

## NOTICE AND AGENDA

HOUSING COMMISSION  
THURSDAY, SEPTEMBER 25, 2025  
1:00 PM

VIRTUAL MEETING  
[MICROSOFT TEAMS MEETING](#)  
CITY OF FLAGSTAFF

ATTENTION  
JOIN VIRTUALLY BY CLICKING ON THE LINK BELOW:  
[Click here to participate in the online meeting](#)

The public can submit comments to [AFisher@FlagstaffAZ.gov](mailto:AFisher@FlagstaffAZ.gov). Public comment will be emailed to Housing Commissioners and will be read at the meeting by a staff member.

1. Call to Order
2. Roll Call

*NOTE: One or more Commission members may be in attendance telephonically or by other technological means.*

Kevin Bond  
Tyler Denham  
Kevin Dobbe  
Karen Flores

Sandi Flores, Vice Chair  
Jacquie Kellogg  
Devonna McLaughlin, Chair  
Moses Milazzo

Sarah Miles  
Cory Runge  
Jennifer Vargas  
Hayley Zoroya  
VACANT

3. **LAND ACKNOWLEDGMENT**

*The Housing Commission humbly acknowledges the ancestral homelands of this area's Indigenous nations and original stewards. These lands, still inhabited by Native descendants, border mountains sacred to Indigenous peoples. We honor them, their legacies, their traditions, and their continued contributions. We celebrate their past, present, and future generations who will forever know this place as home.*

4. **Public Comment**

*At this time, any member of the public may address the Commission on any subject within their jurisdiction that is not scheduled before the Commission on that day. Due to Open Meeting Laws, the Commission cannot discuss or act on items presented during this portion of the agenda. To address the Commission on an item that is on the agenda, please wait for the Chair to call for Public Comment at the time the item is heard.*

5. **APPROVAL OF MINUTES**

- A. Consideration and Approval of Minutes: Housing Commission Meeting - August 28, 2025  
Approve the minutes from the August 28, 2025 Housing Commission meeting.

6. **PRESENTATION AND DISCUSSION ITEMS**

- A. Welcome and Introduction of Newly Appointed Commissioners
- B. Boards and Commissions Training & Open Meeting Law Refresher  
Informational only.

7. **ACTION ITEMS**

- A. Election of Commission Chair and Vice Chair for One-Year Terms (Term Ending September 2026)
  - B. Review and Recommendation: Community Homebuyer Assistance Program (CHAP) Bond-Funded Expansion  
Forward to City Council with a recommendation for approval.
8. **INFORMATIONAL ITEMS TO/FROM COMMISSION MEMBERS, STAFF, AND FUTURE AGENDA ITEM REQUESTS**
- A. Update from Housing Authority Liaison
  - B. Update from Housing Commissioners and Other Informational Items
  - C. Update from Housing Staff
9. **ADJOURNMENT**

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on \_\_\_\_\_, at \_\_\_\_\_ a.m./p.m. This notice has been posted on the City's website and can be downloaded at [www.flagstaff.az.gov](http://www.flagstaff.az.gov).

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
Adriana Fisher, Housing Program Manager



**Housing Commission**

5. A.

**From:** Adriana Fisher, Housing Program Manager

**DATE:** 09/25/2025

**SUBJECT:** Consideration and Approval of Minutes: Housing Commission Meeting - August 28, 2025

---

**STAFF RECOMMENDED ACTION:**

Approve the minutes from the August 28, 2025 Housing Commission meeting.

**Executive Summary:**

Minutes of commission meetings are the requirement of Arizona Revised Statutes and, additionally, provide a method of informing the public of discussions and actions taken by the Housing Commission.

---

**Attachments**

HC Draft Minutes - 08.28.2025

---

## DRAFT MEETING MINUTES

HOUSING COMMISSION  
THURSDAY, AUGUST 28, 2025  
1:00 PM

VIRTUAL MEETING  
MICROSOFT TEAMS MEETING  
CITY OF FLAGSTAFF

1.

### Call to Order

Vice Chair Sandi Flores called the meeting to order at 1:00 PM.

2. **Roll Call**

*NOTE: One or more Commission members may be in attendance telephonically or by other technological means.*

Kevin Bond - Present	Karen Flores - Absent	Cory Runge - Absent
Eric Brownfield - Present	Sandi Flores, Vice Chair - Present	Ross Schaefer -
Tyler Denham - Present (left at 1:59 PM)	Jacquie Kellogg - Present (arrived at 2:29 PM)	Present
Kevin Dobbe - Present	Devonna McLaughlin, Chair - Absent	Glenn Slivers - Absent
	Moses Milazzo - Present	Hayley Zoroya - Present

### Staff present:

Adriana Fisher, Housing Program Manager  
Aidan Rutledge, Administrative Specialist  
Anja Wendel, Senior Assistant City Attorney  
Jennifer Mikelson, Housing Planning Manager  
Justyna Costa, Assistant Housing Director  
Kristine Pavlik, Housing & Grants Administrator  
Sarah Darr, Housing Director

Vice Chair Flores expressed appreciation to the commissioners whose terms expire in September - Eric Brownfield, Glenn Slivers, and Ross Schaefer - and acknowledged that this was their final meeting. She also extended well-wishes to Commissioner Jacquie Kellogg on her potential reappointment to the Housing Commission.

3.

### LAND ACKNOWLEDGMENT

*The Housing Commission humbly acknowledges the ancestral homelands of this area's Indigenous nations and original stewards. These lands, still inhabited by Native descendants, border mountains sacred to Indigenous peoples. We honor them, their legacies, their traditions, and their continued contributions. We celebrate their past, present, and future generations who will forever know this place as home.*

Read my Commissioner Tyler Denham.

4. **Public Comment**

*At this time, any member of the public may address the Commission on any subject within their jurisdiction that is not scheduled before the Commission on that day. Due to Open Meeting Laws, the*

*Commission cannot discuss or act on items presented during this portion of the agenda. To address the Commission on an item that is on the agenda, please wait for the Chair to call for Public Comment at the time the item is heard.*

None

**5. APPROVAL OF MINUTES**

- A. Consideration and Approval of Minutes: Housing Commission Meeting - July 24, 2025  
Approve the minutes from the July 24, 2025 Housing Commission meeting.

**Moved by Hayley Zoroya, seconded by Tyler Denham** to approve the minutes from the July 24, 2025 regular Housing Commission meeting.

**Vote: 8 - 0 - Unanimously**

**6. ACTION ITEMS**

NONE

**7. PRESENTATION AND DISCUSSION ITEMS**

- A. 2024-2025 Annual Report for the 10-Year Housing Plan  
This is an informational update only.

Ms. Adriana Fisher, Housing Program Manager, provided a presentation on the 2024-2025 Annual Report.

- B. Presentation and Discussion of City-Owned Land for Housing  
This presentation's purpose is to review and receive feedback from the Housing Commission regarding the presentation and staff recommendations that will be presented to City Council during a work session on September 9, 2025.

Ms. Sarah Darr, Housing Director, expressed appreciation to the commissioners whose terms are expiring and then delivered a presentation on City-owned land for housing. Following the presentation, Ms. Darr responded to questions from commissioners and the Council Liaison:

- Council Liaison Khara House requested clarification on the Affordable Incentives Program, specifically regarding the use of in-lieu fees as an alternative to constructing affordable housing units, and inquired why this option is considered beneficial.
- Commissioner Milazzo asked whether the new solicitation for development on the Schultz Pass parcel and the parcel near Safeway is expected to address concerns previously raised by community members opposed to development on those sites.

**8. INFORMATIONAL ITEMS TO/FROM COMMISSION MEMBERS, STAFF, AND FUTURE AGENDA ITEM REQUESTS**

- A. Update from Housing Authority Liaison

Commissioner Moses Milazzo and Ms. Darr provided an update.

- B. Update from Housing Commissioners and Other Informational Items

Commissioner Eric Brownfield asked what condition would entitle the City of Flagstaff to disallow short-term rentals when there is a State Law that allows them. Ms. Darr indicated staff would provide an answer at a later time.

### C. Update from Housing Staff

Ms. Fisher thanked Commissioners Brownfield, Slivers, and Schaefer for their time and contributions to the Housing Commission. She provided updates on upcoming seat vacancies and noted that the election of a new Chair and Vice Chair will take place at the September meeting. Ms. Fisher also shared information about the upcoming homebuyer event on September 3rd, and indicated she would email event flyers and the current Council working calendar to commissioners following the meeting.

Ms. Jen Mikelson, Housing Planning Manager, clarified the in-lieu contributions for affordable housing discussed at Tuesday's Council meeting and shared a link to the meeting materials. Final read will go to Council on September 16th.

Ms. Darr gave a brief update on the Adaptive Reuse Program, which is scheduled to be presented to the City Council September 2nd.

### 9. ADJOURNMENT

Vice Chair Flores adjourned meeting at 2:53 PM.



**Housing Commission**

6. B.

**Co-Submitter:** Georganna Staskey, Deputy City Clerk

**From:** Adriana Fisher, Housing Program Manager

**DATE:** 09/25/2025

**SUBJECT:** Boards and Commissions Training & Open Meeting Law Refresher

---

**STAFF RECOMMENDED ACTION:**

Informational only.

**Executive Summary:**

See attached.

---

**Attachments**

Boards and Commissions Training - Presentation

---

# FLAGSTAFF BOARDS AND COMMISSIONS

## Open Meeting Law Refresher





# FLAGSTAFF BOARDS AND COMMISSIONS

## Today's Agenda

- Review Roles of Commissions
- Refresher in Open Meeting Law
- Review Conflict of Interest Law
- Questions



# FLAGSTAFF BOARDS AND COMMISSIONS

## May Appointment

- Welcome!
  - Sarah Miles
  - Jennifer Vargas
  
- Thank you for continued service
  - Jacqueline Kellogg



# FLAGSTAFF BOARDS AND COMMISSIONS



## Roles

- Board and Commission Role
  - Make recommendations to Council
    - Accept recommendation
    - Change provisions of recommendation
    - Send back for further consideration
    - Not accept recommendation
- Staff Liaison Role
  - Ensure compliance with Open Meeting Law
  - Answer questions related to city policies and procedures
  - Coordinate the involvement of other departments or commissions
  - Reporting commission recommendations to Council



# FLAGSTAFF BOARDS AND COMMISSIONS

## Types of Boards and Commissions

- All boards, commissions, and committees of the city are classified as advisory, ad hoc, or quasi-judicial.
- Advisory and Ad hoc
  - Most commissions fall into these category
    - Advisory commissions have the primary responsibility of making recommendations to the City Council.
    - Ad hoc created to study, review, and make recommendations regarding specific issues designated by City Council.
- Quasi-Judicial
  - A public body, other than a court of law, possessing the power to hold hearings and make decisions. The following boards are considered quasi-judicial: Board of Adjustment and Building and Fire Code Board of Appeals.



# FLAGSTAFF BOARDS AND COMMISSIONS



## Subcommittees and Informal Working Groups

- **Subcommittees**
  - A subcommittee is charged with a specific duty or role, Bicycle Advisory Committee and Pedestrian Advisory Committee.
- **Informal Working Groups**
  - Informal Working Groups may be created to research, gather information, and provide recommendations back to the commission for specific purposes.
  - Working groups may consist of members of the public and/or less than a quorum of commission members.
  - All information and recommendations from the working group must be provided and presented to the commission in an open meeting for public discussion.
  - No actions, statements, or recommendations can be made or provided by the working group on behalf of the commission. Working groups are not required to have formal agendas or minutes.



# FLAGSTAFF BOARDS AND COMMISSIONS



## Open Meeting Law

- Two core concepts
  - “All meetings of any public body shall be public meetings and all persons so desiring shall be permitted to attend and listen to the deliberations and proceedings.” A.R.S. § 38- 431.01(A).
  - “It is the public policy of this state that meetings of public bodies be conducted openly, and that notices and agendas be provided for such meetings which contain such information as is reasonably necessary to inform the public of the matters to be discussed or decided.” A.R.S. § 38-431.09.
- Meetings shall be open to the public and follow requirements
  - When and where the meeting will occur
  - Information to inform the public of the matters to be discussed or decided
  - Minimum 24-Hour public notice is required
- Legal action (motions and votes) must take place in a public meeting
- The proposing and discussing of action must take place in a public meeting
- Only agenda items may be discussed
- Executive Sessions (exception to rule)
  - Executive sessions require prior consent of City Attorney and staff liaison



# FLAGSTAFF BOARDS AND COMMISSIONS



## What constitutes a meeting?

- A meeting is a gathering, in person or through technological devices, of a quorum of a public body at which they discuss, propose, or take legal action, including deliberations. ARS § 38-431(4).
  - This includes telephone and e-mail communications.
    - DO NOT “reply all”
    - Public does not have access
    - E-Mails regarding commission business are a public record
    - Does not matter whose computer is used
- Quorum Requirement
  - Majority of membership
    - Seven members – four members a quorum
  - What if you don’t have a quorum?
    - You don’t have a “meeting” and you adjourn



# FLAGSTAFF BOARDS AND COMMISSIONS



## Why do we have an Open Meeting Law?

- To protect the public.
  - To avoid decision-making in secret.
  - To promote accountability by encouraging public officials to act responsively and responsibly.
- To protect public officials.
  - To avoid being excluded (notice).
  - To prepare and avoid being blind sided (agenda).
  - To accurately memorialize what happened (minutes).
- Maintain Integrity of government.
- Better informed citizenry.
- Build trust between government and citizenry.



# FLAGSTAFF BOARDS AND COMMISSIONS



## Open Meeting Law

- Penalties

- If found guilty of an Open Meeting Law violation, a court may:
  - Levy a fine up to \$500 against the commissioner for each violation
  - The commissioner **personally** must pay the fine
- The commissioner is subject to removal from office

- Social Events

- If a quorum may be present
  - Post a "Notice of Possible Quorum"
  - Include a statement that no business of public body will be discussed, and no action taken



# FLAGSTAFF BOARDS AND COMMISSIONS



## Decorum

- The chair is the presiding officer in all commission proceedings. During the absence of the chair, the vice-chair acts as chair.
- Members may speak after recognition by the chair and the chair shall not unreasonably withhold such recognition.
  - When two or more members wish to speak, the chair shall determine the order of speaking and recognize the first speaker.
  - While a member is speaking, no other member shall interrupt except to make a point of order or a point of personal privilege.



# FLAGSTAFF BOARDS AND COMMISSIONS



## Tips for Meetings

- Refrain from side conversations during the meeting
- Turn off your phone ringer/computer sounds
- Wait for the previous person to finish their comments
- Speak clearly for the audience
- If you are unable to attend a meeting in person, please contact your staff liaison to attend virtually
  - As a general rule, a commission may recommend the removal of any member who is absent for more than two consecutive regular meetings without prior notification.



# FLAGSTAFF BOARDS AND COMMISSIONS



## Conflict of Interest

- Substantial
  - Generally, any interest that affects your, or your relative's, financial (pecuniary) or property (proprietary) interests
  - Refrain from voting on or participating in the decision (please "leave the room")
  - Make the conflict of interest known in the official record
- Remote
  - Remote interests are financial and property interests deemed to be so minor as not to trigger the reporting and non-participation requirements
  - May still vote
- Gifts and Bribes:
  - Tickets to concert, dinner gift certificates, etc. considered gifts

# Board and Commission Members' Rules and Operations Manual

[georganna.staskey@flagstaffaz.gov](mailto:georganna.staskey@flagstaffaz.gov)





**Housing Commission**

7. B.

**From:** Adriana Fisher, Housing Program Manager

**DATE:** 09/25/2025

**SUBJECT:** Review and Recommendation: Community Homebuyer Assistance Program (CHAP) Bond-Funded Expansion

---

**STAFF RECOMMENDED ACTION:**

Forward to City Council with a recommendation for approval.

**Executive Summary:**

See attached.

---

**Attachments**

CHAP Bond-Funded Expansion Presentation

CHAP Expansion Program Criteria

---

# Community Homebuyer Assistance Program – Bond-Funded Expansion

September 25, 2025

Adriana Fisher, Housing Program Manager  
Housing Office





# Agenda



- Background
- Housing Market Overview
- **PHASE 1:** CHAP Down Payment Assistance
- **PHASE 2:** CHAP Permanent Affordability Pilot
- Next Steps
- Questions & Comments

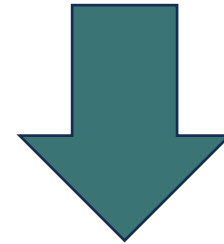




# Background - Bond

## Proposition 442:

**Creating rental and homeownership opportunities for residents of Flagstaff (\$20 M)**



**Expanding the Homebuyer Assistance Program (\$7 M)**





# Background - CHAP

## Community Homebuyer Assistance Program (CHAP)

- **Purpose:** Financial assistance and education for first-time homebuyers
- **Launched:** 1998
- **Evolution:** Housing Market
- **Funding Source:**
  - City general funds through Feb. 2025
  - Bond funds starting Aug. 2025
- **Assistance Type:** Revolving loan (never forgiven)





# 2025 Housing Market Overview

## Cost of Living:

21.2% Over National  
Average

## Housing Costs:

51.6% Over National  
Average

## Median Home:

\$685,000

## Average Days on the Market:

49

## Housing Stock:

24% Under \$500,000

## Needs:

Dual Incomes, Financial  
& Family Support



# 2025 Home Prices



## Condo - \$345,000

- **Income Needed:** \$82,000-\$95,000
- **Down Payment:** 3% (\$10,350)
- **Interest Rate:** 7.125%
- **Debt-to-Income:** 45%
- **Housing Payment/Mo:** \$3,078 (w/\$250 HOA)

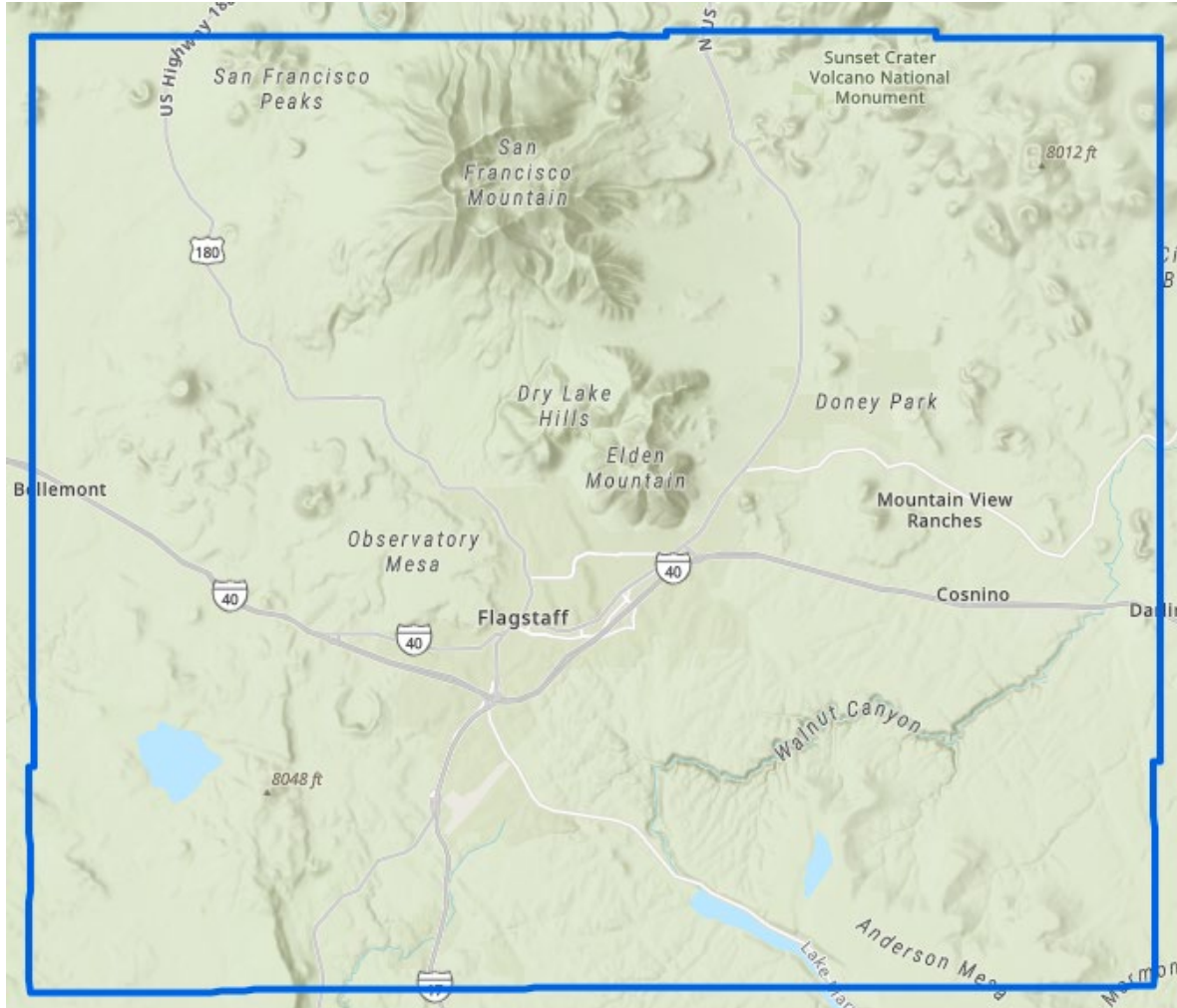


## Single-Family Home - \$787,000

- **Income Needed:** \$165,000-\$177,000
- **Down Payment:** 3% (\$23,610)
- **Interest Rate:** 6.875%
- **Debt-to-Income:** 45%
- **Housing Payment/Mo:** \$6,104



# PHASE 1: CHAP Down Payment Assistance



FMPO Boundary  
Source: arcgis.com

## Buyer Eligibility

- US citizen or legal permanent resident
- Live/work in FMPO x1 year
- First-time Flagstaff homebuyer
- Owner-occupancy
- AMI: 150% max (\$152,820 HH of 3)
- Debt-to-Income: 45% max
- **PROPOSED CHANGE: Up to 50% if approved by City**



# PHASE 1: CHAP Down Payment Assistance



## Unit Eligibility

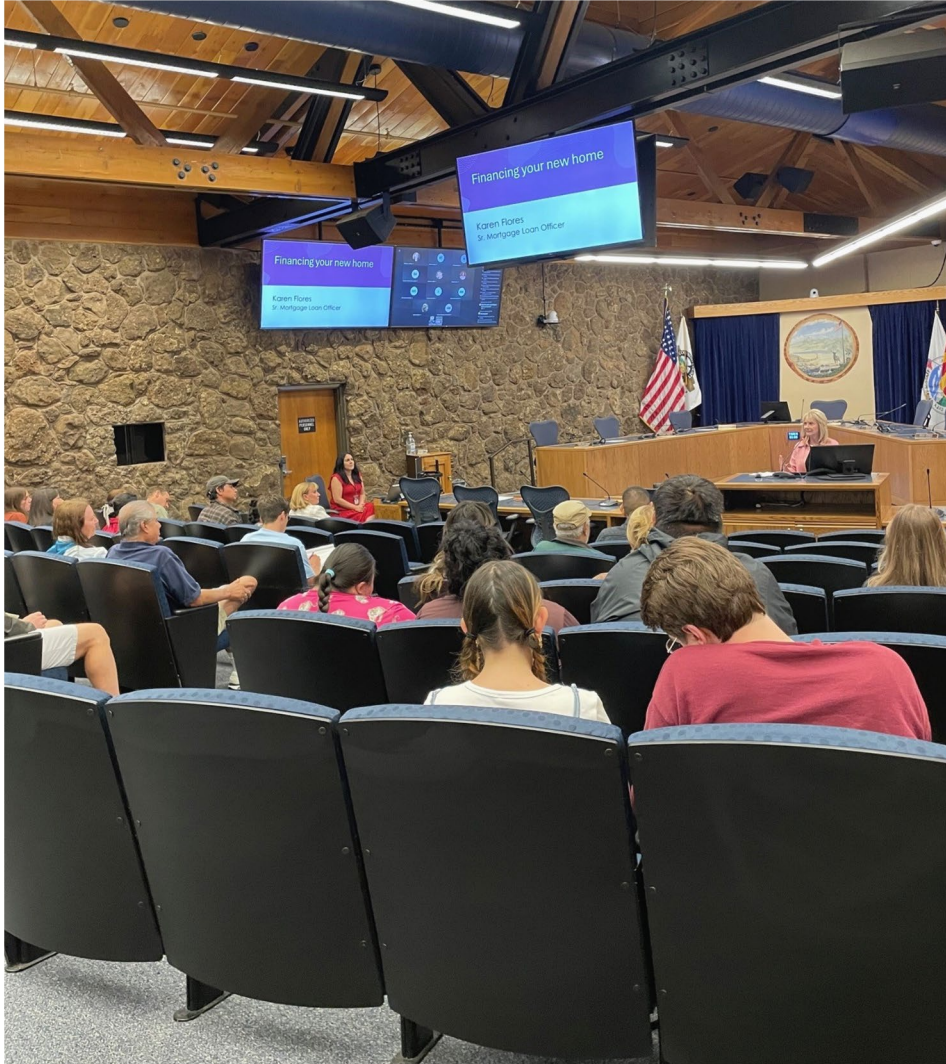
- **Location:** City limits
- **Type:** Single-family, townhome, condo, manufactured (permanently affixed)
- **Loan:** 30-year, competitive rates, below jumbo limit
- **Guidelines:** Livable and meet lender occupancy/purchase guidelines
- **Home Inspection:** Recommended
- **Housing Ratio:** 35% max
  - **PROPOSED CHANGE: 30-35%**



\$559,000 townhome in Country Club  
Source: [flagstaffmlssearch.com](http://flagstaffmlssearch.com)



# PHASE 1: CHAP Down Payment Assistance



## Assistance

- **Assistance Amount:** Up to \$50,000
- **Assistance Type:** 10:1 matching loan
  - **Example:** \$5,000 buyer funds = \$50,000 CHAP assistance
- **Buyer Contribution:** \$1,000 min.
  - **PROPOSED CHANGE:** \$2,500 min.



# PHASE 1: CHAP Down Payment Assistance



## Repayment

- No payment/interest until triggered
- **Repayment Triggers:**
  - Home is sold
  - No owner-occupancy
  - Refi. for cash-out
- **Loan Repayment:** Shared appreciation based on % assistance (*if not otherwise restricted*)
  - **PROPOSED CHANGE:** ½ shared appreciation if paid w/in 7 years

## Example:

- **Purchase Price:** \$500,000
- **Assistance Amount:** \$50,000 (10% of purchase amt.)
- **Resale Value:** \$550,000
- **Repayment Amount:** \$55,000 (10% of resale value & \$5,000 more than original assistance)



# PHASE 2: CHAP Permanent Affordability Pilot



## Eligibility same as CHAP - DPA, **EXCEPT:**

- **AMI:** 125% max (\$127,350 HH of 3)
- **Home Price:** \$600,000 max
- **Assistance:** 30% of purchase price - no match
- **Triggers for Resale:**
  - No owner-occupancy



\$475,000 in NoHo  
Source: [flagstaffmlssearch.com](http://flagstaffmlssearch.com)



# PHASE 2: CHAP Permanent Affordability Pilot



Crestview Homes

## Assistance Terms:

- No repayment
- 99-year renewable Ground Lease/Deed Restriction
- Residential purposes (no STR)
- Parameters for construction/alteration
- No liens against land
- City has right of first refusal
- Sell to eligible buyer



# PHASE 2: CHAP Permanent Affordability Pilot



**Initial Purchase Price – City Assistance =  
Initial Affordable Purchase Price**

**Example:**

<b>Initial Purchase Price</b>	<b>\$600,000</b>
<b>City Assistance (30% of Initial Purchase Price)</b>	<b>\$180,000</b>

$$\mathbf{\$600,000 - \$180,000 = \$420,000}$$



# PHASE 2: CHAP Permanent Affordability Pilot



$$\text{(Initial Purchase Price) + [(Appraisal 2 - Appraisal 1) x 25\%]} = \text{Affordable Resale Price}$$

**Example:**

<b>Initial Purchase Price:</b>	<b>\$420,000</b>
<b>Appraisal 1 (at purchase):</b>	<b>\$600,000</b>
<b>Appraisal 2 (at sale):</b>	<b>\$700,000</b>

$$(\$420,000) + [(\$700,000 - \$600,000) \times 25\%] = \text{Resale Price}$$

$$(\$420,000) + [\$100,000 \times 0.25] = \text{Resale Price}$$

$$\$420,000 + \$25,000 = \$445,000$$



# Next Steps



- **Action Needed Today**
  - Forward to Council with a recommendation for (approval/approval with comments/denial)
- **City Council Consideration**
  - October 21



# Questions & Comments



**Thank you!**

City of Flagstaff Housing Office  
**Program Criteria for Contract # 2025-25**  
**Homebuyer Education and Assistance**  
Updated **October xx, 2025**

**COMMUNITY HOMEBUYER ASSISTANCE PROGRAM - BOND (CHAP-B)**

**Program Purpose**

Assist eligible first-time homebuyers in Flagstaff with the up-front costs of homeownership, such as down payment and closing costs.

**Eligibility Criteria**

**1. CHAP-B Buyer Eligibility**

Eligible buyers must meet the following requirements:

- Be a U.S. citizen or a legal permanent resident.
- Have lived or worked in the Flagstaff Metropolitan Planning Organization (FMPO) boundary for at least one year. A map of the FMPO boundary is attached as Exhibit 1.
- Be a first-time homebuyer in Flagstaff: Must not have owned a home within the FMPO boundary within the last three years and be a “first-time homebuyer” in Flagstaff, Arizona, as defined by the Department of Housing and Urban Development (HUD) federal regulation 24 CFR 93.2: “An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property...” This includes:
  - “A single parent who has only owned with a former spouse while married.”
  - “An individual who is a displaced homemaker and has only owned with a spouse.”
  - “An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.”
  - “An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.”
- Must occupy the home purchased with assistance as their primary residence.
- Must have household income at or below 150% of the Area Median Income (AMI), based on household size, and as published by the City of Flagstaff based on calculations from HUD annually.

**2. CHAP-B Housing Unit Eligibility**

Eligible properties:

- Must be located within the official City of Flagstaff limits.
- Include single-family detached homes, townhomes, condominiums, and FHA-compliant manufactured homes permanently affixed to and purchased with real property.
- Must not exceed the jumbo mortgage loan limit in purchase price.

- Must be livable and meet lender occupancy and purchase guidelines.
- Must be purchased through an arms-length transaction.
- May have a home inspection by a licensed, professional, third-party inspector (highly recommended, but not required). The buyer must sign a Hold Harmless agreement at closing, ensuring that the buyer will not hold HSNA or the City of Flagstaff responsible for the condition of the home.

## Assistance Levels and Lending Parameters

### 1. Maximum Assistance

The maximum assistance provided through the CHAP-B program is as follows:

- **Maximum Assistance:** Up to \$50,000 per household, based on household contribution.
- **Buyer Contribution:** A minimum of \$2,500 through documented buyer funds. Additional contributions may come from documented gifts from immediate family or employers.
- **Matching Structure:** The program will match household contributions to the home purchase on a 10-to-1 basis (i. e. \$5,000 buyer funds = \$50,000 CHAP-B funds). The CHAP-B program will also match gifts from immediate family members, as documented.

### 2. Repayment

The homeowner shall repay CHAP-B financial assistance based on (1) a proportionate share of the home's appreciation using the Repayment Formula (below), unless (2) the home's future resale price is already restricted through the Affordable Homeownership Program, in which case the homeowner shall repay the original amount of CHAP-B assistance in full. Funds will NEVER be forgiven.

- **Triggers for Repayment:**
  - The home is sold or there is a change in title;
  - The home is no longer owner-occupied;
  - The household refinances the home to access home equity (refinance with no cash-out is permitted and assistance will subordinate); or
  - Information provided to HSNA or the City of Flagstaff at the time of assistance is determined to be fraudulent.
- **Repayment Formula:**
  - If the home resale price is not otherwise restricted, the future repayment of CHAP-B assistance will be determined by formula as follows:  
 Borrower shall repay:
    - (1) the principal sum that was borrowed (the City's financial assistance); plus
    - (2) a proportionate share of the appreciation in the home's value from the time of purchase to the time when repayment is owed.

The proportion share is the percentage of City's financial assistance toward the total purchase price. For a \$400,000 home, if City's financial assistance was \$50,000, the proportionate share would be 1/8<sup>th</sup>, or 12.5%.

The appreciation in the home's value is the difference between the sales price less the original purchase price in an arms-length transaction. Or, if the property is not being sold, then the difference between the appraised value of the property at time of repayment less the original purchase price.

- Early Payoff Repayment Formula (if repayment occurs within 7 years from purchase date):
  - (1) Borrower shall repay the principal sum, plus 50% of the City's proportionate share of the appreciation.

### 3. Affordability Guidelines

- Housing Ratio: Between 30-35% of gross monthly income (unless lender guidelines or layered assistance program have more conservative requirements). Exceptions to Housing Ratio requirements will be considered on a case-by-case basis, with recommendations from the HSNA Homebuyer Assistance Programs Committee, and based on compensating factors.
- Debt-to-Income (DTI) Ratio: Not to exceed 45% of gross monthly income. Exceptions to affordability requirements may be made on a case-by-case basis, as recommended by the HSNA Homebuyer Assistance Programs Committee, and based on compensating factors. Committee approval of up to 50% DTI will be considered by the City of Flagstaff.

### 4. Mortgage and Closing Requirements

- Must be a 30-year fixed-rate mortgage with a competitive interest rate.
- Closing costs must be reasonable and consistent with industry norms.
- CHAP-B assistance will be recorded in the second lien position behind the primary mortgage, unless approved to subordinate behind another subordinate deed of trust.
- Buyers must use their liquid financial assets to purchase the home prior to using CHAP-B assistance. Liquid assets are defined as those that can be accessed without a penalty.
  - To ensure financial stability, clients may have up to eight (8) months of principal, interest, taxes, and insurance (PITI) in liquid assets after closing.

### 5. Discretionary Flexibility

- HSNA, with City staff approval, may vary slightly from the above loan parameters on a case-by-case basis to assist with a particular hardship or when doing so can derive some other program benefit.

## Loan Terms

1. CHAP-B loan requires no payment and no interest unless and until repayment is triggered.

### 2. Lien Position

- The City of Flagstaff will subordinate to a second lien position to a primary mortgage lender, and at its own discretion, may decide to subordinate to a third lien position.

### 3. Refinancing

- Permitted to obtain a lower payment or lower interest rate, with no cash-out will be allowed. The City reserves the right to review each subordination as a lender.

- HSNA offers refinance counseling and foreclosure mitigation counseling to past CHAP-B buyers, at no charge to the client or City of Flagstaff, if the client would like to access these services. The City of Flagstaff can refer these clients to HSNA directly for housing counseling services.

## Homebuyer Counseling and Education

1. All homebuyer aspirants, regardless of income, are required to complete HSNA's homebuyer education course.
2. Clients are required to meet one-on-one with a HUD-certified homebuyer counselor who will help them navigate the homebuying process, determine their individual housing needs and wants, and overcome challenges to make homeownership feasible.
3. Financial Assistance Eligibility

CHAP-B assistance is available on a first-come, first-served basis upon satisfying the following:

- Have an accepted purchase contract with a closing date within 60 days (unless the home being purchased is a new construction home under the City of Flagstaff's Affordable Homeownership Program);
- Have loan approval from a lender, demonstrating their loan meets HSNA's guidelines;
- Have completed one-on-one homebuyer counseling and the required pre-purchase education class;
- Have provided all required documentation to the counselor to determine eligibility.

Once a client is determined eligible for financial assistance, the HSNA Homebuyer Assistance Programs committee, comprised of experts in the lending field, will review the purchase, loan, and financial assistance package to determine if the client is eligible to receive financial assistance.

## EMPLOYER ASSISTED HOUSING (EAH) PROGRAM

### Program Purpose

Support eligible City of Flagstaff employees who are first-time homebuyers with down payment and closing costs. It serves as both a homeownership benefit and a tool to attract and retain key personnel.

### Eligibility Criteria

#### 1. EAH Buyer Eligibility

Eligible buyers must meet the following requirements:

- Employment:
  - Must meet employment guidelines as established by the Flagstaff Housing Office.
  - Must be a City of Flagstaff employee in an ongoing funded position classified by Human Resources as Employment Status Exempt (E), FT Tenure Eligible (TE), FT Tenure Granted (TG), PT Tenure Eligible (PE), or PT Tenure Granted (PG).
  - Must have worked for the City of Flagstaff in a non-temporary position classified by Human Resources as Contract (CN), E, TE, TG, PE, or PG for a minimum of the previous twelve (12) consecutive months.

- Must have the most recent performance evaluation demonstrating work performance meeting or exceeding expectations.
- Must not be on a performance work plan.
- Eligible Buyers must not have owned a home within the Flagstaff Metropolitan Planning Organization (FMPO) boundary within the last three years and must be a “first-time homebuyer” in Flagstaff, Arizona, as defined by the Department of Housing and Urban Development (HUD) federal regulation 24 CFR 93.2: “An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property...” This includes:
  - “A single parent who has only owned with a former spouse while married.”
  - “An individual who is a displaced homemaker and has only owned with a spouse.”
  - “An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.”
  - “An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.”
- Must occupy the home purchased with EAH assistance as their primary residence.

## 2. EAH Housing Unit Eligibility

Eligible properties must:

- Be a home located within a prescribed area of Flagstaff. The prescribed area shall be defined as a 12-mile radius from City Hall or 35 miles eastbound, westbound, and southbound from the 1-17 and I-40 exchanges with a five-mile-wide corridor (2 ½ miles on each side).
- Include single-family detached homes, townhomes, condominiums, and FHA-compliant manufactured homes permanently affixed to and purchased with real property.
- Be livable and meet lender occupancy and purchase guidelines.
- Be inspected by a licensed, professional, third-party home inspector is highly recommended, but not required. The buyer must sign a Hold Harmless agreement at closing, ensuring that they will not hold HSNA or the City of Flagstaff responsible for the condition of the home.

## Assistance Levels and Lending Parameters

### 1. Maximum Assistance

The maximum assistance provided by the EAH program is as follows:

- Maximum Assistance: Up to \$20,000 per household, based on household contribution.
  - The first \$10,000 is forgivable over a 10-year period.
  - An additional \$10,000 may be used in the form of a non-forgivable loan.
- Matching Structure: The program will match employee contribution to the home purchase on a 2-to-1 basis (i.e. \$10,000 employee funds = \$20,000.00 of EAH funds). The EAH program will also match gifts from immediate family members, as documented.

### 2. Repayment

Up to \$10,000 of EAH financial assistance shall be repaid on a pro-rated basis. Any additional assistance is to be repaid in full.

▪ Triggers for Repayment:

Financial assistance will be immediately repaid if any of the following were to occur:

- Employment with City of Flagstaff terminates for any reason;
- The home is sold or there is a change in title;
- The home is no longer owner-occupied;
- The employee refinances the home to access home equity (refinance with no cash-out is permitted and EAH assistance will subordinate);
- Information provided to HSNA or City of Flagstaff at the time of assistance is determined to be fraudulent.

3. Affordability Guidelines

- Housing Ratio: Must not exceed 35% of gross monthly income (unless lender guidelines or layered assistance program have more conservative requirements).
- Debt-to-Income (DTI) Ratio: Must not exceed 45% of gross monthly income. Exceptions to affordability requirements may be made on a case-by-case basis, as recommended by the HSNA Homebuyer Assistance Programs Committee, and based on compensating factors.

4. Mortgage and Closing Requirements

- Must be a 30-year fixed-rate mortgage with a competitive interest rate.
- Closing costs must be reasonable and consistent with industry norms.
- EAH assistance will be recorded in the second position behind the primary mortgage, unless approved to subordinate behind another subordinate deed of trust.

5. Discretionary Flexibility

- HSNA, with City staff approval, may vary slightly from the above loan parameters on a case-by-case basis to assist with a particular hardship or when doing so can derive some other program benefit.

## Loan Terms

1. EAH requires no payment and no interest unless and until repayment is triggered.

2. Forgiveness and Repayment

- The first \$10,000 of EAH assistance will be forgiven on a pro-rated basis over a ten-year period. The Borrower will be issued a 1099-C annually upon forgiveness of debt. At the end of the first ten years, the City of Flagstaff will record with Coconino County Recorder's Office a Deed of Release and Reconveyance for the first \$10,000 of EAH funds utilized. Any additional EAH assistance is repayable.
- If repayment is triggered prior to the ten-year recapture period, the City of Flagstaff will process payoff requests from the Title Company.

3. Lien Position

- The City of Flagstaff will subordinate to a second lien position to a primary mortgage lender, and at its own discretion, may decide to subordinate to a third lien position.

#### 4. Refinancing

- Permitted to obtain a lower payment, with no cash-out will be allowed. The City reserves the right to review each subordination as a lender.
- Prior to subordination, the borrower will complete housing counseling with HSNA to ensure they understand the costs associated with the refinance. HSNA will provide refinance housing counseling at no additional charge to the City of Flagstaff.

### Homebuyer Counseling and Education

1. All homebuyer aspirants, regardless of income, are required to complete HSNA's homebuyer education course.
2. Clients are required to meet one-on-one with a certified homebuyer counselor who will help them navigate the homebuying process, determine their individual housing needs and wants, and overcome challenges to make homeownership feasible.
3. Financial Assistance Eligibility:

EAH is available on a first-come, first-served basis upon satisfying the following:

- Have an accepted purchase contract with a closing date within 60 days (unless the home being purchased is a new construction home under the City of Flagstaff's Affordable Homeownership Program).
- Have loan approval from a lender, demonstrating that their loan meets HSNA's guidelines.
- Have completed one-on-one homebuyer counseling and the required pre-purchase education class;
- Have provided all required documentation to the counselor to determine eligibility.

Once a client is determined eligible for financial assistance, the HSNA Homebuyer Assistance Programs committee, comprised of experts in the lending field, will review the purchase, loan, and financial assistance package to determine if the client is eligible to receive financial assistance.

## HOMEBUYER COUNSELING & EDUCATION PROGRAM (HCEP)

### Program Purpose

Ensure potential first-time homebuyers in the City of Flagstaff are educated about the homebuying process, have resources to overcome barriers to homeownership, and make informed decisions regarding their housing choices. Potential buyers will also be educated about financial assistance programs available in the community to first-time homebuyers.

### Eligibility Criteria

1. City of Flagstaff HCEP eligibility criteria is as follows:
  - Must be a "first-time homebuyer", as defined by the Department of Housing and Urban Development (HUD) federal regulation 24 CFR 93.2: "An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property..." This includes:
    - "A single parent who has only owned with a former spouse while married."
    - "An individual who is a displaced homemaker and has only owned with a spouse."

- “An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.”
- “An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.”
- Clients must have a current address in the Flagstaff FMPO boundaries and have expressed an interest in living in the greater Flagstaff area.

### Homebuyer Counseling and Education

1. All homebuyer aspirants, regardless of income, are invited to complete HSNA’s online Homebuyer Education Course.
2. Pre-purchase housing counseling is offered to clients in person or via telephone. The purpose of housing counseling is to address the specific questions, concerns, and barriers a household may face in purchasing a first home.
3. As required by HUD, all clients receiving one-on-one housing counseling will have documented follow-up.

## COMMUNITY HOMEBUYER ASSISTANCE PROGRAM – PERMANENT AFFORDABILITY (CHAP-PA)

### Program Purpose

Increase affordable homeownership in Flagstaff by creating a pool of permanently affordable ownership units. The City will have a larger investment in the housing unit, lowering buyer acquisition costs in exchange for permanent affordability.

### Eligibility Criteria

#### 1. CHAP-PA Buyer Eligibility:

Eligible buyers must meet the following requirements:

- Be a U.S. citizen or a legal permanent resident.
- Have lived or worked in the Flagstaff Metropolitan Planning Organization (FMPO) boundary for at least one year. A map of the FMPO boundary is attached as Exhibit 1.
- Eligible Buyers must not have owned a home within the Flagstaff Metropolitan Planning Organization (FMPO) boundary within the last three years and be a “first-time homebuyer” in Flagstaff, Arizona, as defined by the Department of Housing and Urban Development (HUD) federal regulation 24 CFR 93.2: “An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property...” This includes:
  - “A single parent who has only owned with a former spouse while married.”
  - “An individual who is a displaced homemaker and has only owned with a spouse.”
  - “An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.”

- “An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.”
- Must occupy the home purchased with assistance as their primary residence.
- Must have household income at or below 125% of the Area Median Income (AMI), based on household size, and as published by the City of Flagstaff based on calculations from HUD annually.

2. CHAP-PA Housing Unit Eligibility

Eligible properties:

- Must be located within the official City of Flagstaff limits.
- Must include single-family detached homes, townhomes, condominiums, and FHA-compliant manufactured homes permanently affixed to and purchased as real property.
- Must not exceed a purchase price of \$600,000.
- Must be livable and meet lender occupancy and purchase guidelines.
- Must be purchased through an arms-length transaction.
- May have a home inspection by a licensed, professional, third-party inspector (highly recommended, but not required). The buyer must sign a Hold Harmless agreement at closing, ensuring that they will not hold HSNA or the City of Flagstaff responsible for the condition of the home.

Assistance Levels and Lending Parameters

1. Assistance Amounts

The assistance provided through the CHAP-PA is as follows:

- Assistance Amount: 30% of the home’s purchase price.

2. Repayment

CHAP-PA is not a loan. Instead, a deed restriction or ground lease will secure the City’s investment in a permanently affordable unit.

- Triggers for Resale:
  - The home is no longer owner-occupied.
  - Information provided to HSNA or the City of Flagstaff at the time of assistance is determined to be fraudulent.

3. Affordability Guidelines

- Housing Ratio: Not to exceed 35% of gross monthly income (unless lender guidelines or layered assistance program have more conservative requirements). Exceptions to Housing Ratio requirements will be considered on a case-by-case basis, with recommendations from the HSNA Homebuyer Assistance Programs Committee, and based on compensating factors.
- Debt-to-Income (DTI) Ratio: Not to exceed 45% of gross monthly income. Exceptions to affordability requirements may be made on a case-by-case basis, as recommended by the HSNA Homebuyer Assistance Programs Committee, and based on compensating factors. The City of Flagstaff will consider Committee approval of up to 50% DTI.

#### 4. Mortgage and Closing Requirements

- Must be a 30-year fixed-rate mortgage with a competitive interest rate.
- Closing costs must be reasonable and consistent with industry norms.
- A Ground Lease or Deed Restriction agreement will be recorded at the same time as the primary mortgage.

#### 5. Discretionary Flexibility

- HSNA, with City staff approval, may vary slightly from the above loan parameters on a case-by-case basis to assist with a particular hardship or when doing so can derive some other program benefit.

### Assistance Terms

#### 1. CHAP-PA requires no repayment.

#### 2. Ground Lease or Deed Restriction Terms

- Provides a renewable 99-year lease term.
- Limits the use of the land to residential purposes, not to include short-term rental use.
- Dictates responsible use and compliance with all laws.
- Requires owner occupancy of the home on leased land.
- Specifies that all improvements are the homebuyer's property and provides parameters for construction and alteration.
- Prohibits liens from being filed against the land.
- Specifies the homebuyer's liability and the City's indemnification.
- Requires the homebuyer to obtain and maintain casualty and liability insurance.
- Preserves the right of first refusal of the City regarding purchase of the improvements.
- Provides a mediation and arbitration process.
- Limits the sale and resale of the home to eligible buyers.
- Initial Affordable and Resale prices are to be determined utilizing the following formulas:

- **Initial Affordable Purchase Price Formula:**

Initial Purchase Price - City Assistance = Initial Affordable Purchase Price

- **Appraisal-Based, Affordable Resale Price Formula:**

(Initial Purchase Price) + [(Appraisal 2 - Appraisal 1) x 25%] = Affordable Resale Price

#### 3. Refinancing

- Refinancing will be allowed.
- Refinancing with cash-out will be permitted, provided that the total first mortgage principal balance after refinance does not exceed the projected resale price of the home.
- HSNA offers refinance counseling and foreclosure mitigation counseling to past CHAP-PA buyers, at no charge to the client or City of Flagstaff, if the client would like to access these services. The City of Flagstaff can refer these clients to HSNA directly for housing counseling services.

## Homebuyer Counseling and Education

1. All homebuyer aspirants, regardless of income, are required to complete HSNA's homebuyer education course.
2. Clients are required to meet one-on-one with a certified homebuyer counselor who will help them navigate the homebuying process, determine their individual housing needs and wants, and overcome challenges to make homeownership feasible.
3. Financial Assistance Eligibility

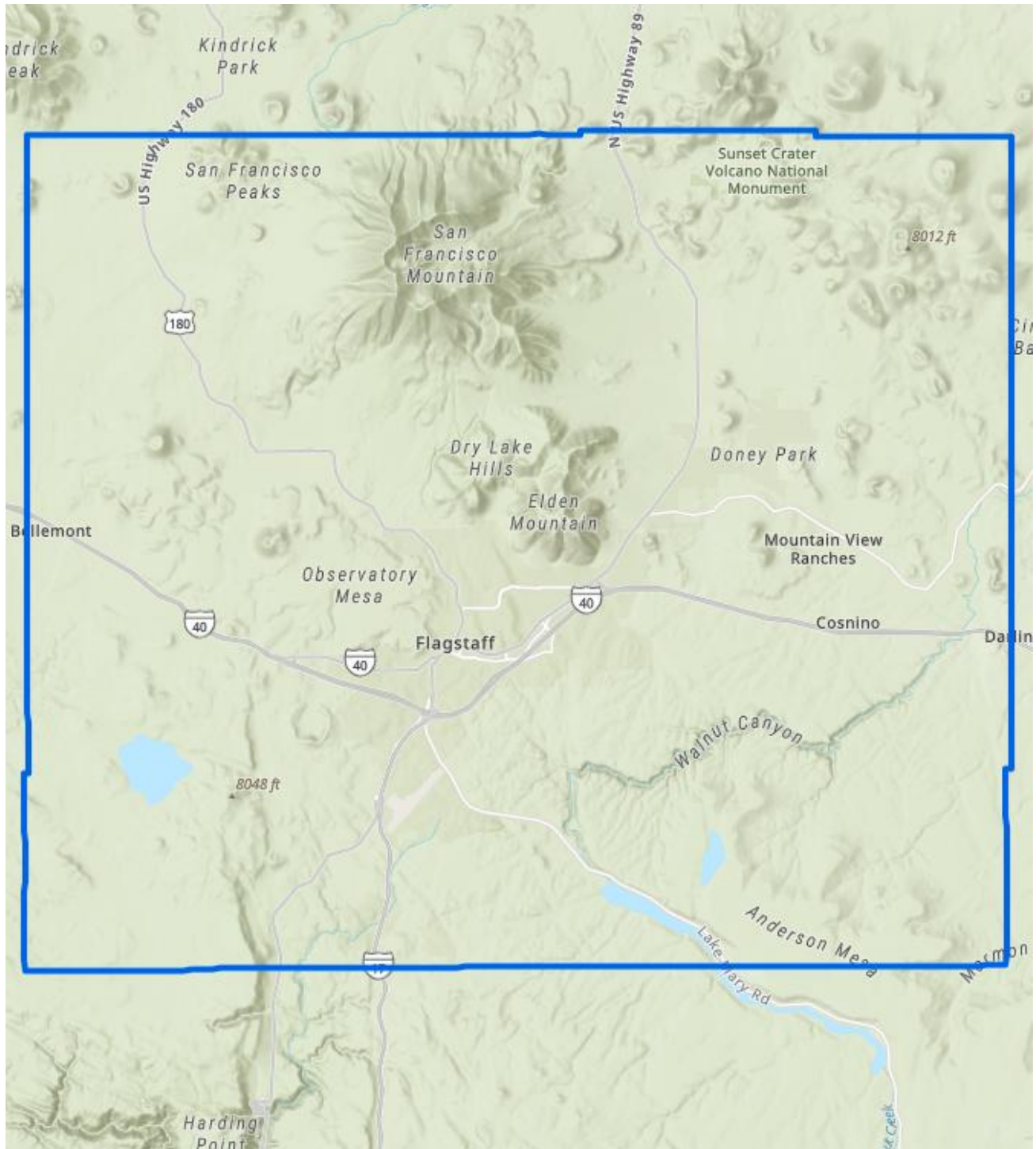
CHAP-PA assistance is available on a first-come, first-served basis upon satisfying the following:

- Have an accepted purchase contract with a closing date within 60 days;
- Have loan approval from a lender, demonstrating their loan meets the City's guidelines for loan affordability;
- Have completed one-on-one homebuyer counseling and the required pre-purchase education class;
- Have completed the City's Affordable Homeownership Program (AHP) orientation;
- Have provided all required documentation to the counselor to determine eligibility.

Once a client is determined eligible for financial assistance, the HSNA Homebuyer Assistance Programs committee, comprised of experts in the lending field, will review the purchase, loan, and financial assistance package to determine if the client is eligible to receive financial assistance.

**Exhibit A**

**Flagstaff Metropolitan Planning Organization (FMPO) Boundary**



*Source: arcgis.com*