



# Arizona Department of Housing *FY 2005 Annual Report*

*Providing housing and community revitalization to benefit the people of Arizona.*

## *Message from the Director*



Sheila D. Harris, Ph.D.

**T**he mission statement of the Arizona Department of Housing accurately reflects the collective character of its employees and the job they do in being good stewards of the public's assets.

This fiscal year, the Department's efforts have had a \$350 million dollar impact on the state's economy. Through the maturation of the Arizona Housing Finance Authority and its programs, in concert with the department's homeownership programs, nearly 500 families were assisted into homeownership. Over 3,000 units of new or rehabilitated affordable rental units have been completed. Eviction and foreclosure prevention programs have assisted almost 4,000 Arizonans in time of need. Communities continue to be

assisted in their efforts to provide safe infrastructures to their citizens.

We are proud of our reputation to effectively and efficiently administer programs and funds in our charge. We continue to challenge ourselves to excel.

It is my pleasure to present the Arizona Department of Housing's Fiscal Year 2005 Annual Report.

## *FY 2005 Accomplishments*

### **Economic Impact of ADOH Programs**

- ◆ 3,057 jobs
- ◆ \$94,230,000 wages and salaries
- ◆ \$24,250,000 state and local taxes
- ◆ \$350,000,000 impact to the Arizona economy

**NOTE:** These economic impact numbers include HTF, HOME, CDBG and 9% Tax Credit programs, but do not include HOPWA, HFA, MCC, SHP/SPC, 4% Tax Credit/Bond Developments, and Section 8 programs.

### **Homeownership**

- ◆ Provided 364 households in rural Arizona with down payment and closing cost assistance toward the purchase of their first home.
- ◆ 115 households were able to purchase their first home with the help of low-interest rate mortgages or federal tax credits provided by the Arizona Housing Finance Authority.
- ◆ Rehabilitated 225 owner-occupied homes.
- ◆ Emergency Repair of 516 owner-occupied homes.
- ◆ Constructed 67 new owner-occupied homes.

### **Rental/Multifamily**

- ◆ Constructed 2,324 new affordable rental homes and apartments.
- ◆ Rehabilitated 1,072 existing rental units.

### **Special Needs, Homeless and Domestic Violence**

- ◆ Prevented 3,806 persons from becoming homeless through eviction prevention or foreclosure assistance.
- ◆ Constructed emergency shelter space for 501 homeless persons and victims of domestic violence.

### **Community Revitalization**

- ◆ Assisted 13 communities with housing improvements.
- ◆ Assisted 9 communities with public safety and fire safety improvements.
- ◆ Assisted 7 communities with water and sewer system improvements.
- ◆ Assisted 9 communities with street improvements.
- ◆ Assisted 7 communities with parks and recreation facilities improvements.

# Programs



## Homeownership

Over 450 first time homebuyers (like the Bustos family featured on page 8 of this report) were assisted by ADOH and AzHFA programs.

- ◆ 364 rural homebuyers were provided down payment and closing cost assistance toward the purchase of their first home.
- ◆ 115 households were able to purchase their first home with the help of a low-interest rate mortgages or federal tax credits provided by the Arizona Housing Finance Authority.
- ◆ Financing was provided for the development of 67 new homes in Flagstaff (8), Cave Creek (8), San Luis (11), El Mirage (10), Pima County/Tucson (3), Douglas (10), Yuma (2), Phoenix (10), Verde Valley (2), and Prescott (3).
- ◆ Financing was provided for the reconstruction, rehabilitation, or emergency repair of 741 single-family homes owned by Arizona families.

## Reconstruction

Housing reconstruction involves demolishing an existing unit and rebuilding another on the same site.

Reconstruction of this home in Casa Grande was a far more efficient use of funds than rehabilitation.



## Rehabilitation

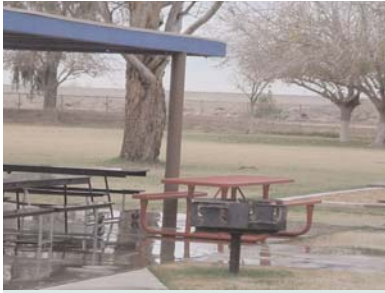
Housing rehabilitation involves substantial repairs throughout the home not only to bring it up to code but to improve the overall "livability" or functionality of the unit.

Since 1992, more than 100 homes have been rehabilitated and numerous sub-standard manufactured housing units have been replaced in Bullhead City.



**While new homeownership lives in the spotlight, rehabilitation of existing homes often solves quality of life issues for many Arizonans.**

# Programs (continued)



Gadsden Park in Yuma County won the ADOH State Award during National Community Development Week in March.

## Community Revitalization

The agency provides resources to local communities through the federal Community Development Block Grant (CDBG) program. The CDBG program assists in

creating viable communities by providing funds to improve housing, living environment, and economic opportunities, for persons with low-and-moderate-incomes.

CDBG funds were utilized to address a wide variety of community revitalization needs, impacting over 387,000 people in rural Arizona, including:

- ◆ Housing improvements in 13 communities
- ◆ Public safety and fire safety improvements in 9 communities
- ◆ Water and sewer system improvements in 7 communities
- ◆ Street improvements in 9 communities
- ◆ Parks and recreation facilities improvements in 7 communities



The new Human Services Campus in downtown Phoenix received funding through ADOH programs.

## Rental/ Multifamily

- ◆ Financing was provided for the development of 2,324 new affordable rental units.
- ◆ Financing was provided for the rehabilitation of 1,072 rental units.
- ◆ Financing was provided for the construction of emergency shelter beds for over 500 homeless persons and victims of domestic violence through a funding award to the Human Services Campus located in Phoenix.

- ◆ **Review of Multifamily Private Activity Bond Issuances**  
A.R.S. § 35-726 requires ADOH to review the proposed issuance of tax-exempt private activity bonds for multifamily residential rental developments. These rental developments provide housing to low-and moderate-income households. The review must consider at least the following factors: 1) The demand for and feasibility of the development in the area set forth in the application; 2) The terms and conditions of the proposed bonds; 3) The proposed use of bond proceeds; 4) The benefit to the public if the development provides rental housing for persons of low and moderate income or encourages rental housing in slum or blighted areas as defined in section 36-1471. The Department must approve or disapprove the development not later than thirty days after receipt of the request for approval. In FY2005, ADOH conducted five reviews.

- ◆ **Socialserve.com**

The Department continued its partnership with Socialserve.com to allow those seeking affordable apartments to search the inventory of apartments financed by ADOH across the state for vacant affordable units. The service has received over 70,000 inquiries since inception.

- ◆ **Energy Savings**

Since 2001, Arizona has required all developments receiving Low Income Housing Tax Credits to obtain certification from the Arizona Energy Office, within the Arizona Department of Commerce (ADOC), that it complies with the 2000 International Energy Conservation Code (IECC). Arizona was one of first states to include energy-saving standards in housing construction funded by the LIHTC program. After construction, an energy audit by ADOC determines if the building is in compliance with energy conservation requirements. The final assessment is a scientific test that measures the amount of air that escapes or infiltrates a heated or cooled indoor area. A recent study by the United States Environmental Protection Agency estimates that housing built in Arizona under the IECC specifications shows a 35 to 40 percent reduction in heating and cooling costs when compared to housing built under general code. From 2001 to 2003, more than 3,800 apartments in Arizona have been built under this program. An additional 7,010 apartment received funding to be built in 2004 and 2005. Cumulative utility cost savings for these 10,800 apartments is estimated to be \$1million annually.

see **Programs** on page 6



# Page Commons

Gilbert, AZ



*Page Commons was built on property zoned industrial and not considered a fit for Gilbert's downtown redevelopment plans.*



*Residents are encouraged to grow vegetables and flowers in these above ground garden areas.*



*The outdoor courtyard includes barbecue grills and seating to encourage community activity.*

According to the 2000 census, nine percent of the population in the Town of Gilbert is 55 and older. As Gilbert continues to age, planning affordable housing for this segment of the population becomes a necessity.

Using land originally zoned industrial near downtown, Gilbert changed the zoning and gave the property to Mercy Housing, a not-for-profit which now operates the complex.

The three story, 100-unit complex is located in the Heritage District of Gilbert. It cracks the mold of what some may consider "independent senior living" or "affordable" especially when it comes to amenities. Residents can choose from one and two-bedroom apartments featuring full kitchens, roomy storage space and private balconies. Setting this development apart from other senior living centers is the state of the art community room, the outdoor courtyard with barbecue grills, and a soon to be completed computer room with high-speed internet access.

Housing and senior center officials are encouraged by the potential synergy between Page Commons and the new Gilbert Senior Center, a 16,000-square foot building to be built within short walking distance of the apartments.

# Programs (continued)



PHA is responsible for the compliance by Section 8 project-based properties (like this senior housing in Payson) with standards set by the U.S. Department of HUD.

## Public Housing Authority

State statute designates ADOH as the State Public Housing Authority (PHA). The PHA currently has two primary functions:

- ◆ **Section 8 Housing Choice Voucher Program** The PHA currently administers a Section 8 Voucher program for Yavapai and Graham Counties, two rural counties that are not otherwise served by a local housing authority. The Section 8 Housing Choice Voucher Program provides rental subsidy payments for very low-income households, with the tenants paying 35% of their adjusted incomes for rent and utilities. Participating tenants are assigned vouchers and may utilize the assistance in any qualified private rental property. The program has a very small baseline of vouchers and is generally 100 percent subscribed. In FY2005, an average of 51 families received Section 8 Vouchers on a monthly basis. The PHA also accepts and administers "portable" vouchers to provide assistance to tenants who have already accessed Section 8 Vouchers through another housing authority and are moving into Yavapai and Graham Counties. In FY2005, the PHA administered approximately 63 portable vouchers monthly.
- ◆ **Section 8 Project-Based Contract Administration** The PHA, through a contract with HUD, provides administrative oversight to approximately 109 HUD-subsidized rental properties accounting for thousands of individual rental units located throughout the state of Arizona. Under this performance-based contract, the PHA is responsible for a number of key duties to assure that properties are not over-subsidized and that these properties are maintained as safe, decent affordable housing for the life of their contracts with the federal government. Through this program participating properties are subsidized, allowing the very low-income tenants to pay only 30% of their incomes for rent and utilities. In FY2005, ADOH acted as a pass-through conduit for over \$32.9 million in federal rental subsidies for the respective properties.



The West Yavapai Guidance Clinic's new permanent supportive housing program nears completion. This program provides 7 units of permanent housing for chronically homeless persons with serious mental illness.

## Special Needs Programs

The Special Needs division was developed to enable the agency to address the housing needs of populations that have special needs beyond the mere fact that their incomes may not support decent and affordable housing

opportunities. These populations have been identified as those living with HIV/AIDS, serious mental illnesses, emotional disturbance or chronic substance abuse problems, persons and families who are homeless, and victims of domestic violence.

- ◆ **Homelessness Prevention Program** Homelessness Prevention Program grants were made to selected local governments and nonprofit agencies that provide housing counseling and financial assistance to individuals and families at risk of homelessness. Services eligible under this program included: loans and grants for security deposits, rent and mortgage assistance, utility payments, moving and storage fees to prevent eviction, landlord-tenant mediation, household management assistance, and budget counseling. In FY2005, over 3,800 households were assisted with rental eviction prevention or mortgage foreclosure prevention assistance. Two emergency shelters were provided one-time emergency operating assistance to prevent their closure: Open Inn, Inc. located in Pima County, and the City of Phoenix Winter Overflow Shelter. This service assisted approximately 300 households.
- ◆ **Rural Continuum of Care Process and Applications to HUD for Federal Funding** The Special Needs staff leads the Homeless and Community Planning Continuum of Care process for the 13 rural counties in the state. The Continuum of Care process is required by the U.S. Department of Housing and Urban Development (HUD) to enable localities to apply to the federal government for McKinney Vento Homeless Assistance Act competitive grant programs. Programs are provided to individuals and families of low-income and experiencing mental illness, domestic violence and substance use disorders. This process brings together local governments, community businesses, faith-based organization, non-profits, current and/or former homeless persons, and agencies to address local solutions to these problems. On an annual basis the agency applies for competitive funding to HUD for projects and programs that are identified as priority projects through the Continuum process. ADOH then acts as the administering agency for the grants that are passed through to the participating sub-recipients. Over the years, ADOH has secured millions of dollars in funding for projects and programs through the Shelter Plus Care and Supportive Housing Programs. In FY2005, the Shelter Plus Care and Supportive Housing Programs provided 1,177 households with rental assistance and other related services.

# Programs *(continued)*

- ◆ **Housing Assistance for People With AIDS (HOPWA)** The State receives a small yearly grant from the federal Housing Opportunities for Persons With AIDS (HOPWA) program. HOPWA provides funding to eligible jurisdictions to address the housing needs of persons living with HIV/AIDS and their families. Funding is passed through to local governments or nonprofit organizations to provide direct assistance to eligible beneficiaries. In FY2005, HOPWA provided short-term mortgage, rental, and utility assistance as well as support services to 204 households in rural Arizona.
- ◆ **Homeless Management Information System (HMIS)** To date, the Rural Arizona Continuum of Care has implemented a Homeless Management Information System with over 50 agencies, 120 programs, and 150 users who serve persons homeless within the 13 rural counties of Arizona. The HMIS allows Continuums and participating agencies to track the precise numbers of individuals and families who are homeless, their housing service needs, and progress to end homelessness.

The implementation of the Rural Arizona HMIS was in response to a Congressional mandate to have made "substantial progress" towards such a system by October 2004. HMIS implementation is an ongoing requirement for obtaining annualized competitive federal housing grants through the HUD McKinney-Vento Homeless Assistance Act. In addition to the Rural Arizona HMIS, both Pima and Maricopa counties continue their HMIS implementations. The state Housing Trust Fund has provided significant assistance in the development of the HMIS in both Maricopa and Pima counties, and rural Arizona. As a part of the overall training and implementation project, the Department and its HMIS vendor, Symmetric Solutions, have created a website to keep all rural participants informed as to progress, meetings and training dates, as well as providing an online bulletin board for rural homeless service providers to post questions and concerns and receive answers from the Department and Symmetric Solutions.



*Developments like Page Commons (highlighted on page 5) are inspected by the Monitoring and Compliance staff.*

## Monitoring and Compliance

All developments receiving state assistance for the development of single-family or multi-family units must

continue to meet certain affordability criteria (in some cases up to 30 years). They must also comply with various health and safety regulations. In FY2005, monitoring and compliance staff visited 167 properties statewide, comprised of 9,845 units—an increase of 43

percent from the previous fiscal year. Over 2,650 units were physically inspected. Additionally, ADOH Public Housing Authority staff performs similar inspections for 109 federally subsidized rental properties. In FY2005, 109 such properties comprised of 7,667 units were inspected.



*Technical Assistance staff conducted an interactive on-line survey of ADOH training needs at the Governor's Affordable Housing Forum in September.*

## Technical Assistance

During this fiscal year, technical assistance (TA) staff participated in a number of initiatives designed to develop affordable housing and community development projects that meet local

needs. They also provided assistance in planning and evaluating housing community development solutions while pursuing additional federal funding opportunities. Staff works directly with local communities and various affordable housing developers, especially those in rural Arizona.

- ◆ **Project Development** Staff assisted in the development of 27 major projects, several of which are rural and meet special populations' needs.
- ◆ **Technical Assistance Workshops** To continue to develop Arizona's capacity to undertake successful housing and community development projects as well as using federal and state funds in a compliant way, the department provided training on various topics to over 700 attendees, on subjects such as current ADOH programs, environmental review, labor standards, homeownership, and rental development.
- ◆ **Fair Housing** ADOH continued its fair housing efforts during this year to ensure better coverage of the rural parts of the state as well as focusing attention on education prevention activities through better targeting of rental property managers and owners for education efforts. ADOH contracted with Southwest Fair Housing Council during FY2004 to provide such outreach. Twenty-two fair housing trainings were offered to consumers and 35 trainings were offered to housing providers and industry professionals. Twelve 3-hour CEU classes on fair housing were offered for real estate professionals and over 300 persons attended. Nearly 900 rental industry employees also participated in on-site fair housing workshops.

ADOH continued to work with the Arizona Fair Housing Partnership (AzFHP) during FY2005. AzFHP is an ad hoc group whose purpose is to further the issue of fair housing in Arizona. Members include real estate professionals; lending institutions; federal, state and local government officials; multihousing representatives; and numerous housing related nonprofit organizations. On behalf of AzFHP, ADOH worked with the Governor's Office to proclaim April "Fair Housing Month."





Last year, Raquel Bustos made a decision that changed her life and that of her family forever. On June 17th, 2005, Ms. Bustos, a single mother working at the Arizona Department of Corrections in Florence, decided it was time to purchase her first home.

With the assistance of the Arizona Housing Finance Authority and the Department of Housing, Ms. Bustos was able to make the dream of owning her first home a reality. Through the combination of the Mortgage Revenue Bond (MRB) and the Down Payment and Closing Cost Assistance programs, Ms. Bustos was able to purchase a home that had twice the square footage of her old apartment, for only \$40 more per month than her rent.

"I have no doubt that without the state's assistance I would not be able to afford this house," said Bustos.

Through the MRB program Ms. Bustos was able to obtain a 30-year fixed mortgage at 5.15 percent in a market that is currently averaging fixed rates near six percent. In conjunction with this low fixed rate, Raquel received 15 percent down-payment assistance, plus nearly \$3,000 to help cover closing costs, to reach the program's maximum allowable total assistance of \$20,000.

Ms. Bustos also took advantage of the free Homebuyer's Educational Seminar offered to anyone interested in gaining knowledge on becoming a homeowner. "The best thing anyone who is looking to buy their first home can do is attend the class because it provides so much information on the entire (home buying) process," said Bustos. "Going to the class has allowed me to understand the responsibilities of owning a home and how to handle those responsibilities."



The new home has changed Raquel's life forever. She realizes the financial benefits and opportunities that come with owning a home in this market. "This is a great investment for my family's future."

With three bedrooms, two bathrooms, a living room, a full kitchen and nearly 1,200 sq. ft. to reside in, Ms. Bustos is not the only one who is thrilled to have a new place to call home. Her 13-year-old son, Vicente, is finally able to have his own room and loves having enough space to have friends over. As an employee of the State of Arizona with the Department of Corrections, Raquel has shared her story with several of her co-workers, as well as friends and family. Her sister, inspired by Raquel's story, has recently applied for the down-payment assistance program.

When asked to describe in one word what she thought of the programs that assisted her in purchasing her first home, Ms. Bustos joyfully replied, "Wonderful. I could not have asked for anything better."

*"I have no doubt that without the state's assistance I would not be able to afford this house."*





The Arizona Housing Finance Authority (AzHFA) has the authority to issue Single-Family Mortgage Revenue Bonds (MRBs), Mortgage Credit Certificates (MCCs) and private activity bonds for multifamily developments in areas outside of Maricopa and Pima Counties. The AzHFA assisted 115 families in becoming first-time homebuyers in FY2005.

## FY 2005 Board Members

The seven members of the AzHFA are appointed by the Governor and confirmed by the State Senate. The members represent geographical diversity and no more than four members may be from the same political party.

<b>Donald Brandt</b>	Phoenix	Pinnacle West Capitol Corporation
<b>Rita Carrillo</b>	Phoenix	Neighborhood Housing Services
<b>Victor Flores</b>	Phoenix	Salt River Project
<b>Ross McCallister</b>	Tucson	MC Companies
<b>Brian Mickelsen</b>	Cottonwood	City of Cottonwood
<b>Cliff Potts</b>	Payson	Prudential Real Estate
<b>Stephanie Prudence</b>	Sierra Vista	Charter Funding

## Mortgage Revenue Bond Program

During FY2005, the AzHFA offered, through the MRB program, a low-interest mortgage product for low- and moderate-income first-time homebuyers. The program assisted 78 households in becoming first-time homebuyers. The interest rate for the mortgage product ranged from 4.99% APR to 5.25% APR, depending on the month. Loans were made available to households through 12 participating lenders, including: American Home, Concord Mortgage, Countrywide Home Loans, First Horizon, Home 123, Irwin Mortgage, JPMorgan Chase/Bank One, National Bank of Arizona, RBC, Suburban Mortgage, Wausau Mortgage, and Wells Fargo Home Mortgage.

MRB Program Participant Summary	
Average loan amount	\$107,709
Average purchase price	\$116,176
Average borrower age	34.3
Average household size	2.9
Average income	\$35,187
Race and Ethnicity:	
<i>White</i>	56%
<i>Hispanic</i>	39%
<i>American Indian</i>	5%

Loan Type Summary	
Existing Homes	70%
New Homes	30%
Housing Type:	
<i>Single Unit Detached</i>	80%
<i>Manufactured</i>	18%
<i>Condo/townhouse</i>	2%

## Mortgage Credit Certificate Program

During FY2005, the AzHFA offered a Mortgage Credit Certificate (MCC) for low- and moderate-income first-time homebuyers. The MCC program is designed to allow first-time homebuyers a reduction in their federal income tax liability thereby helping make their mortgage payments more affordable. The tax credit is equal to 20% of the buyer's annual mortgage interest payment. The buyer receives the credit for as long as the home remains their primary residence. The program assisted 37 households in becoming first-time homebuyers.

MCC Program Participant Summary	
Average loan amount	\$94,157
Average purchase price	\$97,422
Average borrower age	Unavailable
Average household size	3.0
Average income	\$35,237
Race and Ethnicity:	
<i>White</i>	60%
<i>Hispanic</i>	33%
<i>Black</i>	5%
<i>American Indian</i>	2%

Loan Type Summary	
Existing Homes	53%
New Homes	47%
Housing Type:	
<i>Single Unit Detached</i>	88%
<i>Manufactured</i>	12%
<i>Condo/townhouse</i>	0%

# Arizona Housing Commission



The **Arizona Housing Commission** was created by Executive Order in 1996 and was formally established in statute in 1997. The Commission is comprised of 24 key decision-makers from private industry, community-based nonprofit housing organizations, and state, local and tribal governments and receives staff support from the Department of Housing.

The commission is required to recommend housing strategic planning and policy; coordinate public and private housing finance programs; provide recommendations for better private and public partnerships and initiatives for developing housing; review state housing programs; encourage the development of housing opportunities for special needs populations; and advise the governor, the legislature, state agencies and city, county and tribal governmental bodies on the public and private actions that affect the cost or supply of housing.

## Members

- Arthur Crozier (Chair)**  
Frank M. Smith & Assoc., Inc.
- Scot Butler, III (Vice-Chair)**  
Manufactured Housing Industry of Arizona
- Rosa Bruce**  
City of Casa Grande
- Reid Butler**  
Multifamily Housing Association
- Chester Carl**  
Navajo Housing Authority
- Maria Chavez**  
AZ Interagency Farmworker Coalition



- Ray Clarke**  
Tucson Urban League
- Susie DeConcini**  
Long Realty Company
- Elisa de la Vara**  
Fannie Mae
- Richard Elias**  
Pima County Board of Supervisors
- Joyce Eddie**  
Gila River Indian Community
- Kenneth Finlayson**  
Housing Authority, City of Yuma



## Homes for Arizonans 2005



Capitol Lawn  
February 14, 2005



AHC member Scot Butler and ADOH Director Sheila Harris.



Housing Commissioner Roberto Ruiz(right).

Commission members participated in the third annual **Homes for Arizonans Day** celebration on Statehood Day. Members met with state legislators and other policy makers to emphasize the role of housing in building families and communities.

## Affordable Housing Forum

Housing Commission members were active as moderators, speakers, and hosts for this inaugural event held at the Prescott Resort in Prescott, September 14-15, 2004.



Housing Commission member Rosa Bruce (front) accepts Housing Hero Award for the City of Casa Grande.



Housing Commission member, Maria Chavez (3rd from left) at Forum luncheon with other guests.



AHC member Jean Richmond-Bowman (2nd from right) took part in panel discussion, "Overcoming Arizona's Affordable Housing Challenge."

**Sheila D. Harris, Ph.D.**  
Arizona Department of Housing

**Jeannie Jertson**  
Maricopa County Community Services

**Janet Marcus**  
General Public

**Guy Mikkelsen**  
Foundation for Senior Living

**Emily Nottingham**  
Tucson Community Services

**Gregory Petz**  
Graham County

**Cass Rankin**  
General Public

**Jean Richmond-Bowman**  
Northern Arizona Building Association

**Roberto Ruiz**  
Ruiz Engineering

**Juan Salgado**  
City of Phoenix

**Sen. Ken Chevront**  
Arizona State Senate

**Rep. Jim Weiers**  
Speaker, Arizona House of Representatives

# Funding Sources

The Arizona Department of Housing is a non-general fund agency, which receives the bulk of its funding from federal resources. Below is a brief description of the resources available to the agency. Most funding sources allow for multiple-year projects, thus the amount allocated, awarded, and actually spent in any given fiscal year may differ.

## ***State Housing Trust Fund***

The State Housing Trust Fund (HTF) receives 55 percent of the State's Unclaimed Property proceeds, distributed by the Department of Revenue one time annually (at fiscal year end close out). HTF dollars are flexible and fund many housing activities not eligible under the agency's federal programs, including: eviction and foreclosure prevention, emergency repair of homes, special projects, such as providing matching dollars to entities competing on a national level for federal dollars, onetime emergency funding for emergency shelters, and homeownership counseling. One-third of HTF monies must be spent in rural Arizona, although historically this percentage has exceeded 50 percent. This first time homebuyer program for rural Arizona served as matching funds for the federally imposed 25 percent match to the HOME dollars.

## ***HOME Investment Partnership Program (HOME)***

The federal HOME Investment Partnership Program (HOME) is designed to expand the supply of decent, affordable housing for low and very low income families by providing grants to local governments, nonprofit and private developers. Phoenix/Maricopa County and Tucson/Pima County receive their own HOME entitlement funds. In FY2005, ADOH received \$9,622,705 in HOME entitlement funds, for which it provided a 25 percent match with state funds (HTF). HOME is used primarily for the development of rental and homeownership units (through new construction, acquisition and/or rehabilitation), financial assistance to first time homebuyers, and substantial rehabilitation of dilapidated housing belonging to low-income homeowners.

## ***Community Development Block Grant (CDBG)***

This federal program provides funds to ADOH, which are passed through to local governments in rural Arizona (outside Maricopa and Pima counties, Flagstaff, Prescott and Yuma, which all receive their own entitlement funds), for housing and community development activities, which benefit low to moderate-income neighborhoods. In FY2005, the Community Development Block Grant (CDBG) Program received \$14,409,104.

## ***Housing Opportunities for People with AIDS (HOPWA)***

This federal program provides a small amount of funding to the State to address housing needs for people with HIV and AIDS living in the rural areas outside of Maricopa and Pima counties. In FY2005 the grant was \$164,000.

## ***Shelter Plus Care, Supportive Housing Program***

These two sources of funding are competitive federal funding secured through the McKinney-Vento Act. Funding is applied for through a Rural Continuum of Care process, administered by the agency, securing millions of funding to support homeless assistance to primarily the rural portions of the state (outside of Maricopa and Pima counties). In FY2005 the agency administered \$8,640,279.



---

### ***Low-Income Housing Tax Credits***

As part of the Tax Reform Act of 1986, Congress created the Low Income Housing Tax Credit Program (LIHTC) (IRS Section 42) to promote the development of affordable rental housing for low-income individuals and families. Affordable housing developers generally sell the tax credits and the proceeds provide financing for a portion of the housing development costs. In return for this investment the government requires that these properties comply with long-term restrictions on rents charged and tenant incomes for 15 years or longer. The LIHTC program is highly effective and provides thousands of new rental units annually. The allocation of credits under LIHTC program is governed by the Qualified Allocation Plan (QAP) which is published each January by ADOH. Tax credits may be accessed in one of two ways. The agency holds an annual competition to distribute the State's annual allocation of 9% tax credits. This application round is generally held in the spring, with award reservations made in the summer. Additionally, 4% tax credits are available on a non-competitive basis to qualified developments that have received a private activity bond allocation from the state. A separate tax credit application is required at the time of the submittal of a bond application and whether or not tax credits may be provided to the project is determined through an underwriting review. In FY2005 Arizona received an allocation of 9% LIHTCs based on a population allocation of \$1.85 per resident, totalling \$10.6 million.

### ***Mortgage Revenue Bonds***

The Arizona Housing Finance Authority (AzHFA) is authorized statutorily to issue single-family bonds from the State's Private Activity Bond (PAB) volume cap to assist in the promotion of homeownership opportunities in the rural areas of the state. In FY2005, the AzHFA reserved \$10 million in Mortgage Revenue Bonds (MRB). The MRB program assists in providing a mortgage rate that is typically below the average market rate.

### ***Multi-Family Bonds***

The Arizona Housing Finance Authority (AzHFA) is authorized statutorily to issue multi-family bonds from the State's Private Activity Bond (PAB) volume cap to assist in the development of affordable rental units in the rural areas of the state. In FY2005, the AzHFA did not issue bonds for multifamily housing.

### ***Mortgage Credit Certificates***

The Arizona Housing Finance Authority (AzHFA) is authorized statutorily to issue Mortgage Credit Certificates (MCCs) from the State's Private Activity Bond (PAB) volume cap to assist in the promotion of homeownership opportunities in the rural areas of the state. The (MCC) program is designed to allow first-time homebuyers a reduction in their federal income tax liability thereby helping make their mortgage payments more affordable. The tax credit is equal to 20% of the buyer's annual mortgage interest payment. The buyer receives the credit for as long as the home remains their primary residence.

# Commitment of Funds

<i>Program Fund Source</i>	<i>Funds Committed</i>
Community Development Block Grant (CDBG)	\$13,825,126
HOME	10,066,651
Housing Opportunites for People with HIV/AIDS	197,240
Shelter Plus Care (SPC)	6,262,812
Supportive Housing Program (SHP)	2,267,999
Section 8 Housing Choice Voucher Program *	211,321
Low Income Housing Tax Credits-4%**	2,952,308
Low Income Housing Tax Credits-9%**	11,464,476
State Housing Trust Fund (HTF)	20,930,771
Homes for Arizonans***	3,846,965
Mortgage Revenue Bonds (MRB)**	8,437,410
Mortgage Credit Certificates (MCC)**	3,483,836
<b>Total</b>	<b>\$83,946,915</b>

## Housing and Community Development Resources Committed in FY 2005

### Ratio of Committed Funds to Leveraged Resources

<i>Program</i>	<i>Fund Commitment</i>	<i>Leverage</i>	<i>Ratio of Commitment to Leverage</i>
Community Development Block Grant (CDBG)	\$13,825,126	\$ 6,529,138	47%
HOME	10,066,651	2,693,096	27%
Housing Opportunites for People with HIV/AIDS	197,240	99,660	51%
Shelter Plus Care (SPC)	6,262,812	8,500,000	136%
Supportive Housing Program (SHP)	2,267,999	2,500,000	110%
Section 8 Housing Choice Voucher Program *	211,321	131,360	62%
Low Income Housing Tax Credits-4%**	2,952,308	7,380,770	250%
Low Income Housing Tax Credits-9%**	11,464,476	28,661,190	250%
State Housing Trust Fund	20,930,771	69,769,237	333%
Homes for Arizonans	3,846,965	25,646,435	667%
Mortgage Revenue Bonds (MRB)**	8,437,410	2,500,000	30%
Mortgage Credit Certificates (MCC)	3,483,836	8,500,000	244%
<b>Total</b>	<b>\$83,946,915</b>	<b>\$162,910,885</b>	<b>194%</b>

\* The Section 8 figure does not include portable vouchers administered by ADOH but reported by other PHAs.

\*\* These are not expenditures of cash within the Department's budget. The Department has authority to issue federal tax credits and federal housing private activity bonds. These numbers represent such issuances.

\*\*\* The Homes for Arizonans Program is funded with State Housing Trust Funds, but acts as state match for the federal HOME program. As such, it is listed separately.

# Dollar Commitment by Fund Source in FY2005

(Housing Related Activities Only)

	CDBG	HOME	HTF	Tax Credit		Homes for Arizonans	MCC	MRB	SHP	Shelter Plus Care	Section 8	HOPWA	Total	%
				4%	9%									
<b>Multi Family Total</b>	45,008	3,459,549	8,360,715	2,952,308	11,464,476	-	-	-	1,087,306	6,262,812	211,321	-	33,843,495	47%
New Construction	273,953	2,329,116	5,524,290	2,386,624	7,626,020	-	-	-	400,000	-	-	-	18,266,050	54%
Acquisition-Rehab	45,008	1,130,433	2,836,425	565,684	3,838,456	-	-	-	-	-	-	-	8,416,006	25%
Rental Assistance	-	-	-	-	-	-	-	-	687,306	6,262,812	211,321	-	7,161,439	21%
<b>Single Family Total</b>	1,984,339	6,107,102	3,077,709	-	-	3,846,965	3,483,836	8,437,410	-	-	-	-	26,937,361	37%
New Development	100,000	1,170,226	482,000	-	-	-	-	-	-	-	-	-	1,752,226	7%
Homeowner Rehab	1,884,339	4,437,626	2,553,109	-	-	-	-	-	-	-	-	-	8,875,074	33%
Homeownership Assistance	-	499,250	42,600	-	-	3,846,965	3,483,836	8,437,410	-	-	-	-	16,310,061	61%
<b>Emergency and Transitional Total</b>	250,000	500,000	4,964,740	-	-	-	-	-	1,024,716	-	-	187,375	6,926,831	10%
Eviction Prevention	-	-	2,485,399	-	-	-	-	-	-	-	-	141,738	2,627,137	38%
Development of Transitional	250,000	500,000	-	-	-	-	-	-	-	-	-	-	750,000	11%
Development of Shelters	-	-	2,412,957	-	-	-	-	-	-	-	-	-	2,412,957	35%
Operating and Services	-	-	66,384	-	-	-	-	-	1,024,716	-	-	45,637	1,136,737	16%
Planning/Other	-	-	4,527,607	-	-	-	-	-	155,977	-	-	9,865	4,693,449	6%
<b>Total</b>	<b>2,279,347</b>	<b>10,066,651</b>	<b>20,930,771</b>	<b>2,952,308</b>	<b>11,464,476</b>	<b>3,846,965</b>	<b>3,483,836</b>	<b>8,437,410</b>	<b>2,267,999</b>	<b>6,262,812</b>	<b>211,321</b>	<b>197,240</b>	<b>72,401,136</b>	<b>100%</b>

# Households Assisted by Fund Source in FY2005

(Housing Related Activities Only)

	CDBG	HOME	HTF	Tax Credit		Homes for Arizonans	MCC	MRB	SHP	Shelter Plus Care	Section 8	HOPWA	Total	%
				4%	9%									
<b>Multi Family Total</b>	6	140	257	1,263	1,663	-	-	-	167	1,017	51	-	4,564	40.9%
New Construction	60	103	185	1,067	902	-	-	-	7	-	-	-	2,264	49.6%
Acquisition-Rehab	6	37	72	196	761	-	-	-	-	-	-	-	1,072	23.5%
Rental Assistance	-	-	-	-	-	-	-	-	160	1,017	51	-	1,228	26.9%
<b>Single Family Total</b>	114	199	547	-	-	317	37	78	-	-	-	-	1,292	11.6%
New Development	3	38	26	-	-	-	-	-	-	-	-	-	67	5.2%
Homeowner Rehab	111	114	516	-	-	-	-	-	-	-	-	-	741	57.4%
Homeownership Assistance	-	47	5	-	-	317	37	78	-	-	-	-	484	37.5%
<b>Emergency and Transitional Total</b>	16	5	4,605	-	-	-	-	-	471	-	-	204	5,301	47.5%
Eviction Prevention	-	-	3,806	-	-	-	-	-	-	-	-	204	4,010	75.6%
Development of Transitional	16	5	-	-	-	-	-	-	-	-	-	-	21	0.4%
Development of Shelters	-	-	501	-	-	-	-	-	-	-	-	-	501	9.5%
Operating and Services	-	-	284	-	-	-	-	-	471	-	-	-	755	14.2%
Other	-	-	14	-	-	-	-	-	-	-	-	-	14	0.3%
<b>Total</b>	<b>196</b>	<b>344</b>	<b>5,409</b>	<b>1,263</b>	<b>1,663</b>	<b>317</b>	<b>37</b>	<b>78</b>	<b>638</b>	<b>1,017</b>	<b>51</b>	<b>204</b>	<b>11,157</b>	<b>100.0%</b>

# Geographic Distribution of Funding Commitments by County and Fund Source

	CDBG	HOME	HTF	Tax Credit		Homes for Arizonans	MRB	MCC	SHP	Shelter Plus Care	Section 8	HOPWA	Total
				4%	9%								
Apache	265,958	238,001	558,387	-	481,100	124,365	107,171	362,015	167,735	-	-	5,000	2,309,732
Cochise	1,621,628	378,768	1,365,045	-	1,750,314	560,990	153,330	955,101	50,000	-	-	-	6,835,176
Coconino	454,000	343,762	681,756	-	1,130,310	184,564	1,168,489	-	251,876	-	-	50,000	4,264,757
Gila	1,196,103	200,000	244,145	-	-	29,937	-	-	-	-	-	2,000	1,672,185
Graham	777,259	987,061	642,141	-	343,915	61,465	-	105,800	-	417,240	103,531	-	3,438,412
Greenlee	99,999	-	127,215	-	-	-	-	-	-	126,600	-	-	353,814
La Paz	273,953	425,000	427,309	-	-	6,150	-	104,550	-	-	-	-	1,236,962
Maricopa	-	1,871,433	4,675,444	2,952,308	3,257,267	-	-	-	-	4,675,416	-	-	17,431,868
Mohave	1,770,608	1,262,777	1,078,381	-	-	152,229	122,495	-	158,078	-	-	75,850	4,620,418
Navajo	715,338	541,420	2,980,570	-	1,763,353	301,811	1,228,491	649,112	96,495	-	-	4,390	8,280,980
Pima	-	725,000	1,740,455	-	700,000	-	-	-	-	736,896	-	-	3,902,351
Pinal	2,468,695	1,535,000	2,084,067	-	226,058	370,735	2,286,577	-	241,954	-	-	-	9,213,086
Santa Cruz	590,324	49,135	523,140	-	1,091,250	667,871	-	448,382	24,000	133,200	-	-	3,527,302
Yavapai	1,807,291	736,425	270,058	-	195,979	371,432	862,150	280,841	769,301	-	107,790	60,000	5,461,267
Yuma	1,783,970	772,869	532,658	-	524,930	1,015,416	2,508,707	578,035	358,560	173,460	-	-	8,248,605
Other HMIS	-	-	-	-	-	-	-	-	150,000	-	-	-	-
<b>Grand Total</b>	<b>13,825,126</b>	<b>10,066,651</b>	<b>17,930,771</b>	<b>2,952,308</b>	<b>11,464,476</b>	<b>3,846,965</b>	<b>8,437,410</b>	<b>3,483,836</b>	<b>2,267,999</b>	<b>6,262,812</b>	<b>211,321</b>	<b>197,240</b>	<b>80,946,915</b>
Rural	13,825,126	7,470,218	11,514,872	-	7,507,209	3,846,965	-	-	2,267,999	850,500	211,321	-	47,494,210
Urban	-	2,596,433	6,415,899	2,952,308	3,957,267	-	-	-	-	5,412,312	-	-	21,334,219

# Geographic Distribution of Households Assisted by County and Fund Source

	CDBG Housing	CDBG Other	HOME	HTF	Tax Credit		Homes for Arizonans	MRB	MCC	SHP	Shelter Plus Care	Section 8	HOPWA	Total
					4%	9%								
Apache	-	43,797	6	430	-	48	15	1	4	43	-	-	2	44,346
Cochise	2	42,410	14	169	-	201	49	2	10	46	-	-	-	42,903
Coconino	-	6,829	12	150	-	148	12	8	-	44	-	-	55	7,258
Gila	20	17,230	5	224	-	-	2	-	-	-	-	-	-	17,481
Graham	-	9,457	48	99	-	40	4	-	1	-	20	25	-	9,694
Greenlee	6	1,701	-	39	-	-	-	-	-	-	5	-	-	1,751
La Paz	60	60	42	163	-	-	1	-	1	-	-	-	-	267
Maricopa	-	-	40	1,826	1,263	711	-	-	-	-	825	-	-	4,665
Mohave	33	67,158	21	295	-	-	9	1	-	87	-	-	72	67,676
Navajo	-	8,550	9	791	-	185	35	13	7	35	-	-	9	9,634
Pima	-	-	43	534	-	93	-	-	-	-	131	-	-	801
Pinal	30	75,506	30	230	-	23	26	20	-	38	-	-	-	75,903
Santa Cruz	-	106	5	42	-	139	46	-	5	8	-	-	-	351
Yavapai	19	6,076	28	275	-	16	25	7	3	188	-	26	66	6,729
Yuma	26	108,388	41	142	-	59	93	26	6	29	36	-	-	108,846
<b>Grand Total</b>	<b>196</b>	<b>387,208</b>	<b>344</b>	<b>5,409</b>	<b>1,263</b>	<b>1,663</b>	<b>317</b>	<b>78</b>	<b>37</b>	<b>518</b>	<b>1,017</b>	<b>51</b>	<b>204</b>	<b>398,305</b>
Rural	196	387,208	261	3,049	-	859	317	78	37	518	61	51	204	392,839
Urban	-	-	83	2,360	1,263	804	-	-	-	-	956	-	-	5,466

Note: ADOH receives CDBG funds to distribute to communities outside Maricopa and Pima counties.