

Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family at a Time
 Need Factor Analysis – NSP2
 July 13, 2009

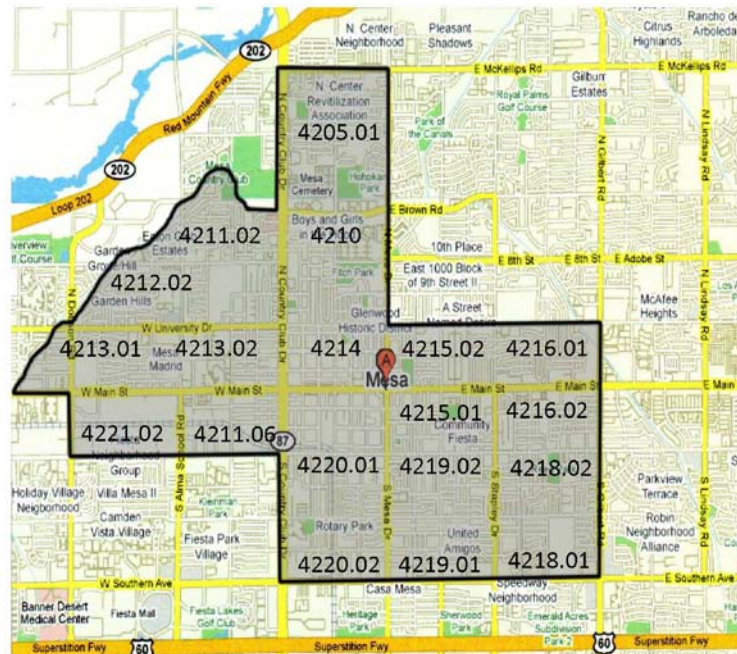
I. Need/Extent of the Problem

A. Target Geography

Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family at a Time, targets 19 contiguous census tracts located within four zip codes of Mesa, Arizona. The nineteen census tracts of our application are: 4205.01; 4210.00; 4211.02; 4212.02; 4213.01; 4213.02; 4214.00; 4215.01; 4216.01; 4218.01; 4218.02; 4219.01; 4219.02; 4220.01; 4220.02; 4221.02 and 4221.06. Our Average Max Score for these census tracts is 19.46. A detailed listing of our census tracts and our foreclosure and vacancy scores by census tract is found in this application. Our application number is 339608544.

The City of Mesa’s NSP1 effort corresponds to our NSP2 application area so we will be building and augmenting that effort. The Home Again Mesa census tracts constitute 19 percent of the city’s planning area and 39 percent of foreclosure inventory located within Mesa, Arizona.

Table 1 Census Tracts
 Home Again-Mesa
 Targeted Census Tracts in Zip Codes 85201, 85202, 85203, 85204



Targeted Census Tracts

Throughout this application, we may refer to the *Home Again – Mesa: A Collaboration Building Better Neighborhoods One Family at a Time* shortened to the Collaboration, or Home Again Mesa.

B. Market Conditions and Demand Factors

1. Housing Inventory Characteristics

For the purpose of ensuring the highest and best use of HUD grant funds, the Collaboration used the City’s work to help identify census tracts scoring the highest in the two neighborhood need indices. One the Collaborator staff (Kay Moore) is a realtor/broker, the Collaboration reanalyzed data collected and compared this information against the most relevant and current information available from multiple service listings, and commercial services available and in the business of producing this data. Moreover, the analysis by the Collaboration includes the research of Jay Butler a nationally recognized as an expert in these areas, of the Arizona State University Department of Real Estate.

Home Again Mesa Collaboration observes that there has been an increased activity by investors in single family home acquisition in the past year. In reporting the challenges of NSP1, the City states that many properties have been “bid up” even when in the REO portfolios of lenders. In 2007, more homes entered the sales market than were selling each month. In the first six months of 2009, the gap between foreclosed homes entering the market and the foreclosed homes selling each month is now a ratio of 45/55; in other words, purchase activity now exceeds the inventory, and realtors speculate that this indicates a high demand for inexpensive properties acquired as rentals. This trend continues the destabilization.

From the information derived, the city of Mesa, while experiencing an overall in-migration in population, does not evidence a stabilization of housing values in the targeted census tracts.

Mesa needs the help NSP2 can provide. All of the identified tracts score at or nearly at the maximum. Median income is low, and unemployment high. Each census tract has a high volume of code compliance complaints. Home Again Mesa’s effort at collecting the relevant demographic information is inserted here.

Table 2 – HUD Determined Risk Score.

Marc Center Targeted Census Tracts for 85201, 85202, 85203, 85204

Target Geography Name				Marc Center 8
Census Tract	Foreclosure Score	Vacancy Score	Max Score	
4211.02	18	19	19	
4205.01	19	20	20	
4210.00	18	20	20	
4213.02	18	20	20	
4214.00	18	20	20	
4215.01	19	20	20	
4215.02	19	19	19	
4205.02	19	17	19	
4220.01	20	19	20	
4219.02	20	20	20	
4219.01	19	20	20	
4220.02	19	19	19	
4218.01	19	18	19	
4218.02	20	19	20	
4216.02	19	20	20	
4216.01	19	19	19	
4208.00	18	19	19	
4206.04	18	19	19	
4221.06	19	18	19	
4221.05	19	17	19	
4212.02	19	19	19	
4213.01	19	18	19	
4221.02	20	18	20	
4221.03	18	20	20	
4223.01	19	17	19	
4223.02	19	15	19	
Average Max Score			19.46	

➤ Qualified

The following table identifies the inventory, as can be most recently determined, of the houses meeting the NSP2 requirements: affordability as measured by the income indexed buyers and as part of lender owned, empty, foreclosure inventories.

Table 3 – Need Scores, Housing Stock and Values

Census Tract	Zip Code	Foreclosure Score	Vacancy Score	Maximum Score	Total Housing Units	Owner Occupied Units	Rental Units	Year 2000 Average Median Income
4205.01	85201	19	20	20	2478	1031	1313	35576.00
4210.00	85201	18	20	20	3602	957	2146	35576.00
4211.02	85201	18	19	19	2209	949	1143	35576.00
4212.02	85201	19	19	19	2136	1095	948	35576.00
4213.01	85201	19	18	19	3497	1130	2112	35576.00
4213.02	85201	18	20	20	2293	958	1335	35576.00
4214.00	85201	18	20	20	1578	235	1022	35576.00
4215.01	85203	19	20	20	1479	440	899	46256.00
4215.02	85203	19	19	19	1204	477	633	46256.00
4216.01	85203	19	19	19	1146	652	400	46256.00
4216.02	85203	19	20	20	1447	641	731	46256.00
4218.01	85204	19	18	19	791	628	149	41137.00
4218.02	85204	20	19	20	1409	820	548	41137.00
4219.01	85204	19	20	20	1243	659	516	41137.00
4219.02	85204	20	20	20	1764	717	962	41137.00
4220.01	85210	20	19	20	1210	460	709	38204.00
4220.02	85210	19	19	19	1430	519	841	38204.00
4221.02	85202	20	18	20	2131	1169	516	41091.00
4221.06	85210	19	18	19	2258	446	1546	38204.00

In addition to this information, the County Assessor has documented falling home prices. Home Again-Mesa Collaboration reviewed this information, comparing the values in 2008 to the expected values in 2010. Home values in the census tract located in the following zip codes, 85201, 85202, 85203, and 85204 by 31percent, 33.3 percent, 33.5 percent and 36 percent respectively

The city’s overall astounding growth occurred due to a complex set of circumstances: 1. perceived incentives by individuals and families leaving one area of the community for another; 2. an overall perceived improved quality of life; 3. more house for the money; and 4) a declining sense of opportunity and optimism in many other parts of the nation. Stated differently, the Collaboration believes that newcomers sought jobs, opportunity, and “more house” for their dollars by migrating and purchasing larger and/or more expensive real estate. The state’s housing sector encouraged this growth as did the City since growth fueled revenues for city services.

Maricopa County is witnessing one of the worst foreclosure situations in the country. According to the most recent Cromford Report there are 5,000 foreclosures every month in Maricopa County. The MLS systems shows that approximately 1,998 of these properties were located in Mesa; and 57 percent of them were purchased at a trustee sale.

This dramatic change in price is causing increased investor demand for properties. Many investors believe that the market has reached the bottom. MLS data shows 110 days for single

family home “days on market” and 122 days for duplex, triplex and fourplexes. The number of days on market has decreased in the past year. We believe that this is due to increased activity by investors and will result in more homes becoming rentals in Mesa.

The City considered many of the census tracts areas as troublesome even before the housing bubble burst. In mid-1990s, the City began an effort to cooperate across departments to address the targeted area. The foreclosure in this neighborhood is double that of any other area in the city. The City continues to apply resources and organizing efforts in the areas identified by Home Again Mesa Collaboration.

2. Foreclosure Factors

Professor Jay Butler of Arizona State University, Department of Real Estate states: (1) lenders not only fueled the potential melt down with mortgages based on optimism rather than credit scores but also funded housing development when population did not keep pace. Lenders funded future growth in anticipation of inventory absorption. (2) job growth drew people to certain parts of the nation. Professor Butler observes that people seeking better economic opportunity often sell their homes to fund the move. The frozen market prevents transaction to better opportunity, and the job creation has virtually stopped. (3) vacancies continue to mount in apartments and single family homes. In other words, not even adding foreclosures to the count, inventories continue to grow. Finally, Professor Butler summarizes by observing a basic market condition: supply exceeds demand. He predicts this will be the case for some years. Mesa’s neighborhoods cannot rely solely on market forces to become vibrant and desirable; revitalization requires a jump start, and Home Again Mesa has the jumper cables.

Mesa, Arizona is one of the nation’s largest suburbs. Now with a population well over 450,000, Mesa grew rapidly during the run up of real estate values. In fact, Mesa’s growth was fueled by the irrational exuberance resulting in developers seeking land on the margins of the reasonable growth areas; places where there is now no reasonable likelihood of governmental infrastructure reaching the neighborhoods for many years in the future. Growth moved to the outer western and eastern boundaries of Mesa away from the city’s urban core and in some cases “leap frogged” to county islands.

The City’s planning area is approximately 175 square miles, and much of this undeveloped land was attractive to developers. Moreover, the City encouraged housetops since its tax revenue structure relied on sales tax.¹ This reliance occurred because of Mesa’s unique revenue generating structure: no personal income tax and until very recently no city property tax. During the same time frame Mesa experienced the building of thousands of homes, its older neighborhoods experienced significant stress since some homeowners sought perceived opportunity by buying more house at the edge of the city. Some families consequently increased their housing costs based on an expectation that housing values would continue to increase. Housing became a commodity, not a family’s home.

3. Income Characteristics

¹ In 2008, Mesa voters authorized the first property tax levy since 1946.

Approximately 52 percent of the families in Mesa earn between \$25,000 and \$75,000 annually according to Sperling's Best Places website. This income level corresponds with the range of eligible incomes served by the NSP2 program. Families earning between \$25,000 and \$75,000 (approximately 40 to 120 percent AMI) are over half the families in Mesa. We will be targeting these families for our homeownership program. Therefore over half of the families in Mesa are eligible to purchase a home via NSP2.

Because Mesa is reported statistically as part of the Phoenix MS, it is difficult to obtain data at the census tract level. According to the National Low Income Housing Coalition (February 2004) over 26 percent of the 1.2 million households in the greater Phoenix-Mesa MSA spend more than 30 percent of their income on mortgage payments and nine percent of the population spends more than 50 percent of their income for mortgage costs. Only one and one half percent of units available to purchase in the Phoenix-Mesa MSA are affordable to households earning 50 percent or less of AMI.

Conditions are slightly better for households that rent. Thirty-nine percent of the more than 600,000 households in the Phoenix-Mesa MSA are cost burdened and pay more than 30 percent of their income for rent. Over 17 percent of households in the same area are paying more than 50 percent of their income for rent.

4. Contributing Factors

The identified census tracts also have challenges in accessing credit resulting in a significant barrier to homeownership in these areas. The Collaboration will work to further develop our working partnerships with the financial institutions in the community. Our effort will focus upon targeting banks located in Mesa, to market, and educate buyers about reasonable and rational mortgage products. This will result in an additional selling attribute for purchasing our homes. It will be a combination of commitment to these census tracts by the people who already live in them, city government, other social and religious institutions within the area, and the Home Again Mesa Collaboration bringing an exciting home acquisition product that will significantly advance the stabilization and revitalization of the target neighborhoods.

The targeted census tracts of our application are about 19% of the city's planning area, yet it experiences approximately 38% of the Part I crimes. Part I crimes occur at twice the incident rate of any other area in the city. Mesa Police have made significant strides in these areas, and the Home Again Mesa Collaboration will help support this trend by stabilizing the neighborhood via increasing homeownership.²

Nonetheless, Mesa remains a place where families seek affordable homes because the community cares and efforts are underway to arrest and reverse the decline. Thus, Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family at a Time's collaboration is timely and necessary. Mesa has natural assets, and the Collaboration intends to improve them where necessary, by acting in harmony with the City to develop new, positive attributes, and market Home Again Mesa as a wonderful opportunity for renters to become home owners. In this market, families can appreciate a wealth building opportunity by being able to deduct the

² To the Mesa Police Department's credit, in Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family At A Time's relevant areas, Part I crimes have dropped from 2215 in the six month reporting period of 01/07-06/07 to 2070 in the period 01/08-06/08 to 740 in the most recent six month reporting period of 01/09-06/09.

mortgage interest of their loan from their federal income taxes and build wealth via the asset of their home. The transformation and reclamation of homes in the target geography significantly influences the reclaimed stability of the neighborhoods via homeownership. One of the major core principles of the Collaboration is that homeownership is a primary means to the most important end: revitalized neighborhoods.

The county’s newest effort at improving public transit has generally exceeded rider estimates and user acceptance. The eastern terminus of the line ends at Mesa’s western boundary: right at the point where the Home Again Mesa effort begins. This light rail line will be extended into the heart of downtown, historic Mesa by 2012 and this brings the line right between the census tracts identified in the first Map. By a radius drawn around the census tracts, at build out will be three miles away at the most and easily accessible by bus routes. Not only does Transit Oriented Development (TOD) typically follow light rail line and currently a condominium project just east of the terminus under development. Increasing access to public transportation is an important attribute that crosses demographics. Light rail provides this option in an environmentally friendly manner.

The President and CEO of Marisol Federal Credit Union, a community based credit union with a branch located in the heart of the worst foreclosure zip code in Mesa, 85204, and six of our 19 census tracts, observed that many of the families which owned homes in the most affected areas were dependent on the real estate/construction industry for their livelihoods. When the downturn occurred, there was a cascade affect, and many individuals lost their jobs. Moreover, investors supplanted homeowners and were able to extract significant profits without any reinvestment. Rental rates were high, supply of rentals low, properties were easy to “flip” since “irrational exuberance” clouded investor judgment, and profits were easy – until the bubble burst.

Table 3 provides an overview of the housing conditions in the targeted area. The City of Mesa has provided the following information regarding other aspects that influence the stability of the targeted area – Unemployment; Code Compliance and Property Value Loss. All of these conditions can cause further deterioration of neighborhoods.

Table 4 – Factors Affecting Neighborhood Stability

Census Tracts	April 2009 Unemployment Rate	Code Compliance Incidents	Property Value Loss 2008 to 2010
4205.01	7.3	367	32%
4210.00	7.3	166	32%
4211.02	7.3	199	32%
4212.02	7.3	159	32%
4213.01	7.3	373	32%
4213.02	7.3	218	32%
4214.00	7.3	517	32%
4215.01	7.3	108	33.50%
4215.02	7.3	327	33.50%
4216.01	7.3	170	33.50%
4216.02	7.3	248	33.50%
4218.01	7.3	135	36%

Census Tracts	April 2009 Unemployment Rate	Code Compliance Incidents	Property Value Loss 2008 to 2010
4218.02	7.3	285	36%
4219.01	7.3	185	36%
4219.02	7.3	242	36%
4220.01	7.3	237	38%
4220.02	7.3	233	38%
4221.02	7.3	388	33%
4221.06	7.3	108	38%

5. Activities providing Stabilization

Once the Collaboration learned that the City of Mesa (hereinafter “City” or “the City”) would not be submitting an NSP2 application in furtherance of the City’s NSP1 activities, the Home Again Mesa collaboration answered the need for an energetic, capable, and focused effort to continue the work of NSP1 in Mesa and to meet the objectives of NSP2: a) working to arrest the decline of neighborhoods; b) once arrested, begin the process of revitalizing, in a targeted way, affected areas; and c) offer the best value in a resale home buy to families seeking to enter and reenter the housing market.

In spite of the City’s NSP1 efforts to date, market forces and a still expanding foreclosure inventory has kept the first round effort from achieving neighborhood stabilization. The Collaboration will ensure that we achieve the highest level of neighborhood stabilization possible by constantly monitoring the market for available inventory and by acquiring distressed properties, rehabilitating them to include energy efficiencies, and reselling the homes to credit worthy and educated buyers. The Collaboration will focus upon properties that investors do not. This will not constitute the entire inventory of the Collaboration, but the worst property on the street will need to be addressed if any substantive and sustainable change can take place. Thus, the Collaboration will work within the market guided by community based purposes and principles.

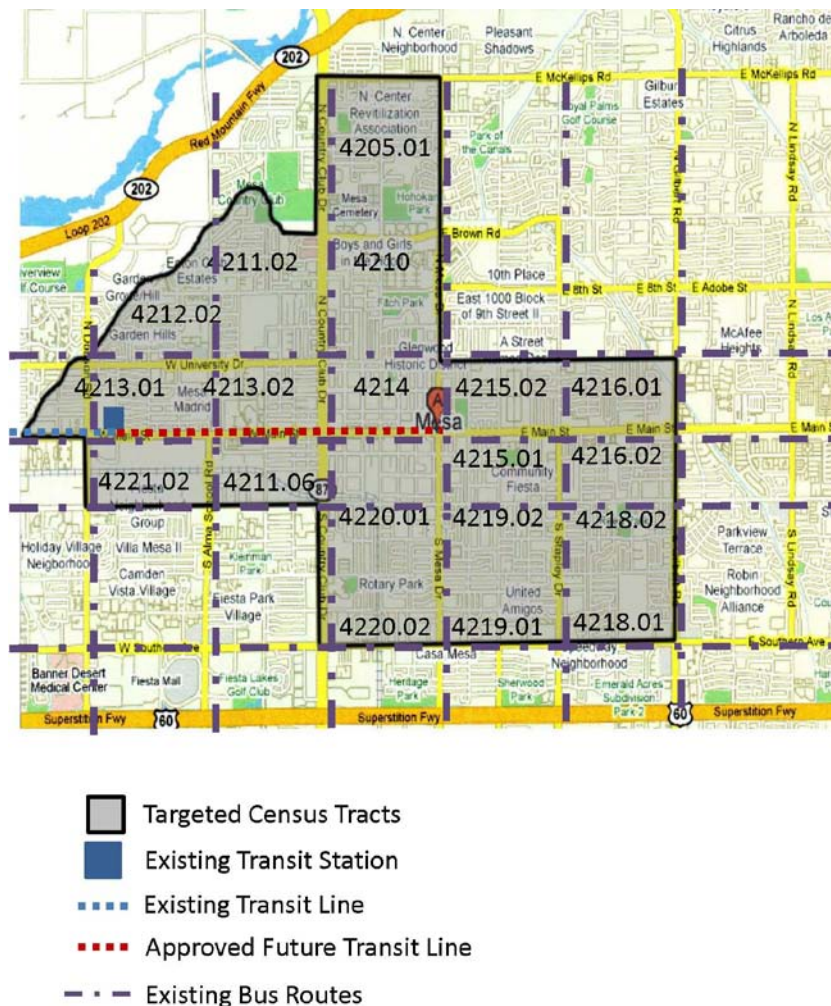
One of the consequences of the downturn in the real estate market has resulted in a cohort of potential homeowners for the adjusted values of the homes in the targeted census tracts. There are not however in the conventional mortgage market, credit secure and mortgage products that meet the needs of this group of otherwise credit worthy buyers, who earn between 50 and 120 percent AMI. These families can purchase a home valued between \$75,000 and \$125,000 the targeted price for homes to be sold by the Collaboration. The Collaboration is necessary to help these families enter the market, find the right home product, and help them qualify for lending products by bringing additional leverage in the form of down payment assistance. Otherwise, these buyers could easily be left on the side lines while investors dominate the market.

Accordingly, the collaboration will be required to distinguish its product by selling features and price points, and the collaboration explores these factors in greater detail throughout this application. Notwithstanding all of the factors that are needed when purchasing a home, the Collaboration will provide a housing product that is (1) the best value for the price and (2) the most technologically advanced and as green as possible.

Home buyers will need to be enticed to the neighborhoods in this application because, otherwise, the neighborhoods will continue to decline due to increased investor activity (thus, additional absentee landlords) and a buyer perception that these neighborhoods are not a welcome place for families to live, learn, work, and play. Home acquisition is the means to the end: stronger, stable, revitalized neighborhoods. We recognize that the mere purchase of a home does not reinvigorate a neighborhood, and will continue to enhance neighborhood revitalization wherever it occurs by helping people organize, assisting government in this effort.

However a major contributing factor to the stability of our area of concentration is the recent and soon to be expanded light rail line. Below please find a map illustrating our area of concentration with light rail and bus lines. These transportation corridors increase mobility for families via more economical means. Table 5, Census Tracts, Transit Accessibility, illustrates this advantage.

Table 5 – Census Tracts, Transit Accessibility



These neighborhoods can and will, once the Home Again Mesa Collaboration meets its objectives, become places buyers seek because the target areas are connected with the City’s best public transportation options, increasing student performance in the Mesa Public Schools, and

the targeted law enforcement and code compliance resources to address neighborhood decline. Families care about the safety and security of their property, and will be heartened that the personal effort they provide to maintaining their home is augmented by the institutions that are responsible city services including police, fire, sanitation and graffiti abatement. The Collaboration recognizes the boundaries chosen by neighborhoods and will build upon the intelligence of active neighborhoods solving their own problems.

II. Collaboration Capacity to Meet Objectives

A. Past Experience

The Collaboration is unique because it includes management resources unusual in the nonprofit sector and has developed a strong partnership with a for-profit construction company. We will explain in greater detail below the individual strengths of the members of the Collaboration, but highlights of our experiences during the past two years are highlighted below:

TABLE 6: HIGHLIGHTS OF PAST EXPERIENCE

ACTIVITY	COLLABORATION MEMBER	UNITS/HOUSEHOLDS
Acquisition/Disposition of Foreclosures	Housing Our Communities	175
Rehabilitation of Properties	BCS Enterprises, Inc.	180
	Housing Our Communities	62
Redevelopment of Vacant Property	Marc Center	66
New Construction	Native American Connections	143
Housing Counseling	Housing Our Communities	1879
Down Payment Assistance	Housing Our Communities	75
Accessing operating and investment capital	Native American Connections	\$31.5M – 207 units and 85,000 office sq footage

1. City and regional planning

The City considers Housing Our Communities and Marc Center essential to the City’s planning efforts. Indeed, the City’s five year plan notes Marc Center’s and HOC’s impact on the efforts of the City to meet its plan objectives. It is worth noting, the Collaboration’s director (Pat Gilbert) provided the only written comment in the plan in 2005. The senior leadership of the organizations, and the principals of BCS, are well known to the cities and county.

Gilbert, the collaboration’s lead, served as the City’s co-chair of its most recent general plan citizens’ committee: Vision 2025. Moreover, he spent seven years on the Governor’s Growing Smarter Oversight Council, the statewide advisory commission charged with recommending statutory enhancements to the state’s growing smarter legislation and also with fundamental improvements to the Act itself. Some might call his commitment to affordable housing, which began in earnest in 1988 as focused, others might say it has been single minded. One of the most important experiences Pat Gilbert provides is the eight years he served as a member of the City Council of Mesa (1990- 1998.) He has a well rounded perspective of the challenges of planning, zoning, neighborhood stabilization and City processes.

Diana (Dede) Yazzie Devine, President and CEO of Native American Connections, is a consistent and committed participant in planning efforts designed to improve the state's inventory of all types of housing and particularly housing for Native American populations. Ms. Devine has also served on the City's Housing Advisory Board since its inception in 2006. This service opportunity has better informed her of her own community's unique challenges. She has lived in Mesa for over 30 years.

John Smith, President and CEO of Housing Our Communities, serves as the chair of the largest coalition of community development organizations in the state, the SHO collaborative participating. His peers recognized his skill, tenacity and commitment.

Marc Center employs a realtor/broker. She and her staff have access to the most current information on housing availability. She brings fifteen years of experience to the effort. She and her staff will bring purchase opportunities to the Collaboration. Given the available inventory likely to exist at the time of the grant award, the Home Again Mesa Collaboration will begin making offers and working immediately.

The lead architect assisting the Collaboration is Vince Di Bella, a principal in Saemisch, Di Bella Architects. Di Bella recently finished a four site commitment to the City's Design Review Board and began service on Mesa's Planning and Zoning Board July 1, 2009. Needless to say, this expertise adds value to the ability of the Collaboration to successfully achieve its goals

The purpose of these additional biographical notes is to identify the Home Again Mesa collaborators as contributors to the overarching planning efforts, many of which also include housing plans.

2. Acquisition and disposition of real estate

A strength of the Collaboration is our significant experience ready to meet the challenge of NSP2 implementation. One of our critical team members is Kay Moore, a local Realtor®/broker. Kay and her staff have access to the most current information on housing availability. She brings 12 years of experience to our efforts. She and her staff will provide purchase opportunities to the Collaboration. Given the current conditions in our market, the ability to understand the local real estate market and have current home availability information is critical to our success.

The following table demonstrates the available inventory as of the current market. The Home Again Mesa collaborators intend to make clear that the market does not wait. The chart represents today's availability. Because of the product in the pipeline at this time, the collaborators are sadly confident that there will be adequate inventory, priced right, for acquisition. What the collaborators do not know at this time, which of the areas with the larger identified targeted census tracts, will offer the most promise for impact and outcome. At the time of our award we will make a final determination of homes that will have the greatest impact resulting in the highest levels of stabilization. However, given the size of the inventory available we are certain there will be a significant number of properties available.

Table 7 – Available Inventory in Home Again-Mesa
Targeted Census Tract in Zip Codes 85201, 85202, 85203, 85204

From MLS System 7/9/2009 Stats for Target Zips	Total Sold Homes in Target Area July 1, 2008 Thru June 30, 2009	Lender Owned Active Listings 7/9/2009 for 85201, 85202, 85203, 85204	Lender Owned Pending Listings 7/9/2009 in 85201, 85202, 85203, 85204	Lender Owned Closed 7/1/08 thru 6/30/09 85201, 85202, 85203, 85204	Short Sale Active Listings 7/9/2009 in 85201, 85202, 85203, 85204	Short Sales Pending Listings 7/9/2009 in 85201, 85202, 85203, 85204	Short Sales Closed 7/1/08 thru 6/30/09 85201, 85202, 85203, 85204	
Under \$75,000	507	16	13	72	38	26	36	
Between \$75,001- \$100,000	358	10	10	69	33	24	29	
\$100,001 - 125,000	276	5	5	60	22	32	50	
Total	1141	31	28	201	93	82	115	
Total Homes Sold All Prices 7/1/2008 thru 6/30/2009 in Targeted Zip Codes	1,998						Total Short Sales Closed All Prices in Targeted Zip Codes	321

Moreover, NAC and Marc Center have a combined 35 years of property management experience. Native American Connections oversees the management and operations (over 350,000 square feet) of our affordable housing communities, licensed behavioral health facilities, office rental properties, and the Native American Community Service Center. Employees are very committed to the highest customer service and qualified in all aspects of property management.

Native American Connections originally created its own in-house property management division to improve services and communication between the organization's behavioral health programs and the property management team. We managed to create a balance for effectively serving those in recovery while also abiding with all Fair Housing and Landlord/Tenant laws and requirements.

As part of our Mission and Vision for housing Native American individuals and families, we purposefully develop and operate with the following principals:

- Build a sense of community among housing residents
- Residents participate in the development of ground rules for operating programs and properties including properties that are alcohol and drug free in the support of recovery
- Properties are in safe, central locations, near transportation and other amenities
- Properties are within close proximity to each other for economies of scale for management and cost efficiencies
- Properties are designed to reduce on-going operational costs to the residents
- High quality on-going maintenance of properties is the standard
- Partnering with other nonprofit, government and business entities to bring desirable on-site services to the housing communities

Marc Center owns its property management company: ProMarc Smart Property Management Services. The Regional Behavioral Health Authority recently recognized ProMarc's skills and awarded the organization a contract managing a unique housing program for people with serious mental illness. Moreover, ProMarc manages Marc Center's 35 residential properties and the agency's 34 units of multi family housing. ProMarc is led by Marc Center's staff person: a realtor/broker. Demonstrative of the abiding commitment to housing opportunity, Marc Center's attorney is also a certified HUD Housing Quality Inspector. In addition, he has worked diligently with local jurisdictions to modernize and recognize the Fair Housing aspects of local zoning ordinances impairing the rights of individuals with disabilities. As a result of his work, the most recent amendments to the city of Mesa's Zoning Ordinance eliminated many sections that if applied would have violated the Fair Housing Amendments. All of these skills will be needed during the period of time between acquisition and sales to buyers.

In addition, the combined financial strength of the Collaborators is essential to this objective. Each Collaboration member has a proven ability to manage cash flow effectively throughout the acquisition, renovation, and disposition process. All the Collaborators have strong balance sheets, and Marc Center's bank, Wells Fargo, has indicated support for the initiative including but not limited to access to the REO portfolio and additional CRA grant funding.

The Home Again Mesa Collaboration understands the challenge of developing, assisting, and bringing buyers to close in this economic demographic. The Collaborators know that the effort to recruit and qualify buyers will be massive and we are prepared to recruit 10 times the number of interested families interested in becoming a homeowner than will actually purchase a home. This knowledge results from the years of experience of the Collaboration members.

One of the essential components for disposition of real estate is ensuring that our buyers are well educated and informed. Housing Our Communities (HOC) has more than 20 years of experience preparing families for homeownership. Its curricula is superior, and the agency knows how to manage waiting lists always directed toward moving families through credit repair, homeownership education, and finally, acquisition. In addition, HOC, and all of the collaborators for that matter, know that continuing contact with the organization's customers often ensures that families have the support they need even in difficult times. Accordingly, during HOC's nearly 25 year history of service, it has a foreclosure rate of only less than one percent.

To date, Housing Our Communities has provided affordable housing information and referrals for over 31,400 clients, homebuyer education for almost 3,200 clients, individual counseling for more than 4,600 clients, post-purchase education and counseling for 450 clients, and financial literacy classes for over 900 families. These services have resulted in more than 1,600 families securing affordable first-time homeownership. HOC has made the units affordable for the first-time homebuyers by providing more than \$6 million in down payment assistance. Over 99% of households that have purchased through HOC successfully maintain homeownership at an affordable level (attributable to HOC's quality of its education and counseling program). Housing Our Communities requires all staff counselors be certified through Neighborworks Training Institute or by the National Council of La Raza Homeownership Network. HOC recruits bilingual, bicultural staff reflective of the neighborhood composition of its service areas.

Since program inception Housing Our Communities has administered over 60 contracts from federal, state, county and local sources, totaling nearly \$14 million dollars in public funding for affordable housing development and/or down payment assistance. Housing Our Communities has successfully administered an additional 40 homebuyer education and housing counseling contracts through the National Council of La Raza (NCLR), The City of Mesa, the City of Chandler, Maricopa County Consortium, City of Avondale, Save the Family, etc.

Additionally, Native American Connections has just begun a homeownership program for 10 units and to date none of its homeowners have experienced foreclosure. NAC offers culturally competent training to Arizona's and Mesa's Native American populations.

Housing is the foundation for the creation of Native American Connections and for supporting individuals in alcohol and drug recovery, family stabilization, and community wellness. Our first recovery program at Indian Rehabilitation provided safe housing in a drug free setting to predominantly homeless Native American men and has grown to where we have developed, own, and directly manage 300 units of quality, affordable housing - in a continuum and stair-step approach from homelessness to homeownership.

In the last two years, Marc Center has accelerated its development of housing opportunities and begun expanding its target from its core mission. While recently completing the acquisition and renovation of a four-plex for special needs tenants, the agency also acquired five triplexes.

The five triplexes are unique because at completion, the units will offer supportive housing for individuals with serious mental illness, favorably priced work force housing targeted to staff members of Marc Center's 525+ work force, and holders of Housing Choice vouchers. This will be Marc Center's first project targeting broader populations of possible customers.

In addition, Marc Center has started on a multi year Section 811 and 202 projects on a five acre parcel the agency owns. Meeting an emerging need of aging caregivers and their adult children, the combined housing programs will address the need for independence of both groups and recognize both groups will need extra help as they age. The project will provide 28 units of 811 housing and 40 units of 202 housing at build out. The campus environment will include a day services and community center. Marc Center has received notice of its \$1.8MIL (HUD) award for phase I, the first 811 units. This project also requires that Marc Center manage annexation of the parcel into the city of Mesa, and accomplish a minor general plan amendment along with rezoning of the site. Mesa's elected officials continue to express enthusiastic support for this project.

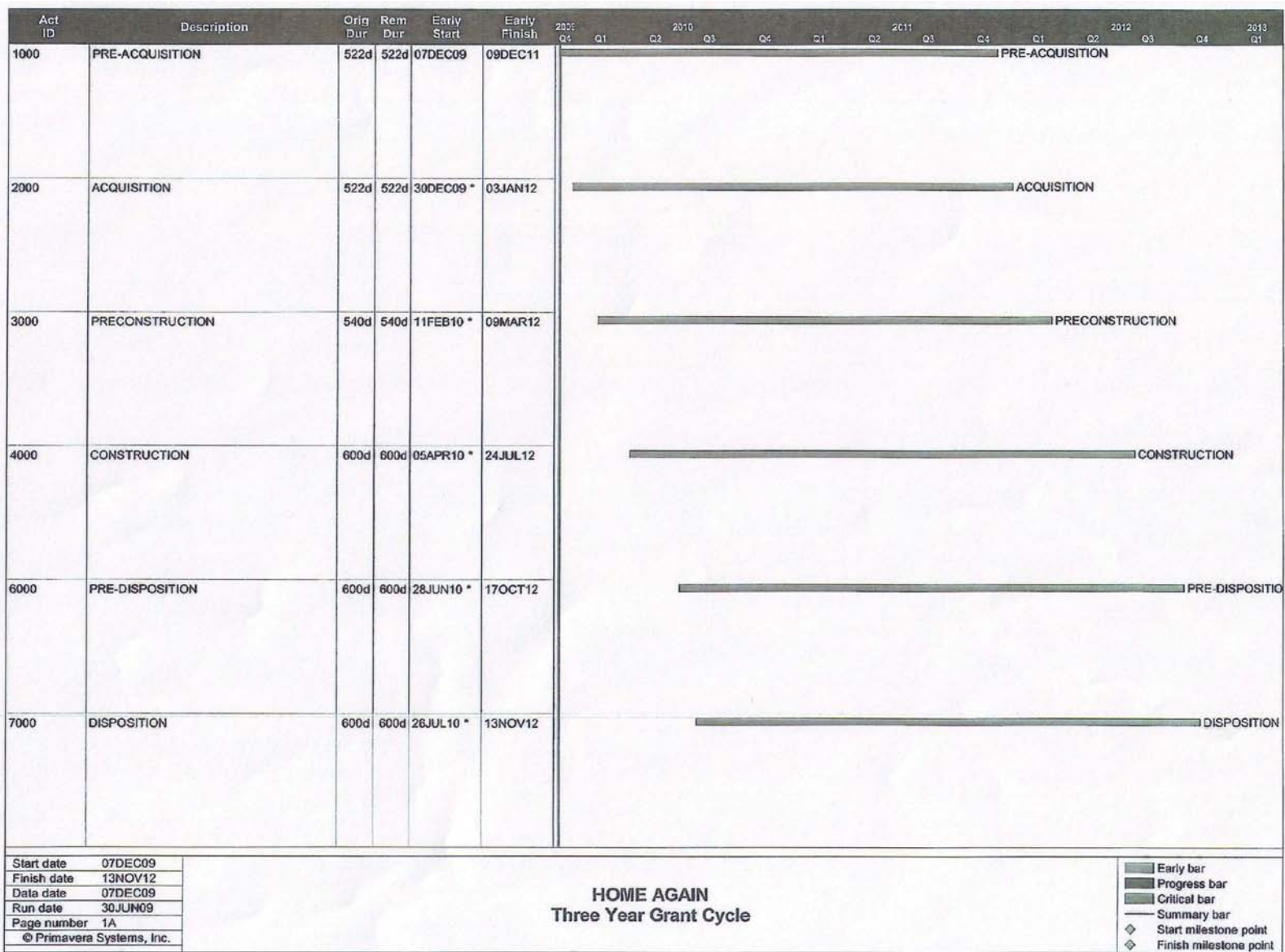
In the last 12 months, Marc Center acquired 5 triplexes; triplexes that add to the collaboration's experience and capacity. In 2006, these five triplexes were bought by a Goldman Sachs banker living in Manhattan. She paid \$249,000 per triplex. She immediately began having problems with tenants. Drug dealers, prostitutes, and other criminal activity were the norm for the little campus, and the site became notorious with the Mesa Police. The properties accumulated a record number of code compliance citations, and when Marc Center began trying to buy them in the spring of 2008, the City threatened criminal citations against the owner.

Marc Center made offers of \$125,000 per triplex in April of 2008. The property was in the hands of the lender; the owner agreed to the offers; the lender did not, and the property

proceeded to foreclosure. In the meantime, every window in the five triplexes was broken out, every door was kicked in, transients and homeless occupied them, and the code compliance citations continued. Marc Center required staff to visit in pairs.

Marc Center persevered. With funding provided by the state, the agency began making offers. The agency offered the lender \$85,000 for the first one clearing the trustee's sale. The lender accepted the offer. Marc Center bought two of the units for \$65,000 each, and what cost \$1,245,000 in 2006 was acquired for \$353,000 in late 2008 and early 2009. With agency cash and City CDBG rental rehab support, Marc Center is slowly bringing these units back as safe, decent, and affordable housing – with a focus on some of the units as meeting the community's special needs housing.

Table 8 – A Project Flowchart Outlining the Acquisition, Buyer readiness, and Program



Outcomes

3. Rehabilitation of housing

BCS opened its' door for business 53 years ago in the heart of the target region. It has been providing contracting services to the cities of Mesa, Phoenix, Tempe, Chandler, Gilbert, Scottsdale, Glendale and Maricopa County plus the State of Arizona for over 40 years. BCS's biggest impact has been in the commercial side of the construction industry. It has been an integral part in the budgeting, scheduling and processes for key Arizona projects such as the Phoenix Convention Center (not once but twice), Tucson International Airport rehabilitation and renovation and Bank One Ballpark, home of the professional baseball team the Arizona Diamondbacks.

Residential construction has been just as important to its overall success. BCS has been involved in renovation, rehabilitation and demolitions since the mid 1960s. In that time they have been involved in over 10,000 renovations, rehabs and demos whether it be for individual owners, housing tracts, transportation corridors or revitalization plans by local municipalities. Initially a specialty contractor, BCS established their general contracting license 15 years ago. Construction management services became a focus of the business for the past five years. BCS averaged for the past four years the management of over 220 projects a year. As an example to its commitment to residential restoration/renovation/demolition the following projects highlight the number of units BCS has managed in the past 24 months:

City of Phoenix (Land Banking/Neighborhood Redevelopment)	50
Phoenix Beatitudes Complex	40
Phoenix Catholic Diocese	20
Robson Communities – model home renovation	15
Private Individual Owners	50

Environmental hazard awareness and remediation has also been part of their corporate responsibilities. To ensure worker and public protection plus reduce client liability, BCS has employed AHEARA certified inspectors, management planners, contractor/supervisors and awareness trained employees for the past 23 years. BCS has continued its environmental education for employees by providing recertification as well as initial training for new hires. Although typical single family residential renovations/remodels/demolitions do not require NESHAP notification, this program will utilize federal funding which requires adherence to EPA NESHAP standards. BCS has the longest standing history of working with Maricopa County, the local regulatory for the EPA of all contractors in the state regarding reporting and regulation adherence.

BCS Enterprises is a key element of this proposal. This for profit organization, represented by its principals, has committed its time and resources to innumerable nonprofit projects across Mesa and elsewhere. A member of the United States Green Building Council (USGBC), BCS will provide the consortium with the general contracting licenses (residential as well as commercial) required by the state of Arizona to subcontract individual construction trades. This aspect will reduce overhead cost during the renovation phase of the program while insuring adherence to sustainable and energy efficient building practices. State and Federal EPA and OSHA standards will be enforced by certified BCS project managers. Prevailing wage (Davis-

Bacon) monitoring and reporting will be accomplished through their construction management component. They also will also provide AHEARA certified asbestos inspectors for pre-acquisition environmental assessments reducing costly remediation projects. Coupled with the existing experience and aptitude of the nonprofits, this is a cost efficient and winning combination of a community minded for profit with the existing aptitudes of the community's leading nonprofits.

BCS intends to guide the Collaboration through all aspects of construction management.

In addition to the experience of our for-profit partner, three of the nonprofit Collaboration members have construction experience. Marc Center recently completed the rehabilitation of a four-plex. The four plex is targeted to individuals with serious mental illness. Over the past two years, Marc Center has managed \$1.8M of residential and \$5.4M of commercial property construction/renovations. As mentioned, Marc Center is working on bringing five derelict triplexes back into productive use right in the heart of both the City's and the Collaboration's target. Marc Center established a for profit property management company, ProMarc Smart Property Management Services, in 2008 and intends to add a general contracting and home repair/renovation service to this company shortly.

Marc Center opened its first group home for the developmentally disabled in 1976. Growing steadily since then, the agency now operates 35 homes for both individuals with developmental disabilities and serious mental illness. In addition, the agency operates a 12 plex and a triplex.

Marc Center also adheres to a rigorous remodel schedule for its homes; the agency keeps its properties in great shape and wants them to be as nice as possible for the people who live there. Recently, the agency competed for the opportunity to open its first home in Scottsdale, Arizona. Nine other agencies submitted proposals to the families concerned and the state agency through which contracts for residential services are administered. Marc Center won not only because of the quality of its services but also because of the standards it adheres to for property maintenance.

Housing Our Communities includes a contracting and real estate company. HOC has renovated and/or built 500 units in Mesa since 2003. One third of the properties were rehabilitation. Housing Our Communities is one of Arizona's oldest and most successful affordable housing developers. HOC also includes a realty and general contracting company.

Native American Connections purchased their first property in 1978 in downtown Phoenix. Since then, we have been leveraging the equity and value of all our physical assets as a means of acquiring and securing land and properties that promote our Mission, and which we have utilized for current and future affordable housing and community development efforts. With almost 20 years of development experience, as well as our property management expertise, we now serve as a mentor to other nonprofit organizations seeking our technical assistance for their housing and development projects.

Several of our housing communities provide housing for working families that only need an affordable apartment for financial stability. While other housing communities provide much needed support services to individuals and families that are living with a disability or may come to us homeless.

In addition, Native American Connections owns and operates three office buildings, two located in Downtown Phoenix and one in Midtown Phoenix (www.nacsc.com). Office rental and leasing opportunities are available to other nonprofits, government offices, or private sector businesses.

Three of the six nonprofits own and operate their own construction and/or property management companies. Moreover, all of the Collaborators have been active in the acquisition and rehabilitation market for some time.

4. Redevelopment of vacant property

Native American Connections has been developing property since 1978. They have developed more than 300 units during this time period. Their most recent housing efforts include:

10 units - Single Family Homes – For Purchase - Sunrise Townhomes - September 2008

69 units - Coral Canyon - Building A - 32 units occupied October 2008 and Building B - 37 units in construction with completion date August 2009 – 3 and 4 bedroom townhomes for rent – LIHTC project

28 units - Catherine Arms - currently in construction with completion date Dec 2009 – Rental – LIHTC project

65 units - 4530 N. Central - site plan approval and entitlement stage - submitting LIHTC application July 2009 – mixed rate rental development

HUD awarded Marc Center an 811 grant in 2008. The plan includes 40 units of 202 housing and 26 units of 811 housing (each 14 unit complex includes a manager's unit) anchored by a Marc Center owned and operated community center serving both populations.

All of these developments were new construction on vacant property. As a result 238 families will have new affordable units to live in within the coming months.

5. Program marketing and management of waiting lists for potential residents

The neighborhoods targeted by the Home Again Mesa Collaboration add to the strong likelihood of success. Many areas retain curb appeal, and the homes built in the 1950's and 60's are often block constructed on bigger lots. These older neighborhoods by Mesa standards have mature landscaping, big trees, and unique style; styles much different than the monotony of red tile roofs and small lot homes painted identical colors that newer tract homes have. Savvy buyers recognize the freedom connected with a stable neighborhood that does not have a homeowners association. There are some areas in the targeted area where Realtors® advertise that the area is free from the intrusive HOA phenomena.

The renovation costs as expressed in budget reflects the contractors knowledge that many of these homes will need complete renovation; everything from re-piping, new energy efficient windows, new wiring and new HVAC systems. The roofs are often in terrible disrepair as a result of Arizona's unique climate. However, when all of the repairs have been completed families will have a home that has been repaired from top to bottom and will have a minimum of 30 years of additional usage.

Additionally our targeted areas can be marketed as within walking and biking distance of Mesa's downtown with its remarkable arts center, main public library, two outstanding children friendly museums, and proximity to Mesa's highly sought after historical residential districts. Available public transportation makes the area even more attractive as evidenced by the maps illustrating transit lines in Table 2.

Critical to selling homes to families are the local schools. The Mesa Public Schools has made an important and necessary commitment to maintain the "inner city" schools as excellent performing institutions notwithstanding the challenges of educating first generation immigrant children. These natural strengths, coupled with strongly attractive price points and unbridled optimism will draw new buyers to the stability, convenience, and affordability of the Home Again Mesa Collaboration neighborhoods.

Reviewing the websites of the three main collaborators demonstrates an attention to customer satisfaction. Moreover, all of the collaborators treat "clients" as "customers." This indicates a fundamental recognition that the collaboration must respond to what families need and want from the market and not what is necessarily important to the constituent members of the collaboration.

Home Again Mesa will use all of the technology available from all of the collaborators. Native American Connections and Housing Our Communities both manage waiting lists. NAC has been managing waiting lists for their health care programs for over 30 years and since 2000 has been managing tenant lists in accordance with the regulations for LIHTC properties and Fair Housing requirements.

No matter the charitable purpose, Home Again Mesa Collaboration must be marketed to compete in its relevant market. The collaboration knows that this takes more than word of mouth; the collaborators intend to use administrative money to mount a public relations campaign: talking with service clubs, faith organizations, neighborhood groups, and advertising in the most effective media including the Spanish language press.

After the deployment of all of the best technology, the question still remains: why would any buyer purchase a Home Again Mesa house in a distressed and destabilized neighborhood?

The Home Again Mesa Collaboration marketing effort will address this question and invite buyers back to the city where good things exist for families and where families can maximize their investment with an affordable home that has been rehabbed to include energy saving appliances and mechanical systems. The Collaboration will emphasize that potential buyers will not only acquire a great remodeled product with great curb appeal but will also appreciate ongoing reductions in the cost of owning because of the state of the art "greening" of the home with every Energy Star advantage possible. In addition, buyers know that the best public transportation, including light rail, is nearby. Finally, many of the Home Again Mesa Collaboration neighborhoods are charming and adjacent to the city's historic districts. For many newcomers to the housing market, participating in the rebirth of an area is an important value.

Moreover, the collaboration has the support of an Individual Development Account program in the region: MesaCAN. This organization has been offering IDAs for nearly ten years and is a leader in the nonprofit world to bring financial literacy and access to financial services to

underrepresented populations. MesaCAN has a unique partnership with Marisol Federal Credit Union. MesaCAN is the community's community action program (CAP). Accordingly, MesaCAN's federal charge is to ameliorate the causes of poverty in the community. One of the persistent deficits in Mesa's poor neighborhoods is the access to financial services and access to credit. Marisol and MesaCAN work to build confidence in and access to normal credit resources. Marisol competes with the payday and checking cashing stores that seem to be on every corner of the targeted areas. The Collaboration will work with community based organizations tell the story: there are great neighborhoods waiting for urban pioneers seeking a start on a family's most important acquisition: their home.

6. Accessing operating and investment capital

Just as perspective, two of the main Collaborators (NAC and Marc Center) raised over \$61MIL in the last ten years; all invested in improved services and organizational capacity.

The region's philanthropic community expects the Collaborators to deliver cost effective and meaningful projects benefitting not only specific demographic groups but also the community at large. Thus, to the extent private sector funding is available at all, the Collaborators are confident that they can add leverage to this project.

The Collaborators know how to access tax exempt financing, Low Income Housing Tax Credits, federal funding, target and successfully compete for philanthropy and corporate giving, and build and operate projects based on the raw economics of pro formas and economic return. All of the Collaborators enjoy the confidence of government contracts and a wide variety of funding sources. Prospering as a nonprofit in this environment requires ingenuity and ability and our members are able to meet this challenge.

7. Working productively with other organizations

This element of the NSP2 application is nearly self evident. This Collaboration represents at the most fundamental and profound level, a recognition and knowledge that the sum of the parts is greater than the individual groups. Indeed, this effort can only succeed because of the combined strengths and aptitudes of the group.

Moreover, the Collaboration offers the community and HUD a unique opportunity to derive significant value from the combined expertise of the nonprofits, for profit development experts, government, and the region's major educational institution: Arizona State University.

Accordingly, Home Again Mesa Collaboration fully expects that two major research and practice units of ASU will help the Collaboration achieve its goals.

First, the ASU Stardust Center for Affordable Homes and the Family (ASU Stardust) will assist the collaboration with green building designs and ideas and offer program evaluation support, too. ASU Stardust and Marc Center recently submitted a grant application to The Home Depot Foundation in support of Marc Center's HUD project: The Village at Oasis Park. Moreover, ASU Stardust and Marc Center staff has been participating in an effort to design a financial structure resulting in a million housing opportunities in ten years for adults with Autism. This expertise greatly benefits the Collaboration.

Likewise, ASU's The Center for Real Estate Theory and Practice provides research sound statistical information about the collaboration's target areas. Statistically valid data is obviously important, and ASU's meets the test. ASU's real estate leader, Professor Jay Butler, is in communication with the Home Again Mesa Collaboration team and has already offered important insights into the crisis, particularly timely and local statistics.

Two Individual Development Account (IDA) programs add a dynamic element to the recruitment of families potentially meeting the <80%AMI threshold. The fact that the Home Again Mesa Collaboration intends to sell product that meets the AMI price points should inspire additional enrollment in the Individual Account Programs. IDAs suffered in the pricing run up because families' incomes could not keep pace thus no amount of saved money could meet the down payments required in the pre-meltdown market. Home Again Mesa will offer a legitimate housing source for IDA savers and expects that the partnership will cause additional families to seek IDA participation.

Since the market has returned to values that look more like pricing of twenty years ago, Individual Development Account savers can more realistically achieve saving targets in rational periods of time.

In summary, Home Again Mesa represents the best outcome possible when organizations work together for the common good.

B. Management Structure

1. A community advisory board will guide the Home Again Mesa Collaboration. The Foundation for People with Disabilities will form the core group since this body has governed Marc Center's capital projects for over twenty years. In accordance with the Collaborator's community roots, the partners will recruit additional members to enhance the advisory board's connections to the neighborhoods impacted by the program, increase and improve the professional of the overall effort, and to respond to the cultural competency required of any successful program, particularly in this area of our community.

The senior staff member acting as chief executive officer of the project will be Marc Center's current chief administrative officer and general counsel, Pat Gilbert. Gilbert has been responsible for expanding Marc Center's development objectives and has managed the agency's recent \$10MIL expansion. Moreover, Gilbert has a long history as an advocate for improved housing opportunities across the state of Arizona. Of note, Gilbert grew up in the target areas and knows the neighborhoods street by street.

Leading the development team will be Diana Yazzie Devine, President and CEO of Native American Connections. Devine just completed her thirtieth year with NAC and is recognized for her steadfast and innovative leadership. She positioned NAC as an entrepreneurial nonprofit twenty years before the concept entered the popular thinking about nonprofits.

Managing the housing counseling, outreach, credit repair, and all of the activities connected with helping families and individuals become credit worthy buyers will be John Smith. Smith has developed the best possible programs assisting families to achieve homeownership. Moreover, Smith and Housing Our Communities will conduct outreach to and training of the local realty community.

Real estate is Kay Moore’s expertise, and she is a critical member of the team. Moore has been a real estate agent since 2004, has more than 12 years of housing experience, and recently achieved her status as a real estate broker. She and her staff will research and bring acquisition opportunities to the Collaboration. She has acted as Marc Center’s agent for two years and developed experience in foreclosure and short sale activity.

The Collaboration will operate the program according to the organization chart:

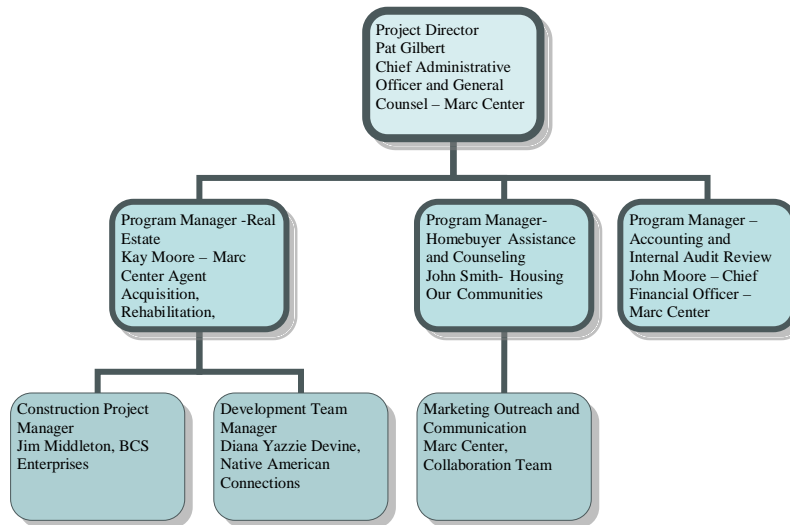


Table 9 – Organization Chart for Home Again- Mesa

2. REFERENCES

The Honorable Mayor Scott Smith
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 480.644.2388
 mayor.smith@mesaaz.gov

Chase Bank
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 Tempe, AZ 85281
 480.890.6036
 daniel.b.lane@chase.com

III. Soundness of Approach

A. Proposed Activities

1. The Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family At a Time Program Overview

To be clear about the program objectives, the Home Again Mesa Collaboration will:

- Acquire at least 120 properties during the grant cycle;
- Focused on five to ten units a month (acquiring/renovating/reselling);
- Recruiting a significant pool of potential buyers;

- Typically have approximately thirty units in the redevelopment pipeline from acquisition to Certificate of Occupancy
- Index pricing to the Area Median Income targets of NSP2;
- Assist and enhance all neighborhood revitalization efforts by the City and all other stakeholders; and,
- Arrest and reverse neighborhood destabilization and act as a catalyst to assist the efforts focused on the recovery of the Home Again Mesa target areas.

The Home Again Mesa Collaboration will be responsive to the need for neighborhood revitalization and affordable homeownership within the regulatory structure of NSP2. The Collaboration will also be nimble because the housing market has become very volatile. For example, in certain circumstances, houses at the \$125,000 purchase price and below range are experiencing “bid ups” and lenders expect to see offers in excess of asking price. Moreover, Home Again Mesa will continue the momentum by using the \$8,000 federal income tax deduction as long as it is available. The timing of this grant cycle will aid in removing a barrier to homeownership by greatly reducing the purchase price of the home. By the time Home Again Mesa becomes an awardee, the Collaboration will act as an important economic lever in the market and offer credit worthy homebuyers of modest means the opportunity to achieve homeownership while helping to stabilize and revitalize neighborhoods.

The Collaboration also understands that the housing inventory available to it will be very distressed properties. We may be facing purchasing inventory that no other buyer will. Accordingly, it will be likely that the Collaboration will take advantage of the maximum demolition (10 percent) allowed under the grant. This is because some properties may have deteriorated to a state that they cannot be restored, or some properties are environmental hazards primarily because the house was used as a meth lab. In this regard, since the grant allows for new construction on cleared land Home Again Mesa expects that the City will look to the collaboration as a reasonable way of disposing houses seized in RICO drug prosecutions.

The key to arresting neighborhood decline and to continue the City’s initial work is to get single family residences back into the hands of owner/occupants. That is not our only activity. The Collaboration will demonstrate to citizens that the targeted areas must be improved because the consequence of continuing neglect is ever increasing crime, degradation and human and economic costs.

In addition, where appropriate, the collaborators can improve the inventory of special needs housing without pressuring any one neighborhood or concentrating special needs housing in one neighborhood. Too many group homes and too many special needs units can destabilize neighborhoods. While the overall program objective is to stabilize neighborhoods, via affordable sustainable housing and increasing employment, our concurrent goal is to provide affordable residences for those with disabilities and the age related needs. The cost reality of retrofitting a home with grab bars, wheel chair accessible sinks and wheel in showers makes “affordable” home unattainable. The Collaboration will be providing those physical improvements for an appropriate number of our renovations. Our NSP2 program shall be inclusive and work to eliminate the barriers to those in need.

The six main partners in the collaboration represent the city’s most dynamic nonprofits: nonprofits committed to the community, adept and successful, and uniquely positioned to work

together to achieve outstanding results. Moreover, the five collaborators take responsibility for arresting destabilization and energizing the work of stabilizing neighborhoods. The City could not, and choose not, to take on the effort. Consequently, the collaboration recognized that the community could ill afford to miss the opportunity.

The City is critical to the future success the Home Again Mesa Collaboration. We are pleased to have the support of city officials and staff. A letter of support from the Mayor is included in the Appendix of this application. We are pleased that the City is supporting of efforts to acquire, renovate, and resale homes to reclaim and revitalize neighborhoods. The City's support improves the likelihood for fundamental, positive changes in areas where the corrosive effects of foreclosures contributed to the overall challenges already in place: absentee landlords, suburban flight, high incidences of code compliance violations, and higher levels of crime.

Even without the NSP2 stimulus, the City has created a unique team to address the decline: prosecutors, police and code compliance work together to persuade and sometimes compel property owners to manage property and act as better neighbors. In addition, the City's Police Department has used crime mapping to carefully deploy resources in areas of greatest need, and the efforts has paid dividends.

Home Again Mesa will make a difference in Mesa, and the Collaboration understands the need for materiality, rigorous outcomes, and transparency. This will be our guiding principle as we develop and finalize our program. Our goal is to acquire, rehabilitate and resell 120 single family residences to families earning less than 120 percent of area median income. At least 25 percent or 30 of the homes will be sold to families earning 50 percent or less AMI.

Once approved as a HUD NSP2 grantee, the Home Again Mesa Collaboration will respond to the market as it exists in real time. The Collaboration will have an even sharper focus and develop a strategy to ensure that the Collaboration's efforts achieve maximum impact in reversing neighborhood destabilization toward stabilized, secure, safe, and desirable neighborhoods.

Concurrently, the Collaboration will launch its marketing efforts to begin the process of developing a pool of credit worthy and income eligible buyers. Our housing counseling experience suggests that we will need to attract approximately 1,200 families to achieve 120 families ready to purchase a NSP2 home.

When a family opens the door and steps into the Home Again Mesa Collaboration office, the process begins of welcoming them to the venture as a partner and customer. The Collaboration will have bilingual staff and marketing materials. Any Realtors® associated with the program will also demonstrate fundamental housing counseling skills. We will encourage bilingual Realtors® to participate in our program. Moreover, Home Again Mesa will strictly and actively adhere to Fair Housing standards.

New customers will be helped to understand the income qualifications, education requirements, and the process of acquiring a property. Staff will be thoroughly versed in all available state and federal down payment assistance programs including any tax credits available. Of course, Home Again Mesa will not offer legal advice, and the Collaboration will make sure that potential buyers understand their rights as a "buyer" including having their own Realtor® representation.

Transparency in all aspects of this program is standard operating procedure. All activities should and must be available for public review the Collaboration will ensure that all transactions with buyers are transparent and readily understandable and clearly communicated.

Unless purchase ready, meaning credit scores are high enough and the buyer is prequalified for a market competitive mortgage, potential buyers will have assistance in developing and implementing a Buyer's Plan. Each family's plan will set out the steps necessary to achieve acquisition. This is also an important metric: each buyer that needs assistance in achieving acquisition of a Home Again Mesa Collaboration home will have a "Buyer's Plan." Each Plan will include at a minimum what each family needs in the way of education, training, and down payment, and the Plan will include the family's agreement that it can and will achieve the Plan outcomes within identified time limits.

To ensure transparency and accountability of our activities all Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family will meet the following standards:

1. Outcomes will be numeric, time bounded, and focus on how family's change as a result of the process.
2. Our website will report on the metrics established either monthly or quarterly.

The Home Again Mesa Collaboration anticipates the following activities to complete its' responsibilities from pre-acquisition to escrow closing and transfer of property to the new resident:

Initially, ProMarc and its affiliated realtors will locate potential sites for purchase and will submit purchase contracts with offers allowing for expanded inspection periods in accordance with HUD and NSP2 requirements. BCS will provide pre-acquisition environmental assessments. After the site is reviewed and accepted by ProMarc and BCS as a potential candidate for rehabilitation a Project Manager and Estimator are assigned to that project. A preliminary project budget is prepared and submitted to a citizen review board, comprised of members from The Foundation of People with Disabilities, Native American Connections and West Mesa CDC. The individual sites will be reviewed, discussed and voted upon for acceptance into the Home Again Mesa program.

Upon acceptance by the citizen review board, an escrow will be opened and title work will commence. The specifics of the site will be transmitted to the architect for development of plans and specifications utilizing Green Building standards. Environmental surveys will be completed. Following the closing of escrow and transfer of title the property will be secured and preconstruction activities will commence.

BCS as construction manager will advertise for bids, distribute plans and specifications, hold pre-bid conferences and submit plans for permit. The goal is to engage as many subcontractors as possible to not only rehabilitate neighborhoods but also employ as many member of the community as possible. The project manager will then add the site location to the Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family at a Time website for public notice and public monitoring of activities. Bids will be accepted, reviewed and subcontracts issued. A project schedule will be prepared and added to the project link on the Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family at a Time website.

The project budget and environmental surveys will be submitted to HUD for its review as per the program standards. Construction activities will follow acknowledgement from HUD on project acceptance. Weekly updates to the website will keep HUD, potential residents and the general public informed as to the progress through schedule revisions and photos. Normal construction activities will continue to completion and issuance of a certificate of completion issued by the City of Mesa.

Marketing and advertising of the Home Again Mesa program will begin upon the establishment of the grant. Community involvement and acceptance is the key to success in revitalizing our neighborhoods. The program details will be distributed through the outreach programs of the consortium members and the media. Local realtors will be contacted as to the program specific project locations to develop interest and cultivate potential buyers. A series of neighborhood meetings will be held to assure community residents are included in the process. The City will assist with community meetings.

ProMarc will post the renovated projects ready for sale on the Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family at a Time website as well as the MLS listings. Program restrictions for eligible income levels will be detailed in the advertisements. A pre-purchase homeowner education program will be required of potential buyers and all buyers will receive a minimum of eight hours of housing counseling.

An individual or family that completes the educational component of the program will be eligible to purchase a residence. The Collaboration will work with the banking community to establish funding sources for qualified buyers. Prior to close of escrow the new home buyer will inspect the residence and site with ProMarc staff or the project manager to insure the quality of construction has met required standards.

Buyers who purchase a residence that is part of a duplex, triplex or four-plex will establish their relation with Native American Connections or ProMarc as part of the property management program. This relationship and development of mini or micro home owner associations will help insure property values and neighborhood viability and vitality as individual units will be purchased by qualified buyers. Multi-unit structures will not be sold as investment properties to an owner/manager. Buyers of single family residences will not be part of that relationship. Only those residents that share physical or landscape improvements will need the cooperative model.

Creating sustainable and attractive homes will not only enhance the neighborhoods but will revive the sense of community. Reenergizing the local economy, improving home values and enhancing public safety are verifiable goals and outcomes of the Home Again Mesa program.

2. Uses of Funds and Firm Commitments

Table 9 – NSP 2 Funding Request for Eligible Uses and CDBG Activities

Home Again-Mesa: A Collaboration Building Better Neighborhoods One Family at a Time

NSP - Eligible Uses	Correlated Eligible CDBG Activities	Responsible Party	Amount of Funds Requested
Purchase and rehabilitate home and residential properties that have been abandoned or foreclosed upon in order to sell, rent, or redevelop such homes and properties	24 CFR 570.201 Acquisition Disposition, Rehabilitation	Home Again-Mesa Collaboration: BSC Enterprises (construction) ProMarc, owned by Tec Marc- as subsidiary of Marc Center	\$27,287,471
	*Relocation Expenses	ProMarc	\$1,716,000
	Direct homeownership assistance 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity)	Housing Our Communities for 8 hour homebuyer counseling	\$65,650
Administration of Project	Compliance with NSP2 Program	Marc Center manages, contractors and subcontractors	2,010,653
Total Project Budget			\$31,079,774

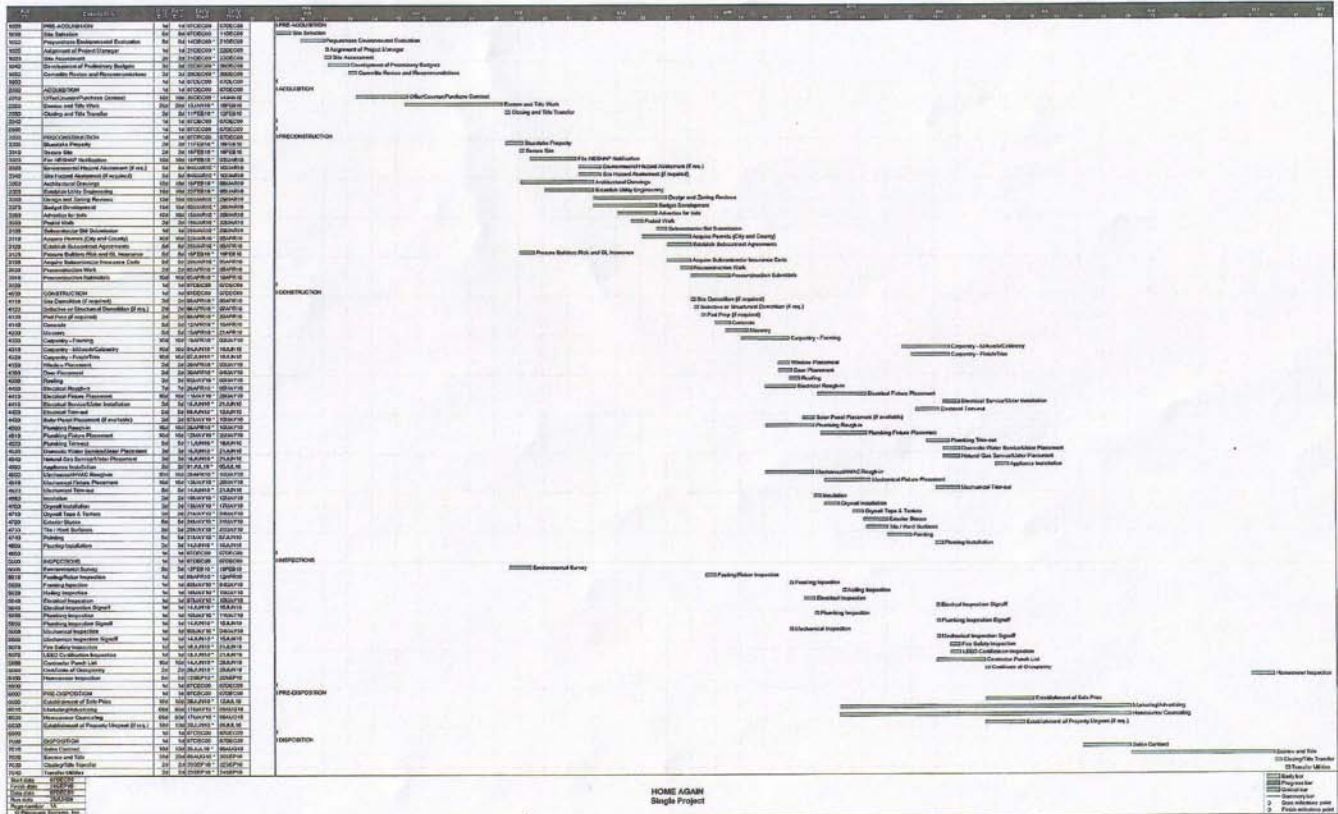
In this economic climate, to have firm commitments whatsoever should be celebrated as a major victory. We will be able to access the Arizona Department of Housing NSP1 soft second mortgage financing and the Assets for Independence Act grant matching funds add significant value. The ADOH NSP1 has dedicated \$22M for soft second financing and less than \$500,000 of those funds have been used to date. Also Maricopa County has dedicated \$250,000 for down payment and closing costs for NSP families. We believe that both of these sources will provide the necessary gap financing needed to assure our families have a mortgage that will not be cost burdensome. It is anticipated that we will need a maximum of \$3M dollars from these sources.

Moreover, while the city of Mesa cannot commit money, it has considered and conceptually agreed to measures resulting in real savings particularly in areas where time is money. For example, the City will allow permit by inspection. Thus, if the Collaboration believes that the remodel need not require significant engineering, the City will issue a building permit based on a limited outline of a scope of work and the inspection process will revise and update the permit as work proceeds. The City's potential commitments are further discussed in the Leverage section.

Mayor Smith is very supportive of our effort and has provided a letter of support which is found in the Appendix.

B. Project Completion Schedule

Table 10 – Project Completion Schedule



The Home Again Mesa Collaboration program is ready to hit the ground running. In our cooperative efforts with the City of Mesa and their current NSP1 program, ProMarc has already started identifying prospective sites for purchase. It's anticipated that our program will have prescreened sites, produced pre-acquisition environmental assessments, produced preliminary budgets, acquired program acceptance from the community review board and will make offers on 20 sites in the first 30 days. Our schedule is projected to continue at a pace of 10 acquisitions per month for the next 11 months. Thus acquiring we will be able to acquire our total properties (120) residential units in the first year of NSP program. We anticipate that we will complete renovations of the properties within 18 months of acquisition.

In the NSP 1 and NSP 2 programs we anticipate a 30 day escrow period from contract to closing. Environmental surveys and architectural services will commence upon the transfer of ownership and take up to 15 working days. NESHAP notification filing requires 10 working days following the results of the asbestos survey. Plan review, revisions and permitting is anticipated to take no longer than five weeks. During that time period advertisement for bids, distribution of plans and specifications, pre-bid conferences and subcontractors submissions will occur. Subcontract agreements will follow the issuance of the permit. Activity on a site will begin with environmental abatement if necessary. That action will commence approximately two months

after the purchase offer has been accepted. Construction activities will begin following the abatement of environmental hazards and on average a certificate of occupancy should be obtained six months from entering into a purchase agreement.

Marketing and advertising will begin immediately after the grant is issued. The Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family At a Time website will be established on the Internet to provide the public with information about the program. A project file will be opened on the website with the property address and site specific photos when a contract with the seller has been signed. Members of the consortium will add links to their individual websites to promote the program and cultivate interest in the residences. The objective is to engage prospective buyers in a specific neighborhood and allow them to follow the progress. Those individuals and families with established credit and meet the income guidelines will be able to enter the homeowner education class within months of the program being established. That would allow them to purchase as soon as the home receives its' certificate of occupancy. For those requiring help with credit issues, an extended program will be available through a consortium member as early as the beginning of the program. The Home Again Mesa Collaboration is designed to draw interest, cultivate prospective buyers and produce homeowners from the inception of the grant cycle.

The projected timeline is to have all 120 homes purchased, renovated and ready for move in at the end of the first 18 months. The homeowner development program begins at the issuance of the grant and continues until all homes have been matched with individuals or families ready to be neighbors. Developing interest and a desire to live in west and central Mesa will be enhanced with the expansion of the light rail system and development which will follow. Home Again Mesa has targeted areas of great need but also great potential for revival.

C. Income Targeting for 120 and 50 Percent AMI

All NSP2 fund will be for the benefit of individuals and families at or below 120% AMI. Qualifying income will be verified for all participants using NSP2 guidelines for income verification. The Marc Center, as lead applicant will diligently monitor the expenditures of the consortium, contractors and subcontracts to ensure that 50 percent NSP2 income targeting for those at or below 50 percent AMI will be achieved through the lease-purchase program, which will target renters with an interest in homeownership. Individuals and families at or below 50 percent AMI will be marketed to through service providers, such as realtors, public housing authority wait lists, and internal wait lists. Local community partnerships, particularly healthcare and the school system will be expanded. Additionally, Marc Center will share information about this program with its own employees and clients. Other grassroots outreach methods will be employed, including homebuyer fairs, speakers bureaus and attendance at public events. Promotion through public access radio and TV will be pursued.

Additionally, the consortium member, BCS Enterprise, Native American Connections and Housing Our Communities will lend their considerable skills to both "rehabbing homes, as well as providing neighborhood support program. The Home Again -Mesa collaboration will concentrate its outreach efforts to those participating in the principal economic activities. In addition to educators and government, retail and health care facilities adjacent to the city enable outreach to those workers.

Financing and Homebuyer Assistance

The proposed affordable pricing strategy is one element of the approach to mitigate the negative effects of foreclosures Home Again-Mesa Collaboration’s target area. The Collaboration will also work to leverage the financing mechanisms and borrower assistance programs established by the State of Arizona Department of Housing (ADOH) and Maricopa County through its NSP 1 activities.

The Arizona Department of Housing elected to invest its Direct NSP Allocation into a statewide Soft Second Loan financing program, *YourWayHome*. This financing mechanism is available for homebuyers earning at or below 120% AMI in the purchase of foreclosed upon and vacant single family property.

The State of Arizona offers the only statewide financing mechanism available specifically for the purchase of foreclosed upon properties in areas of greatest need. ADOH has secured participated lender agreements with over 25 lenders. This program is accessible by homebuyers at www.yourwayhomeaz.com. The soft second financing program, *YourWayHome*, reduces borrower and market risk of the financial institution by reducing the amount of the first mortgage by up to 22 percent. Each borrower is expected to contribute to downpayment and closing costs of at least 3.5 percent.

D. Income Targeting for 120 and 50 Percent AM

Homebuyer Affordability Period. In its administration of the NSP2 Program, the Home Again Collaboration, with Marc Center, as lead applicant, will ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental or redevelopment of abandoned and foreclosed upon homes and residential properties remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income (AMI), or, as applicable, to individuals and families whose incomes do not exceed 50 percent of area median income. Marc Center

A period of affordability for assisted homeownership units will be modeled under the HOME homeownership affordability requirement and will be based on the amount of permanent subsidy going to the homebuyer, with a minimum affordability period of 5 years. To insure compliance with the applicable affordability requirements, Marc Center, as the lead applicant, will impose a lien, deed restrictions or CC&Rs to ensure compliance with the applicable affordability requirements. Additionally, Marc Center will impose resale/recapture provisions if the home is sold during the period of affordability. The Home Again Collaboration will secure the its NSP2 investment through a Promissory Note and recorded Deed of Trust with a term equal to the affordability periods as defined by the HOME program and is based on the amount of assistance per unit:

Subsidy Amount Per Unit	Affordability Period (years)	Maximum Allowable Annual Subsidy Recapture Forgiveness
\$15,000 or less	5	Subsidy recapture, 20 percent forgiveness each year
\$15,001 to \$40,000	10	Subsidy recapture, 10 percent forgiveness each year

Over \$40,000	15	Subsidy recapture, 6.6 percent forgiveness each year

Long-term affordability restrictions meeting at least the following minimum requirements will be imposed on all homebuyer and rental units that are assisted with NSP2 funding.

Affordable Rents

Marc Center will adopt the HOME program standards at 24 CFR 92.252(a), (c), (e), and (f), and 92.254. The definition of affordable rents is applied in the Arizona Department of Housing’s State Housing Fund Program. The Housing Fund Program defines the application process and income targeting for HOME and state housing trust fund investments. The rental schedule can be accessed at:

http://azcms.housingaz.com/uploads/STATE%20HOUSING%20FUND/FY09%20Applications/SHF_Program_Summary_App_Guide.pdf

Consultation, Outreach, Communication

Neighbors themselves are the most important source of information about the effect and value of the Collaboration. We will develop an on-going citizen outreach program to ask citizens to provide feedback regarding the actions of the Collaboration and areas needing improvement. The Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family At a Time Advisory Committee acts similarly. The Collaboration will listen first and act in accordance with its organizational values and the needs and wants of customers.

The Collaboration’s website will help the collaboration spread the news and to solicit comment and concern. Websites are not enough; so they will be supplemented with door to door campaigns to provide neighbors a chance to tell collaborators what needs to be done to fully realize reinvigorated and desirable neighborhoods. Of course, outreach in the targeted areas, either via website, or hand delivered flyer, will be bilingual (Spanish/English).

Finally, like any wise and prudent construction manager, the Collaboration will make sure neighbors and neighborhoods can easily and quickly reach collaboration principals to complain or praise the revitalization efforts. The Home Again Mesa Collaboration wants neighbors to know that the construction process need not inconvenience an area when managed with a concern for the neighbors themselves.

E. Performance and Monitoring

The Collaboration will establish a website that will allow the public to view each home. Project pictures and the ability to monitor the project schedule will be included. HUD will be able to monitor progress through an expanded project schedule online via a secure portal in the Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family at a Time website. Project contact information, schedule updates, budget, permits, subcontracts, insurance certificates, invoices, inspection reports, progress pictures and billing applications will all be accessible 24 hours a day. Individual projects will be updated on a weekly basis. The secured data files will also include plans, specifications, correspondence (email or written), purchase and

sales contracts, marketing and advertising information, buyer education certification and overall program updates. The digital files will give us complete transparency and ease of access for HUD. Physical site inspections will be available to HUD personnel through the project manager to insure site safety standards.

The Home Again Mesa Collaboration will also use its website as a method to communicate its activity in the community. Thus, all of the work to internally audit the collaboration's efforts will be available for review on the website. Whether it is connected with the solicitation and bidding, or as a result of general questions about "where the money went," the Home Again Mesa Collaboration will affirm the confidence of the public by acting with transparency and in keeping with the highest values of stewardship and ethical diligence.

Marc Center will be responsible for managing the day-to-day operation of the NSP2 program, ensuring that funds are used in accordance with all program requirements.

Audit Reviews

Marc Center's internal auditor will notify its members of the requirements under the Single Audit Act. Marc Center's internal auditor will also review all audits submitted by recipients pursuant to those requirements, noting any audit findings and requiring corrective actions to such findings as appropriate.

Internal Auditor

Marc Center currently has an Internal Auditor function, administered by Mr. John Moore. Mr. Moore is an experienced funds and program accounting manager.

IV. Leveraging and Removal of Substantial Negative Effects

A. Leverage

The City of Mesa will consider the fees associated with this collaboration in the most favorable (to the collaboration) possible. Moreover, the City will work with the Collaboration for utility meter replacement and other infrastructure needs that improves efficiency and safety as a consequence of the renovation. The City also uses a cost saving method of working with developers when particularly focused on neighbor revitalization and housing redevelopment: permit by inspection. Permit by inspection allows for a project to move forward as rapidly as possible, particularly when it is impossible to determine the scope of work on day one of the project. Permit by inspection allows for and expects "field engineering" and modifications to building plans as the project evolves. When remodeling significantly distressed housing, there is simply no way to determine the actual scope of work unless and until the work really begins. The City works in close partnership with the general contractor and developer to produce the best result possible.

The collaboration's lead brought IDAs to this region, led the development of the Assets for Arizona Institute, and secured significant federal resources through the Assets for Independence (AFI) grants. These two nonprofits commit to working with the Collaboration to build a pool of credit worthy buyers at the <50%AMI threshold. In addition, Marc Center and Native American Connections have particular experience in working with very poor populations, and housing

opportunities are within the core missions of both organizations. Native American Connections is particularly adept at working with populations that require a high level of cultural competency to bridge, potentially, a lack of confidence in institutions in general but more specifically financial institutions and government.

A significant strength of the Home Again Mesa Collaboration is the support of the City's Police and Code Compliance departments. While the Collaboration cannot, and should not be expected to be, the sole remedy for the crisis in the targeted census tracts, the City and the Collaboration must work in close concert to achieve any lasting effect. Our expectation is to develop a cooperative, on-going working relationship with the City to continue to improve the neighborhoods in the targeted areas.

The Home Again Mesa Collaboration, as grassroots focused and community based entity, will seek the partnership of the major faith communities in the collaboration's target market. These are known to the collaborators and include the community's oldest African-American congregation, the Later Day Saints Church, and a large nondenominational congregation committed to urban Mesa. There are three active Catholic parishes in the target area, and the city's oldest Methodist, Presbyterian, Lutheran and Episcopal congregations also are located here. Many of them are the backbone of the city's emergency services. Moreover, the community action agency, A New Leaf/MesaCAN is located in targeted area, and the Community Assistance Program (CAP) program serves all of Mesa. MesaCAN who provides IDA programs is partnered with Marisol Federal Credit Union, and Marisol has been developing its presence in these distressed neighborhoods for four years. We are fortunate to have so many community resources to assist in the successful implementation of the NSP2 program.

Law enforcement, code compliance, social, religious and human infrastructure, access to credit, transportation and schools all work to drive out and displace the negative. Given the opportunity and the catalytic effect of millions reinvested in housing, these neighborhoods will restabilize and prosper. Our effort will address all of these destabilizing influences.

B. Rubric – Does not apply to our application

V. Energy Efficiency and Sustainable Development

A. Transit Accessibility

Home Again Mesa focuses in areas that have the best access to the city's transit system. Bus lines run through the major east/west and north/south corridors of our target area. The bus lines connect to the region's light rail system, and the City intends to extend the light rail to within approximately one half mile of the western boundary of our targeted area. Accessibility to existing light rail is convenient because it runs through the middle of our targeted area, running west to east. This transportation improves both job availability and family economics, and these transit services will improve over time as the economy improves.

Where at all possible, the Collaboration will adopt and implement transit oriented design (TOD) into its concepts for neighborhood revitalization; even in a down economy, riding the light rail shows that transit drives redevelopment, and the Home Again Mesa Collaboration recognizes this as a marketing opportunity uniquely positive to our NSP2 efforts.

B. Green Building Standards

Home Again Mesa intends to produce energy efficient homes that appeal to families as buyers because of not only the economics of efficiency but also the aesthetics of carefully designed landscape materials and investment in flora appropriate to our climate and water usage targets. Moreover, the Collaboration will work in collaboration with the agencies administering Weatherization programs so that our buyers can take advantage of the subsidies available to improve energy efficiency through improved HVAC systems and Energy Star appliances. Weatherization also includes upgrading windows to achieve even higher R factors.

R values and SEER ratings are just a part of building a product that attracts buyers into neighborhoods previously potentially eliminated from consideration. Adding “green” features to our homes will make the operation of the home less expensive and will be a selling feature. The attention to detail applied by the Collaboration, including cutting edge methods for “greening” homes, will help boost the numbers of families seeking our homes, and this will help sustain the effort over time meeting part of the challenge of the grant application: demonstrating how the Home Again Mesa Collaboration will maintain its improvements over the long term. Moreover, our efforts will attract the attention of the area’s major electric utility provider: Salt River Project (SRP.) Home Again Mesa Collaboration will work closely with SRP and the City of Mesa to aid our families with additional education regarding energy savings.

The Home Again Mesa Collaboration consulting architectural firm, Saemisch Di Bella Architects (SDA) is LEED certified. Moreover, SDA has moved beyond the minimum standards, particularly working with ASU Stardust to advance the efforts at green design rather than merely adopting the work of others. Similarly, SDA has taken the concepts of universal design and adapted them to improve construction models benefitting individuals with disabilities and those of us who will benefit from universal design standards in the future: either as a consequence of aging or an unexpected health event.

Green design does not stop at solar panels and xeriscape. Conscious assessment and use of the natural attributes of the neighborhood areas also add value to “greening” an area. Identifying ways to calm traffic and invite bicycles can add to reduced carbon foot prints, and the Collaboration is convinced that buyers will seek sophisticated sellers that understand the imperative to use less energy, reduce heat island effects, and to reduce the overall energy costs of owning a home. Home Again Mesa will meet all of these objectives.

Unique ideas about reducing landfill waste streams will be considered by the collaboration. For example, we will request that the City allow families to backyard compost. There are very low technology approaches to reducing the plant material waste streams even further by letting families compost. Composting merely requires one old curbside waste barrel turned upside down, the bottom cut off, and the former lid now is the cap to the compost barrel: simple and effective; it works.

Over the grant cycle, Home Again Mesa intends to be a model for others and the future when showing how “greening” projects makes economic sense, and it improves the livability and sustainability of a home and neighborhood.

C. Reuse of Cleared Sites

From the possibility of transit oriented design to innovative urban reuse, the Collaboration anticipates that some of its most exciting product will result from building on cleared sites. Cleared sites also offer Home Again Mesa the opportunity to address the particular commitment held by the collaboration to special needs housing. In other words, duplexes and triplexes often offer individuals needing a little extra help to live independently just this chance when service providing agencies can support the housing inventory.

In keeping with the new urbanism of Transit Oriented Design (TOD), Home Again Mesa anticipates adding unique designs for old stand by housing products: duplexes, triplexes and four-plexes. Moreover, TOD challenges municipalities to examine old assumptions about what can and should develop contiguously. Thus, where Euclidean zoning might have prevented the merging of duplexes side by side with neighborhood commercial and single family residences, there is a growing awareness in the west that eastern style zoning where there are far more use “blends” have arrived.

Thus, along the major corridors in the Home Again Mesa Census tracts, both east/west and north/south, there is still single family residences occupied as such. Some of them are so dilapidated, even the most creative reuse of the slab will not accommodate renovation. These, and other opportunities, will challenge Home Again Mesa, and its partnering architectural firm, to produce and develop new and exciting alternatives in the context of and in accordance with the NSP2 flexibility.

D. Deconstruction (Salvage and Reuse)

To the extent feasible and cost effective, the Collaboration will donate all usable materials not reused in renovation to the Habitat for Humanity Building Materials Reuse store. The Habitat for Humanity Building Materials Reuse store is used by many nonprofit organizations to purchase building materials, appliances, and cabinets at a greatly reduced cost. All profits from sales are donated to local Habitat for Humanity organizations. We will also sort waste materials so anything that can be recycled will be.

E. Other Sustainable Practices

The City has made an important commitment to the Home Again Mesa Collaboration neighborhoods. City of Mesa Neighborhood Outreach Specialists will work with neighbors to address local concerns. Likewise, the Mesa Police Department recognizes, and acts in accordance with this knowledge, that targeted efforts to enlist the support of neighbors in anti crime awareness can and will improve the safety and desirability of neighborhoods.

Additionally, Mesa Public Schools refuses to let its inner city schools default to poor performance and deteriorating presence in the lives of families. The schools will be an important factor in buyers’ decisions, and Mesa Public Schools knows of its historic importance and the importance it plays as the most significant institution in family’s lives.

Finally, the Home Again Mesa Collaboration will invite community institutions to join our effort. From Habitat for Humanity to the local faith institutions, everyone has a role in preserving and improving Mesa neighborhoods one family at a time.

To avoid, ignore, and neglect these needs will have dire consequences. These neighborhoods will not turn around by magic. Our Collaboration expects that it must inspire the private sector to continue the work long after the last NSP2 dollar is spent. The private sector is not merely limited to developers: it means individuals and families in the neighborhoods and those of like mind throughout Mesa; citizens who will continue to address the needs of the community with compassion, intelligence, and diligence.

VI. Neighborhood Transformation and Economic Opportunity

The Home Again Mesa NSP2 application dovetails with the City of Mesa's NSP1 program. In fact, Marc Center staff is working with City of Mesa staff to implement NSP1. We have met with City Officials including Mayor Smith (who has provided a letter of support) and staff to obtain their support for our application. A copy of the NSP1 plan can be found at: <http://www.mesaaz.gov/neighsvc/pdf/Final%20Substantial%20Amendment%20FY%2008-09%20Annual%20Action%20Plan%20revised04.30.09.pdf>.

Transformation will begin when a Home Again Mesa Collaboration realty sign attracts buyers from across the metropolitan area, and buyers know that their investment connects them to good schools, public infrastructure such as transit, libraries, and entertainment amenities, and access to good jobs in a quality community.

Our Collaboration will achieve economic multipliers in harmony with national objectives to build "green jobs" in the reinvention of the American industrial and jobs base. Thus, everything Home Again Mesa does to invest taxpayers resources into Mesa's neighborhoods must also relate to broader goals. Accordingly, where the private sector would need to eliminate long term cost saving strategies such as solar panels from home building because such costs would exceed the AMI/pricing ratios, the Collaboration intends to use NSP2 funds to subsidize these front end costs to ensure at least two things: the buyer appreciates the lowest possible "costs of operation and maintenance" of their new home, the home uses cutting edge, effective technologies for improving energy efficiency, reducing carbon footprints, and water demand and usage. What gets watered with how much water is as well as how much water enters the wastewater treatment stream requiring treatment and discharge are important metrics for measuring our success. We will provide appropriate accounting for these long term cost savings.

Moreover, general and typical economic multipliers would calculate a NSP2 investment in the community at three to four times the investment. Therefore the City of Mesa would appreciate the impact of a nearly \$30M NSP2 grant at \$90M to \$120M in overall impact.

The employment opportunities will be a major benefit to Mesa and the East Valley region. Program administration is going to be handled by consortium member that is located in the target region. The subcontractors will predominantly come from companies based in or near our target areas. Producing 120 renovated homes **will create 5,420 employment opportunities** directly tied to this program. While many of these jobs are limited to the project construction phases, a number of them run the full length of the three year program cycle. The number of jobs opportunities enhanced by the material suppliers, delivery systems, testing labs, city plan review, public utility providers, construction companies estimating and office personnel, advertising outlets, banking systems, insurance agents, title companies, realtors and so on down the line is beyond our ability to quantify. The declarable statement is Home Again Mesa will create a

renewed vitality through a major economic stimulus that directly goes into the paychecks for those in our targeted area.

Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family At a Time homes will be the best in their price points, and will be sought by smart buyers seeking more than the most house in a distant suburb without any amenity or sense of community whatsoever.

Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family At a Time knows that intensely targeted investments will inspire others. The Collaboration will become a catalyst for neighborhood stabilization and revitalization. Areas will continue to prosper as neighborhoods become and remain safe and secure. Family economics of home buying will continue to help families reduce their housing “operating costs” by taking advantage of mortgage interest deductions and lower energy bills.

The Collaboration and the City can address the properties that have become the equivalent of a neighborhood cancer. In many cases, the only remedy will be the radical excision of the property from the neighborhood. Neighborhoods cannot remain stable when homes become crack houses and meth labs and cause innumerable code compliance complaints resulting, finally, in criminal complaints. The Collaboration will target these homes to ensure success in stabilizing our neighborhoods. Recovering Mesa’s neighborhoods happens one house at a time, and Home Again - Mesa: A Collaboration Building Better Neighborhoods One Family At a Time is ready to get to work.