



**State of Arizona**  
Community Development Block Grant

Performance Evaluation Reports  
2008 through 2013

Submitted to the  
U. S. Department of Housing and Urban Development

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BY:

Arizona Department of Housing  
Community Development Block Grant Program (CDBG)  
1110 West Washington Suite 310  
Phoenix, Arizona 85007  
(602) 771-1000  
FAX: (602) 771-1002  
TDD: (602) 771-1001  
Web site: [www.azhousing.gov](http://www.azhousing.gov)

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Prepared by:

Program Staff  
August 18, 2014

**NOTE: Title II of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act prohibit discrimination on the basis of disability in the programs of a public agency. Individuals with disabilities who need the information contained in this report in an alternate format may contact Lori Moreno, ADOH, (602) 771-1000 or (602) 771-1001 (TDD) to make their needs known. Requests should be made as soon as possible to allow sufficient time to arrange for the accommodation.**

PART I  
STATE CDBG PERFORMANCE/EVALUATION REPORT

STATE OF ARIZONA  
GRANT #B-08-DC-04-0001  
REPORT FOR FY 2008  
DATA AS OF JUNE 30, 2014

**CHART 1**

| I. <u>FINANCIAL STATUS</u>         | <u>AMOUNT</u> | <u>%</u> |
|------------------------------------|---------------|----------|
| A. TOTAL FUNDS                     | \$11,793,037  | 100%     |
| 1. ALLOCATION                      | \$11,793,037  |          |
| 2. PROGRAM INCOME                  | -0-           |          |
| B. AMOUNT OBLIGATED TO RECIPIENTS  | \$11,339,246  |          |
| C. AMOUNT FOR STATE ADMINISTRATION | \$ 335,861    |          |
| D. TOTAL DRAWN DOWN                | \$ 11,717,551 |          |
| 1. BY RECIPIENTS                   | \$11,327,721  | 97%      |
| 2. BY STATE ADMINISTRATION         | 271,900       | 2%       |
| E. TECHNICAL ASSISTANCE 1%         | \$117,930     |          |
| 1. AMOUNT DRAWN DOWN               | \$117,930     | 1%       |
| F. SECTION 108 LOAN GUARANTEES     | \$ N/A        |          |

**CHART 2**

| II. <u>NATIONAL OBJECTIVES</u>   |                      |          |
|--|----------------------|----------|
| A. PERIOD SPECIFIED FOR BENEFIT  | FY2008               |          |
| B. AMOUNTS USED TO:  | <u>AMOUNT</u>        | <u>%</u> |
| 1. BENEFIT TO LOW/MODERATE INCOME PERSONS  | \$ 8,852,613         | 78%      |
| 2. PREVENT/ELIMINATE SLUMS/BLIGHT  | \$ 1,091,997         | 10%      |
| 3. MEET URGENT COMMUNITY DEVELOPMENT NEEDS   | \$ -0-               |          |
| 4. ACQUISITION/REHABILITATION <b>NONCOUNTABLE</b> DOLLARS  | \$ -0-               |          |
| 5. ADMINISTRATION  | \$ 1,394,636         | 12%      |
| C. TOTAL AMOUNT OBLIGATED TO RECIPIENTS TO FULFILL<br>NATIONAL OBJECTIVES (minus administration) | \$ 9,944,610         |          |
| D. TOTAL OBLIGATED TO RECIPIENTS   | \$ <u>11,339,246</u> |          |



Arizona Department of Housing  
Performance/Evaluation Report for Community Development Block Grant Program  
Reporting Year: 2013

Project and Activity Recap - Budget Year 2008

Includes Activities with Matix Codes: ALL

CHART 3

1 Matrix Type consisting of the following breakdown:

| # of Activities | Matrix Code | Activity Matrix              | Proposed    | Actual      | Estimated Amount     |
|-----------------|-------------|------------------------------|-------------|-------------|----------------------|
| 1               | 03J         | 03J-WATER/SEWER IMPROVEMENTS | 1511        | 1511        | \$108,404.69         |
| <b>1</b>        |             | <b>Total Activities:</b>     | <b>1511</b> | <b>1511</b> | <b>\$ 108,404.69</b> |



Income Information for ALL Projects/Activities in Reporting Period Year 2008

CHART 4

Includes Activities with Matix Codes of All

| MEDIAN INCOME                        | PERSONS BENEFITTING |
|--------------------------------------|---------------------|
| 0-30% of HAMFI *** (Very Low Income) | 0                   |
| 31-50% of HAMFI (Low Income)         | 0                   |
| 51-80% of HAMFI (Moderate Income)    | 920                 |
| 81% AND ABOVE                        | 591                 |
| <b>TOTALS</b>                        | <b>1511</b>         |

\*\*\*HAMFI = HUD Adjusted Median Family Income



Arizona Department of Housing  
Performance/Evaluation Report for Community Development Block Grant Program  
Reporting Year: 2013

Racial Ethnic Composition for ALL Projects/Activities in Reporting Period Year 2008

CHART 5

Includes Activities with Matix Codes of All

| HUD DESIGNATED RACIAL CATEGORIES                        | PERSONS BENEFITTING |                 |
|---|---------------------|-----------------|
|   | Racial Count        | Ethnicity Count |
| White   | 0                   | 0               |
| Black/African American                                  | 0                   | 0               |
| Asian   | 0                   | 0               |
| American Indian/Alaskan Native                          | 0                   | 0               |
| Native Hawaiian/Pacific Islander                        | 0                   | 0               |
| American Indian.Alaskan Native & White                  | 0                   | 0               |
| Asian & White   | 0                   | 0               |
| Black/African American & White                          | 0                   | 0               |
| American Indian.Alaskan Native & Black.African American | 0                   | 0               |
| Other Multi Racial                                      | 0                   | 0               |
| <b>TOTALS:</b>  | <b>0</b>            | <b>0</b>        |

## **PART II. NARRATIVE REQUIREMENTS**

### **FY 2008 NARRATIVE REQUIREMENT 1**

#### **AN ASSESSMENT OF THE RELATIONSHIP OF THE USE OF FUNDS TO THE STATE'S OBJECTIVES**

The objective of the State of Arizona's FY 2008 non-entitlement Community Development Block Grant Program (CDBG) is stated below along with an assessment of Arizona's success in using available funds to meet this objective.

#### Objective

**To further the development of viable urban and rural communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.**

In consultation with the four non metropolitan Councils of Governments (COGs) Housing reconfirmed that the primary objective of the CDBG Program as stated in statute most accurately reflected the objective of the Arizona State program. Because of the diverse nature of the needs of various communities, Housing concluded that any one particular focus of the program might not accurately address those needs, and that the local citizen and public participation process was sufficient to ensure that applications were responsive to locally identified objectives and needs.

### **FY 2008 NARRATIVE REQUIREMENTS 2**

#### **AN EXPLANATION OF THE NATURE OF AND REASONS FOR ANY CHANGES IN PROGRAM OBJECTIVES**

There were no changes in program objectives between FY 2007 and FY 2008 for the 85% of the state's CDBG funds that are in the Regional Account or the State Special Projects Account that receives 15% of the annual allocation.

The SSP-Competitive Component created in 2001 was limited beginning in FY2007 to all eligible CDBG activities except emergency vehicle or equipment purchases. The other requirements such as; completion of the Environmental Review Record process to include the Release of Funds and completed engineering or submission of a list of pre qualified homeowners have remained the same. It is anticipated that the NOFA for the SSP-Competitive Component was issued July 15, 2008 with applications due by January 15, 2009. ADOH received 19 applications and were able to award 7 projects thru the SSP application round with the funds available.

### **FY 2008 NARRATIVE REQUIREMENT 3**

#### **AN INDICATION OF HOW THE STATE WOULD CHANGE ITS PROGRAM AS A RESULT OF ITS EXPERIENCE**

Some decisions about the use of CDBG funds for FY 2008 have already been made as a result of the state's past experiences, e.g., that to increase the state's expenditure rate, a special set aside needed to be created limited to implement projects with environmental requirements met, design completed and for owner occupied housing eligible families identified. Housing also realized that much more intensive TA needed to be provided both before applications were submitted as well as in the early phases of project implementation if long delays in project implementation – and thus funds expenditures – were to be avoided. Up front TA, prior to the applications being submitted to Housing has eliminated a great deal of application revisions experienced in past years. Housing has also moved up application due dates to improve expenditure rates by having applications approved for contract prior to funds being allocated by

HUD. In addition, a pre-award assessment of application process has been implemented to ensure project capacity and implementation readiness. Applications for FY 08 included HUD mandated performance measurements to increase performance reporting.

Finally, in order to address timely project completion and to obtain accurately developed project budgets, ADOH changed its procedure for administrative funding available to its recipients. As of 2008 A maximum of 18% of the aggregate total of all activities for which funding is requested can be charged to general administration and to eligible planning activities. If a community is implementing multiple activities, ADOH will enter into individual contracts for each activity; and each of the contracts will contain the general administrative funds appropriate for and specific to that activity. This alleviates having to hold completed activities open simply because the administrative dollars for another activity have been tied to the contract for the one completed

#### **FY 2008 NARRATIVE REQUIREMENT 4**

##### **EVALUATION OF THE EXTENT TO WHICH THE PROGRAM BENEFITED LOW- AND MODERATE-INCOME PERSONS**

Please see Chart 2 Funding by National Objective, Chart 3 Project and Activity Recap, Chart 4 Income Information, and CAPER Exhibit 2C CDBG Investment by Activity and Persons Served for detailed information about the extent to which the FY 2008 program is anticipated to provide benefit to low and moderate income persons.

#### **FY 2008 NARRATIVE REQUIREMENT 5**

##### **A SUMMARY OF ANY COMMENTS CONCERNING THE PROGRAM THAT HAVE BEEN RECEIVED FROM CITIZENS**

No comments regarding FY 08 were received.

#### **FY 2008, PART II**

##### **B.1. Summary of Activities and Results from Technical Assistance Funding, FY 2008**

As of June 30, 2014, \$117,930 of FY 2008 1%TA funds (100%) had been drawn down. Housing continued to have annual \$10,000 contracts with each of the four non-metropolitan Councils of Governments, enabling them to attend CDBG meetings and training and provide TA to local governments and non-profits within their regions. In addition, the COGs may use such funds to assist with RwIC meetings (see below for a more detailed explanation of the RwIC, the change in its name and the COGs' role in such). Further 1% TA funds will continue to be used to cover the costs of CDBG staff when they develop and/or present workshops, revise or create Handbooks and provide TA.

Some of the COGs host and help organize Rural Water Infrastructure Committee (RwIC) meetings in their areas about 2-3 times a year. In January 2002, the name of this entity changed and staffing was taken over by the Arizona Small Utilities Association, the Arizona arm of the National Rural Water Association. The COGs are an essential component in the RwIC process, which is a cooperative one-stop outreach and TA system involving CDBG, U.S.D.A. Rural Development, the Water Infrastructure Financing Authority (WIFA) that administers the state water and wastewater revolving funds (the SRF), the state Corporation Commission, the state's Departments of Environmental Quality and Water Resources, various non-profits with both circuit riding and funding capabilities, a state bond bank known as the Greater Arizona Development Authority (GADA) and for-profit engineering companies. The COGs help publicize the RwIC TA process throughout their regions, identify communities and systems in need of TA, assist those communities to define and describe their problems, attempt to ensure that they attend RwIC meetings, and undertake limited follow-up on behalf of the communities and systems.

## FY 2008 PART III

### COMPLIANCE WITH APPLICABLE CIVIL RIGHTS LAWS

**A. 1. Ethnicity Information, FY 2008.** See Chart 5 Racial Ethnicity Composition for detailed information on 2008 funded projects completed in FY2013. NOTE: Some activity types are not required to track Racial/Ethnicity demographic data.

**A. 2. A Narrative Summary of the State's Reviews of Recipients' Civil Rights Performance Including: a. Process and Standards Used to Review; b. Results of the Reviews; and c. State's Findings and Corrective/Remedial Actions, If Any, FY 2008.**

As in prior years, each applicant for FY 2008 CDBG funds was required to submit a certification, signed by the CEO, that the community would comply with all applicable civil rights laws, regulations and Executive Orders. The CDBG Program continued to provide TA on how such requirements were to be implemented via the *CDBG Grant Administration Handbook*.

Further, where the CDBG Program is aware of outstanding concerns, it has and will continue to withhold funds from the community until necessary corrective actions are implemented.

CDBG Program staff has and will continue to review Requests for Proposals, Professional Services Contracts, subrecipient agreements, bid documents and construction contracts to ensure that these contain the required civil rights clauses and certifications. Revisions or amendments have and will be required where such items are omitted or non-compliant. This desk monitoring has and will be documented in the contract file, as will be the grantee's responses and amended documents.

Further, during future on-site visits, CDBG Program staff has and will continue to review FY 2008 grantees' documents to include: procurement and contracting if such were not desk monitored; items relating to 504 and at a minimum the accessibility of the facility from which the CDBG Program is administered and any public facilities constructed or rehabbed with CDBG funds; and the community's AFFH files. Monitoring forms have and will be used to document this review. Where documents are missing or other evidence of non-compliance is noted, monitoring visit follow-up letters have been mailed usually within 30 days of the visit; with a response required, usually within 30 days of the date on the letter. If a satisfactory response is not received, funds may be withheld for any or all of the community's contracts.

**A.3. A Narrative Description Summarizing State and Local Efforts, Actions and Results in Affirmatively Furthering Fair Housing, FY 2008.**

Please see the CAPER for a detailed description of state AFFH actions. Further, CDBG Program staff will continue to monitor local grantees' AFFH actions as indicated above. Non-compliance if identified will be documented via forms and letters, and grantees tracked until issues are resolved.

**A.4.1. A Summary of the Results of State and Recipient Actions to Use Minority and Women-Owned Businesses in Carrying Out CDBG-Funded Activities, FY 2008.**

The *CDBG Procurement and Contracting Handbook*, which is available on the ADOH website to all applicants and grantees, contains information about how grantees may comply with this requirement and references the availability of MBE/WBE/DBE directories. During on-site monitoring visits, CDBG Program staff reviews files to determine if efforts were made to utilize such firms and if documentation of the use of such firms is being maintained. The review itself is documented on monitoring forms; and if no or insufficient actions were taken, the monitoring visit follow-up letter contains recommendations for corrective actions.

In addition, the *CDBG Administration Handbook*, Chapter 7, Closeouts, contains a format that all grantees must use when submitting a Closeout Report. This includes a Business Opportunities Form that



documents whether any MBE/WBE/DBE firms were awarded contracts relating to the provision of goods or services for the CDBG funded project(s) and which collects data on the type of firm, the ethnicity of the owner and the dollar amount of the contract. If this form is not submitted as part of the Closeout or is incomplete/incorrect, the grantee is notified that the Closeout cannot be approved until corrections are made.

Although during the last three years, ADOH submitted to HUD annual MBE/WBE report for CDBG funded activities, ADOH has located a determination by Steve Johnson of HUD HQ that State programs are *not required to submit the MBE/WBE report form 2516* but rather must have the MBE/WBE information available for HUD during program review. Therefore, ADOH will maintain MBE/WBE information for its recipients and their sub-recipients in its offices for HUD to review at its discretion.

#### **4.A.2. Section 3 Compliance, FY 2008**

The *CDBG Procurement and Contracting Handbook*, Chapter 11, contains detailed information about the purpose of Section 3 along with instructions and examples of forms for documenting Section 3 compliance by the community and the contractor. CDBG staff has and will continue to desk monitor bid documents to make sure that they contain the required Section 3 items, and have and will continue to review Section 3 reports when a community submits its request for a final construction funds draw. In addition, during on-site monitoring visits, staff has and will continue to review additional Section 3 materials that grantees are to maintain in their files.

NOTE: Section 3 applies to 15% of the 62 originally funded FY2008 contracts due to the dollar threshold and type of activities being undertaken.

#### **A.5. The Data on the EEOC-EEO-4 Form should be maintained at the State for each State Agency administering the Program, FY 2008.**

Housing maintains such data in the required format available for review upon request.

PART I  
STATE CDBG PERFORMANCE/EVALUATION REPORT

STATE OF ARIZONA  
GRANT #B-09-DC-04-0001  
REPORT FOR FY 2009  
DATA AS OF JUNE 30, 2014

**CHART 1**

| I. <u>FINANCIAL STATUS</u>         | <u>AMOUNT</u> | <u>%</u> |
|------------------------------------|---------------|----------|
| A. TOTAL FUNDS                     | \$12,078,239  | 100%     |
| 1. ALLOCATION                      | \$12,078,239  |          |
| 2. PROGRAM INCOME                  | -0-           |          |
| B. AMOUNT OBLIGATED TO RECIPIENTS  | \$11,615,893  |          |
| C. AMOUNT FOR STATE ADMINISTRATION | \$ 341,564    |          |
| D. TOTAL DRAWN DOWN                | \$11,712,057  |          |
| 1. BY RECIPIENTS                   | \$11,603,675  | 99%      |
| 2. BY STATE ADMINISTRATION         | -0-           |          |
| E. TECHNICAL ASSISTANCE 1%         | \$120,782     |          |
| 1. AMOUNT DRAWN DOWN               | \$ 108,382    | 1%       |
| F. SECTION 108 LOAN GUARANTEES     | \$ N/A        |          |

**CHART 2**

| II. <u>NATIONAL OBJECTIVES</u>   |               |          |
|--|---------------|----------|
| A. PERIOD SPECIFIED FOR BENEFIT  |               | FY2009   |
| B. AMOUNTS USED TO:  | <u>AMOUNT</u> | <u>%</u> |
| 1. BENEFIT TO LOW/MODERATE INCOME PERSONS  | \$ 9,635,404  | 83%      |
| 2. PREVENT/ELIMINATE SLUMS/BLIGHT  | \$ 743,080    | 6%       |
| 3. MEET URGENT COMMUNITY DEVELOPMENT NEEDS   | \$ -0-        |          |
| 4. ACQUISITION/REHABILITATION <b>NONCOUNTABLE</b> DOLLARS  | \$ -0-        |          |
| 5. ADMINISTRATION  | \$ 1,237,409  | 11%      |
| C. TOTAL AMOUNT OBLIGATED TO RECIPIENTS TO FULFILL<br>NATIONAL OBJECTIVES (minus administration) | \$ 10,378,483 |          |
| D. TOTAL OBLIGATED TO RECIPIENTS   | \$ 11,615,893 |          |



Arizona Department of Housing  
Performance/Evaluation Report for Community Development Block Grant Program  
Reporting Year: 2013

Project and Activity Recap - Year 2009  
Includes Activities with Matix Codes: ALL

CHART 3

2 Matrix Types consisting of the following breakdown:

| # of Activities | Matrix Code | Activity Matrix              | Proposed    | Actual      | Estimated Amount   |
|-----------------|-------------|------------------------------|-------------|-------------|--------------------|
| 1               | 03J         | 03J-WATER/SEWER IMPROVEMENTS | 1511        | 1511        | \$65,564.06        |
| 1               |             | <b>Total Activities:</b>     | <b>1511</b> | <b>1511</b> | <b>\$65,564.06</b> |



**Arizona Department of Housing**  
**Performance/Evaluation Report for Community Development Block Grant Program**  
**Reporting Year: 2013**

**Income Information for ALL Projects/Activities in Reporting Period Year 2009**  
**CHART 4**

Includes Activities with Matix Codes of All

| MEDIAN INCOME                        | PERSONS BENEFITTING |
|--------------------------------------|---------------------|
| 0-30% of HAMFI *** (Very Low Income) | 0                   |
| 31-50% of HAMFI (Low Income)         | 0                   |
| 51-80% of HAMFI (Moderate Income)    | 920                 |
| 81% AND ABOVE                        | 591                 |
| <hr/>                                |                     |
| <b>TOTALS</b>                        | <b>1511</b>         |
| <hr/> <hr/>                          |                     |

\*\*\*HAMFI = HUD Adjusted Median Family Income



Arizona Department of Housing  
Performance/Evaluation Report for Community Development Block Grant Program  
Reporting Year: 2013

Racial Ethnic Composition for ALL Projects/Activities in Reporting Period Year 2009

CHART 5

Includes Activities with Matix Codes of All

| HUD DESIGNATED RACIAL CATEGORIES                        | PERSONS BENEFITTING |                 |
|---|---------------------|-----------------|
|   | Racial Count        | Ethnicity Count |
| White   | 0                   | 0               |
| Black/African American                                  | 0                   | 0               |
| Asian   | 0                   | 0               |
| American Indian/Alaskan Native                          | 0                   | 0               |
| Native Hawaiian/Pacific Islander                        | 0                   | 0               |
| American Indian.Alaskan Native & White                  | 0                   | 0               |
| Asian & White   | 0                   | 0               |
| Black/African American & White                          | 0                   | 0               |
| American Indian.Alaskan Native & Black.African American | 0                   | 0               |
| Other Multi Racial                                      | 0                   | 0               |
| <b>TOTALS:</b>  | <b>0</b>            | <b>0</b>        |

## **PART II. NARRATIVE REQUIREMENTS**

### **FY 2009 NARRATIVE REQUIREMENT 1**

#### **AN ASSESSMENT OF THE RELATIONSHIP OF THE USE OF FUNDS TO THE STATE'S OBJECTIVES**

The objective of the State of Arizona's FY 2009 non-entitlement Community Development Block Grant Program (CDBG) is stated below along with an assessment of Arizona's success in using available funds to meet this objective.

##### Objective

**To further the development of viable urban and rural communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.**

In consultation with the four non metropolitan Councils of Governments (COGs) Housing reconfirmed that the primary objective of the CDBG Program as stated in statute most accurately reflected the objective of the Arizona State program. Because of the diverse nature of the needs of various communities, Housing concluded that any one particular focus of the program might not accurately address those needs, and that the local citizen and public participation process was sufficient to ensure that applications were responsive to locally identified objectives and needs.

### **FY 2009 NARRATIVE REQUIREMENTS 2**

#### **AN EXPLANATION OF THE NATURE OF AND REASONS FOR ANY CHANGES IN PROGRAM OBJECTIVES**

There were no changes in program objectives between FY 2008 and FY 2009 for the 85% of the state's CDBG funds that are in the Regional Account or the State Special Projects Account that receives 15% of the annual allocation.

The SSP-Competitive Component limitations beginning in FY2007 to all eligible CDBG activities except emergency vehicle or equipment purchases was revoked for emergency vehicle purchases making all eligible CDBG activities except equipment purchases allowed to apply for SSP funding. The other requirements such as; completion of the Environmental Review Record process to include the Release of Funds and completed engineering or submission of a list of pre qualified homeowners have remained the same. The NOFA for the SSP-Competitive Component was issued October 5, 2009 with applications due by February 15, 2010. ADOH received 23 applications and was able to award 7 projects thru the SSP application round with the funds available.

### **FY 2009 NARRATIVE REQUIREMENT 3**

#### **AN INDICATION OF HOW THE STATE WOULD CHANGE ITS PROGRAM AS A RESULT OF ITS EXPERIENCE**

Some decisions about the use of CDBG funds for FY 2009 have already been made as a result of the state's past experiences, e.g., that to increase the state's expenditure rate, a special set aside needed to be created limited to implement projects with environmental requirements met, design completed and for owner occupied housing eligible families identified. Housing also realized that much more intensive TA needed to be provided both before applications were submitted as well as in the early phases of project implementation if long delays in project implementation – and thus funds expenditures – were to be avoided. Up front TA, prior to the applications being submitted to Housing has eliminated a great deal of application revisions experienced in past years. Housing has also moved up application due dates to

improve expenditure rates by having applications approved for contract prior to funds being allocated by HUD. In addition, a pre-award assessment of application process has been implemented to ensure project capacity and implementation readiness. Applications for FY 10 will include HUD mandated performance measurements to increase performance reporting.

In order to address timely project completion and to obtain accurately developed project budgets, ADOH changed its procedure for administrative funding available to its recipients. As of 2008 A maximum of 18% of the aggregate total of all activities for which funding is requested can be charged to general administration and to eligible planning activities. If a community is implementing multiple activities, ADOH will enter into individual contracts for each activity; and each of the contracts will contain the general administrative funds appropriate for and specific to that activity. This alleviates having to hold completed activities open simply because the administrative dollars for another activity have been tied to the contract for the one completed

Finally, due to HUD HQ and HUD OIG compliance monitoring for the colonias set-aside, ADOH will begin implementing a competitive application process for colonias projects in FY2010. ADOH will announce a NOFA that combines two program years of 10% colonias set aside in order to allow for larger awards. ADOH anticipates release of the NOFA in March of 2011 with applications due by June of 2011 and awards determined by August 2011 which allows ADOH to meet its 15 month commitment requirement.

#### **FY 2009 NARRATIVE REQUIREMENT 4**

##### **EVALUATION OF THE EXTENT TO WHICH THE PROGRAM BENEFITED LOW- AND MODERATE-INCOME PERSONS**

Please see Chart 2 Funding by National Objective, Chart 3 Project and Activity Recap, Chart 4 Income Information, and CAPER Exhibit 2C CDBG Investment by Activity and Persons Served for detailed information about the extent to which the FY 2009 program is anticipated to provide benefit to low and moderate income persons.

#### **FY 2009 NARRATIVE REQUIREMENT 5**

##### **A SUMMARY OF ANY COMMENTS CONCERNING THE PROGRAM THAT HAVE BEEN RECEIVED FROM CITIZENS**

No comments regarding FY 09 were received.

#### **FY 2009, PART II**

##### **B.1. Summary of Activities and Results from Technical Assistance Funding, FY 2009**

As of June 30, 2014, \$108,382 of FY 2009 1%TA funds (90%) had been drawn down. Housing continued to have annual \$10,000 contracts with each of the four non-metropolitan Councils of Governments, enabling them to attend CDBG meetings and training and provide TA to local governments and non-profits within their regions. In addition, the COGs may use such funds to assist with RwlC meetings (see below for a more detailed explanation of the RwlC, the change in its name and the COGs' role in such). Further 1% TA funds will continue to be used to cover the costs of CDBG staff when they develop and/or present workshops, revise or create Handbooks and provide TA.

Some of the COGs host and help organize Rural Water Infrastructure Committee (RWIC) meetings in their areas about 2-3 times a year. In January 2002, the name of this entity changed and staffing was taken over by the Arizona Small Utilities Association, the Arizona arm of the National Rural Water Association. The COGs are an essential component in the RwlC process, which is a cooperative one-stop outreach and TA system involving CDBG, U.S.D.A. Rural Development, the Water Infrastructure Financing Authority (WIFA) that administers the state water and wastewater revolving funds (the SRF), the state Corporation Commission, the state's Departments of Environmental Quality and Water Resources, various non-profits with both circuit riding and funding capabilities, a state bond bank known as the Greater Arizona Development Authority (GADA) and for-profit engineering companies. The COGs help publicize the RwlC TA process throughout their regions, identify communities and systems in need

of TA, assist those communities to define and describe their problems, attempt to ensure that they attend RWC meetings, and undertake limited follow-up on behalf of the communities and systems.

## FY 2009 PART III

### COMPLIANCE WITH APPLICABLE CIVIL RIGHTS LAWS

**A. 1. Ethnicity Information, FY 2009.** See Chart 5 Racial Ethnicity Composition for detailed information on 2009 funded projects completed in FY2013. NOTE: Some activity types are not required to track Racial/Ethnicity demographic data.

**A. 2. A Narrative Summary of the State's Reviews of Recipients' Civil Rights Performance Including: a. Process and Standards Used to Review; b. Results of the Reviews; and c. State's Findings and Corrective/Remedial Actions, If Any, FY 2009.**

As in prior years, each applicant for FY 2009 CDBG funds was required to submit a certification, signed by the CEO, that the community would comply with all applicable civil rights laws, regulations and Executive Orders. The CDBG Program continued to provide TA on how such requirements were to be implemented via the *CDBG Grant Administration Handbook*.

Further, where the CDBG Program is aware of outstanding concerns, it has and will continue to withhold funds from the community until necessary corrective actions are implemented.

CDBG Program staff has and will continue to review Requests for Proposals, Professional Services Contracts, subrecipient agreements, bid documents and construction contracts to ensure that these contain the required civil rights clauses and certifications. Revisions or amendments have and will be required where such items are omitted or non-compliant. This desk monitoring has and will be documented in the contract file, as will be the grantee's responses and amended documents.

Further, during future on-site visits, CDBG Program staff has and will continue to review FY 2009 grantees' documents to include: procurement and contracting if such were not desk monitored; items relating to 504 and at a minimum the accessibility of the facility from which the CDBG Program is administered and any public facilities constructed or rehabbed with CDBG funds; and the community's AFFH files. Monitoring forms have and will continue to be used to document this review. Where documents are missing or other evidence of non-compliance is noted, monitoring visit follow-up letters have been mailed usually within 30 days of the visit; with a response required, usually within 30 days of the date on the letter. If a satisfactory response is not received, funds may be withheld for any or all of the community's contracts.

**A.3. A Narrative Description Summarizing State and Local Efforts, Actions and Results in Affirmatively Furthering Fair Housing, FY 2009.**

#### Actions taken to affirmatively further fair housing

The agency's commitment to affirmatively furthering fair housing was demonstrated on many fronts. ADOH advertised in its winter newsletter and participated in the Arizona Fair Housing Partnership's annual event, of which ADOH sits on the steering committee. The event was held at the Disabilities Empowerment Center, April 13, 2010 and was entitled **Opening Doors, Profitability and Fair Housing in Today's Economy**. Rebecca Flanagan of the Phoenix HUD office and Terry Goddard, the State's Attorney General spoke. The agency renewed its contract with Southwest Fair Housing Council to provide fair housing/fair lending training throughout the State of Arizona; providing at least two workshops per county for housing professionals, two workshops per county for consumers and a minimum of one fair housing training per CDBG recipient. The contract also required a fair housing training for Arizona Department of Housing staff, two presentations at each continuum of care meeting, to stock and



maintains at least fifteen sites per county for the distribution of fair housing literature, and use of the media (radio, television, print ads) to make consumers aware of fair housing laws. ADOH partnered with the City of Yuma and Southwest Fair Housing Council along with many other agencies, staffing a booth at a fair housing fair for consumers. The Community Development and Revitalization division of ADOH required each recipient of CDBG funds to offer at least three opportunities per year to further fair housing. Those opportunities included an annual adoption of a fair housing resolution or proclamation and displaying fair housing posters in a public area of the community's administration building or office. Other fair housing activities that communities participated in for fair housing compliance included the distribution of a fair housing brochure, the sponsoring of a fair housing poster, an essay, or poetry contest in the local schools; encouraging the media to promote fair housing awareness with public service announcements; hosting of an annual fair housing meeting or forum; conducting a community wide fair housing opinion survey; encouraging civic organizations to invite speakers to talk about fair housing; or other activities. ADOH monitors for fair housing compliance on all applicants and recipients of CDBG funding.

#### Summary of impediment to fair housing choice

The agency's Analysis of Impediments to Fair Housing Choice was updated in the spring of 2009. There were a few impediments carried over from 2006. The impediments are:

1. Illegal housing discrimination is occurring in non-metro counties in Arizona.
2. Many housing consumers are unaware of their fair housing rights and available fair housing resources. Therefore, when housing discrimination is encountered, it often goes unreported and unresolved.
3. Many housing providers illegally discriminate because of inadequate knowledge and understanding of their responsibilities under the Fair Housing Act (FHAct).
4. Many public and private agencies in non-metro Arizona lack effective fair housing referral procedures. This impedes people's access to agencies that provide fair housing information and assistance to victims of housing discrimination.
5. Disparities in lending and predatory lending practices are impediments to fair housing choice in Arizona.
6. "Not in my Backyard" (NIMBYism) can be an impediment to fair housing because it has obstructed plans and policies to provide affordable housing and special needs housing that serves protected classes.
7. The issue of affordable housing is a fair housing impediment in two ways:
  - The lack of affordable housing throughout the state has a disparate negative impact on Fair Housing Act protected classes.
  - Planning to affirmatively further fair housing will be included/expanded in affordable housing projects funded by ADOH.
8. On-going data gathering from CDBG sub recipients will need to improve to meet evolving AI requirements. The 2006 AI stated, "Information gathering and monitoring fair housing performance needs to be improved." ADOH responded with improvements in these areas. This impediment carries over to the 2010 Plan of Action.

#### Action identified to be taken to overcome effects of impediments.

ADOH has no fair housing enforcement capacity. The State of Arizona Attorney General's Office has this responsibility. Therefore, the identification of impediments to fair housing choice and Plan of Action are limited to those areas that are within ADOH's jurisdiction. However, within the parameters that ADOH operates, it will continue to have a significant impact in improving fair housing choice in Arizona.

The agency has a contract with Southwest Fair Housing Council to provide education and outreach throughout Arizona. The key points in the Plan of Action include the following:

- The continuation of a comprehensive strategy to provide fair housing education and outreach to both housing providers and housing consumers in the non-metro counties of Arizona.
- The inclusion of training, information and activities to address the need for foreclosure prevention and the increase in foreclosure rescue and mortgage modification scams that are hitting residents protected under Title VIII particularly hard.

- Requiring that all federally funded projects funded by ADOH include a strategy to affirmatively further fair housing and a plan for monitoring and enforcing this requirement.
- Requiring that all communities with CDBG funding through ADOH provide ADOH information on zoning and land use to determine the extent that land use provisions and practices may be either exclusionary or inclusionary and to use this information to inform ADOH planning.

Additionally, the agency distributes an annual fair housing survey to its CDBG recipients electronically to help identify impediments to fair housing choice within our communities. The agency has also created and distributed a fair housing complaint referral form, a referral list, and procedures to each of its CDBG communities. This complaint referral process is monitored by ADOH annually and whenever CDBG-contracts are closed out.

#### **A.4.1. A Summary of the Results of State and Recipient Actions to Use Minority and Women-Owned Businesses in Carrying Out CDBG-Funded Activities, FY 2009.**

The *CDBG Procurement and Contracting Handbook*, which is available on the ADOH website to all applicants and grantees, contains information about how grantees may comply with this requirement and references the availability of MBE/WBE/DBE directories. During on-site monitoring visits, CDBG Program staff reviews files to determine if efforts were made to utilize such firms and if documentation of the use of such firms is being maintained. The review itself is documented on monitoring forms; and if no or insufficient actions were taken, the monitoring visit follow-up letter contains recommendations for corrective actions.

In addition, the *CDBG Administration Handbook*, Chapter 7, Closeouts, contains a format that all grantees must use when submitting a Closeout Report. This includes a Business Opportunities Form that documents whether any MBE/WBE/DBE firms were awarded contracts relating to the provision of goods or services for the CDBG funded project(s) and which collects data on the type of firm, the ethnicity of the owner and the dollar amount of the contract. If this form is not submitted as part of the Closeout or is incomplete/incorrect, the grantee is notified that the Closeout cannot be approved until corrections are made.

Although during the last three years, ADOH submitted to HUD annual MBE/WBE report for CDBG funded activities, ADOH has located a determination by Steve Johnson of HUD HQ that State programs are *not required to submit the MBE/WBE report form 2516* but rather must have the MBE/WBE information available for HUD during program review. Therefore, ADOH will maintain MBE/WBE information for its recipients and their sub-recipients in its offices for HUD to review at its discretion.

#### **4.A.2. Section 3 Compliance, FY 2009**

The *CDBG Procurement and Contracting Handbook*, Chapter 11, contains detailed information about the purpose of Section 3 along with instructions and examples of forms for documenting Section 3 compliance by the community and the contractor. CDBG staff has and will continue to desk monitor bid documents to make sure that they contain the required Section 3 items, and have and will review Section 3 reports when a community submits its request for a final construction funds draw. In addition, during on-site monitoring visits, staff has and will continue to review additional Section 3 materials that grantees are to maintain in their files.

NOTE: Section 3 applies to 17% of the 63 originally funded FY2009 contracts due to the dollar threshold and type of activities being undertaken.

#### **A.5. The Data on the EEOC-EEO-4 Form should be maintained at the State for each State Agency administering the Program, FY 2009.**

Housing maintains such data in the required format available for review upon request.

PART I  
STATE CDBG PERFORMANCE/EVALUATION REPORT

STATE OF ARIZONA  
GRANT #B-09-DC-04-0001  
REPORT FOR FY 2010  
DATA AS OF JUNE 30, 2014

**CHART 1**

| I. <u>FINANCIAL STATUS</u>         | <u>AMOUNT</u> | <u>%</u> |
|------------------------------------|---------------|----------|
| A. TOTAL FUNDS                     | \$13,252,771  | 100%     |
| 1. ALLOCATION                      | \$13,252,771  |          |
| 2. PROGRAM INCOME                  | \$9,818       |          |
| B. AMOUNT OBLIGATED TO RECIPIENTS  | \$12,765,006  |          |
| C. AMOUNT FOR STATE ADMINISTRATION | \$ 365,055    |          |
| D. TOTAL DRAWN DOWN                | \$ 12,795,006 |          |
| 1. BY RECIPIENTS                   | \$ 12,765,006 | 99%      |
| 2. BY STATE ADMINISTRATION         | -0-           |          |
| E. TECHNICAL ASSISTANCE 1%         | \$132,528     |          |
| 1. AMOUNT DRAWN DOWN               | \$ 30,000     | 1%       |
| F. SECTION 108 LOAN GUARANTEES     | \$ N/A        |          |

**CHART 2**

| II. <u>NATIONAL OBJECTIVES</u>   |               |          |
|--|---------------|----------|
| A. PERIOD SPECIFIED FOR BENEFIT  |               | FY2010   |
| B. AMOUNTS USED TO:  | <u>AMOUNT</u> | <u>%</u> |
| 1. BENEFIT TO LOW/MODERATE INCOME PERSONS  | \$ 11,001,129 | 86%      |
| 2. PREVENT/ELIMINATE SLUMS/BLIGHT  | \$ 475,000    | 4%       |
| 3. MEET URGENT COMMUNITY DEVELOPMENT NEEDS   | \$ -0-        |          |
| 4. ACQUISITION/REHABILITATION <b>NONCOUNTABLE</b> DOLLARS  | \$ -0-        |          |
| 5. ADMINISTRATION  | \$ 1,288,877  | 10%      |
| C. TOTAL AMOUNT OBLIGATED TO RECIPIENTS TO FULFILL<br>NATIONAL OBJECTIVES (minus administration) | \$ 11,466,311 |          |
| D. TOTAL OBLIGATED TO RECIPIENTS   | \$ 12,765,006 |          |



**Arizona Department of Housing  
Performance/Evaluation Report for Community Development Block Grant Program  
Reporting Year: 2013**

**Project and Activity Recap - Year 2010  
Includes Activities with Matix Codes: ALL**

**CHART 3**

5 Matrix Types consisting of the following breakdown:

| <b># of Activities</b> | <b>Matrix Code</b> | <b>Activity Matrix</b>             | <b>Proposed</b> | <b>Actual</b> | <b>Awarded Amount</b> |
|------------------------|--------------------|------------------------------------|-----------------|---------------|-----------------------|
| 1                      | 03A                | 03A-Senior Centers                 | 113             | 179           | \$23,607.45           |
| 3                      | 03J                | 03J-WATER/SEWER IMPROVEMENTS       | 3920            | 3920          | \$518,661.69          |
| 1                      | 03K                | 03K-STREET IMPROVEMENTS            | 5693            | 5693          | \$327,396.00          |
| 3                      | 14A                | 14A-REHAB; SINGLE-UNIT RESIDENTIAL | 21              | 23            | \$610,652.36          |
| <b>8</b>               |                    | <b>Total Activities:</b>           | <b>9747</b>     | <b>9815</b>   | <b>\$1,480,317.50</b> |



**Arizona Department of Housing**  
**Performance/Evaluation Report for Community Development Block Grant Program**  
**Reporting Year: 2013**

**Income Information for ALL Projects/Activities in Reporting Period Year 2010**

**CHART 4**

Includes Activities with Matix Codes of All

| MEDIAN INCOME                        | PERSONS BENEFITTING |
|--------------------------------------|---------------------|
| 0-30% of HAMFI *** (Very Low Income) | 59                  |
| 31-50% of HAMFI (Low Income)         | 226                 |
| 51-80% of HAMFI (Moderate Income)    | 8930                |
| 81% AND ABOVE                        | 2192                |
| <hr/>                                |                     |
| <b>TOTALS</b>                        | <b>11407</b>        |
| <hr/> <hr/>                          |                     |

\*\*\*HAMFI = HUD Adjusted Median Family Income



Arizona Department of Housing  
Performance/Evaluation Report for Community Development Block Grant Program  
Reporting Year: 2013

Racial Ethnic Composition for ALL Projects/Activities in Reporting Period Year 2010  
CHART 5

Includes Activities with Matix Codes of All

| HUD DESIGNATED RACIAL CATEGORIES                        | PERSONS BENEFITTING |                 |
|---|---------------------|-----------------|
|   | Racial Count        | Ethnicity Count |
| White   | 190                 | 7               |
| Black/African American                                  | 0                   | 0               |
| Asian   | 7                   | 0               |
| American Indian/Alaskan Native                          | 0                   | 0               |
| Native Hawaiian/Pacific Islander                        | 0                   | 0               |
| American Indian.Alaskan Native & White                  | 1                   | 0               |
| Asian & White   | 0                   | 0               |
| Black/African American & White                          | 0                   | 0               |
| American Indian.Alaskan Native & Black.African American | 1                   | 0               |
| Other Multi Racial                                      | 3                   | 3               |
| <b>TOTALS:</b>  | <b>202</b>          | <b>10</b>       |

## **PART II. NARRATIVE REQUIREMENTS**

### **FY 2010 NARRATIVE REQUIREMENT 1**

#### **AN ASSESSMENT OF THE RELATIONSHIP OF THE USE OF FUNDS TO THE STATE'S OBJECTIVES**

The objective of the State of Arizona's FY 2010 non-entitlement Community Development Block Grant Program (CDBG) is stated below along with an assessment of Arizona's success in using available funds to meet this objective.

##### Objective

**To further the development of viable urban and rural communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.**

In consultation with the four non metropolitan Councils of Governments (COGs) Housing reconfirmed that the primary objective of the CDBG Program as stated in statute most accurately reflected the objective of the Arizona State program. Because of the diverse nature of the needs of various communities, Housing concluded that any one particular focus of the program might not accurately address those needs, and that the local citizen and public participation process was sufficient to ensure that applications were responsive to locally identified objectives and needs.

### **FY 2010 NARRATIVE REQUIREMENTS 2**

#### **AN EXPLANATION OF THE NATURE OF AND REASONS FOR ANY CHANGES IN PROGRAM OBJECTIVES**

There were no changes in program objectives between FY 2009 and FY 2010 for the 85% of the state's CDBG funds that are in the Regional Account or the State Special Projects Account that receives 15% of the annual allocation after deductions for the allowable 2% plus \$100,000 for State Administration, 1% Technical Assistance and 10% colonias set aside. Beginning with the FY2010 funding year, Housing has implemented a competitive application round for Colonias eligible projects with NOFA release every two years in order to combine 2 allocations years and better enable colonias communities to completely address their water, sewer or housing issues with one large project.

Also beginning in FY2010 all Regional account and SSP-Competitive projects must now meet a medium or high priority as established in the State's FY2010-FY2014 Consolidated Plan and Annual Action Plans. Priorities were established based on public, private and partner input thru several focus group meetings thru-out the state. Although all CDBG activities remain eligible, the state chose to fund only those activities with medium or high priority in order to focus funding more towards meeting basic human needs and community livability.

The NOFA for the SSP-Competitive Component was issued January 21, 2011 combining the FY2010 and FY2011 SSP-Competitive Component funds with applications due by June 30, 2011. ADOH received 18 applications. The review and scoring process is underway and Housing hopes to award approximately 11 projects thru the SSP application round with the funds available.

The NOFA for the Colonias-Competitive Component was issued May 10, 2011 and combines the FY2010 and FY2011 mandatory 10% set asides. Applications for the colonias competition are Due August 31, 2011. It is not known at this time how many applications will be received. As Housing is willing to fund an amount up to but not to exceed the combined FY2010 and FY2011 10% colonias set aside for any project it is also unknown at this time how many projects will be awarded.

### **FY 2010 NARRATIVE REQUIREMENT 3**

#### **AN INDICATION OF HOW THE STATE WOULD CHANGE ITS PROGRAM AS A RESULT OF ITS EXPERIENCE**

As a result of public, private and partner input as well as OIG audits, the state has already implemented several changes as outlined in FY 2010 Narrative Requirement 2. Housing will continue seek input from public, private and partner entities and to review current economic trends when establishing activity priorities thru its Annual Action Plan.

In order to address timely project expenditures and completions ADOH will look more favorably on recapturing awards from non-performing communities and re-allocating those funds thru the SSP-Competitive Component to projects and communities demonstrating an ability to deliver timely and compliant projects.

Finally, due to delays in allocation notification from HUD HQ, Housing may look to announcing the Regional Account application rounds annually rather than going with the dates set for June and July of each year in the Consolidated Plan.

### **FY 2010 NARRATIVE REQUIREMENT 4**

#### **EVALUATION OF THE EXTENT TO WHICH THE PROGRAM BENEFITED LOW- AND MODERATE-INCOME PERSONS**

Please see Chart 2 Funding by National Objective, Chart 3 Project and Activity Recap, Chart 4 Income Information, and CAPER Exhibit 2C CDBG Investment by Activity and Persons Served for detailed information about the extent to which the FY 2010 program is anticipated to provide benefit to low and moderate income persons.

### **FY 2010 NARRATIVE REQUIREMENT 5**

#### **A SUMMARY OF ANY COMMENTS CONCERNING THE PROGRAM THAT HAVE BEEN RECEIVED FROM CITIZENS**

No comments regarding FY 2010 were received.

### **FY 2010, PART II**

#### **B.1. Summary of Activities and Results from Technical Assistance Funding, FY 2010**

As of June 30, 2014, \$30,000 of FY 2010 1%TA funds (23%) had been drawn down. Housing continued to have annual \$10,000 contracts with three of the four non-metropolitan Councils of Governments, enabling them to attend CDBG meetings and training and provide TA to local governments and non-profits within their regions. For FY 2010, Western Arizona Council of Governments (WACOG) was not given a TA contract due to lack of timeliness in reporting and close out of previous TA contracts. Additionally, the COGs may use TA funds to assist with RwiC meetings (see below for a more detailed explanation of the RwiC, the change in its name and the COGs' role in such). Further 1% TA funds will continue to be used to cover the costs of CDBG staff when they develop and/or present workshops, revise or create Handbooks and provide TA.

Some of the COGs host and help organize Rural Water Infrastructure Committee (RwiC) meetings in their areas about 2-3 times a year. In January 2002, the name of this entity changed and staffing was taken over by the Arizona Small Utilities Association, the Arizona arm of the National Rural Water Association. The COGs are an essential component in the RwiC process, which is a cooperative one-stop outreach and TA system involving CDBG, U.S.D.A. Rural Development, the Water Infrastructure Financing Authority (WIFA) that administers the state water and wastewater revolving funds (the SRF), the state Corporation Commission, the state's Departments of Environmental Quality and Water Resources,



various non-profits with both circuit riding and funding capabilities, a state bond bank known as the Greater Arizona Development Authority (GADA) and for-profit engineering companies. The COGs help publicize the RwIC TA process throughout their regions, identify communities and systems in need of TA, assist those communities to define and describe their problems, attempt to ensure that they attend RwIC meetings, and undertake limited follow-up on behalf of the communities and systems.

### FY 2010 PART III

#### COMPLIANCE WITH APPLICABLE CIVIL RIGHTS LAWS

**A. 1. Ethnicity Information, FY 2010.** See Chart 5 Racial Ethnicity Composition for detailed information on 2010 funded projects completed in FY2013. NOTE: Some activity types are not required to track Racial/Ethnicity demographic data.

**A. 2. A Narrative Summary of the State's Reviews of Recipients' Civil Rights Performance Including: a. Process and Standards Used to Review; b. Results of the Reviews; and c. State's Findings and Corrective/Remedial Actions, If Any, FY 2010.**

As in prior years, each applicant for FY 2010 CDBG funds was required to submit a certification, signed by the CEO, that the community would comply with all applicable civil rights laws, regulations and Executive Orders. The CDBG Program continued to provide TA on how such requirements were to be implemented via the *CDBG Grant Administration Handbook*.

Further, where the CDBG Program is aware of outstanding concerns, it has and will continue to withhold funds from the community until necessary corrective actions are implemented.

CDBG Program staff has and will continue to review Requests for Proposals, Professional Services Contracts, subrecipient agreements, bid documents and construction contracts to ensure that these contain the required civil rights clauses and certifications. Revisions or amendments have and will be required where such items are omitted or non-compliant. This desk monitoring has and will be documented in the contract file, as will be the grantee's responses and amended documents.

Further, during future on-site visits, CDBG Program staff has and will continue to review FY 2010 grantees' documents to include: procurement and contracting if such were not desk monitored; items relating to 504 and at a minimum the accessibility of the facility from which the CDBG Program is administered and any public facilities constructed or rehabbed with CDBG funds; and the community's AFFH files. Monitoring forms have and will be used to document this review. Where documents are missing or other evidence of non-compliance is noted, monitoring visit follow-up letters have been mailed usually within 30 days of the visit; with a response required, usually within 30 days of the date on the letter. If a satisfactory response is not received, funds may be withheld for any or all of the community's contracts.

**A.3. A Narrative Description Summarizing State and Local Efforts, Actions and Results in Affirmatively Furthering Fair Housing, FY 2010.**

#### Actions taken to affirmatively further fair housing

The agency's commitment to affirmatively furthering fair housing was demonstrated on many fronts. ADOH advertised in its winter newsletter and participated in the Arizona Fair Housing Partnership's annual event, of which ADOH sits on the steering committee. The event was held at the Disabilities Empowerment Center on April 12, 2011 and was entitled **The Cost of Un-Fair Housing**. Rebecca Flanagan of the Phoenix HUD office, Tom Horne, the State's Attorney General, and Michael Parham, a partner in Williams, Zinman and Parham P.C. spoke. The agency renewed its contract with Southwest Fair Housing Council to provide fair housing/fair lending training throughout the State of Arizona; providing at least two workshops per county for housing professionals, two workshops per county for consumers and a minimum of one fair housing training per CDBG recipient. The contract also requires a fair housing training for Arizona Department of Housing staff, two presentations at other agency, city,

county and continuum of care meetings, to stock and maintain at least fifteen sites per county for the distribution of fair housing literature, and use of the media (radio, television, print ads) to make consumers aware of fair housing laws. ADOH partnered with the City of Yuma and Southwest Fair Housing Council along with many other agencies, staffing a booth at a fair housing fair for consumers. The Community Development and Revitalization division of ADOH required each recipient of CDBG funds to offer at least three opportunities per year to further fair housing. Those opportunities included an annual adoption of a fair housing resolution or proclamation and displaying fair housing posters in a public area of the community's administration building or office. Other fair housing activities that communities participated in for fair housing compliance included the distribution of a fair housing brochure, the sponsoring of a fair housing poster, an essay, or poetry contest in the local schools; encouraging the media to promote fair housing awareness with public service announcements; hosting of an annual fair housing meeting or forum; conducting a community wide fair housing opinion survey; encouraging civic organizations to invite speakers to talk about fair housing; or other activities. ADOH monitors for fair housing compliance on all applicants and recipients of CDBG and HOME funding.

#### Summary of impediment to fair housing choice

The agency's Analysis of Impediments to Fair Housing Choice was updated in the spring of 2009. There were a few impediments carried over from 2006. The impediments are:

1. Illegal housing discrimination is occurring in non-metro counties in Arizona.
2. Many housing consumers are unaware of their fair housing rights and available fair housing resources. Therefore, when housing discrimination is encountered, it often goes unreported and unresolved.
3. Many housing providers illegally discriminate because of inadequate knowledge and understanding of their responsibilities under the Fair Housing Act (FHAct).
4. Many public and private agencies in non-metro Arizona lack effective fair housing referral procedures. This impedes people's access to agencies that provide fair housing information and assistance to victims of housing discrimination.
5. Disparities in lending and predatory lending practices are impediments to fair housing choice in Arizona.
6. "Not in my Backyard" (NIMBYism) can be an impediment to fair housing because it has obstructed plans and policies to provide affordable housing and special needs housing that serves protected classes.
7. The issue of affordable housing is a fair housing impediment in two ways:
  - The lack of affordable housing throughout the state has a disparate negative impact on Fair Housing Act protected classes.
  - Planning to affirmatively further fair housing will be included/expanded in affordable housing projects funded by ADOH.
8. On-going data gathering from CDBG sub recipients will need to improve to meet evolving AI requirements. The 2006 AI stated, "Information gathering and monitoring fair housing performance needs to be improved." ADOH responded with improvements in these areas. This impediment carries over to the 2010 Plan of Action.

#### Action identified to be taken to overcome effects of impediments.

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- The continuation of a comprehensive strategy to provide fair housing education and outreach to both housing providers and housing consumers throughout the State of Arizona.
- The inclusion of training, information, and activities to address the need for foreclosure prevention and the increase in foreclosure rescue and mortgage modification scams that are hitting residents protected under Title VIII particularly hard.

- Requiring that all federally funded projects funded by ADOH include a strategy to affirmatively further fair housing and a plan for monitoring and enforcing this requirement.
- Requiring that all communities with CDBG funding through ADOH provide ADOH information on zoning and land use to determine the extent that land use provisions and practices may be either exclusionary or inclusionary and to use this information to inform ADOH planning.

Additionally, the agency distributes an annual fair housing survey to its CDBG recipients electronically and makes the survey available on our website throughout the month of April, to help identify impediments to fair housing choice within the State of Arizona. The agency has also created and distributed a fair housing complaint referral form, a referral list, and procedures to each of its CDBG communities. This complaint referral process is monitored by ADOH annually and whenever CDBG-contracts are closed out.

#### **A.4.1. A Summary of the Results of State and Recipient Actions to Use Minority and Women-Owned Businesses in Carrying Out CDBG-Funded Activities, FY 2010.**

The *CDBG Procurement and Contracting Handbook*, which is available on the ADOH website to all applicants and grantees, contains information about how grantees may comply with this requirement and references the availability of MBE/WBE/DBE directories. During on-site monitoring visits, CDBG Program staff reviews files to determine if efforts were made to utilize such firms and if documentation of the use of such firms is being maintained. The review itself is documented on monitoring forms; and if no or insufficient actions were taken, the monitoring visit follow-up letter contains recommendations for corrective actions.

In addition, the *CDBG Administration Handbook*, Chapter 7, Closeouts, contains a format that all grantees must use when submitting a Closeout Report. This includes a Business Opportunities Form that documents whether any MBE/WBE/DBE firms were awarded contracts relating to the provision of goods or services for the CDBG funded project(s) and which collects data on the type of firm, the ethnicity of the owner and the dollar amount of the contract. If this form is not submitted as part of the Closeout or is incomplete/incorrect, the grantee is notified that the Closeout cannot be approved until corrections are made.

ADOH has located a determination by Steve Johnson of HUD HQ that State programs are *not required to submit the MBE/WBE report form 2516* but rather must have the MBE/WBE information available for HUD during program review. Therefore, ADOH will continue to maintain MBE/WBE information for its recipients and their sub-recipients in its offices for HUD to review at its discretion.

#### **4.A.2. Section 3 Compliance, FY 2010**

The *CDBG Procurement and Contracting Handbook*, Chapter 11, contains detailed information about the purpose of Section 3 along with instructions and examples of forms for documenting Section 3 compliance by the community and the contractor. CDBG staff has and will continue to desk monitor bid documents to make sure that they contain the required Section 3 items, and have and will continue to review Section 3 reports when a community submits its request for a final construction funds draw. In addition, during on-site monitoring visits, staff has and will continue to review additional Section 3 materials that grantees are to maintain in their files.

Housing will continue to submit electronically, the HUD 60062 Section 3 Summary Report with data collected thru desk review, on-site monitoring and the project close out report entitled Business Opportunity Report.

#### **A.5. The Data on the EEOC-EEO-4 Form should be maintained at the State for each State Agency administering the Program, FY 2010.**

Housing maintains such data in the required format available for review upon request.

PART I  
STATE CDBG PERFORMANCE/EVALUATION REPORT

STATE OF ARIZONA  
GRANT #B-09-DC-04-0001  
REPORT FOR FY 2011  
DATA AS OF JUNE 30, 2014

**CHART 1**

| I. <u>FINANCIAL STATUS</u>         | <u>AMOUNT</u> | <u>%</u> |
|------------------------------------|---------------|----------|
| A. TOTAL FUNDS                     | \$11,109,245  | 100%     |
| 1. ALLOCATION                      | \$11,109,245  |          |
| 2. PROGRAM INCOME                  | -0-           |          |
| B. AMOUNT OBLIGATED TO RECIPIENTS  | \$10,675,968  |          |
| C. AMOUNT FOR STATE ADMINISTRATION | \$ 322,185    |          |
| D. TOTAL DRAWN DOWN                | \$ 9,824,860  |          |
| 1. BY RECIPIENTS                   | \$ 9,794,860  | 99.7%    |
| 2. BY STATE ADMINISTRATION         | -0-           |          |
| E. TECHNICAL ASSISTANCE 1%         | \$111,092     |          |
| 1. AMOUNT DRAWN DOWN               | \$ 30,000     | .3%      |
| F. SECTION 108 LOAN GUARANTEES     | \$ N/A        |          |

**CHART 2**

| II. <u>NATIONAL OBJECTIVES</u>  | FY2011        |          |
|---|---------------|----------|
| A. PERIOD SPECIFIED FOR BENEFIT   |               |          |
| B. AMOUNTS USED TO:   | <u>AMOUNT</u> | <u>%</u> |
| 1. BENEFIT TO LOW/MODERATE INCOME PERSONS   | \$ 7,858,740  | 74%      |
| 2. PREVENT/ELIMINATE SLUMS/BLIGHT   | \$ 1,701,452  | 16%      |
| 3. MEET URGENT COMMUNITY DEVELOPMENT NEEDS  | \$ -0-        |          |
| 4. ACQUISITION/REHABILITATION <b>NONCOUNTABLE</b> DOLLARS                                     | \$ -0-        |          |
| 5. ADMINISTRATION   | \$ 1,115,776  | 10%      |
| C. TOTAL AMOUNT OBLIGATED TO RECIPIENTS TO FULFILL NATIONAL OBJECTIVES (minus administration) | \$ 9,560,192  |          |
| D. TOTAL OBLIGATED TO RECIPIENTS  | \$ 10,675,968 |          |



Arizona Department of Housing  
Performance/Evaluation Report for Community Development Block Grant Program  
Reporting Year: 2013

Project and Activity Recap - Year 2011  
Includes Activities with Matix Codes: ALL

CHART 3

8 Matrix Types consisting of the following breakdown:

| # of Activities | Matrix Code | Activity Matrix                       | Proposed     | Actual       | Awarded Amount        |
|-----------------|-------------|---------------------------------------|--------------|--------------|-----------------------|
| 3               | 03A         | 03A-Senior Centers                    | 256          | 256          | \$283,491.62          |
| 1               | 03E         | 03E-Neighborhood Facilities           | 343          | 343          | \$101,378.02          |
| 2               | 03I         | 03I-Flood Drain Improvements          | 2368         | 2368         | \$758,502.83          |
| 6               | 03J         | 03J-Water/Sewer Improvements          | 8280         | 8280         | \$1,639,529.79        |
| 6               | 03K         | 03K-Street Improvements               | 19740        | 19740        | \$1,402,490.00        |
| 1               | 03O         | 03O-Fire Station/Equipment            | 1244         | 1244         | 45959.72              |
| 1               | 03          | 03-Public Facilities and Improvements | 1002         | 1002         | \$254,516.56          |
| 4               | 14A         | 14A-Rehab; Single Unit Residential    | 74           | 106          | 1039760.44            |
| 3               | 20          | 20-Planning                           | 12322        | 12322        | 410437                |
| <b>27</b>       |             | <b>Total Activities:</b>              | <b>45629</b> | <b>45661</b> | <b>\$5,936,065.98</b> |



Income Information for ALL Projects/Activities in Reporting Period Year 2011

CHART 4

Includes Activities with Matix Codes of All

| MEDIAN INCOME                        | PERSONS BENEFITTING |
|--------------------------------------|---------------------|
| 0-30% of HAMFI *** (Very Low Income) | 1218                |
| 31-50% of HAMFI (Low Income)         | 11873               |
| 51-80% of HAMFI (Moderate Income)    | 24601               |
| 81% AND ABOVE                        | 8016                |
| <b>TOTALS</b>                        | <b>45708</b>        |

\*\*\*HAMFI = HUD Adjusted Median Family Income



Arizona Department of Housing  
Performance/Evaluation Report for Community Development Block Grant Program  
Reporting Year: 2013

Racial Ethnic Composition for ALL Projects/Activities in Reporting Period Year 2011

CHART 5

Includes Activities with Matix Codes of All

| HUD DESIGNATED RACIAL CATEGORIES                        | PERSONS BENEFITTING |                 |
|---|---------------------|-----------------|
|   | Racial Count        | Ethnicity Count |
| White   | 851                 | 464             |
| Black/African American                                  | 3                   | 1               |
| Asian   | 40                  | 0               |
| American Indian/Alaskan Native                          | 2                   | 0               |
| Native Hawaiian/Pacific Islander                        | 0                   | 0               |
| American Indian.Alaskan Native & White                  | 6                   | 0               |
| Asian & White   | 0                   | 0               |
| Black/African American & White                          | 0                   | 0               |
| American Indian.Alaskan Native & Black.African American | 1                   | 0               |
| Other Multi Racial                                      | 63                  | 49              |
| <b>TOTALS:</b>  | <b>966</b>          | <b>514</b>      |

## **PART II. NARRATIVE REQUIREMENTS**

### **FY 2011 NARRATIVE REQUIREMENT 1**

#### **AN ASSESSMENT OF THE RELATIONSHIP OF THE USE OF FUNDS TO THE STATE'S OBJECTIVES**

The objective of the State of Arizona's FY 2011 non-entitlement Community Development Block Grant Program (CDBG) is stated below along with an assessment of Arizona's success in using available funds to meet this objective.

##### Objective

**To further the development of viable urban and rural communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.**

In consultation with the four non metropolitan Councils of Governments (COGs) Housing reconfirmed that the primary objective of the CDBG Program as stated in statute most accurately reflected the objective of the Arizona State program. Because of the diverse nature of the needs of various communities, Housing concluded that any one particular focus of the program might not accurately address those needs, and that the local citizen and public participation process was sufficient to ensure that applications were responsive to locally identified objectives and needs.

### **FY 2011 NARRATIVE REQUIREMENTS 2**

#### **AN EXPLANATION OF THE NATURE OF AND REASONS FOR ANY CHANGES IN PROGRAM OBJECTIVES**

There were no changes in program objectives between FY 2010 and FY 2011 for the 85% of the state's CDBG funds that are in the Regional Account or the State Special Projects Account that receives 15% of the annual allocation after deductions for the allowable 2% plus \$100,000 for State Administration, 1% Technical Assistance and 10% colonias set aside. Beginning with the FY2010 funding year, Housing has implemented a competitive application round for Colonias eligible projects with NOFA release every two years in order to combine 2 allocations years and better enable colonias communities to completely address their water, sewer or housing issues with one large project.

Also beginning in FY2010 all Regional account and SSP-Competitive projects must now meet a medium or high priority as established in the State's FY2010-FY2014 Consolidated Plan and Annual Action Plans. Priorities were established based on public, private and partner input thru several focus group meetings thru-out the state. Although all CDBG activities remain eligible, the state chose to fund only those activities with medium or high priority in order to focus funding more towards meeting basic human needs and community livability. This practice continued for FY2011.

### **FY 2011 NARRATIVE REQUIREMENT 3**

#### **AN INDICATION OF HOW THE STATE WOULD CHANGE ITS PROGRAM AS A RESULT OF ITS EXPERIENCE**

As a result of public, private and partner input as well as OIG audits, the state has already implemented several changes as outlined in FY 2010 Narrative Requirement 2. Housing will continue seek input from public, private and partner entities and to review current economic trends when establishing activity priorities thru its Annual Action Plan.



In order to address timely project expenditures and completions ADOH will look more favorably on recapturing awards from non-performing communities and re-allocating those funds thru the SSP-Competitive Component to projects and communities demonstrating an ability to deliver timely and compliant projects.

Finally, due to a reduction in state staffing and federal funding and due to increased focus on project completion and timely expenditure at the national level, the State now recommends that individual communities submit only one (1) project application for the Regional Account during their funding cycle. ADOH recommends that Counties submit no more than three (3) project applications. Applications/projects in excess of these amounts will be funded only if the following threshold criteria are met on the date the application is received by ADOH:

1. All Recipients:
  - a. All reporting required by the Department is up to date.
  - b. All monitoring findings have been cleared.
  - c. Recipient is compliant with all current contracts.
  - d. Recipient is in conformance with all original contract Schedules of Completion or has obtained ADOH approvals for revisions or amendments to their Schedules of Completion.
  - e. Recipient has no contracts over the previous 3 years that have been extended more than once.
  - f. For all previously funded projects environmental clearances have been obtained and scope of work has begun.
2. Recipients with contracts in their 24<sup>th</sup> or greater month:
  - a. Performance: Scope of Work 100 percent complete and Contract Close out Report received and approved.
  - b. Expenditure Rates: CDBG Funds 100 percent expended or de-obligated.
3. Recipients with contracts in their 18th to 23rd month:
  - a. Performance: The Scope of Work is currently 75 percent complete.
  - b. Expenditure Rates: CDBG funds 75 percent expended.
4. Recipients with contracts in their 12th to 17th month:
  - a. Performance: The Scope of Work is currently 50 percent complete. +
  - b. Expenditure Rates: CDBG funds 50 percent expended.
5. Recipients with new contracts up to their 11th month
  - a. Performance: The Scope of Work is currently 25 percent complete
  - b. Expenditure Rates: CDBG funds are 25% expended.

#### **FY 2011 NARRATIVE REQUIREMENT 4**

##### **EVALUATION OF THE EXTENT TO WHICH THE PROGRAM BENEFITED LOW- AND MODERATE-INCOME PERSONS**

Please see Chart 2 Funding by National Objective, Chart 3 Project and Activity Recap, Chart 4 Income Information, and CAPER Exhibit 2C CDBG Investment by Activity and Persons Served for detailed information about the extent to which the FY 2011 program is anticipated to provide benefit to low and moderate income persons.

## FY 2011 NARRATIVE REQUIREMENT 5

### A SUMMARY OF ANY COMMENTS CONCERNING THE PROGRAM THAT HAVE BEEN RECEIVED FROM CITIZENS

No comments regarding FY 2011 were received.

#### FY 2011, PART II

##### **B.1. Summary of Activities and Results from Technical Assistance Funding, FY 2011**

As of June 30, 2014, \$30,000 of FY 2011 1%TA funds (27%) had been drawn down. Housing continued to have annual \$10,000 contracts with all four non-metropolitan Councils of Governments, enabling them to attend CDBG meetings and training and provide TA to local governments and non-profits within their regions. Additionally, the COGs may use TA funds to assist with Rwic meetings (see below for a more detailed explanation of the Rwic, the change in its name and the COGs' role in such). Further 1% TA funds will continue to be used to cover the costs of CDBG staff when they develop and/or present workshops, revise or create Handbooks and provide TA.

Some of the COGs host and help organize Rural Water Infrastructure Committee (Rwic) meetings in their areas about 2-3 times a year. In January 2002, the name of this entity changed and staffing was taken over by the Arizona Small Utilities Association, the Arizona arm of the National Rural Water Association. The COGs are an essential component in the Rwic process, which is a cooperative one-stop outreach and TA system involving CDBG, U.S.D.A. Rural Development, the Water Infrastructure Financing Authority (WIFA) that administers the state water and wastewater revolving funds (the SRF), the state Corporation Commission, the state's Departments of Environmental Quality and Water Resources, various non-profits with both circuit riding and funding capabilities, a state bond bank known as the Greater Arizona Development Authority (GADA) and for-profit engineering companies. The COGs help publicize the Rwic TA process throughout their regions, identify communities and systems in need of TA, assist those communities to define and describe their problems, attempt to ensure that they attend Rwic meetings, and undertake limited follow-up on behalf of the communities and systems.

#### FY 2011 PART III

##### **COMPLIANCE WITH APPLICABLE CIVIL RIGHTS LAWS**

**A. 1. Ethnicity Information, FY 2011.** See Chart 5 Racial Ethnicity Composition for detailed information on 2011 funded projects completed in FY2013. NOTE: Some activity types are not required to track Racial/Ethnicity demographic data.

**A. 2. A Narrative Summary of the State's Reviews of Recipients' Civil Rights Performance Including: a. Process and Standards Used to Review; b. Results of the Reviews; and c. State's Findings and Corrective/Remedial Actions, If Any, FY 2011.**

As in prior years, each applicant for FY 2011 CDBG funds was required to submit a certification, signed by the CEO, that the community would comply with all applicable civil rights laws, regulations and Executive Orders. The CDBG Program continued to provide TA on how such requirements were to be implemented via the *CDBG Grant Administration Handbook*.

Further, where the CDBG Program is aware of outstanding concerns, it has and will continue to withhold funds from the community until necessary corrective actions are implemented.

CDBG Program staff has and will continue to review Requests for Proposals, Professional Services Contracts, subrecipient agreements, bid documents and construction contracts to ensure that these contain the required civil rights clauses and certifications. Revisions or amendments have and will be required where such items are omitted or non-compliant. This desk monitoring has and will be documented in the contract file, as will be the grantee's responses and amended documents.

Further, during future on-site visits, CDBG Program staff has and will review FY 2011 grantees' documents to include: procurement and contracting if such were not desk monitored; items relating to 504 and at a minimum the accessibility of the facility from which the CDBG Program is administered and any public facilities constructed or rehabbed with CDBG funds; and the community's AFFH files. Monitoring forms have and will be used to document this review. Where documents are missing or other evidence of non-compliance is noted, a monitoring visit follow-up letter has and will be mailed usually within 30 days of the visit; with a response required, usually within 30 days of the date on the letter. If a satisfactory response is not received, funds may be withheld for any or all of the community's contracts.

### **A.3. A Narrative Description Summarizing State and Local Efforts, Actions and Results in Affirmatively Furthering Fair Housing, FY 2011.**

#### Actions taken to affirmatively further fair housing

The agency's commitment to affirmatively furthering fair housing was demonstrated on many fronts. ADOH advertised in its winter newsletter and participated in the Arizona Fair Housing Partnership's annual event, of which ADOH sits on the steering committee. The event was held at the Disabilities Empowerment Center on April 12, 2011 and was entitled **The Cost of Un-Fair Housing**. Rebecca Flanagan of the Phoenix HUD office, Tom Horne, the State's Attorney General, and Michael Parham, a partner in Williams, Zinman and Parham P.C. spoke. The agency renewed its contract with Southwest Fair Housing Council to provide fair housing/fair lending training throughout the State of Arizona; providing at least two workshops per county for housing professionals, two workshops per county for consumers and a minimum of one fair housing training per CDBG recipient. The contract also requires a fair housing training for Arizona Department of Housing staff, two presentations at other agency, city, county and continuum of care meetings, to stock and maintain at least fifteen sites per county for the distribution of fair housing literature, and use of the media (radio, television, print ads) to make consumers aware of fair housing laws. ADOH partnered with the City of Yuma and Southwest Fair Housing Council along with many other agencies, staffing a booth at a fair housing fair for consumers. The Community Development and Revitalization division of ADOH required each recipient of CDBG funds to offer at least three opportunities per year to further fair housing. Those opportunities included an annual adoption of a fair housing resolution or proclamation and displaying fair housing posters in a public area of the community's administration building or office. Other fair housing activities that communities participated in for fair housing compliance included the distribution of a fair housing brochure, the sponsoring of a fair housing poster, an essay, or poetry contest in the local schools; encouraging the media to promote fair housing awareness with public service announcements; hosting of an annual fair housing meeting or forum; conducting a community wide fair housing opinion survey; encouraging civic organizations to invite speakers to talk about fair housing; or other activities. ADOH monitors for fair housing compliance on all applicants and recipients of CDBG and HOME funding.

#### Summary of impediment to fair housing choice

The agency's Analysis of Impediments to Fair Housing Choice was updated in the spring of 2009. There were a few impediments carried over from 2006. The impediments are:

1. Illegal housing discrimination is occurring in non-metro counties in Arizona.
2. Many housing consumers are unaware of their fair housing rights and available fair housing resources. Therefore, when housing discrimination is encountered, it often goes unreported and unresolved.
3. Many housing providers illegally discriminate because of inadequate knowledge and understanding of their responsibilities under the Fair Housing Act (FHAct).
4. Many public and private agencies in non-metro Arizona lack effective fair housing referral procedures. This impedes people's access to agencies that provide fair housing information and assistance to victims of housing discrimination.
5. Disparities in lending and predatory lending practices are impediments to fair housing choice in Arizona.
6. "Not in my Backyard" (NIMBYism) can be an impediment to fair housing because it has obstructed plans and policies to provide affordable housing and special needs housing that serves protected classes.
7. The issue of affordable housing is a fair housing impediment in two ways:

- The lack of affordable housing throughout the state has a disparate negative impact on Fair Housing Act protected classes.
  - Planning to affirmatively further fair housing will be included/expanded in affordable housing projects funded by ADOH.
8. On-going data gathering from CDBG sub recipients will need to improve to meet evolving AI requirements. The 2006 AI stated, "Information gathering and monitoring fair housing performance needs to be improved." ADOH responded with improvements in these areas. This impediment carries over to the 2010 Plan of Action.

Action identified to be taken to overcome effects of impediments.

ADOH has no fair housing enforcement capacity. The State of Arizona Attorney General's Office has this responsibility. Therefore, the identification of impediments to fair housing choice and Plan of Action are limited to those areas that are within ADOH's jurisdiction. However, within the parameters that ADOH operates, it will continue to have a significant impact in improving fair housing choice in Arizona.

The agency has a contract with Southwest Fair Housing Council to provide education and outreach throughout Arizona. The key points in the Plan of Action include the following:

- The continuation of a comprehensive strategy to provide fair housing education and outreach to both housing providers and housing consumers throughout the State of Arizona.
- The inclusion of training, information, and activities to address the need for foreclosure prevention and the increase in foreclosure rescue and mortgage modification scams that are hitting residents protected under Title VIII particularly hard.
- Requiring that all federally funded projects funded by ADOH include a strategy to affirmatively further fair housing and a plan for monitoring and enforcing this requirement.
- Requiring that all communities with CDBG funding through ADOH provide ADOH information on zoning and land use to determine the extent that land use provisions and practices may be either exclusionary or inclusionary and to use this information to inform ADOH planning.

Additionally, the agency distributes an annual fair housing survey to its CDBG recipients electronically and makes the survey available on our website throughout the month of April, to help identify impediments to fair housing choice within the State of Arizona. The agency has also created and distributed a fair housing complaint referral form, a referral list, and procedures to each of its CDBG communities. This complaint referral process is monitored by ADOH annually and whenever CDBG-contracts are closed out.

**A.4.1. A Summary of the Results of State and Recipient Actions to Use Minority and Women-Owned Businesses in Carrying Out CDBG-Funded Activities, FY 2011.**

The *CDBG Procurement and Contracting Handbook*, which is available on the ADOH website to all applicants and grantees, contains information about how grantees may comply with this requirement and references the availability of MBE/WBE/DBE directories. During on-site monitoring visits, CDBG Program staff reviews files to determine if efforts were made to utilize such firms and if documentation of the use of such firms is being maintained. The review itself is documented on monitoring forms; and if no or insufficient actions were taken, the monitoring visit follow-up letter contains recommendations for corrective actions.

In addition, the *CDBG Administration Handbook*, Chapter 7, Closeouts, contains a format that all grantees must use when submitting a Closeout Report. This includes a Business Opportunities Form that documents whether any MBE/WBE/DBE firms were awarded contracts relating to the provision of goods or services for the CDBG funded project(s) and which collects data on the type of firm, the ethnicity of the owner and the dollar amount of the contract. If this form is not submitted as part of the Closeout or is incomplete/incorrect, the grantee is notified that the Closeout cannot be approved until corrections are made.

ADOH has located a determination by Steve Johnson of HUD HQ that State programs are *not required to submit the MBE/WBE report form 2516* but rather must have the MBE/WBE information available for HUD during program review. Therefore, ADOH will continue to maintain MBE/WBE information for its recipients and their sub-recipients in its offices for HUD to review at its discretion.

#### **4.A.2. Section 3 Compliance, FY 2011**

The *CDBG Procurement and Contracting Handbook*, Chapter 11, contains detailed information about the purpose of Section 3 along with instructions and examples of forms for documenting Section 3 compliance by the community and the contractor. CDBG staff has and will continue to desk monitor bid documents to make sure that they contain the required Section 3 items, and have and will review Section 3 reports when a community submits its request for a final construction funds draw. In addition, during on-site monitoring visits, staff has and will continue to review additional Section 3 materials that grantees are to maintain in their files.

Housing will continue to submit electronically, the HUD 60062 Section 3 Summary Report with data collected thru desk review, on-site monitoring and the project close out report entitled Business Opportunity Report.

#### **A.5. The Data on the EEOC-EEO-4 Form should be maintained at the State for each State Agency administering the Program, FY 2011.**

Housing maintains such data in the required format available for review upon request.

PART I  
STATE CDBG PERFORMANCE/EVALUATION REPORT

STATE OF ARIZONA  
GRANT #B-09-DC-04-0001  
REPORT FOR FY 2012  
DATA AS OF JUNE 30, 2014

**CHART 1**

| I. <u>FINANCIAL STATUS</u>         | <u>AMOUNT</u> | <u>%</u> |
|------------------------------------|---------------|----------|
| A. TOTAL FUNDS                     | \$8,908,063   | 100%     |
| 1. ALLOCATION                      | \$8,908,063   |          |
| 2. PROGRAM INCOME                  | -0-           |          |
| B. AMOUNT OBLIGATED TO RECIPIENTS  | \$8,540,821   |          |
| C. AMOUNT FOR STATE ADMINISTRATION | \$ 278,161    |          |
| D. TOTAL DRAWN DOWN                | \$ 4,761,611  |          |
| 1. BY RECIPIENTS                   | \$ 4,731,611  | 99%      |
| 2. BY STATE ADMINISTRATION         | -0-           |          |
| E. TECHNICAL ASSISTANCE 1%         | \$ 89,081     |          |
| 1. AMOUNT DRAWN DOWN               | \$ 30,000     | 1%       |
| F. SECTION 108 LOAN GUARANTEES     | \$ N/A        |          |

**CHART 2**

| II. <u>NATIONAL OBJECTIVES</u>   |               |          |
|--|---------------|----------|
| A. PERIOD SPECIFIED FOR BENEFIT  |               | FY2012   |
| B. AMOUNTS USED TO:  | <u>AMOUNT</u> | <u>%</u> |
| 1. BENEFIT TO LOW/MODERATE INCOME PERSONS  | \$ 7,472,746  | 87%      |
| 2. PREVENT/ELIMINATE SLUMS/BLIGHT  | \$ 230,999    | 3%       |
| 3. MEET URGENT COMMUNITY DEVELOPMENT NEEDS   | \$ -0-        |          |
| 4. ACQUISITION/REHABILITATION <span style="color: blue;">NONCOUNTABLE</span> DOLLARS             | \$ -0-        |          |
| 5. ADMINISTRATION  | \$ 837,076    | 10%      |
| C. TOTAL AMOUNT OBLIGATED TO RECIPIENTS TO FULFILL<br>NATIONAL OBJECTIVES (minus administration) | \$ 7,703,745  |          |
| D. TOTAL OBLIGATED TO RECIPIENTS   | \$ 8,540,821  |          |



Arizona Department of Housing  
Performance/Evaluation Report for Community Development Block Grant Program  
Reporting Year: 2013

Project and Activity Recap - Year 2012  
Includes Activities with Matix Codes: ALL

CHART 3

13 Matrix Types consisting of the following breakdown:

| # of Activities | Matrix Code | Activity Matrix                       | Proposed     | Actual       | Estimated Amount      |
|-----------------|-------------|---------------------------------------|--------------|--------------|-----------------------|
| 1               | 01          | 01-Acquisition of Real Property       | 8            | 8            | \$130,000.00          |
| 2               | 03          | 03-Public Facilities and Improvements | 2430         | 2430         | \$375,513.00          |
| 1               | 03E         | 03E-Neighborhood Facilities           | 3614         | 3614         | \$215,755.00          |
| 2               | 03I         | 03I-Flood Drain Improvements          | 4110         | 4110         | \$462,038.00          |
| 3               | 03K         | 03K-Street Improvements               | 1806         | 1806         | \$572,576.00          |
| 1               | 03L         | 03L-SIDEWALKS                         | 4162         | 4162         | \$104,276.00          |
| 1               | 05H         | 05H-Employment Training               | 18           | 18           | \$46,897.00           |
| <b>11</b>       |             | <b>Total Activities:</b>              | <b>16148</b> | <b>16148</b> | <b>\$1,907,055.00</b> |



Arizona Department of Housing  
Performance/Evaluation Report for Community Development Block Grant Program  
Reporting Year: 2013

Income Information for ALL Projects/Activities in Reporting Period Year 2012

CHART 4

Includes Activities with Matix Codes of All

| MEDIAN INCOME                        | PERSONS BENEFITTING |
|--------------------------------------|---------------------|
| 0-30% of HAMFI *** (Very Low Income) | 8                   |
| 31-50% of HAMFI (Low Income)         | 3238                |
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| 81% AND ABOVE                        | 3312                |
| <b>TOTALS</b>                        | <b>14270</b>        |

\*\*\*HAMFI = HUD Adjusted Median Family Income





Arizona Department of Housing  
Performance/Evaluation Report for Community Development Block Grant Program  
Reporting Year: 2013

Racial Ethnic Composition for ALL Projects/Activities in Reporting Period Year 2012

CHART 5

Includes Activities with Matix Codes of All

| HUD DESIGNATED RACIAL CATEGORIES                        | PERSONS BENEFITTING |                 |
|---|---------------------|-----------------|
|   | Racial Count        | Ethnicity Count |
| White   | 2186                | 327             |
| Black/African American                                  | 29                  | 4               |
| Asian   | 34                  | 8               |
| American Indian/Alaskan Native                          | 14                  | 4               |
| Native Hawaiian/Pacific Islander                        | 4                   | 1               |
| American Indian.Alaskan Native & White                  | 17                  | 3               |
| Asian & White   | 13                  | 6               |
| Black/African American & White                          | 4                   | 1               |
| American Indian.Alaskan Native & Black.African American | 1                   | 0               |
| Other Multi Racial                                      | 156                 | 132             |
| <b>TOTALS:</b>  | <b>2458</b>         | <b>486</b>      |

## PART II. 2012 NARRATIVE REQUIREMENTS - A.

Much of the required narrative is contained in the State's FY2012 Consolidated Annual Performance Evaluation Report (CAPER). Specific topics addressed in the CAPER and their corresponding pages are:

- Resources Available – pg. 5
- Investment of Resources – pgs. 6 - 7
- Geographic Distribution and Location of Investments – pgs. 6, 8
- Families and Persons Assisted (including racial and ethnic status) – pgs. 6, 9
- Activities to Address Homelessness, Chronic Homelessness and Persons with Special Needs – pgs 16 - 22
- Actions Taken to Remove Barriers to Affordable Housing – pg. 22
- Comparison of Proposed vs. Actual Outcomes – pgs. 10 – 12, Exhibits 2A, 2B, 2C
- Description of Use of CDBG Funds during Program Year – pgs. 32 – 36

The additional required topics for narrative are covered below.

### **AN ASSESSMENT OF THE RELATIONSHIP OF THE USE OF FUNDS TO THE STATE'S OBJECTIVES**

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There were no changes in program objectives between FY 2011 and FY 2012 for the 85% of the state's CDBG funds that are in the Regional Account or the State Special Projects Account that receives 15% of the annual allocation after deductions for the allowable 2% plus \$100,000 for State Administration, 1% Technical Assistance and 10% colonias set aside. Beginning with the FY2010 funding year, Housing implemented a competitive application round for Colonias eligible projects with NOFA release every two years in order to combine 2 allocation years and better enable colonias communities to completely address their water, sewer or housing issues with one large project. The FY2012 Colonias set aside will be awarded with the FY2013 Colonias Set Aside thru a Notice of Funding Availability released April 19, 2013. The application deadline is September 16, 2013 at 4p.m.

Housing continues to require that all Regional account and SSP-Competitive projects must now meet a medium or high priority as established in the State's FY2010-FY2014 Consolidated Plan and Annual Action Plans. Priorities were established based on public, private and partner input thru several focus group meetings thru-out the state. Although all CDBG activities remain eligible, the state chose to fund

only those activities with medium or high priority in order to focus funding more towards meeting basic human needs and community livability. This practice began in FY2010.

## **AN INDICATION OF HOW THE STATE WOULD CHANGE ITS PROGRAM AS A RESULT OF ITS EXPERIENCE**

As a result of public, private and partner input as well as OIG audits, the state has already implemented several changes as outlined in FY 2010 Narrative Requirement 2. Housing will continue to seek input from public, private and partner entities and to review current economic trends when establishing activity priorities thru its Annual Action Plan.

In order to address timely project expenditures and completions ADOH will look more favorably on recapturing awards from non-performing communities and re-allocating those funds thru the SSP-Competitive Component to projects and communities demonstrating an ability to deliver timely and compliant projects.

Due to a reduction in staffing and federal funding and due to increased focus on project completion and timely expenditure at the national level, Housing now recommends that individual communities submit only one (1) project application for the Regional Account during their funding cycle and recommends that Counties submit no more than three (3) project applications. Applications/projects in excess of these amounts will be funded only if the following threshold criteria are met on the date the application is received by ADOH:

1. All Recipients:
  - a. All reporting required by the Department is up to date.
  - b. All monitoring findings have been cleared.
  - c. Recipient is compliant with all current contracts.
  - d. Recipient is in conformance with all original contract Schedules of Completion or has obtained ADOH approvals for revisions or amendments to their Schedules of Completion.
  - e. Recipient has no contracts over the previous 3 years that have been extended more than once.
  - f. For all previously funded projects environmental clearances have been obtained and scope of work has begun.
2. Recipients with contracts in their 24<sup>th</sup> or greater month:
  - a. Performance: Scope of Work 100 percent complete and Contract Close out Report received and approved.
  - b. Expenditure Rates: CDBG Funds 100 percent expended or de-obligated.
3. Recipients with contracts in their 18th to 23rd month:
  - a. Performance: The Scope of Work is currently 75 percent complete.
  - b. Expenditure Rates: CDBG funds 75 percent expended.
4. Recipients with contracts in their 12th to 17th month:
  - a. Performance: The Scope of Work is currently 50 percent complete.
  - b. Expenditure Rates: CDBG funds 50 percent expended.
5. Recipients with new contracts up to their 11th month
  - a. Performance: The Scope of Work is currently 25 percent complete
  - b. Expenditure Rates: CDBG funds are 25% expended.

Finally, Beginning with Federal FY 2014 each individual community and county must submit a Letter of Intent (LOI) to ADOH regarding their projects selected for application to the Regional Account. The LOI must be received by ADOH no less than 120 days prior to the regional account application due date for the respective community or county. The LOI must include **all** of the following information:

- Amount of funds applied for;

- Project title;
- Project location;
- Service Area;
- Intended National Objective to be met;
- Proposed beneficiaries;
- Detailed information on who will administer all aspects of the project;
- Scope of Work; and
- Information on any additional funding sources being used for the project. Are these funds applied for? Approved? Committed by governing body?

Any community or county that fails to submit an LOI by the deadline will not be eligible for regional account funding and their allocation will be returned to the State Special Projects Account.

Submission of Intent Letters will allow Housing to better address technical assistance needs prior to application submission and it is Housing's hope that this will reduce application errors as well as timing to project implementation.

All of these new processes are included in Housing's newly updated CDBG Application Handbook which was issued in April 2013 and will be continuously updated as needed. The last update being made on July 16, 2013.

## **EVALUATION OF THE EXTENT TO WHICH THE PROGRAM BENEFITED LOW- AND MODERATE-INCOME PERSONS**

Please see Chart 2 Funding by National Objective, Chart 3 Project and Activity Recap, Chart 4 Income Information, and CAPER Exhibit 2C CDBG Investment by Activity and Persons Served for detailed information about the extent to which the FY 2012 program is anticipated to provide benefit to low and moderate income persons.

## **A SUMMARY OF ANY COMMENTS CONCERNING THE PROGRAM THAT HAVE BEEN RECEIVED FROM CITIZENS**

No comments regarding FY 2012 were received.

## **PART II. 2012 NARRATIVE REQUIREMENTS - B.**

### **SUMMARY OF ACTIVITIES AND RESULTS FROM TECHNICAL ASSISTANCE FUNDING, FY 2012**

As of June 30, 2014, \$30,000 of FY 2012 1%TA funds (34%) had been drawn down. Housing continued to have annual \$10,000 contracts with three of the four non-metropolitan Councils of Governments, enabling them to attend CDBG meetings and training and provide TA to local governments and non-profits within their regions. Additionally, the COGs may use TA funds to assist with RWIC meetings (see below for a more detailed explanation of the RWIC, the change in its name and the COGs' role in such). Further 1% TA funds will continue to be used to cover the costs of CDBG staff when they develop and/or present workshops, revise or create Handbooks and provide TA.

Some of the COGs host and help organize Rural Water Infrastructure Committee (RWIC) meetings in their areas about 2-3 times a year. The COGs are an essential component in the RWIC process, which is a cooperative one-stop outreach and TA system involving CDBG, U.S.D.A. Rural Development, the Water Infrastructure Financing Authority (WIFA) that administers the state water and wastewater revolving funds (the SRF), the state Corporation Commission, the state's Departments of Environmental Quality and Water Resources, various non-profits with both circuit riding and funding capabilities, a state bond bank known as the Greater Arizona Development Authority (GADA) and for-profit engineering companies. The COGs help publicize the RWIC TA process throughout their regions, identify communities and systems in

need of TA, assist those communities to define and describe their problems, attempt to ensure that they attend RwIC meetings, and undertake limited follow-up on behalf of the communities and systems.

Housing held 4 Technical Assistance Workshops in the spring of 2013, one for each of the rural regional Council of Governments (COGS). These workshops included information on changes to the CDBG Application Handbook, a review of the most common application preparation discrepancies and an individual meeting with each of the communities to discuss their projects in development

## FY 2012 PART III

### COMPLIANCE WITH APPLICABLE CIVIL RIGHTS LAWS

**A. 1. Ethnicity Information, FY 2012.** See Chart 5 Racial Ethnicity Composition for detailed information on 2012 funded projects completed in FY2013. NOTE: Some activity types are not required to track Racial/Ethnicity demographic data.

**A. 2. A Narrative Summary of the State's Reviews of Recipients' Civil Rights Performance Including: a. Process and Standards Used to Review; b. Results of the Reviews; and c. State's Findings and Corrective/Remedial Actions, If Any, FY 2012.**

As in prior years, each applicant for FY 2012 CDBG funds was required to submit a certification, signed by the CEO, that the community would comply with all applicable civil rights laws, regulations and Executive Orders. The CDBG Program continued to provide TA on how such requirements were to be implemented via the *CDBG Grant Administration Handbook*.

Further, where the CDBG Program is aware of outstanding concerns, it has and will continue to withhold funds from the community until necessary corrective actions are implemented.

CDBG Program staff has and will continue to review Requests for Proposals, Professional Services Contracts, subrecipient agreements, bid documents and construction contracts to ensure that these contain the required civil rights clauses and certifications. Revisions or amendments have and will be required where such items are omitted or non-compliant. This desk monitoring has and will be documented in the contract file, as will be the grantee's responses and amended documents.

Further, during future on-site visits, CDBG Program staff has and will review FY 2012 grantees' documents to include: procurement and contracting if such were not desk monitored; items relating to 504 and at a minimum the accessibility of the facility from which the CDBG Program is administered and any public facilities constructed or rehabbed with CDBG funds; and the community's AFFH files. Monitoring forms have and will continue to be used to document this review. Where documents are missing or other evidence of non-compliance is noted, monitoring visit follow-up letters have been mailed usually within 30 days of the visit; with a response required, usually within 30 days of the date on the letter. If a satisfactory response is not received, funds may be withheld for any or all of the community's contracts.

**A.3. A Narrative Description Summarizing State and Local Efforts, Actions and Results in Affirmatively Furthering Fair Housing, FY 2012.**

#### Actions taken to affirmatively further fair housing

The agency's commitment to affirmatively furthering fair housing was demonstrated on many fronts. ADOH's spring newsletter was dedicated to the 45<sup>th</sup> Anniversary of the signing of the Fair Housing Act. The newsletter featured the Governor signing a proclamation declaring April as Fair Housing Month; it also gave a brief history leading up to the signing of the Fair Housing Act and introduced the HUD Disparate Impact Rule. The Arizona Fair Housing Partnership, which ADOH sits on the steering

committee, held its annual April event also dedicated to celebrating 45 years of fair housing. The event was held at the Disabilities Empowerment Center on April 19, 2013 and was entitled **Back to the Future**. The Fair Housing proclamation signed by the Governor was on display. Speakers included: Bill Gray, former President of the Arizona School of Real Estate and nationally recognized lecturer; Dr. Matthew C. Whitaker, ASU Foundation Professor of History and the Director of the Center for the Study of Race and Democracy; Reginald H. Givens, Foreclosure Assistance Administrator with ADOH; and Phoenix Councilman Tom Simplot. They each shared their knowledge of past, present, and future aspect of housing and housing discrimination.

The agency renewed its contract with Southwest Fair Housing Council (SWFHC) to provide fair housing/fair lending training throughout the State of Arizona; providing at least two workshops per county for housing professionals, two workshops per county for consumers and a minimum of one fair housing training per State CDBG recipient. The contract also provides a fair housing training for ADOH staff, two presentations at other agency, city, county and continuum of care meetings. SWFHC also stocks and maintains at least fifteen sites per county for the distribution of fair housing literature, and they use the media (radio, television, print ads, and PSAs) to make consumers aware of fair housing laws and trainings throughout Arizona. In the last fiscal year, SWFHC has provided 166 trainings and workshops throughout the state of Arizona.

ADOH partnered with the City of Yuma and SWFHC along with many other agencies, staffing a booth at a fair housing fair for consumers in Yuma. The Community Development and Revitalization division of ADOH required each recipient of CDBG funds to offer at least three opportunities per year to further fair housing. Those opportunities included an annual adoption of a fair housing resolution or proclamation and displaying fair housing posters in a public area of the community's administration building or office. Other fair housing activities that communities participated in for fair housing compliance included the distribution of a fair housing brochure, the sponsoring of a fair housing poster, an essay, or poetry contest in the local schools; encouraging the media to promote fair housing awareness with public service announcements; hosting of an annual fair housing meeting or forum; conducting a community wide fair housing opinion survey; encouraging civic organizations to invite speakers to talk about fair housing; or other activities. ADOH monitors for fair housing compliance on all recipients and applicants of CDBG and HOME funding.

#### Summary of impediment to fair housing choice

The agency's Analysis of Impediments to Fair Housing Choice was updated in the spring of 2009. There were a few impediments carried over from 2006. The impediments are:

1. There is a need to improve the process for fair housing complaint/referral in many non-metro communities.
2. Many housing consumers are unaware of their fair housing rights and available fair housing resources. Therefore, when housing discrimination is encountered, it often goes unreported and unresolved.
3. Many housing providers illegally discriminate because of inadequate knowledge and understanding of their responsibilities under the Fair Housing Act.
4. Many public and private agencies in non-metro Arizona lack effective fair housing referral procedures. This impedes people's access to agencies that provide fair housing information and assistance to victims of housing discrimination.
5. Disparities in lending and predatory lending practices are impediments to fair housing choice in Arizona.
6. "Not in my Backyard" (NIMBYism) can be an impediment to fair housing because it has obstructed plans and policies to provide affordable housing and special needs housing that serves protected classes.
7. The issue of affordable housing is a fair housing impediment in two ways:
  - The lack of affordable housing throughout the state has a disparate negative impact on Fair Housing Act protected classes.
  - Planning to affirmatively further fair housing will be included/expanded in affordable housing projects funded by ADOH.
8. Enforcement needs to be increased in rural areas. A greater focus needs to be on border areas, colonias, and communities surrounding reservations where discrimination has been shown to be particularly high.

Action identified to be taken to overcome effects of impediments.

ADOH has no fair housing enforcement capacity. The State of Arizona Attorney General's Office has this responsibility along with Southwest Fair Housing Council. Therefore, the identification of impediments to fair housing choice and Plan of Action are limited to those areas that are within ADOH's jurisdiction. However, within the parameters that ADOH operates, it will continue to have a significant impact in improving fair housing choice in Arizona.

The agency has a contract with Southwest Fair Housing Council to provide education and outreach throughout Arizona. The key points in the Plan of Action include the following:

- The continuation of a comprehensive strategy to provide fair housing education and outreach to both housing providers and housing consumers to include trainings in Spanish throughout the State of Arizona.
- The inclusion of training, information, and activities to address the need for foreclosure prevention and the increase in foreclosure rescue and mortgage modification scams that are hitting residents protected under Title VIII particularly hard.
- Requiring that all federally funded projects funded by ADOH include a strategy to affirmatively further fair housing and a plan for monitoring and enforcing this requirement.
- Provide a uniformed process for all CDBG communities to facilitate a tracking and referral system for victims of housing discrimination that helps to ensure that violations of the fair housing law do not go unreported.

Additionally, the agency distributes an annual fair housing survey to its CDBG recipients electronically and makes the survey available on our website throughout the month of April, to help identify impediments to fair housing choice within the State of Arizona. The agency has also created and distributed a fair housing complaint referral form, a referral list, and procedures to each of its CDBG communities and has offered these forms and instruction to any agency interested in this procedure. This complaint referral process is monitored by ADOH annually and whenever CDBG-contracts are closed out.

**A.4.1. A Summary of the Results of State and Recipient Actions to Use Minority and Women-Owned Businesses in Carrying Out CDBG-Funded Activities, FY 2012.**

The *CDBG Procurement and Contracting Handbook*, which is available on the ADOH website to all applicants and grantees, contains information about how grantees may comply with this requirement and references the availability of MBE/WBE/DBE directories. During on-site monitoring visits, CDBG Program staff reviews files to determine if efforts were made to utilize such firms and if documentation of the use of such firms is being maintained. The review itself is documented on monitoring forms; and if no or insufficient actions were taken, the monitoring visit follow-up letter contains recommendations for corrective actions.

In addition, the *CDBG Administration Handbook*, Chapter 7, Closeouts, contains a format that all grantees must use when submitting a Closeout Report. This includes a Business Opportunities Form that documents whether any MBE/WBE/DBE firms were awarded contracts relating to the provision of goods or services for the CDBG funded project(s) and which collects data on the type of firm, the ethnicity of the owner and the dollar amount of the contract. If this form is not submitted as part of the Closeout or is incomplete/incorrect, the grantee is notified that the Closeout cannot be approved until corrections are made.

ADOH has located a determination by Steve Johnson of HUD HQ that State programs are *not required to submit the MBE/WBE report form 2516* but rather must have the MBE/WBE information available for HUD during program review. Therefore, ADOH will continue to maintain MBE/WBE information for its recipients and their sub-recipients in its offices for HUD to review at its discretion.

#### **4.A.2. Section 3 Compliance, FY 2012**

The *CDBG Procurement and Contracting Handbook*, Chapter 11, contains detailed information about the purpose of Section 3 along with instructions and examples of forms for documenting Section 3 compliance by the community and the contractor. CDBG staff has and will continue to desk monitor bid documents to make sure that they contain the required Section 3 items, and have and will review Section 3 reports when a community submits its request for a final construction funds draw. In addition, during on-site monitoring visits, staff has and will continue to review additional Section 3 materials that grantees are to maintain in their files.

Housing will continue to submit electronically, the HUD 60062 Section 3 Summary Report with data collected thru desk review, on-site monitoring and the project close out report entitled Business Opportunity Report.

#### **A.5. The Data on the EEOC-EEO-4 Form should be maintained at the State for each State Agency administering the Program, FY 2012.**

Housing maintains such data in the required format available for review upon request.



PART I  
STATE CDBG PERFORMANCE/EVALUATION REPORT

STATE OF ARIZONA  
GRANT #B-09-DC-04-0001  
REPORT FOR FY 2013  
DATA AS OF JUNE 30, 2014

**CHART 1**

| I. <u>FINANCIAL STATUS</u>         | <u>AMOUNT</u> | <u>%</u> |
|------------------------------------|---------------|----------|
| A. TOTAL FUNDS                     | \$9,560,059   | 100%     |
| 1. ALLOCATION                      | \$9,560,059   |          |
| 2. PROGRAM INCOME                  | -0-           |          |
| B. AMOUNT OBLIGATED TO RECIPIENTS  | \$9,173,257   |          |
| C. AMOUNT FOR STATE ADMINISTRATION | \$ 291,201    |          |
| D. TOTAL DRAWN DOWN                | \$ 431,128    |          |
| 1. BY RECIPIENTS                   | \$ 431,128    | 100%     |
| 2. BY STATE ADMINISTRATION         | -0-           |          |
| E. TECHNICAL ASSISTANCE 1%         | \$ 95,601     |          |
| 1. AMOUNT DRAWN DOWN               | \$ 0          | 0%       |
| F. SECTION 108 LOAN GUARANTEES     | \$ N/A        |          |

**CHART 2**

| II. <u>NATIONAL OBJECTIVES</u>   | FY2013        |          |
|--|---------------|----------|
| A. PERIOD SPECIFIED FOR BENEFIT  |               |          |
| B. AMOUNTS USED TO:  | <u>AMOUNT</u> | <u>%</u> |
| 1. BENEFIT TO LOW/MODERATE INCOME PERSONS  | \$ 7,216,772  | 79%      |
| 2. PREVENT/ELIMINATE SLUMS/BLIGHT  | \$ 971,254    | 10%      |
| 3. MEET URGENT COMMUNITY DEVELOPMENT NEEDS   | \$ -0-        |          |
| 4. ACQUISITION/REHABILITATION <b>NONCOUNTABLE</b> DOLLARS  | \$ -0-        |          |
| 5. ADMINISTRATION  | \$ 985,231    | 11%      |
| C. TOTAL AMOUNT OBLIGATED TO RECIPIENTS TO FULFILL<br>NATIONAL OBJECTIVES (minus administration) | \$ 8,188,026  |          |
| D. TOTAL OBLIGATED TO RECIPIENTS   | \$ 9,173,257  |          |

## **PART II. 2013 NARRATIVE REQUIREMENTS - A.**

Much of the required narrative is contained in the State's FY2012 Consolidated Annual Performance Evaluation Report (CAPER). Specific topics addressed in the CAPER and their corresponding pages are:

- Resources Available – pg. 6
- Investment of Resources – pgs. 7 - 8
- Geographic Distribution and Location of Investments – pgs. 7, 9
- Families and Persons Assisted (including racial and ethnic status) – pgs. 7, 10, Exhibit 2B
- Activities to Address Homelessness, Chronic Homelessness and Persons with Special Needs – pgs 16 - 21
- Actions Taken to Remove Barriers to Affordable Housing – pg. 22
- Comparison of Proposed vs. Actual Outcomes – pgs. 11 – 13, Exhibits 2A, 2B, 2C
- Description of Use of CDBG Funds during Program Year – pgs. 31 – 35

The additional required topics for narrative are covered below.

### **AN ASSESSMENT OF THE RELATIONSHIP OF THE USE OF FUNDS TO THE STATE'S OBJECTIVES**

The objective of the State of Arizona's FY 2013 non-entitlement Community Development Block Grant Program (CDBG) is stated below along with an assessment of Arizona's success in using available funds to meet this objective.

#### Objective

**To further the development of viable urban and rural communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.**

In consultation with the four non metropolitan Councils of Governments (COGs) Housing reconfirmed that the primary objective of the CDBG Program as stated in statute most accurately reflected the objective of the Arizona State program. Because of the diverse nature of the needs of various communities, Housing concluded that any one particular focus of the program might not accurately address those needs, and that the local citizen and public participation process was sufficient to ensure that applications were responsive to locally identified objectives and needs.

### **AN EXPLANATION OF THE NATURE OF AND REASONS FOR ANY CHANGES IN PROGRAM OBJECTIVES**

There were no changes in program objectives between FY 2012 and FY 2013 for the 85% of the state's CDBG funds that are in the Regional Account or the State Special Projects Account that receives 15% of the annual allocation after deductions for the allowable 2% plus \$100,000 for State Administration, 1% Technical Assistance and 10% colonias set aside. Beginning with the FY2010 funding year, Housing implemented a competitive application round for Colonias eligible projects with NOFA release every two years in order to combine 2 allocation years and better enable colonias communities to completely address their water, sewer or housing issues with one large project. The FY2013 Colonia Set Aside was to be awarded with the FY2012 Funds however, only one eligible application was submitted for the FY2012 & 2013 funds and that project did not warrant receiving the full \$1.7 million available. Therefore the FY2013 Colonias set aside will be awarded with the FY2014 Colonias Set Aside thru a Notice of Funding Availability released February 19, 2014. The application deadline was July 17, 2014 at 4p.m. Applications are currently under review.

Housing continues to require that all Regional account and SSP-Competitive projects must now meet a medium or high priority as established in the State's FY2010-FY2014 Consolidated Plan and Annual

Action Plans. Priorities were established based on public, private and partner input thru several focus group meetings thru-out the state. Although all CDBG activities remain eligible, the state chose to fund only those activities with medium or high priority in order to focus funding more towards meeting basic human needs and community livability. This practice began in FY2010.

## **AN INDICATION OF HOW THE STATE WOULD CHANGE ITS PROGRAM AS A RESULT OF ITS EXPERIENCE**

As a result of public, private and partner input as well as OIG audits, the state has already implemented several changes as outlined in FY 2010 Narrative Requirement 2. Housing will continue to seek input from public, private and partner entities and to review current economic trends when establishing activity priorities thru its Annual Action Plan.

In order to address timely project expenditures and completions ADOH will look more favorably on recapturing awards from non-performing communities and re-allocating those funds thru the SSP-Competitive Component to projects and communities demonstrating an ability to deliver timely and compliant projects.

Due to a reduction in staffing and federal funding and due to increased focus on project completion and timely expenditure at the national level, Housing now recommends that individual communities submit only one (1) project application for the Regional Account during their funding cycle and recommends that Counties submit no more than three (3) project applications. Applications/projects in excess of these amounts will be funded only if the following threshold criteria are met on the date the application is received by ADOH:

1. All Recipients:
  - a. All reporting required by the Department is up to date.
  - b. All monitoring findings have been cleared.
  - c. Recipient is compliant with all current contracts.
  - d. Recipient is in conformance with all original contract Schedules of Completion or has obtained ADOH approvals for revisions or amendments to their Schedules of Completion.
  - e. Recipient has no contracts over the previous 3 years that have been extended more than once.
  - f. For all previously funded projects environmental clearances have been obtained and scope of work has begun.
2. Recipients with contracts in their 24<sup>th</sup> or greater month:
  - a. Performance: Scope of Work 100 percent complete and Contract Close out Report received and approved.
  - b. Expenditure Rates: CDBG Funds 100 percent expended or de-obligated.
3. Recipients with contracts in their 18th to 23rd month:
  - a. Performance: The Scope of Work is currently 75 percent complete.
  - b. Expenditure Rates: CDBG funds 75 percent expended.
4. Recipients with contracts in their 12th to 17th month:
  - a. Performance: The Scope of Work is currently 50 percent complete.
  - b. Expenditure Rates: CDBG funds 50 percent expended.
5. Recipients with new contracts up to their 11th month
  - a. Performance: The Scope of Work is currently 25 percent complete
  - b. Expenditure Rates: CDBG funds are 25% expended.

ADOH is also requesting subrecipient communities and counties submit quarterly requests for reimbursement of expenses along with their required quarterly progress reporting. This will greatly reduce the number of projects that appear on the IDIS Flag list.

Finally, Beginning with Federal FY 2014 each individual community and county must submit a Letter of Intent (LOI) to ADOH regarding their projects selected for application to the Regional Account. The LOI must be received by ADOH no less than 120 days prior to the regional account application due date for the respective community or county. The LOI must include **all** of the following information:

- Amount of funds applied for;
- Project title;
- Project location;
- Service Area;
- Intended National Objective to be met;
- Proposed beneficiaries;
- Detailed information on who will administer all aspects of the project;
- Scope of Work; and
- Information on any additional funding sources being used for the project. Are these funds applied for? Approved? Committed by governing body?

Any community or county that fails to submit an LOI by the deadline will not be eligible for regional account funding and their allocation will be returned to the State Special Projects Account.

Submission of Intent Letters will allow Housing to better address technical assistance needs prior to application submission and it is Housing's hope that this will reduce application errors as well as timing to project implementation.

All of these new processes are included in Housing's newly updated CDBG Application Handbook which was issued in April 2013 and will be continuously updated as needed. The last update being made on February 11, 2014.

## **EVALUATION OF THE EXTENT TO WHICH THE PROGRAM BENEFITED LOW- AND MODERATE-INCOME PERSONS**

As the FY2013 Funds are recently awarded detailed information about the extent to which the FY 2013 program is anticipated to provide benefit to low and moderate income persons is not yet available. This information will be reported in next year's FY2014 PER and CAPER

## **A SUMMARY OF ANY COMMENTS CONCERNING THE PROGRAM THAT HAVE BEEN RECEIVED FROM CITIZENS**

No comments regarding FY 2013 were received.

## **PART II. 2013 NARRATIVE REQUIREMENTS - B.**

### **SUMMARY OF ACTIVITIES AND RESULTS FROM TECHNICAL ASSISTANCE FUNDING, FY 2013**

As of June 30, 2014, \$0 of FY 2013 1%TA funds (0%) had been drawn down. Housing continued to have annual \$10,000 contracts with three of the four non-metropolitan Councils of Governments, enabling them to attend CDBG meetings and training and provide TA to local governments and non-profits within their regions. Additionally, the COGs may use TA funds to assist with RWIC meetings (see below for a more detailed explanation of the RWIC, the change in its name and the COGs' role in such). Further 1% TA funds will continue to be used to cover the costs of CDBG staff when they develop and/or present workshops, revise or create Handbooks and provide TA.

Some of the COGs host and help organize Rural Water Infrastructure Committee (RWIC) meetings in their areas about 2-3 times a year. The COGs are an essential component in the RWIC process, which is a cooperative one-stop outreach and TA system involving CDBG, U.S.D.A. Rural Development, the Water Infrastructure Financing Authority (WIFA) that administers the state water and wastewater revolving funds (the SRF), the state Corporation Commission, the state's Departments of Environmental Quality and

Water Resources, various non-profits with both circuit riding and funding capabilities, a state bond bank known as the Greater Arizona Development Authority (GADA) and for-profit engineering companies. The COGs help publicize the RWIC TA process throughout their regions, identify communities and systems in need of TA, assist those communities to define and describe their problems, attempt to ensure that they attend RWIC meetings, and undertake limited follow-up on behalf of the communities and systems.

Housing held 2 Housing Rehabilitation Roundtables meetings to share best practices and train on income qualifying beneficiaries and procurement of contractors. Additionally, Housing held two Environmental Review Trainings (July and August).

## FY 2013 PART III

### COMPLIANCE WITH APPLICABLE CIVIL RIGHTS LAWS

**A. 1. Ethnicity Information, FY 2013.** See Chart 5 Racial Ethnicity Composition for detailed information on 2012 funded projects completed in FY2013. NOTE: Some activity types are not required to track Racial/Ethnicity demographic data.

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**A.3. A Narrative Description Summarizing State and Local Efforts, Actions and Results in Affirmatively Furthering Fair Housing, FY 2013.**

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the Governor was on display. Key note speaker included: Michael Traylor, Director of Arizona Department of Housing, The day consisted of two panel discussions: **Fair Lending** in the morning and **Mental Health** in the afternoon. Eight professionals sat on the panels discussing the issues at hand.

The agency renewed its contract with Southwest Fair Housing Council (SWFHC) to provide fair housing/fair lending training throughout the State of Arizona; providing at least two workshops per county for housing professionals, two workshops per county for consumers and a minimum of one fair housing training per State CDBG recipient. The contract also provides a fair housing training for ADOH staff, two presentations at other agency, city, county and continuum of care meetings. SWFHC also stocks and maintains at least fifteen sites per county for the distribution of fair housing literature, and they use the media (radio, television, print ads, and PSAs) to make consumers aware of fair housing laws and trainings throughout Arizona. In the last fiscal year, SWFHC has provided 131 trainings and 2 Fair Housing events throughout the state of Arizona.

The Community Development and Revitalization division of ADOH required each recipient of CDBG funds to offer at least three opportunities per year to further fair housing. Those opportunities included an annual adoption of a fair housing resolution or proclamation and displaying fair housing posters in a public area of the community's administration building or office. Other fair housing activities that communities participated in for fair housing compliance included the distribution of a fair housing brochure, the sponsoring of a fair housing poster, an essay, or poetry contest in the local schools; encouraging the media to promote fair housing awareness with public service announcements; hosting of an annual fair housing meeting or forum; conducting a community wide fair housing opinion survey; encouraging civic organizations to invite speakers to talk about fair housing; or other activities. ADOH monitors for fair housing compliance on all recipients and applicants of CDBG and HOME funding.

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ADOH has no fair housing enforcement capacity. The State of Arizona Attorney General's Office has this responsibility along with Southwest Fair Housing Council. Therefore, the identification of impediments to fair housing choice and Plan of Action are limited to those areas that are within ADOH's jurisdiction. However, within the parameters that ADOH operates, it will continue to have a significant impact in improving fair housing choice in Arizona.

The agency has a contract with Southwest Fair Housing Council to provide education and outreach throughout Arizona. The key points in the Plan of Action include the following:

- The continuation of a comprehensive strategy to provide fair housing education and outreach to both housing providers and housing consumers to include trainings in Spanish throughout the State of Arizona.
- The inclusion of training, information, and activities to address the need for foreclosure prevention and the increase in foreclosure rescue and mortgage modification scams that are hitting residents protected under Title VIII particularly hard.
- Requiring that all federally funded projects funded by ADOH include a strategy to affirmatively further fair housing and a plan for monitoring and enforcing this requirement.
- Provide a uniformed process for all CDBG communities to facilitate a tracking and referral system for victims of housing discrimination that helps to ensure that violations of the fair housing law do not go unreported.

Additionally, the agency distributes an annual fair housing survey to its CDBG recipients electronically and makes the survey available on our website throughout the month of April, to help identify impediments to fair housing choice within the State of Arizona. The agency has also created and distributed a fair housing complaint referral form, a referral list, and procedures to each of its CDBG communities and has offered these forms and instruction to any agency interested in this procedure. This complaint referral process is monitored by ADOH annually and whenever CDBG-contracts are closed out.

#### **A.4.1. A Summary of the Results of State and Recipient Actions to Use Minority and Women-Owned Businesses in Carrying Out CDBG-Funded Activities, FY 2013.**

The *CDBG Procurement and Contracting Handbook*, which is available on the ADOH website to all applicants and grantees, contains information about how grantees may comply with this requirement and references the availability of MBE/WBE/DBE directories. During on-site monitoring visits, CDBG Program staff reviews files to determine if efforts were made to utilize such firms and if documentation of the use of such firms is being maintained. The review itself is documented on monitoring forms; and if no or insufficient actions were taken, the monitoring visit follow-up letter contains recommendations for corrective actions.

In addition, the *CDBG Administration Handbook*, Chapter 7, Closeouts, contains a format that all grantees must use when submitting a Closeout Report. This includes a Business Opportunities Form that documents whether any MBE/WBE/DBE firms were awarded contracts relating to the provision of goods or services for the CDBG funded project(s) and which collects data on the type of firm, the ethnicity of the owner and the dollar amount of the contract. If this form is not submitted as part of the Closeout or is incomplete/incorrect, the grantee is notified that the Closeout cannot be approved until corrections are made.

ADOH has located a determination by Steve Johnson of HUD HQ that State programs are *not required to submit the MBE/WBE report form 2516* but rather must have the MBE/WBE information available for HUD during program review. Therefore, ADOH will continue to maintain MBE/WBE information for its recipients and their sub-recipients in its offices for HUD to review at its discretion.

#### **4.A.2. Section 3 Compliance, FY 2013**

The *CDBG Procurement and Contracting Handbook*, Chapter 11, contains detailed information about the purpose of Section 3 along with instructions and examples of forms for documenting Section 3 compliance by the community and the contractor. CDBG staff has and will continue to desk monitor bid documents to make sure that they contain the required Section 3 items, and have and will review Section

3 reports when a community submits its request for a final construction funds draw. In addition, during on-site monitoring visits, staff has and will continue to review additional Section 3 materials that grantees are to maintain in their files.

Housing will continue to submit electronically, the HUD 60062 Section 3 Summary Report with data collected thru desk review, on-site monitoring and the project close out report entitled Business Opportunity Report.

**A.5. The Data on the EEOC-EEO-4 Form should be maintained at the State for each State Agency administering the Program, FY 2013.**

Housing maintains such data in the required format available for review upon request.





**Arizona Department of Housing  
COLONIAS FUNCTION AS OF 6/30/2014**

Matrix Code                      CDBG                      # LOW MOD                      Number Served

Year 2008  
LISTED BY COUNTY

|   |  |     |                      |            |            |
|---|--|-----|----------------------|------------|------------|
| CDBG Duncan Wastewater Treatment Imp 110-09 | CDBG Duncan Admin 110-09-01                    | 21A | \$ 15,018.00         | 0          | 0          |
|   | CDBG Duncan Wastewater Treatment Imp 110-09-02 | 03J | \$ 84,982.00         | 452        | 817        |
| <b>TOTALS</b>                               | <b>Greenlee County</b>                         |     | <b>\$ 100,000.00</b> | <b>452</b> | <b>817</b> |

|                                    |                                       |     |                      |             |             |
|------------------------------------|---------------------------------------|-----|----------------------|-------------|-------------|
| CDBG Kearny 114-09 Bar Screen Lift | CDBG Kearny 114-09-01 Admin           | 21A | \$ 46,464.00         | 0           | 0           |
|                                    | CDBG Kearny 114-09-02 Bar Screen Lift | 03J | \$ 222,158.14        | 1514        | 2168        |
| <b>TOTALS</b>                      | <b>Pinal County</b>                   |     | <b>\$ 268,622.14</b> | <b>1514</b> | <b>2168</b> |



**Arizona Department of Housing  
COLONIAS FUNCTION AS OF 6/30/2014**

Matrix Code                      CDBG                      # LOW MOD                      Number Served

**Year 2009  
LISTED BY COUNTY**

|  |   |     |                      |              |              |
|--|---|-----|----------------------|--------------|--------------|
| CDBG Cochise County 127-10 OOER          | CDBG Cochise Cnty 127-10-01 Admin       | 21A | \$ 30,449.07         |              |              |
|  | CDBG Cochise Cnty 127-10-02 OOER        | 14A | \$ 191,058.58        | 16           | 16           |
| CDBG SSP Douglas 169-10 Water Tank Imps  | CDBG SSP Douglas 169-10-01 Admin        | 21A | \$ 6,282.00          |              |              |
|  | CDBG SSP Douglas 169-10-02 Water Tank   | 03J | \$ 293,718.00        | 13505        | 15862        |
| <b>TOTALS</b>                            | <b>Cochise County</b>                   |     | <b>\$ 521,507.65</b> | <b>13521</b> | <b>15878</b> |
| CDBG SSP Eloy 172-10 OOHR                | CDBG Eloy 172-10-02 OOHR                | 14A | \$ 2,882.90          | 8            | 8            |
| CDBG SSP Kearny 170-10 Well Improvements | CDBG Kearny 170-10-01 Admin             | 21A | \$ 30,833.63         |              |              |
|  | CDBG Kearny 170-10-02 Well Improvements | 03J | \$ 218,947.39        | 1245         | 2168         |
| <b>TOTALS</b>                            | <b>Pinal County</b>                     |     | <b>\$ 252,663.92</b> | <b>1253</b>  | <b>2176</b>  |