

Grantee: Phoenix, AZ

Grant: B-09-CN-AZ-0050

April 1, 2010 thru June 30, 2010 Performance Report

Grant Number:
B-09-CN-AZ-0050

Obligation Date:

Grantee Name:
Phoenix, AZ

Award Date:

Grant Amount:
\$60,000,000.00

Contract End Date:
02/11/2013

Grant Status:
Active

Review by HUD:
Submitted - Await for Review

QPR Contact:
Chris Hallett

Disasters:

Declaration Number
NSP

Plan Description:

Recovery Needs:

Overall

Total Projected Budget from All Sources
Total CDBG Program Funds Budgeted
Program Funds Drawdown
Obligated CDBG DR Funds
Expended CDBG DR Funds
Match Contributed
Program Income Received
Program Income Drawdown

This Report Period

N/A
N/A
\$0.00
\$0.00
\$0.00
\$0.00
\$0.00
\$0.00

To Date

\$60,000,000.00
\$60,000,000.00
\$0.00
\$0.00
\$0.00
\$0.00
\$0.00
\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	99.00%	0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$0.00	\$0.00
Limit on Admin/Planning	\$6,000,000.00	\$0.00
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$6,000,000.00	\$6,000,000.00

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$15,000,000.00	\$13,640,000.00

Overall Progress Narrative:

Phoenix area foreclosures climbed 20% this last month while pre-foreclosure notices fell slightly as did the number of pending foreclosures, down 5% and 6% respectively from last month. Overall the sales of foreclosed homes now account for about 38% of the market, down from over 60% a year ago. There are signs that Investor activity and buyer interest may again be shifting.

Because the Phoenix market is varied and changeable, our plan provides for flexibility to adjust between homebuyer driven and strategic/developer driven approaches, both incorporating rehabilitation. Based on our Consolidated Plan, our NSP2 program supports the revitalization of our long identified target areas and stabilizes cluster areas where we've had significant NSP1 activity. Concerns around stabilizing property values continue to plague these neighborhoods with NSP resources contributing to mitigation of market risk and filling funding gaps.

The Phoenix Partners expanded the team of primarily non profit partners procured through NSP1, adding a for profit subdivision developer partner and an investment company that will link buyers to foreclosed properties with rehab services. Subdivisions within the central core of the city, close to jobs and transportation and facing significant feasibility barriers is a key innovation in NSP2

Targeting subdivisions and acquisition and rehabilitation of multi family properties will greatly assist us in meeting the 2 year expenditure deadline. Multi family acquisition and rehabilitation for both preservation of affordability and neighborhood stabilization will provide the benefits to households at or below 50% of area median income. Regional partnerships with other cities will further enhance the multi family strategies.

Recent clarifications from HUD on funding buyer assistance and use of program income have provided "food for thought" for program revisions and leveraging with other loan sources. We look forward to the notices mentioned in the very helpful webinars.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00

ADM, Administration and Planning	\$0.00	\$6,000,000.00	\$0.00
MF, Multi Family Strategies	\$0.00	\$21,600,000.00	\$0.00
SF, Single Family Strategies	\$0.00	\$32,400,000.00	\$0.00

Activities

Grantee Activity Number: ADM

Activity Title: Administration & Planning

Activity Category:

Administration

Activity Status:

Under Way

Project Number:

ADM

Project Title:

Administration and Planning

Projected Start Date:

02/10/2010

Projected End Date:

02/10/2013

National Objective:

N/A

Responsible Organization:

City of Phoenix

Overall

Apr 1 thru Jun 30, 2010

To Date

Total Projected Budget from All Sources	N/A	\$6,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$6,000,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
City of Phoenix	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

NSP funds will be used to pay reasonable program administration costs related to the planning and execution of the activities listed previously. This includes costs related to staffing for overall program management, coordination, monitoring, and reporting.

Location Description:

The administrative offices of the City of Phoenix, 200 and 251 W. Washington Street, Phoenix, AZ

Activity Progress Narrative:

Phoenix has requested additional clarification around our Consortium Funding Agreements. Our application was one of many that noted all partners (including for profits) as CF partners. All but one of our for-profit partners have been reviewed by an outside audit company for their cost reasonableness. We currently have contracts with them routing for signatures. Our nonprofit partners that did not already have an approved indirect cost allocation plan are working on them. This is an unanticipated delay for our program. A staffing plan is under internal review and faces challenges with the ongoing budget and hiring constraints. Phoenix is executing a contract with Community Central for their business system which is expected to greatly support program implementation in general, improved efficiencies and the added burden of the consortium requirements.

Performance Measures

No Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number:	DEMO
Activity Title:	Demolition

Activity Category:

Clearance and Demolition

Activity Status:

Under Way

Project Number:

SF

Project Title:

Single Family Strategies

Projected Start Date:

02/10/2010

Projected End Date:

02/10/2013

National Objective:

NSP Only - LMMI

Responsible Organization:

City of Phoenix

Overall	Apr 1 thru Jun 30, 2010	To Date
Total Projected Budget from All Sources	N/A	\$300,000.00
Total CDBG Program Funds Budgeted	N/A	\$300,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
City of Phoenix	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Demolition is included to assist with unforeseen problems with properties acquired through the single-family strategies but could also include a limited and very strategic number of homes that are identified by the Partners or community as both infeasible to rehabilitate and representing a barrier to neighborhood revitalization. This strategy will be employed only as a last resort and when necessary to improve neighborhood health and support adjacent NSP2 activities.

Location Description:

The Phoenix Partners have defined the NSP2 Target Area (Target Area) based on HUD's foreclosure related need factor scores, a detailed market analysis, ongoing community investment initiatives, median housing values, and proximity to mass transit. More than 90% of the Target Area includes census tracts scoring 18-20 on one or both of the need factors. It contains median housing values below \$200,000, and is largely populated with those earning no more than 120% of Area Median Income (AMI). Appendices A and B in the Phoenix Partners NSP2 application shows the NSP2 Target Area.

Activity Progress Narrative:

The city of Phoenix is prospecting for blighted properties, as an extension of the soon-to-be concluded acquisition and demolition of strategic blighted properties for the city of Phoenix NSP1 award. Although strategic targeting will inform every decision to acquire and demolish blighted properties in NSP2, the demolition activity will be much more limited than in NSP1, and used as a last resort in support of targeted stabilization efforts.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/30
# of Households benefitting	0	0	0	0/0	0/0	0/0

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number:	HIPREH
Activity Title:	HIP Rehab

Activity Category:

Rehabilitation/reconstruction of residential structures

Activity Status:

Under Way

Project Number:

SF

Project Title:

Single Family Strategies

Projected Start Date:

02/10/2010

Projected End Date:

02/10/2013

National Objective:

NSP Only - LMMI

Responsible Organization:

City of Phoenix

Overall	Apr 1 thru Jun 30, 2010	To Date
Total Projected Budget from All Sources	N/A	\$9,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$9,000,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
City of Phoenix	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The program includes a deferred payment loan for housing rehabilitation to assure foreclosed homes meet defined housing and energy standards upon re-sale. The terms of these services are included in Factor 3, Section (b) of the NSP2 application. In addition, the City will provide homeownership assistance (an NSP Financing Mechanism) in the form of subordinate mortgages to assist homebuyers purchase and occupy foreclosed or abandoned single-family homes in the NSP2 Target Area. Through the Home Improvement Program (HIP), buyers may select a property within strategic areas, working with the developer dedicated to that area. Participants must be income-eligible, FHA creditworthy, must complete the NSP2-required housing counseling, and maintain the property as their principal residence.

Location Description:

The Phoenix Partners have defined the NSP2 Target Area (Target Area) based on HUD's foreclosure related need factor scores, a detailed market analysis, ongoing community investment initiatives, median housing values, and proximity to mass transit. More than 90% of the Target Area includes census tracts scoring 18-20 on one or both of the need factors. It contains median housing values below \$200,000, and is largely populated with those earning no more than 120% of Area Median Income (AMI). Appendices A and B in the Phoenix Partners NSP2 application shows the NSP2 Target Area.

Activity Progress Narrative:

This 203K-like program will be implemented with NSPAZ LLC, an investment group specializing in foreclosed properties. The consumer driven approach, incorporating rehabilitation within tight time frames and investor competition is a challenge that we will monitor and modify as needed. As a means to adapt to these challenges, NSPAZ proposes to create a matching system between target area first look opportunities and eligible buyers. NSPAZ's final contract is pending review of pricing. Three lenders have been engaged to provide 203K loans supplemented with NSP buyer assistance and rehab funds.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/197

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number:	MFACQ
Activity Title:	Multi Family Acquisition

Activity Category:

Acquisition - general

Project Number:

MF

Projected Start Date:

02/10/2010

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Multi Family Strategies

Projected End Date:

02/10/2013

Responsible Organization:

City of Phoenix

Overall	Apr 1 thru Jun 30, 2010	To Date
Total Projected Budget from All Sources	N/A	\$5,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$5,000,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
City of Phoenix	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The city will either acquire properties for its own portfolio or make loans to for-profit or not-for-profit entities to preserve and create long-term affordable rental housing. Activities under this program will satisfy the requirement that at least 25% of the city's NSP2 grant be spent to provide affordability to households at or below 50% of median income, but may also serve tenants up to 120% AMI.

Location Description:

The Phoenix Partners have defined the NSP2 Target Area (Target Area) based on HUD's foreclosure related need factor scores, a detailed market analysis, ongoing community investment initiatives, median housing values, and proximity to mass transit. More than 90% of the Target Area includes census tracts scoring 18-20 on one or both of the need factors. It contains median housing values below \$200,000, and is largely populated with those earning no more than 120% of Area Median Income (AMI). Appendices A and B in the Phoenix Partners NSP2 application shows the NSP2 Target Area.

Activity Progress Narrative:

The City of Phoenix Housing Department will expend this grant to help stabilize neighborhoods through the acquisition and rehabilitation of foreclosed multifamily communities. Housing Department staff has met with a number of prospective non-profit and for-profit developers interested in the program.

The NSP2 multifamily housing strategy also aims to preserve affordable units created with federal funding. The Housing Department is currently in the process of purchasing the Pinecrest Apartments from HUD through a foreclosure sale. NSP funds will be used to acquire and rehabilitate the 264-unit multifamily property located at 2601 W Claremont in Phoenix, AZ. The affordability of these units will be preserved by the use of NSP funds in this project.

In addition, Housing will explore opportunities to partner with other jurisdictions in the region to address the foreclosure crisis. These opportunities may include identifying a limited number of multifamily properties in other jurisdictions with the appropriate HUD foreclosure risk scores outside the NSP2 Phoenix Target Area.

Performance Measures

This Report Period			Cumulative Actual Total / Expected		
Low	Mod	Total	Low	Mod	Total

# of Properties	0	0	0	0/0	0/0	0/186
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Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: MFREH

Activity Title: Multi Family Rehab

Activity Category:

Rehabilitation/reconstruction of residential structures

Activity Status:

Under Way

Project Number:

MF

Project Title:

Multi Family Strategies

Projected Start Date:

02/10/2010

Projected End Date:

02/10/2013

National Objective:

NSP Only - LMMI

Responsible Organization:

City of Phoenix

Overall

Apr 1 thru Jun 30, 2010

To Date

Total Projected Budget from All Sources	N/A	\$7,960,000.00
Total CDBG Program Funds Budgeted	N/A	\$7,960,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
City of Phoenix	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The city will either acquire properties for its own portfolio or make loans to for-profit or not-for-profit entities to preserve and create long-term affordable rental housing. Activities under this program will satisfy the requirement that at least 25% of the city's NSP2 grant be spent to provide affordability to households at or below 50% of median income, but may also serve tenants up to 120% AMI.

Location Description:

The Phoenix Partners have defined the NSP2 Target Area (Target Area) based on HUD's foreclosure related need factor scores, a detailed market analysis, ongoing community investment initiatives, median housing values, and proximity to mass transit. More than 90% of the Target Area includes census tracts scoring 18-20 on one or both of the need factors. It contains median housing values below \$200,000, and is largely populated with those earning no more than 120% of Area Median Income (AMI). Appendices A and B in the Phoenix Partners NSP2 application shows the NSP2 Target Area.

Activity Progress Narrative:

The City of Phoenix Housing Department will expend this grant to help stabilize neighborhoods through the acquisition and rehabilitation of foreclosed multifamily communities. Housing Department staff has met with a number of prospective non-profit and for-profit developers interested in the program.

The NSP2 multifamily housing strategy also aims to preserve affordable units created with federal funding. The Housing Department is currently in the process of purchasing the Pinecrest Apartments from HUD through a foreclosure sale. NSP funds will be used to acquire and rehabilitate the 264-unit multifamily property located at 2601 W Claremont in Phoenix, AZ. The affordability of these units will be preserved by the use of NSP funds in this project.

In addition, Housing will explore opportunities to partner with other jurisdictions in the region to address the foreclosure crisis. These opportunities may include identifying a limited number of multifamily properties in other jurisdictions with the appropriate HUD foreclosure risk scores outside the NSP2 Phoenix Target Area.

Performance Measures

This Report Period			Cumulative Actual Total / Expected		
Low	Mod	Total	Low	Mod	Total

# of Properties	0	0	0	0/0	0/0	0/186
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Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: MIRREH

Activity Title: Move In Ready Rehab

Activity Category:

Rehabilitation/reconstruction of residential structures

Activity Status:

Under Way

Project Number:

SF

Project Title:

Single Family Strategies

Projected Start Date:

02/10/2010

Projected End Date:

02/10/2013

National Objective:

NSP Only - LMMI

Responsible Organization:

City of Phoenix

Overall

Apr 1 thru Jun 30, 2010

To Date

Total Projected Budget from All Sources	N/A	\$5,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$5,000,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
City of Phoenix	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The Move-In Ready Program engages the services of Consortium Members and developer partners to acquire and rehabilitate foreclosed homes and sell them to qualified buyers in move-in ready condition that complies with NSP2 housing rehabilitation standards which include:

- Housing Quality Standards/Health and Safety/City's Neighborhood Preservation Ordinance
- Lead based paint standards
- Energy efficiency improvements
- Front yard landscaping/curb appeal

In addition, the program will provide homeownership assistance (an NSP Financing Mechanism) in the form of subordinate mortgages to assist homebuyers purchase and occupy foreclosed or abandoned single-family homes in the NSP2 Target Area.

Location Description:

The Phoenix Partners have defined the NSP2 Target Area (Target Area) based on HUD's foreclosure related need factor scores, a detailed market analysis, ongoing community investment initiatives, median housing values, and proximity to mass transit. More than 90% of the Target Area includes census tracts scoring 18-20 on one or both of the need factors. It contains median housing values below \$200,000, and is largely populated with those earning no more than 120% of Area Median Income (AMI). Appendices A and B in the Phoenix Partners NSP2 application shows the NSP2 Target Area.

Activity Progress Narrative:

Foundation for Senior Living, a non profit partner in NSP1 has their indirect cost allocation plan approved by the Department of Transportation and will begin implementing the strategic/developer driven acquisition and rehabilitation activities. The second partner, National Farm Workers, is in the process of assembling an indirect cost allocation plan. To "start" targeted acquisition activity, the team will work with Fannie Mae on a strategic sale of 20 to 30 properties over the summer. In addition, the Phoenix Partners are coordinating with Chicanos Por La Causa's NSP2 program on overlapping areas and program activities.

Performance Measures

This Report Period			Cumulative Actual Total / Expected		
Low	Mod	Total	Low	Mod	Total

# of Properties	0	0	0	0/0	0/0	0/147
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Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number:	PRE
Activity Title:	Preservation of Foreclosed Multi Family Structures

Activity Category:

Rehabilitation/reconstruction of residential structures

Activity Status:

Under Way

Project Number:

MF

Project Title:

Multi Family Strategies

Projected Start Date:

02/10/2010

Projected End Date:

02/10/2013

National Objective:

NSP Only - LH - 25% Set-Aside

Responsible Organization:

City of Phoenix

Overall	Apr 1 thru Jun 30, 2010	To Date
Total Projected Budget from All Sources	N/A	\$8,640,000.00
Total CDBG Program Funds Budgeted	N/A	\$8,640,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
City of Phoenix	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The goal of this activity is to preserve affordable units created with federal funds by using financial mechanisms that will buoy the new owners during the current economic crisis, which has resulted in a high vacancy rate. This will ensure that the previous federal investment and affordability is not lost through foreclosure.

Location Description:

The Phoenix Partners have defined the NSP2 Target Area (Target Area) based on HUD's foreclosure related need factor scores, a detailed market analysis, ongoing community investment initiatives, median housing values, and proximity to mass transit. More than 90% of the Target Area includes census tracts scoring 18-20 on one or both of the need factors. It contains median housing values below \$200,000, and is largely populated with those earning no more than 120% of Area Median Income (AMI). Appendices A and B in the Phoenix Partners NSP2 application shows the NSP2 Target Area.

Activity Progress Narrative:

The City of Phoenix Housing Department will expend this grant to help stabilize neighborhoods through the acquisition and rehabilitation of foreclosed multifamily communities. Housing Department staff has met with a number of prospective non-profit and for-profit developers interested in the program.

The NSP2 multifamily housing strategy also aims to preserve affordable units created with federal funding. The Housing Department is currently in the process of purchasing the Pinecrest Apartments from HUD through a foreclosure sale. NSP funds will be used to acquire and rehabilitate the 264-unit multifamily property located at 2601 W Claremont in Phoenix, AZ. The affordability of these units will be preserved by the use of NSP funds in this project.

In addition, Housing will explore opportunities to partner with other jurisdictions in the region to address the foreclosure crisis. These opportunities may include identifying a limited number of multifamily properties in other jurisdictions with the appropriate HUD foreclosure risk scores outside the NSP2 Phoenix Target Area.

Performance Measures

This Report Period			Cumulative Actual Total / Expected		
Low	Mod	Total	Low	Mod	Total

# of Properties	0	0	0	0/0	0/0	0/122
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Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: REDEV

Activity Title: Redevelopment/Subdivisions

Activity Category:

Rehabilitation/reconstruction of residential structures

Activity Status:

Under Way

Project Number:

SF

Project Title:

Single Family Strategies

Projected Start Date:

02/10/2010

Projected End Date:

02/10/2013

National Objective:

NSP Only - LMMI

Responsible Organization:

City of Phoenix

Overall

Apr 1 thru Jun 30, 2010

To Date

Total Projected Budget from All Sources	N/A	\$2,500,000.00
Total CDBG Program Funds Budgeted	N/A	\$2,500,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
City of Phoenix	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

With NSP2, the City of Phoenix will employ a new acquisition / rehabilitation / resale strategy that focuses on foreclosed subdivisions. The specific subdivisions may include those where: (1) single-family home construction was just beginning and most of the lots remain vacant and abandoned; (2) the development is largely built out but there remains a small number of vacant lots that are an eyesore and maintenance problem, and (3) there are clusters of foreclosed homes for resale. Focusing on several strategically located subdivisions allows the Phoenix Partners the critical mass necessary to influence and stabilize neighborhood housing markets.

The large number of foreclosed homes in certain subdivisions has created a succession of further foreclosures as home values decline and homeowners fear that their neighborhood will deteriorate. Many are unable to refinance their homes as adjustable rate mortgages reset. Homeowners Associations (HOAs) are affected as delinquent accounts mount and there are fewer homeowners to share in subdivision maintenance costs. The result could be rising HOA fees at a time when homeowners are stretched just to make a mortgage payment. A HOA component (non-federally funded) is included to bridge this added neighborhood need and is described below.

Mandalay Communities has experience working in all three of these circumstances and with struggling HOAs. Services from Fennemore Craig, P.C., CSG Advisors and Elliott D. Pollack and Company will assist in underwriting these projects through selection to financial assistance and will ensure that the assistance is needed to break through a redevelopment barrier and that market impacts are meaningful.

This foreclosure scenario is not unique to Phoenix and this program will result in a compelling demonstration case study of the following:

- resolving large, complex tracts of platted land;
- creating quality mixed-income communities;
- solving complex HOA and common area financing and investment problems;
- involving and supporting local school districts in planning, outreach and support of academic achievement; and,
- piloting green community initiatives.

Location Description:

The Phoenix Partners have defined the NSP2 Target Area (Target Area) based on HUD's foreclosure related need factor scores, a detailed market analysis, ongoing community investment initiatives, median housing values, and proximity to mass transit. More than 90% of the Target Area includes census tracts scoring 18-20 on one or both of the need factors. It contains median housing values below \$200,000, and is largely populated with those earning no more than 120% of Area Median

Income (AMI). Appendices A and B in the Phoenix Partners NSP2 application shows the NSP2 Target Area.

Activity Progress Narrative:

Subdivisions within the central core of the city, close to jobs and transportation yet facing significant feasibility barriers is a key innovation in NSP2 . Mandalay Homes has a track record of acquiring small failed subdivisions and turning them around, contributing the neighborhood stability. As a locally owned developer, headquartered in the south mountain target area, they are attuned to market conditions, aligned with REO sellers and able to bring capital to the table. They have identified two subdivisions that require intervention beyond the market feasibility. One centers on an elementary school and an unfinished park and involves several sellers as well as incomplete infrastructure and off sites. Another with similar complexities is located near two other struggling, partially sold out subdivisions that received public investment.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/160

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	
