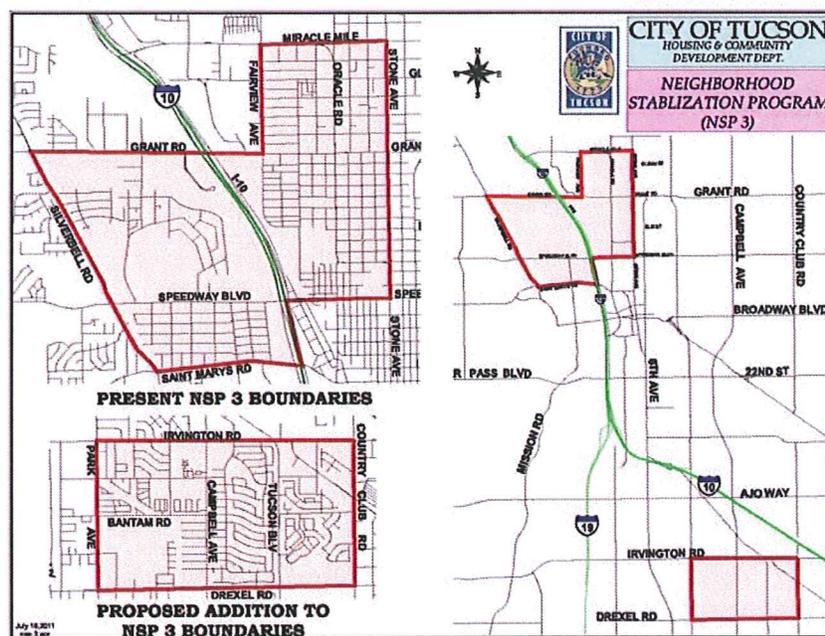
CITY MANAGER

JH:tl
5/1/12

Substantial Plan Amendment FY2012 Annual Action Plan

The City of Tucson FY 2012 Annual Action Plan is amended to include the following program changes:

1. Neighborhood Stabilization Program 3 (NSP3) – An additional geographic area has been identified for inclusion in NSP3 Target Area to broaden the City's ability to purchase foreclosed homes because the current target area has seen very little activity. In contrast, the expanded area has provided the community with 19 homes previously purchased with NSP 1 and 2 funding. The additional NSP3 funding in this expanded geographic area can lead to true stabilization envisioned by the intent of the grant. The revised area is shown below:



2. Homelessness and Rapid Rehousing Program (HPRP) – City of Tucson is amending the HPRP budget that was submitted to Housing and Urban Development, as a Substantial Amendment to the Consolidated Plan, under the American Recovery and Reinvestment Act of 2008. It was anticipated that the 25% of the planned budget would be used to assist homeless individuals to be rapidly rehoused; 75% would be used to prevent individuals from losing their housing through eviction. After two years of program operation, 15% of the funds have been used to assist homeless individuals to be rapidly rehoused and 85% of the funds have been used to prevent individuals from losing their housing through eviction. The budget has been adjusted to reflect actual expenditures.

3. Emergency Solutions Grant (ESG) – A Substantial Amendment to Housing and Urban Development to amend the FY 2012 Annual Action Plan must be completed to allow the City of Tucson to receive and utilize \$152,990 in ESG II funds. Funds will be utilized to provide Rapid Rehousing for homeless individuals and families. The Emergency Solutions Grant Program is designed to be the first step in a continuum of assistance to prevent homelessness and to enable homeless individuals and families to move toward independent living.
4. Accelerated CDBG Project Program – A Substantial Amendment to the Fiscal Year 2012 Annual Plan is necessary, as directed by the City's Citizen Participation Plan, Section IX 1(C), due to project funding level changes of more than 10%. Increases of funding and activities in existing projects have been included to facilitate the City's ability to comply with HUD timeliness requirement of 1.5 expenditure ratios by April 30, 2012.