



Arizona  
Department  
of Housing

# 2020-2021 Weatherization Assistance Program State Plan

Citizen Participation Plan  
5-year HUD Consolidated Plan  
2020-2021 Action Plan

**PUBLIC HEARING**  
Thursday April 2, 2020

## HEARING FORMAT

### Review and take comments on Weatherization Assistance Program Annual Plan

- ▶ Presenter: Kathy Blodgett, ADOH Community Development and Revitalization Programs Administrator

### Review and take comments on Citizen Participation Plan, 5-year Consolidated Plan, and FY2020 Action Plan

- ▶ Presenter: Martina Kuehl, Kuehl Enterprises LLC



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# Weatherization Assistance Program Annual Plan



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# Citizen Participation Plan 5-year Consolidated Plan FY2020 Action Plan



# What is the Consolidated Plan?

- Document that serves as the State's guiding application for HUD Community Planning and Development resources
  - Establishes 5-year goals and objectives for approximately \$21M annually
    - Arizona Department of Housing
      - Community Development Block Grant (CDBG) – FY2020 \$9,776,490
      - HOME Investment Partnership Program (HOME) – FY2020 \$5,460,334
      - National Housing Trust Fund (NHTF) – FY2019 \$3,801,428
      - Housing Opportunities for Persons with AIDS (HOPWA) – FY2020 \$392,848
    - Arizona Department of Economic Security
      - Emergency Solutions Grant (ESG) – FY2020 \$1,725,666
- Annual Action Plans
  - Describe how annual allocations of HUD CPD resources will be distributed
  - Planned activities must be tied to 5-year goals and objectives



# Leverage Resources

- ▶ Housing
  - ▶ State Housing Trust Fund
  - ▶ Section 811 Project Rental Assistance for people with developmental disabilities
  - ▶ Low-income Housing Tax Credits
  - ▶ Arizona Industrial Development Authority HOME PLUS mortgage program
  - ▶ Local and Private - financing, equity, local donations, in-kind contributions, etc.
- ▶ Homelessness
  - ▶ Continuum of Care funding
  - ▶ Veterans Affairs Supportive Housing vouchers for rent subsidies to Veterans experiencing homelessness.
  - ▶ Shelter Plus Care funds in Cochise and Santa Cruz counties for permanent supportive housing
  - ▶ Arizona Lottery
  - ▶ General fund appropriations
- ▶ Leverage resources are not included in Consolidated Plan goals and objectives



# Five Elements

## 1. Consultation & Citizen Participation

### 2. Needs Assessment

- Housing
- Homelessness
- Special populations
- Non-housing community development

### 3. Housing Market Analysis

- Cost and condition of housing
- Homeless & special populations facilities
- Non-housing community development assets

## 4. Strategic Plan

### 1. Priority needs

- Based on consultation, needs assessment and housing market analysis

### 2. Goals for the use of anticipated HUD CPD funding

### 3. Strategies to address:

- Housing, homelessness, special populations, non-housing community development, poverty

## 5. First-year Action Plan

- Allocation Priorities
- Methods of Distribution
- Program specific requirements

# Consultation & Citizen Participation



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- Driven by Citizen Participation Plan
  - 5-year Consolidated Plan
    - One public meeting
    - One public hearing during public comment period
    - 30-day public comment period
  - Annual Action Plan
    - One public hearing during public comment period
    - 30-day public comment period
  - Consolidated Annual Performance Report
    - 15-day public comment period
  - Definition of substantial amendment
    - Greater than 35% change in use of CDBG funding from one activity to another
    - Funding an activity not described in the Action Plan
    - Changing the priorities in the 5-year Plan
    - Changing the CDBG Method of Distribution
    - Receipt of additional funds considered part of the 5-year Plan
- This Consolidated Plan & Annual Action Plan
  - Two Public Meetings
  - Online Survey
  - Interviews
  - Today's Public Hearing
  - Public Comment Period
    - March 16 – April 16



# Citizen & Stakeholder Priorities



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- Affordable Housing
  - Rentals for the lowest income households & special populations
  - Owner housing rehabilitation
  - Disability accessibility improvements
- Homelessness
  - Emergency & transitional shelter
  - Prevention
  - Permanent supportive housing
- Special Populations
  - Seniors, youth, people with disabilities, families with children
- Facilities & Infrastructure
  - Water & sewer infrastructure
  - Health/dental services & facilities
  - Community clean-up and revitalization
- Capacity Building
  - Nonprofit capacity to use CDBG
  - Local government capacity to work with affordable housing developers
  - Relationships with landlords/property managers to house vulnerable populations
- Program Delivery
  - HOME funds prioritized to rural communities
  - Multiple local CDBG projects to include public services
  - Continued consolidation of multi-year Colonias funding



# Needs Assessment

- Households (7%) growing faster than population (4%)
  - More single-person and small households
- 968,550 LMI Households
  - Over age 75 and under age 6
  - 154,010 in Balance of State
    - 61,600 have annual income less than \$15,000
- Chronic homelessness **↑ 27%**
  - Statewide 2017-2018
- Special Populations
  - Increasing HIV/AIDS incidence
  - 254,176 people with disabilities in the AZ BOS
    - 47% age 65 or older
  - 6.4% statewide substance use disorder in 2017
  - 6,138 statewide DV clients served in 2018
- Non-housing Community Development
  - Past uses of funds & stakeholder input

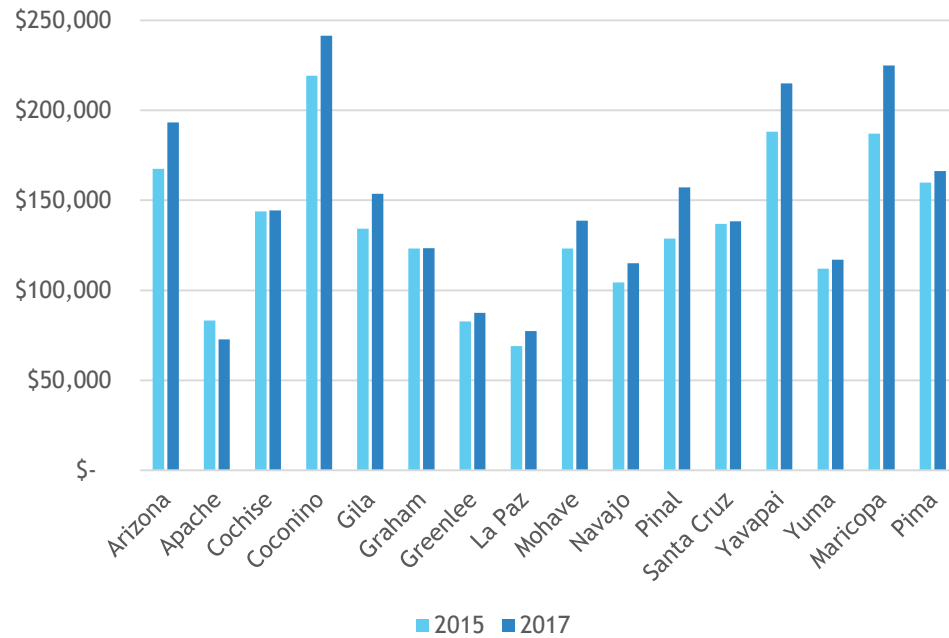


# Housing Market Analysis

## Increasing Home Values

- 15.3% increase statewide
  - From \$167,500 in 2015 to \$193,200 in 2017
  - Pinal, Maricopa, Gila & Yavapai Counties

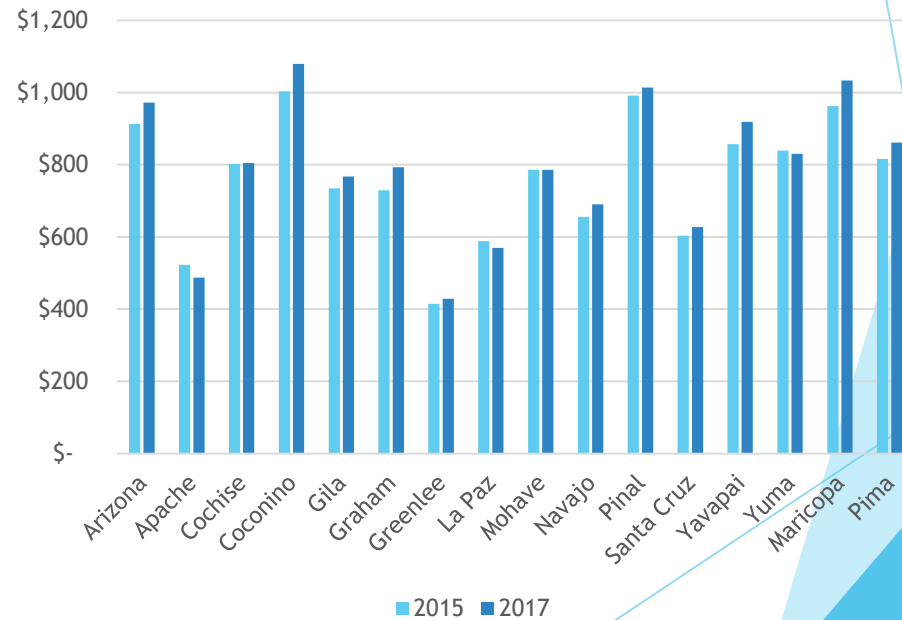
Median Home Values 2015 to 2017



## Increasing Rents

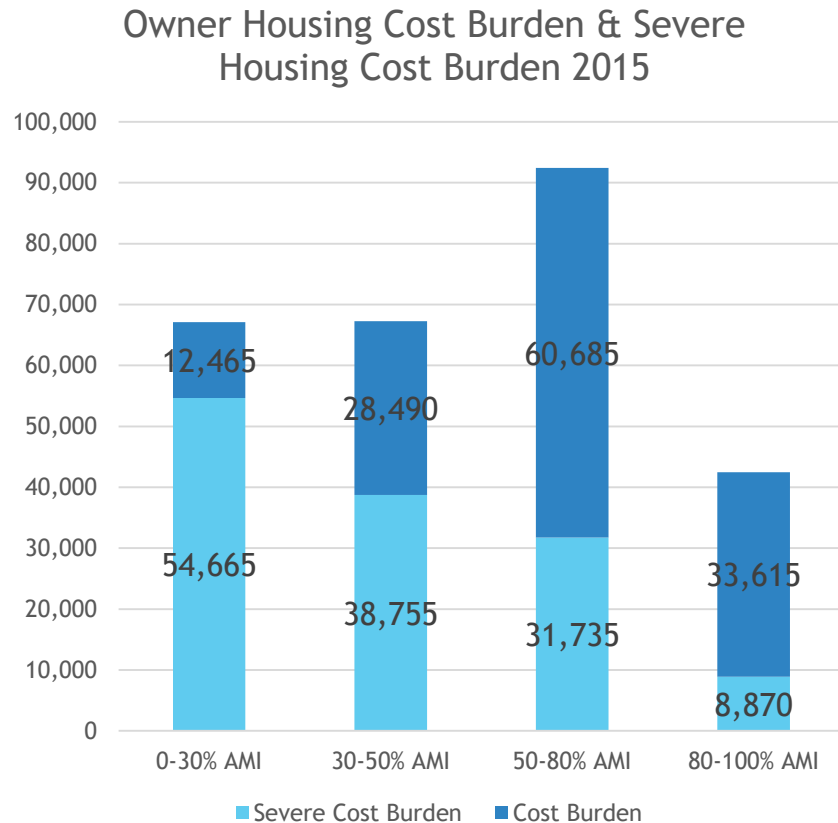
- 6.5% increase statewide
  - From \$913 in 2015 to \$972 in 2017
  - Graham, Coconino, Maricopa & Yavapai Counties

Median Gross Rent 2015 to 2017





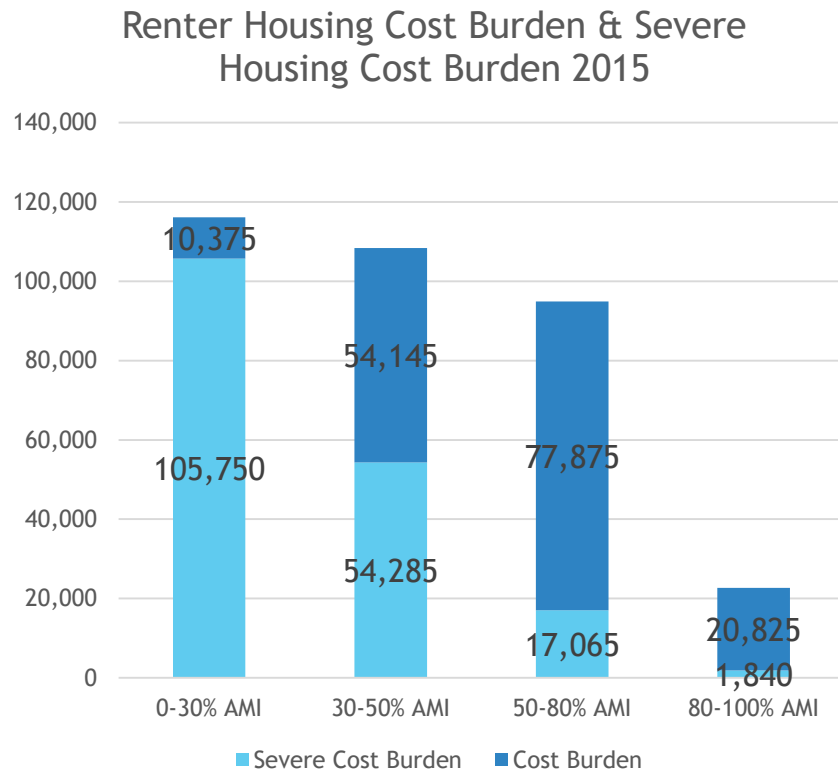
# Owner Housing Problems



- 269,680 owners experience housing cost burden
  - Severe cost burden
    - 134,025 owners pay > 50% of income for housing
  - Housing cost burden
    - 135,255 owners pay > 30% of income for housing
  - Housing Conditions
    - 825,000 housing units are 40+ years old
      - 491,500 (60%) owner occupied
      - 170,000 in balance of state
      - 162,200 LMI households with children



# Renter Housing Problems

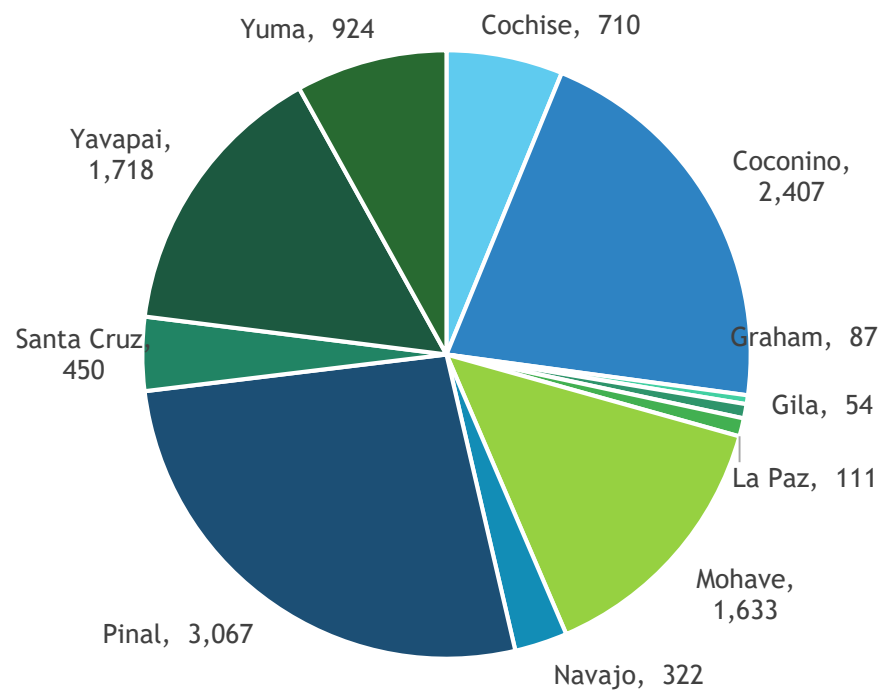


- 342,160 renters experience housing cost burden
  - Severe cost burden
    - 178,940 renters pay > 50% of income for housing
  - Housing cost burden
    - 163,220 renters pay > 30% of income for housing



# Rental Unit Need

Rental Units Needed for Severely Cost Burdened Renters by Balance of State County 2017



- 92,648 units renting for less than \$500/month *for severely cost burdened renters*
  - 11,483 outside of Maricopa & Pima Counties
    - 62,246 Maricopa County
    - 16,919 Pima County
- 5,836 LIHTC units expire in next five years
  - 2,035 outside of Maricopa & Pima Counties
    - 2,504 Maricopa County
    - 1,297 Pima County



# Strategic Plan

## Six High Priority Needs & Associated Goals

1. Community Facilities and Improvements
2. Public Services
3. Decent Affordable Housing
4. Housing and Services for People with HIV/AIDS
5. Homelessness
6. Program Administration



# CDBG Method of Distribution

- Administration
  - 2% + \$100,000/year and 1% for technical assistance
- 10% Colonias Set Aside
  - Competitive applications
    - Every 2 years - combined funding
- Remaining Funds
  - 85% Regional Account
    - Noncompetitive based on regional method of distribution
  - 15% State Special Projects
    - Competitive applications
      - Infrastructure & housing
- FY2020 MOD Changes
  - Cities & Towns may submit two applications if one is for a public service activity
  - \$500,000 maximum SSP award
- Eligible Activity Changes - 5-yr Plan
  - Economic Development
    - Not an identified priority need
  - Section 108 loan guarantees not included





# CDBG Funding and Numeric Goals

## 5-year Plan

## FY2020

- **Community Facilities & Improvements**
  - Facilities, Infrastructure, Improvements
  - 60% - \$34.2M
    - 100,000 people
    - 100 households
    - Demolish 2 buildings
- **Public Services**
  - 1% - \$500,000
    - 5,000 people
- **Decent Affordable Housing**
  - 25%- \$12.2M
    - Rehabilitate 15 rental units
    - Rehabilitate 150 owner-occupied units

- **Community Facilities & Improvements**
  - Facilities, Infrastructure, Improvements
  - 60% - \$6.2M
    - 20,000 people
    - 25 households
    - Demolish 1 building
- **Public Services**
  - 1% - \$100,000
    - 1,000 people
- **Decent Affordable Housing**
  - 25% - \$2.4M
    - Rehabilitate 3 rental units
    - Rehabilitate 30 owner-occupied units



# HOME Method of Distribution and Funding Goals

- 10% Administration
- 15% CHDO set-aside
  - Rental Housing Development
- Not less than \$2.5M annually for Owner-occupied Housing Rehabilitation
  - Priority to rural areas
- Remaining funds for Rental Housing Development
  - Acquisition and/or rehabilitation
  - New construction
- Notice of Funds Availability
  - Stand-alone or LIHTC gap financing
  - May be combined with NHTF, State Housing Trust Fund, NSP program income
- Owner-occupied Housing Rehabilitation
  - 250 units over 5 years
    - 50 units in FY2020
- Rental Housing
  - Acquisition/Rehabilitation
    - 20 units over 5 years
      - 4 in FY2020
  - New Construction
    - 50 units over 5 years
      - 10 units in FY2020



# NHTF Method of Distribution and Funding Goals

- 10% Administration
- 90% for Rental Housing for extremely low-income households
  - New construction
  - Acquisition and/or rehabilitation
- Notice of Funds Availability
  - Stand-alone or LIHTC gap financing
  - May be combined with HOME, State Housing Trust Fund, NSP program income
- Rental Housing Construction
  - 80% over 5 years
  - 99% in FY2020
    - 80 units over 5 years
      - 16 units in FY2020
- Rental Housing Acquisition and/or Rehabilitation
  - 20% over 5 years
  - 1% in FY2020
    - 20 units over 5 years
      - 4 in FY2020



# HOPWA Method of Distribution and Funding Goals

- 3% ADOH Administration
- Up to 7% Project Sponsor Administration
- Remaining funds for housing and services for people with HIV/AIDS and their families
- Project Sponsors reviewed annually
- Essential Services and Permanent Housing Placement
  - 250 people over 5 years
    - 50 people in FY2020
- Homelessness Prevention – Short-term Rent, Mortgage & Utility Assistance
  - 225 households over 5 years
    - 45 households in FY2020
- Tenant Based Rental Assistance
  - 150 households over 5 years
    - 30 households in FY2020

# ESG Method of Distribution and Funding Goals



- 7.5% Administration
- Remaining funds for shelter and services
- Competitive Request for Proposals
  - Combined with other homelessness funding
  - Grantees must participate in a Continuum of Care
- Street Outreach & Services
  - 1,000 people over 5 years
    - 250 people in FY 2020
- Rapid Rehousing
  - 500 households over 5 years
    - 100 households in FY2020
- Homelessness Prevention
  - 500 households over 5 years
    - 100 households in FY2020
- Shelter Operating
  - 1,000 people over 5 years
    - 250 people in FY2020
- Shelter Improvements & Development
  - 25 shelter beds added

## NEXT STEPS

- Accept written comments through April 16, 2020
  - Submit written comments to:
    - [publiccomment@azhousing.gov](mailto:publiccomment@azhousing.gov)
- Submit 5-year Consolidated Plan and FY2020 Action Plan to HUD
  - By May 15, 2020

# Consolidated Plan & Action Plan Contacts



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