



First Program Year Action Plan

The CPMP First Annual Action Plan includes the SF 424 and Narrative Responses to Action Plan questions that CDBG, HOME, HOPWA, and ESG grantees must respond to each year in order to be compliant with the Consolidated Planning Regulations. The Executive Summary narratives are optional.

SF 424

Complete the fillable fields (blue cells) in the table below. The other items are pre-filled with values from the Grantee Information Worksheet.

Date Submitted	Applicant Identifier	Type of Submission	
Date Received by state	State Identifier	Application	Pre-application
Date Received by HUD	Federal Identifier	<input type="checkbox"/> Construction	<input type="checkbox"/> Construction
		<input type="checkbox"/> Non Construction	<input type="checkbox"/> Non Construction
Applicant Information			
Jurisdiction	AZ49999 ARIZONA STATE PROGRAM		
1700 W. Washington, Suite 210	Organizational DUNS 086704488		
0	0		
Phoenix	Arizona	0	
85007	Country U.S.A.	0	
Employer Identification Number (EIN):		Maricopa County	
86-6004791	Program Year Start Date (07/01)		
Applicant Type:		Specify Other Type if necessary:	
State	Specify Other Type		
Program Funding		U.S. Department of Housing and Urban Development	
Catalogue of Federal Domestic Assistance Numbers; Descriptive Title of Applicant Project(s); Areas Affected by Project(s) (cities, Counties, localities etc.); Estimated Funding			
Community Development Block Grant		14.218 Entitlement Grant	
CDBG Project Titles		Description of Areas Affected by CDBG Project(s)	
\$CDBG Grant Amount	\$Additional HUD Grant(s) Leveraged	Describe	
\$Additional Federal Funds Leveraged		\$Additional State Funds Leveraged	
\$Locally Leveraged Funds		\$Grantee Funds Leveraged	
\$Anticipated Program Income		Other (Describe)	
Total Funds Leveraged for CDBG-based Project(s)			
Home Investment Partnerships Program		14.239 HOME	
HOME Project Titles		Description of Areas Affected by HOME Project(s)	

Jurisdiction

\$HOME Grant Amount		\$Additional HUD Grant(s) Leveraged	Describe
\$Additional Federal Funds Leveraged		\$Additional State Funds Leveraged	
\$Locally Leveraged Funds		\$Grantee Funds Leveraged	
\$Anticipated Program Income		Other (Describe)	
Total Funds Leveraged for HOME-based Project(s)			
Housing Opportunities for People with AIDS		14.241 HOPWA	
HOPWA Project Titles		Description of Areas Affected by HOPWA Project(s)	
\$HOPWA Grant Amount		\$Additional HUD Grant(s) Leveraged	Describe
\$Additional Federal Funds Leveraged		\$Additional State Funds Leveraged	
\$Locally Leveraged Funds		\$Grantee Funds Leveraged	
\$Anticipated Program Income		Other (Describe)	
Total Funds Leveraged for HOPWA-based Project(s)			
Emergency Shelter Grants Program		14.231 ESG	
ESG Project Titles		Description of Areas Affected by ESG Project(s)	
\$ESG Grant Amount		\$Additional HUD Grant(s) Leveraged	Describe
\$Additional Federal Funds Leveraged		\$Additional State Funds Leveraged	
\$Locally Leveraged Funds		\$Grantee Funds Leveraged	
\$Anticipated Program Income		Other (Describe)	
Total Funds Leveraged for ESG-based Project(s)			
Congressional Districts of:		Is application subject to review by state Executive Order 12372 Process?	
Applicant Districts	Project Districts	<input type="checkbox"/> Yes	This application was made available to the state EO 12372 process for review on DATE
Is the applicant delinquent on any federal debt? If "Yes" please include an additional document explaining the situation.		<input type="checkbox"/> No	
<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A	Program is not covered by EO 12372
			Program has not been selected by the state for review

Person to be contacted regarding this application		
First Name: Andrew	Middle Initial	Last Name: Rael
Title: Programs Administrator	Phone: 602/771-1000	Fax: 602/771-1002
eMail: andrewr@housingaz.com	Grantee Website: www.housingaz.com	Other Contact: Timothy Klont
Signature of Authorized Representative		Date Signed

Narrative Responses

GENERAL

Executive Summary

The Executive Summary is optional, but encouraged. If you choose to complete it, please provide a brief overview that includes major initiatives and highlights that are proposed during the next year.

Program Year 1 Action Plan Executive Summary:

General Questions

1. Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed during the next year.
2. Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.215(a)(1)) during the next year and the rationale for assigning the priorities.
3. Describe actions that will take place during the next year to address obstacles to meeting underserved needs.

Program Year 1 Action Plan General Questions response:
General Questions

Service Area

Assistance will be directed primarily to non-metropolitan areas in the state of Arizona. Metropolitan areas are also assisted generally when local jurisdictions contribute equal funding.

Basis for Allocating Investments

Investments are allocated based on the following priorities: 1) invest in rural areas that have limited funding opportunities; 2) invest in projects where the need for funds and the demand for the project design is demonstrated; 3) invest in the types of projects identified as high priorities in this plan; and, 4) invest in areas in decline and those with a disproportionate concentration of low-income and minority populations. Priorities are assigned by analyzing CHAS and Census data and the input provided by local jurisdiction both in the planning process and the application process. Meeting underserved needs is hindered by inadequate funding, absence of service provider agencies, lack of capacity in existing agencies, and absence of consensus by local jurisdictions regarding which needs are underserved.

This section describes the methods of distribution and geographic allocation of resources for: 1) HOME Investment Partnerships Program (HOME), 2) Community Development Block Grant (CDBG), 3) Emergency Shelter Grant (ESG), and 4) Housing for Persons with AIDS (HOPWA). Program descriptions for the State Housing Trust Fund (HTF) and Low-Income Housing Tax Credit (LIHTC) programs are also included in this section. As required by 24 CFR 91.320(g), program-specific items are noted when relevant.

HOME Method of Distribution

The state expects to receive \$8,598,167 HOME resources, including \$166,153 in American Dream Downpayment Initiative (ADDI). ADOH implements the American Dream Downpayment Initiative through the existing ADOH Homes for Arizonans Program.

HOME match liability is expected to be met through state dollars invested in the Department's Homes for Arizonans Program. The HOME program match liability is 25% (statutory requirement) of actual expenditures during the program year - approximately \$2,405,676. Match is provided from the following two sources - the Homes for Arizonans Program and match carried over from previous years. The Homes for Arizonans Program is expected to generate \$1.2 million. This program provides downpayment and closing cost assistance to first time homebuyers in the rural areas of the state. Additionally, the state has \$6.0 million in match that was carried over from previous years. The Homes for Arizonans program has been an essential component in the state's ability to far exceed the HOME program's minimum match requirements.

ADOH intends to make HOME funds available statewide. Applicants for most HOME activities may also apply for State Housing Trust Fund resources through the same application.

HOME Application Process

The Department makes available HOME funds through an application process. Applications are accepted quarterly for rental and homeownership development activities, including CHDO activities, and semi-annually for housing rehabilitation programs. Administrative funding in support of HOME activities is available from the State Housing Trust Fund through the HOME application. Funding decisions are generally made within thirty (30) to sixty (60) days.

Only applications that meet minimum thresholds are considered for funding. The minimum thresholds for HOME applications include program responsiveness and readiness to proceed.

Applications that meet minimum thresholds are underwritten based on the following criteria as relevant to the proposed activity: 1) market need/demand; 2) management/capacity; 3) budget/financial analysis; and 4) program design. Once it is determined that an application meets minimum underwriting standards, the application and underwriting results are forwarded to a funding committee for final review and recommendation. The funding committee is comprised of ADOH staff, including program managers, risk assessors, administrators, the deputy director, and the director.

When insufficient funds are available, either geographically or for an activity, competitive scoring criteria are used. If competitive scoring is necessary, the following scoring criteria will be used: very-low income and priority population targeting, and project readiness

The actual geographic distribution of resources will be based on the number and quality of applications received. The state will not hold funding available or make any concessions with regard to program thresholds or underwriting in order to guarantee the funding of activities within a specific geographic region.

ADOH will not utilize HOME resources for tenant-based rental assistance or for homeownership assistance in the form of downpayment/closing cost or equity contributions. Downpayment and closing cost homeownership assistance programs are funded through the State Housing Trust Funds.

HOME CHDO Distribution

ADOH will distribute HOME resources to recipients and Community Housing Development Organizations (CHDOs) through the application process outlined above. In accordance with §92.201(b)(1) of the HOME regulations, geographic funding objectives have been established to ensure, to the extent possible, an equitable geographic distribution of funds.

HOME Forms of Investment

Investments are provided as grants and loans.

HOME Resale and Recapture Provisions

The Federal HOME Program requires either a resale or recapture provision as outlined in 24 CFR 92.254 of the HOME rule. ADOH has chosen to use the recapture provision for HOME and/or matching funds used to assist eligible homebuyers.

Assistance provided by ADOH shall be in the form of a non-interest bearing, deferred payment loan secured by a deed of trust naming the state of Arizona or its designated representative(s) as beneficiary. The assistance is completely forgiven upon completion of the applicable affordability period.

If the housing does not continue to be the principal residence of the homeowner for the duration of the affordability period, the assistance will be repaid in its entirety

from the net sale proceeds. If the net sale proceeds are not sufficient to recapture the full amount of assistance plus enable the homeowner to recover the amount of their downpayment, ADOH will share the net proceeds. The net proceeds are the sales price minus loan repayment (other than ADOH funds) and closing costs.

ADOH will permit the homeowner to recover the homeowner's initial downpayment before recapturing ADOH assistance. The amount of ADOH assistance that is subject to recapture is based on the amount of assistance that enabled the homeowner to purchase the dwelling unit. This includes any assistance that reduced the purchase price from a fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e. the development subsidy).

In the case of foreclosure or transfer in lieu of foreclosure, the lender is allowed to take the property without the affordability restrictions. As stipulated in the HOME regulations, ADOH will repay the HOME account if the assisted housing fails to meet the affordability requirements for the full affordability period without regard to the term of any loan or mortgage or the transfer of ownership, even in the event of foreclosure, transfer in lieu of foreclosure, or assignment to HUD.

HOME Security Instruments

Recapture restrictions shall be executed through one or more of the following instruments, depending on the type of first-mortgage instrument: 1) A due-on-sale provision inserted by a private mortgage lender with loan pre-payment penalties covering the amount of recapture as determined above. At the time of property transfer, pre-payment proceeds less processing costs due the state of Arizona shall be paid by the first mortgage lender. Due-on-sale provisions shall be executed through written agreements between the lender and the state of Arizona, and shall be accepted by the borrower at the time of first-mortgage loan origination; 2) land use restriction agreements and/or deed restrictions filed against the property acquired by the assisted homebuyer; and 3) Deed of Trust and Promissory Notes consistent with the non-interest HOME-financed loan filed on the property acquired by the assisted homebuyer.

Emergency Shelter Grant (ESG) Method of Distribution

The Arizona Department of Economic Security (DES) is the HUD grantee for ESG funds and is the responsible administrative agency. ESG funds in the amount of \$827,875 have been allocated to the state of Arizona. Up to five percent (\$40,012) will be retained for administrative costs. It is the intent to renew existing contracts at previous funding levels.

ESG Match

ESG funds require a one-to-one (100%) match. Federal regulation allows the first \$100,000 expenditure of ESG to be unmatched. The total minimum match that will be provided for the ESG grant is \$700,248 for a total program resource of \$1,500,496. In previous years the minimum match requirements have been exceeded. Matching funds are provided in a variety of ways ranging from in-kind salary matches to volunteer labor.

Selected applicants least apt to be able to provide match will have their match requirement reduced by a negotiated amount. A total of \$100,000 of match will be waived as allowed by federal regulation.

ESG Geographic Funding Objectives

Updated budgets, certifications if needed, and descriptions of activities to be funded by ESG will be submitted to the DES, Community Services Administration (CSA) for the renewal period. The updated information submitted will be reviewed and approved, where necessary to assure compliance with ESG requirements.

It is planned that renewal contracts with governmental entities and nonprofit organizations can be in place by July 1. Funds will be spent by June 30, for contract renewals.

ESG Activity Funding Objectives

The following funding strategies apply: 1) the current funding strategies is to continue funding at current levels for shelter services, case management and outreach which is approximately 70% in Maricopa County, 11.5% in Pima County, 4% in Pinal County, 12% in Mohave, Yavapai and Yuma Counties and 2.5% in Navajo, Cochise and Coconino Counties; 2) funding of eviction prevention services up to the maximum 30% of the allocation; 3) funding of staff costs in shelter facilities is not planned.

DES intends to utilize up to 5% of the allocation for administration to help defray the costs of operating the ESG program.

The ESG funds, upon award, will be contracted and utilized within the state fiscal year to operate emergency shelter and transitional housing facilities and make homeless prevention and essential services available in order to alleviate the urgent and growing needs of people who are homeless.

Community Development Block Grant (CDBG) Method of Distribution

The total amount of CDBG funds available is \$13,429,858. No program income or carryover funds are available therefore none are included in this amount. Federal law allows the state to retain 2% (\$288,182) plus \$100,000 of its annual CDBG allocation for program administration. The state must provide a non-federal match for the 2%. The match is to be documented at the same time that CDBG funds are drawn down for the state's administrative expenditures above \$100,000. The \$14,409,104 in Federal CDBG resources available to the state will be distributed as follows:

ADOH Administration - \$502,987. This includes \$134,329 (1% for technical assistance) and \$368,658 (2% plus \$100,000 for administration). This amount does not include the required 2% administration match of \$268,658.

Grantee Funds:

Regional Account (RA) – \$ 10,990,433.

SSP Account (SSP) – \$ 1,939,488.

At least 70% of CDBG funds must be spent on activities that meet the low/mod benefit national objective. Consequently, activities justified on the basis of slum/blight or urgent need are funded on a first-notified (to either the COG or ADOH), first-funded basis up to a maximum of 30% of CDBG funds.

Requests for administrative funds are limited to not more than 18% of each applicant's total application amount. Requests for public service funds are limited to not more than 15% of the total CDBG allocation and are funded on a first-notified, first-funded basis.

ADOH will distribute any recaptured funds, de-obligated funds, disallowed costs from prior contracts, and program income (PI) not retained by grantees. These funds will be distributed as follows:

ADOH may reallocate de-obligated funds to the same community from which it was de-obligated to an existing or new contract of the same funding year based on the following criteria: 1) performance of the contract from which the funds were de-obligated; and 2) ability to commit de-obligated funds to another project that can immediately use the funds provided the new funds can be committed through a new contract or an amended contract within 60 days.

If ADOH cannot reallocate de-obligated funds according to the above criteria the de-obligated funds will be redistributed by ADOH to the SSP.

Funds recaptured for non-compliance and recaptured for non-performance will be redistributed by ADOH to the SSP.

CDBG Regional Account

The CDBG Regional Account (RA) consists of 85% of the state of Arizona allocation from HUD. The remaining 15% makes up the State Special Projects (SSP) Account. The RA is distributed on a non-competitive basis to all non-metropolitan cities, towns and counties in Arizona. The method by which the funds are distributed is determined by the state of Arizona working in conjunction with each regional Council of Government. Each COG develops a Method of Distribution (MOD) each year and forwards the MOD to ADOH for approval. The MOD determines which communities will receive funding each year and how much will be received. Some regions take turns getting funded (forgoing funding one year for higher amounts the next year) while others distribute the funds evenly every year. At the time of application each community's CDBG application amount must equal the allocation amount. The applications are routed through the COG to ADOH. ADOH will attempt to review and fund each application submitted within 60 days of receipt. ADOH will review all applications and make the final award determinations.

To determine the amount of CDBG funding allocated to each COG's sub-account, the state uses a formula based on population and persons in poverty. Specifically, the COG sub-accounts are determined by: 1) multiplying the percentage of the total population of each COG by 30%; 2) multiplying the percentage of the total poverty population of each COG by 70%; and 3) adding the products of the two.

The Regional Account (RA) is divided into four sub-accounts, one for each of the non-metropolitan Councils of Government (COG) areas. Regional Account allocations are as follows:

Central Arizona Association of Government (CAAG): Gila and Pinal Counties.
\$2,480,966

Northern Arizona Council of Government (NACOG): Apache, Coconino, Navajo and Yavapai Counties. \$2,553,097

South Eastern Arizona Government Organization (SEAGO): Cochise, Graham, Greenlee and Santa Cruz Counties. \$2,673,717

Western Arizona Council of Government (WACOG): La Paz, Mohave and Yuma Counties. \$3,282,652

ADOH will announce CDBG funding levels by the first quarter of each year for both the Regional Account by COG and the State Special Projects Account by the total available for the state.

All applications are due to ADOH by 5:00 P.M. on the following dates.

NACOG and SEAGO – June 1

WACOG and CAAG – July 1

Each year the COG will recommend a Method of Distribution to ADOH for the communities within the respective COG region. ADOH has the final authority to determine the MOD for the state. ADOH's final MOD will be included in the Annual Update of the Consolidated Plan, which is subject to a public participation process.

CDBG Distribution Methodology

All distribution of state CDBG funds is to be accomplished through an entitlement system. Each MOD must contain a multi-year schedule that indicates how CDBG allocations are to be distributed such that all eligible communities within each respective COG region will receive funding. The multi-year schedule should include the funding years that each community in the region will receive funds and estimate the amount to be available. This will allow each community to plan its CDBG projects in advance. Deviations from rotation schedules whereby communities trade allocations is allowed but must be accomplished prior to September 30.

ADOH Approval of MOD

Each COG must submit its MOD to ADOH by September 30 along with documentation that the MOD has been approved by formal action of the Regional Council. ADOH will distribute the final MOD to recipient communities by October 30.

CDBG Recipient Community Responsibility

While CDBG money is provided to all recipient communities on an entitlement basis, eligibility for CDBG funding depends upon the submission of a viable project application. It is the responsibility of each recipient community to submit a CDBG application with a request of funding equal to or less than the amount of the

projected allocation in the MOD. If a community that is scheduled to be funded does not submit a viable and compliant application to ADOH, the allocation for that community will be re-allocated to the SSP. If the funding amounts scheduled for a community exceed funding requests included in the application, the balance will be redistributed to the SSP. Back-up applications will not be accepted.

CDBG Application Routing through COG

All CDBG applications must be routed through the COG for review. The COG will review each application for completeness, notify each community of their findings and assist the community with rectifying any application deficiencies. The responsibility to correct deficiencies lies with the community unless the COG is providing this service under contract to the community. COGs have no discretion to reject applications and must forward all applications to the state. Only those communities identified as eligible to receive funding in the current year MOD may submit an application, therefore, no rating or ranking or similar comparative analysis is necessary. COG costs for application review must be negotiated between the community and the COG. Each COG will establish its own application procedures (letters of intent, etc.) and submission deadline.

CDBG Redistribution of Funds

Funds will be redistributed as necessary according to the following: (The following language must be included in all MODs)

Recapture is the action of removing funds from a contract due to one of the following two types of circumstances: 1) Recapture for non-compliance. The ADOH determines that CDBG funds were not used in compliance with the contract between ADOH and the recipient or in compliance with federal regulations; and 2) Recapture for non-performance. The recipient fails to perform according to the performance criteria outlined in the contract scope of work, the contract schedule, and/or the performance criteria outlined in the text of the contract with ADOH.

Recaptured funds will return to ADOH to be redistributed through the State Special Projects account to the applicant next in line for funding.

De-obligation is the action of removing funds from a contract due to one of the following: 1) the scope of work is completed using less CDBG funds than anticipated and leaving an unexpended balance; 2) the original allocation was a loan and the loan was paid back; 3) an activity was changed or cancelled (for reasons other than performance) resulting in excess funding; 4) program income is received that is not programmed for use.

De-obligated funds may be rolled into an existing or new contract of the same funding year from which the funds were de-obligated if they can be put under contract within 60 days and used quickly. The community must have a positive performance record to be granted this approval.

If the above is not possible, the funds will return to ADOH to be redistributed through the State Special Projects account to the applicant next in line for funding.

CDBG Match

The state will provide the non-federal funds from two sources. These include “hard” match funds, i.e., state funds used to pay salaries and other operating expenses of the CDBG program and “in-kind” or “soft” match funds which represent staff time devoted to the CDBG program by individuals whose salaries are paid from non-federal sources. These individuals, which include those located in the Information Technology Division, Personnel, Procurement, the Division’s front desk, the Deputy Director and Programs Administrator, all track their time on departmental time sheets.

CDBG-Eligible Activities

CDBG funds can be used for a wide range of activities including but not limited to: 1) public improvements (water, wastewater, streets); 2) public facilities (parks, community/senior centers, removal of architectural barriers); 3) housing (both owner-occupied and rental rehabilitation, new housing construction undertaken by a nonprofit, and homeownership assistance); 4) economic development (infrastructure for and direct assistance to businesses, including micro enterprises, to create or retain jobs for and benefit low-moderate income persons); 5) public services (e.g., childcare, transportation, job training); and 6) planning.

CDBG-Eligible Applicants

The state CDBG program is available to units of local government, including cities, towns, and counties, in rural areas. For the purposes of the CDBG program, rural areas are those located outside of entitlement jurisdictions, which receive CDBG funds directly from HUD. Entitlement jurisdictions in Arizona include all of Maricopa and Pima Counties, the cities of Flagstaff, Prescott, and Yuma, and tribal lands.

CDBG Urgent Needs Grant Applications

When proposing an activity that meets the urgent need national objective, the applicant must document that it has no other financial resources available to meet the need. Additionally, all activities that propose to meet the urgent need national objective must meet community development needs that: 1) have a particular urgency; 2) pose a serious, immediate threat to the health or welfare of the community; and 3) and are of recent origin.

CDBG Colonias Set Aside

HUD mandates the state expend at least 10% of its CDBG allocation in the colonias. The colonias allocation is \$1,440,910. All activities in a self-determined or CDBG-determined colonia will be considered to meet this set-aside. If there are insufficient funds requested for colonias from the RA, colonias State Special Projects (SSP) applications for will be given priority-funding consideration.

CDBG State Special Projects

Any eligible CDBG activity can be undertaken with SSP funds. The only difference is that the SSP is competitive and all applications must demonstrate that the project is ready to implement immediately. ADOH may use some of the SSP to create a contingency account available to assist with Regional Account and SSP project shortfalls.

CDBG SSP ELIGIBLE

All activities pursuant to 24 CFR 570 that are ready to begin implementation immediately with environmental review requirements completed, Release of Funds issued, land control secured, planning, design, and permitting complete, and all other related upfront issues resolved.

CDBG SSP APPLICATION SUBMISSION

All communities eligible to receive funding from the state CDBG program are eligible to apply. Each community is encouraged to submit one application. Multiple applications may be submitted from one community if the applications are prioritized. All first priority applications will be reviewed first, with subsequent priority applications reviewed if sufficient funding is available, thereby allowing each community a chance to be funded.

CDBG SSP APPLICATION DEADLINE

Applications are due to ADOH on June 1 by 5:00 pm (if a weekend, then the first business day thereafter).

CDBG SSP SELECTION OF PROJECT AWARDS

Projects will be selected for SSP funding by a competitive process through which applications are scored. The highest scoring applications within each priority category will be awarded prior to awarding projects in subsequent priority categories. Scored applications will be kept on file for one year and the next highest scoring applications will be funded if funding becomes available through recapture or de-obligated CDBG funds. The following criteria will be used to select project awards: 1) The extent to which the project meets the needs for public services, public works, community facilities and housing ; 2) the extent to which equipment or a project improves, upgrades, or rehabilitates facilities, housing or neighborhoods; 3) the extent to which a project benefits a large segment of the population specific to the type of assistance; 4) the extent to which the project provides a direct, provable benefit to low-income and special needs persons, especially, how effectively the proposal proves that the need for the project exists; 5) the extent to what project costs been carefully estimated; 6) the extent to which the project is ready to begin; 7) the extent the project leverages other committed money into the service, facility or housing especially local private and governmental investment (to include salaries, engineering/architectural services, etc that CDBG will not be billed for; 8) the relative performance of the applicant on past contracts and the capacity of in house or contracted staff to implement the project; 9) does the proposed cost of the project/activity justify the number of persons who will directly benefit from the project/activity; 10) the extent to which a project will generate secondary benefits such as continued investment (especially private), increase in economic activity, decrease in crime, increased safety, community building; 11) the extent to which the application demonstrates that improvements can be maintained in the future.

Housing Opportunities for Persons With AIDS (HOPWA) Method of Distribution and Geographic Investment

The state is scheduled to receive \$164,000 in HUD HOPWA funds. Any previously uncommitted will be combined with this. ADOH is an entitled Eligible Metropolitan

Area (EMA) that includes the following counties: Apache, Cochise, Coconino, Gila, Graham, Greenlee, LaPaz, Navajo, Santa Cruz, Yavapai and Yuma. The balance of the state is included in other HOPWA EMAs.

Applications will be accepted for projects located within the state's EMA and on an on-going basis until all funds are committed. Coordination of project proposal planning with local AIDS/HIV Consortia will be encouraged through the proposal review process. Technical assistance will be provided to potential applicants in the planning of their proposed projects.

Supportive Housing Program and Shelter Plus Care Method of Distribution

ADOH will coordinate and serve as the applicant for HUD Continuum of Care Homeless Assistance funds for rural Arizona (all counties excluding Maricopa and Pima). These include Supportive Housing Funds, Shelter Plus Care and Housing Trust Fund. The State is scheduled to receive \$3,008,817 in Supportive Housing Program Funds. Of these, \$150,440 (5%) will be retained by the state for administration and \$75,220 (2.5%) will be provided to project sponsors in Housing Trust Fund for administration.

ADOH is scheduled to receive \$5,602,600 in Shelter Plus Care Funds. All of these funds will be provided to project sponsors for program implementation, of which the project sponsors may retain up to 7% for program administration.

ADOH is scheduled to provide \$2,000,000 in Housing Trust Funds to sustain its Eviction/Prevention Emergency Homeless Housing Assistance Program. This will be done through negotiations with the current 22 contractors located statewide the 15 existing counties who represent nonprofit, county and city governments, and PHA agencies. Eligible project sponsors (co-applicants and subcontractors) include city and county governments, PHAs, tribal governments and nonprofit agencies servicing homeless persons. The ADOH will file the national competitive application on behalf of rural Arizona and will serve as grantee for projects approved by HUD through subcontracts to governmental and nonprofit agencies.

Eligible program components include: transitional housing; permanent housing for disabled persons; supportive services not in conjunction with supportive housing; safe havens; rental assistance through the Shelter Plus Care Program, in either tenant based, project based, sponsor based or SRO configurations; and Section 8 SRO housing. Within these components eligible activities may include acquisition, rehabilitation, new construction, leasing, operating costs, supportive services and rental assistance. The term of HUD assistance may vary depending on the program component for which funds are requested. The Continuum of Care Application Process has the following components: 1) existing resources and gaps addressed by the HUD application need to be identified; 2) data collection by all agencies proposing projects for Continuum of Care assistance and ongoing local homeless Continuum of Care planning groups; and 3) consultation with municipal, county and COG representatives regarding needs in their respective geographic areas; and, use of various databases compiled on a regular basis by the state of Arizona and its agencies.

The state will submit one Maricopa Association of Government Shelter Plus Care renewal project application and serve as the agency lead planner and applicant for HUD Continuum of Care Homeless Assistance funds for Maricopa County.

The state will submit one HUD Shelter Plus Care renewal project application to the Pima County Continuum that serves as the agency lead planner and applicant for HUD Continuum of Care Homeless Assistance funds for Pima County.

SHP Match

ADOH actively obtains matching funds for operating costs, supportive services, and capital development for all Supportive Housing activities. ADOH has actively funded capital development activity, over and above HUD Supportive Housing program requirements, to help local communities and nonprofit agencies meet the housing needs of homeless persons throughout the state.

State Housing Trust Fund (HTF) Method of Distribution

The State Housing Trust Fund (HTF) is a resource funded through the state's Unclaimed Property Fund. Original estimates from the Arizona Department of Revenue indicated that the fund could expect to receive \$18.8 million in the next fiscal year. It is a flexible funding source and can be used on a variety of activities benefiting low- and moderate-income families including housing rehabilitation, development, homelessness prevention, and tribal initiatives.

HTF Selection Process

ADOH makes available State Housing Trust Fund (HTF) through an application process. Applications are accepted periodically and funding decisions are generally made in 30 to 60 days. Only applications that meet minimum thresholds are considered. The minimum thresholds for HTF applications include program responsiveness and readiness to proceed.

Applications that meet minimum thresholds are underwritten based on the following criteria as relevant to the proposed activity: 1) market need/demand; 2) management/capacity; 3) budget/financial analysis; and 4) program design. Once it is determined that an application meets minimum underwriting standards, the application and underwriting results are forwarded to a funding committee for final review and recommendation. The funding committee is comprised of senior ADOH staff, including program managers, administrators, the deputy director, and the director. The funding committee makes a recommendation to the ADOH director as to whether the application should be funded without conditions, funded with conditions, or rejected. The ADOH director makes the final funding decision. When insufficient funds are available, either geographically or for an activity, competitive scoring criteria are used. If competitive scoring is necessary, the following scoring criteria will be used: Very-low income targeting and priority populations

Low Income Housing Tax Credit (LIHTC) Allocation Plan

The Low Income Housing Tax Credit Program provides federal income tax credits to owners of qualifying residential rental projects. An approximate \$9 million allocation of tax credits is available. This tax credit allocation will result in approximately \$90 million in investor equity for the construction of affordable rental housing. The program was established by the Tax Reform Act of 1986 to replace traditional tax incentives for investment in low-income housing eliminated by the same law. ADOH is the agency in Arizona responsible for allocating tax credits to specific projects that

comply with the Internal Revenue Code (“the IRS” or the “Code”). ADOH carries out this responsibility through the creation and administration of the Qualified Allocation Plan (the “QAP”).

The state has set the following specific goals for the LIHTC program: 1) an equitable allocation of projects between the urban and rural areas of the State and among various geographic regions; 2) substantial involvement and input from the affected community; 3) projects serving very low-income families; 4) projects to be built on tribal lands; 5) acquisition/rehabilitation and rehabilitation projects; 6) projects serving priority populations with special housing needs; 7) projects undertaken by non-profit organizations; 8) projects located in each of the rural Councils of Government jurisdictions.

Addressing Underserved Needs

Goal: To remove the barriers, both real and perceived, to addressing underserved needs.

Strategy: Maximize leverage opportunities in order to invest in as many feasible projects as financially possible.

Strategy: Identify and build the capacity of potential partners in areas of the state that are underserved.

Strategy: Work with community stakeholders to understand the needs of low- to moderate-income households and build consensus on actions to address those needs.

Managing the Process

1. Identify the lead agency, entity, and agencies responsible for administering programs covered by the consolidated plan.
2. Identify the significant aspects of the process by which the plan was developed, and the agencies, groups, organizations, and others who participated in the process.
3. Describe actions that will take place during the next year to enhance coordination between public and private housing, health, and social service agencies.

Program Year 1 Action Plan Managing the Process response:
Managing the Process

Lead Agency

The Arizona Department of Housing (ADOH) is the lead agency for overseeing the development and implementation of the Consolidated Plan.

ADOH is a new cabinet-level state agency, established on October 1, 2002. Former Governor Jane Dee Hull signed into law legislation that established the Arizona Housing Finance Authority on January 1, 2002, and the Arizona Department of Housing that following October. These two entities were established so that state government in Arizona could assist in developing the tools to impact an area of

growing concern for the state, an issue that impact the lives of all Arizonans – affordable housing in viable communities.

The Department is responsible for the administration of the Small Cities Community Development Block Grant funding, is the Participating Jurisdiction responsible for administering HOME funds for all areas of the state outside of Maricopa and Pima counties, and is the Eligible Metropolitan Area responsible for administering Housing Opportunities for Persons with AIDS (HOPWA) funds for all areas of the state except Maricopa, Mohave, Pima, and Pinal counties.

The Arizona Department of Economic Security is responsible for administering Emergency Shelter Grant (ESG) funds and has contributed to the development of this Plan.

Plan Development

The process undertaken for the development of the Consolidated Plan includes both ongoing planning activities and special forums conducted over a 12 month period beginning in April 2004.

ADOH is involved on a continual basis in numerous planning efforts with other state departments, local/regional/county governments, housing/social service providers, businesses and citizens. The planning bodies responsible for these efforts often consist of members that are recipients of ADOH funding or share in some respect ADOH's mission to address housing and community development needs for low-income and special needs populations throughout the state. The main product of these planning efforts are: 1) current and accurate identification and prioritization of needs; 2) establishment of objectives; 3) development of funding distribution methodology; and 4) development of policy.

These planning bodies include the following:

Governor's Interagency and Community Council on Homelessness (ICCH)
Governor Janet Napolitano created the Governor's Interagency and Community Council on Homelessness and issued an Executive Order to that effect on June 5, 2004. The purpose of the ICCH is to guide the development and implementation of a state level plan to end homelessness for Arizonans with a focus on families who are homeless. The ICCH works to identify policy, practice, and funding actions that can be taken at the state level to prevent and to end homelessness through support, involvement, and coordination among multiple state agencies and the private sector. The ICCH is comprised of representatives to the Governor's Children's Cabinet and private sector individuals appointed by the Governor.

Rural (Balance of State) Continuum of Care

ADOH directly facilitates the Continuum of Care (C of C) process in the 13 rural counties ("balance of state"). The C of C process is required by the U.S. Department of Housing & Urban Development (HUD) to enable localities to apply to the federal government for certain competitive grant programs that provide funding to address specific special needs problems. This process brings together local governments and agencies to address local solutions to these problems. On an annual basis the Department applies for competitive funding to HUD for projects and programs that are identified as priority projects through the Continuum process; ADOH, in turn, then acts as the administering agency for the grants that are passed through to the

participating sub-recipients. Over the years, ADOH has secured millions of dollars from the Shelter Plus Care and Supportive Housing Programs.

Arizona Housing Commission

The Arizona Housing Commission was created by Executive Order in 1996 to serve as an advisory body to the Governor and to the Arizona Department of Commerce, now the Department of Housing. The Commission was formally established in statute in 1997. The Commission is comprised of 24 key decision makers from private industry, community-based non-profit housing organizations, and state, local, and tribal governments.

The diverse representation is comprised of:

- One representative of a rural city government, a nonrural city government from Pima County and a nonrural city government from Maricopa County (3).
- One representative of a rural county government, Pima County government and Maricopa County government (3).
- One representative of a tribal government and a tribal housing department (2).
- One representative of the banking or lending community (1).
- One representative of the special needs population (1).
- One representative of a statewide housing association (1).
- Two representatives of the private sector of the real estate industry (2).
- Three representatives from the private sector of the housing industry, a homebuilder, a multifamily housing developer, and a licensed manufactured home manufacturer or dealer (3).
- Two representatives of non-profit organizations that work on housing or other related issues, one from Pima County and one from a rural county (2).
- Two representatives of the general public, one from Pima County and one from a rural county (2).
- One representative of an organization that works on farmworker housing issues (1).
- The Director of the Arizona Department of Housing or the director's designee. The director or the director's designee may only vote to break a tie vote of the other members (1).
- The Speaker of the House of Representatives and the President of the Senate or their designees who serve as advisory members (2).

The Commission was given the following authorities and responsibilities:

- Recommend affordable housing strategic planning and policy.
- Coordinate public and private housing finance programs.
- Provide the means for better private and public partnerships and initiatives for developing affordable housing.
- Review and oversee state housing programs.
- Encourage the development of affordable housing opportunities for special needs populations.
- Advise the Governor, Legislature, state agencies, and city, county, and tribal governmental bodies on the public and private actions that affect the cost or supply of housing.

Arizona Housing Finance Authority

As part of the creation of the Arizona Department of Housing, the legislature also created the Arizona Housing Finance Authority (AzHFA). Under the provisions of HB

2615, the Authority may issue bonds for multi-family residential projects, bonds to finance residential dwelling units and establish mortgage credit certificate programs. These powers have been granted for the rural areas of Arizona. The seven members of the AzHFA are appointed by the Governor and represent geographical diversity. No more than four members will be from the same political party. Various work groups consisting of Authority board members are convened on a regular basis to assist with program development and evaluation.

Arizona Councils of Government

The four rural Council of Governments (COGs) - South East Arizona Government Organization (SEAGO), Northern Arizona Council of Governments (NACOG), Central Arizona Council of Governments (CAAG) and Western Arizona Council of Governments (WACOG) - provide an important planning and data gathering function for ADOH. Each COG is governed by a Board that consists of the City or County Manager of each local government within the respective geographic COG region. This equitable board structure provides an excellent forum to conduct the planning necessary for the receipt of federal transportation and community development funds. The primary planning responsibility of each COG with respect to the Consolidated Plan is the development of a recommended method of distribution for CDBG funds. The COGs are in the unique position to have both expertise in the CDBG program and proximity to CDBG recipient community. CDBG grantees are encouraged to utilize the services of the COGs for technical assistance. The COGs are under contract by ADOH to provide general technical assistance to the recipient communities within their respective region on behalf of ADOH. General technical assistance includes the ability to explain CDBG regulations in general and the ADOH program specifically. COGs provide an excellent repository of local recent planning studies used for a variety of grant applications and public policy undertakings.

Arizona Public Housing Authority

ADOH operates the Arizona Public Housing Authority. Information derived from operating the state PHA provides an accurate and recent view of public housing needs and trends for which planning efforts can be designed to address. The responsibilities entail administering a Section 8 Voucher program for Yavapai and Graham Counties, two rural counties that are not otherwise served by a local housing authority. The Section 8 Voucher Program provides rental subsidy payments for approximately 65 very low-income households. The Arizona PHA also operates the Section 8 Project-Based program throughout the state which entails administering approximately 111 HUD-subsidized rental properties accounting for thousands of individual rental units located throughout the state of Arizona. Through this program participating properties are subsidized, allowing the very low-income tenants to pay only 30% of their incomes on rent.

Governor's 2020 Planning Initiative

ADOH was given the responsibility of developing the housing component of the Governor's 2020 Planning Initiative. The Aging 2020 Plan is being developed in response to demographic trends forecasting increasing numbers of senior citizens who will live longer and have more demands for services. ADOH has developed a housing plan that provides more opportunities for affordable housing linked to improved medical and social services that will allow seniors to live productive independent lives longer in their life cycles. The housing component was developed in conjunction with Arizona COGs Area Agency on Aging departments, the Arizona Association of Retired Persons, and citizen input.

Public Forums

Six public comment forums were conducted to solicit information on housing and community development needs. These forums were held around the state in Sierra Vista, Cottonwood, Payson, Show Low, Phoenix, and Lake Havasu City. Advance notice was given for these forums in the form of announcements published in newspapers of general circulation at least two weeks prior to the forum; notice was also posted on the Department's website. These announcements provided information about the topic of the forum, location, and how comments could be submitted if the person(s) was unable to attend. The forum was held in handicapped accessible locations convenient to actual and potential beneficiaries. Interpreters were available in instances where the Department had reason to believe a significant number of non-English speaking residents were expected to participate.

Coordination with Agencies

Agencies providing services related to housing, social services, elderly persons, disabled persons, persons with HIV/AIDS, families and homeless participated in the public forums and have permanent representation on the various planning bodies described above.

Citizen Participation

1. Provide a summary of the citizen participation process.
2. Provide a summary of citizen comments or views on the plan.
3. Provide a summary of efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities.
4. Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.

*Please note that Citizen Comments and Responses may be included as additional files within the CPMP Tool.

Program Year 1 Action Plan Citizen Participation response:
Citizen Participation

The state is required to adopt a citizen participation plan that sets forth the state's policies and procedures for citizen participation in compliance with the provisions of 24 CFR 91.115.

The Arizona Department of Housing encourages participation in the development of the Consolidated Plan, any substantial amendments to the plan, and the Consolidated Annual Performance and Evaluation Report (CAPER). Participation of low and moderate income persons is encouraged – particularly those living in slum and blighted areas and in areas where Community Development Block Grant funds are proposed to be used and by residents of predominantly low and moderate income neighborhoods.

The public participation events for the Consolidated Plan 2005-2009 represent the culmination of several years' worth of experience in conducting similar events. In previous years, events to solicit public comment were governed by the Citizen Participation Plan adopted by the Arizona Department of Housing and the state of Arizona. These events typically consisted of public hearings and forums. Public hearings were held even prior to the previous Consolidated Plan and have traditionally provided a forum for the Department to release information to residents in an open setting. Forums, in various forms, have also taken place over the years providing a more focused, direct method of public input. The Department has also become more involved in sponsoring and attending regularly scheduled meetings with various agencies and working groups. This adds another unique dimension to the consolidated planning purposes.

All public hearing and forum announcements and comment periods specifically reference that comment is requested both on the Consolidated Plan and the Citizen Participation Plan. These plans will be made available in a format accessible to persons with disabilities and those with limited English proficiency (LEP) upon request.

The state of Arizona sought public input and cooperated with a variety of organizations in the preparation of the 2005-2009 Consolidated Plan, as follows:

- The Department solicited input from the Arizona Interagency and Community Council on Homelessness, the four Councils of Government, the Arizona Housing Commission, Arizona Housing Finance Authority, and local Public Housing Authorities on various program policies that are reflected in the Consolidated Plan.
- Six public comment forums were conducted to solicit information on housing and community development needs. These forums were held around the state in Sierra Vista, Cottonwood, Payson, Show Low, Phoenix, and Lake Havasu City. Advance notice was given for these forums in the form of announcements published in newspapers of general circulation at least two weeks prior to the forum; notice was also posted on the Department's website. These announcements provided information about the topic of the forum, location, and how comments could be submitted if the person(s) was unable to attend. The forum was held in handicapped accessible locations convenient to actual and potential beneficiaries. Interpreters were available in instances where the Department had reason to believe a significant number of non-English speaking residents were expected to participate.
- Throughout the year, state representatives have attended a wide variety of meetings with organizations and citizen advocacy groups on subjects affecting the Consolidated Plan.
- In some cases, work groups were formed with practitioners to provide input on program design.
- Individual aspects and program components of the Consolidated Plan have also been discussed and feedback generated at various meetings, workshops and conferences.

Information bulletins, newsletters and questionnaires on proposed program and policy changes have also been sent out to solicit feedback and input.

Review of Draft Consolidated Plan

Before the state adopts its Consolidated Plan, it will make available to citizens, public agencies, and other interested parties information that includes the amount of assistance the state expects to receive and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low and moderate income and the plans to minimize displacement of persons and to assist any person displaced. Of note, the state does not anticipate any programs that will involve displacement of low- and moderate-income persons. In the unlikely event displacement occurs, required assistance will be provided in accordance with the Uniform Acquisition and Relocation Act and the HUD Anti-Displacement regulations.

The state will publish the proposed Consolidated Plan in a manner that affords all interested parties a reasonable opportunity to examine its contents and submit comments. The review period will be no less than 30 days.

Citizen Comment

Any comments received during the public comment period will be inserted and addressed here.

Amendments to the Consolidated Plan

Under the final Consolidated Plan regulations, the state is required to advise HUD of substantial changes to the state's Consolidated Plan. The Arizona Consolidated Plan represents the best efforts possible to incorporate citizen comments and concerns in the entire planning process.

Criteria for amending the Consolidated Plan and/or the disbursement or targeting of funding would include changes in activities or the method of distribution, either reported herein or unforeseen, and changes in beneficiaries or subscribers that could reasonably be expected to change the delivery of services described herein. By definition, a substantial amendment to the Consolidated Plan would result from a change in activity from eligible to ineligible, or vice versa, a change from formula allocation to competitive award of funds, or vice versa, or from a change in the method of distribution of funds if said change will cause an increase or decrease in the original allocation mix over 35%.

The state will provide interested parties with reasonable notice through a public newspaper(s) with statewide circulation and an opportunity to comment on substantial amendments. Comments will be received for a period of not less than 30 days, as identified in the public notice, on the substantial amendment before the amendment is implemented. Furthermore, the notice will clearly provide the name and address of the individual responsible for receiving these comments. Reasonable notice will be given to interested parties for non-substantial amendments through a mailing to current grantees and by posting on the Department's website. The state will consider any comments or views of interested parties received in writing, if any, in preparing the substantial amendment to the Consolidated Plan.

Performance Reports

Citizens shall be provided with a reasonable notice and opportunity to comment on any performance reports required on the Consolidated Plan. A period of not less than 15 days shall be provided to receive comments on the performance report prior to its submission to HUD.

The state shall consider any comments received in writing from the public in preparing the performance report.

Citizen Participation Requirements For Local Governments

Units of local government, including councils of government, receiving Community Development Block Grant funds from the state will hold a public hearing to receive comment on their proposed project(s) and/or program(s) prior to submission to the state. For housing projects, these hearing must also include comment on program accomplishments from the preceding project(s) and/or program(s). Units of local government, including councils of government, receiving Community Development Block Grant funds from the state for non-housing projects also must hold a public hearing to receive comment on program accomplishments after project completion but prior to final close out.

Availability to the Public

The Consolidated Plan, as adopted, substantial amendments, and related performance reports shall be available to the public, including the availability of materials in a form accessible to persons with disabilities and those with limited English proficiency (LEP) upon request. These documents shall be available in the Phoenix office of the Arizona Department of Housing and on the Department's website. The state shall provide interested parties with reasonable and timely access to the Consolidated Plan.

The state shall provide a timely, substantive written response to every written citizen complaint received in regard to the Consolidated Plan, its amendments, and performance reports.

Institutional Structure

1. Describe actions that will take place during the next year to develop institutional structure.

Program Year 1 Action Plan Institutional Structure response:
Institutional Structure

Goal: Clarify the respective responsibilities of all parties involved with enhancing capacity, delivering technical assistance, developing project proposals, implementing project proposals, monitoring progress, ensuring compliance, and ensuring greater accountability overall.

Strategy: Revise grant application materials and mediums to clarify principle administrative requirements.

Strategy: Revise contract instruments to clarify remediation actions for non-performance and non-compliance.

Strategy: Institute the requirement for fully executed contracts between all parties involved with CDBG grant administration.

Strategy: Remove all discretion on the part of the COG to select, rate, or revise local government CDBG grant applications giving local governments full responsibility for submitting viable proposals.

Strategy: Institute an ADOH Program Enhancement Committee to research and develop professional and responsive program structures to meet the needs of ADOH staff and a wide diversity of grant recipients.

Monitoring

1. Describe actions that will take place during the next year to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.

Program Year 1 Action Plan Monitoring response:

The Arizona Department of Housing states the following goal consistent with the Monitoring Plan outlined in the 2005-2009 Strategic Plan.

Goal: Ensure all projects and units remain compliant with the regulations set forth by the applicable funding source and for the period of time specified in the funding contract.

Strategy: Administer 255 on-site monitoring visits, visiting every grantee at least once annually during the contract period.

Strategy: Conduct 305 desk reviews/audits.

Strategy: Physically inspect no less than 61 HOME-funded rental units for Housing Quality Standards.

Strategy: Deliver no less than 11 program administration related external trainings.

Strategy: Conduct a technical assistance, predevelopment consultation for every rental development project.

Strategy: Offer 75 direct technical assistance engagements designed to build grantee capacity.

Lead-based Paint

1. Describe the actions that will take place during the next year to evaluate and reduce the number of housing units containing lead-based paint hazards in order to increase the inventory of lead-safe housing available to extremely low-income, low-income, and moderate-income families.

Program Year 1 Action Plan Lead-based Paint response:
Lead-Based Paint

Goal: Continue to play a leadership role in the evaluation and reduction of the number of lead-based paint hazards in order to increase the inventory of lead-safe housing available to low- and moderate-income families.

Strategy: Contractually obligate 100% of HOME and CDBG recipients, subrecipients, contractors, and sub-contractors to comply with the federal Lead-Based Paint Regulations found at 24 CFR Part 35.

Strategy: Require visual assessments and lead Safe Work Practices for 100% of all projects funded exclusively with non-federal State Housing Trust Funds.

Strategy: Mandate 100% of all rental property owners to have a paint maintenance policy that ensures regular – at least annually – visual assessments and repair/maintenance of painted surfaces.

Strategy: Maintain regular, on-going communication with the Childhood Lead Poisoning Prevention Program and Adult Blood Level Epidemiology and Surveillance Program, both of the Arizona Department of Health Services, to identify trends, areas of concentration, and opportunities for collaboration.

HOUSING

Specific Housing Objectives

*Please also refer to the Housing Needs Table in the Needs.xls workbook.

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

Program Year 1 Action Plan Specific Objectives response:
Specific Housing Objectives

Rental Housing

Goal: Increase the supply of decent, safe, water and energy efficient rental housing for low-income households.

Strategy: Using LIHTC, Bond, and HOME financing produce 1,500 rental units affordable to households earning from 50% to 60% area median income (AMI).

Strategy: Provide eligible rental developments sufficient gap financing to produce 100 rental units affordable to non-special needs households earning between 40% and 49% of AMI.

Strategy: To the extent that rental subsidy is available, provide eligible rental developments sufficient gap financing to produce 100 rental units affordable to non-special households earning less than 40% of AMI.

Goal: Preserve the existing affordable rental housing stock, especially in conjunction with comprehensive neighborhood revitalization efforts.

Strategy: Rehabilitate 500 units of existing affordable rental housing units.

Homeownership

Goal: Increase the supply of decent, safe, water and energy efficient homes affordable for purchase by low-income households.

Strategy: Provide eligible “for sale” home developments sufficient gap financing to produce 30 homes affordable to households earning from 71% to 80% AMI.

Strategy: Provide to eligible “for sale” home developments sufficient gap financing to produce 20 homes affordable to households earning between 60% and 70% AMI.

Goal: Increase homeownership among low-income households.

Strategy: Provide down payment and closing cost loans to 75 households earning up from 71% to 80% AMI.

Strategy: Provide down payment and closing cost loans to 75 households earning up from 60% to 79% AMI.

Homeowner Rehabilitation

Goal: Preserve the housing stock currently owned by low-income households while reducing substandard housing overall.

Strategy: Create within each COG region local/regional governments and non-profit organizations at least one new functional housing rehabilitation program.

Strategy: Provide sufficient funding to local governments and non-profit organizations to rehabilitate 600 homes for households earning from 50% to 80% AMI.

Strategy: Provide sufficient funding to local governments and non-profit organizations to rehabilitate 600 homes for households earning up to 50% AMI.

Strategy: Provide sufficient funding to local governments and non-profit organizations to conduct emergency repairs on 200 homes for households earning from 50% to 80% AMI.

Strategy: Provide sufficient funding to local governments and non-profit organizations to conduct emergency repairs on 100 homes for households earning below 50% AMI.

Needs of Public Housing

1. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.
2. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year.

Program Year 1 Action Plan Public Housing Strategy response:
Needs of Public Housing

Operated by the Arizona Department of Housing, the Arizona Public Housing Authority administers 59 Housing Choice Vouchers (HCVs) – 29 in Graham County and 30 in Yavapai County. They also have oversight and monitoring responsibilities for 111 subsidized properties throughout the state.

The Arizona Public Housing Authority does not own or manage any public housing nor does it foresee owning or managing any public housing in the future. Due to the size of the PHA, the state does not have residency initiatives programs.

Simply stated, the PHA will strive to continue providing the same services to the same number of individuals and families even though financial resources are increasingly scarce.

The PHA received a "standard" performance score as a result of their 2004 Section Eight Management Assessment Program (SEMAP) review.

Barriers to Affordable Housing

1. Describe the actions that will take place during the next year to remove barriers to affordable housing.

Program Year 1 Action Plan Barriers to Affordable Housing response:
Barriers to Affordable Housing

The Arizona Department of Housing will address barriers to affordable housing through the following strategies:

Strategy: Outreach to 25 members of the lending community in an effort to generate additional interest and involvement in the financing of affordable housing.

Strategy: Identify and disseminate innovative solutions to housing affordability barriers used successfully by five other states including the promotion of alternative building materials and methods, land banking, and planning and zoning reservations for affordable development.

Strategy: Through eight meetings of the Arizona Housing Commission, commissioners will:

- Work to identify specific regulatory barriers and to educate government on the impacts of regulatory barriers on housing affordability

- Identify financing solutions that make it easier to obtain private financing for affordable housing
- Explore financing solutions that maximize the use of existing resources

HOME/ American Dream Down payment Initiative (ADDI)

1. Describe other forms of investment not described in § 92.205(b).
2. If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of the HOME rule.
3. If the PJ will use HOME funds to refinance existing debt secured by multifamily housing that is that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under § 92.206(b). The guidelines shall describe the conditions under which the PJ will refinance existing debt. At a minimum these guidelines must:
 - a. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.
 - b. Require a review of management practices to demonstrate that disinvestments in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.
 - c. State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.
 - d. Specify the required period of affordability, whether it is the minimum 15 years or longer.
 - e. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.
 - f. State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.
4. If the PJ is going to receive American Dream Down payment Initiative (ADDI) funds, please complete the following narratives:
 - a. Describe the planned use of the ADDI funds.
 - b. Describe the PJ's plan for conducting targeted outreach to residents and tenants of public housing and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide down payment assistance for such residents, tenants, and families.
 - c. Describe the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.

Program Year 1 Action Plan HOME/ADDI response:

HOME / American Dream Downpayment Initiative (ADDI)

The Department will invest its ADDI allocation in the existing Homes for Arizonans program.

The Homes for Arizonans program, formerly known as the Rural Homebuyer Assistance Program (RHAP), assists two basic income levels with two corresponding funding sources. The Department will use Housing Trust Funds and ADDI funds to provide downpayment and closing cost assistance in all areas outside Maricopa and Pima Counties to first-time homebuyers earning less than 80% of the area median income (AMI) adjusted for household size. The Arizona Housing Finance Authority (AzHFA) uses its funds to provide downpayment assistance to households earning between 81% and 130% of AMI. To be eligible for AzHFA downpayment assistance, buyers must also utilize a mortgage credit certificate (MCC) issued by the AzHFA. MCCs allow a borrower to receive a reduction in tax liability of 20% of the mortgage interest paid. The Homes for Arizonans program is delivered by three non-profit agencies as well as Department staff.

ADOH will make available and provide both pre- and post-purchase education/counseling to potential and existing “Homes for Arizonans” clients. Housing counseling may take place in a group setting or one-on-one with individual clients, depending upon the circumstances of each client. However, at least one individual session will be held with each potential client to discuss credit and related personal issues. Under no circumstance will credit, job history, or other personal information regarding any individual client be discussed in a group setting.

At a minimum, the housing counseling will include the following information:

- Distribution of the Fannie Mae Foundation document entitled “Opening the Door to a Home of Your Own” and /or any related publications.
- Distribution of Homes for Arizonans literature and explanation of program parameters, limitations, and calculations.
- Individual pre-closing briefing to review all closing documents and all obligations of the borrower.
- Two or more individual or group sessions in compliance with the Arizona Housing Counseling Collaborative Curriculum.
- Formal review of comprehensive curriculum which includes the mortgage loan process, the role of realtors, the role of title companies, closing statements, credit issues, mortgage interest payment, payment to income ratios, mortgage interest tax advantage, debt management, monthly expenses, and maintenance.

ADOH is responsible for all marketing and outreach activities for the Homes for Arizonans program. ADOH’s goal is to reach individuals and families who are eligible for homeownership based on employment and credit history but who otherwise will not take the final steps to homeownership because of real or perceived barriers. While the most common barrier is the lack of money for downpayment and closing costs, other barriers include cultural and language barriers, fear of the process, apprehension, lack of knowledge, and the need for education and counseling. ADOH will target these potential homeowners by:

- Providing flyers and mailings to residents of existing manufactured housing, public housing, and other assisted rental housing.
- Advertising via radio and newspapers on a quarterly basis.

- Conducting statewide public relations and information campaigns directed at local governments, professional housing associations, housing professionals, and for- and non-profit housing developers.
- Offering program brochures in English and Spanish.
- Speaking at housing, community, and economic development conferences.
- Recruiting homebuyer education participants and buyers from large employment centers.

The success of the above referenced strategies will be measured to the extent ADOH and its contractors implementing the Homes for Arizonans program have close working relationships with representatives of lending institutions, brokers, realtors, title agencies/companies, builders, local governments, and non-profit organizations.

The Federal HOME Program, from which ADDI is funded, requires either a resale or recapture provision as outlined in 24 CFR 92.254 of the HOME rule. ADOH has chosen to use the recapture provision for HOME, ADDI, and/or matching funds used to assist eligible homebuyers.

Assistance provided by ADOH shall be in the form of a non-interest bearing, deferred payment loan secured by a deed of trust naming the state of Arizona or its designated representative(s) as beneficiary. The assistance is completely forgiven upon completion of the applicable affordability period.

If the housing does not continue to be the principal residence of the homeowner for the duration of the affordability period, the assistance will be repaid in its entirety from the net sale proceeds. If the net sale proceeds are not sufficient to recapture the full amount of assistance plus enable the homeowner to recover the amount of their downpayment, ADOH will share the net proceeds. The net proceeds are the sales price minus loan repayment (other than ADOH funds) and closing costs.

ADOH will permit the homeowner to recover the homeowner's initial downpayment before recapturing ADOH assistance. The amount of ADOH assistance that is subject to recapture is based on the amount of assistance that enabled the homeowner to purchase the dwelling unit. This includes any assistance that reduced the purchase price from a fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e. the development subsidy).

In the case of foreclosure or transfer in lieu of foreclosure, the lender is allowed to take the property without the affordability restrictions. As stipulated in the HOME regulations, ADOH will repay the HOME account if the assisted housing fails to meet the affordability requirements for the full affordability period without regard to the term of any loan or mortgage or the transfer of ownership, even in the event of foreclosure, transfer in lieu of foreclosure, or assignment to HUD.

ADOH will not use any of its HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds or for multifamily loans made or insured by any Federal program; therefore, guidelines for doing so do not exist.

HOMELESS

Specific Homeless Prevention Elements

*Please also refer to the Homeless Needs Table in the Needs.xls workbook.

1. Sources of Funds—Identify the private and public resources that the jurisdiction expects to receive during the next year to address homeless needs and to prevent homelessness. These include the McKinney-Vento Homeless Assistance Act programs, other special federal, state and local and private funds targeted to homeless individuals and families with children, especially the chronically homeless, the HUD formula programs, and any publicly-owned land or property. Please describe, briefly, the jurisdiction's plan for the investment and use of funds directed toward homelessness.
2. Homelessness—In a narrative, describe how the action plan will address the specific objectives of the Strategic Plan and, ultimately, the priority needs identified. Please also identify potential obstacles to completing these action steps.
3. Chronic homelessness—The jurisdiction must describe the specific planned action steps it will take over the next year aimed at eliminating chronic homelessness by 2012. Again, please identify barriers to achieving this.
4. Homelessness Prevention—The jurisdiction must describe its planned action steps over the next year to address the individual and families with children at imminent risk of becoming homeless.
5. Discharge Coordination Policy—Explain planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how, in the coming year, the community will move toward such a policy.

Program Year 1 Action Plan Special Needs response:
Specific Homeless Prevention Elements

Sources of Funds

Arizona Department of Housing (ADOH)

- ⇒ HOME and State Housing Trust Fund Programs
ADOH offers a combined application process for two sources of funding to induce the development and provision of affordable housing opportunities for low-income families. These two sources are collectively referred to as the "Housing Fund" and include HOME Investment Partnerships Program funding, which are federal funds received through the U.S. Department of Housing and Urban Development (HUD), and the state Housing Trust Fund (HTF). Together, \$31.5 million in HOME and State HTF funds are available in SFY 2005.
- ⇒ Housing Trust Fund Program
Established in 1988 by the Arizona State Legislature, the Housing Trust Fund (HTF) was created to provide a flexible funding source to assist in meeting the housing needs of low-income families in Arizona. The HTF is designed to

assist local governments and other organizations in providing affordable housing. The HTF receives its money from a 55% allocation of unclaimed property deposits, interest on unexpended funds, loan repayments and recaptured funds. By statute, 36% of the 55% yearly allocation is specifically designated for use in rural areas of the state. Current goals for these funds are outlined in the state's Consolidated Plan, which is updated yearly and filed with HUD.

Legislation governing the HTF is published in A.R.S. § 41-1512 and A.R.S. § 44-323. The statutes that govern the fund are relatively open and flexible and do not spell out specific policies for the use of the funds in the same manner that the federal regulations govern the HOME funding. The HTF is available to fund projects or programs that are not statutorily fundable with federal dollars and are the best source to utilize in projects that do not lend themselves well to the confines of federal regulations. Approximately \$21.6 million is available through this fund in SFY 2005. In addition to the types of housing assistance listed below under "HOME," the HTF also fair housing education, state special projects, and recipient administrative costs.

⇒ Federal HOME Program

HOME is a federal housing block grant program created by the National Affordable Housing Act of 1990. It provides funds to state and local governments to design housing projects with non-profit developers. ADOH has made available \$9.8 million in SFY 2004 to local governments and non-profit organizations statewide. HOME gives state and local governments the flexibility to decide what kind of housing assistance, or mix of housing assistance, is most appropriate to meet their housing needs. Some types of assistance include rental housing development, homeownership assistance, new construction, owner occupied rehabilitation, emergency housing repair, and property acquisition.

⇒ Community Development Block Grant (CDBG)

ADOH administers the federal Community Development Block Grant (CDBG) Program for non-metropolitan counties in Arizona. Approximately \$14.4 million is available every year to local governments for housing and community development needs. The purpose of the CDBG Program is to develop viable communities by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.

⇒ Arizona Public Housing Authority (PHA)

○ Project-Based Section 8 Affordable Housing

Beginning in October 2001, the Arizona Public Housing Authority was given oversight and monitoring responsibilities for 111 federally subsidized properties, representing 7,751 units throughout the state of Arizona. The properties, which receive rental subsidies through the U.S. Department of Housing and Urban Development, offer affordable housing to households that are at or below 50% of the area median income. The creation of the Arizona Public Housing Authority was an important step toward assuring the continued affordability and condition of these properties.

- Tenant-Based Rental Assistance to Graham and Yavapai Counties
A PHA was formed by the legislature in 1992 to ensure that Federal Section 8 tenant-based rental assistance resources were made available to two areas of the state, Yavapai and Graham counties, not otherwise served by local PHA's. ADOH currently administers 59 Section 8 vouchers in Yavapai and Graham counties.

⇒ Federal Low Income Housing Tax Credit

The Low Income Housing Tax Credit Program provides low-cost rental housing assistance to many Arizonans. Approximately \$10 million in federal income tax credits is available annually to developers willing to build or rehabilitate residential multi-family apartment projects and make them affordable. This program provides a dollar-for-dollar credit against federal income tax liability for owners/developers of qualifying residential rental projects for a period of 10 years. The credit is intended to produce a cash subsidy to aid in the production of affordable housing and, in return, the developer agrees to restrict rents for a period of time. The federal tax credits finance approximately 60% of overall construction costs. To date, more than \$135 million in tax credits have been allocated assisting in the creation of 23,000 units of low-income housing. These projects have leveraged more than \$700 million in Arizona's construction industry.

⇒ Special Needs Housing (SNH)

ADOH's Special Needs Housing (SNH) program provides statewide planning to increase and sustain funding while coordinating localized resources and administers federal and state housing programs to various special needs populations. These populations include persons who are homeless with a serious mental illness (and their families), homeless youth, families, veterans, persons with HIV/AIDS, and victims of domestic violence.

For SFY 2005, SNH will administer 30 Federal HUD grants totaling over \$10 million annually to project sponsor organizations or agencies that serve special needs populations. Through the Housing Trust Fund (HTF), SNH will administer \$2.1 million in eviction prevention/emergency housing assistance to 21 agencies statewide who serve low income individuals and families needing mortgage foreclosure, emergency rental and/or utilities assistance, rental/utility deposits, or hotel/motel vouchers. In addition, SNH facilitates a state funding process for "one time emergency" requests from non-profit agencies who are experiencing undue or unforeseen hardship in providing their current level of housing services to special needs populations, such as homeless persons or victims of domestic violence.

As the grantee for the Rural Arizona Continuum of Care, SNH administers the McKinney-Vento Homeless Assistance Act Programs consisting of Shelter Plus Care and Supportive Housing Programs, which promote the development of supportive housing and services to assist homeless persons in the transition from homelessness and to enable such persons to live as independently as possible. In addition, SNH is the grantee for Continuum of Care projects in Maricopa and Pima Counties.

Arizona Department of Economic Security (DES)

- ⇒ Domestic Violence Shelter Fund (DVSF)
DES receives a percentage of all court filing fees collected by Arizona counties. These funds are used to provide emergency domestic violence shelter, advocacy and support services. Approximately \$1.5 million is available in SFY 2005.
- ⇒ Domestic Violence Prevention (DVP)
DES contracts these state appropriated funds for services such as counseling, shelter, transportation, transitional housing and childcare. Approximately \$2.5 million is available in SFY 2005.
- ⇒ Emergency Shelter Grant (ESG)
The ESG program is funded under the McKinney-Vento Homeless Assistance Act. The primary intent of ESG is to provide funds for renovation/rehabilitation and operating expenses for homeless shelters. Approximately \$611,000 is available in SFY 2005.
- ⇒ Homeless Trust Fund (HTF)
The legislation that established this fund made available \$200,000 the first year (1991) and the amount of interest earned on the \$800,000 trust fund base in subsequent years. Homeless services provided with these funds are based on the priorities set by the Homeless Trust Fund Oversight Committee. In SFY 2005, about \$8,000 is available for commitment through this fund.
- ⇒ Social Services Block Grant (SSBG)
SSBG, also known as Title XX, is not homeless specific. However, part of the available funds, some of which are planned at a local level and some at a department (DES) level, have been allocated specifically for services to domestic violence victims in addition to general homelessness. Crisis intervention, which includes shelter and counseling, is provided for domestic violence victims. Services funded for homeless people in general include crisis intervention, case management, and transportation. The U.S. Department of Health and Human Services (DHHS) administers the SSBG funds. Approximately \$563,000 is available for domestic violence services and homeless services received approximately \$657,000 in SFY 2005.
- ⇒ Homeless Shelter Line Item
These funds are appropriated by the Arizona State Legislature for homeless shelters as a line item in the DES budget. The funds are then contracted out through state agencies to non-profit, community-based providers to pay for the cost of shelter facilities and services and to provide hotel and motel vouchers. In SFY 2005, about \$1.1 million is available through this state fund source.
- ⇒ Temporary Assistance for Needy Families (TANF)
TANF funds are available through the Title IV-A of the Social Security Act, which are administered by the Department of Health and Human Services. The state has submitted amendments to the TANF State Plan in order to establish a TANF emergency services plan. Although the federal regulations do not specify that eligible clients be homeless, they do allow a State TANF Plan, or a portion of the Plan, to be limited to a targeted issue such as homelessness. Arizona has used a portion of the TANF funds for homeless

services that include shelter (at a facility or by voucher), prevention, move-in assistance, and case management services. Approximately \$5.1 million was available to domestic violence services while \$1.6 million is available for homeless services in SFY 2005.

Arizona Department of Education (DOE)

⇒ Education for Homeless Children and Youth: Grants for State and Local Activities

In January of 2002, the McKinney Vento Homeless Assistance Act was reauthorized as a part of "No Child Left Behind" legislation. This Act requires educational access and equity for children and youth experiencing homelessness, outlines responsibilities for local liaisons, and provides funding to support local grants and statewide initiatives.

The Arizona Department of Education utilizes this funding to maintain a State Coordinator of Homeless Education, a role clearly defined by McKinney Vento. The Coordinator is responsible for developing Arizona's state plan, facilitating coordination with other agencies, providing technical assistance to public school districts, and gathering comprehensive data for federal reporting purposes. For the 2003-4 school year, 14,705 students experiencing homelessness were enrolled in Arizona's public schools. Fifty-five percent of these students attended kindergarten through fifth grade.

The McKinney Vento Homeless Assistance Act also outlines specific responsibilities for the Local Education Agencies (LEAs). Each of the 623 public school districts and charter holders in Arizona have designated a Local Educational Agency Liaison to ensure that students experiencing homelessness:

- 1) Are informed of their rights as homeless children and unaccompanied youth.
- 2) Are identified, immediately enrolled in, and have a full and equal opportunity to succeed in school.
- 3) Are provided transportation to remain in their "school of origin" if it is in their "best interest" and considered feasible.
- 4) Have records maintained and available in a timely fashion.
- 5) Receive all educational services for which they are eligible, including free breakfast and lunch, Title I, gifted, special education, migrant, and English acquisition services.

While all public school districts are held accountable for these responsibilities, some receive financial assistance to do so. McKinney Vento sub grants help defray costs associated with educating homeless students, such as transportation services, facilitating initial enrollment services, social services, and delivering supplemental instructional services. Funds are allocated on a competitive basis to those with the highest program quality and greatest need for assistance. For the fiscal year 2005, \$933,314 was allocated to 12 LEAs. It is projected that 8,099 students experiencing homelessness will benefit from additional services as a result of these sub grants.

Arizona Department of Health Services (DHS)

- ⇒ Projects for Assistance in Transition from Homelessness (PATH)
The PATH Grant is a federal grant from the Center for Mental Health Services/DHHS for the purpose of providing outreach services to persons with serious mental illness who are homeless. ADHS/Division of Behavioral Health Services utilizes the PATH Formula Grant Funds to provide an array of services to persons who are homeless and have a serious mental illness, including those with co-occurring substance abuse problems. The three providers serving the areas of the state with the largest numbers of homeless individuals receive the PATH funding. The organizations that receive PATH funds are Southwest Behavioral Health Services, Community Partnership for Southern Arizona, and Northern Arizona Behavioral Health Agency.

In FY 2004, PATH funded programs contacted approximately 6,000 homeless persons. It is projected that 9,000 homeless persons will be contacted in FY 2005. It is projected that over 1,000 of those contacted will be identified as having a serious mental illness.

- ⇒ Shelter Plus Care
The HUD funded Shelter Plus Care program, accessed through the three Continua of Care, provides rental assistance that, when combined with locally funded social services, provides supportive housing for homeless people with disabilities and their families. The Division of Behavioral Health Services of the DHS has the responsibility to administer services for persons who are SMI. State appropriated funds are allocated to private Regional Behavioral Health Authorities that subsequently provide matching funding for services to approximately 2,000 seriously mentally ill persons who receive housing subsidies provided by the Shelter Plus Care program. Shelter Plus Care housing programs must be administered by the government agencies such as ADOH or public housing departments.
- ⇒ State General Funds
State general funds have been used to develop transitional housing for individuals who have left the Arizona State Hospital, Supervisory Care Homes or residential programs. This money is being used to rent properties, usually four bedroom homes. They also provide covered, supportive services to assist them in maintaining their independent housing in accordance with their Individual Service Plan.

With regard to investment and use of funds toward homelessness, the state will regionally distribute money to shelters and target and increase of funding of permanent supportive housing facilities over the next five years (please refer to Homeless Needs Table).

Homelessness

- a. Close the Front Door (Prevention & System Integration and Support Services Integration):
 1. Improve discharge planning from institutional settings for individuals at risk of homelessness.
 2. Improve access to mainstream support programs and services through better outreach and by breaking down the existing barriers that prevent easy access.

3. Increase the use of risk assessment tools and process to quickly identify people at risk of homelessness.
 4. Increase public awareness.
 5. Create and expand technology tools to provide more timely and accessible information about social service for consumers, public and private agency staff and community.
 6. Create and expand multi purpose applications (paper and web-based) and streamlined application and eligibility processes.
 7. Implement multidisciplinary teams.
 8. Identify and implement family strengthening strategies and other innovative programs.
- b. Open the Back Door to Permanent Housing (Housing, Employment & Livable Income, and Health & Behavioral Health):
1. Increase access to permanent supportive housing.
 2. Increase access to permanent housing.
 3. Increase access to child care.
 4. Increase access to education and training.
 5. Create transportation for people living in rural and urban areas.
 6. Provide support to obtain tools, licenses, certificates and job resources.
 7. Place consumers in jobs with health care benefits.
 8. Increase child support collected.
 9. Enhance services for youth on their own and youth with families who are homeless.
 10. Improve access to adequate physical health care, including dental care.
 11. Improve access to adequate behavioral health.
 12. Improve access to adequate care for trauma.
 13. Coordinate delivery of care.
 14. Provide wellness services for nutrition, parenting, diabetes, chronic illness prevention, etc.
- c. Build the Infrastructure (Affordable Housing, Employment and Livable Incomes, Respond to Policy and Regulatory Barriers, Strengthen Health and Behavioral Health):
1. Create a real time housing inventory and provide access to information for families.
 2. State agencies identify housing (not shelter) as a goal.
 3. Increase access to housing.
 4. Increase for profit and non-profit capacity for affordable housing construction.
 5. Provide wrap around support services to assist individuals in maintaining their housing.
 6. Dedicate funding for creation of affordable housing for 30% median income or below.
 7. Strengthen and increase TANF program, Disabled Veterans Assistance, SSI and SSA's ability to provide cash subsidies, fund supportive services and access to employment and child care.

8. Involve early care and education community in preventing and ending homelessness (Headstart, childcare, pre-schools, etc.).
 9. Ensure that proper employment and training opportunities are available for homeless families.
 10. Engage higher paying industries in the hiring of homeless individuals.
 11. Enhance services for elderly individuals who are homeless.
 12. Increase the number of times people can access emergency assistance through policy changes.
 13. Ensure consolidated plans include actions addressing homelessness.
 14. Improve information sharing among state agencies, local providers and policy makers.
 15. Improve access to services for youth on their own.
 16. Utilize Medicaid efficiently and more creatively.
 17. Strengthen homeless service providers' ability to overcome barriers caused by trauma issues.
 18. Increase access to Food Stamps and nutrition for homeless families.
 19. Expand and improve support services for youth.
- d. Plan for Outcomes (Establish and Achieve Performance Measures, Cost Benefit Analysis, and Planning and System Redesign):
1. Define measurable outcomes using a logic model for all State Agencies and manage the systems and programs to those outcomes.
 2. Define protocols for information sharing across agencies incorporating safety and confidentiality requirements/concerns.
 3. Ensure social service technology systems are working in collaborations.
 4. Comprehensive, accurate and consistent measures and counts of homeless services, results, and people served guide the implementation of services and programs.
 5. Collect data to quantify cost of emergency services and cost-effectiveness of permanent supportive housing.
 6. Collect and analyze data regarding discharge planning – costs and benefits.
 7. Define the existing system and proposed new system.
 8. Change funding allocations to reach desired results.
 9. Identify and implement best practices, studies and research that result in desired effects.
 10. All state systems have as a goal "ending and preventing homelessness".
 11. Improve access to mainstream and support services.
 12. Promote and support the certification (such as Council on Accreditation certification) of agencies.
 13. Implement interagency initiative(s) that would fund special projects targeting priority populations.
- e. Priority Needs: Regarding the Homeless Needs Table, permanent supportive housing is a "high" priority, transitional housing is a "medium"

priority and emergency shelter is a "low" priority for both individuals and families. These are priorities over a five year period. Therefore, as we shift toward these new priorities, the first year goal will remain even across the three types of housing, signifying a 5% increase as a goal for permanent supportive housing, transitional shelter and emergency shelter. In year two, we expect an even larger increase in permanent supportive housing, while less of an increase in emergency and transitional shelter is anticipated.

The two main obstacles to completing these action steps are funding and local zoning issues. Local zoning issues will be addressed within the Interagency and Community Council to End Homelessness. Although not a barrier, ongoing coordination and collaboration between the three statewide continuums is necessary to complete these action steps.

Chronic Homelessness

ADOH, in partnership with DES, are committed to ending chronic homelessness through the following strategies:

Strategy: Attend 75% of the Maricopa County Continuum of Care meetings and participate on the Planning Subcommittee, Regional Plan Work Group, and Street Count Work Group for the City of Phoenix.

Strategy: Attend 50% of the Pima County Continuum of Care meetings.

Strategy: Determine an accurate count of persons chronically homeless in rural Arizona by having 90% of the providers using HMIS.

Strategy: Develop 40 new beds of permanent supportive housing in La Paz, Yuma, and Yavapai Counties.

The largest challenge in serving the chronically homeless is accurate data collection, versus estimation, of exactly (or near to) how many persons are truly chronically homeless in rural Arizona. We can attest to numbers coming into programs and being served but we don't know how many more persons are out there. Therefore, how and when will we know if the goal is reached? Counting issues are affectively plagued by the massive logistical challenges to actually locating persons in rural Arizona where people are living in vast desert or forest spaces. A second challenge is the lack of available, affordable housing stock in the general market place – both with and without services.

Homelessness Prevention

Close the Front Door (Prevention & System Integration and Support Services Integration): The homeless assistance system ends homelessness for thousands of people every day, but others quickly replace them. People who become homeless are almost always clients of public systems of care and assistance. These include the mental health system, the public health system, the welfare system, and the veterans system, as well as the criminal justice and the child protective service systems (including foster care). The more effective the homeless assistance system is in caring for people, the less incentive these other systems have to deal with the most troubled people – and the more incentive they have to shift the cost of serving them to the homeless assistance system. This situation must be reversed. The flow

of incentives can favor helping the people with the most complex problems. As in many other social areas, investment in prevention holds the promise of saving money on expensive systems of remedial care. The following actions are designed to prevent homelessness:

- Strategy: Improve discharge planning from institutional settings for individuals at risk of homelessness by participating in 75% of all Discharge Planning Subcommittee Meetings.
- Strategy: Improve access to mainstream support programs and services by publishing an annual report on homelessness, making this report available online at state websites, and distributing copies of the report statewide to every county in every Continuum of Care.
- Strategy: Develop a risk assessment tool by the end of SFY 2005 and begin implementation.
- Strategy: Create and expand technology tools that will focus on providing timely information and referrals online to both public and private health and human services, such as the 2-1-1 Project, which will work toward a goal of completion by the end of SFY 2005.

In addition to the aforementioned prevention strategies the state of Arizona will continue to work with Community Action Programs (CAPS) and other community agencies to assist those at risk of becoming homeless with utility payments, eviction prevention, rental assistance and move-in assistance.

Discharge Coordination Policy

The Interagency and Community Council has created a Discharge Planning Work Group that is chaired by the Department of Corrections (DOC) and includes health care providers, local and state law enforcement, shelter providers, and state agency representatives. This work group is currently developing a comprehensive discharge planning document by the end of the year where it will then be elevated to the ICCH for adoption and implementation. An outline of work being addressed in the Discharge Planning Work Group follows.

A. Develop, identify, and implement process improvements for discharge of high-risk populations (women with children, youth in foster care, medically fragile, parenting teens, individuals with a serious mental illness and their families, persons with substance abuse issues, and other underserved populations)

- Identify current status within agencies
- Assess the policy by agency and determine appropriate course of action
- Develop or revise current discharge planning processes (ADHS, ADJC, DOC, DES, AHCCCS) to include:
 - ❑ A comprehensive pre-release process
 - ❑ Accessing medical and behavioral health services
 - ❑ Information about navigating the system
 - ❑ Where to go for help

- B. Create more transition services for persons exiting the state's care
- Respite beds
 - Youth group homes
 - Create options for sex offenders leaving the Department of Corrections
- C. Create a partnership among Department of Veterans Affairs, U.S. Federal Veterans Programs, Arizona Department of Veterans Services, VA Hospital and Arizona state agencies to respond to the needs of veterans at risk of homelessness.
- D. Identify and implement specific actions to ensure children and youth exiting care have a safe affordable place to live, a support network and training and education opportunities
- Ensure foster children have access to resources provided through the Chaffee Care Act.
 - Emphasize education options as well as employment options
 - Define and implement actions to encourage voluntary foster care for youth entering the Independent Living Program. Allow youth to reenter foster care as "voluntary" once they leave the system and want to come back.
 - Ensure that each youth leaving a state institution has a positive adult relationship; expand the CASA program, recruit private sector individuals to be sponsors and/or mentors for youth prior to the youth leaving care.
 - Implement methods to ensure youth have appropriate identification documents when leaving the state's care including social security cards, drivers license, health records, etc.
 - Expand the availability of peer to peer mentoring
 - Expand the availability of school based health services and/or develop methods for school liaisons to assist youth in accessing these services at one-stop centers.
 - Improve access to medical and behavioral health care by ensuring youth have the information needed to access their primary care physicians, enroll in AHCCCS, and other means that support ongoing access to care for youth moving from home to home.
 - A discharge plan three months in advance – DES can help identify relative placement options for youth
 - Identification of an appropriate home for youth at risk of homelessness.
 - Continued dual adjudication (dependency / delinquency) so that when a child / youth leaves ADJC, the child does not risk placement with the perpetrator.
 - Methods to link provider agencies (those serving youth and those serving adults) with youth preparing to leave foster care and at risk of homelessness.
 - Methods to ensure youth receiving behavioral health treatment are able to maintain the youth/provider relationship following discharge from state supervision.
 - Linkages to adult providers for kids at age 18
 - Begin the AHCCCS eligibility process 30 days prior to discharge from a state institution.
 - Begin discharge planning earlier for youth in foster care and evaluation the youth for their ability to live independently.

- Support the recommendations and reforms included in the Children's Action Alliance Report "Transitions" and in the DES / Provider State Plan – ACYF.

E. Develop consumer focused discharge policies that require the creation of a plan for each person in state's care prior to release, which includes access to resources, services, and housing placement options.

- Develop a Discharge Planning Committee to define & implement policy changes, identify barriers and best practice. (ADHS/BHS; WCH, ADC, DES-Foster Care, Veterans Hospital, Military)
- Educate institutions on the need and process for developing a discharge planning policy and procedures.
- Include in the policy that responsibility rests with all agencies and that referring somewhere else is not an option – agency staff must stay with the client until the issue is resolved.
- Include a requirement that people will not be released from state institutions to homeless shelters.
- Adopt and implement a rapid re-housing philosophy and service methodology
- Incorporate the discharge policy into Consolidated Plans.

F. Identify and implement options to ensure individuals have continuity of services from institutional settings to transitional / permanent settings.

- Create a pilot project to develop cost sharing arrangements among agencies.
- Develop and implement eligibility processes for mainstream entitlement programs prior to release from institutions.

G. Change Medicaid status from termination to suspension when an individual is being returned to an institution (i.e. jails, prison, state hospital and other managed care environments).

H. Identify and seek revisions to laws/regulations and practices that create barriers to transitional and permanent housing.

I. Increase consumer involvement by engaging consumers to assist in creating or reviewing plans to prevent homelessness through discharge planning.

J. Support the implementation of the Department of Corrections Homeless Prevention Plan.

Emergency Shelter Grants (ESG)

(States only) Describe the process for awarding grants to State recipients, and a description of how the allocation will be made available to units of local government.

Program Year 1 Action Plan ESG response:
Emergency Shelter Grants (ESG)

The ESG program is funded under the McKinney-Vento Homeless Assistance Act. HUD administers the program. The primary intent of ESG is to provide funds for

renovation/rehabilitation and operating expenses for homeless shelters. Approximately \$699,000 was available in SFY 2004.

The Department of Economic Security awards these contracts to homeless providers every one to five years through a competitive request for proposal (RFP) process that includes a review panel comprised of internal staff and external members. The offers received are scored on evaluation criteria published in each RFP, which may include service methodology, experience and expertise, cost/price, and conformance to RFP requirements/instructions. The ESG prevention funding is allocated through contracts with Community Action Agencies (CAAs), who are designated by law to receive all DES funding non-competitively. The funding is allocated to the CAAs providing services in rural counties through a defined formula in which 90% of the funds are distributed on the percent of persons at or below 125% of poverty and 10% based on unemployment. After awards are received, and during the duration of the grant, each facility is monitored by DES. Periodically, funds are distributed through intergovernmental agreements with local governments for prevention and transitional housing services. By these means, the broadest coverage is ensured throughout the state.

COMMUNITY DEVELOPMENT

Community Development

*Please also refer to the Community Development Table in the Needs.xls workbook.

1. Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table (formerly Table 2B), public facilities, public improvements, public services and economic development.
2. Identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.

*Note: Each specific objective developed to address a priority need, must be identified by number and contain proposed accomplishments, the time period (i.e., one, two, three, or more years), and annual program year numeric goals the jurisdiction hopes to achieve in quantitative terms, or in other measurable terms as identified and defined by the jurisdiction.

Program Year 1 Action Plan Community Development response:
Non-Housing Community Development

Goal: Ensure a variety of public facilities are available to meet the recreational, human development, and health needs of low income persons.

Strategy: Construct or rehabilitate one public facility in each county.

Goal: Ensure safe and functional public infrastructure is available to support a variety of land uses necessary for thriving neighborhoods and communities.

Strategy: Provide CDBG funds to assist 8 communities with public facility improvements.

Strategy: Provide CDBG funds to assist 8 communities with neighborhood services and facilities.

Strategy: Provide CDBG funds to assist 4 communities with water and sewer system improvements.

Strategy: Provide CDBG funds to assist 11 communities with street improvements.

Strategy: Provide CDBG funds to assist 3 communities with fire safety improvements.

Goal: Ensure a variety of services are available to low income persons to maintain healthy lifestyles, remove negative influences and progress in the achievement of healthy goals.

Strategy: Provide CDBG funds to assist 5 communities with public service programs.

Goal: Increase opportunities for low-income persons to belong to the community work force characterized by a diversity of job types and opportunities for personal and financial growth.

Strategy: Provide CDBG funds to assist 5 communities with economic development programs.

Antipoverty Strategy

1. Describe the actions that will take place during the next year to reduce the number of poverty level families.

Program Year 1 Action Plan Antipoverty Strategy response:
Antipoverty Strategy

The Department's approach for reducing the number of families in poverty includes:

- Addressing the needs engendered by poverty.
- Being proactive in preventing poverty by promoting job growth and increasing job training opportunities.
- Increasing the supply and availability of decent, safe, and affordable housing necessary for low-income families to live healthy, productive lives.
- Increasing the effectiveness of existing programs through better collaboration, reduced duplication of services and increased efficiency of implementation.

This will be accomplished by:

- Strategy: Funding 150 downpayment assistance loans, thereby creating opportunities for low-income families to stabilize their housing costs and build wealth.
- Strategy: Funding the rehabilitation of 1,200 owner-occupied housing units, thereby providing decent and safe living environments for low-income families.
- Strategy: Funding at least one public service project/program designed to provide employment and training skills.

NON-HOMELESS SPECIAL NEEDS HOUSING

Non-homeless Special Needs (91.220 (c) and (e))

*Please also refer to the Non-homeless Special Needs Table in the Needs.xls workbook.

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve for the period covered by the Action Plan.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

Program Year 1 Action Plan Specific Objectives response:
Specific Non-homeless Special Needs Objectives

Goal: Promote collaboration between service providers to minimize duplication of services and maximize use of funds to provide housing and services for the following populations: elderly, physically and developmentally disabled, persons with substance abuse problems, seriously mentally ill, troubled youth and victims of domestic violence.

Strategy: Provide accessibility improvements to 100 owner-occupied households.

Strategy: Produce 50 units of housing for low-income seniors (over 62 years of age).

Strategy: Provide the supportive housing assistance necessary for permanent housing for 100 persons with co-occurring disorders.

Strategy: Construct 36 units of permanent housing for seriously mentally ill persons.

Strategy: Construct 40 units of transitional housing for pregnant women.

Strategy: Construct emergency shelter space for 100 homeless victims of domestic violence.

Strategy: Construct 9 units of transitional housing for victims of domestic violence.

Strategy: Construct 9 units of transitional housing for persons recovering from substance abuse.

Housing Opportunities for People with AIDS

*Please also refer to the HOPWA Table in the Needs.xls workbook.

1. Provide a Brief description of the organization, the area of service, the name of the program contacts, and a broad overview of the range/ type of housing activities to be done during the next year.
2. Report on the actions taken during the year that addressed the special needs of persons who are not homeless but require supportive housing, and assistance for persons who are homeless.
3. Evaluate the progress in meeting its specific objective of providing affordable housing, including a comparison of actual outputs and outcomes to proposed goals and progress made on the other planned actions indicated in the strategic and action plans. The evaluation can address any related program adjustments or future plans.
4. Report on the accomplishments under the annual HOPWA output goals for the number of households assisted during the year in: (1) short-term rent, mortgage and utility payments to avoid homelessness; (2) rental assistance programs; and (3) in housing facilities, such as community residences and SRO dwellings, where funds are used to develop and/or operate these facilities. Include any assessment of client outcomes for achieving housing stability, reduced risks of homelessness and improved access to care.
5. Report on the use of committed leveraging from other public and private resources that helped to address needs identified in the plan.
6. Provide an analysis of the extent to which HOPWA funds were distributed among different categories of housing needs consistent with the geographic distribution plans identified in its approved Consolidated Plan.
7. Describe any barriers (including non-regulatory) encountered, actions in response to barriers, and recommendations for program improvement.
8. Please describe the expected trends facing the community in meeting the needs of persons living with HIV/AIDS and provide additional information regarding the administration of services to people with HIV/AIDS.
9. Please note any evaluations, studies or other assessments that will be conducted on the local HOPWA program during the next year.

Program Year 1 Action Plan HOPWA response:

Specific HOPWA Objectives

Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the Action Plan.

Program Year 1 Specific HOPWA Objectives response:
Specific HOPWA Objectives

Goal: Increase the supply of housing and services available for persons with HIV/AIDS.

Strategy: Provide housing and service information services to 102 persons with HIV/AIDS.

Strategy: Provide supportive housing assistance to 194 persons living with HIV/AIDS.

Other Narrative

Include any Action Plan information that was not covered by a narrative in any other section.