



City of Phoenix

HOUSING DEPARTMENT

Neighborhood Stabilization (NSP) Program for Multifamily Affordable Rental Housing Funding Application

To ensure that your application meets all threshold requirements, please complete all schedules and provide narrative that answers all questions. Applications that do not meet the threshold requirements will not be reviewed. **Attachment 2** of this application outlines the initial scoring criteria that the Housing Department will use in reviewing applications.

1. Applicant Requesting Funds: _____

2. Mailing Address: _____

3. Phone: _____ FAX: _____ Email: _____

4. Applicant Contact Person: _____

5. Applicant's Authorized Signature: _____ Date: _____

6. Your Organization Status: Non Profit For Profit

Year Incorporated: _____ Taxpayer Identification Number: _____

Note to non-profit developers: Include the following in your application:
**Articles of Incorporation, Organization Bylaws, IRS Exemption
Letter, Board of Directors List,**



EQUAL HOUSING / REASONABLE
OPPORTUNITY / ACCOMMODATIONS

7. Eligible Activity Only:

Acquisition and Rehabilitation of Foreclosed and Abandoned Multi-family Housing Complexes in the City of Phoenix for Affordable Rental

Amount Requested: \$ _____

For all Proposals:

- ◆ All NSP Program units must assist households at or below 50% of median income based on family size. The minimum number of NSP assisted units required will be determined based upon the ratio of NSP Program funds to the total project cost.
- ◆ All projects must be located in NSP Program Tier Areas 2 or 3. Please see list of Tier 2 and 3 zip codes as **Attachment 1** to this funding application.
- ◆ All projects must meet City of Phoenix NSP Multifamily Affordable Rental Loan Program and Underwriting Guidelines.
- ◆ Projects must demonstrate sustainability through a market study or other analytical information.

◆ Loan Terms

Special Needs Projects

- Interest rate: 0%
- Note: Deferred forgivable at end of term
- Term: 30 years
- Affordability Period: 30 years

Affordable Rental Housing Projects

- Interest rate: 0%
- Note: Deferred cash flow payment of 50% to City after debt service and reserve accounts paid [If 1.2 debt coverage is achievable, City will require a hard note.]
- Term: 30 years, deferred for 1 year after rehab is completed
- Period of Affordability: 30 years

8. Describe the agency purpose, major sources of agency funding (if a non-profit) and experience in developing, owning and managing affordable housing.

Your description should include a list of project names, locations, and number of units, owned and/or managed by the applicant. Indicate rentals to households with incomes below 50% of median. Applicants must be able to demonstrate past experience in developing affordable housing. **This is a threshold item.**

9. Describe the financial status of the project.

Indicate which funds if any the applicant proposes to utilize to leverage the requested Neighborhood Stabilization (NSP) Program funds and complete **Schedule A**. State whether or not the project can be implemented prior to commitment of other funds. Indicate that the applicant is prepared to invest 10% of own funds into the project **This is a threshold item.**

10. Describe in detail your request for NSP Multifamily Affordable Rental Program funds and how it conforms to **Attachment 1** of this application. Your information should contain a complete description of your proposal including:

- a. The location of the project (**include**: Council District, Urban Village, project address, zip code and legal description). Funding priority will be given to projects located in the

Transit Overlay District, a Redevelopment Area, a Neighborhood Initiative Area, a Neighborhood Renewal Area, a Rental Renaissance Area and the West Phoenix Revitalization Area. Your application must include a site plan and elevation rendering the floor plans of the proposed project. **This is a threshold item.**

b. Site information:

1. Number of units, type and unit size (square footage per unit type)
2. Specify the current zoning of the proposed site
3. Specify the zoning required for the intended use
4. Specify whether parking is adequate for intended use
5. Include the percentage and type of units that will be handicap accessible
6. Include Phase I Environmental Assessment
7. Specify REO (Real Estate Owned) lender of foreclosed property
8. Provide appraisal of REO foreclosed property within 60 days of purchase agreement
9. Provide evidence of site control (i.e., purchase agreement)
10. Purchase Agreement must reflect property purchase price of at least 1% below current appraisal.
11. Discuss how this project will help stabilize the surrounding community, i.e. decrease crime, raise property values, remove blight, increase consumer consumption, etc.
12. Identify any circumstances that could delay or prevent this project. If none, state this in your application. **This is a threshold item.**
13. Describe "green" strategies that the applicant will use to reduce energy and/or operating costs. **This is a threshold item.**

c. Provide budget to acquire and rehabilitate the property (**Schedule B**) including a complete description of the proposed rehabilitation scope of work, i.e., Capital Needs Assessment (CNA). **This is a threshold item.**

d. CNA (proposed rehabilitation scope of work) must be prepared by a qualified third-party. Provide name, company address, telephone, email, fax of CNA preparer.). **This is a threshold item.**

e. Complete the Projected Operating Budget using \$4200 for annual operating costs per unit and \$300 annual reserve fee per unit (**Schedule C**).

f. Prepare the projected time line for the completed project (**Schedule D**). Priority will be given to projects ready to start. **This is a threshold item.**

g. Prepare the projected ten-year cash flow (**Schedule E**).

h. If a Special Needs Project, describe the target population to be served and indicate the special needs population (elderly, homeless, disabled, etc.).

i. If this is a Special Needs Project, list the on-site and off-site services that are available to the residents. Please provide commitment letters from service providers. **This is a threshold item.**

- j. Describe all development team members by function/duties and describe all relevant projects completed as a team. Describe the team's experience using federal funds and developing affordable housing (**Schedule F**). Do any members of the development team or ownership entity have a direct or indirect financial interest with any of the other project team members? If so, please describe in item #13 of **Schedule F**. Developer and Co-Developer should attach an independent audited financial report for the last fiscal year (or unaudited statements for any completed fiscal year for which an audit is not yet available) and year-to-date unaudited statements for the current fiscal year. Sole proprietors must provide personal financial statements. **This is a threshold item.**
- k. Discuss your property management strategies. If the developer intends to do the property management, list properties/units currently managed. **This is a threshold item.**
- l. The Department will require an independent appraisal and may require a market study to verify adequate demand for the proposed development, proposed rent levels, operating expense and reserve levels, etc. For loan requests less than \$400,000, the Department may waive a market study in consideration of other relevant market comparison data provided by the applicant, but reserves the right to require an independent report at its sole discretion.
1. General description of existing and proposed housing stock in the same neighborhood as the proposed project (identify typical project sizes, number of competing properties, typical rental range, etc.).
 2. Overall occupancy and vacancy rates within the market area.
 3. Note any rent concessions currently being offered in the market area.
 4. Describe the overall condition of the competing rental housing stock
 5. Identify at least three comparable projects near the proposed development, and provide their current prices, occupancy level, initial absorption rate (if recently completed), and amenities in comparison with the proposed development.
 6. Estimate the number of months it will take the proposed development to reach stabilized occupancy (to 93%+). Provide supporting evidence for assumptions.

Return completed application to:



City of Phoenix Housing Department
Housing Development Section
251 West Washington Street, 4th Floor
Phoenix, Arizona 85003-1611
Phone: Peggy Martin, 602-2626913
FAX: (602) 534-1214

IMPORTANT NOTICE CONCERNING AFFIRMATIVE ACTION REQUIREMENTS! All suppliers, contractors and lessees wishing to enter into a business relationship with the City of Phoenix must comply with either Article IV or V of Chapter 18 of the City Code, as appropriate. Compliance is achieved by submission of the affirmative action reporting forms. Forms may be obtained from the Equal Opportunity Department, Affirmative Action Division, 251 W. Washington St. 7th Floor, Phoenix, Arizona 85003-2107, 262-6790. The Phoenix Housing Department encourages the use of Minority Business Enterprises (MBE), Women Business Enterprises (WBE) and disadvantaged firms in carrying out Community Development Block Grant activities.

Attachment 1

Neighborhood Stabilization Program (NSP) Activity Summary

The following table summarizes the target distribution of NSP funds by Program Tier and neighborhood zip code and identifies the program activity associated with each.

NSP Programs by Tier			
Tier 1	Tier 2	Tier 3	
“Preserve good neighborhoods so they stay healthy.”	“Turn around changing neighborhoods so they become desirable.”	“Redevelop and rebuild blighted areas so they become workable.”	
HUD Risk Factor 0-6	HUD Risk Factor 7-8	HUD Risk Factor 9-10	
Homebuyer Assistance (all tiers): Subordinate loan for part of the purchase price to encourage new homebuyers to purchase foreclosed properties.			
Promote use of HUD 203(k) to assist homebuyers with needed repairs	Homebuyer assistance with rehab assistance; moderate rehab assistance to incent homebuyers to purchase foreclosed house needing minor rehab	Homebuyer assistance with rehab assistance to incent homebuyers to purchase and rehab in the most distressed areas	
Acquisition only on an exception basis with rehab and resale for ownership	Limited acquisition with rehab and resale for ownership; rehab for multifamily rental ; holding, rehabbing, maintaining and remarketing; demo and dev	Acquisition with rehab and resale for ownership; rehab for multifamily rental ; holding, rehabbing, maintaining and remarketing; demo and dev	
Spot demolition on an exception basis to address most serious health and safety issues	Scattered demolition	Demolition	
Zip Code Targeting			
Tier 1	Tier 2	Tier 3	
All Phoenix Zip Codes	85015	86006	85034
		85023	85008
		85024	85009
		85053	85017
		85339	85019
			85021
			85027
			85029
			85031
			85032
			85033

Notes:

1. Zip Code boundaries do not conform with city limits. All the zip codes listed are all or partly in Phoenix; certain zip codes include portions of neighboring cities. City of Phoenix NSP funds will be used to benefit only City of Phoenix resident.
2. Zip Codes were included in entirety for purpose of establishing “areas of greatest need.” At least a portion of the census tracts and/or neighborhood boundaries within each zip code meet the Housing and Economic Recovery Act (HERA, July 2008) targeting requirements.

Attachment 2

City of Phoenix Neighborhood Stabilization Program (NSP) Multifamily Affordable Rental Loan Program

Competitive Scoring Criteria

1. The proposed development provides good quality design, construction materials, and amenities.
 - Project has more than 15% usable open space – 6 points
 - Project has 10-15% usable open space – 3 points

Amenities include: (1 point each)

 - Pool and/or outdoor recreation area
 - Free covered parking (minimum 1 space per unit)
 - Free extra storage
 - All 2BR and larger units have at least 2 bathrooms
2. The project will result in a mixed income population.
 - Every 10% increment of market rate units (to a maximum of 60% market rate) – 2 points (up to 10 points)
3. The project is located within 1/2 mile of a public school, park or recreational facility, full service grocery store, public transportation, hospital, or senior center.
 - Public school – 2 points
 - Park, recreation center, library, senior center – 2 points
 - Grocery store – 2 points
 - Public transportation – 2 points
 - Hospital – 2 points
4. The proposal furthers the Citywide scattering of low-income households in non-impacted census tracts.
 - Located in the High Priority urban village of _____ – 2 points (as described in the Affordable Housing Loan Program and Underwriting Guidelines http://phoenix.gov/ftpalias/HOUSING/hlpug_05.pdf , Attachment E, p.59
 - Located in the Transit Overlay District – 2 points
 - Located in a Redevelopment Area <http://phoenix.gov/NSD/rda.pdf> , Neighborhood Initiative Area <http://phoenix.gov/NSD/nia.pdf> , Neighborhood Renewal Area, Rental Renaissance Area or West Phoenix Revitalization Area – 2 point
 - Located near a HOPE VI project – 2 points
5. The extent to which equity investment represents more than 10% of the total development budget.
 - Equity exceeds 40% of total development cost – 10 points
 - Equity is 25%- 40% of total development cost – 8 points
 - Equity is 16% - 24% of total development cost – 6 points

- Equity is 10% - 15% of total development cost – 4 point
- Equity is less than 5% of total development cost – 0 points

6. Department funds are well leveraged by other funding sources.

- NSP Loan is less than 50% of total development cost – 10 points
- NSP Loan is 51% - 75% of total development cost – 5 points
- NSP Loan is more than 75% of total development cost – 0 points

7. The proposal includes energy efficiency improvements.

- Double-paned, Low-E windows – 2 points
- HVAC with SEER Rating greater than 10 – 2 points
- All unit appliances are “Energy Star” rated – 2 points
- Services of a qualified energy efficiency consultant are utilized during the project design phase and recommendations have been incorporated into the project design – 10 points
- Landscape designs utilize xeriscape principles to conserve water usage – 2 points

8. The project will contribute to the upgrading and/or improved appearance and stability of the surrounding neighborhood.

- Yes – 10 points
- No – 0 points

9. The Development team is made up of experienced developers who have used federal funding in previous projects.

- 100% of team is experienced with affordable housing – 10 points
- 50% of team is experienced with affordable housing – 5 points
- < 50% of team but > 10% of team is experienced with affordable housing – 2 points

10. The development has received all other necessary funding commitments and can begin construction within 4 months of Department approval.

- Yes – 10 points
- No – 0 points

SCHEDULE A

FUNDING SOURCES

Please identify **ALL** the financial funding resources for the proposal. Indicate which sources are firmly committed and which are tentative. Attach written "**Letters of Commitment**" to verify the firmly committed source.

FUNDING SOURCES	AMOUNT	TYPE OF FUNDING	FIRM COMMITMENT	TENTATIVE COMMITMENT	DATE AVAILABLE
City of Phoenix	\$	NSP Program		X	
Owner Investment	\$	10%			
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
TOTAL	\$				

NOTE: The proposal amounts must be equivalent to the budget amounts identified in Schedule B.

These sources represent a match of \$ _____ to the NSP Program request of \$ _____ demonstrating a ____:____ degree of leverage.

Can you begin this project prior to final commitment of all funding sources? Yes No

AUTHORIZATION TO APPLY AND EXECUTE CONTRACT

The Board of Directors of the _____
 does authorize and direct _____

to apply and enter into a contract with the City of Phoenix Housing Department for an award of Neighborhood Stabilization (NSP) Program funds.

The Board further authorizes and directs _____
 to take such action as necessary in conjunction with the performance of said contract.

Authorization was granted through an action of the Board of Directors at their meeting on _____.

SCHEDULE B

ACQUISITION and or/ REHABILITATION BUDGET

Complete this schedule for the proposed capital project. The project costs should include permits, utility installation, engineering inspections and any possible relocation costs. Schedule A, Funding Sources must coincide with the total project budget.

COST COMPONENT	NSP PROGRAM FUNDING REQUEST	OTHER RESOURCES	TOTAL BUDGET
PROPERTY ACQUISITION	\$	\$	\$
APPRAISALS		\$	\$
LEGAL SERVICES		\$	\$
REAL ESTATE SERVICES		\$	\$
OTHER (SPECIFY)		\$	\$
OTHER (SPECIFY)		\$	\$
OTHER (SPECIFY)		\$	\$
TOTAL PROPERTY COST	\$	\$	\$
PROFESSIONAL SERVICES		\$	\$
ARCHITECTS		\$	\$
ENGINEERING		\$	\$
CITY ENGINEERING		\$	\$
CONSULTANTS		\$	\$
OTHER (SPECIFY)		\$	\$
TOTAL PROFESSIONAL SERVICE COSTS		\$	\$
REHABILITATION	\$	\$	\$
SITE IMPROVEMENTS	\$	\$	\$
REHABILITATION LABOR	\$	\$	\$
REHABILITATION MATERIAL	\$	\$	\$
EQUIPMENT*	\$	\$	\$
FEES AND PERMITS**	\$	\$	\$
OTHER (SPECIFY)		\$	\$
OTHER (SPECIFY)		\$	\$
TOTAL ACQUISITION and/or REHABILITATION	\$	\$	\$
		\$	\$
TOTAL PROJECT BUDGET	\$	\$	\$

* Attach a schedule itemizing proposed acquisition of equipment (will be reviewed for eligibility).

** Include costs for development fees payable to the City of Phoenix.

SCHEDULE C

PROJECTED OPERATING BUDGET

GROSS INCOME		SQUARE FEET	NUMBER OF UNITS	MONTHLY RENT	ANNUAL RENT
UNIT TYPE					
GROSS RENTS	<i>STUDIO</i>			\$	\$
	<i>1 BEDROOM</i>			\$	\$
	<i>2 BEDROOM</i>			\$	\$
	<i>3 BEDROOM</i>			\$	\$
<i>(includes utility allowance)</i>					
http://phoenix.gov/HOUSING/util.pdf					
TOTAL					\$
VACANCY ALLOWANCE			Vacancy Rate	@	% \$
OTHER INCOME			Laundry		\$
			Miscellaneous		\$
TOTAL GROSS INCOME					\$

OPERATING EXPENSES					
ADMINISTRATIVE:					\$
		<i>Salaries and Personnel</i>			\$
		<i>ERE Fringe Benefits</i>			\$
		<i>Management Fees</i>			\$
		<i>Marketing</i>			\$
		<i>Legal / Accounting / Office</i>			\$
MAINTENANCE:					\$
		<i>Repairs</i>			\$
		<i>Ground Expenses</i>			\$
		<i>Supplies / Miscellaneous</i>			\$
OPERATING:					\$
		<i>Utilities</i>			\$
		<i>Telephone</i>			\$
		<i>Trash Removal</i>			\$
		<i>Contract Services</i>			\$
		<i>Insurance</i>			\$
		<i>On-Site Support Services</i>			\$
		<i>Other (Specify)</i>			\$
					\$
					\$
REPLACEMENT RESERVE					\$
REAL ESTATE TAXES					\$
<i>PROJECTED PRIMARY ANNUAL DEBT SERVICES</i>	%	\$		Years	\$
<i>PROJECTED NSP ANNUAL DEBT SERVICES</i>	%	\$		Years	\$
	Interest Rate		Total Debt	Amortization Period	
TOTAL OPERATING EXPENSES					\$
NET OPERATING INCOME					\$

SCHEDULE D

PROJECTED TIME LINE FOR PROJECT DEVELOPMENT

Task	Start Date	End Date	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<i>Scope of Work & Budget</i>														
<i>Environmental Review</i>														
<i>Property Acquisition</i>														
<i>Design Development</i>														
<i>Prelim Site Plan Review</i>														
<i>Final Site Plan Review</i>														
<i>Permits Issued</i>														
<i>Advertising for Contractor</i>														
<i>Scope of Work Bid Process</i>														
<i>Bid Opening and Review</i>														
<i>Scope of Work Award</i>														
<i>Rehab Completed</i>														
<i>Punch List Completed</i>														
<i>CofO or CofC (per DSD)</i>														
<i>Occupancy</i>														

❖ Attach additional sheets if necessary

SCHEDULE E

PROJECTED TEN YEAR CASH FLOW

ACTIVITY	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
INCOME:										
Residential Revenue										
Laundry Revenue										
Misc. Income										
Gross Revenue										
Interest Income - Reserves (Vacancy Allowance)										
Total Operating Revenue										
EXPENSES:										
Administrative										
Maintenance										
Operating										
Real Estate Taxes										
Replacement Reserves										
Net Operating Income Before Debt Service										
ANNUAL DEBT SERVICE:										
Debt Service (First Mortgage if applicable)										
Debt Service (NSP)										
Debt Service (other)										
Total Annual Debt Service										
NET CASH FLOW										
NET CASH FLOW										
Total Debt Coverage Ratio										
Total Debt Coverage Ratio										
Debt Coverage Ratio on First Mortgage Only										

ASSUMPTIONS:

Residential Vacancy Rate 10 %
 Replacement Reserve Rate \$300 per unit
 Number of Units

PERMANENT FINANCING RECAP:

(1) \$ _____ Loan, _____ % Annual Rate, _____ Year Fully Amortized
 (2) \$ _____ Loan, _____ % Annual Rate, _____ Year Fully Amortized
 (3) \$ _____ Loan, _____ % Annual Rate, _____ Year Fully Amortized
 (4) \$ _____ Loan, _____ % Annual Rate, _____ Year Fully Amortized

SCHEDULE F

DEVELOPMENT TEAM DESCRIPTION

[Click here to go to SCHEDULE F.](#)

Disclaimer: The link above goes to an EXCEL 2002 SP3 file, your macro security must be on medium or low to work in Schedule F.