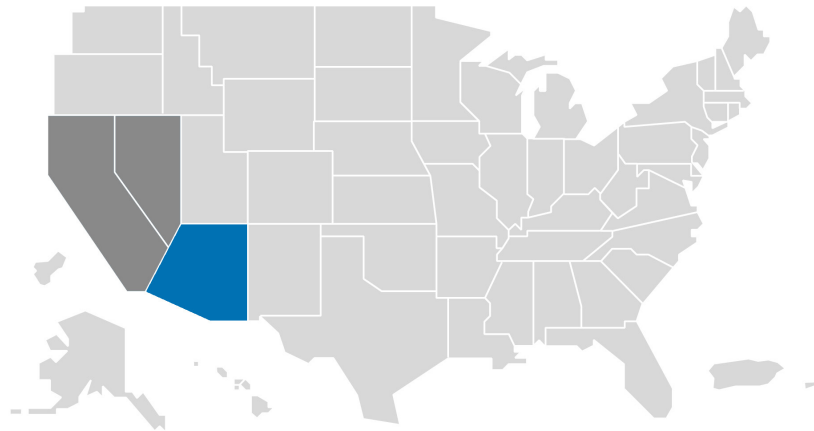


ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



 **FHLBank**
San Francisco

ARIZONA
STATE REPORT

ARIZONA STATE REPORT

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Since its creation in 1989, the Federal Home Loan Bank System’s Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than \$4.1 billion (\$5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with \$65.7 billion (\$83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling \$69.9 billion (\$89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately \$1.0 billion (\$1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The state of Arizona is in the San Francisco district. This report details the economic impact of housing within Arizona that has been enhanced by AHP funding from 1990 through 2016.*

* Note: some projects within Arizona may have received AHP funding from a Federal Home Loan Bank other than FHLBank San Francisco. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report.

ARIZONA Rental, Home Construction and Rehabilitation Activities

Economic Basis



\$89.74 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$111.78 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$1.16 BILLION

DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

\$1.44 BILLION

DEVELOPMENT COST INFLATION-ADJUSTED

 **223**

PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).

 **9,845**

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

ARIZONA Home Purchase Activities

Economic Basis



\$37.56 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$43.55 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$282.56 MILLION

FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

\$322.12 MILLION

FIRST MORTGAGES INFLATION-ADJUSTED



3,225

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

ARIZONA Rental, Home Construction and Rehabilitation Activities

Economic Impact



\$3.56 BILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



26,258 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



\$1.23 BILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

2.47

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

\$96.12 MILLION

TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

All dollars are in inflation-adjusted dollars.

ARIZONA Home Purchase Activities

Economic Impact



\$1.17 BILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



8,228 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.



\$306.14 MILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

2.55

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.

\$23.39 MILLION

TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

WISH First-Time Homebuyer Program



Kabayiza Family

With huge smiles and even bigger hugs, Athanase Kabayiza and his wife Agnes Mukandayiseng welcome visitors to the home they were able to buy with help from Federal Home Loan Bank of San Francisco’s Workforce Initiative Subsidy for Homeownership (WISH) first-time-homebuyer program. And they talk about how their new life in Tucson is helping them put a difficult past behind them.

Though Athanase and Agnes fled the 1994 genocide in their native Rwanda separately, both took refuge in the Central African Republic, where they met, married and brought their first child, a boy named Muhoza, into the world, far from their friends and families. In 2012, a brutal civil war in the Central African Republic drove the family to seek permanent resettlement in the United States.

When they arrived in the United States as refugees, the resettlement agency that received them housed them temporarily. “After six months, you have to find a way to rent a house, a home to live in,” Athanase says. “One of my refugee friends told me about Primavera. I explained my situation to them and they said we are welcome!”

The Primavera Foundation of Tucson provides pathways out of poverty through safe, affordable housing, workforce development and neighborhood revitalization. The family moved into Primavera’s transitional rental housing and immediately started working with staff to establish a credit history, the first step toward the goal of homeownership.

Athanase and Agnes enthusiastically participated in Primavera’s homebuyer education and asset-building programs, learning how to budget and save. Starting from zero, the couple saved \$5,000 in a year and a half. Then the bank’s WISH first-time-homebuyer program matched \$3 for every \$1 saved by the family, providing a \$15,000 grant that, combined with funds from other programs, enabled the couple to make a \$35,000 down payment on a three-bedroom home.

Given the large down payment they were able to make, the family’s monthly mortgage payments are manageable on one salary. Athanase works full-time as a patient care technician and certified nursing assistant, while he works toward a third certification as a licensed practical nurse. While she improves her English skills, Agnes is able to stay home to care for five-year-old Muhoza and the family’s newest addition, two-year-old daughter Magnifique. Ultimately, Agnes, who was a nurse in Africa, will return to working in the health care industry.

With their own home offering a safe haven, the family is adjusting well to their new life. They feel welcomed in their new community and grateful for the acceptance, and the help, they have received since arriving. “I am happy,” Agnes says. “I have America, I have a house, I have my family. I feel like a person again.”

**Tucson
Arizona**

ARIZONA

Project Profile: Home Purchase Activity



Hillcrest Village

Habitat for Humanity Central Arizona partners with local families in need of decent, affordable housing to build strength, stability and self-reliance through shelter. The ambitious Hillcrest Village in Avondale development was designed to meet the area’s need for single-family homes affordable to people working primarily in the service industry. The city of Avondale’s strategic plan had designated the neighborhood where Hillcrest Village would be built as a high-priority area, where much of the existing housing stock was in poor condition and needed to be replaced. Altogether, it took seven years to build the 37-home Hillcrest Village and involved 44,000 person-hours of labor with 3,300 volunteers from dozens of local companies and faith-based organizations working alongside the future homebuyers. A \$380,000 Affordable Housing Program grant, delivered through Federal Home Loan Bank of San Francisco—member National Bank of Arizona, was used to complete phase two of the project, in which 19 homes were built that low- to moderate-income first-time homebuyers would be able to purchase through Habitat’s self-help sweat-equity model. The project also created a new neighborhood park that offers the community a safe space for kids to play and a common area for neighbors to meet.

SOURCES

Habitat First Mortgages	\$	1,477,903
Habitat Fundraising	\$	1,094,808
FHLBank San Francisco AHP	\$	380,000
Maricopa County HOME Funds	\$	173,112
Pulliam Trust Funds	\$	77,027
Household Contribution	\$	46,054
Total	\$	3,248,904

La Mesita Apartments



La Mesita Apartments

Hope, change and new beginnings: at A New Leaf's La Mesita campus in Mesa, Arizona, families and individuals find the shelter, safety, resources and support they need to gain or regain their independence.

La Mesita Apartments started out as a 1940s motor lodge repurposed as a shelter for homeless families. When the need for repairs became overwhelming, A New Leaf came up with an ambitious plan to demolish the old buildings and start anew, partnering with developer Native American Connections, Inc., on a three-phase, transit-oriented, LEED Platinum-certified, urban infill project. When complete, the campus will feature an emergency shelter with 16 family-size units; 30 units of permanent supportive housing for chronically homeless individuals and families with special needs that require more intensive or longer-term services; and 80 units, ranging from studios to four-bedroom apartments, for low- and very-low-income households.

The La Mesita campus exemplifies A New Leaf's comprehensive approach to "helping families, changing lives." With a 44-year history rooted in behavioral health, substance abuse treatment and juvenile services, the nonprofit began to acquire other social service organizations, many with shelter components. After running shelters for several years, the organization recognized that beyond emergency shelter there was a significant need for permanent supportive housing solutions, so the future of the organization needed to include a very strong housing line of business.

Key to offering a long-term solution to homelessness and to helping low-income households that may be one paycheck away from homelessness stay in housing is A New Leaf's integrated approach to supportive services. The campus includes a Head Start daycare center, community room and gym, counseling center and office space to provide services that foster self-sufficiency: case management, legal aid, counseling for domestic violence survivors and art and pet therapy to help children overcome behavioral issues. For adults, courses in financial literacy are available, and a workforce development coach is onsite to help residents create resumes and learn basic computer skills to search and apply for jobs online. Staff can also connect them with training opportunities and with tutoring for the General Education Diploma.

Michael Hughes, chief executive officer of A New Leaf, says, "Our residents come from difficult backgrounds—domestic violence, homelessness, poverty—and it is a wonder to see their lives transformed at La Mesita, which is a true hub connecting residents to each other and to our programs and services."

The project received three Affordable Housing Program grants totaling \$1.26 million through two Federal Home Loan Bank of San Francisco members, National Bank of Arizona and Raza Development Fund.

**Mesa
Arizona**

ARIZONA

Project Profile: Rental Activity



Curley School

Built in 1919 and listed on the National Register of Historic Places, Ajo’s Curley School had closed before the local mines did, its students relocated to a new facility when aging classrooms fell into disrepair. Its future looked bleak until Tracy Taft, executive director of the International Sonoran Desert Alliance (ISDA), saw a unique opportunity to preserve the imposing Spanish Colonial–style buildings at the top of the plaza and to begin to transform the tiny town into a destination for cultural tourism.

ISDA designs and implements projects intended to protect and enrich the environment, culture and economy of the Sonoran Desert. The Curley School was ready-made for repurposing, with just the right structural qualities for creating loft-like live-work spaces that could give struggling artists room to develop their talents without worrying about how to make the rent.

Curley School’s artist residents are also offered an opportunity to learn entrepreneurial skills to help them market their work and manage the business of being a working artist. On the town plaza, residents staff a gallery/gift shop where they and other local artists can display and sell their work.

SOURCES

Low-Income-Housing Tax Credit Equity	\$	5,142,041
Historic Tax Credit Equity	\$	1,533,959
Pima County HOME Funds	\$	700,000
Arizona Housing Trust Fund	\$	400,000
Deferred Developer Fee	\$	372,590
Arizona HOME/Pima County GO Bond	\$	350,000
National Bank of Arizona Permanent Loan	\$	200,000
FHLBank San Francisco AHP	\$	200,000
Project Sponsor Loan	\$	133,141
General Partner Owner Equity	\$	125,000
Total	\$	9,156,731