



Arizona Department of Housing

FY2024

Down Payment Assistance

Notice of Funding Available

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Introduction

The Arizona Department of Housing (the Department or ADOH) is pleased to announce a Notice of Funding Availability (NOFA) for funding through the State Housing Trust Fund (HTF) and other state sources. This NOFA is for the creation and implementation of a Down Payment Assistance (DPA) and Interest Rate Reduction (IRR) program that shall be used to serve first time homebuyers in the purchase of owner occupied eligible properties (Single Family Residences, One to Four Unit Dwellings, Condos and Townhomes) supporting Governor Hobbs' 'Arizona is Home' initiative (AIH). ADOH expects to allocate \$8,500,000 to qualified mortgage and lending Housing Counseling Agencies that meet or exceed the minimum standards required by the United States Department of Housing and Urban Development ("HUD") and have offices in the State of Arizona.

Background Information

In FY24, the State of Arizona approved approximately \$150 million in Arizona State Housing Trust Funds to fund affordable housing projects and housing assistance programs throughout Arizona. In the fall, ADOH issued a Request for Information (RFI) to the public to identify the greatest housing and homeless service needs in the state. Based on the RFI responses, it was determined to allocate a portion of the Housing Trust Fund dollars towards spurring on homeownership.

Homeownership is essential to the creation of strong, vibrant, and stable communities. The goal of Governor Hobbs' Arizona is Home (AIH) initiative is to provide financial assistance to first-time homebuyers with low-, moderate-, and middle-incomes to purchase homes, create wealth-building opportunities, and benefit from the economic development that homeowners bring to the community. The AIH Program will provide \$5,500,000 from the State Housing Trust Fund to Housing Counseling Agencies (HCA) to provide financial assistance in the form of Down Payment Assistance (DPA) and Mortgage Interest Rate Reduction (IRR) up to \$30,000 to eligible individuals and families whose incomes are 80% or below the Area Median Income (AMI) for the state of Arizona [as defined](#) by the U.S. Department of Housing and Urban Development (HUD). Further, the AIH program will expand its impact by serving eligible individuals and families whose incomes are between 80% and 120% AMI utilizing \$3,000,000 of American Rescue Plan Act (ARPA) federal funds. The amount of financial assistance for eligible individuals and families at this income level is capped at \$20,000. The successful applicant(s) for implementing the AIH Program will be able to demonstrate capacity to provide a range of services related to the DPA/IRR program, including but not limited to application intake, marketing, education, income eligibility determination, loan prequalification, down payment assistance, underwriting, loan origination, property inspection, loan closing process and reporting/monitoring.

Changes to the NOFA

Modifications to the NOFA. ADOH may modify this NOFA, from time to time, or for any other reasons as determined by ADOH: 1) to reflect any changes, additions, deletions, interpretations or other matters regulatory matters; 2) to insert such provisions clarifying matters or questions arising under this NOFA as are necessary or desirable and that are contrary or are inconsistent with this NOFA; or 3) to cure any ambiguity, supply any omission or correct any defect or inconsistent provision with this NOFA or the laws and regulations governing the funding sources being made available in this NOFA.

NOFA Clarifications

ADOH will periodically post written clarifications to this NOFA on its website. The clarifications elaborate on the meaning of the text within this NOFA and may sometimes add additional guidance on how to interpret this NOFA. NOFA clarifications are to be considered a part of this NOFA. Applicants are responsible for checking the clarifications and submitting a proposal that is in conformance with the clarifications. Requests for clarification must be made in writing via email or letter via US Mail and will be responded to in the written clarifications to the NOFA on ADOH's website. Notice regarding amendments and or modifications will be announced through the Department's mailing list and posted on the Department's website. Use the following link to join the Department's mailing list: <https://housing.az.gov/about/press-release/mailling-list>. All contact during the NOFA process and evaluation phase shall only be through the designated email for the designated point of contact, Esperanza Padilla, esperanza.padilla@azhousing.gov. Applicants shall neither contact nor lobby ADOH staff or evaluators during the evaluation process. Attempts by the applicant to contact and/or influence evaluators may result in disqualification of the applicant. The Department will accept questions about this funding opportunity until February 16, 2024.

NOFA Cancellation

In the event that proposals received pursuant to this Notice of Funding Availability (NOFA) fail to satisfy the specified requirements and criteria set forth herein, the issuing entity reserves the right to cancel this NOFA. Upon the cancellation of this NOFA, all funds associated with the solicitation shall be deemed unallocated and shall be subject to reissuance under a subsequent NOFA with revised terms and conditions.

Maximum Award

It is anticipated that the Department will expend the full \$8,500,000 in funding with an expected award of up to three awardees, depending on response to this NOFA, as ADOH will prioritize statewide programmatic impact. At its discretion, the Department reserves the right to make partial awards and/or adjust the amount of funds requested by applicants.

Eligible Applicants

The Arizona Department of Housing is seeking proposals from non-profit and for profit qualified mortgage and lending Housing Counseling Agencies that meet or exceed the minimum standards required by the United States Department of Housing and Urban Development (“HUD”) and have offices in the State of Arizona to administer and implement Governor Hobbs’ ‘Arizona is Home’ First Time Homebuyer DPA/IRR Program

Intended Beneficiaries

- First Time Homebuyers, as defined by HUD as a first time homebuyer who has not owned a residential property in the last three years
- Individuals with a proven need of down payment assistance to purchase a home.
- Individuals that are residents of Arizona and have been for a minimum of six months.
- Homebuyers that are purchasing a home as a principal residence.
- Potential borrowers whose gross household income does not exceed 80% of the Area Median Income (AMI) for the state of [Arizona](#) based on County and household size.
- Potential borrowers whose gross household income fall between 81% and 120% Area Median Income (AMI) for the state of [Arizona](#) based on County and household size.

Threshold/Minimum Requirements:

- Eligible Applicants include nonprofit and for-profit development entities. “Non-profit” means having a 501c (3) tax exemption notice from the IRS.
- Eligible Applicants must be HUD-certified Housing Counseling Agencies with mortgage and lending capabilities.
- Applicants should have similar experience with the delivery of down payment or mortgage interest rate reduction offsets as well as other homeownership loan programs.
- Applicants must demonstrate significant experience in loan qualification and loan origination, housing counseling activities, and marketing of similar programs.
- Applicants must have last two years audited financials, or financial statements prepared by a CPA if the applicant is not required to prepare an annual audit.
- Applicants must have the capacity to offer a customizable combination of down payment assistance and interest rate reduction for each eligible homebuyer.
- Applicants must have experience layering homeownership products to economize the level of subsidy while also ensuring sustainable homeownership success.

Scope of Work

The selected agency(ies) will be responsible for providing a comprehensive Homeownership Counseling Program in addition to processing the loan funds for income-eligible clients. The Homeownership Counseling Program prepares the homebuyers for sustainable homeownership.

Tasks

1. Marketing and Outreach
2. Application Intake
3. Education
4. Loan Prequalification
5. Down Payment Assistance
6. Underwriting
7. Loan Origination
8. Property Inspection
9. Loan Closing Process
10. Reporting/Monitoring

NOFA, Proposal Submission, Review and Funding Process

Proposal narratives must be no longer than eight (8) pages typed, minimum eleven (11) point font, and margins no less than half (1/2) an inch. A budget must be included and counts towards the page limit. Proposals must be submitted via the Arizona Department of Housing State HTF Special Projects <https://housing.az.gov/portals/document-upload-portals> by Friday, February 23, 2024 by 5:00 p.m. All Proposal Packages received after the deadline date and time will not be reviewed and will be deemed ineligible. Proposals may not be submitted via U.S. mail, Fed-ex, UPS, e-mail or fax. Questions regarding this NOFA should be sent to Esparanza Padilla, esparanza.padilla@azhousing.gov. The Department will accept questions about this funding opportunity until February 16, 2024.

Proposal Content and Format

Responses should include the following information.

1. Applicant information – Provide the following information:
 - a. State the full, exact name of the applicant organization.
 - b. State the names and titles of the individuals who will sign the contract with the Department.
2. Tax Identification Number (TIN) – Please provide the TIN for the HUD-approved Housing Counseling Agency.

3. Proposal contact – Provide the name, title and contact information, including mailing address, phone number and email of the person whom the Department should contact regarding this proposal and who is authorized to bind the agency.
4. Statement of Qualifications – In no more than eight (8) pages, applicants should describe their recent experience (preferably from the past five years) in the following categories:
 - a. Describe your agency's experience in managing and delivering down payment assistance programs and mortgage interest rate reduction particularly to low-moderate income homebuyers, over the past five years. The response should provide a summary of previous programs similar in size, scope and complexity, given today's housing market.
 - b. Describe your agency's general program management experience in implementing similar homeownership programs as well as experience working with Federal and State funds and required regulations.
 - c. State your agency's experience in partnering and working with other homeownership organizations, lenders, realtors, and community stakeholders in conjunction with delivering homeownership programs. Indicate any other funds your agency currently manages for similar activities – amount, purpose, and opportunities to leverage ADOH funds to serve more participants.
 - d. State your experience in working with minorities and historically underserved borrowers as well as diverse populations.
 - e. Indicate demonstrated homeownership experience of current full and/or part-time staff, including loan origination, homeownership counseling/education, and marketing activities.
 - f. List any outstanding uncorrected compliance issues for previous funding awards from the Department of Housing or for other organizations managed by your agency. Provide the current status of corrective action(s). To the extent possible, applicants should provide data and other success measures that describe how effective the activities completed by the applicant were in achieving the stated down payment assistance or other homeownership loan program goals.
 - g. Describe their proposed approach to administering the 'Arizona is Home' First Time Homebuyer Down Payment Assistance/Interest Rate Reduction Program and applicable activities. The approach should also identify the specific individuals that will be assigned to this work and their roles in completing the following tasks:
 - h. Describe how your agency proposes to determine and document applicant information associated with the services provided. Please clarify your knowledge of general mortgage and federal lending regulations.
 - i. Describe your agency's process of working with homeowners in the low to moderate income range in identifying barriers faced in purchasing a home and how you address these barriers.

- j. Describe how your agency proposes to address accessibility for issues of language, literacy or disability.
- k. Describe your agency's capabilities in the areas of:
 - i. Partnership building, outreach and marketing, customer service, customer tracking, reporting, program evaluation, Program Administration, Homeownership Counseling, Income and Mortgage Calculation, and Loan processing.
- l. Provide evidence of:
 - i. An adopted Code of Ethics and Conduct policy that specifically addresses any real and apparent conflicts of interest, guidelines for professional behavior, privacy and confidentiality, payment for services, consultation, referrals, quality assurance and integrity. (Does not count towards the page limit.)
 - ii. Administration of a HUD certified pre-purchase Homeownership Counseling & Education Program and post-purchase counseling which includes foreclosure prevention and intervention. (Does not count towards the page limit.)
 - iii. Working with government agencies, local communities, counties and U.S. Department of Housing and Urban Development programs for the purpose of marketing and networking to encourage the success of the clients and the program. (Does not count towards the page limit.)
- 5. Timeline for Completion of Tasks: Submit a work plan which describes how the clients will be served from initial intake to mortgage closing. Submit a timeline showing how many clients will be served each month over the course of the grant funding.
- 6. Budget – Applicants should submit a budget outlining how they plan to run the 'Arizona is Home' program.
- 7. References – Applicants should provide the name, title and contact information (including phone and email) for three (3) current or former clients that can speak about the applicant's experience and qualifications.

Evaluation Criteria

The Evaluation Criteria are intended to be used to make a recommendation. The Department reserves the right to change the criteria and to otherwise vary from this procedure as it determines to be in the state's interest. If an award is made, it is expected that the State's award will be to the applicant that agrees to meet the needs of the State. A number of relevant matters will be considered, including:

- 1. General organizational experience in the delivery of similar homeownership programs.
- 2. Experience in the management and implementation of federal and state regulations for

down payment assistance and/or mortgage interest rate reduction and other homeownership programs.

3. Capacity to perform the Scope of Work as stated in this NOFA.
4. Ability to execute the program statewide.
5. Experience working with the Arizona Department of Housing
6. Proposed plan for delivering requested services with emphasis on the ability to reach minorities and historically underserved borrowers.
7. Budget and timeline for completing the scope of work.

Scoring

Only projects with the highest competitive score that meet experience and reliability and method of approach/oversight requirements will qualify for an award under this NOFA. The Department has established a scoring methodology to evaluate an Applicant’s ability to develop and operate a cost-effective program in accordance with the State of Arizona’s mission and goals. Failure to include the requested information may have a negative impact on the evaluation of the Applicant’s NOFA response. The response should include at least the following information:

Points Scoring Summary	Maximum Points
Applicant Experience, Qualifications and Capacity	Up to twenty (20)
Proposed Project and Program Implementation	Up to thirty (30)
Program Outcomes and Impact	Up to twenty (20)
Project Readiness	Up to fifteen (15)
Breadth of Geographic and Population Outreach	Up to fifteen (15)
Total Maximum Points	100

Selection Notification

The Department anticipates notifying Applicants within seven (7) business days of application deadline as to whether they will be funded. The Applicant approved for funding should be prepared to initiate the project within thirty (30) days of notification. Upon request, both funded and unfunded applicants will have the opportunity to review their application’s scoring with the Department staff in order to increase their competitiveness in subsequent application and funding processes.

Proposal Process Timeline

The following is a list of key dates in the proposal process:

NOFA Release	Monday, February 5, 2024
Q&A Webinar	Thursday, February 8, 2024, 2:00 p.m.
Last Day to Submit Questions	Friday, February 16, 2024
Application Deadline	Friday, February 23, 2024, 5:00 p.m.
Anticipated Scoring/Review Panel	Monday, February 26, 2024
Anticipated Award Notice	Friday, March 1, 2024

Post Award Requirements

An award provided under this NOFA will include a list of any further conditions to implement the Project contemplated in the Proposal, including but not limited to the Applicant showing success after program development. At the end of the project, Applicant(s) will need demonstrated continued success through loan servicing for a period of a minimum of five (5) years from the date the last DPA application is completed and funded, and the terms and conditions of the Department’s award to the Applicant.

Funding Distribution

Funds will be disbursed upon completion of funding agreement. Awardee(s) will be expected to provide all supporting documentation of expended funds upon program completion and once funds have depleted. Up to 10% of the total award may be utilized for awardee administrative costs and/or indirect expenses.