



State of Arizona
5-year HUD Consolidated Plan
and
Program Year 2025 HUD Annual Plan

PUBLIC COMMENT DRAFT



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ES-05 Executive Summary - 91.300(c), 91.320(b)

Introduction

The U.S. Department of Housing and Urban Development (HUD) requires a 5-year Consolidated Plan for formula funding received by jurisdictions from the HUD Office of Community Planning and Development (CPD). CPD formula funds received by the State of Arizona include the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and National Housing Trust Fund (NHTF) programs administered by the Arizona Department of Housing (ADOH), and the Emergency Solutions Grant (ESG) program administered by the Arizona Department of Economic Security (DES).

The ADOH is the State agency responsible for developing the Consolidated Plan. This Consolidated Plan determines priorities, establishes strategic goals, and allocates resources for the HUD CPD programs administered by the ADOH and ADES for the 5-year period beginning July 1, 2025 and ending June 30, 2030.

The primary purpose of HUD CPD programs administered by the ADOH and DES is to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment and expanded economic opportunities for low-and-moderate income people, households, and communities. The Consolidated Plan focuses resources on households at various income levels including: 1) extremely low-income households that have income at or below 30% of the area median income (AMI); 2) very low-income households that have income 31%-50% of AMI; and 3) low-and moderate-income households that have income 51-80% of AMI.

The ADOH vision is “An Arizona with safe, inclusive, livable communities and affordable housing options for all”. The ADOH administers programs for housing partners who apply to the department for funding with the underlying premise that safe, decent, affordable housing and healthy communities are the cornerstone of a vibrant, diverse, and sustainable housing landscape that stimulates economic growth and provides the stability conducive for Arizonans to pursue their dreams.

The ADES works with families, community organizations, advocates and state and federal partners to realize the collective vision that every child, adult, and family in Arizona will be safe and economically secure. The ADES Homeless Coordination Office supports statewide efforts to provide community-based services for individuals and families experiencing homelessness. The Office also collaborates on a statewide level with each Continuum of Care (CoC) to ensure that the needs of individuals experiencing homelessness are being assessed and adequately addressed.

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Summary of the objectives and outcomes identified in the Plan Needs Assessment

The objectives of the Consolidated Plan are based on a housing market analysis, needs assessment, and stakeholder and citizen input. To address infrastructure, facility, housing and services needs with HUD CPD resources, the State established goals and objectives to address needs in seven categories:

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

Evaluation of past performance

The State made significant progress towards and exceeded many of its goals to address the priority needs identified in its PY20-PY24 HUD Consolidated Plan. Specifically, the State exceeded its goals to 1) invest in community facilities and infrastructure, 2) construct or rehabilitate rental housing, 3) rehabilitate owner-occupied housing, 4) address impediments to fair housing choice, and 5) provide housing and services for people experiencing homeless and people with HIV/AIDS.

Summary of citizen participation process and consultation process

The State of Arizona conducted a public meeting to solicit input into Consolidated Plan needs and priorities from both stakeholders and residents. This meeting was held in conjunction with the ADOH annual Housing Forum. A separate meeting to solicit input into needs and priorities was held with homelessness providers at the Arizona Department of Economic Security September 2024 first Friday virtual Coffee Talk.

Two online surveys were conducted to barriers to housing choice, and to identify needs and priorities. The surveys were marketed to the ADOH mailing list and announced at the ADOH annual Housing Forum. The surveys were available in both English and Spanish and received a combined 187 responses.

A public hearing will be conducted on April 9, 2025 during the public comment period. The public hearing will focus on five-year priorities and goals, annual goals, and the State's methods of distribution for Consolidated Plan resources. Public hearing presentations will be made available on the ADOH website.

The draft 5-year Consolidated Plan and Annual Action Plan will be made available to the public for a thirty-day public comment period beginning April 1, 2025 and ending April 30, 2025. Public hearing notices and a summary of the 5-year Consolidated Plan and Annual Action Plan are posted on the ADOH website and advertised in five newspapers 7 days prior to the meetings.

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Summary of public comments

Prevalent comments from partners and stakeholders included 1) limited support from the community for housing low-income populations, 2) insufficient affordable housing units, 3) lack of coordination among special needs service providers and affordable housing developers, 4) and sudden rent increases that force special populations into difficult housing decisions. Prevalent comments regarding homelessness assistance included 1) insufficient incentives for landlords and developers to create units to rehouse people experiencing homelessness, 2) need for education at the management and community level about how available programs can help people regain housing, 3) lack of support for Rapid Rehousing beyond the initial six months.

Recommendations were made to 1) prioritize affordable housing units for people experiencing homelessness that include service provision, 2) local landlord incentive programs that include a set-aside for damages and loss of rental income, 3) facilitating relationships between developers/property owners and service providers to address the housing and services needs of special populations, 4) shared housing, 5) dedicated rental assistance for seniors and others on fixed incomes, 6) increased administrative funding to support the need for additional staff due to a high volume of housing need, and 7) assistance for nonprofits to develop business enterprises that support their missions.

Survey responses were weighted and revealed the following problems in rank order: 1) access to medical and dental care, 2) paying for rent, mortgage, and/or utilities, 3) paying for food or having access to fresh food, 4) finding work that pays enough to support self and family, 5) living in housing that needs major repairs, 6) finding care for a family member who is elderly or disabled, 7) access to transportation, and 8) finding child care.

Summary of comments or views not accepted and the reasons for not accepting them

Comments and views received during the public comment period and at the public hearing will be summarized, as will reasons for not accepting comments, if any.

Summary

Citizen and stakeholder input were combined with the Consolidated Plan needs assessment and housing market analysis to identify priorities, goals and objectives for the Consolidated Plan. Citizen and stakeholder input included a public meeting, a stakeholder meeting, an online survey, a public hearing, and public comment period.

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PR-05 Lead & Responsible Agencies 24 CFR 91.300(b)

Describe agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	ARIZONA	Kathy Blodgett, CD&R Programs Administrator
HOPWA Administrator	ARIZONA	David Bridge, Special Needs Administrator
HOME Administrator	ARIZONA	Keon Montgomery, Assistant Deputy Director
ESG Administrator	ARIZONA	Jowan Thornton, Arizona Dept of Economic Security
	ARIZONA	Keon Montgomery, Assistant Deputy Director

Table 1 – Responsible Agencies

Narrative

The Arizona Department of Housing is the lead agency for the preparation and administration of the Consolidated Plan.

Consolidated Plan Public Contact Information

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PR-10 Consultation – 91.100, 91.110, 91.200(b), 91.300(b), 91.215(I) and 91.315(I)

Introduction

The ADOH is involved on a continual basis in planning efforts with other State agencies and departments; city, town, and county governments; regional councils of government; housing and social service providers; businesses; and citizens. State and local planning bodies often share some component of ADOH's mission to address housing and community development needs for low-income and special needs populations throughout the state.

To identify and implement solutions, a collaborative, team approach is needed, and that belief is what led to the re-creation of the Governor's Interagency and Community Council on Homelessness and Housing (GICCHH; rhymes with 'KICK'). Arizona Governor Katie Hobbs reinstated the Governor's Interagency and Community Council on Homelessness and Housing through executive order in January 2023. GICCHH convenes members from public, private, nonprofit, faith-based communities from across the State, and includes individuals who have experienced housing insecurity and homelessness themselves. The Council was charged with developing and implementing a plan to address homelessness and will serve as a central policy development and planning resource for the State on the issue of housing insecurity.

The Council's action framework has three strategic objectives: Produce the housing affordability Arizona needs, rehouse and shelter more Arizonans, and boost the economic well-being of Arizonans. The framework includes seventeen recommendations to achieve the aforementioned objectives and impact Arizonans in need.

Three of the seventeen recommendations have found success in the Governor's first year in office: Recommendation #7 - Bolster and Expand Resources for Housing Affordability. GICCHH achieved this objective by developing a new state program for first-time homebuyers called Arizona is Home (AIH). The program increases homeownership opportunities through down payment assistance and mortgage interest rate relief. The Governor announced and opened AIH in April 2024 and it is already making the dream of homeownership more attainable for many low-to-moderate income, first-time homebuyers through the use of state housing trust funds and mortgage revenue bonds to provide larger down payments and buy-down interest rates.

Recommendation #8 - Diversify and Expand Housing Options. GICCHH is helping expand housing options through the increased use of innovative and lower-cost housing typologies and construction models such as modular housing, 3-D printed housing, and housing made entirely of used shipping containers. The Arizona Department of Housing awarded funding for low-cost housing typologies to two projects that are using recycled material (i.e. shipping containers) and innovative design to develop affordable housing.

Recommendation #11 - Pursue Opportunities for Creative Collaboration. The Council is proud to have created collaborative data sharing. There is now one source of shared data among all homelessness and human services providers in the thirteen rural Arizona counties and all applicable state agencies. This streamlined system is creating more in-depth data characteristic and reporting capabilities related to our state's homeless system.

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Provide a concise summary of the state’s activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I))

It has long been recognized that housing alone, while critical, is not sustainable without additional wrap around supports, especially for people experiencing homelessness who may have other barriers or needs. Similarly, the health care field has acknowledged that effective services including medical and behavioral health treatment and services require safe and sustainable housing to be effective. Without housing and other community supports, health care costs and outcomes drastically worsen. ADOH is working closely with AHCCCS and the healthcare community to address housing and connection to other Social Determinants of Health:

1. Support for Arizona AHCCCS 1115 Medicaid Waiver (Project H2O). Effective October 1, 2024, Arizona was awarded a CMS Medicaid Waiver to allow Medicaid reimbursement for housing/shelter related services for H2O eligible Medicaid persons experiencing homelessness and who either have a chronic health condition or are being released from incarceration. Key Medicaid reimbursable services include a six -month enhanced shelter benefit and assistance with housing move in and deposit costs.
 - a. To ensure a successful transition from enhanced shelter for the target population, AHCCCS is working with all three CoCs to prioritize (within the HUD rules) H2O homeless members to CoC PH and PSH programs
 - b. AHCCCS has created a H2O Administrator to enable non-Medicaid funded Community Based Organizations, such as homeless shelters and homeless providers, to receive Medicaid reimbursement for H2O without becoming licensed facilities. This includes multiple programs funded by the AZBOSCOC and other ADOH funded grants. This funding supplements ADOH housing funding for these providers and expands capacity.
 - c. All three Arizona CoCs are working with AHCCCS and ASU to develop statewide services standards around housing interventions for H2O that may be adopted by the AZBOSCOC and other funders as a first step towards system service standards.
 - d. The AZBOSCOC is sharing HMIS data with AHCCCS to: 1) identify potential AZBOSCOC clients who may be eligible for H2O supportive services and enhanced shelter; and 2) assist AHCCCS Managed Care Organizations to identify and engage their members on homeless waitlists. AHCCCS has enhanced policies requiring follow up on all Medicaid members appearing on CoC by name lists.
 - e. Data Warehouse Enterprise for Linkage (DWEL-AZ)- The DWEL-AZ Project has established an ongoing homeless data warehouse incorporating HMIS data from all three AZ Continua of Care as well as AHCCCS. This data will allow for statewide coordination and planning, and will be available to service providers to improve direct housing and service coordination and delivery.
2. AHCCCS restructured their services to enhance housing pre and post tenancy supports and to fund homeless outreach activities.

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3. To support these initiatives, AHCCCS and the three Continua of Care have established numerous working meetings, TA opportunities and participation in intergovernmental working groups. This includes the Georgetown Data Labs, AZBOSCOG Governance Advisory Board, AHCCCS Behavioral Health Council, and H2O implementation groups. In 2024, Arizona was one of seven states selected to participate in HUD and CMS's Accelerator program to assist in implementation of Arizona H2O waiver specifically by identifying and reducing barriers between HUD and CMS programs to integrate housing and health programs.
4. AZ Health Improvement Plan (AZHIP) - ADOH, AHCCCS and other state and local stakeholders serve on the Steering Committee and workgroups supporting and informing the goals established in the participate in Arizona Department of Health Services AZHIP. ADOH participation has focused on strategies and goals around social determinants of health including increasing access to safe and affordable housing as a key strategy to reduce overall health impacts related to homelessness or insecure housing.
5. In alignment with HUD Continuum of Care funding priorities promoting integration of health-related investment in HUD homeless programs, the AZBOSCOG submitted multiple bonus projects in the annual HUD CoC NOFO process that integrated Medicaid or other health care resources and services in proposed homeless housing programs.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

The Arizona Department of Housing is the lead agency for the Arizona Balance of State Continuum of Care (AZBOSCOG) for the 13 non-metro counties in the state, serving as the collaborative applicant for CoC funds and the Homeless Management Information System (HMIS) lead agency. The State's CoC process brings together local government, community businesses, faith-based organizations, nonprofit organizations, and people who are currently or formerly experienced homelessness to develop local solutions to end homelessness. The ADOH annually applies for funding to HUD for projects and programs to address the needs identified through the CoC process.

The ADOH and ADES directly consult with all three Arizona Continua of Care to address the needs of individuals and families experiencing chronic homelessness, and families with children, Veterans, and unaccompanied youth, including those at risk of homelessness. This consultation allows for the identification and funding of region-specific priorities, and the targeting of services to address gaps. The integration of robust data-sharing systems and performance-tracking methodologies enhances Arizona's ability to respond to the complex challenges of homelessness, positioning the state as a leader in outcome-oriented homelessness services.

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Describe consultation with the Continuum(s) of Care that serves the state in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies and procedures for the administration of HMIS

The Arizona Department of Economic Security (ADES) Child and Community Services Division (CCSD) collaborates with the three Continuums of Care (CoCs) – the Maricopa Regional CoC, Tucson Pima Collaboration to End Homelessness (TPCH), and the Arizona Balance of State (AZBOSCOC) – to allocate Emergency Solutions Grant (ESG) funds, develop performance standards, and evaluate project outcomes. This collaborative approach, combined with a focus on data-driven methodologies, ensures that Arizona’s homelessness response is both effective and aligned with regional needs.

Strategic Coordination and Resource Allocation: Through engagement with the ESG Collaborators Group in Maricopa County and direct consultation with all three CoCs, ADES ensures that ESG funding aligns with region-specific priorities. The state's ESG funds are targeted to address service gaps that local recipients may lack the capacity to fill. In both the Maricopa Regional and TPCH CoCs, ADES primarily focuses on rapid rehousing initiatives, allowing local CoCs to concentrate their resources on homelessness prevention. In the Balance of State CoC, all four ESG-eligible activities—outreach, emergency shelter, rapid rehousing, and homelessness prevention—are supported to comprehensively address the needs of rural populations.

RFP-Driven Program Compliance and Integration: ADES administers a competitive Request for Proposals (RFP) process, requiring applicants for ESG funding to demonstrate active participation in their respective CoC. This ensures programmatic alignment with local service systems. Awarded grantees are mandated to coordinate closely with their CoC throughout the funding period to ensure their programs are fully integrated into the local homelessness response framework, optimizing the use of ESG funds and avoiding service duplication.

By leveraging data from local CoCs through HMIS, ADES gains a more granular understanding of homelessness trends and service gaps across the state.

Homeless Management Information System (HMIS) Integration: ADES works closely with the HMIS data leads from the Maricopa Regional CoC, Tucson Pima Collaboration to End Homelessness (TPCH), and Arizona Balance of State CoC (AZBOSCOC) to ensure effective data management and utilization. Each of these CoCs plays a pivotal role in maintaining data accuracy, consistency, and utility for tracking program outcomes and service delivery within their respective regions.

Through this coordinated effort with the CoCs, ADES ensures that ESG-funded programs are supported by high-quality data, which informs decision-making and drives efficient resource allocation. This allows Arizona’s homelessness response to remain agile and responsive to the needs of its diverse populations.

Outcomes and Continuous Improvement: In early 2023, ADES engaged each CoC in a comprehensive review of performance standards, ensuring alignment across regions. By partnering closely with the Maricopa Regional, TPCH, and AZBOSCOC CoCs, ADES ensures that ESG resources are deployed through data-driven strategy.

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Provide a concise summary of the state’s activities to enhance coordination with local jurisdictions serving Colonias and organizations working within Colonias communities.

The State of Arizona has designated 57 Arizona Colonias in the southern counties of Cochise, Gila, Graham, Greenlee, La Paz, Santa Cruz, and Yuma, and on the Cocopah and Tohono O’odham Indian Reservations. The ADOH has developed a process to certify Arizona Colonias to ensure that they comply with federal legislation at Section 916 of the Cranston-Gonzalez Act of 1990 and HUD guidance. The ADOH sets aside 10% of its annual CDBG funds for projects in Colonias with high-priority needs. Colonias typically partner with local government to apply for CDBG Colonias funding, which is made available biennially to facilitate larger awards to address significant water, sewer, and/or housing needs in their entirety.

Regional Councils of Government provide technical assistance to rural communities, including Colonias, through a contract with ADOH. The ADOH is also a partner in the Rural Water Infrastructure Committee (RWIC), a partnership of various federal and state agencies that provide loans, grants, and technical assistance to Arizona’s rural communities. The RWIC seeks to create a sustainable organization of funders and technical assistance providers who partner to meet the needs of small drinking water and wastewater systems throughout Arizona.

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2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdictions consultations with housing, social service agencies and other entities

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	NORTHERN ARIZONA COUNCIL OF GOVERNMENT
	Agency/Group/Organization Type	Housing Services - Housing Services-Children Services-Elderly Persons Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Northern Arizona Council of Governments (NACOG) is a partner with ADOH on the delivery of Community Development Block Grant funds in Apache, Coconino, Navajo, and Yavapai counties as well as the communities within those counties. NACOG is frequently the project administrator for those counties and communities. NACOG coordinates with ADOH on the method of distribution for the CDBG funds allocated to the region on an annual basis. NACOG is also the responsible agency for the Head Start and Area Agency on Aging programs in northern Arizona. Their input into housing needs assessment, and housing and community development needs is critical to the development of the consolidated plan and annual action plan.
2	Agency/Group/Organization	Central Arizona Association of Governments
	Agency/Group/Organization Type	Housing Services - Housing Services-Employment Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment

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	<p>How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Central Arizona Council of Governments (CAG) is a partner with ADOH on the delivery of Community Development Block Grant funds in Gila and Pinal counties as well as the communities within those counties. CAG is frequently the project administrator for those counties and communities. CAG coordinates with ADOH on the method of distribution for the CDBG funds allocated to the region on an annual basis. CAG is also the responsible agency of the region for Workforce Investment Act, Transportation Planning, GIS data and mapping and is a Federal Economic Development District. Their input into housing need assessment and community development needs is critical to the development of the consolidated plan and annual action plan.</p>
3	<p>Agency/Group/Organization</p>	<p>WESTERN ARIZONA COUNCIL OF GOVERNMENTS</p>
	<p>Agency/Group/Organization Type</p>	<p>Housing Services - Housing Services-Children Services-Elderly Persons Regional organization Planning organization</p>
	<p>What section of the Plan was addressed by Consultation?</p>	<p>Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Economic Development Market Analysis</p>
	<p>How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Western Arizona Council of Governments (WACOG) is a partner with ADOH on the delivery of Community Development Block Grant funds in La Paz, Mohave, and Yuma counties as well as the communities within those counties. WACOG coordinates with ADOH on the method of distribution for the CDBG funds allocated to the region on an annual basis. WACOG is the responsible agency for the Head Start and Area Agency on Aging programs in western Arizona as well as the agency responsible in the region for social services block grant funds. WACOG also provides Housing Counseling services and is a member of the Regional Council on Aging. Their input into housing need assessment, and housing and community development needs is critical to the development of the consolidated plan and annual action plan.</p>

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4	Agency/Group/Organization	SouthEastern Arizona Governments Organization (SEAGO)
	Agency/Group/Organization Type	Housing Services-Elderly Persons Services-Persons with Disabilities Services-homeless Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	South Eastern Arizona Governments Organization (SEAGO) is a partner with ADOH on the delivery of Community Development Block Grant funds in Cochise, Graham, Greenlee, and Santa Cruz counties as well as the communities within those counties. SEAGO is frequently the project administrator for those counties and communities. SEAGO coordinates with ADOH on the method of distribution for the CDBG funds allocated to the region on an annual basis. SEAGO is also the responsible agency for the Area Agency on Aging and Social Services Block Grant programs in southeastern Arizona. SEAGO is also a member of the Transportation Advisory Committee for the region and is a Federal Economic Development District. Their input into housing need assessment, and housing and community development needs is critical to the development of the consolidated plan and annual action plan.

Identify any Agency Types not consulted and provide rationale for not consulting

The ADOH offered an opportunity for consultation and consulted with all agency types to identify priorities and needs.

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Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	AZ Dept of Housing	The goals of the Consolidated Plan strategic plan and Continuum of Care share the common goals of preventing and ending homelessness.

Table 3 – Other local / regional / federal planning efforts

Describe cooperation and coordination among the State and any units of general local government, in the implementation of the Consolidated Plan (91.315(I))

Local government plays a pivotal role in implementation of Consolidated Plan resources, primarily Community Development Block Grant funding for those that do not receive a direct allocation of CDBG funds from HUD. The four rural Councils of Government represent local government in the Arizona Balance of State in their various planning efforts and the CDBG Method of Distribution. CDBG resources are distributed to local government in the Arizona Balance of State through the method of distribution described in section SP-10 of this plan. Local government organizations may also access HOME resources to address local housing needs, and many participate in planning efforts to address the needs of people experiencing homelessness.

Narrative (optional):

The ADOH offers multiple opportunities for housing, social service agencies and other entities to participate in the Consolidated Planning process. These opportunities included public meetings, surveys, and public hearings conducted to identify community needs. Agencies, groups, and organizations participating in the process include: All three Continua of Care, Arizona Department of Economic Security, local government, nonprofit housing and service providers, real estate agents, private developers, and councils of government. Not all participating agencies are identified in the above table. Sign-in sheets from public meetings and hearings are attached.

PR-15 Citizen Participation – 91.105, 91.115, 91.200(c) and 91.300(c)

**1. Summary of citizen participation process/Efforts made to broaden citizen participation
Summarize citizen participation process and how it impacted goal-setting**

The ADOH implemented its 2025-2020 Citizen Participation Plan to broaden citizen participation through public meetings, a stakeholder meeting, two online surveys, a public hearing, and publication of the draft Consolidated Plan. The goals identified in the Consolidated Plan reflect citizen and stakeholder input regarding priority needs and investments received through the citizen participation process. All written information included Spanish language instructions on how to obtain additional Spanish language assistance.

A public meeting was conducted in Summer 2024 to seek input into community needs. The public meeting provided participants an overview of Consolidated Plan resources and how those resources could be used. Participants were asked to identify uses of funds that were not currently prioritized in the Consolidated Plan. A separate meeting to solicit input into needs and priorities was held with homelessness providers at their Arizona Department of Economic Security September 2024 first Friday virtual Coffee Talk.

Two online surveys were conducted – one in Spring 2024 emphasizing fair housing and housing choice, and one in Fall 2024 emphasizing community needs. The online surveys were announced on the ADOH website, at the ADOH Annual Housing Forum, and through the ADOH listserv of over 4,500 people, including rural and urban local government, service providers, associations, private citizens, regional councils of government, other state agencies, and for profit and nonprofit entities.

The draft Consolidated Plan will be available for a thirty-day public comment period from April 1, 2025 to April 30, 2025. A hybrid public hearing will be held on April 9, 2025 to solicit comments on the draft Consolidated Plan; the public hearing presentation will be made available online. In addition to a public notice placed in a newspaper of general circulation, the ADOH announced the public comment period and availability of the draft Consolidated Plan and related materials through its listserv.

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Needs Assessment

NA-05 Overview

Needs Assessment Overview

From 2010 to 2020, the State’s population grew 15% and households grew 14%, reflecting increased numbers of households containing 2 or more people. Census Bureau data for 2023 reflect an additional increase between 2020 and 2023 of 94,111 people and 153,360 households, indicating a shift towards more single-person households. Regarding income, from 2010 to 2020, median household income increased 25%. Census Bureau data for 2023 reflect an additional increase of 18% to a statewide median household income of \$76,872 in 2023. The Consolidated Plan Needs Assessment presents HUD Comprehensive Housing Affordability Strategy (CHAS) data provided by HUD and describes housing problems by household type and income level.

NA-10 Housing Needs Assessment - 24 CFR 91.305 (a,b,c)

Summary of Housing Needs

According to HUD 2020 CHAS data, there were 1,221,725 low-and-moderate income households in Arizona, up from 968,550 in 2015. Households that contain a person age 75 or older or with one or more children 6 years old or younger are more likely to be low- and moderate-income than are other household types – 60% of these household types are low- and moderate-income. Small family households and households that contain at least one person age 62-74 are less likely to be low- and moderate-income.

Extremely low-income (ELI) renters and owners are the most likely to experience severe housing problems – 118,070 or 61% of ELI renters and 59,035 or 47% of ELI owners are severely cost burdened or pay more than 50% of their income for housing. Severe cost burden is most prevalent among ELI large family renters (13,755 or 70%), and least prevalent among ELI elderly renters (19,360 or 51%). Among ELI owners, severe cost burden is most prevalent among nonfamily households (12,240 or 54%) and large families (5,040 or 52%).

In addition to severe housing cost burden, 4,950 or 45% of ELI renters and 4,610 or 44% of ELI owners occupy substandard housing. Severe overcrowding, with more than 1.5 people per room, impacts 7,240 or 38% of ELI renters. Severe overcrowding is more likely to impact low- and moderate-income (50% to 80% AMI) owners, with 2,215 or 35% experiencing severe overcrowding.

Demographics	Base Year: 2010	Most Recent Year: 2020	% Change
Population	6,246,816	7,174,064	15%
Households	2,326,468	2,643,430	14%
Median Income	\$51,914	\$64,994	25%

Table 4 - Housing Needs Assessment Demographics

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Data Source: 2006-2010 ACS 5-yr (base year); 2016-2020 ACS 5-yr (most recent year)

Number of Households Table

	0-30% HAMFI	>30-50% HAMFI	>50-80% HAMFI	>80-100% HAMFI	>100% HAMFI
Total Households	292,550	268,880	410,740	249,555	1,260,585
Small Family Households	82,940	79,910	132,630	87,430	574,015
Large Family Households	28,975	30,335	45,230	26,395	112,570
Household contains at least one person 62-74 years of age	57,655	62,465	98,220	59,975	315,475
Household contains at least one person age 75 or older	34,285	49,440	67,195	34,235	121,890
Households with one or more children 6 years old or younger	53,840	51,110	70,250	38,775	147,850

Table 5 - Total Households Table

Data Source: 2016-2020 CHAS

Housing Needs Summary Tables

1. Housing Problems (Households with one of the listed needs)

	Renter					Owner				
	0-30% AMI	>30- 50% AMI	>50- 80% AMI	>80- 100% AMI	Total	0-30% AMI	>30- 50% AMI	>50- 80% AMI	>80- 100% AMI	Total
NUMBER OF HOUSEHOLDS										
Substandard Housing	4,950	2,465	2,610	925	10,950	4,610	2,385	2,440	1,145	10,580
Severely Overcrowded	7,240	5,185	4,390	2,205	19,020	1,435	1,460	2,215	1,175	6,285
Overcrowded	12,900	11,000	10,540	4,080	38,520	3,170	4,035	6,720	3,410	17,335
Housing cost burden > than 50% of income	102,335	53,435	16,865	1,825	174,460	56,090	36,625	28,170	6,955	127,840
Housing cost burden > than 30% of income	9,960	53,365	80,280	22,765	166,370	13,245	29,595	59,055	30,135	132,030
Zero/negative Income (and no housing problems)	24,765	0	0	0	24,765	19,815	0	0	0	19,815

Table 6 – Housing Problems Table

Data Source: 2016-2020 CHAS

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2. Housing Problems 2 (Households with one or more Severe Housing Problems: Lacks kitchen or complete plumbing, severe overcrowding, severe cost burden)

	Renter					Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total
NUMBER OF HOUSEHOLDS										
Having 1 or more of four housing problems	127,430	72,080	34,405	9,035	242,950	65,305	44,500	39,550	12,690	162,045
Having none of four housing problems	27,580	72,330	151,135	92,665	343,710	27,660	79,970	185,650	135,170	428,450
Household has negative income, but none of the other housing problems	24,765	0	0	0	24,765	19,815	0	0	0	19,815

Table 7 – Housing Problems 2

Data 2016-2020 CHAS
Source:

3. Cost Burden > 30%

	Renter				Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	Total
NUMBER OF HOUSEHOLDS								
Small Related	44,615	45,200	38,190	128,005	18,825	18,185	29,380	66,390
Large Related	16,200	14,535	8,370	39,105	6,500	7,510	9,240	23,250
Elderly	22,820	23,400	18,905	65,125	34,125	34,575	37,695	106,395
Other	48,040	37,650	36,825	122,515	14,340	9,180	13,255	36,775
Total need by income	131,675	120,785	102,290	354,750	73,790	69,450	89,570	232,810

Table 8 – Cost Burden > 30%

Data 2016-2020 CHAS
Source:

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4. Cost Burden > 50%

	Renter				Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	Total
NUMBER OF HOUSEHOLDS								
Small Related	40,150	19,665	4,870	64,685	15,655	10,115	8,495	34,265
Large Related	13,755	5,160	830	19,745	5,040	3,100	1,565	9,705
Elderly	19,630	12,675	5,985	38,290	26,100	18,390	14,025	58,515
Other	44,535	20,245	5,960	70,740	12,240	6,025	4,440	22,705
Total need by income	118,070	57,745	17,645	193,460	59,035	37,630	28,525	125,190

Table 9 – Cost Burden > 50%

Data 2016-2020 CHAS
Source:

5. Crowding (More than one person per room)

	Renter					Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total
NUMBER OF HOUSEHOLDS										
Single family households	17,485	13,860	11,430	4,260	47,035	3,895	4,415	6,005	2,995	17,310
Multiple, unrelated family households	1,925	1,735	2,710	1,410	7,780	1,400	1,490	3,225	1,765	7,880
Other, non-family households	1,185	805	985	675	3,650	95	60	105	95	355
Total need by income	20,595	16,400	15,125	6,345	58,465	5,390	5,965	9,335	4,855	25,545

Table 10 – Crowding Information – 1/2

Data 2016-2020 CHAS
Source:

	Renter				Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	Total
Households with Children Present	6,168	4,956	4,493	15,617	3,895	4,415	6,005	17,310

Table 11 – Crowding Information – 2/2

Data note: ACS data indicates 29% of owner households and 32% of renter households include children under 18 in families.

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Describe the number and type of single person households in need of housing assistance.

There were 135,270 low-and moderate-income single-person Arizona households in need of housing assistance in 2020, including 57,189 LMI owners and 78,081 LMI renters.

- Among LMI single-person owners in need of housing assistance, 16,366 (29%) were non-elderly households and 40,823 (71%) were elderly households.
- Among LMI single-person renters in need of housing assistance, 43,718 (56%) were non-elderly households and 34,363 (44%) were elderly households.

Estimate the number and type of families in need of housing assistance who are disabled or victims of domestic violence, dating violence, sexual assault and stalking.

Based on HUD CHAS data (CHAS Table 6), an estimated 237,000 households include a person with a disability and have one or more housing problems that require housing assistance. Among households that include a person with a disability and requiring housing assistance, an estimated 144,905 have income less than 50% AMI.

The Arizona Department of Economic Security Child and Community Services Division Fiscal Year 2024 Domestic Violence Services Report indicates 43,517 statewide calls were placed to the domestic violence hotline, including 12,620 calls from outside of Maricopa and Pima counties. The same report indicates that 200,373 shelter bed nights were provided to domestic violence survivors, including 2,957 adults and 2,631 children. Among shelter bed nights provided to domestic violence survivors, 72,711 were provided to 1,829 adults and 1,302 children outside of Maricopa and Pima counties. In addition, 72,455 statewide mobile advocacy hours were provided to 11,369 adults and 3,573 children. Among mobile advocacy hours provided, 31,192 were provided to 6,274 adults and 2,553 children outside of Maricopa and Pima counties. The Arizona Department of Public Safety Crime Statistics reported 3,217 sexual assaults in 2023. Dating violence and stalking data are not separately available.

The Arizona Coalition to End Sexual and Domestic Violence conducted a survey of domestic violence survivors in 2023. This survey revealed that 30% of survivors had unmet housing needs. Based on available data, an estimated 1,000 families who are survivors of domestic violence, dating violence, sexual assault, and stalking need of housing assistance in Arizona, including 600 families outside of Maricopa and Pima counties.

What are the most common housing problems?

As demonstrated in Consolidated Plan Table 7 above, the most common housing problem is severe housing cost burden (paying more than 50% of household income for housing). An estimated 302,300 households with income up to 100% of the median household income experience severe housing cost burden, including 174,460 renters and 127,840 owners. Nearly all (99%) severely cost burdened renters have household income less than 80% AMI (are low- and moderate-income); 95% of severely cost burdened owners are low- and moderate-income.

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Housing cost burden (paying between 30% and up to 49% of household income for housing) is the second most common housing problem among households with income up to 100% of the median household income. Housing cost burden is experienced by 298,400 households, including 166,370 renters and 132,030 owners.

Are any populations/household types more affected than others by these problems?

Severe housing cost burden disproportionately affects extremely low-income large family renters (70%). Among owners, severe cost burden disproportionately affects extremely low-income nonfamily households (54%) and large families (52%).

Housing cost burden disproportionately affects low- to moderate-income small family renters (52%). Among owners, housing cost burden disproportionately affects low- to moderate-income large families (79%). Low- to moderate-income households have income between 50% and 80% of the area median.

Describe the characteristics and needs of Low-income individuals and families with children (especially extremely low-income) who are currently housed but are at imminent risk of either residing in shelters or becoming unsheltered 91.205(c)/91.305(c)). Also discuss the needs of formerly homeless families and individuals who are receiving rapid re-housing assistance and are nearing the termination of that assistance

In Arizona, low-income individuals and families with children, particularly those with extremely low incomes, are at high risk of homelessness due to multiple systemic and economic pressures. These households often face severe cost burdens, with many spending over 50% of their income on rent and utilities, which leaves them highly vulnerable to economic disruptions, such as job loss, unexpected medical expenses, or other emergencies. This burden is exacerbated by Arizona's affordable housing shortage, with an estimated deficit of over 133,000 units for extremely low-income renters, limiting access to stable housing and increasing the risk of eviction.

Characteristics of these at-risk populations include:

1. **Housing Cost Burdens:** Extremely low-income families often allocate a significant portion of their income to housing, far beyond HUD's affordability standard of 30%, making them particularly susceptible to housing instability.
2. **Unstable Employment and Income:** Many rely on hourly or seasonal work, with irregular incomes that complicate budgeting for rent and essential expenses. This instability places these households at greater risk of becoming unsheltered.
3. **Health and Utility Costs:** In Arizona's extreme temperatures, utility costs can be a heavy financial strain, leading to increased eviction risk for families unable to afford cooling or heating expenses. Health-related challenges, including chronic illness, disabilities, and lack of comprehensive health coverage, further stress household finances.

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Critical needs for these families encompass:

1. Eviction Prevention and Rental Assistance, including Homeless Prevention services and Low-Income Home Energy Assistance Program (LIHEAP) resources that provide immediate financial assistance, helping families remain housed despite financial instability.
2. Employment Support Services, including resources available through ARIZONA@WORK that offer job training and career advancement opportunities, which are essential for low-income individuals to achieve income stability and reduce housing insecurity.
3. Mental Health and Substance Use Services, with emphasis on access to Integrated health services, particularly for families with co-occurring mental health or substance use issues, to address underlying factors contributing to housing instability.
4. Affordable Childcare, which is crucial for parents to secure and maintain employment, and reduces the financial strain on families to support workforce participation.
5. Affordable Housing and Voucher Programs, including rental vouchers and supportive state programs that help at-risk families secure and sustain housing.

Formerly homeless families and individuals in Arizona nearing the end of their Rapid Re-Housing (RRH) assistance face several critical needs to ensure they can maintain housing stability without falling back into homelessness. As RRH is intended to provide temporary financial support, typically covering rental assistance and limited supportive services, the approaching termination of these resources can be challenging for those who are still working toward financial independence and stability.

A primary need for these households is continued access to affordable housing. Arizona's affordable housing shortage places formerly homeless individuals and families at high risk, as the expiration of RRH support often coincides with rising rental costs and a lack of available low-cost housing options. Households that have only recently regained stable housing may struggle to afford market rents without ongoing assistance. Expanding access to rental vouchers and affordable units for extremely low-income residents is crucial to addressing this gap.

Another pressing need is stable employment opportunities. While rapid re-housing programs may help participants secure temporary or low-wage jobs, income instability often persists, which can impact their ability to consistently cover housing costs. Employment support services, such as those provided through ARIZONA@WORK, are essential for helping individuals improve job skills, increase income, and access career advancement opportunities that contribute to long-term housing stability.

Additionally, access to ongoing supportive services remains critical. Many formerly homeless individuals and families have complex needs, including mental health and substance use support, that do not dissipate with initial housing placement. Without continued assistance, these unresolved challenges may jeopardize housing stability. Additional resources are necessary to provide comprehensive, long-term support as RRH assistance tapers off.

Lastly, case management and housing counseling are invaluable for maintaining housing. Support with budgeting, financial literacy, and tenant rights education empowers individuals to manage their rental

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responsibilities independently. Connecting these households with ongoing case management resources can provide the guidance needed to navigate financial challenges as they transition off RRH assistance.

As RRH assistance nears termination, these families and individuals require a network of support that includes affordable housing options, employment resources, behavioral health services, and case management to sustain stable housing and avoid returning to homelessness.

If a jurisdiction provides estimates of the at-risk population(s), it should also include a description of the operational definition of the at-risk group and the methodology used to generate the estimates:

The jurisdiction does not provide estimates of the at-risk population.

Specify particular housing characteristics that have been linked with instability and an increased risk of homelessness

Specific housing characteristics linked with instability and increased risk of homelessness are severe housing cost burden and housing cost burden.

NA-15 Disproportionately Greater Need: Housing Problems - 91.305 (b)(2)

Assess the need of any racial or ethnic group that has disproportionately greater need in comparison to the needs of that category of need as a whole.

Introduction

A disproportionately greater need exists when members of a racial or ethnic group at a given income level experience housing problems at a rate 10 % or more than the income level as a whole. Tables 13 through 16 identify the number of households experiencing one or more of the four housing problems by householder race, ethnicity, and income level. The four housing problems are:

1. Cost burden (paying more than 30% of income for housing costs);
2. Overcrowding (more than 1 person per room);
3. Lacking complete kitchen facilities; and
4. Lacking complete plumbing facilities. Income levels vary by county and are calculated annually by HUD.

0%-30% of Area Median Income

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	215,813	31,984	44,523
White	107,798	16,925	26,080
Black / African American	13,935	1,243	2,627
Asian	5,007	613	2,705
American Indian, Alaska Native	11,947	3,849	2,836
Pacific Islander	336	64	39
Hispanic	73,010	8,646	9,562

Table 12 - Disproportionally Greater Need 0 - 30% AMI

Data Source: 2016-2020 CHAS

30%-50% of Area Median Income

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	199,471	69,275	0
White	104,309	43,369	0
Black / African American	11,302	2,016	0
Asian	4,337	1,148	0
American Indian, Alaska Native	6,798	4,150	0
Pacific Islander	354	69	0
Hispanic	68,625	17,942	0

Table 13 - Disproportionally Greater Need 30 - 50% AMI

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Data Source: 2016-2020 CHAS

50%-80% of Area Median Income

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	213,217	197,220	0
White	123,527	121,484	0
Black / African American	11,409	6,927	0
Asian	4,526	3,417	0
American Indian, Alaska Native	6,305	7,282	0
Pacific Islander	333	220	0
Hispanic	63,114	55,313	0

Table 14 - Disproportionally Greater Need 50 - 80% AMI

Data Source: 2016-2020 CHAS

80%-100% of Area Median Income

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	74,466	174,788	0
White	48,121	112,200	0
Black / African American	3,389	7,189	0
Asian	1,874	3,473	0
American Indian, Alaska Native	1,810	4,719	0
Pacific Islander	150	264	0
Hispanic	18,079	44,441	0

Table 15 - Disproportionally Greater Need 80 - 100% AMI

Data Source: 2016-2020 CHAS

Discussion

CHAS housing problem data by income level, race, and ethnicity show that housing problems are more common at lower income levels – 73% of very low income and low-income households have one or more housing problems, compared to 52% of moderate-income households and 30% of middle-income households. Housing problems are disproportionately greater for:

- Very-low and moderate-income Pacific Islander households.
- Low- and moderate-income Hispanic and Black/African American households.

NA-20 Disproportionately Greater Need: Severe Housing Problems – 91.305(b)(2)

Assess the need of any racial or ethnic group that has disproportionately greater need in comparison to the needs of that category of need as a whole.

Introduction

A disproportionately greater severe need exists when members of a racial or ethnic group at a given income level experience severe housing problems at a rate 10 % or more than the income level as a whole. Tables 17 through 20 identify the number of households experiencing one or more of the four severe housing problems by householder race, ethnicity, and income level. The four severe housing problems are:

1. Severe cost burden (paying more than 50% of income for housing costs);
2. Severe overcrowding (more than 1.5 persons per room);
3. Lacking complete kitchen facilities; and
4. Lacking complete plumbing facilities.

0%-30% of Area Median Income

Severe Housing Problems*	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	192,585	55,187	44,523
White	94,943	29,778	26,080
Black / African American	12,729	2,436	2,627
Asian	4,588	1,025	2,705
American Indian, Alaska Native	10,598	5,208	2,836
Pacific Islander	241	153	39
Hispanic	65,946	15,688	9,562

Table 16 – Severe Housing Problems 0 - 30% AMI

Data Source: 2016-2020 CHAS

30%-50% of Area Median Income

Severe Housing Problems*	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	116,550	152,191	0
White	60,829	86,806	0
Black / African American	6,545	6,773	0
Asian	2,937	2,555	0
American Indian, Alaska Native	4,581	6,362	0
Pacific Islander	289	123	0
Hispanic	38,975	47,595	0

Table 17 – Severe Housing Problems 30 - 50% AMI

Data Source: 2016-2020 CHAS

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50%-80% of Area Median Income

Severe Housing Problems*	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	73,903	336,629	0
White	40,734	204,342	0
Black / African American	2,883	15,461	0
Asian	1,622	6,286	0
American Indian, Alaska Native	3,547	10,018	0
Pacific Islander	184	364	0
Hispanic	23,813	94,568	0

Table 18 – Severe Housing Problems 50 - 80% AMI

Data Source: 2016-2020 CHAS

80%-100% of Area Median Income

Severe Housing Problems*	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	21,707	227,637	0
White	10,877	149,383	0
Black / African American	835	9,749	0
Asian	872	4,487	0
American Indian, Alaska Native	1,345	5,160	0
Pacific Islander	55	359	0
Hispanic	7,366	55,161	0

Table 19 – Severe Housing Problems 80 - 100% AMI

Data Source: 2016-2020 CHAS

Discussion

CHAS severe housing problem data by income level, race, and ethnicity show that severe housing problems are more common at lower income levels – 66% of very low-income households have severe housing problems, compared to 43% of low-income households, 18% of moderate-income households and 9% of middle-income households. Severe housing problems are disproportionately greater for:

- Low Hispanic and Pacific Islander households.
- Very low- and middle income Native American households.

NA-25 Disproportionately Greater Need: Housing Cost Burdens – 91.305 (b)(2)

Assess the need of any racial or ethnic group that has disproportionately greater need in comparison to the needs of that category of need as a whole.

Introduction

A disproportionately greater need exists when members of a racial or ethnic group at a given income level experience housing cost burden or severe housing cost burden at a rate 10% or more than the income level as a whole. Table 21 identifies the number of households experiencing cost burden (paying 30-50% of income for housing) or severe cost burden (paying more than 50% of income for housing).

Housing Cost Burden

Housing Cost Burden	<=30%	30-50%	>50%	No / negative income (not computed)
Jurisdiction as a whole	1,697,765	396,065	337,959	49,425
White	1,169,550	241,018	198,698	27,249
Black / African American	53,982	20,704	20,068	2,837
Asian	48,691	8,249	8,501	2,860
American Indian, Alaska Native	51,595	9,052	8,053	4,235
Pacific Islander	2,019	561	485	39
Hispanic	346,667	109,943	95,556	11,403

Table 20 – Greater Need: Housing Cost Burdens AMI

Data Source: 2016-2020 CHAS

Discussion

CHAS cost burden data by race and ethnicity show that housing cost burden is not experienced disproportionately by any racial or ethnic group. Cost burden is however most prevalent among Black/African American households (21%) and Pacific Islander households (16%).

NA-30 Disproportionately Greater Need: Discussion – 91.305 (b)(2)

Are there any Income categories in which a racial or ethnic group has disproportionately greater need than the needs of that income category as a whole?

Tables 13 through 21 identified several instances of disproportionately greater need:

- Low- and moderate-income Pacific Islander households had a disproportionately greater need based on housing problems. 84% of very-low income Pacific Islander households (354 households) had one or more housing problems. 60% of moderate-income Pacific Islander households (333 households) had one or more housing problems. Very low income Pacific Islander households had a disproportionately greater need based on severe housing problems – 70% (289 households) experienced one or more severe housing problems.
- Low- and moderate-income Black/African American households had a disproportionately greater need based on housing problems – 85% (11,302 households) of low income and 83% (11,409 households) of moderate-income households experienced one or more housing problems.
- Moderate and middle income Native American households had a disproportionately greater need based on severe housing problems – 26% (3,547 households) of moderate income and 21% (1,345 households) of middle-income households experienced severe housing problems.

If they have needs not identified above, what are those needs?

No additional needs identified.

Are any of those racial or ethnic groups located in specific areas or neighborhoods in your community?

The State of Arizona 2025 Analysis of Impediments to Fair Housing Choice identified areas of minority concentration in the Arizona Balance of State. There are 61 Census Tracts where the proportion of people who are not White alone exceeds 46.7%, or the state proportion (less tribal lands and CDBG entitlement jurisdictions) by 10% or more.

There are 39 Census Tracts where the proportion of people living in poverty exceeds 25.1%, or the state proportion (less tribal lands and CDBG entitlement jurisdictions) by 10% or more.

HUD has developed a census tract-based definition of racially/ethnically-concentrated areas of poverty or R/ECAPs. The definition involves a racial/ethnic concentration threshold and a poverty test. R/ECAPs must have a non-white population of 50% or more and a poverty rate of 40% or more. R/ECAPs are depicted on the Minority Concentration and R/ECAP Map. There are no R/ECAPs in nonmetro Arizona, except on tribal lands.

NA-40 Homeless Needs Assessment – 91.305(c)

Introduction:

The 2024 Arizona Balance of State (AZBOS) point-in-time count revealed 2,338 people were experiencing homelessness on that given night in rural Arizona. Of people experiencing homelessness on that night, 862 (37%) were sheltered and 1,496 (63%) were unsheltered. Adults in households without children comprised 91% of people experiencing homelessness on that night; 34% were sheltered and 66% were unsheltered.

The AZBOS accounts for 24% of the State population and covers roughly 94,500 square miles. The large geography and dispersed population are major obstacles to providing coordinated services and shelter for people experiencing homelessness in rural Arizona. In many areas, services and shelter for people experiencing homelessness are addressed through charitable funding and faith organizations that focus assistance to domestic violence survivors and families with children. Rapid re-housing programs and services for Veterans continue to provide access to housing and services for Veterans experiencing homelessness in rural Arizona.

Over the past two years, the ADOH has invested State Housing Trust Funds as match for Continuum of Care funding. The State Housing Trust funds have supported the BOS CoC Local Coalitions to End Homelessness to staff the local continuum and activities, including coordinated entry, case conferencing, point-in-time counts, and Homeless Management Information System participation.

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Homeless Needs Assessment

Population	Estimate the # of persons experiencing homelessness on a given night		Estimate the # experiencing homelessness each year	Estimate the # becoming homeless each year	Estimate the # exiting homelessness each year	Estimate the # of days persons experience homelessness
	Sheltered	Unsheltered				
Persons in Households with Adult(s) and Child(ren)	766	140	497	392	497	89
Persons in Households with Only Children	25	19	63	61	59	37
Persons in Households with Only Adults	4,620	5,866	5,059	4,039	4,371	78
Chronically Homeless Individuals	1,600	1,894	717	0	0	0
Chronically Homeless Families	262	81	0	0	0	0
Veterans	677	317	1,066	604	772	104
Unaccompanied Child	401	420	378	323	315	67
Persons with HIV	272	13	0	0	0	0

Table 21 - Homeless Needs Assessment

Data Source Comments:	Arizona Homeless Populations and Subpopulations Report https://files.hudexchange.info/reports/published/CoC_PopSub_State_AZ_2024.pdf . Stella M.
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RURAL Homeless Needs Assessment

Population	Estimate the # of persons experiencing homelessness on a given night		Estimate the # experiencing homelessness each year	Estimate the # becoming homeless each year	Estimate the # exiting homelessness each year	Estimate the # of days persons experience homelessness
	Sheltered	Unsheltered				
Persons in Households with Adult(s) and Child(ren)	134	78	0	0	0	0
Persons in Households with Only Children	5	2	0	0	0	0
Persons in Households with Only Adults	723	1,396	0	0	0	0
Chronically Homeless Individuals	156	647	0	0	0	0
Chronically Homeless Families	15	18	0	0	0	0
Veterans	151	222	0	0	0	0
Unaccompanied Child	5	2	0	0	0	0
Persons with HIV	6	2	0	0	0	0

Table 26a - Homeless Needs Assessment

Data Source Comments:	AZBOSCO Homeless Populations and Subpopulations Report https://files.hudexchange.info/reports/published/CoC_PopSub_CoC_AZ-500-2024_AZ_2024.pdf
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If data is not available for the categories "number of persons becoming and exiting homelessness each year," and "number of days that persons experience homelessness," describe these categories for each homeless population type (including chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth):

HUD's System Performance Measures provides data on the number of people becoming and exiting homelessness each year. HMIS data for 2023 indicates that 67% of people becoming homeless in rural Arizona were experiencing homelessness for the first time. The same HMIS data indicates that the average number of days experiencing homelessness is 77 days in rural Arizona, and that 25% of people exiting emergency shelter had experienced homelessness within the past 24 months.

During the annual PIT count in 2024, there were 373 veterans identified as homeless in the Arizona Balance of State. Over the last three years, veteran homelessness has been on a steady decline. Arizona communities, through collaborative efforts, have demonstrated that ending veteran homelessness is possible. Ending veteran homelessness or reaching functional zero, does not mean that veterans will no longer experience homelessness. Reaching functional zero means that when a veteran has a housing crisis, communities have systems and resources in place to immediately identify and support the veteran to end their homelessness.

Statewide, the number of chronically homeless individuals, including individuals in chronically homeless families in the Arizona Balance of State increased from 537 in 2018 to 836 in 2024. Most chronically homeless individuals (806) are people in households with adults only.

Estimate the number and type of families in need of housing assistance for families with children and the families of veterans.

As of October 30, 2024, there were 161 literally-homeless families on AZBOSCOG by name lists. Over the past 12 months, this number has ranged from 155 to 184 families, with a monthly average of 167. The AZBOSCOG 2024 point-in-time count revealed a significant number of unsheltered homeless families in rural areas, particularly in the northeastern and northwestern parts of the state. The 2024 PIT identified 212 families experiencing homelessness, up 57% from the 135 families counted in 2023. The greatest increase was among unsheltered families, with 78 counted in 2024 – a 144% increase from the 32 counted in 2023. A portion of the increase was directly related to improved counts, which covered more geographical areas and included additional shelters. The average family size in the PIT count was 3 persons, which equates to an estimated 636 families experiencing homelessness. Based on 2023 data, the AZBOSCOG estimates there are 14 families of veterans in need of housing assistance.

The Arizona Department of Education (ADE) Homeless Education Office reported 17,910 children enrolled in public school grades pre-school through 12 during the 2021-2022 school year – a 32% decrease from 2017. Over two-thirds (71%) were doubled up or temporarily living with another family,

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14% were residing in shelters or transitional housing, 11% were living in hotels or motels, and 3% were unsheltered (living in cars, campgrounds, etc.). Among students reported as experiencing homelessness, 3,115 were reported children with disabilities, 2,677 had Limited English Proficiency, and 1,183 were unaccompanied homeless youth.

Describe the Nature and Extent of Homelessness by Racial and Ethnic Group.

The 2024 Arizona Balance of State Continuum of Care point-in-time count revealed that 56% of sheltered individuals and 61% of unsheltered individuals identified as White. Native American individuals comprised 12% of both the sheltered and unsheltered homeless population. Individuals who identified as Black comprised 7% of the sheltered population and 4% of the unsheltered population. Asians and Pacific Islanders comprised less than 1% of the homeless population. Individuals who identified as another race or multiple races comprised 27% of the sheltered population and 25% of the unsheltered population. Considering ethnicity, Hispanic individuals comprised 28% of the sheltered homeless population and 17% of the unsheltered homeless population.

Examining race and ethnicity in the context of overall nonmetro Arizona population data reveals that individuals who identify as Black and individuals who identify as another race or multiple races are over-represented among people experiencing homelessness.

Describe the Nature and Extent of Unsheltered and Sheltered Homelessness.

Across Arizona, the three Continuums of Care identified 11,436 individuals experiencing homelessness, including 6,025 sheltered and 5,411 unsheltered individuals through the 2024 point-in-time count (PIT). Among individuals experiencing unsheltered homelessness statewide, nearly one quarter (23%) were considered chronically homeless. Among individuals experiencing sheltered homelessness statewide, nearly one in five (18%) were chronically homeless. The Arizona Balance of State Continuum of Care identified 2,338 individuals experiencing homelessness, including 1,476 sheltered and 862 unsheltered individuals. Nearly half (49%) of unsheltered individuals were considered chronically homeless, as were 22% of sheltered individuals.

Discussion:

The point-in-time count is a federally-mandated count of people experiencing homelessness on a given night across the United States. Each Continuum of Care is required to annually submit PIT data to HUD, and HUD and other entities use the data to measure the effectiveness of programs and policies. While the PIT is widely used to measure homelessness, the methodology can vary from year to year based on HUD guidance, and the actual count varies with factors such as the number of volunteers, the amount of funding to support the count, and weather conditions.

NA-45 Non-Homeless Special Needs Assessment – 91.305 (b,d)

Introduction

Special needs populations are presumed low-income for the purposes of the CDBG program. Many individuals with special needs require services that support basic needs (e.g. food and clothing), employment and job training to the extent that employment is an option, access to health and mental health care, and housing that is affordable.

Data for the Housing Opportunities for Persons with HIV/AIDS (table 28), and HIV Housing Need refer specifically to the State of Arizona HOPWA program, which covers areas of the state outside of Maricopa and Pima counties.

HOPWA

Current HOPWA formula use:	
Cumulative cases of AIDS reported	187
Area incidence of AIDS	187
Rate per population	10.7
Number of new cases prior year (3 years of data)	448
Rate per population (3 years of data)	25.6
Current HIV surveillance data:	
Number of Persons living with HIV (PLWH)	588
Area Prevalence (PLWH per population)	656
Number of new HIV cases reported last year	N/A

Table 22 – HOPWA Data

Data Source: ADHS 2023 Annual Report HIV/AIDS In Arizona; CDC HIV Surveillance

HIV Housing Need (HOPWA Grantees Only)

Type of HOPWA Assistance	Estimates of Unmet Need
Tenant based rental assistance	20
Short-term Rent, Mortgage, and Utility	20
Facility Based Housing (Permanent, short-term or transitional)	0

Table 23 – HIV Housing Need

Data Source: HIV Housing Need 2025

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Describe the characteristics of special needs populations in your community:

This section describes the characteristics and needs of elderly/frail elderly, people with disabilities, and people with alcohol and drug addictions. The characteristics and needs of people living in poverty, people experiencing homelessness, and survivors of domestic violence, dating violence, sexual assault and stalking are described in other sections of the Consolidated Plan.

Elderly and Frail Elderly. In 2020, 19% of Arizona’s population or just over 1.4 million people were age of 65 or older; over 600,000 people (8.5%) were age 75 or older. In rural Arizona, 25% of the population or nearly 400,000 people were age 65 or older and over 170,000 (10%) were age 75 or older. Most elderly and frail elderly Arizonans, particularly in rural Arizona, are homeowners.

People with mental, physical, and/or developmental disabilities. In 2022, 18% of the Arizona nonmetro population had a disability. Of the 183,815 people with disabilities, half (50%) were age 65 and older. The poverty rate among people with disabilities in rural Arizona is 20%. The demand for accessible housing and other housing options is proportionately greater in nonmetro areas due to the larger proportion of elderly and frail elderly people. Yet transportation, attraction and retention of health services providers, and an older housing stock in many areas may make it more difficult to meet the demand for needed housing and services.

Severe mental illness (SMI) includes the diagnoses of psychoses and major affective disorders such as bipolar and major depression. The condition must be chronic, meaning it has existed for at least one (1) year, to meet the HUD definition for a disability. In 2024, the Arizona Department of Health Services reported 63,183 people with SMI enrolled in the Arizona Health Care Cost Containment System.

People with developmental disabilities have substantial functional limitations in three or more of the following life areas: self-care, receptive and expressive language, learning, mobility, self-direction, capacity of independent living, and/or economic self-sufficiency. In 2023, the ADES Division of Developmental Disabilities served 51,851 people with developmental disabilities.

People with alcohol or other drug addictions. According to SAMSHA 2021-2022 National Surveys on Drug Use and Health data, in 2022, 1,073,000 Arizonans reported a substance abuse disorder during the prior year, including the misuse of prescription psychotherapeutics or the use of marijuana, cocaine (including crack), heroin, hallucinogens, inhalants, or methamphetamine; 640,000 Arizonans reported an alcohol abuse disorder during the prior year. Arizonans reporting a substance abuse disorder comprised approximately 14.4% of Arizona’s population, while those reporting an alcohol abuse disorder comprised approximately 8.6% of the population.

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What are the housing and supportive service needs of these populations and how are these needs determined?

Many individuals with special needs require assistance with daily living and navigating complex healthcare and housing systems. Additional supportive service needs include advocacy, transportation, and opportunities for socialization to avoid isolation. Needs are determined using US Census and CHAS data, through consultation with stakeholders and citizens, and review of research and public documents.

People with special needs have the same need for decent, safe, and affordable housing as do all people with low-and-moderate incomes. Persons with disabilities may need accessibility features to facilitate independent living or access to suitable services. Frail elderly persons may require modifications to their existing homes. Other people with disabilities may prefer group housing or assisted living situations. Among elderly and frail elderly households and people with physical disabilities, the need for accessibility improvements is critical to their ability to live independently. Specialized health and supportive services are critical for all people with disabilities.

Elderly and frail elderly households need community-based supports and services to remain safely in their homes, engage with systems of care, and to reduce potential isolation. Wellness programs, nutritional support, and general assistance with housing, finances and home safety are also needed, along with rental housing affordable for those on fixed incomes, service-enriched housing, home repair assistance, disability accessibility improvements, rental assistance, and quality affordable and accessible housing.

People with severe mental illness and people with alcohol or other drug addictions, as reported by SAMHSA, need assistance with major life activities such as basic daily living skills, instrumental living skills (maintaining a household, managing money, transportation, and taking prescribed medication), and functioning in social, family, and vocational/educational contexts.

People with developmental disabilities need services and supports designed to help them lead self-directed, healthy, and meaningful lives. These services may include behavioral health, day support, employment, home health, home modifications, occupational/physical/speech therapy, transportation, and in-home support services or out of home placements, such as group homes or assisted living.

Discuss the size and characteristics of the population with HIV/AIDS and their families within the Eligible Metropolitan Statistical Area:

People diagnosed with HIV/AIDS represent a small portion of Arizona's rural population. In 2022, there were 3,262 people living with HIV/AIDS in rural Arizona, up from 2,829 in 2018. Many people living with HIV are low-income and most live in single or two-person households. According to the Arizona Department of Health Services 2023 Annual Report on HIV/AIDS in Arizona, HIV is most prevalent among males age 50 to 64, with the highest prevalence among those age 55 to 59. Individuals diagnosed in 2022 (the most recent full year for which data is available), were more likely to be male, age 30 to 34, and Hispanic. Low-income people living with

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HIV/AIDS require subsidies to maintain safe, affordable housing, and a continuum of supportive services to access health care and maintain housing stability.

The specific uses of HOPWA funds to assist people with HIV/AIDS and their families is driven largely by regionally-identified needs, yet there is consistent need for affordable, accessible housing for low-income families affected by HIV/AIDS. Short-term rent, mortgage, and utility payments and tenant-based rental assistance are the most needed services. Other services needed are permanent housing placement, and case management services.

An integral part of the service delivery system, case management ensures each program participant is formally assessed and an individualized care plan is established. The quality of care is assured through a formal monitoring and evaluation system. Following a thorough assessment of needs, individual informal counseling is used to develop a housing plan and to link clients with financial, medical, behavioral health, and other referral and support services. Case management services are enhanced through other funding, including Ryan White resources.

If the PJ will establish a preference for a HOME TBRA activity for persons with a specific category of disabilities (e.g., persons with HIV/AIDS or chronic mental illness), describe their unmet need for housing and services needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2) (ii))

The State will not establish a preference for a HOME TBRA activity for persons with a specific category of disability.

Discussion:

The characteristics and needs of special populations are as diverse as the characteristics and needs of the population in general. People with special needs are more likely than people without special needs to be low income and need appropriate housing and services to meet their basic needs.

NA-50 Non-Housing Community Development Needs - 91.315 (f)

Describe the jurisdiction’s need for Public Facilities:

Arizona covers 113,594 square miles, and contains 15 counties and 91 cities and towns that have been shaped by Arizona’s unique climate, and geographic, historical, and demographic characteristics. The Arizona Balance of State includes diverse communities with equally diverse public facilities needs. Public facilities, including community centers, parks and recreation facilities, libraries, child care centers, health clinics, public safety facilities and equipment, and nonprofit facilities are needed. In many rural communities, these facilities are important gathering points and provide essential services that can serve a variety of community needs.

How were these needs determined?

Public facilities needs were determined through consultation with local government, regional councils of government, social service agencies, an online survey, public meetings, and hearings, and by reviewing past uses of funds.

Describe the jurisdiction’s need for Public Improvements:

The need for public improvements in the Arizona Balance of State is as diverse as the communities that comprise it. Water and sewer system improvements, streets, sidewalks and related improvements, removal of architectural barriers, broadband infrastructure, historic preservation, and flood drainage improvements are needed. Based on past uses of funds, the highest priority needs are water and sewer, accessibility improvements, storm drains and flood drainage, streets, sidewalks and related improvements, and parks.

How were these needs determined?

Public improvement needs were determined through consultation with local government, regional councils of government, social service agencies, an online survey, public meetings, and hearings, and by reviewing past uses of funds.

Describe the jurisdiction’s need for Public Services:

Public services needs are highly varied throughout the Arizona Balance of State. Public service needs include those for special needs populations, transportation, dental, health and mental health including substance use, employment training, community cleanups, food banks, and other general services. Based on consultation, the highest priority needs are health services, transportation, food and clothing, and child care.

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How were these needs determined?

Public services needs were determined through consultation with local government, regional councils of government, social service agencies, an online survey, public meetings, and hearings, and by reviewing past uses of funds.

Based on the needs analysis above, describe the State's needs in Colonias

Lack of access to public water and wastewater services are the primary barriers to Colonias community improvement. During the eligibility certification process, each Colonias community performs an assessment of their water and sewer infrastructure. In addition, each Colonias community performs a housing assessment using the housing assessment guide developed by ADOH in partnership with the University of Arizona. Colonias housing assessments indicate a significant need for housing rehabilitation or replacement. ADOH encourages Colonias communities to apply for water, wastewater improvements or housing rehabilitation funding that can significantly address infrastructure or housing rehabilitation needs.

Housing Market Analysis

MA-05 Overview

Housing Market Analysis Overview:

A housing system with adequate supplies of a range of housing types is essential to economic sustainability, labor market mobility, and ensuring appropriate housing opportunities are available as households move through their life cycles.

Within the housing system, a variety of housing types are necessary to meet the diverse needs and desires of both owners and renters. The types of housing in a community are driven largely by demand. However, many other factors influence housing variety including public policy such as zoning and building requirements, the availability and cost of infrastructure, the cost of land and construction, and availability and cost of construction labor.

Housing markets in Arizona are extremely diverse and include both urban and rural areas. Many areas experienced rapid growth with housing demand driven by pandemic-era in-migration, coupled with continuing demand for seasonal and second homes. Both multi-family developers and homebuilders stepped in to address unmet demand, with HUD estimating 98,804 multi-family and 195,995 single-family permits issued between 2020 and October 2024. Nearly two-thirds (65%) of statewide permits were issued by jurisdictions in Maricopa County, including 56% of single-family permits (108,804) and 85% of multi-family permits (83,953). Pinal County jurisdictions accounted for 13% of statewide permits issued, including 18% of single-family permits (35,062) and 3% of multi-family permits (2,682). Pima County jurisdictions accounted for 9% of statewide permits, including 10% of single-family permits (20,454) and 6% of multi-family permits (6,420).

The 2022 State of Arizona homeownership rate was 63%, unchanged from the 2018 percentage. In Maricopa and Pima counties, the homeownership rate was 64%, up from 62% in 2018. The 2022 nonmetro Arizona homeownership rate was 73%, up from 72% in 2018. The increased homeownership rate is explained, in part, by the in-migration of householders with sufficient cash to afford a home purchase. Tenure is heavily influenced by housing type, householder age, and household income. Single-family units are more likely to be owner-occupied, and the rate of homeownership increases with householder age and income.

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MA-10 Number of Housing Units – 91.310(a)

Introduction

In 2020, 64% of Arizona’s housing stock was single-family detached, 11% was manufactured, 10% was small multi-family and 13% was large multi-family. Proportionately, nonmetro Arizona has a lower percentage (62%) of single-family detached housing and large multi-family (1%) housing. At the same time the proportion of manufactured housing (27%), was more than double the statewide proportion. Manufactured housing was more than one-third of the housing stock in Arizona’s western counties.

Six of ten (63%) housing units are 3-bedroom units. Three-bedroom units are commonly owner-occupied, with 76% of owners occupying 3-bedroom units. Because 3-bedroom units are most prevalent, 39% of renters also occupy 3-bedroom units.

All residential properties by number of units

Property Type	Number	%
1-unit detached structure	1,880,427	64%
1-unit, attached structure	142,236	5%
2-4 units	137,016	5%
5-19 units	268,326	9%
20 or more units	193,158	7%
Mobile Home, boat, RV, van, etc	320,731	11%
Total	2,941,894	100%

Table 24 – Residential Properties by Unit Number

Data Source: 2016-2020 ACS

Unit Size by Tenure

	Owners		Renters	
	Number	%	Number	%
No bedroom	9,595	1%	45,466	5%
1 bedroom	54,672	3%	195,438	21%
2 bedrooms	313,962	20%	316,910	35%
3 or more bedrooms	1,189,109	76%	357,159	39%
Total	1,567,338	100%	914,973	100%

Table 25 – Unit Size by Tenure

Data Source: 2016-2020 ACS

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Describe the number and targeting (income level/type of family served) of units assisted with federal, state, and local programs.

There are an estimated 28,236 dedicated affordable housing units in 455 projects across Arizona. Of these units, 19,936 are family units and 8,300 are senior units. Unit set-asides include 499 for people experiencing homelessness, 145 for people with a serious mental illness diagnosis, 50 for people with developmental disabilities, 106 for domestic violence survivors, 96 for people with chronic substance abuse problems, and 574 for people with physical disabilities.

Provide an assessment of units expected to be lost from the affordable housing inventory for any reason, such as expiration of Section 8 contracts.

From 2025 through 2030, an estimated 7,334 dedicated affordable units may be lost from the affordable housing inventory, including 6,338 family units and 946 elderly units. Units set aside for special populations that may be lost from the inventory include 142 for people experiencing homelessness, 23 for people with a serious mental illness diagnosis, 40 for people with developmental disabilities, 33 for domestic violence survivors, and 294 for people with physical disabilities.

Does the availability of housing units meet the needs of the population?

Market demand and financial feasibility play significant roles in developers' choices of the types and sizes of housing that will be developed. The State depends on developers to submit proposals for housing types that may be developed on appropriately-zoned land with adequate infrastructure to support the planned development.

The high volume of owner-occupied single-family 3-bedroom units reflects demand for this type of housing. Older householders and married-couple families are the most likely to occupy this type of housing and to have the financial resources to purchase, yet many of these households consist of one or two people. Single-family housing may be more costly to rent and with multi-family housing generally consisting of fewer bedrooms, there are limited affordable rental opportunities for Arizona's larger families, and in geographies with a limited supply of multi-family housing.

While there may otherwise be an adequate number of housing units to meet demand, seasonal units constrain supply in many areas. This constrained supply can result in unaffordable and/or substandard housing choices for the people who live and work in a community. This is especially apparent in Coconino, Gila, La Paz, Mohave, and Navajo counties, where seasonal vacancies comprise 70% or more of vacant units. Seasonal units comprise 65% of vacant housing units in nonmetro Arizona, and 41% in Maricopa and Pima counties. Of other vacant units in nonmetro Arizona, 3% is for sale and 8% is for rent, compared to 7% for sale and 19% for rent in metro counties.

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Describe the need for specific types of housing:

There is continuing need for 1- and 2-bedroom units to accommodate increasing numbers of single- and 2-person households. Smaller units available for both rent or purchase are needed to accommodate changing demographics, with smaller units for purchase considered more desirable by Arizona's aging households. While a need for smaller homeownership units is suggested, market conditions are highly variable.

In addition to 1- and 2-bedroom and smaller units for purchase, the data indicates a need for more affordable units to accommodate large families and households.

Discussion

There are a limited number of homes affordable for purchase by low-and-moderate income households, and the choice of home type is also limited.

MA-15 Cost of Housing – 91.310(a)

Introduction

Housing costs comprise a significant part of most household budgets, and finding housing that is affordable has become increasingly challenging as supply has not kept pace with demand. While owners and renters may choose to occupy housing that is disproportionately costly for any number of reasons – location, availability, public transportation and access to services, proximity to family, schools and employment, anticipated income increases, and housing quality – lower-income households are increasingly housing cost burdened and challenged to find appropriate housing.

Renters burdened by high housing costs are challenged to save for home purchase, and increasing rents impact both location choice and geographic mobility. Renters who cannot afford their rent are at risk of homelessness. The value (cost) of housing drives whether households can afford to purchase and maintain ownership. Housing values directly impact the amount of funds that a buyer can borrow as well as the amount of taxes paid. Values are generally reflected in prices but during a time of high demand, prices can exceed values. In turn, higher prices drive up values as comparing prices is one method of determining value. Lenders provide financing up to a percentage of the value of a housing unit and this is one factor in determining whether a buyer can purchase a unit.

Cost of Housing

	Base Year: 2015	Most Recent Year: 2020	% Change
Median Home Value	167,500	242,000	44%
Median Contract Rent	776	929	20%

Table 26 – Cost of Housing

Data Source: 2011-205 ACS (Base Year), 2016-2020 ACS (Most Recent Year)

Rent Paid	Number	%
Less than \$500	158,202	17.3%
\$500-999	503,428	55.0%
\$1,000-1,499	196,656	21.5%
\$1,500-1,999	36,531	4.0%
\$2,000 or more	20,156	2.2%
Total	914,973	100.0%

Table 27 - Rent Paid

Data Source: 2016-2020 ACS

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Housing Affordability

Number of Units affordable to Households earning	Renter	Owner
30% HAMFI	35,950	No Data
50% HAMFI	146,615	110,875
80% HAMFI	482,655	316,245
100% HAMFI	No Data	483,520
Total	665,220	910,640

Table 28 – Housing Affordability

Data Source: 2016-2020 CHAS

Monthly Rent

Monthly Rent (\$)	Efficiency (no bedroom)	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Fair Market Rent					
High HOME Rent					
Low HOME Rent					

Table 29 – Monthly Rent

Data Source: HUD FMRs and HOME rents vary by MSA/county

Is there sufficient housing for households at all income levels?

Housing availability and affordability vary widely across Arizona’s vast geography. Overall, there are insufficient rental and homeownership units affordable to low-, moderate-, and middle-income households. Examining the number of renters experiencing severe cost burden and the number of units available at an affordable rent in 2020 reveals a statewide need for approximately 75,720 units renting for less than \$500/month to accommodate renters with annual income up to \$20,000.

How is affordability of housing likely to change considering changes to home values and/or rents?

Changes in housing affordability will vary by region, depending on in-migration, demand for second homes, interest rate changes, changes in employment and wages, and the volume of housing that may be developed given the availability of land, appropriate infrastructure, and construction labor and materials. Rental affordability in urban areas is likely to improve as the multi-family supply catches up with or exceeds demand. Project scale challenges, coupled with a shortage of construction labor is likely to continue to constrict supply in less populated areas.

As supply increases in some markets, housing values and rents may stabilize; however, affordability for low-and-moderate income households, particularly extremely low-income and low-income households is expected to be an ongoing problem.

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How do HOME rents / Fair Market Rent compare to Area Median Rent? How might this impact your strategy to produce or preserve affordable housing?

In 2024, the relationship of HOME rents and Fair Market Rent to Area Median Rent was highly variable across Arizona counties. In most counties, the Fair Market Rent exceeded the Area Median Rent, while Low-HOME rents were typically well below the Area Median Rent. High-HOME rents were generally lower than Area Median Rent in Arizona's more populated counties, especially for three- and four-bedroom units. In less populated counties, High-HOME rents were often higher than the Area Median Rent.

When HOME rents are lower than the area median rent it indicates the market is generally unaffordable to lower-income households. Investment in HOME units of all bedroom sizes, with emphasis on 3-bedroom units is needed to increase housing affordability for renters. Significant subsidy will be necessary to ensure project feasibility and viability.

Discussion

Housing affordability continues to decline as Arizona's population increases and supply cannot keep pace with demand. The low supply of housing for renters and owners is resulting in increased rents and home prices and low-and-moderate and middle-income households are challenged to find decent, safe, and affordable housing. As the supply of decent affordable units available for rent or purchase dwindles, extremely low-income and very low-income households are the most challenged.

MA-20 Condition of Housing – 91.310(a)

Introduction:

The age of the housing stock is one indicator of housing quality. Older housing units may be less energy efficient, resulting in higher utility costs for occupants, and some materials such as lead paint (in units built prior to 1978) and asbestos may be a health hazard to occupants. In some areas, local building codes were not adopted until 1970 or after and inspections were not conducted. While many units built prior to 1980 have been well-maintained, housing units that are 40 years old or older are more likely to need rehabilitation.

Housing quality encompasses a range of issues that are central to quality of life, including housing safety, design and appearance, accessibility for persons with disabilities, maintenance and energy efficiency, and community safety and livability. The quality of the existing housing stock reflects economic prosperity and community investment.

HUD provides CHAS data that identifies housing units that have one or more selected conditions. Selected conditions include:

- Lacks complete plumbing facilities,
- Lacks complete kitchen facilities,
- More than one person per room, and
- Cost burden greater than 30%.

Describe the jurisdiction's definition of "standard condition" and "substandard condition but suitable for rehabilitation":

The State of Arizona defines substandard housing and substandard housing suitable for rehabilitation to determine the eligibility of a housing unit for rehabilitation, except for emergency/minor repairs using CDBG funds:

- Substandard: A residential property that does not meet local building or housing code.
- Substandard Condition but Suitable for Rehabilitation. A dwelling that does not meet local building or housing code, where 1) improvements are economically and physically feasible and after rehabilitation the unit will meet local building or housing code, 2) the cost of rehabilitation will not exceed 100% of the replacement cost of the dwelling, and 3) the property value after rehabilitation will not exceed the value limit established by HUD.
- *For the CDBG program only*, emergency/minor repairs may be made without the unit meeting local building or housing code if the repairs meet local code. Emergency/minor repairs include but are not limited to disability accessibility improvements, lead-based paint remediation, repair of one major system (e.g. foundation, wall, electrical, roof), and window/door or energy efficiency improvements.

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Condition of Units

Condition of Units	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
With one selected Condition	361,399	23%	397,723	43%
With two selected Conditions	14,636	1%	40,863	4%
With three selected Conditions	2,054	0%	1,411	0%
With four selected Conditions	134	0%	10	0%
No selected Conditions	1,189,115	76%	474,966	52%
Total	1,567,338	100%	914,973	99%

Table 30 - Condition of Units

Data Source: 2016-2020 ACS

Year Unit Built

Year Unit Built	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
2000 or later	487,697	31%	221,495	24%
1980-1999	584,340	37%	357,374	39%
1950-1979	453,114	29%	301,058	33%
Before 1950	42,187	3%	35,046	4%
Total	1,567,338	100%	914,973	100%

Table 31 – Year Unit Built

Data Source: 2016-2020 CHAS

Risk of Lead-Based Paint Hazard

Risk of Lead-Based Paint Hazard	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
Total Number of Units Built Before 1980	495,301	32%	336,104	37%
Housing Units build before 1980 with children present	264,315	17%	143,190	16%

Table 32 – Risk of Lead-Based Paint

Data Source: 2016-2020 ACS (Total Units) 2016-2020 CHAS (Units with Children present)

Vacant Units

No local data is available regarding the type of vacant units and suitability for rehabilitation. However, the American Community Survey 5-year estimates include total units data, which is reflected in the total column.

	Suitable for Rehabilitation	Not Suitable for Rehabilitation	Total
Vacant Units			70,060
Abandoned Vacant Units			4,578
REO Properties			672
Abandoned REO Properties			0

Table 33 - Vacant Units

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Need for Owner and Rental Rehabilitation

The condition of the housing stock is highly variable throughout Arizona with the newer housing stock generally in good condition and portions of the older housing stock in need of repair or replacement. Both owner and rental rehabilitation are necessary to address substandard housing conditions.

Nearly 760,000 Arizona housing units were built prior to 1980, including 210,475 outside of Maricopa and Pima counties. Not all pre-1980 housing units require rehabilitation, yet these units are more likely to need improvements. Nearly two-thirds (65%) of pre-1980 housing units are occupied by owners and 35% by renters, indicating a need for both owner and rental housing rehabilitation.

Estimated Number of Housing Units Occupied by Low or Moderate Income Families with LBP Hazards

There are 407,505 Arizona households with children under the age of 6 years living in pre-1980 housing units, including 264,315 owner households and 143,190 renter households. An estimated 111,565 low-to-moderate income households with children under the age of 6 years occupy pre-1980 housing, including 54,427 owner households and 57,138 renter households.

Discussion:

While Arizona's housing stock is relatively new compared to states that were settled earlier, a growing volume of units are over the age of 50 years and will likely need replacement within the next 20 years.

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MA-30 Homeless Facilities – 91.310(b)

Introduction

The HUD 2024 Continuum of Care Homeless Assistance Housing Inventory Count (HIC) report for Arizona identified 22,369 year-round beds statewide, including 3,116 in the Arizona Balance of State. Table 41 identifies facilities targeted to homeless persons in the Arizona Balance of State CoC.

Facilities Targeted to Homeless Persons

	Emergency Shelter Beds		Transitional Housing Beds	Permanent Supportive Housing Beds	
	Year Round Beds (Current & New)	Voucher / Seasonal / Overflow Beds	Current & New	Current & New	Under Development
Households with Adult(s) and Child(ren)	203	0	120	516	0
Households with Only Adults	854	37	174	1,212	0
Chronically Homeless Households	0	0	0	441	0
Veterans	137	0	0	1,092	0
Unaccompanied Youth	68	0	0	0	0

Table 34 - Facilities Targeted to Homeless Persons

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Describe mainstream services, such as health, mental health, and employment services to the extent those services are used to complement services targeted to homeless persons

In Arizona, mainstream services in health, mental health, and employment are integral in complementing targeted services aimed at supporting homeless individuals and families. These mainstream services are woven into the state's homelessness response system through Housing H2O and other state initiatives that provide a holistic framework for stabilizing vulnerable populations, addressing not only immediate housing needs but also supporting the factors critical to long-term stability and self-sufficiency.

Health services are essential for individuals experiencing homelessness, many of whom face chronic health conditions or disabilities that can complicate their pathway to stable housing. Arizona's Medicaid agency (AHCCCS) and local healthcare providers collaborate to ensure that low-income individuals have access to preventive and ongoing healthcare, with a focus on reducing the emergency care burden and promoting sustainable health outcomes. These health services also include access to substance use treatment programs, which are crucial in addressing issues that may impact housing retention and stability.

Mental health services complement housing stability efforts by providing critical behavioral health support for individuals who may experience co-occurring mental health conditions or substance use disorders. Programs funded through AHCCCS and provided by licensed behavioral health organizations offer case management, counseling, rehabilitation services, and access to housing that allow individuals to achieve mental health stability, an essential factor for maintaining housing. Integrated into rapid re-housing and shelter programs, these services ensure that individuals receive consistent support for mental health needs as they transition out of homelessness.

Employment services play a key role in supporting individuals experiencing or exiting homelessness to achieve income stability. ARIZONA@WORK, Arizona's workforce development network, provides those experiencing homelessness with career counseling, job training, resume support, and job placement assistance. Through this service, individuals can access pathways to employment, enhancing their ability to meet rental obligations and achieve long-term self-sufficiency.

By integrating health, mental health, and employment services, Arizona's approach provides a comprehensive support structure that complements housing initiatives and targets the underlying factors contributing to homelessness. These mainstream services are instrumental in equipping homeless individuals and families with the resources needed to move beyond crisis and maintain stability, supporting ADES's commitment to reducing homelessness and promoting sustainable housing solutions across the state.

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List and describe services and facilities that meet the needs of homeless persons, particularly chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth. If the services and facilities are listed on screen SP-40 Institutional Delivery Structure or screen MA-35 Special Needs Facilities and Services, describe how these facilities and services specifically address the needs of these populations.

A complete list of facilities and services for the Arizona Balance of State Continuum of Care is included in the Appendix.

MA-35 Special Needs Facilities and Services – 91.310(c)

Introduction

Across Arizona, there are a broad range of services and facilities that assist persons who are not homeless yet have unique needs and require housing and other services. Housing and services are provided by nonprofit, for-profit, local government, and faith-based organizations throughout Arizona.

HOPWA Assistance Baseline Table

Type of HOWA Assistance	Number of Units Designated or Available for People with HIV/AIDS and their families
TBRA	30
PH in facilities	0
STRMU	60
ST or TH facilities	0
PH placement	0

Table 35 – HOPWA Assistance Baseline

Data Source: HOPWA CAPER and HOPWA Beneficiary Verification Worksheet

To the extent information is available, describe the facilities and services that assist persons who are not homeless but who require supportive housing, and programs for ensuring that persons returning from mental and physical health institutions receive appropriate supportive housing

The ADOH makes available resources to assist with disability accessibility improvements and to increase the likelihood that vulnerable people may live independently. Specialized health providers, nonprofit, and faith-based organizations throughout Arizona provide related services. In partnership with the Arizona Department of Economic Security, Arizona Department of Health Services, and the Arizona Health Care Cost Containment System, the ADOH also makes available Section 811 rental assistance for people with developmental disabilities and their families. Eligible participants live in rental units developed through the LIHTC program or other ADOH financing. In addition, the HOPWA Tenant-based Rental Assistance Program provides monthly rental assistance for people with HIV/AIDS and their families.

Describe programs for ensuring that persons returning from mental and physical health institutions receive appropriate supportive housing

To optimize resource allocation and target interventions effectively, ADES will continue analyzing trends and risk indicators to support the deployment of prevention resources precisely where they are most needed, enabling rapid responses to emerging threats of homelessness. This data-informed approach ensures that prevention efforts over the next five years are both strategic and impactful, aligning with the broader objectives of Arizona's homelessness prevention framework.

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Over the five-year period, the strategic plan aims to increase service capacity in underserved areas, enhance collaboration among state and local providers, and strengthen the operational frameworks of local service networks. Through the GICCH's strategic oversight, Arizona is committed to building a sustainable, prevention-focused system that emphasizes early intervention and seamless transitions from institutional care. This approach not only reduces new entries into homelessness but also advances Arizona's goal of creating a resilient housing continuum that empowers vulnerable populations to achieve and maintain long-term housing stability.

The State leverages a collaborative, cross-system strategy to prevent homelessness among high-risk, low-income populations, including those exiting corrections, healthcare, and foster care systems. State agencies collaborate to minimize exits into homelessness from state institutions, ensuring vulnerable individuals receive the necessary support for housing stability.

The State engages with stakeholders to prioritize critical high-risk populations through targeted training, engagement, and technical assistance. Critical high-risk populations include individuals exiting institutional care and people transitioning from substance abuse facilities.

Specify the activities that the jurisdiction plans to undertake during the next year to address the housing and supportive services needs identified in accordance with 91.215(e) with respect to persons who are not homeless but have other special needs. Link to one-year goals. 91.315(e)

Aside from adaptations to their units to allow them to live independently and specialized health and other services, the primary need of low- and moderate-income special populations is housing that is decent, safe and sanitary and near the necessary amenities and services. To address this need, the ADOH will support and administer the following activities:

- Section 811 Project Rental Assistance.
- CDBG and HOME for owner-occupied and renter-occupied housing rehabilitation, including disability accessibility improvements.
- CDBG improvements to public facilities, infrastructure, and public services.
- National Housing Trust Fund for rental housing affordable to extremely-low income and low-income households that include a person with special needs.
- HOPWA for tenant-based rental assistance, short-term rent, mortgage and utility assistance and related services for people with HIV/AIDS and their families.

For entitlement/consortia grantees: Specify the activities that the jurisdiction plans to undertake during the next year to address the housing and supportive services needs identified in accordance with 91.215(e) with respect to persons who are not homeless but have other special needs. Link to one-year goals. (91.220(2))

Not applicable.

MA-40 Barriers to Affordable Housing – 91.310(d)

Negative Effects of Public Policies on Affordable Housing and Residential Investment

Planning, zoning, and building codes are governed by Arizona Revised Statutes Title 11, Chapter 6 for counties and ARS Title 9, Chapter 4 for cities and towns, which allows for local selection of building codes. As each county and municipality has a separate zoning code, developers of affordable housing may be challenged to expedite affordable housing development.

Other State-level legislation restricts the ability of localities to utilize land use and zoning requirements to encourage affordable housing development:

- The Private Property Rights Act of 2006 requires local governments to compensate a private property owner if the value of a person’s property is reduced by the enactment of a land use law. Under this Act, downzoning or changing zoning to permit less intensive development is difficult to accomplish in Arizona. Property owners must either waive their entitlements voluntarily or be compensated for the reduction in value of their property.
- Passed in 2015, Senate Bill 1072 amended municipal and county land use and zoning requirements. The bill prohibited requiring affordable housing in a zoning code (inclusionary zoning) but does not limit the use of an incentive, density bonus or other voluntary provision or condition designed to increase the supply of moderate or lower cost housing.
- Arizona’s constitution includes a gift clause that prohibits state and local governments from giving financial gifts to private entities, which effectively restricts the use of public lands from being utilized for the development of affordable housing under most circumstances.

MA-45 Non-Housing Community Development Assets -91.315(f)

Introduction

Standard of living is typically measured by a series of indicators that include, but are not limited to, educational achievement, housing and neighborhood conditions, general health and safety, household income, employment opportunities, and wages. Arizona’s economic development efforts focused on attracting and retaining businesses that employ the workforce and raise the standard of living is essential to successful economic development and a high quality of life.

Economic Development Market Analysis

Business Activity

Business by Sector	Number of Workers	Number of Jobs	Share of Workers %	Share of Jobs %	Jobs less workers %
Agriculture, Mining, Oil & Gas Extraction	21,506	23,975	4	7	3
Arts, Entertainment, Accommodations	88,627	61,969	16	18	2
Construction	41,451	30,226	7	9	1
Education and Health Care Services	103,698	60,775	18	17	-1
Finance, Insurance, and Real Estate	35,561	13,363	6	4	-2
Information	9,184	3,418	2	1	-1
Manufacturing	39,083	30,001	7	9	2
Other Services	18,475	12,911	3	4	0
Professional, Scientific, Management Services	35,129	15,585	6	4	-2
Public Administration	0	0	0	0	0
Retail Trade	83,483	47,222	15	14	-1
Transportation and Warehousing	21,173	12,672	4	4	0
Wholesale Trade	21,537	10,861	4	3	-1
Total	518,907	322,978	--	--	--

Table 36 - Business Activity

Data 2016-2020 ACS (Workers), 2020 Longitudinal Employer-Household Dynamics (Jobs)
Source:

Labor Force

Total Population in the Civilian Labor Force	443,031
Civilian Employed Population 16 years and over	408,744
Unemployment Rate	7.65
Unemployment Rate for Ages 16-24	16.38
Unemployment Rate for Ages 25-65	4.51

Table 37 - Labor Force

Data Source: 2016-2020 ACS

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Occupations by Sector	Number of People
Management, business and financial	81,549
Farming, fisheries and forestry occupations	15,176
Service	50,914
Sales and office	91,608
Construction, extraction, maintenance and repair	49,543
Production, transportation and material moving	26,894

Table 38 – Occupations by Sector

Data Source: 2016-2020 ACS

Travel Time

Travel Time	Number	Percentage
< 30 Minutes	261,356	70%
30-59 Minutes	82,813	22%
60 or More Minutes	31,240	8%
Total	375,409	100%

Table 39 - Travel Time

Data Source: 2016-2020 ACS

Education:

Educational Attainment by Employment Status (Population 16 and Older)

Educational Attainment	In Labor Force		Not in Labor Force
	Civilian Employed	Unemployed	
Less than high school graduate	33,254	5,263	35,017
High school graduate (includes equivalency)	91,844	8,411	56,810
Some college or Associate's degree	126,328	8,143	61,968
Bachelor's degree or higher	75,305	1,913	21,269

Table 40 - Educational Attainment by Employment Status

Data Source: 2016-2020 ACS

Educational Attainment by Age

	Age				
	18–24 yrs	25–34 yrs	35–44 yrs	45–65 yrs	65+ yrs
Less than 9th grade	1,667	3,522	4,741	14,489	20,975
9th to 12th grade, no diploma	16,306	13,702	11,205	25,776	20,862
High school graduate, GED, or alternative	30,572	40,935	34,091	82,845	78,364
Some college, no degree	28,049	35,480	30,450	80,355	77,320
Associate's degree	3,907	11,924	11,251	27,476	19,557
Bachelor's degree	3,119	13,023	16,317	33,999	32,846
Graduate or professional degree	207	4,612	8,450	22,308	25,855

Table 41 - Educational Attainment by Age

Data Source: 2016-2020 ACS

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Educational Attainment – Median Earnings in the Past 12 Months

Educational Attainment	Median Earnings in the Past 12 Months
Less than high school graduate	\$25,351
High school graduate (includes equivalency)	\$32,002
Some college or Associate's degree	\$38,258
Bachelor's degree	\$56,152
Graduate or professional degree	\$75,238

Table 42 – Median Earnings in the Past 12 Months

Data Source: 2016-2020 ACS

Based on the Business Activity table above, what are the major employment sectors within the state?

The major employment sectors in the Arizona Balance of State are 1) Arts, Entertainment, Accommodations, 2) Retail Trade, and 3) Education and Health Care Services.

Describe the workforce and infrastructure needs of business in the state.

The State of Arizona PY2024-2027 Workforce Innovation and Opportunity Plan identified six existing industries and one emerging industry to represent the state's in-demand industries; these seven industry sectors are 1) construction, 2) health care and social assistance, 3) finance and insurance, 4) manufacturing, 5) transportation and warehousing, 6) retail trade and 7) information technology. were selected because they present significant sources of economic opportunity for both job seekers and employers. Existing and emerging industries were defined as industries with either a large and strong statewide presence or smaller but fast-growing workforce, respectively. In-demand industries were selected, in part, because they express healthy employment levels (including historic and projected levels) and average weekly wages.

The need for middle and high-skilled workers continues, yet a range of education levels are needed for core in-demand occupations. And while workforce needs vary by industry, the most common need is for workers with reading comprehension, active listening, speaking, monitoring and critical thinking skills, Employers also seek a workforce with oral comprehension and expression, near vision, problem sensitivity, and written comprehension abilities.

Infrastructure needs of businesses include quality transportation systems (road, bridges, rail spurs), water and sewer systems, and broadband and other utility connections.

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Describe any major changes that may have an economic impact, such as planned public or private sector investments or initiatives that have affected or may affect job and business growth opportunities during the planning period. Describe any needs for workforce development, business support or infrastructure these changes may create.

Talent Ready AZ is a workforce and education initiative geared towards attaining the Governor’s vision of an Arizona for everyone by providing Arizonans access to education and training that lead to good-paying jobs. Talent Ready AZ is working to create education and training opportunities into high-demand and high-growth industries that are shaping the future economy of the state.

The target industries include: 1) advanced manufacturing, 2) construction trades, 3) Clean Energy jobs, 4) Broadband, Telecommunications, & IT, 5) Early Childhood Education & Child Care, 6) Aerospace & Defense, 7) Healthcare, and 8) Cybersecurity

The Talent Ready AZ initiative includes efforts to coordinate the state’s workforce assets, to build strong relationships with industry and higher education, and to support students and adults seeking education and training to obtain jobs in these industries.

How do the skills and education of the current workforce correspond to employment opportunities in the state?

Occupations requiring low-levels of education represent a large portion of Arizona jobs. Among in-demand occupations, 51% require a High School Diploma or less, 16% require an Associate’s Degree, postsecondary non-degree award or some college, 18% require a Bachelor’s Degree, and 15% require a Master’s or Doctoral/professional Degree.

Comparatively, among Arizona’s workforce over the age of 25 and under the age of 65, 44% have a High School Diploma or less, 38% have an Associate’s Degree, postsecondary non-degree award or some college, 12% have a Bachelor’s Degree, and 7% have a Master’s or Doctoral/professional Degree.

Describe current workforce training initiatives supported by the state. Describe how these efforts will support the state's Consolidated Plan.

Arizona’s workforce training initiatives are job-driven. Initial and ongoing meetings with employers help to determine what jobs are in demand in a local area, the types of training and credentials that individuals need to be qualified for these positions, development of career pathways, and identification of sector strategies.

In conjunction with ARIZONA@WORK, workforce development and training efforts include 19 active programs divided among education, job training, skill development, and career advancement. State level coordination across programs is implemented by the Arizona Departments of Education and Economic Security, who together administer ten education and employment programs. Additionally, the State coordinates with programs outside

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the Plan, such as DES' i) Child Support Services, where processes are implemented to assist and connect child support participants to employment and training resources, ii) Division of Developmental Disabilities, to coordinate employment services for individuals co-enrolled in rehabilitation services, and iii) Child Care Administration, which connects parents receiving childcare subsidies to employment opportunities through a referral process. Arizona's reentry initiative provides supports and services to justice-involved youth and adults.

Workforce training initiatives support the Consolidated Plan by addressing employment and pre-employment needs of Arizona's low-income, poverty-level, and special needs populations.

Describe any other state efforts to support economic growth.

The Arizona Commerce Authority (ACA) is the state's leading economic development organization with a mission to grow and strengthen Arizona's economy. The ACA uses a three-pronged approach to advance the overall economy: 1) *recruit* out-of-state companies to expand their operations in Arizona; 2) work with existing companies to *grow* their business in Arizona and beyond; and 3) partner with entrepreneurs and companies large and small to *create* new jobs and businesses in targeted industries.

The ACA's action plan is focused on capitalizing on existing strengths and opportunities, executing strategies that grow Arizona's economy, targeting high-growth industries in key markets and identifying emerging growth sectors. The ACA has strategically chosen to focus on developing six established industries – aerospace and defense, bioscience and health care, business and financial services, film and digital media, manufacturing, and technology and innovation. These industries create high-wage jobs, generate exports, and encourage capital in-flows. These industries have strong supply chains and multiplier effects, and generate tax revenues that support public services.

As part of the ACA's plan for future development, their current focus is on ten micro-industries for employment: automated vehicles, renewable energy, education technology, freshwater science, personalized medicine, "smart" materials, telemedicine, agricultural technology, nanosatellites, and a newer program called "Internet of Things", a program that capitalizes on the use of smart phones and generates employment through the development of semi-conductors, data centers, and cyber security personnel.

To support and strengthen Arizona's economy, the ACA provides assistance and opportunities through seven critical categories: 1) manufacturing, 2) small business, 3) innovation and entrepreneurship, 4) rural economic development, 5) international trade, 6) talent and training, and 7) tax relief and incentives.

Discussion

Over the next five years, the Arizona Commerce Authority (ACA) will focus on 15 carefully chosen emerging technology areas in which Arizona has existing strengths, assets, and expertise—particularly in the three public universities: Arizona State University, the University of Arizona and Northern Arizona University, as well as Embry Riddle Aeronautical University and Grand Canyon University. This work is a continuation of the ACA's strategy designed to scale Arizona's ability to make positive economic and social impacts worldwide.

MA-50 Needs and Market Analysis Discussion

Are there areas where households with multiple housing problems are concentrated? (include a definition of "concentration")

An area of concentration is one in which the percentage of a given population exceeds the state percentage by at least 10%. Poverty is a primary indicator of multiple housing problems. There are 39 Census Tracts where the proportion of people living in poverty exceeds 25.1%, or the state proportion (less tribal lands and CDBG entitlement jurisdictions) by 10% or more.

Are there any areas in the jurisdiction where racial or ethnic minorities or low-income families are concentrated? (include a definition of "concentration")

An area of concentration is one in which the percentage of a given population exceeds the state percentage by at least 10%.

- Poverty is a primary indicator of multiple housing problems. There are 39 Census Tracts where the proportion of people living in poverty exceeds 25.1%, or the state proportion (less tribal lands and CDBG entitlement jurisdictions) by 10% or more.
- There are 61 Census Tracts where the proportion of people who are not White alone exceeds 46.7%, or the state proportion (less tribal lands and CDBG entitlement jurisdictions) by 10% or more. Areas of minority concentration are primarily found adjacent to the U.S.-Mexico border and in Census Tracts adjacent to tribal lands.

What are the characteristics of the market in these areas/neighborhoods?

Concentration areas are widely dispersed across Arizona's 113,954 square mile area, and are primarily found along the Arizona-Mexico and adjacent to tribal lands. Arizona-Mexico border communities are generally more densely populated than areas adjacent to tribal lands.

Are there any community assets in these areas/neighborhoods?

These areas are widely dispersed across Arizona's 113,954 square mile area and have low population density.

Are there other strategic opportunities in any of these areas?

These areas are widely dispersed across Arizona's 113,954 square mile area and have low population density.

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Based on the needs analysis above, describe the State's needs in Colonias

Lack of access to public water and wastewater services are the primary barriers to Colonias community improvement. During the eligibility certification process, each Colonias community performs a housing assessment using the housing assessment guide developed by ADOH in partnership with the University of Arizona. These housing assessments indicated a significant need for housing rehabilitation or replacement. ADOH encourages Colonias communities to apply for water, wastewater improvements or housing rehabilitation funding that can significantly address infrastructure or housing rehabilitation needs.

MA-60 Broadband Needs of Housing occupied by Low- and Moderate-Income Households - 91.210(a)(4), 91.310(a)(2)

Describe the need for broadband wiring and connections for households, including low- and moderate-income households and neighborhoods.

Access to broadband can provide an opportunity for people to participate in the digital economy, increasing access to economic opportunity. In 2022, 95% of Arizona households had a computer and 89% had broadband access of some type. Computer ownership and broadband of some type are lowest in Apache and Navajo counties, and highest in metro counties.

Since 2016, HUD has required the installation of broadband infrastructure at the time of new construction or substantial rehabilitation of multifamily housing that has more than four rental units funded or supported by HUD. Still, Arizona's lowest-income households are less likely to have an Internet subscription, with 26% of households with annual income less than \$20,000 without an Internet subscription compared to 4% of households with annual income greater than \$75,000. Resources are needed to reduce the cost of an Internet subscription and expand access to opportunity for Arizona's lowest-income households.

Describe the need for increased competition by having more than one broadband Internet service provider serve the jurisdiction.

There are numerous broadband Internet service providers serving Arizona's vast geography. While some areas have only one Internet service provider, these areas often have very limited and are generally extremely low density. Arizona is working towards creating a more competitive environment across the state through the Broadband Equity, Access, and Deployment program (BEAD). The Arizona State Broadband Office has developed the BEAD Five-Year Action Plan to serve as a guide to identify and deploy the state's historic broadband investment. The goals of the BEAD program are 1) infrastructure investments, 2) universal connectivity, 3) 21st Century workforce, 4) affordable internet, and 5) digital access.

MA-65 Hazard Mitigation - 91.210(a)(5), 91.310(a)(3)

Describe the jurisdiction’s increased natural hazard risks associated with climate change.

Hazards, exacerbated by climate change, have the potential of creating disasters that endanger the well-being of the entire community. The State of Arizona houses a culturally diverse population of approximately 7.2 million people, and hazards, if unabated, put every resident at risk. Hazard mitigation is a tactic that reduces or eliminates the impact hazards have on the community by reducing risk and vulnerability. FEMA issued new state mitigation planning guidance in April 2022 that continues the requirement for all state hazard mitigation plans to address climate change as part of plan updates. FEMA’s National Advisory Council noted that the effects of climate change could manifest as a “threat multiplier.”

The 2023 Arizona Hazard Mitigation Plan (Arizona HMP) examines each of the 15 County Mitigation Plans and conducts a screening/ identification process. The plan identifies thirteen hazards, many of which are interrelated with varying climate change impacts. These factors are Extreme Heat, Flooding, Severe Wind, Wildfires, Dam Failure, Earthquake, Fissure, Landslide, Levee Failure, Subsidence, and Winter Storm.

The NOAA National Centers for Environmental Information has published Arizona’s State Climate Summary for 2022, with information on observed and projected temperature, precipitation, and drought for the State. The temperature data analyzed spans from 1995 to 2020 and indicates a rise of 2.5 degrees Fahrenheit within the State since the beginning of the 20th century. These upward trends in temperatures and extreme heat are projected to continue.

Precipitation data for the State was evaluated from 1895 to 2020, with particular emphasis on the summer monsoon rainfall. Future trends in average monsoon rainfall were determined to be highly uncertain with high variability. Based on the analyzed data, the report concludes that naturally occurring droughts are expected to become more intense in Arizona during the cool season due to increasing temperatures, which will intensify drought by increasing water evaporation, further reducing streamflow, soil moisture, and water supplies. The increased intensity of drought will also increase the frequency of other hazards, including dust storms and very large wildfires.

From a dam safety perspective, the primary climate change impacts will be related to potential changes in the way precipitation and resultant flood patterns may vary and influence the potential for increased wildfire activity. The Fourth National Climate Assessment (NCA) report (Gonzales et al., 2018) notes that one of the anticipated impacts of climate change for the Southwest is a reduction in average annual precipitation and streamflow volumes. The report and supporting documents also indicate that winter storm intensities are anticipated to increase, which may lead to increased event-based flooding. The NCA report also notes that winter precipitation will be less in the form of snow and more frequent rain, which may indicate more frequent winter flooding. The potential for reduced vegetation could also exacerbate the overall flooding conditions for watersheds upstream of dam facilities due to increased drought and post-wildfire flooding conditions.

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Since a significant number of fissures impacting Arizona are primarily the result of subsidence caused by groundwater depletion, climate change factors that influence the increased withdrawal of groundwater and decreased natural recharge due to drought will directly impact the fissure risk. As noted in other sections of this Plan, the projected long-term worsening or intensifying of drought periods through warming trends and precipitation influences may also increase the number and location of fissures in the zones of their development.

Climate change impacts on the frequency and severity of landslides in Arizona, is better correlated to climate change induced alterations to triggering events such as monsoon thunderstorm intensities, winter freeze and thaw, winter rain and snow events, and vegetation altering changes due to drought and wildfire. Projections of intensifying monsoon thunderstorms, changing winter precipitation patterns and intensities, and a hotter and drier environment leading to deeper droughts and increased wildfires, will all translate to increased landslide activity (Garfin, et.al., 2014) (Luong, et.al., 2015).

From a levee safety perspective, the primary climate change impacts will be related to potential changes in the way precipitation and resultant flood patterns may vary, and influence of the potential for increased wildfire activity.

The NCA reports (Garfin, et.al., 2014 and Gonzales, et.al., 2018) note that one of the anticipated impacts of climate change for the Southwest is an increase in the frequency and magnitude of wildfires due to increased temperatures and seasonal reductions in snowpack and spring runoff. The NCA report also notes that drought conditions are expected to be more frequent and more intense.

Describe the vulnerability to these risks of housing occupied by low- and moderate-income households based on an analysis of data, findings, and methods.

The Arizona HMP separates hazards in three geographic areas, each with varying degrees of hazard risk:

- North Region: Apache, Coconino, La Paz, Mohave, Navajo, and Yavapai Counties;
- Central Region: Gila, Maricopa, and Pinal Counties;
- South Region: Cochise, Graham, Greenlee, Pima, Santa Cruz, and Yuma Counties.

The 2023 Arizona HMP estimates vulnerability utilizing a social vulnerability index for household characteristics, including socioeconomic status. Based on estimates of the vulnerable population described in the Arizona HMP, LMI households at risk for defined hazards are:

1. Drought- 2,622,340 LMI households, including 275,930 in the north region, 1,801,229 in the central region, and 545,182 in the south region.
2. Extreme Heat - 948,445 LMI households, including 143,746 in the north region, 573,046 in the central region, and 231,653 in the south region.
3. Flooding - 82,138 LMI households, including 11,983 in the north region, 40,076 in the central region, and 30,079 in the south region.

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4. Severe wind - 2,622,340 LMI households, including 275,930 in the north region, 1,801,229 in the central region, and 545,182 in the south region.
5. Wildfires – 195,676 LMI households, including 72,233 in the north region, 41,604 in the central region, and 30,079 in the south region.
6. Dam failure – 694,817 LMI households, including 11,614 in the north region, 647,330 in the central region, and 35,873 in the south region.
7. Earthquake – 95,096 LMI households, including 63,908 in the north region, none (zero) in the central region, and 31,188 in the south region.
8. Fissure – 3,306 LMI households, including none (zero) in the north region, 3,279 in the central region, and 27 in the south region.
9. Landslide – 2,873 LMI households, including 2,473 in the north region, 168 in the central region, and 232 in the south region.
10. Levee failure – 11,495 LMI households, including 20 in the north region, 5,307 in the central region, and 6,168 in the south region.
11. Subsidence – 55,141 LMI households, including 9 in the north region, 29,892 in the central region, and 25,240 in the south region.
12. Winter Storm - 2,694,429 LMI households, for each region in the 247,230 in the north region, 1,941,150 in the central region, and 508,049 in the south region.

Strategic Plan

SP-05 Overview

Strategic Plan Overview

The State of Arizona’s 5-year Strategic Plan for the use of HUD CPD resources is based on consultation with residents and stakeholders and Consolidated Plan analysis of community needs and market conditions. HUD Consolidated Plan resources include the Community Development Block Grant Program (CDBG), the HOME Investment Partnerships Program (HOME), the Housing Opportunities for Persons with AIDS Program (HOPWA), the Emergency Solutions Grant Program (ESG), and National Housing Trust Fund (NHTF). The CDBG, HOME, HOPWA, and NHTF programs are administered by the Arizona Department of Housing, and the ESG program is administered by the Arizona Department of Economic Security. Eligible activities are implemented through collaboration with units of local government, nonprofit and for-profit organizations, and the State’s three Homelessness Continua of Care.

The 5-year Strategic Plan describes the methods of distribution for each HUD CPD program and the 5-year goals and objectives to address priority needs. The State’s 5-year Strategic Plan includes seven priority needs and related goals and activities to address priority needs:

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

HUD requires the State to assign a priority level of low or high to each priority need. All priority needs are considered high. High priority needs are those that are most likely to be addressed using HUD CPD funding. Not all needs will be addressed annually.

In 2024, the US Department of Housing and Urban Development notified the Arizona Department of Housing that continued HOPWA funding is unlikely after PY2025 (year beginning July 1, 2025 and ending June 30, 2026). Consequently, five-year goals for Housing and Services for People with HIV/AIDS are for one year only.

SP-10 Geographic Priorities – 91.315(a)(1)

Consolidated Plan resources are distributed throughout Arizona based on the HUD-defined service area for each program. Consolidated Plan investments are allocated based on methods of distribution for each program.

General Allocation Priorities

CDBG funds are allocated to all non-entitlement Units of General Local Government outside of Maricopa, Pima, and Pinal Counties. Ten percent (10%) of CDBG funds are set-aside for Colonias projects, two percent (2%) plus \$100,000 are set aside for program administration, and one percent (1%) are set aside for technical assistance. Of the remaining funds, eighty-five percent (85%) is distributed on a non-competitive basis through the Regional Account for each Council of Government (COG) region using a method of distribution developed by each COG and approved by the State, and fifteen percent (15%) are distributed on a competitive basis through the State Special Projects Account. The type of projects that can be undertaken with the Regional Account are largely unrestricted from those allowed by the CDBG regulation. Each non-entitlement unit of local government determines their individual priority needs through a public participation process.

HOME funds are primarily targeted to rental development and owner-occupied housing rehabilitation programs and allocated throughout Arizona on a competitive basis. Through a competitive point structure, special needs populations and service-enriched locations are prioritized, as is owner-occupied housing rehabilitation outside of CDBG entitlement jurisdictions.

HOPWA funds are allocated based on need to service providers located outside of Maricopa and Pima Counties.

ESG funds are allocated to providers participating in one of the three Continua through a competitive Request for Proposals process or via Intergovernmental Agreements (IGA) with local municipalities. In the RFP process, the ADES sets forth detailed criteria for applicant selection, encompassing aspects such as service methodology, experience and expertise, cost-effectiveness, operational capacity, among other pertinent factors. The decision to award contracts is contingent on the specific needs within the service area and the pool of available service providers. When distributing ESG funds through IGAs, the ADES ensures alignment with the foundational ESG criteria. These criteria mirror those in the RFP process, emphasizing the importance of service methodology, proven experience and expertise, cost efficiency, and provider capacity. This approach ensures a consistent, equitable, and effective allocation of resources to address homelessness across different municipalities.

NHTF funds are targeted to the construction of rental housing for extremely low-income households and allocated on a competitive basis throughout the state. Through a competitive point structure, people experiencing homelessness, special needs populations and service-enriched and transit-oriented locations are prioritized.

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SP-25 Priority Needs – 91.315(a)(2)

Priority Needs

1	Priority Need Name	Community Facilities and Improvements
	Priority Level	High
	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Non-housing Community Development
	Geographic Areas Affected	State Service Area
	Associated Goals	Community Facilities and Improvements
	Description	CDBG funds in the Arizona Balance of State for: development of/ improvements to facilities and infrastructure; clearance and demolition or movement of buildings to other sites; acquisition of real property to be developed for a public purpose; cleanup of contaminated sites. Includes disability accessibility and energy efficiency improvements.
	Basis for Relative Priority	Prior use of CDBG funds and public and stakeholder input demonstrate significant need for community facilities and improvements.
	2	Priority Need Name
Priority Level		High
Population		Extremely Low Low Moderate Large Families Families with Children Elderly Rural Chronic Homelessness Individuals Non-housing Community Development
Geographic Areas Affected		State Service Area
Associated Goals		Public Services

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	Description	Services to LMI individuals, including persons experiencing homelessness and non-homeless special needs populations. Funding sources include CDBG, HOPWA and ESG.
	Basis for Relative Priority	Prior uses of CDBG, ESG and HOPWA funds and public and stakeholder outreach point to a significant need for public services.
3	Priority Need Name	Improved Accessibility for People with Physical Disabilities
	Priority Level	High
	Population	Extremely Low Low Moderate Persons with Physical Disabilities
	Geographic Areas Affected	State Service Area
	Associated Goals	Disability Accessibility Improvements
	Description	CDBG-funded improvements to public facilities and infrastructure to improve accessibility for people with physical disabilities.
	Basis for Relative Priority	Prior uses of CDBG funds and stakeholder outreach indicate a need for improved accessibility for people with physical disabilities.
4	Priority Need Name	Decent Affordable Housing
	Priority Level	High

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<p>Population</p>	<p>Extremely Low Low Moderate Large Families Families with Children Elderly Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence</p>
<p>Geographic Areas Affected</p>	<p>State Service Area</p>
<p>Associated Goals</p>	<p>Decent Affordable Housing</p>
<p>Description</p>	<p>Acquisition, rehabilitation and construction of affordable rental housing and rehabilitation of owner-occupied housing using CDBG, HOME, and National Housing Trust Fund resources.</p>
<p>Basis for Relative Priority</p>	<p>LMI individuals and families are challenged to secure and maintain affordable housing leading to significant numbers of households experiencing severe cost burden, increasing rates of chronic homelessness, and inability of homeowners to afford maintenance and repairs.</p>

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5	Priority Need Name	Homelessness
	Priority Level	High
	Population	Extremely Low Low Moderate Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth
	Geographic Areas Affected	State Service Area
	Associated Goals	Homelessness
	Description	Rent, mortgage, and utility assistance, emergency and transitional shelter, additional beds and essential services to secure and maintain housing stability and prevent homelessness. Primarily funded with ESG resources.
	Basis for Relative Priority	The needs assessment and public and stakeholder outreach identified homelessness as a high priority need.
	6	Priority Need Name
Priority Level		High
Population		Extremely Low Low Moderate Persons with HIV/AIDS Persons with HIV/AIDS and their Families
Geographic Areas Affected		State Service Area
Associated Goals		HIV/AIDS Housing and Services
Description		Essential services, monthly rental assistance and/or security/utility deposits, permanent housing placement, and assistance with rent, mortgage and utilities to prevent homelessness and maintain housing stability for LMI persons with HIV/AIDS.
Basis for Relative Priority		The needs assessment pointed to increasing incidence of HIV and continued demand for housing and services for people with HIV/AIDS and their families.

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7	Priority Need Name	Program Administration
	Priority Level	High
	Population	Other
	Geographic Areas Affected	State Service Area
	Associated Goals	Program Administration
	Description	Administration of Consolidated Plan resources, including indirect costs, CDBG technical assistance, and fair housing activities.
	Basis for Relative Priority	Administration of Consolidated Plan programs, the provision of technical assistance, and fair housing activities are essential to addressing identified needs.

Table 43 – Priority Needs Summary

Narrative (Optional)

SP-30 Influence of Market Conditions – 91.315(b)

Influence of Market Conditions

Affordable Housing Type	Market Characteristics that will influence the use of funds available for housing type
Tenant Based Rental Assistance (TBRA)	<ul style="list-style-type: none"> • Increasing rents. • Maintaining housing stability is less costly than stabilizing individuals or families experiencing homelessness. • Growing incidence of homelessness. • 174,460 Arizona renters pay more than 50% of income for housing, and 166,370 pay between 30% and 49% of income for housing. • 75,720 units renting for less than \$500/month are needed for households with annual income less than \$20,000.
TBRA for Non-Homeless Special Needs	<ul style="list-style-type: none"> • Maintaining housing stability is less costly than stabilizing individuals or families experiencing homelessness. • Growing incidence of homelessness among special populations. • 174,460 Arizona renters pay more than 50% of income for housing, and 166,370 pay between 30% and 49% of income for housing. • 75,720 units renting for less than \$500/month are needed for households with annual income less than \$20,000.
New Unit Production	<ul style="list-style-type: none"> • 75,720 units renting for less than \$500/month are needed for households with annual income less than \$20,000. • Increasing rents and home prices. • Maintaining housing stability is less costly than stabilizing individuals or families experiencing homelessness. • 174,460 Arizona renters pay more than 50% of income for housing, and 166,370 pay between 30% and 49% of income for housing. • 127,840 Arizona owners pay more than 50% of income for housing, and 132,030 pay between 30% and 49% of income for housing.

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Affordable Housing Type	Market Characteristics that will influence the use of funds available for housing type
Rehabilitation	<ul style="list-style-type: none"> • Maintaining housing stability is less costly than stabilizing individuals or families experiencing homelessness. • 174,460 Arizona renters pay more than 50% of income for housing, and 166,370 pay between 30% and 49% of income for housing. • 127,840 Arizona owners pay more than 50% of income for housing, and 132,030 pay between 30% and 49% of income for housing. • Nearly 760,000 Arizona housing units were built prior to 1980, including 210,475 outside of Maricopa and Pima counties. Not all pre-1980 housing units require rehabilitation, yet these units are more likely to need improvements. Nearly two-thirds (65%) of pre-1980 housing units are occupied by owners and 35% by renters, indicating a need for both owner and rental housing rehabilitation. • An estimated 111,565 LMI households with young children at risk of lead poisoning. • 75,720 units renting for less than \$500/month are needed for households with annual income less than \$20,000.
Acquisition, including preservation	<ul style="list-style-type: none"> • 75,720 units renting for less than \$500/month are needed for households with annual income less than \$20,000. • Increasing rents and home prices. • Maintaining housing stability is less costly than stabilizing individuals or families experiencing homelessness. • 174,460 Arizona renters pay more than 50% of income for housing, and 166,370 pay between 30% and 49% of income for housing. • 127,840 Arizona owners pay more than 50% of income for housing, and 132,030 pay between 30% and 49% of income for housing.

Table 44 – Influence of Market Conditions

SP-35 Anticipated Resources - 91.315(a)(4), 91.320(c)(1,2)

Introduction

The State of Arizona anticipates receiving approximately \$106.7 million of CDBG, HOME, ESG, and NHTF Consolidated Plan resources from the US Department of Housing and Urban Development over the next 5 years, and HOPWA resources in the first year of this 5-year Consolidated Plan. Annual allocations vary considerably. Annual allocations for Consolidated Plan resources have not yet been announced for PY2025, therefore PY2024 funding is used to estimate the amount of funding that will be available. This information will be updated when the PY2025 allocations are announced.

Anticipated Resources

Community Development Block Grant (CDBG) – approximately \$10,126,728 annually and \$50,663,640 during the term of the 5-yr Consolidated Plan.

Community Development Block Grant (CDBG) funds may be used for a variety of activities that meet the needs of LMI residents and communities. Eligible activities include public services, and capital improvements such as infrastructure, facilities, housing, and accessibility improvements for people with disabilities. Each activity must meet a CDBG national objective.

Emergency Solutions Grant (ESG) - approximately \$1,817,580 annually and \$9,087,900 during the term of the 5-yr Consolidated Plan.

The Emergency Solutions Grant (ESG) program provides funding to: 1) engage homeless individuals and families living on the street; 2) improve the number and quality of emergency shelters; 3) help operate shelters; 4) provide essential services to shelter residents; 5) rapidly re-house individuals and families experiencing homelessness; and 6) prevent families and individuals from becoming homeless.

HOME Investment Partnerships Program (HOME) - approximately \$5,838,417 annually and \$29,182,085 during the term of the 5-yr Consolidated Plan.

HOME Investment Partnership Program (HOME) funds may be used to assist LMI owners and renters through new construction of housing, acquisition and/or rehabilitation of housing, tenant-based rental assistance, and homeownership assistance. 15% of HOME funds are set aside for development activities carried out by specially-formed nonprofit organizations called Community Housing Development Organizations.

Housing Opportunities for Persons with AIDS (HOPWA) - approximately \$633,328 annually and \$633,328 during the term of the 5-yr Consolidated Plan.

The Housing Opportunities for Persons with AIDS (HOPWA) program funds housing assistance and support services for low-income persons with HIV/AIDS and their families.

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National Housing Trust Fund (NHTF) - approximately \$3,434,122 annually and \$17,170,610 during the term of the 5-yr Consolidated Plan.

The National Housing Trust Fund is targeted to building, rehabilitating, preserving, and operating rental housing for extremely low-income people.

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The ESG and HOME programs require matching contributions.

- ESG matching funds are derived from Arizona lottery funds and allowable costs incurred by subgrantees, cash contributions, and the assessed value of third-party in-kind donations.
- HOME matching contributions are met through the Arizona State Housing Trust Fund.

HUD Consolidated Plan resources are leveraged with numerous federal, state, local and private resources to address the needs identified in this plan. Federal leverage resources from the US Department of Housing and Urban Development include:

1. Continuum of Care funding for emergency and transitional housing, permanent housing placement, essential services, rapid rehousing (rental assistance), and permanent housing in facilities.
2. Veterans Affairs Supportive Housing vouchers for rent subsidies to Veterans experiencing homelessness.
3. Section 811 Project Rental Assistance for housing people with developmental disabilities.

State leverage resources include:

1. Low-income Housing Tax Credit financing for developers of affordable rental housing serving low-income households.
2. The Arizona Industrial Development Authority HOME PLUS mortgage program.
3. The Arizona Housing Trust Fund.
4. The Arizona Housing Trust Fund and leveraged resources from units of local government for the CDBG match requirement.
5. SSBG, TANF service funds, Arizona Lottery revenues, and General Fund allocations to support interventions aimed at addressing homelessness, as well as to provide matching contributions for ESG funding.

Local and private leverage resources include:

1. Federal Home Loan Bank resources that support savings for homeownership and provide financing for affordable housing development and preservation.

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2. Private equity and financing for the acquisition, rehabilitation and production of rental and owner housing.

If appropriate, describe publicly owned land or property located within the state that may be used to address the needs identified in the plan

The State of Arizona does not have land or property that may be used to address the needs identified in this plan.

Discussion

SP-40 Institutional Delivery Structure – 91.315(k)

Explain the institutional structure through which the jurisdiction will carry out its consolidated plan including private industry, non-profit organizations, and public institutions.

Responsible Entity	Responsible Entity Type	Role	Geographic Area Served
Arizona Department of Housing	Government	Economic Development Homelessness Non-homeless special needs Ownership Planning Public Housing Rental neighborhood improvements public facilities public services	State
Arizona Department of Economic Security	Government	Homelessness Planning	State
Central Arizona Association of Governments	Government	Economic Development Homelessness Non-homeless special needs Ownership Planning Rental neighborhood improvements public facilities public services	Region

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Responsible Entity	Responsible Entity Type	Role	Geographic Area Served
Northern Arizona Council of Governments	Government	Economic Development Homelessness Non-homeless special needs Ownership Planning Rental neighborhood improvements public facilities public services	Region
SouthEastern Arizona Governments Organization (SEAGO)	Government	Economic Development Homelessness Non-homeless special needs Ownership Planning Rental neighborhood improvements public facilities public services	Region
Western Arizona Council of Governments	Government	Economic Development Homelessness Non-homeless special needs Ownership Planning Rental neighborhood improvements public facilities public services	Region
Arizona Commerce Authority	Government	Ownership	State

Table 45 - Institutional Delivery Structure

Assess Strengths and Gaps in the Institutional Delivery System

Consolidated Plan activities are implemented through contracts with local government, and nonprofit and for-profit organizations. Gaps in delivery exist most often at the implementation level. ADOH staff works collaboratively with local contracting organizations to address gaps and facilitate successful completion of contracted activities.

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The effectiveness of implementing activities by contracting with outside organizations is also dependent upon the capacity and expertise of State staff administering programs and contracts. Each contract is assigned a Program Specialist to oversee progress and distribute funding.

Assess the strengths and gaps in the institutional delivery system working within the Colonias

There are 57 Arizona designated Colonias in the southern counties of Cochise, Gila, Graham, Greenlee, La Paz, Santa Cruz, and Yuma, and on the Cocopah and Tohono O’odham Indian Reservations. The ADOH has developed a process to certify Arizona Colonias to ensure that they comply with federal legislation at Section 916 of the Cranston-Gonzalez Act of 1990 and HUD guidance. The ADOH sets aside 10% of its annual CDBG funds for projects in Colonias with high-priority needs. Colonias typically partner with local government to apply for CDBG Colonias funding, which is made available biennially to facilitate larger awards to address significant water, sewer, and/or housing needs in their entirety.

Colonias typically do not have sufficient capacity to administer CDBG activities and rely on the communities or counties where they are located for leadership and administration of set-aside funds. Additionally, through a contract with ADOH, regional Councils of Government provide both technical and administrative assistance to Colonias.

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Availability of services targeted to homeless persons and persons with HIV and mainstream services

Homelessness Prevention Services	Available in the Community	Targeted to Homeless	Targeted to People with HIV
Homelessness Prevention Services			
Counseling/Advocacy	X	X	X
Legal Assistance	X	X	
Mortgage Assistance	X		X
Rental Assistance	X	X	X
Utilities Assistance	X	X	X
Street Outreach Services			
Law Enforcement	X	X	
Mobile Clinics	X	X	
Other Street Outreach Services	X	X	X
Supportive Services			
Alcohol & Drug Abuse	X	X	X
Child Care	X	X	
Education	X	X	
Employment and Employment Training	X	X	
Healthcare	X	X	X
HIV/AIDS	X	X	X
Life Skills	X	X	X
Mental Health Counseling	X	X	
Transportation	X	X	
Other			
Other			

Table 46 - Homeless Prevention Services Summary

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Describe the extent to which services targeted to homeless person and persons with HIV and mainstream services, such as health, mental health and employment services are made available to and used by homeless persons (particularly chronically homeless individuals and families, families with children, veterans and their families and unaccompanied youth) and persons with HIV within the jurisdiction

Interventions targeted to people experiencing homelessness and people with special needs work to provide key resources to address the causes of homelessness and promote long term stability. This includes case management, access to employment and benefit services, and via case management, access to other community resources. These services vary by Arizona county since each county has different providers and resources. Through ADOH sponsored Local Coalitions to End Homelessness, over 300 organizations and stakeholders participate in homeless coordination and service engagement. This includes school district liaisons, employment programs, local shelter case managers and providers, health care organizations, and faith based and governmental organizations. For individuals who are AHCCCS/Medicaid Eligible, additional services may be available, especially for persons with a Serious Mental Illness Diagnosis.

Describe the strengths and gaps of the service delivery system for special needs population and persons experiencing homelessness, including, but not limited to, the services listed above

Arizona's service delivery system for special needs populations and individuals experiencing homelessness demonstrates strong interagency coordination and urban outreach capacity, yet it faces notable gaps in rural access, resource limitations, and specialized supports. Prevention services are bolstered by effective rental and utility assistance programs, such as those funded through ESG and LIHEAP, which help at-risk households maintain stable housing. Additionally, expanded legal aid for eviction prevention offers critical support in navigating housing stability challenges. However, gaps exist in mortgage assistance for low-income homeowners, and counseling and advocacy services remain less accessible in rural areas.

Enhanced street outreach, coordinated through partnerships with law enforcement and mobile clinics, delivers essential services to unsheltered individuals in urban areas, connecting them to shelters and healthcare. Yet, rural regions lack sufficient outreach programs, and outreach teams are often under-resourced, which limits their ability to engage individuals who may resist traditional services. Supportive services across Arizona include employment training, healthcare, mental health counseling, and childcare assistance through ADES programs, addressing immediate and long-term needs. However, high demand for substance use treatment creates extended wait times, and transportation remains a significant barrier, especially in rural areas.

Arizona's service system strengths are clear in its urban coordination and comprehensive service offerings, yet expanding rural access, building capacity, and addressing gaps in specialized support will be essential to improving outcomes statewide. By addressing these challenges, Arizona can create a more resilient, equitable framework for serving homeless and high-risk populations across diverse regions.

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Provide a summary of the strategy for overcoming gaps in the institutional structure and service delivery system for carrying out a strategy to address priority needs

Arizona’s comprehensive strategy to address gaps in its institutional structure and service delivery system for homelessness focuses on expanding statewide access, strengthening resource capacity, enhancing targeted support services, and improving system integration. Recognizing the specific needs of rural and urban populations, collective efforts aim to bridge the rural-urban service divide by increasing outreach programs and establishing accessible service hubs in underserved regions. This will ensure that critical resources, such as housing assistance, healthcare, and substance use treatment, are readily available to all Arizonans, regardless of location.

Capacity-building efforts are essential to this strategy, particularly for high-demand services like mental health and addiction support. To meet rising demand, Arizona will continue its efforts to expand funding, enhance staffing, and optimize existing resources to reduce wait times and increase the quality of service delivery.

Enhanced interagency coordination is another cornerstone of Arizona’s approach, fostering continued partnerships among State agencies, local Continuums of Care (CoCs), healthcare providers, and community organizations. By aligning efforts and resources across agencies, Arizona can improve service continuity and ensure individuals receive comprehensive, wraparound support. Targeted investments in data integration, such as the DWEL-AZ Data Warehouse, are also key to optimizing resource allocation and enabling data-driven decision-making across agencies, thereby supporting real-time response and reducing system redundancies.

Arizona’s strategy also emphasizes targeted, supportive services for priority populations, including individuals with disabilities, veterans, and families with children, ensuring that interventions are customized to meet their unique needs. Expanding employment and education resources through ARIZONA@WORK and increasing the availability of housing vouchers and rental assistance will further bolster economic self-sufficiency for individuals and families as they transition from crisis to stability.

By integrating these components into a cohesive strategy, Arizona could create a responsive, adaptable homelessness response system that promotes stability and long-term housing security, aligning with the state’s commitment to effective, equitable service delivery across diverse communities. This comprehensive approach ensures that Arizona’s homelessness response system evolves to meet emerging challenges while advancing sustainable, community-wide outcomes.

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SP-45 Goals Summary – 91.315(a)(4)

Goals Summary Information

The State of Arizona established six goals for Consolidated Plan resources over the next five years. The numeric goals are for Consolidated Plan program funding only. Consolidated Plan funding is highly leveraged with other resources and additional housing units are typically produced with leverage resources.

1. Community Facilities and Improvements.
2. Public Services.
3. Disability Accessibility Improvements.
4. Decent Affordable Housing.
5. Homelessness.
6. HIV/AIDS Housing and Services.
7. Program Administration.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Community Facilities and Improvements	2025	2029	Non-Housing Community Development	State of Arizona PY2025-2029	Community Facilities and Improvements	CDBG: \$29,752,809	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 363,600 Persons Assisted Buildings Demolished: 5 Buildings
2	Public Services	2025	2029	Non-Housing Community Development	State of Arizona PY2025-2029	Public Services	CDBG: \$1,002,089	Public service activities other than Low/Moderate Income Housing Benefit:17,008 Persons Assisted Public service activities for housing benefit: 64 people
3	Disability Accessibility Improvements	2025	2029	Non-Housing Community Development	State of Arizona PY2025-2029	Improved Accessibility for People with Disabilities	CDBG: \$4,395,127	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 86,656 Persons Assisted

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Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
4	Decent Affordable Housing	2025	2029	Affordable Housing Non-Homeless Special Needs	State of Arizona PY2025-2029	Decent Affordable Housing	CDBG: \$13,864,006 HOME: \$26,272,877 NHTF: \$15,453,551	Rental units constructed: 50 (HOME) + 80 (NHTF) Household Housing Unit Rental units rehabilitated: 40 (CDBG) Household Housing Unit Homeowner Housing Rehabilitated: 250 Household Housing Unit (HOME) + 317 (CDBG)
5	HIV/AIDS Housing and Services	2025	2025	Non-Homeless Special Needs	State of Arizona PY2025-2029	Housing and Services for People with HIV/AIDS	HOPWA: \$571,325	Tenant-based rental assistance / Rapid Rehousing: 31 Households Assisted Homelessness Prevention: 60 Persons Assisted
6	Homelessness	2025	2029	Homeless	State of Arizona PY2025-2029	Homelessness	ESG: \$8,406,308	Public service activities other than Low/Moderate Income Housing Benefit: 2,000 Persons Assisted Tenant-based rental assistance / Rapid Rehousing: 1,000 Households Assisted Homeless Person Overnight Shelter: 25,000 Persons Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 5 Beds Homelessness Prevention: 1,500 Persons Assisted

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Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
7	Program Administration	2025	2029	Program Administration	State of Arizona PY2025-2029	Program Administration	CDBG: \$1,619,009 HOPWA: \$62,003 HOME: \$2,919,209 NHTF: \$1,717,061 ESG: \$681,593	Other: 5 Other

Table 47 – Goals Summary

Goal Descriptions

1	Goal Name	Community Facilities and Improvements
	Goal Description	Development of/ improvements to facilities for seniors, youth, abused and neglected children, neighborhood facilities, parks/ recreation facilities, child care centers, fire stations/ equipment, health facilities, bus shelters. Development of/ improvements to flood drainage, water/sewer systems, streets, sidewalks, including for housing development. Includes water lines, sanitary/storm sewers, fire hydrants, traffic lights/signs. Development of/ improvements to group homes, emergency shelter/transitional housing facilities (that add beds). Clearance and demolition or movement of buildings to other sites.
2	Goal Name	Public Services
	Goal Description	Services to LMI individuals, including persons experiencing homelessness, seniors, persons with disabilities, youth, domestic violence survivors, people with serious mental illness, people with alcohol/substance use disorders, abused/neglected children, domestic violence survivors.
3	Goal Name	Disability Accessibility Improvements
	Goal Description	Improvements to public facilities and infrastructure to benefit people with physical disabilities.

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4	Goal Name	Decent Affordable Housing
	Goal Description	Construction of affordable rental housing, including permanent supportive housing, transitional housing, HOME CHDO set-aside, and NHTF operating funds. Acquisition and/or rehabilitation of affordable rental housing, including energy-efficiency, disability accessibility improvements, temporary or permanent relocation, permanent supportive housing, transitional housing, HOME CHDO set-aside, and NHTF operating funds. Rehabilitation of housing occupied by LMI owners, including energy-efficiency and disability accessibility improvements.
5	Goal Name	HIV/AIDS Housing and Services
	Goal Description	Essential services, housing information services, monthly rental assistance and/or security/utility deposits, permanent supportive housing, tenant-based rental assistance, permanent housing placement, and short-term assistance with rent, mortgage, and utilities to prevent homelessness among LMI persons with HIV/AIDS and their families.
6	Goal Name	Homelessness
	Goal Description	Rent, mortgage, utility, and related assistance to maintain housing stability and prevent homelessness. Essential services, including street outreach. Operating support for emergency/transitional shelter. Monthly rental assistance for households experiencing homelessness.
7	Goal Name	Program Administration
	Goal Description	Program Administration, including indirect costs, 1% CDBG technical assistance, and fair housing activities.

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.315(b)(2)

The State of Arizona estimates it will provide affordable housing to 70 extremely low-income, 100 low-income and 200 moderate-income renters and owners using CDBG, NHTF and HOME funds.

SP-50 Public Housing Accessibility and Involvement – 91.315(c)

Need to Increase the Number of Accessible Units (if Required by a Section 504 Voluntary Compliance Agreement)

Not applicable, the State of Arizona does not operate public housing.

Activities to Increase Resident Involvements

Not applicable, the State of Arizona does not operate public housing.

Is the public housing agency designated as troubled under 24 CFR part 902?

No.

Plan to remove the ‘troubled’ designation

Not applicable

SP-55 Barriers to affordable housing – 91.315(h)

Barriers to Affordable Housing

Planning, zoning, and building codes are governed by Arizona Revised Statutes Title 11, Chapter 6 for counties and ARS Title 9, Chapter 4 for cities and towns, which allows for local selection of building codes. As each county and municipality has a separate zoning code, developers of affordable housing may be challenged to expedite affordable housing development.

Other State-level legislation restricts the ability of localities to utilize land use and zoning requirements to encourage affordable housing development.

- The Private Property Rights Act of 2006 requires local governments to compensate a private property owner if the value of a person's property is reduced by the enactment of a land use law. Under this Act, downzoning or changing zoning to permit less intensive development is difficult to accomplish in Arizona. Property owners must either waive their entitlements voluntarily or be compensated for the reduction in value of their property.
- Passed in 2015, Senate Bill 1072 amended municipal and county land use and zoning requirements. The bill prohibited requiring affordable housing in a zoning code (inclusionary zoning) but does not limit the use of an incentive, density bonus or other voluntary provision or condition designed to increase the supply of moderate or lower cost housing.
- Arizona's constitution includes a gift clause that prohibits state and local governments from giving financial gifts to private entities, which effectively restricts the use of public lands from being utilized for the development of affordable housing under most circumstances.

Strategy to Remove or Ameliorate the Barriers to Affordable Housing

As Arizona's housing costs have increased due to supply shortfalls caused by high net in-migration over the past five years, the State Legislature has proposed and passed legislation to address regulatory barriers. During the 2024 legislative session, six bills were passed. These bills addressed municipal housing needs assessments, adaptive reuse of commercial buildings, accessory dwelling units, middle housing, and municipal submission of development-related statistics.

Numerous bills were introduced in the 2025 Arizona legislative session. The outcomes of these bills are unknown as of the development of this Consolidated Plan. Continuing action to address regulatory barriers is anticipated during the five years covered by this Consolidated Plan.

SP-60 Homelessness Strategy – 91.315(d)

This section describes how the state conducts outreach and assesses the individual needs of people experiencing homelessness, addresses their emergency and transitional housing needs, and helps them to transition to and sustain stable housing.

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

Arizona’s five-year strategic plan for combating homelessness underscores the pivotal role of sustaining and expanding Street Outreach Programs, including through ESG funding. Recognizing the critical importance of reaching unsheltered individuals, ESG resources are leveraged with other resources to support highly effective outreach initiatives conducted by street outreach providers across Arizona’s three Continuums of Care (CoCs): Maricopa Regional, Tucson-Pima, and Balance of State.

The State’s commitment to enhancing the efficacy and reach of SO Programs is demonstrated through continuous investment in capacity building, technical assistance, the adoption of progressive engagement strategies, and the integration of comprehensive support services. Outreach teams are equipped to address immediate physical needs, provide transportation, and offer emergent health and mental health services, thereby creating a low-barrier entry point for individuals hesitant to engage with traditional service systems. By fostering partnerships with local governments, nonprofit and faith-based organizations, and behavioral health entities, the State ensures a coordinated and holistic approach to outreach, enhancing the likelihood of transitioning individuals into shelters, supportive housing, and rapid rehousing programs.

Over the next five years, the ADOH and Arizona Balance of State Continuum of Care will work with the ESG programs and AHCCCS-managed programs to ensure street outreach availability in all Arizona Balance of State CoC areas, with emphasis on rural communities. The Arizona Department of Economic Security plans to scale outreach efforts by increasing ESG allocations to train additional outreach personnel, expand service coverage to underserved and rural areas, and enhance data-driven decision-making to optimize resource allocation. This strategic expansion aims to amplify the reach of Street Outreach Programs, ensuring that more unsheltered individuals receive timely and effective interventions. Rigorous monitoring and evaluation frameworks will continuously assess program performance, ensuring that outreach strategies remain responsive to the evolving needs of Arizona’s homeless population. This comprehensive approach aligns with the state’s broader objectives of fostering resilient communities and achieving measurable reductions in homelessness over the next five years.

Addressing the emergency and transitional housing needs of homeless persons

Over the past three years, the ADOH, through historic State investment in housing and homeless programs and facilities and Federal ARPA funding, has significantly increased both emergency and transitional shelter bed capacity. This includes development of new or expanded facilities, conversion of hotels/motels into shelters, and support for new shelter models such as non-congregate rooms and safe outdoor spaces.

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A key strategy will be to engage stakeholder to maintain operating funding for these facilities as one-time funding dwindles. Continuing to work towards leveraging services funded through the Arizona Health Care Cost Containment System (AHCCCS) 1115 waiver, will allow for reimbursement to shelters and community-based organizations for up to 6 months of enhanced shelter stay for homeless individuals with a Serious Mental Illness diagnosis, and chronic health needs or released from incarceration.

Through the AHCCCS 1115 waiver, the State will also be working on statewide shelter service and housing standards to ensure persons experiencing homelessness receive access to services needed to end their homelessness. These shelter strategies tie to larger strategies to increase housing and services options to assist members in moving through shelter more effectively and quicker to expand capacity of existing programs.

The State remains committed to addressing the emergency housing needs of homeless individuals and families through sustained investments in RRH and comprehensive supportive services. The Arizona Department of Economic Security is enhancing partnerships with a diverse network of service providers, including shelters, housing agencies, and supportive service organizations, to expand the capacity and effectiveness of emergency shelters and transitional housing programs. By prioritizing RRH initiatives, the State aims to accelerate the transition from temporary shelters to permanent housing, reducing the duration of homelessness and minimizing reliance on emergency accommodations. This involves providing short- to medium-term rental assistance, housing relocation services, and intensive case management tailored to individual needs.

To complement these housing efforts, the State will continue integrating essential supportive services such as mental health counseling, substance use treatment, employment assistance, and healthcare access into housing programs. These services address the underlying factors that contribute to homelessness, fostering long-term stability and self-sufficiency among clients. ADES plans to expand RRH funding to reach more individuals and families, particularly in underserved and rural areas where housing resources are scarce. Additionally, ADES will invest in training and capacity-building for outreach workers to enhance their ability to engage and support unsheltered populations effectively.

The State will also leverage data-driven strategies, including the utilization of the DWEL-AZ Data Warehouse, to optimize resource allocation and improve service coordination across the state. This centralized data system allows for real-time tracking of housing availability and client progress, enabling more efficient and informed decision-making. By fostering robust interagency collaborations and expanding the reach of RRH and supportive services, the State is building a resilient and adaptive housing continuum that meets both the immediate and long-term needs of Arizona's most vulnerable populations. This comprehensive approach ensures that emergency and transitional housing initiatives are not only responsive but also sustainable, ultimately reducing homelessness and enhancing housing stability statewide.

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Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again.

The Arizona Department of Economic Security (ADES) will implement targeted initiatives aimed at transitioning homeless individuals and families to permanent housing and independent living, with a primary focus on reducing the duration of homelessness. High-need groups will be prioritized, including chronically homeless individuals, families with children, veterans, and unaccompanied youth, by establishing efficient pathways to stable housing supported by ongoing investment in high-impact service providers.

ADES plans to enhance its RRH investments through ESG funding, allowing for expedited housing placements quick stabilization. The ADES RRH approach will provide short- to medium-term rental assistance in tandem with wraparound services designed to empower clients toward independence and housing stability. This strategy will be bolstered by post-placement case management and financial counseling to ensure long-term self-sufficiency. ADES will continue to invest in providers specializing in youth services. These providers will deliver targeted support tailored to the unique needs of unaccompanied youth, including mentorship, access to education, and career readiness programs. This focus will facilitate a transition to stable, independent living by offering age-appropriate, holistic support as these youth move toward permanent housing.

Additionally, ADES will work with local agencies to integrate educational and workforce development resources into the housing process, particularly for families with children and unaccompanied youth. By embedding vocational and educational continuity into services, these populations will be provided a stable foundation to break the cycle of homelessness.

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Help low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families who are likely to become homeless after being discharged from a publicly funded institution or system of care, or who are receiving assistance from public and private agencies that address housing, health, social services, employment, education or youth needs

Preventing homelessness among low-income and extremely low-income individuals and families, particularly those at high risk of becoming homeless upon discharge from publicly funded institutions, will continue to be a focal point of the State's collective efforts. Through the GICCH, ADOH and ADES are working to build a comprehensive, data-driven strategy that leverages cross-agency collaboration to enhance housing stability and prevent homelessness statewide.

Central to this strategy is the coordination among key state agencies to ensure that discharge policies effectively prohibit releases into homelessness. Over the next five years, these agencies will amplify efforts to integrate homelessness prevention resources into discharge planning processes. This integration facilitates direct connections for individuals exiting foster care, correctional facilities, healthcare, and mental health programs to critical support services such as rental assistance, utility support, and tailored case management.

To optimize resource allocation and target interventions effectively, ADES will continue analyzing trends and risk indicators to support the deployment of prevention resources precisely where they are most needed, enabling rapid responses to emerging threats of homelessness. This data-informed approach ensures that prevention efforts over the next five years are both strategic and impactful, aligning with the broader objectives of Arizona's homelessness prevention framework.

Over the five-year period, the strategic plan aims to increase service capacity in underserved areas, enhance collaboration among state and local providers, and strengthen the operational frameworks of local service networks. Through the GICCH's strategic oversight, Arizona is committed to building a sustainable, prevention-focused system that emphasizes early intervention and seamless transitions from institutional care. This approach not only reduces new entries into homelessness but also advances Arizona's goal of creating a resilient housing continuum that empowers vulnerable populations to achieve and maintain long-term housing stability.

The State leverages a collaborative, cross-system strategy to prevent homelessness among high-risk, low-income populations, including those exiting corrections, healthcare, and foster care systems. State agencies collaborate to minimize exits into homelessness from state institutions, ensuring vulnerable individuals receive the necessary support for housing stability.

The State engages with stakeholders to prioritize critical high-risk populations through targeted training, engagement, and technical assistance. Critical high-risk populations include those who are chronically homeless, individuals with disabilities, people managing substance abuse issues, individuals exiting institutional care, people transitioning from substance abuse facilities, youth aging out of foster care, survivors of domestic violence, youth aged 18 to 24, veterans, and individuals age 62 or older.

Discussion

The rising homeless population in Arizona has placed increasing demands on service providers, prompting innovative solutions to address complex client needs. Ongoing collaboration between state agencies, service providers, and the availability of supportive services is critical in addressing homelessness across the state. Building on established initiatives, State Agencies, including the ADES Homeless Coordination Office and the Arizona Department of Housing (ADOH), are actively engaged in statewide efforts to reduce homelessness. This commitment includes participation in the Governor’s Interagency and Community Council on Homelessness (GICCH) and its four dedicated workgroups, as well as strategic coordination within ADES to connect individuals to a wide array of essential services, such as ARIZONA@WORK, food assistance and hunger relief, Low-Income Home Energy Assistance Program (LIHEAP), and child care assistance.

These collaborative efforts, bolstered by a network of supportive services, enable the State to not only address immediate housing needs but also strengthen the long-term stability of individuals and families. By fostering cross-agency connections and supporting innovative service models, the State is advancing a comprehensive approach to combat homelessness, ultimately working toward a higher quality of life for all Arizonans and contributing to a thriving Arizona.

SP-65 Lead based paint Hazards – 91.315(i)

Actions to address LBP hazards and increase access to housing without LBP hazards

The Arizona Department of Housing’s long-term goals to address lead-based paint hazards include: collaborating with units of local governments to reduce housing-related lead-based paint hazards, especially for low-income families and children; encouraging risk assessment for lead-based paint as part of every home inspection; and referring families with children to the Arizona Department of Health Services, Office of Environmental Health for blood testing if lead-based paint is found in units proposed for rehabilitation. The Arizona Department of Health Services maintains the lead exposure registry for Arizona. The program develops lead poisoning prevention programs, investigates cases with elevated blood lead levels and conducts educational outreach activities. The Arizona Lead Poisoning Screening Coalition and the Arizona Department of Health Services recommend screening children six (6) years of age and younger according to the Childhood Lead Poisoning Targeted Screening Plan. These steps are critical to the long-term health and stability of lower-income children who may be exposed to lead-based paint.

The State of Arizona will encourage training, education and other resources related to lead based paint hazards, and will require that grantees and sub grantees utilize staff and contractors that have the appropriate training and certification.

How are the actions listed above integrated into housing policies and procedures?

All State of Arizona contracts include provisions to ensure that grantees comply with the HUD lead-based paint regulations implementing Title X of the Housing and Community Development Act of 1992. Any structure built before 1978 that is proposed for rehabilitation under federal programs is tested for lead-based paint. Notices and requirements regarding testing and removal of lead-based paint are provided to program participants, contractors, and project sponsors by program grantees.

SP-70 Anti-Poverty Strategy – 91.315(j)

Jurisdiction Goals, Programs and Policies for reducing the number of Poverty-Level Families

The Arizona Department Economic Security (ADES) has established a strategic framework to reduce family poverty by 2030, with a focus on optimizing service access, process efficiency, employment pathways, and support networks. A key objective is the development of a comprehensive and fully integrated Client Portal (Arizona A to Z) by 2030, designed to provide clients with streamlined, 24/7 access to all ADES programs and services, simplifying navigation and enhancing accessibility for low-income families.

The Arizona Department of Housing is focused on continuing to fund programs that provide access to decent and safe housing. This investment in housing stability provides opportunities for low-income households to maintain employment, integrate into a variety of community settings, and maintain the stable education environment for children that is necessary to reduce generational poverty. In addition, a stable and sustainable community environment is created through public facilities and services identified as most important in a local area, such as food and clothing programs, job training and employment services, transportation, and activities for youth and special populations that encourage their participation in the community and expose them to models of economic success.

How are the Jurisdiction poverty reducing goals, programs, and policies coordinated with this affordable housing plan

Anti-poverty strategies complement multiple housing activities. Anti-poverty strategies provide services to individuals and families receiving rental assistance, residing in shelters or permanent supportive housing, and receiving assistance with home repairs and accessibility improvements. Improvements to LMI housing units reduce maintenance costs, improve energy efficiency, and reduce the likelihood of costly physical illness that results from poor housing conditions. Improvements to facilities and infrastructure in LMI communities increase public safety, provide access to critical community services and education and employment opportunities, and encourage economic integration to provide models of success for poverty-level families.

SP-75 Colonias Strategy – 91.315

Describe the State's homeless strategy within Colonias.

The Arizona Balance of State Continuum of Care includes most areas of the State where Colonias are common. Families who are doubled up or otherwise at risk of homelessness are provided information about services in areas closest to the Colonia. Outreach workers are trained to conduct VI-SPDAT screening in the field and use progressive engagement strategies with unsheltered individuals to encourage engagement with shelter, supportive housing, and housing subsidies that may be available.

Describe the barriers to affordable housing in Colonias.

In Arizona, most Colonias were built on a legal loophole that allows a property owner to subdivide property up to five times before triggering subdivision regulations that require roads, utilities, and other amenities. This form of subdivision in Arizona is known as 'wildcat', and has been heavily criticized for passing to the public costs for roads, utilities, and other amenities that would otherwise be borne by the developer and purchaser. Barriers to affordable housing in Arizona Colonias are a lack of water and sewer infrastructure to support housing development, high unemployment, low wages, and lack of creditworthiness that hinder qualification for low-cost, traditional lending products. In some cases, lack of clear title and unrecorded purchase contracts are barriers to using CDBG or HOME funds for housing rehabilitation. Local government and nonprofits that address housing issues in Colonias may lack the capacity to apply for and manage competitive funding opportunities, and generally lack the capacity to assist families with legal issues around clear title and unrecorded purchase contracts.

Describe the State's strategy for addressing barriers to affordable housing (including substandard housing) in Colonias.

To give priority to Colonias having the greatest need for housing rehabilitation and barriers removal, the State of Arizona utilizes a competitive funding process that scores applications based on water, sewer, and housing need. The State sets aside ten percent of CDBG funds annually for Colonia areas and issues a Notice of Funding Availability every two years (with two years of set-aside funding) to solicit projects located in eligible, designated Colonias. All cities, towns, counties, and tribal reservations that contain either geographically defined neighborhoods or unincorporated communities designated as Colonias are eligible to apply for these funds. Each Notice of Funding Availability outlines the Colonia set aside maximum project funding, application requirements, and the scoring criteria that will be used to award projects to Colonias demonstrating the greatest need due to severe water, sewer, and housing issues. Other scoring criteria may include poverty level, leveraged funds, project need, project priority, project readiness, past performance, and organizational capacity. HOME funds for owner occupied housing rehabilitation will also be distributed to Colonias through a similar competitive process.

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Describe the State's goals/programs/policies for reducing the number of poverty level families in Colonias.

Arizona's Colonia set-aside primarily funds water and wastewater treatment as these have been identified as the highest priority issues. Colonias funding is awarded through a competitive process once every two years that provides the potential for sufficient funding to complete very large projects. Scoring criteria emphasizes demonstrated need, poverty statistics and whether the project will eliminate water, wastewater, and housing issues within the Colonia. Addressing these issues improves sustainability and quality of life issues for residents who could not afford to pay increases in water or sewer service fees that would be required if the community were funding improvements through other sources.

Residents of Colonias who are living in poverty will have access to the ADES Client Portal and the expedited support that is expected to result from system improvements.

Describe how the State's goals/programs/policies for producing and preserving affordable housing in the Colonias will be coordinated with other programs and services.

Arizona's CDBG Colonia set-aside primarily funds water infrastructure projects. Water infrastructure projects are often leveraged with State Water Infrastructure Finance Authority (WIFA) funding. WIFA is part of the Arizona Finance Authority, a one-stop shop for financing that supports expanding and relocating businesses, community infrastructure, and first-time homebuyer assistance. WIFA is authorized to finance the construction, rehabilitation and/or improvement of drinking water, wastewater, wastewater reclamation and other water quality facilities/projects. Generally, WIFA offers borrowers below market interest rates on loans.

As a "bond bank," WIFA is able to issue water quality bonds on behalf of communities for basic water infrastructure. Through active portfolio and financial management, WIFA provides significant savings due to lower interest rates and no closing costs. WIFA is able to lower a borrower's interest costs to between seventy percent and ninety-five percent of WIFA's tax-exempt cost of borrowing. WIFA's principal tools for providing low interest financial assistance include the Clean Water Revolving Fund for publicly-held wastewater treatment projects and the Drinking Water Revolving Fund for both publicly and privately held drinking water systems. WIFA also manages a Planning and Design Technical Assistance Program. This program offers planning and design funding to eligible wastewater and drinking water systems. The purpose of the program is to help prepare water and wastewater facilities for future project construction.

SP-80 Monitoring – 91.330

Describe the standards and procedures that the state will use to monitor activities carried out in furtherance of the plan and will use to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements

Arizona has developed a monitoring plan to ensure activities are carried out in accordance with all applicable laws, regulations, and policies.

For **CDBG, HOME and NHTF** ADOH conducts desk monitoring of projects including detailed review of: application; environmental review; procurement; labor standards; Section 3; progress reports; pay requests; closeout reports; audits; and uniform relocation. Recipients are notified in writing regarding results of desk monitoring. Staff generally schedules one site visit per recipient annually and a site visit is conducted as part of contract close-out or project completion. Site visits are conducted over one or two days and include review of records, inspection of progress, and meetings with project staff. Staff provides written monitoring comments that include the monitoring results, a statement of the basis for each conclusion, instructions on how to address non-compliance, and a response deadline. In extreme non-compliance cases, staff determine if additional site monitoring is necessary. In all cases of non-compliance, staff works with recipients to reach a satisfactory resolution.

For **HOME and NHTF Rental Housing**, ADOH performs on-site inspections to ensure compliance with property standards and to verify the income of tenants during the period of affordability. Monitoring occurs not less than every three years.

ESG: ADES reviews contracts and validates for environmental clearance prior to providing approval, expenditure and reimbursement of ESG funds. For new ESG agencies, an on-site visit is conducted after the contract is awarded. ESG resources and program reports are monitored quarterly. Fiscal back-up documentation and participant tracking reports are attached to claims for reimbursement. DES contracts require agencies to submit quarterly reports designed to capture client data, average number of bed nights, activities, fiscal expenditures billed, and types/sources of match. A formal desk review is completed annually and a written report prepared with any findings and recommendations for corrective actions, if necessary. At least every three years, each ESG provider receives a monitoring site visit and a written follow-up report that discusses any findings and recommended corrective actions, including a specific timeline for completion of corrective actions. Completion of corrective actions are verified by DES.

HOPWA: ADOH monitors for performance and compliance with HOPWA requirements. On-site visits are conducted and program reports are required on an annual basis. Annually each HOPWA grantee receives a monitoring site visit and a written follow-up report that discusses any findings and recommended corrective actions, including a specific timeline for completion of corrective actions. Completion of corrective actions are verified by ADOH. Program reports are designed to capture client data and activities, while fiscal expenditures are billed and monitored monthly.

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Program Year 2025 Annual Plan

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

The State of Arizona anticipates receiving approximately \$21.3 million of PY2025 Community Development Block Grant (CDBG), HOME Investments Partnerships Program (HOME), Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), and National Housing Trust Fund (NHTF) funding. PY2025 allocations have not yet been announced.

At the time this Annual Action Plan was posted for public comment, the allocations were not yet formalized by HUD. The expected amounts available are equal to the PY2024 allocations. If there is an increase or decrease in any program allocation, the funds allocated by the State to activities and to administration will be proportionately increased or decreased based on the increased or decreased allocation, except that not less than \$2.5 HOME funds will be set-aside for owner-occupied housing rehabilitation.

In addition to HUD CPD resources, the ADOH may be allocated FFY2024 Recovery Housing Program (RHP) Funds. As required by HUD, the RHP plan is amended and submitted separately from this Annual Action Plan.

Anticipated Resources

Program	Annual Allocation	Program Income and Prior Year Resources	Total Available PY2025	Program Description
CDBG	\$10,126,728	\$ 0	\$10,126,728	Community Development Block Grant (CDBG) funds may be used for a variety of activities that address the needs of low-and-moderate-income residents and communities. Eligible uses of funds include public improvements and services, housing, planning, and administration. HUD requires the State of Arizona set-aside not 10% of the annual allocation for activities taking place in designated Colonias. All activities must meet a CDBG National Objective.

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Program	Annual Allocation	Program Income and Prior Year Resources	Total Available PY2025	Program Description
HOME	\$5,838,417	\$ 0	\$5,838,417	HOME Investment Partnership Program (HOME) funds may be used to assist low-and-moderate-income owners and renters through new construction of housing, acquisition and/or rehabilitation of housing, tenant-based rental assistance, and homeownership assistance. 15% of HOME funds are set aside for development activities carried out by specially-formed nonprofit organizations called Community Housing Development Organizations
HOPWA	\$633,328	\$ 0	\$633,328	The Housing Opportunities for Persons with AIDS (HOPWA) program funds housing assistance and support services for low-income persons with HIV/AIDS and their families. HUD has informed ADOH the State of Arizona will not be eligible for continued funding beyond PY2025.
ESG	\$1,817,580	\$ 0	\$1,817,580	The Emergency Solutions Grant (ESG) program provides funding to: 1) engage homeless individuals and families living on the street; 2) improve the number and quality of emergency shelters; 3) help operate shelters; 4) provide essential services to shelter residents; 5) rapidly re-house individuals and families experiencing homelessness; and 6) prevent families and individuals from becoming homeless.
NHTF	\$3,434,122	\$ 0	\$3,434,122	The National Housing Trust Fund (NHTF) is targeted to building, rehabilitating, preserving, and operating rental housing for extremely low-income people.

Table 48 - Expected Resources – Priority Table

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Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The ESG and HOME programs require matching contributions.

- ESG matching funds are derived from Arizona lottery funds and allowable costs incurred by subgrantees, cash contributions, and the assessed value of third-party in-kind donations.
- HOME matching contributions are met through the Arizona State Housing Trust Fund.

HUD Consolidated Plan resources are leveraged with numerous federal, state, local and private resources to address the needs identified in this plan. Federal leverage resources from the US Department of Housing and Urban Development include:

1. Continuum of Care funding for emergency and transitional housing, permanent housing placement, essential services, rapid rehousing (rental assistance), and permanent housing in facilities.
2. Veterans Affairs Supportive Housing vouchers for rent subsidies to Veterans experiencing homelessness.
3. Section 811 Project Rental Assistance for housing people with developmental disabilities.

State leverage resources include:

1. Low-income Housing Tax Credit financing for developers of affordable rental housing serving low-income households.
2. The Arizona Industrial Development Authority HOME PLUS mortgage program.
3. The Arizona Housing Trust Fund.
4. The Arizona Housing Trust Fund and leveraged resources from units of local government for the CDBG match requirement.
5. SSBG, TANF service funds, Arizona Lottery revenues, and General Fund allocations to support interventions aimed at addressing homelessness, as well as to provide matching contributions for ESG funding.

Local and private leverage resources include:

1. Federal Home Loan Bank resources that support savings for homeownership and provide financing for affordable housing development and preservation.
2. Private equity and financing for the acquisition, rehabilitation and production of rental and owner housing.

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If appropriate, describe publicly owned land or property located within the state that may be used to address the needs identified in the plan

The State of Arizona does not have land or property that may be used to address the needs identified in this plan.

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AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Community Facilities and Improvements	2025	2025	Non-Housing Community Development	State of Arizona PY2025-2029	Community Facilities and Improvements	CDBG: \$5,896,567	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 73,966 Persons Assisted Buildings Demolished: 1 Buildings
2	Public Services	2025	2025	Non-Housing Community Development	State of Arizona PY2025-2029	Public Services	CDBG: \$174,205	Public service activities other than Low/Moderate Income Housing Benefit: 3,402 Persons Assisted Public service activities for Low/Moderate Income Housing Benefit: 2 Persons Assisted
3	Disability Accessibility Improvements	2025	2025	Non-Housing Community Development	State of Arizona PY2025-2029	Improved Accessibility for People with Disabilities	CDBG: \$871,025	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 17,300 Persons Assisted
4	Decent Affordable Housing	2025	2025	Affordable Housing Non-Homeless Special Needs	State of Arizona PY2025-2029	Decent Affordable Housing	CDBG: \$2,781,129 HOME: \$5,254,575 NHTF: \$3,090,710	Rental units constructed: 10 (HOME) + 15 (NHTF) Household Housing Unit Rental Housing Rehabilitated: 2 Household Housing Unit (CDBG) Homeowner Housing Rehabilitated: 50 Household Housing Unit (HOME) + 77 (CDBG)
5	HIV/AIDS Housing and Services	2025	2025	Non-Homeless Special Needs	State of Arizona PY2025-2029	Housing and Services for People with HIV/AIDS	HOPWA: \$571,325	Tenant-based rental assistance / Rapid Rehousing: 31 Households Assisted Homelessness Prevention: 60 Persons Assisted

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Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
6	Homelessness	2025	2025	Homeless	State of Arizona PY2025-2029	Homelessness	ESG: \$1,681,262	Public service activities other than Low/Moderate Income Housing Benefit: 725 Persons Assisted Tenant-based rental assistance / Rapid Rehousing: 525 Households Assisted Homeless Person Overnight Shelter: 8,200 Persons Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 5 Beds Homelessness Prevention: 325 Persons Assisted
7	Program Administration	2025	2025	Program Administration	State of Arizona PY2025-2029	Program Administration	CDBG: \$403,802 HOPWA: \$62,033 HOME: \$583,842 NHTF: \$343,412 ESG: \$136,319	Other: 5 Other

Table 49 – Goals Summary

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Goal Descriptions

1	Goal Name	Community Facilities and Improvements
	Goal Description	Development of/ improvements to facilities for seniors, youth, abused and neglected children, neighborhood facilities, parks/ recreation facilities, child care centers, fire stations/ equipment, health facilities, bus shelters. Development of/ improvements to flood drainage, water/sewer systems, streets, sidewalks, including for housing development. Includes water lines, sanitary/storm sewers, fire hydrants, traffic lights/signs. Development of/ improvements to group homes, emergency shelter/transitional housing facilities (that add beds). Clearance and demolition or movement of buildings to other sites.
2	Goal Name	Public Services
	Goal Description	Services to LMI individuals, including persons experiencing homelessness, seniors, persons with disabilities, youth, domestic violence survivors, people with serious mental illness, people with alcohol/substance use disorders, abused/neglected children, domestic violence survivors.
3	Goal Name	Disability Accessibility Improvements
	Goal Description	Improvements to public facilities and infrastructure to benefit people with physical disabilities.
4	Goal Name	Decent Affordable Housing
	Goal Description	Construction of affordable rental housing, including permanent supportive housing, transitional housing, HOME CHDO set-aside, and NHTF operating funds. Acquisition and/or rehabilitation of affordable rental housing, including energy-efficiency, disability accessibility improvements, temporary or permanent relocation, permanent supportive housing, transitional housing, HOME CHDO set-aside, and NHTF operating funds. Rehabilitation of housing occupied by LMI owners, including energy-efficiency and disability accessibility improvements.
5	Goal Name	HIV/AIDS Housing and Services
	Goal Description	Essential services, housing information services, monthly rental assistance and/or security/utility deposits, permanent supportive housing, tenant-based rental assistance, permanent housing placement, and short-term assistance with rent, mortgage, and utilities to prevent homelessness among LMI persons with HIV/AIDS and their families.

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6	Goal Name	Homelessness
	Goal Description	Rent, mortgage, utility, and related assistance to maintain housing stability and prevent homelessness. Essential services, including street outreach. Operating support for emergency/transitional shelter. Monthly rental assistance for households experiencing homelessness.
7	Goal Name	Program Administration
	Goal Description	Program Administration, including indirect costs, 1% CDBG technical assistance, and fair housing activities.

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AP-25 Allocation Priorities – 91.320(d)

Introduction:

Funding allocation priorities for PY2025 are shown in the table below.

Funding Allocation Priorities

Program	Goals						
	Community Facilities/ Improvements	Public Services	Disability Accessibility Improvements	Decent Affordable Housing	Homelessness	HIV/AIDS Housing & Services	Program Administration
CDBG	59%	2%	9%	27%	0%	0%	3%
HOME	0%	0%	0%	90%	0%	0%	10%
HOPWA	0%	0%	0%	0%	0%	90%	10%
ESG	0%	0%	0%	0%	92%	0%	8%

Table 50 – Funding Allocation Priorities

Reason for Allocation Priorities

The State determines allocation priorities through analysis of needs and demand, historical funding data, and through consultation with public and private partners, units of local government, service providers, and nonprofit and for-profit organizations. All allocations are based on program methods of distribution.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

The proposed funds distribution was determined based on allocation priorities using historical data as reported in the State’s Consolidated Annual Performance Report and any planned changes to the uses of funds to address priority needs and specific objectives. All funds are distributed to address priority housing, homelessness, special populations, and non-housing community development needs.

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AP-30 Methods of Distribution – 91.320(d)&(k)

Methods of distribution describe how funds are distributed to subrecipients and units of local government that administer projects and programs using Consolidated Plan resources. These methods of distribution are intended to reach all areas of the State, including both rural and urban areas, where appropriate.

1 Program Name: CDBG

Describe the state program addressed by the Method of Distribution.

CDBG Eligible activities are found in 24 CFR Part 570.482, as amended and typically involve construction and rehabilitation of public facilities (parks, streets, sewers), owner-occupied housing rehabilitation, and public services such as job training. ADOH plans to utilize no less than seventy percent of CDBG funds for activities that directly benefit persons of low- and moderate-income and no more than thirty percent for addressing community blight or urgent needs. All activities identified as priorities in section SP-25 of the State of Arizona 2025-2029 Consolidated Plan are eligible for funding under this Action Plan.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.

Applicants must propose projects that are necessary, feasible, financially viable, ready to start, conform to compliance standards, meet a national objective, and result in benefit. Projects must adhere to contracted progress and expenditure timeliness parameters, and address a high priority need. Benefit to low-income persons, preventing or eliminating slum or blight or meeting other urgent community needs must be measurable by the end of the approved contract timeframe.

If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)

All application materials are available on the ADOH website. Additionally, the following handbooks are available: CDBG Application Handbook; CDBG Administration Handbook; ADOH Environmental Review Handbook; ADOH Procurement, Contracts and Acquisition Handbook; ADOH Labor Standards Handbook; and ADOH Section 3 Handbook.

Describe how resources will be allocated among funding categories.

The ADOH will retain 2% plus \$100,000 for State administration and 1% for technical assistance. ADOH will provide the 2% required match in non-federal matching funds. Ten percent (10%) of the CDBG project allocation will be set-aside for activities in designated Colonia. Eighty-five percent (85%) of the remaining amount of CDBG funds (after administration, technical assistance, and the Colonia set-aside) will be distributed into the Regional Account (RA). The RA is divided into four (4) sub-accounts, one for each of the non-metropolitan Council of Governments (COG) regions. To determine the amount of CDBG funding allocated to each COG's sub account, the State uses a formula based on population and persons in poverty. Regional Account allocations for PY2024 were: NACOG - \$2,340,814 (31.62%), WACOG - \$2,784,999 (37.62%), CAG - \$930,679 (12.57%), and SEAGO -

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\$1,347,223 (18.20%). The PY2025 Regional Account allocations will be announced when HUD finalize PY2025 allocations.

Each COG region must adopt a Method of Distribution (MOD) and submit it to ADOH for approval. The MOD contains a multi-year schedule indicating how regional CDBG allocations will be distributed so that all eligible communities within each respective COG region will receive funding. This will allow each community to plan its CDBG projects in advance.

After the regional MOD is adopted by the region and approved by the ADOH, local governments identified as eligible to receive funding in the current year must complete applications for funding and route them through the COG to ADOH. The COG reviews each application for completeness, priority project selection, and assists the applicant with rectifying any application deficiencies; the COGs have no discretion to approve or reject applications and must forward all applications to the State.

All Regional Account applications are due to ADOH by 4:00 P.M. according to the following schedule: NACOG - June 1 annually; WACOG - July 1 annually; SEAGO - August 1 annually; and CAG - September 1 annually. ADOH will accept the submission of one (1) project application per individual community and no more than three (3) per County for the Regional Account during their funding cycle. ADOH may grant a waiver to cities and towns if, through the public participation process, the need for a planning or public service activity in addition to another eligible CDBG activity is identified. In this case, ADOH may allow the city or town UGLG to submit two (2) applications to the Regional Account funding round. A written Waiver Request and support documentation must be submitted to ADOH at least 45 days prior to the Regional Account application deadline. ADOH will not consider waiver requests for any activity types other than a public service or planning grant. If a waiver for a Planning Grant is approved, the UGLG must commit to implementation of the activity in the planning grant with their next awarded CDBG Regional or SSP Application.

Describe threshold factors and grant size limits.

Applications/projects will be funded only if the following threshold criteria are met on the date the application is received by the ADOH: all reporting required by the ADOH is up to date; all monitoring findings have been cleared; recipient is compliant with all current contracts, including all original contract schedules or has obtained ADOH approvals for revisions or amendments to their schedule; for all previously-funded projects, environmental clearances have been obtained and scope of work has begun; and recipient has no current contract in which funds have not been drawn for six (6) months. In addition, recipients:

- With contracts in their twenty-fourth (24th) or greater month, unless approved for an extension, must be one hundred percent (100%) complete with the scope of work and CDBG funds must be one hundred percent (100%) expended or de-obligated;
- With contracts in their eighteenth (18th) to twenty-third (23rd) month, unless approved for an extension, must be seventy-five percent (75%) complete with the scope of work and CDBG funds must be seventy-five percent (75%) expended;

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- With contracts in their twelfth (12th) to seventeenth (17th) month, unless approved for an extension, must be fifty percent (50%) complete with the scope of work and CDBG funds must be fifty percent (50%) expended; and
- With contracts in their seventh (7th) to eleventh (11th) month, unless approved for an extension, must be twenty-five percent (25%) complete with the scope of work and CDBG funds must be twenty-five percent (25%) expended.

The grant size for Regional Account projects is determined by the formulas used for each COG's approved method of distribution. Grant size for Colonia set aside projects is determined by 2 years of pooled ten percent (10%) set asides and then through project application budgets and sources and uses. There is no maximum per project grant size.

Fifteen percent (15%) of the remaining amount of CDBG funds (after administration, technical assistance, and the Colonia set-aside) will be distributed into the competitive State Special Projects Account (SSP). All communities eligible to receive funding from the State CDBG program are eligible to apply for SSP funding. Eligible goal categories are: 1) public facilities and improvements, including emergency/transitional shelter facilities that add beds and infrastructure in support of affordable housing development or economic development; 2) housing; and 3) planning for project implementation with the applicants next Regional Account award. Applications must demonstrate that the eligible activity is ready to begin implementation immediately with environmental review requirements completed, Release of Funds issued, land control secured, planning, design and permitting complete and all other related upfront issues resolved. A NOFA will be released and will include the application form and applicable deadlines. The NOFA will indicate any variances in project eligibility, documentation requirements, etc. Projects will be selected for SSP funding through a competitive process in which applications are scored by a rating and ranking system that includes project priority, project need, percentage of low/mod income persons served, project readiness, leveraged funds, and organizational capacity.

What are the outcome measures expected because of the method of distribution?

Investment of CDBG funds will create suitable living environments, promote sustainability, and make housing and facilities affordable and accessible. Over the year covered by this plan, ADOH anticipates assisting 87 households and 93,466 persons through investment of CDBG funds.

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2 Program Name: CDBG Colonias Set-aside

Describe the state program addressed by the Method of Distribution.

According to Section 916 of the Cranston-Gonzalez Act of 1990, a “Colonia” is any identifiable community that: is located within 150 miles of the US-Mexico border, except within any standard metropolitan statistical area that has a population exceeding 1,000,000; is designated by the State or county in which it is located as a Colonia; is determined to be a Colonia on the basis of objective criteria, including the lack of potable water supply, lack of adequate sewage systems and lack of decent, safe and sanitary housing; and is generally recognized as a Colonia before the enactment of the National Affordable Housing Act of 1990.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.

HUD mandates the State expend at least ten percent (10%) of its CDBG project allocation in areas designated as Colonias. Colonia funding will be distributed through a competitive application process. The ADOH will issue a funding notice once every two (2) years to solicit projects located in eligible, designated Colonias. Eligible projects include water or sewer infrastructure and substantial housing rehabilitation.

If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)

All Colonia Set Aside application requirements and materials will be available on the ADOH website; in the NOFA; and in the CDBG Application Handbook. Additionally, the following handbooks are available: CDBG Administration Handbook; ADOH Environmental Review Handbook; ADOH Procurement, Contracts and Acquisition Handbook; and ADOH Section 3 Handbook.

Describe how resources will be allocated among funding categories.

Water/sewer infrastructure (delivery and/or treatment systems) and substantial housing rehabilitation activities are considered high-priority eligible Colonia set-aside activities. Resources will be allocated based on relative needs using needs assessment data provided in each application.

Cities, towns, counties, and tribal reservations that contain either geographically defined neighborhoods or unincorporated communities certified as Colonias are eligible to apply for and receive CDBG Colonia Set Aside funding. Maricopa, Pima, and Pinal Counties, as well as the communities and tribal reservations located within those counties, are excluded from eligibility for Colonias funding.

Describe threshold factors and grant size limits.

The Colonias funding notice will further outline the Colonia Set Aside maximum project funding, application requirements, and the scoring categories that will be used to award projects for Colonias demonstrating the greatest need due to severe water, sewer, and housing issues. Other scoring categories will include, but are not limited to poverty level, leveraged funds, project need, project priority, project readiness, past performance,

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and organizational capacity. An application for Colonia Set Aside funds will not affect a jurisdiction's eligibility for other CDBG funding. CDBG Colonia program year resources for Federal FY2025 and FY2026 are combined and will be awarded through one (1) competitive funding round announced through a Notice of Funding Availability (NOFA) in State Fiscal Year 2026.

Thresholds are outlined in the NOFA when released, and in the CDBG Application Handbook. Grant size is limited to the total amount of available funds listed in the NOFA, which is usually equal to two (2) years of CDBG Colonia Set Aside funds at ten percent (10%) per year. This will allow sufficient funding for applicants to address water, sewer, or housing related issues in their entirety.

What are the outcome measures expected as a result of the method of distribution?

Colonia Set Aside funding will provide accessibility/affordability, promote sustainability, and create suitable living environments. It is anticipated that Colonia Set Aside Funds will provide assistance to approximately 2,000 Colonia residents every two (2) years.

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3 Program Name: ESG

Describe the state program addressed by the Method of Distribution.

The ADES ESG program strategically allocates funds to address homelessness and housing instability across the state. This program is designed to provide targeted, comprehensive interventions to stabilize individuals and families experiencing or at risk of homelessness, focusing on both immediate relief and long-term housing stability.

ESG funding is directed toward Street Outreach (SO) Services, a critical component aimed at engaging unsheltered individuals and connecting them with essential services and resources. These outreach efforts, in conjunction with Emergency Shelters (ES) and drop-in centers, provide immediate access to care, including assessments, housing stability planning, and referrals to support services. The overarching objective is not just to meet short-term needs but to integrate participants into a broader system of ongoing support and resources that facilitate long-term stability.

Emergency Shelter funding is allocated to cover operational costs and direct service provision, ensuring shelters can provide safe housing and critical supportive services. These services help individuals and families stabilize and transition toward permanent housing. ESG also supports Homelessness Prevention (HP) Initiatives, designed to prevent at-risk households from entering homelessness. This includes financial assistance, housing stabilization services, and case management aimed at resolving housing crises and maintaining housing stability. Prevention efforts involve comprehensive assessments to ensure that resources are directed to households with the greatest risk and need.

A core focus of ESG funding is Rapid Re-Housing (RRH), which facilitates the rapid exit of individuals and families from homelessness into permanent housing. This component provides rental assistance, housing search support, and wraparound services that promote housing retention and long-term self-sufficiency. These programs emphasize the coordination of community resources, ensuring participants receive the necessary ongoing support to remain stably housed, with particular attention to integrating employment support when needed.

ESG funds also support the operation of the Homeless Management Information System (HMIS), which is central to tracking program performance, improving data-driven decision-making, and enhancing coordination among service providers. The HMIS enables consistent monitoring of outcomes, informs ongoing program improvements, and ensures that services are responsive to the needs of the state's homeless population.

Under the Method of Distribution, no more than 60% of the PY2025 ESG grant, after State-retained administrative funds, will be allocated to Street Outreach and Emergency Shelter services, with the remaining 40% reserved for Homelessness Prevention and Rapid Re-Housing. This allocation strategy ensures a balanced and effective response to homelessness, addressing both immediate shelter needs and long-term housing solutions, thereby maximizing the impact of ESG funds on Arizona's homelessness response system.

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Describe all of the criteria that will be used to select applications and the relative importance of these criteria.

The ADES awards ESG funds through a competitive Request for Proposals (RFP) process or via Intergovernmental Agreements (IGA) with local municipalities. Applications for ESG funding are selected based on a comprehensive set of criteria to ensure that the most qualified organizations are chosen to meet the service needs of their areas and effectively deliver homelessness prevention and intervention services.

The selection criteria include service methodology, which requires applicants to clearly demonstrate their approach to delivering services such as outreach, emergency shelter, homelessness prevention, and rapid re-housing. Applicants must detail how their program design aligns with the goals of ESG and effectively addresses homelessness in the targeted area. Another important criterion is the applicant's experience and expertise, which evaluates their track record in managing similar programs and grants and their success in achieving housing stability outcomes for participants.

Project cost is another key factor, with applicants required to provide a detailed budget demonstrating how ESG funds will be allocated, ensuring cost-effectiveness and that the maximum amount of funding is used for direct services. The capacity of the applicant's organization is also assessed, with consideration given to their ability to manage large-scale programs, collect and report data through the Homeless Management Information System (HMIS), and comply with federal, state, and local regulations. Applicants must demonstrate they have the necessary staffing, infrastructure, and readiness to execute the proposed program.

Additional relevant factors include the applicant's partnerships with other community organizations, coordination within the Continuum(s) of Care, geographic coverage, and the ability to serve underserved populations. These factors ensure that services are well-integrated into the broader homelessness response system and meet local and state priorities.

For awards made through IGAs with municipalities, these same criteria-service methodology, experience and expertise, cost, capacity, and other relevant factors-are applied. ADES ensures that these criteria are aligned with the established ESG guidelines to maintain consistency in the administration of funds across the state. The relative importance of these criteria may vary depending on the needs of the service area and the available providers, with a strong emphasis typically placed on experience, capacity, and cost to ensure that the most effective and efficient organizations are selected.

In addition, ADES adheres to all relevant legal frameworks governing the procurement of services, including the Arizona Revised Statutes (A.R.S.) Title 41, Chapter 23, §§ 41-2501 et seq. and the administrative rules and regulations outlined in the Arizona Administrative Code (A.A.C.) Title 2, Chapter 7, R2-7-101 et seq., which together constitute the Arizona Procurement Code. Compliance with these statutes and regulations ensures transparency, fairness, and legal adherence throughout the procurement process. By following these procurement standards, ADES maintains a competitive and equitable process for the allocation of ESG funds, while ensuring that all contracts are awarded in a manner that promotes accountability and efficiency.

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Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)

The ADES awards ESG funds through a competitive RFP process and, in some cases, through Intergovernmental Agreements (IGA) with local municipalities. The RFP process is open to a range of eligible entities, including units of general local government, non-profit organizations, and community and faith-based organizations. The RFPs clearly outline the criteria for selection, which may include factors such as service methodology, experience and expertise, cost, capacity, and other relevant elements essential to effective service delivery.

Through this process, organizations are invited to submit proposals detailing how they will deliver key ESG services such as street outreach, emergency shelter, homelessness prevention, and rapid re-housing. Proposals are evaluated based on how well they align with the objectives of the ESG program, their capacity to deliver services, their cost-effectiveness, and their demonstrated ability to manage similar projects and achieve positive outcomes for those experiencing or at risk of homelessness.

In addition to the competitive RFP process, ADES may enter into Intergovernmental Agreements (IGAs) with local municipalities, allowing them to administer and distribute ESG funding in their respective regions. These IGAs are governed by the same selection criteria as the RFP process, ensuring consistency in service delivery and alignment with ESG goals across Arizona.

Contracts are awarded based on the demonstrated needs of the service area and the capabilities of the available service providers. This dual approach of competitive RFPs and IGAs ensures that ESG funds are distributed equitably across the state, reaching both urban and rural communities, and providing essential resources to diverse organizations, including community and faith-based groups, that are best positioned to meet local needs.

Describe how resources will be allocated among funding categories.

The ESG program in Arizona, administered by ADES, employs a strategic approach to resource allocation, balancing both service-specific funding and regional distribution to maximize impact in addressing homelessness across the state. Of the total ESG grant, ADES retains 7.5% for essential administrative functions required to manage and oversee the program. The remaining 92.5% is allocated across key program areas to ensure comprehensive coverage of homelessness prevention and intervention services.

For PY2025 approximately 3.5% of the funds are allocated to Street Outreach, which targets unsheltered individuals and families, offering direct engagement and connections to critical services. 43% of the funds are directed to Emergency Shelter operations and services, addressing the immediate needs of those experiencing homelessness by providing safe shelter and stabilization services. 2% of the allocation is designated for Homelessness Prevention, aimed at assisting individuals and families at imminent risk of homelessness, providing financial assistance and supportive services to avoid housing loss. The largest portion, 44%, is allocated to Rapid Re-Housing, focusing on quickly transitioning homeless individuals and families into

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permanent housing, accompanied by rental assistance and case management services to support long-term stability.

In addition to the programmatic allocation, ESG funds are regionally distributed to ensure equitable access to resources across Arizona's diverse geographic areas. 55% of the funds are allocated to the Balance of State region, which includes rural and non-metropolitan areas often characterized by service delivery gaps and resource constraints. 20% of the funds are allocated to the Pima County region, encompassing Tucson and its surrounding communities, while 25% of the funds are allocated to Maricopa County jurisdictions, which include the Phoenix metropolitan area, the state's most populous region with a significant concentration of homelessness.

This approach ensures that resources are strategically directed to both the immediate needs of shelter and outreach and long-term solutions like homelessness prevention and rapid re-housing. By tailoring the distribution to the unique challenges and capacities of urban, suburban, and rural areas, the ESG program in Arizona enhances its capacity to deliver targeted, effective interventions that address both the root causes and immediate consequences of homelessness.

Describe threshold factors and grant size limits.

Contracts for Emergency Solutions Grant (ESG) funding are awarded based on a thorough assessment of the service area's needs and the demonstrated capacity of available providers to meet those needs. There are no predefined grant size limits; however, funding levels are determined by the budget proposals submitted, reviewed, and approved as part of the evaluative review process in response to the Request for Proposals (RFP).

A key criterion in the evaluation process is the provider's commitment to serve a specified number of individuals and the projected cost per individual served, as detailed in their proposed budget. This ensures that ESG funds are allocated in a manner that maximizes both efficiency and impact. Providers are expected to balance the scope and scale of their services with cost-effectiveness, ensuring that resources are deployed in a way that aligns with the program's strategic objectives while maintaining financial accountability. Grant sizes ultimately reflect the provider's capacity to deliver comprehensive, high-quality services within the fiscal framework set forth in the proposal.

What are the outcome measures expected as a result of the method of distribution?

The expected outcome measures from the distribution of ESG funds focus on increasing the availability and accessibility of housing options for individuals experiencing or at risk of homelessness. By providing a comprehensive range of services such as Street Outreach, Temporary Emergency Shelter, Rapid Re-Housing, and Homelessness prevention, ESG funding aims to directly improve housing stability and reduce the incidence of homelessness.

As a result of this method of distribution, approximately 6,500 individuals and 450 households are projected to benefit from PY2025 ESG resources. These outcome measures reflect the program's ability to provide both immediate shelter and long-term housing solutions, ensuring that vulnerable populations receive the necessary support to achieve housing stability. The success of the ESG program will be measured not only by the number

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of individuals and households served but also by improvements in housing retention, reductions in the length of homelessness, and the overall effectiveness of interventions in preventing homelessness.

4 Program Name: HOME

Describe the state program addressed by the Method of Distribution.

The Home Investment Partnership (HOME) program provides funding for local programs that support the construction or rehabilitation of rental housing and the rehabilitation of owner-occupied housing.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.

Application rounds for the HOME program are announced through a Notice of Funds Availability (NOFA) and applications are selected through a competitive process, on a first-come, first-served basis, or as gap financing to eligible LIHTC projects. Criteria may include readiness, project team capacity, priority populations served and percentage of leverage funds. Competitive point scoring of homeowner housing rehabilitation favors non-entitlement areas outside of Maricopa and Pima Counties.

Describe how resources will be allocated among funding categories.

The ADOH will allocate HOME funding as follows: 10% of the annual allocation for ADOH administrative costs; 15% of the annual allocation for CHDO-eligible rental housing development activities; not less than \$2.5 million to owner-occupied housing rehabilitation; and the remaining funds for rental housing development, including the CHDO set-aside and supportive housing. If CHDO funds remain available, a NOFA strictly for CHDO projects may be released. Additional NOFAs will be released for owner-occupied housing rehabilitation and rental housing development, if necessary.

Describe threshold factors and grant size limits.

To be eligible to apply for HOME funds (for any project type) the applicant and all of its team members, with the exception of the applicant's consultant ("Applicant Team") must meet the following performance criteria on all HOME, CDBG and NHTF contracts on the date the application is received by ADOH:

1. All reporting required by the ADOH is current;
2. All monitoring findings have been cleared;
3. All fees payable to ADOH are paid;
4. Applicant Team: Is compliant with all current contracts, including with all original contract project timelines or has obtained ADOH approvals for revisions or amendments to their project timelines; Has no existing HOME, CDBG or NHTF contracts in which project completion reports and data have not been submitted and accepted, including occupancy data, by ADOH within sixty (60) days of a final draw; Has no current CDBG, HOME or NHTF contract in which funds have not been drawn for six (6) months or twelve (12) months, depending on the activity; Has no outstanding or unresolved contractual, property, or beneficiary-related compliance issues;

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5. With contracts in their twenty-fourth (24th) or greater month are one hundred percent (100%) complete with Scope of Work, Contract Close-out Report received and approved, and HOME Funds one hundred percent (100%) expended or de-obligated;
6. For all previously funded projects, environmental clearances have been obtained and scope of work has begun;
7. The applicant is an eligible applicant;
8. The activity, project and property type are eligible;
9. Funds are budgeted for eligible uses;
10. Proposed beneficiaries are eligible;
11. The amount of funds invested per unit does not exceed the program limits and is at least \$1,000/unit;
12. Applicant has certified that all development or rehabilitation will meet, at a minimum, all local building codes and the property is properly zoned for the proposed use and meets local ordinances;
13. The applicant (and all of its team members) is not included on the Federal Excluded Parties List located at: www.sam.gov;
14. The Environmental Review requirements pursuant to 24 CFR Part 58, (up to Part III HUD Appendix A for Single Family Owner-Occupied Rehabilitation) are complete and an Authority to use Grant Funds from HUD or ADOH is provided;
15. All funding sources (loans, grants, fee waivers, land donations, etc.) are secured with written binding commitments;
16. The project is scheduled to start within ninety (90) days of executing a Funding Agreement with the ADOH, unless waived by the ADOH.

Investment/grant sizes are specified in each NOFA and are typically not less than \$250,000.

What are the outcome measures expected as a result of the method of distribution?

The State will use its HOME allocation to increase the availability/accessibility and affordability of decent housing and provide suitable living environments for low-income households. ADOH anticipates assisting approximately 12 renter households through rental housing acquisition/rehabilitation and new construction, and 50 households through owner-occupied housing rehabilitation.

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5 Program Name: HOPWA

Describe the state program addressed by the Method of Distribution.

Housing Opportunities for Persons with AIDS (HOPWA) funds provide housing and supportive services for persons with HIV/AIDS and their families. HOPWA funds may be used for acquisition, rehabilitation, or new construction of short-term or permanent housing units and may also fund rental assistance, facility operations, housing placement, homelessness prevention, medical and mental health services, chemical dependency treatment, nutritional services, case management and other supportive services.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.

Project sponsors are selected by ADOH after extensive outreach efforts to local government entities, nonprofits, and grassroots organizations. Contracts will be reviewed annually, with additional proposals solicited as necessary.

Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)

Project sponsors are selected by ADOH after extensive outreach efforts to local government entities, nonprofits, and grassroots organizations. Contracts will be reviewed annually, with additional proposals solicited as necessary to identify potential new partners.

Describe how resources will be allocated among funding categories.

Three percent (3%) of the annual HOPWA allocation will be retained by ADOH for administration. Ninety-seven (97%) of the annual HOPWA allocation is available to fund to the selected Project sponsors in tenant-based rental assistance, permanent housing placement, short-term rent, mortgage, and utility assistance, and direct service provision including housing information and identification services. No more than seven percent (7%) of the program funds awarded to the individual Project sponsors will be utilized for project sponsor administration costs. ADOH will contract with qualified housing providers to administer the HOPWA program within the thirteen (13) non-entitlement counties. Two-thirds (2/3) of HOPWA funding will be utilized for housing assistance and one-third (1/3) will be used for supportive services, including permanent housing placement and housing information and services.

Describe threshold factors and grant size limits.

Contracts are awarded based on the needs in the service area and available service providers. There are no grant size limits.

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What are the outcome measures expected as a result of the method of distribution?

ADOH will utilize HOPWA funds to increase the availability/accessibility and affordability of suitable living environments and decent housing through organizations that provide planning for housing needs and stability, health and nutrition services, participant education, and access to essential community resources. Approximately seventy-five (75) people are anticipated to be served using available HOPWA funds.

6 Program Name: National Housing Trust Fund

Describe the state program addressed by the Method of Distribution.

The National Housing Trust Fund (NHTF) program provides funding for local programs that support the construction or rehabilitation of rental housing affordable to extremely low-income households.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.

Application rounds for the NHTF program are announced through a Notice of Funds Availability (NOFA) and applications are selected through a competitive process, on a first-come, first-served basis, or as gap financing to LIHTC and non-LIHTC projects when projects identify eligible gaps. Criteria may include: 1) demand; 2) capacity, experience, and past performance of applicant; 3) extent to which units are affordable to extremely-low-income individuals and families; 4) project readiness; 5) sustainable development (energy efficiency); 6) the duration of the affordability period; and 7) the extent to which the project leverages non-federal funding sources.

Describe how resources will be allocated among funding categories.

The ADOH will allocate NHTF funding as follows: 10% of the annual allocation for ADOH administrative costs and 90% of the annual allocation for the construction or rehabilitation of rental housing affordable to extremely low-income households.

Describe threshold factors and grant size limits.

To be eligible to apply for NHTF, the applicant and all of its team members, with the exception of the applicant's consultant (Applicant Team) must meet the following performance criteria on all HOME, CDBG and NHTF contracts on the date the application is received by ADOH:

1. All reporting required by the ADOH is current;
2. All monitoring findings have been cleared;
3. All fees payable to ADOH are paid;
4. Applicant Team: Is compliant with all current contracts, including with all original contract project timelines or has obtained ADOH approvals for revisions or amendments to their project timelines; Has no existing HOME, CDBG or NHTF contracts in which project completion reports and data have not been submitted and accepted, including occupancy data, by ADOH within sixty (60) days of a

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final draw; Has no current CDBG, HOME or NHTF contract in which funds have not been drawn for six (6) months or twelve (12) months, depending on the activity; Has no outstanding or unresolved contractual, property, or beneficiary-related compliance issues; With contracts in their twenty-fourth (24th) or greater month are one hundred percent (100%) complete with Scope of Work, Contract Close-out Report received and approved, and HOME Funds one hundred percent (100%) expended or de-obligated;

5. For all previously funded projects, environmental clearances have been obtained and scope of work has begun;
6. The applicant is an eligible applicant;
7. The activity, project and property type are eligible;
8. Funds are budgeted for eligible uses;
9. Proposed beneficiaries are eligible;
10. The amount of funds invested per unit does not exceed the program limits and is at least \$1,000/unit;
11. Applicant has certified that all development or rehabilitation will meet, at a minimum, all local building codes and the property is properly zoned for the proposed use and meets local ordinances;
12. The applicant (and all of its team members) is not included on the Federal Excluded Parties List located at: www.sam.gov;
13. The Environmental Review requirements pursuant to 24 CFR Part 50 are complete;
14. All funding sources (loans, grants, fee waivers, land donations, etc.) are secured with written binding commitments;
15. The project is scheduled to start within ninety (90) days of executing a Funding Agreement with the ADOH, unless waived by the ADOH.

Investment/grant sizes are specified in each NOFA and are typically not less than \$250,000.

Maximum NHTF investments are specified in each NOFA.

What are the outcome measures expected as a result of the method of distribution?

The State will use its NHTF allocation to increase the availability/accessibility and affordability of decent housing and provide suitable living environments for low-income households. ADOH anticipates assisting approximately 15 households at or below thirty percent (30%) AMI through rental unit construction.

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Discussion:

These methods of distribution allow the State to address housing, community development and homelessness needs throughout Arizona. CDBG funds are distributed to non-entitlement jurisdictions on both a competitive basis and a non-competitive basis to ensure all eligible communities can receive funding for the most important CDBG-eligible activities in their communities. HOME and National Housing Trust funds are distributed on a competitive basis, first-come, first-served basis and as LIHTC gap financing for rental development.

AP-35 Projects – (Optional)

Introduction:

Project-level detail is not required for a State Annual Action Plan.

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The State determines allocation priorities through analysis of needs and demand, historical funding data, and through consultation with public and private partners, units of local government, service providers, and nonprofit and for-profit organizations.

Rapid population growth combined with inadequate funding to address the existing unmet need for affordable housing, housing rehabilitation, public facilities and improvements, and public services, and a scarcity of capacity in many rural areas are the primary obstacles to addressing underserved needs.

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No

Available Grant Amounts

Not applicable.

Acceptance process of applications

Not applicable.

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

Yes

State’s Process and Criteria for approving local government revitalization strategies

The ADOH will allow units of general local government to carry out community revitalization strategies. The ADOH provides detailed community revitalization strategy criteria and forms in its CDBG Application Handbook, which is available on the ADOH website. The ADOH will approve a community revitalization strategy to the degree it addresses the following HUD regulatory criteria: 1) consultation; 2) boundaries; 3) rationale; 4) demographic criteria; 5) program linkages; 6) economic conditions; 7) strategy assessment; 8) timeline; and 9) proposed performance measures.

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AP-50 Geographic Distribution – 91.320(f)

Consolidated Plan resources are distributed following the methods of distribution described in section AP-30 of this plan.

By regulation, CDBG funds are allocated to all non-entitlement Units of General Local Government outside of Maricopa, Pima and Pinal counties, the cities of Casa Grande, Douglas, Flagstaff, Prescott, Sierra Vista and Yuma, and communities participating in the Pinal County CDBG Urban County. HOME, ESG and NHTF funds are allocated statewide. HOPWA funds are allocated to the Arizona Balance of State.

Geographic Distribution

Target Area	Percentage of Funds
State of Arizona PY2025-2029	100

Table 51 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The State of Arizona does not provide specific geographic target priorities for allocating investments for the programs that it administers. Consolidated Plan resources are distributed following the methods of distribution described in section AP-30 of this plan.

By regulation, CDBG funds are allocated to all non-entitlement Units of General Local Government outside of Maricopa, Pima and Pinal counties, the cities of Casa Grande, Douglas, Flagstaff, Prescott, Sierra Vista and Yuma, and communities participating in the Pinal County CDBG Urban County.

Discussion

While no specific geographic target priorities are established by the State, funding is allocated to address areas of greatest need and the needs determined by local government, nonprofit and for-profit partners.

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AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

Annual Affordable Housing goals are indicated in the table below for the number of homeless, non-homeless, and special needs households, and for the number of affordable housing units that will be provided by program type, including production of new units, rehabilitation of existing units or acquisition of existing units. Goals include HOME and NHTF activities. Numeric goals are for Consolidated Plan funding only. Consolidated Plan funding is leveraged with other resources, which may result in additional beneficiaries or housing units.

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	25
Special-Needs	2
Total	27

Table 52 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	25
Rehab of Existing Units	2
Acquisition of Existing Units	0
Total	27

Table 53 - One Year Goals for Affordable Housing by Support Type

Discussion:

The State annually distributes approximately \$25 million in HUD Consolidated Plan resources to address the needs of households for rental assistance, affordable rental housing, and decent owner housing.

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AP-60 Public Housing - 24 CFR 91.320(j)

Introduction:

The ADOH and its PHA Division do not own or manage public housing. The PHA manages an extremely small Housing Choice Voucher program confined to Yavapai County and one that requires in-kind contributions from the State to administer. The PHA also has monitoring and compliance oversight of approximately 114 federally-financed properties (through the competitively awarded HUD Project-Based Contract Administration award).

The State of Arizona does not own or operate public housing and has no jurisdiction or authority to involve itself in the actions of local public housing authorities regarding public housing resident involvement in management or homeownership. The ADOH may provide planning support and technical assistance to public housing authorities upon request. Public housing residents may avail themselves of the State's HOME PLUS mortgage resources when they are prepared to enter into homeownership.

Actions planned during the next year to address the needs to public housing

The State may provide planning support and technical assistance to public housing authorities upon request.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The State of Arizona may provide planning support and technical assistance to public housing authorities upon request. The State's HOME PLUS mortgage resources are available to assist public housing residents when they are prepared to purchase a home.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not applicable.

Discussion:

The ADOH and its PHA Division do not own or manage public housing. The PHA manages an extremely small Housing Choice Voucher program confined to Yavapai County and one that requires in-kind contributions from the State to administer. The PHA also has monitoring and compliance oversight of approximately 114 federally-financed properties (through the competitively awarded HUD Project-Based Contract Administration award).

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

This section describes how the state conducts outreach and assesses the individual needs of people experiencing homelessness, addresses their emergency and transitional housing needs, and helps them to transition to and sustain stable housing.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

Arizona's Street Outreach programs are designed to engage and provide services to individuals experiencing unsheltered homelessness. These outreach efforts are executed in partnership with a wide array of community organizations, ensuring a comprehensive, coordinated approach to reaching unsheltered populations. Street Outreach programs are essential for delivering a range of services directly to individuals who are often unwilling or unable to access traditional shelter or healthcare facilities.

Street Outreach programs include engagement, case management, transportation, and services specifically tailored to special populations as defined by federal regulations. The outreach teams are trained to conduct VI-SPDAT (Vulnerability Index - Service Prioritization Decision Assistance Tool) screenings in the field, facilitating the rapid assessment of individual needs and prioritization for appropriate housing and services. Utilizing progressive engagement strategies, outreach workers build trust with unsheltered individuals, encouraging them to connect with emergency shelter, supportive housing, or other critical services.

Street Outreach programs are pivotal in providing non-facility-based urgent care, reaching individuals who may be reluctant or unable to access emergency shelters or health facilities. This includes offering essential services directly in the field, which may involve mental health interventions, or transportation to critical services. The ability to meet individuals where they are at ensures that even the most vulnerable and disengaged populations receive the support they need.

In alignment with statewide priorities, Arizona's outreach initiatives have adopted special strategies to address key subpopulations, including efforts to end veteran homelessness, unaccompanied youth homelessness, and chronic homelessness. These initiatives ensure that outreach activities are not only responsive to the immediate needs of unsheltered individuals but also strategically focused on reducing homelessness among these priority groups. Outreach remains a vital component of Arizona's broader strategy to connect unsheltered individuals to emergency shelter, housing, and essential services.

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Addressing the emergency shelter and transitional housing needs of homeless persons

All three Arizona Continuums of Care conducted a point-in-time sheltered and unsheltered count in January 2024. Data from the January 2025 will be released during the summer of 2025 – after publication and submission of this plan. The 2024 data identified over 11,480 people experiencing sheltered and unsheltered homelessness in Arizona.

Arizona has adopted a comprehensive strategy to address the emergency shelter needs of individuals and families experiencing homelessness. Emergency Shelter services provide immediate shelter and essential support to homeless individuals while they work toward securing permanent housing. These shelters offer a range of critical services beyond basic housing, including case management, education, job training, childcare, and mental and medical health services, all aimed at fostering stability and self-sufficiency.

In collaboration with community-based organizations, the State actively identifies and addresses service gaps to meet the evolving needs of the homeless population. A key component of this strategy is ensuring that shelter residents are connected to essential mainstream services, including employment assistance, access to childcare, healthcare, and public benefits. These connections provide a crucial foundation of resources to support long-term stability and self-sufficiency.

By emphasizing both emergency shelter services and rapid re-housing initiatives, Arizona’s strategic approach aims to reduce the length of time individuals and families remain in shelters and expedite their transition to permanent housing. This model not only addresses immediate shelter needs but also promotes long-term housing stability, reducing reliance on emergency shelter systems and supporting more sustainable housing outcomes.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Arizona’s homelessness response strategy leverages Rapid Re-Housing (RRH) and Homelessness Prevention (HP) through the ESG program to support high-priority populations, including chronically homeless individuals, families with children, veterans, and unaccompanied youth, with a focus on expedited placement into stable, permanent housing. The Coordinated Entry Process (CE) is a central framework across Arizona’s three Continuum(s) of Care, ensuring efficient resource allocation and streamlined access to services based on individual vulnerability. Each CoC actively works to enhance coordinated entry, increasing system efficiency and improving alignment with local needs.

To drive effective outcomes, the State collaborates with local service providers on projects fully endorsed by their CoC, reflecting the critical role of coordinated entry in optimizing system impact. State-funded RRH and HP

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programs provide a combination of rental assistance and supportive services to stabilize individuals and families facing housing crises. Projects integrated with SOAR (SSI/SSDI Outreach, Access, and Recovery) case management are an essential component that contributes to financial resilience.

Case management within RRH and HP programs emphasizes comprehensive support, including benefits advocacy, credit repair, and assistance in overcoming legal and financial barriers to secure housing stability. ADES encourages ESG RRH providers to deliver extended case management support, aligning with ESG regulations to maximize participant engagement and promote long-term stability.

Arizona's data-informed, participant-centered approach integrates coordinated entry, income stabilization, and supportive housing, thereby enhancing the state's capacity to deliver targeted, durable solutions. Through this framework, Arizona's homelessness response system effectively addresses both immediate and long-term needs, ensuring resources support impactful, sustainable housing outcomes for the state's most vulnerable populations.

In Arizona's five-year strategic plan, preventing returns to homelessness for individuals and families is a critical priority, underscored by data-driven strategies and evidence-based interventions. Through ESG funding, the State is advancing a comprehensive approach that leverages prevention-focused programming, robust data analysis, and integrated service delivery to support sustained housing stability for recently housed populations.

Central to these prevention efforts is the use of HMIS data, which provides detailed insights into patterns of returns to homelessness. By analyzing HMIS data, the State and its partners can identify high-risk indicators, such as housing tenure, income levels, service utilization, and demographic factors, which enable targeted support for individuals most at risk of housing instability. The five-year strategy incorporates these findings to prioritize preventative interventions tailored to specific needs, ensuring that those recently housed receive continued support to maintain stability.

ADES collaborates closely with service providers across Arizona to offer wraparound support services that address barriers linked to recurring homelessness, such as employment instability and access to childcare. Case management and supportive services are structured to provide ongoing assistance in critical areas, from workforce development and financial counseling to access to mental health and addiction treatment.

The ADOH is utilizing State Housing Trust Funds for a statewide Flex/Prevention program through 2027 to develop strategies for preventing homelessness. Funding is leveraged with private and local funding to ensure statewide coverage. ADOH is also working to study and understand the needs of at-risk or low-income families and the impact of prevention funding. Flex/Prevention program outcomes and data will support identification of the most effective use of prevention funds to target future funding.

To further strengthen prevention efforts, ADES will work to expand ESG-based Homelessness Prevention services that provide rental assistance and utility support to help at-risk individuals and families retain housing. By intervening early in cases where housing stability is threatened, ADES seeks to reduce the risk of future

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shelter entry, easing pressure on emergency housing systems and improving long-term outcomes for vulnerable populations.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

The State leverages a collaborative, cross-system strategy to prevent homelessness among high-risk, low-income populations, including those exiting corrections, healthcare, and foster care systems. State agencies collaborate to minimize exits into homelessness from state institutions, ensuring vulnerable individuals receive the necessary support for housing stability.

The State engages with stakeholders to prioritize critical high-risk populations through targeted training, engagement, and technical assistance. Critical high-risk populations include those who are chronically homeless, individuals with disabilities, people managing substance abuse issues, individuals exiting institutional care, people transitioning from substance abuse facilities, youth aging out of foster care, survivors of domestic violence, youth aged 18 to 24, veterans, and individuals age 62 or older. By equipping ESG-funded providers with best practices and tailored strategies, ADES ensures priority groups receive focused support and resources. Emphasizing early, preventive interventions to mitigate housing crises, the State holds subcontractors to rigorous performance standards aimed at ensuring stable housing outcomes and long-term housing retention.

Through a coordinated, data-driven approach, the State strengthens Arizona's homelessness response framework, promoting resilience and sustainable housing for the state's most vulnerable populations, while optimizing resource alignment and impact through robust stakeholder collaboration.

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AP-70 HOPWA Goals – 91.320(k)(4)

One-year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	60
Tenant-based rental assistance	30
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	90

AP-75 Barriers to affordable housing – 91.320(i)

Introduction:

Planning, zoning, and building codes are governed by Arizona Revised Statutes Title 11, Chapter 6 for counties and ARS Title 9, Chapter 4 for cities and towns, which allows for local selection of building codes. As each county and municipality has a separate zoning code, developers of affordable housing may be challenged to expedite affordable housing development.

Other State-level legislation restricts the ability of localities to utilize land use and zoning requirements to encourage affordable housing development.

- The Private Property Rights Act of 2006 requires local governments to compensate a private property owner if the value of a person’s property is reduced by the enactment of a land use law. Under this Act, downzoning or changing zoning to permit less intensive development is difficult to accomplish in Arizona. Property owners must either waive their entitlements voluntarily or be compensated for the reduction in value of their property.
- Passed in 2015, Senate Bill 1072 amended municipal and county land use and zoning requirements. The bill prohibited requiring affordable housing in a zoning code (inclusionary zoning) but does not limit the use of an incentive, density bonus or other voluntary provision or condition designed to increase the supply of moderate or lower cost housing.
- Arizona’s constitution includes a gift clause that prohibits state and local governments from giving financial gifts to private entities, which effectively restricts the use of public lands from being utilized for the development of affordable housing under most circumstances.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

The Arizona legislature is currently in session. There were numerous bills introduced that, if passed, have the potential to address barriers linked to public policy. The Arizona Department of Housing will continue to invest in activities that address rental and homeownership housing needs.

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AP-80 Colonias Actions – 91.320(j)

Introduction

There are 57 Arizona designated Colonias in the southern counties of Cochise, Gila, Graham, Greenlee, La Paz, Santa Cruz, and Yuma, and on the Cocopah, and Tohono O’odham Indian Reservations. The ADOH has developed a process to certify Arizona Colonias to ensure that they comply with federal legislation at Section 916 of the Cranston-Gonzalez Act of 1990 and HUD guidance. The ADOH sets aside 10% of its annual CDBG funds for projects in Colonias with high-priority needs. Colonias typically partner with local government to apply for CDBG Colonias funding, which is made available biennially to facilitate larger awards to address significant water, sewer, and/or housing needs in their entirety.

Most Arizona Colonias were built on a legal loophole that allows a property owner to subdivide property up to five times before triggering subdivision regulations that require roads, utilities, and other amenities. This form of subdivision in Arizona is known as 'wildcat', and has been heavily criticized for passing to the public costs for roads, utilities, and other amenities that would otherwise be borne by the developer and purchaser.

Actions planned to address obstacles to meeting underserved needs

The largest obstacle to meeting underserved needs in Colonias is funding. ADOH will issue a funding notice once every two (2) years to solicit projects located in eligible, designated Colonias. All cities, towns, counties, and tribal reservations that contain either geographically defined neighborhoods or unincorporated communities designated as Colonias and that are eligible to receive CDBG Colonia Set-Aside funding through ADOH are eligible to apply for these funds. Maricopa and Pinal Counties, as well as the communities and tribal reservations in those counties, are excluded from eligibility for State Colonias funding.

Actions the state plans to take to reduce the number of poverty-level families

Arizona’s Colonia set-aside primarily funds water and wastewater treatment as these have been identified as the highest priority issues affecting Arizona Colonias. Colonias funding is awarded through a competitive process once every two years and allows potential for sufficient funding to complete very large projects. Scoring criteria emphasizes demonstrated need, poverty statistics and whether the project will eliminate issues relating to water, wastewater and housing within the Colonia. Addressing these issues improves sustainability and quality of life issues for residents who could not afford to pay increases in water or sewer service fees that would be required if the community were trying to fund improvements using other resources.

Actions the state plans to take to develop the institutional structure

The State of Arizona has a partnership with the regional Councils of Governments (COGs) in Arizona to provide both technical and administrative assistance to CDBG-eligible grantee communities, including Colonias. Working with the Arizona Balance of State COC (which includes areas of the State where Colonias are common), ADOH encourages the publication of the availability of homelessness services. Families that are “doubled-up” or

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otherwise possibly at risk of homelessness are provided information about available services in the areas closest to the Colonia.

Specific actions the state plans to take to enhance coordination between public and private housing and social service agencies

The Arizona Department of Housing hosts an Arizona Housing Forum. The Forum is a two (2) day professional housing conference that studies recent trends and ideas in affordable housing, addresses more common issues in discussion-oriented sessions, and provides opportunities for housing and social service agencies to form relationships and potential partnerships.

Discussion

The State began offering Colonia Set Aside funding through a competitive process combining two years of Colonia set-aside funds in 2010. By combining two years of funding, large-scale projects can be implemented to positively impact the lives of thousands of Colonias residents. The State has found this to be a successful method of distributing funds to Colonias and will continue this method in the future.

AP-85 Other Actions – 91.320(j)

Introduction:

This section discusses the State’s efforts to address underserved needs, expand and preserve affordable housing, reduce lead-based paint hazards, develop institutional structure for delivering housing and community development activities, and address impediments to fair housing choice.

Actions planned to address obstacles to meeting underserved needs

Rapid population growth combined with inadequate funding to address the existing unmet need for affordable housing, housing rehabilitation, public facilities and improvements, and public services, and a scarcity of capacity in many rural areas are the primary obstacles to meeting underserved needs. The state will continue to encourage agencies and units of government to seek private and public funding opportunities to leverage Consolidated Plan resources, complete projects, and serve a larger number of beneficiaries.

Actions planned to foster and maintain affordable housing

The ADOH will continue to invest in affordable and sustainable rental and homeownership programs to foster and maintain affordable housing.

Actions planned to reduce lead-based paint hazards

The Arizona Department of Housing’s long-term goals to address lead-based paint hazards include: collaborating with units of local governments to reduce housing-related lead-based paint hazards, especially for low-income families with children; encouraging risk assessment for lead-based paint as part of every home inspection; and referring families with children to the Arizona Department of Health Services, Office of Environmental Health for blood testing if lead-based paint is found in units proposed for rehabilitation. The Arizona Department of Health Services maintains the lead exposure registry for Arizona. The program develops lead poisoning prevention programs, investigates cases with elevated blood lead levels and conducts educational outreach activities. The Arizona Lead Poisoning Screening Coalition and the Arizona Department of Health Services recommend screening children six (6) years of age and younger according to the Childhood Lead Poisoning Targeted Screening Plan. These steps will hopefully prove important in assuring the long-term health and stability of lower-income children who may be exposed to lead-based paint.

The State of Arizona will encourage training, education and other resources related to lead-based paint hazards, and will require that grantees and sub grantees utilize staff and contractors that have the appropriate training and certification.

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Actions planned to reduce the number of poverty-level families

To mitigate service delivery gaps, the Arizona Department of Economic Security is strengthening its provider network with an emphasis on reducing service provider deserts by 50%. As part of this initiative, ADES has expanded Supplemental Nutrition Assistance Program Career Advancement Network (SNAP CAN) providers from 19 to 38 locations, now covering six counties with both in-person and virtual options. This expansion enhances access to employment resources, supporting economic stability and contributing to long-term poverty reduction.

Actions planned to develop institutional structure

Independently and with the assistance of the rural COGS, units of local government utilize CDBG funds to address important community needs, although consensus regarding the most important needs is not always agreed upon and therefore action is sometimes limited. The ADOH will continue to work with rural COGS to provide technical and administrative assistance to units of government and to facilitate the targeting and distribution of CDBG funds.

The private sector is an important collaborator in the services and programs that address priority needs. The private sector brings additional resources and expertise that can be used to supplement existing services or fill gaps in the system. Lenders, affordable housing developers, business and economic development organizations and private service providers offer a variety of assistance to residents such as health care, small business assistance, home loan programs and supportive housing, among others.

One ADOH goal is to increase by 5% the number of housing providers with a preference in their Tenant Selection Plan for homeless and unsheltered individuals and families. To attain this goal, the ADOH will provide technical assistance to providers.

There are 22 federally-recognized tribes in the State of Arizona. The tribes within Arizona are vastly different from one another and are recognized as self-governing entities that regulate laws under their respective tribal jurisdictions. Some tribes regularly work with the ADOH to access resources to address housing needs. In addition, sixteen tribes currently receive the Indian Housing Block Grant for development and maintenance of existing housing. The formula-driven grant was enacted in 1996 and is based on various factors that include population, poverty, current assisted stock and overcrowding conditions. The ADOH will continue to work with tribes who submit successful applications for ADOH funding.

Actions planned to enhance coordination between public and private housing and social service agencies

The Arizona Department of Housing and Arizona Department of Economic Security play pivotal roles in enhancing coordination between public and private housing and social service agencies as Co-Chairs of the Governor's Interagency and Community Council on Homelessness (GICCH). Created through Executive Order, the Council convenes representatives from public, private, nonprofit, and faith-based sectors alongside

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individuals with lived experience in housing insecurity. This collaborative body serves as Arizona’s central platform for policy development and strategic planning on housing insecurity and homelessness.

GICCH developed and will implement the Council’s Action Framework, which was created with insights from GICCH members and affiliated working groups. This framework integrates best practices and builds on existing statewide plans to provide coordinated, practical solutions to homelessness and housing instability. ADES supports the Council’s efforts by aligning its programs and initiatives with the framework’s recommendations, ensuring that social services, housing support, and critical resources are accessible and effectively linked to those in need. As GICCH and its working groups advance this framework, ADOH and ADES will continue to collaborate on assigned projects and responsibilities, directly contributing to actionable solutions.

Discussion:

The ADOH 2025 Analysis of Impediments to Fair Housing Choice identified four impediments to fair housing choice in the Arizona Balance of State:

1. Housing Discrimination, and Community Education and Awareness;
2. Geographic Concentrations;
3. Lending Discrimination; and
4. Availability of Quality Affordable Housing.

To address identified impediments, during FY2025, the ADOH will:

1. Continue fair housing education and outreach efforts through ADOH-contracted agencies.
2. Continue to fund organizations that provide disability accessibility improvements for homeowners.
3. Request the Governor adopt a proclamation declaring April to be observed as Fair Housing Month.
4. Maintain a Fair Housing page on the ADOH website.
5. Reach out to stakeholders and residents through local and online media to announce April as Fair Housing Month.
6. Expand access to the affordable housing rental stock and accessible affordable rental stock through owner-occupied housing rehabilitation, rental housing rehabilitation, and rapid rehousing.
7. Continue to require projects funded with LIHTC, HOME, and NHTF to establish Affirmative Fair Marketing Plans (AFHMP) that reduce barriers to housing choice.
8. Invest in rental and homeownership housing.

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AP-90 Program Specific Requirements – 91.320(k) (1,2,3)

Introduction:

The following identifies program income that will be available to carry out CDBG projects, certain HOME program policies, information regarding ESG, and certain National Housing Trust Fund policies.

Community Development Block Grant Program (CDBG) Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

- | | |
|--|----------|
| 1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed | 0 |
| 2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan. | 0 |
| 3. The amount of surplus funds from urban renewal settlements | 0 |
| 4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan | 0 |
| 5. The amount of income from float-funded activities | 0 |
| Total Program Income: | 0 |

Other CDBG Requirements

- | | |
|---|--------|
| 1. The amount of urgent need activities | 0 |
| 2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan. | 70.00% |

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HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.320(k)(2)

Reference 24 CFR 91.320(k)(2)

- 1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:**

No other forms of investment are planned.

- 2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:**

ADOH will not invest HOME funds in homebuyer activities in the Action Plan year. Because the ADOH will not invest HOME funds in homebuyer activities in the Action Plan year, resale or recapture guidelines do not apply. In addition, the State has not established affordable homeownership limits different from those established by HUD.

- 3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:**

Not applicable.

- 4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:**

HOME funds will not be used to refinance existing multi-family housing debt during the fiscal year.

- 5. If applicable to a planned HOME TBRA activity, a description of the preference for persons with special needs or disabilities. (See 24 CFR 92.209(c)(2)(i) and CFR 91.220(l)(2)(vii)).**

Not applicable.

- 6. If applicable to a planned HOME TBRA activity, a description of how the preference for a specific category of individuals with disabilities (e.g. persons with HIV/AIDS or chronic mental illness) will narrow the gap in benefits and the preference is needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2)(ii) and 91.220(l)(2)(vii)).**

Not applicable.

- 7. If applicable, a description of any preference or limitation for rental housing projects. (See 24 CFR 92.253(d)(3) and CFR 91.220(l)(2)(vii)). Note: Preferences cannot be administered in a manner that limits the opportunities of persons on any basis prohibited by the laws listed under 24 CFR 5.105(a).**

The State of Arizona may fund rental housing that limits eligibility or gives a preference to a particular segment of the population. Except for rental housing that also receives funding from a federal program that limits eligibility to a specific population, when limiting eligibility or giving a preference, the limitation or

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preference must be limited to 1) households with disabilities that significantly interfere with their ability to obtain and maintain housing; 2) households that would not be able to obtain or maintain themselves in housing without appropriate supportive services; and 3) the supportive services cannot be provided in a nonsegregated setting. The households must not be required to accept the services offered at the project and the project owner must advertise the project as offering services for a particular type of disability. The project must be open to all otherwise eligible persons with disabilities who may benefit from the supportive services provided.

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Emergency Solutions Grant (ESG) Reference 91.320(k)(3)

1. Include written standards for providing ESG assistance (may include as attachment)

The ESG written standards are attached.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

In implementing Coordinated Entry strategies, Arizona's three Continua of Care require that all HMIS providers utilize appropriate VI-SPDAT assessments to determine housing appropriate rankings. These rankings are used as a guide to assist in making referrals and assessing eligibility for the most client-appropriate projects within the Continuum of Care, which includes case conferencing.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

The ADES allocates ESG funds through a competitive RFP process. Each RFP specifies the selection criteria, which may include service methodology, experience and expertise, cost, capacity, and other factors relevant to the effective delivery of services. Contracts are awarded based on the specific needs of the service area and the capacity of available service providers, including private nonprofit organizations and community- and faith-based organizations.

ADES adheres to the Arizona Procurement Code, as mandated by Arizona Revised Statutes (A.R.S.) Title 41, Chapter 23, §§ 41-2501 et seq. and the Arizona Administrative Code (A.A.C.) Title 2, Chapter 7, R2-7-101 et seq. These statutes and regulations ensure that all procurement activities, including the awarding of ESG funds, are conducted with transparency, fairness, and legal compliance. This adherence to procurement standards enables ADES to maintain a competitive and equitable process for the distribution of ESG funds, prioritizing accountability and efficiency while fostering an inclusive process that supports qualified nonprofit and community-based organizations across Arizona.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

All three Continua of Care in the state have at least one formerly homeless person on their boards.

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Describe performance standards for evaluating ESG.

Contracted providers are required to submit monthly and quarterly ESG reports, which include detailed fiscal backup and participant tracking to accompany reimbursement claims. Reports provide essential insights on client demographics, service provision, and expenditures. To ensure compliance and program efficacy, ADES conducts annual desk reviews and biennial comprehensive audits and site visits for all contracted programs.

Contractor effectiveness is assessed based on the following performance standards:

General Standards

- **Data Quality:** Achieve a minimum 95% accuracy rate in HMIS or a comparable system.
- **Expenditure Compliance:** Maintain quarterly expenditures of at least 25% of the total funding allocation.

Emergency Shelter Standards

- **Exit Destination Documentation:** At least 60% of exits must have documented destinations.
- **Positive Exits:** Positive destinations for a minimum of 60% of exits.

Street Outreach Standards

- **Exit Destination Documentation:** Documented destinations for at least 60% of individuals exiting the program.
- **Positive Exits:** Positive outcomes for a minimum of 60% of total exits.

Rapid Re-Housing Standards

Exit Destination Documentation: Documented destinations for 90% of all exits.

- **Positive Exits:** Positive housing outcomes for at least 90% of program exits.

Homeless Prevention Standards

- **Positive Exits:** Ensure that 90% of program exits result in positive destinations.

These standards establish a rigorous framework for evaluating ESG program effectiveness, prioritizing high data accuracy, responsible fiscal management, and strong housing stability outcomes. This results-driven approach aligns ESG programs with ADES' commitment to accountability and optimal resource utilization across Arizona's homelessness response infrastructure.

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Housing Trust Fund (HTF) Reference 24 CFR 91.320(k)(5)

1. How will the grantee distribute its HTF funds? Select all that apply:

Applications submitted by eligible recipients

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter “N/A”.

N/A

**3. If distributing HTF funds by selecting applications submitted by eligible recipients,
a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2).**

Eligible activities for National HTF are the production, preservation, and rehabilitation of affordable rental housing developments in which all or a portion of the rental units are set aside for extremely low income (thirty percent (30%) of the HUD AMI or less), including Permanent Supportive Housing for individuals and families who are chronically homeless. Supportive Services, where appropriate, must be provided with the purpose of helping residents achieve maximum possible self-sufficiency and maintain their permanent housing. Rents on NHTF units must not exceed thirty percent (30%) of the income of the individual or family qualified to occupy the HTF Unit. Rent limits are published by HUD annually.

Eligible Recipients are public housing agencies, for-profit entities, and nonprofit entities.

b. Describe the grantee’s application requirements for eligible recipients to apply for HTF funds.

The ADOH will retain 10% of NHTF funds for program administration. The remaining project funds will be made available through one or more of the following methods: 1) A Notice of Funds Availability for the construction, preservation or rehabilitation of rental housing in which NHTF may be used solely or in conjunction with HOME, State Housing Trust Fund, NSP, 4% LIHTC, 9% LIHTC or another funding source; or 2) Gap financing for rental developments awarded 4% or 9% LIHTCs in accordance with the ADOH LIHTC Qualified Allocation Plan (QAP), as well as non-LIHTC projects in accordance with the annual NOFA.

At a minimum, applicants will be required to provide documentation demonstrating the following: 1) applicant is a legally formed entity; 2) development team has sufficient capacity; 3) site control and zoning entitlements; 4) adherence to environmental regulations; 5) financial ability to proceed; 6) market demand for prospective population; 7) adherence to design standards, including energy efficiency; and 8) affordability to extremely low-income households.

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c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients.

When a Notice of Funds Availability is issued, it will include the specific criteria that will be used to select projects for funding. Selection criteria may include: 1) demand; 2) capacity, experience, and past performance of applicant; 3) extent to which units are affordable to extremely-low-income individuals and families; 4) service-enriched location; 5) project readiness; 6) sustainable development (energy efficiency); 7) the duration of the affordability period; and 8) the extent to which the project leverages non-federal funding sources.

When NHTF funds are provided as gap financing for rental developments awarded 4% or 9% LIHTCs, applications will be selected following the Qualified Allocation Plan (QAP) and NOFA requirements.

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan).

The National HTF is available to all areas of the state. The Consolidated Plan (SP-10, Geographic Priorities), does not target specific geographic areas.

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner.

Only applicants that demonstrate adequate capacity and readiness to proceed will be funded. Applicants must demonstrate that the Development Team possesses the experience and financial capacity necessary to undertake and complete the Project. The Developer and/or Co-Developer, as applicable, must have developed projects of comparable size, financial complexity. The experience of the Development Team with affordable housing programs is also considered. Applicants must demonstrate site control, generally through fee simple title, a conditional purchase contract contingent upon successful Environmental Review, or long-term lease; that the prospective site has all zoning entitlements; and that all financing necessary to complete the project has been secured. Only projects that set aside rental units affordable to households with extremely low income (30% AMI adjusted for family size with utility costs deducted) will be funded. Projects may be awarded points in the competitive selection process for project-based rental assistance.

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families.

Only projects that set aside rental units affordable to households with extremely low income (30% AMI adjusted for family size with utility costs deducted) will be funded. Projects may be awarded points in the competitive selection process for project-based rental assistance.

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g. Describe the grantee’s required priority for funding based on the financial feasibility of the project beyond the required 30-year period.

Projects will not be required to exceed the 30-year period, yet projects that demonstrate financial feasibility beyond the required 30-year period may receive points in the competitive application scoring process. Based on information submitted and other relevant information available, ADOH analyzes and adjusts the financial considerations in accordance with its underwriting criteria. The ADOH will review development costs, permanent financing sources and amounts, public funding amounts, Developer Fees, projected rents, projected Operating Expenses, vacancy rates, and other financial considerations of a Project.

h. Describe the grantee’s required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations).

When a Notice of Funds Availability is issued, it will include the specific selection criteria that will be used to select projects for funding. Consistent with state and federal certifications to affirmatively further fair housing, selection criteria may include sustainable development (energy efficiency), and service enriched location, including access to employment and services.

i. Describe the grantee’s required priority for funding based on the extent to which the application makes use of non-federal funding sources.

When a Notice of Funds Availability is issued, it will include the specific criteria that will be used to select projects for funding. Consistent with state and federal certifications to affirmatively further fair housing, selection criteria may include: 1) demand; 2) capacity, experience and past performance of applicant; 3) extent to which units are affordable to extremely-low income individuals and families; 4) service-enriched location; 5) project readiness; 6) sustainable development (energy efficiency); 7) the duration of the affordability period; and 8) the extent to which the project leverages non-federal funding sources.

4. Does the grantee’s application require the applicant to include a description of the eligible activities to be conducted with HTF funds?

Yes

5. Does the grantee’s application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements?

Yes

6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent

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with the grantee’s goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.

The maximum NHTF per-unit development subsidy amount is calculated by bedroom size and based on HUD’s most recently released HOME program maximum per-unit subsidy amounts. HUD’s HOME program maximum per-unit subsidy limits are based on the costs of developing non-luxury housing in Arizona and are therefore considered reasonable. The following limits are based on HUD’s February 2024 published limits for high-cost areas and will be updated through an information bulletin when new limits are published:

0-bedroom - \$181,488

1-bedroom - \$208,049

2-bedroom - \$252,994

3-bedroom - \$327,293

4+ bedroom - \$359,263

8. Rehabilitation Standards.

The ADOH National Housing Trust Fund Rehabilitation Standards are attached.

9. Resale or Recapture Guidelines. Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter “N/A”.

N/A

10. HTF Affordable Homeownership Limits. If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter “N/A”.

N/A

11. Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

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The ADOH will limit beneficiaries to extremely low-income households (income below 30% AMI) adjusted for family size. In addition, the State of Arizona may fund rental housing that limits eligibility or gives a preference to a particular segment of the population. Except for rental housing that also receives funding from a federal program that limits eligibility to a specific population, when limiting eligibility or giving a preference, the limitation or preference must be limited to 1) households with disabilities that significantly interfere with their ability to obtain and maintain housing; 2) households that would not be able to obtain or maintain themselves in housing without appropriate supportive services; and 3) the supportive services cannot be provided in a nonsegregated setting. The households must not be required to accept the services offered at the project and the project owner must advertise the project as offering services for a particular type of disability. The project must be open to all otherwise eligible persons with disabilities who may benefit from the supportive services provided.

12. Refinancing of Existing Debt. Enter or attach the grantee’s refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee’s refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter “N/A.”

N/A