


STATE OF ARIZONA

2020-2024 HUD CONSOLIDATED PLAN CITIZEN SUMMARY



Arizona
Department
of Housing

The Arizona Department of Housing is the lead agency for the Consolidated Plan and manages CDBG, HOME, NHTF, and HOPWA Consolidated Plan resources.

The Arizona Department of Economic Security manages the ESG program.

What is the Consolidated Plan?

The Consolidated Plan is a document that serves as the City and County application for HUD Community Planning and Development resources. The Plan establishes 5-year goals and objectives for approximately \$100 million in HUD funding through the following programs:

- Community Development Block Grant (CDBG)
- HOME Investment Partnership Program (HOME)
- National Housing Trust Fund (NHTF)
- Housing Opportunities for Persons with AIDS (HOPWA)
- Emergency Solutions Grant (ESG)

Each year, the State develops an Annual Action Plan that describe how funds will be distributed and the annual allocations will be used. Planned activities are tied to the 5-year goals and objectives of the Consolidated Plan.

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Annual Consolidated Plan Resources	
CDBG	\$9,776,490
HOME	\$5,460,334
NHTF (FY2019)	\$3,801,428
HOPWA	\$393,848
ESG	\$1,725,666
Total	\$21,157,766

Leveraging Consolidated Plan Resources

HUD Consolidated Plan resources are leveraged with numerous federal, state, local and private resources to address identified needs. Leverage resources include:

- Continuum of Care funding for emergency and transitional housing, permanent housing placement, essential services, and rapid rehousing.
- Veterans Affairs Supportive Housing vouchers for rent subsidies to Veterans experiencing homelessness.
- Shelter Plus Care funds in Cochise and Santa Cruz counties for permanent supportive housing.
- Section 811 Project Rental Assistance for housing people with developmental disabilities.
- Low-income Housing Tax Credit financing for developers of affordable rental housing.
- The Arizona Industrial Development Authority HOME PLUS mortgage program.
- The Arizona Housing Trust Fund.
- Resources from units of local government and project partners.
- The Arizona Lottery and General funds to support activities to address homelessness.
- Federal Home Loan Bank resources that support savings for homeownership and provide financing for affordable housing development and preservation.
- Private equity and financing for the acquisition, rehabilitation and production of rental and owner housing.

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COMMUNITY DEVELOPMENT BLOCK GRANT

Community Development Block Grant (CDBG)

Community Development Block Grant (CDBG) funds may be used for a variety of activities that meet the needs of low- and moderate-income residents and communities outside of Maricopa and Pima counties and other counties and communities that receive a direct allocation of CDBG resources from HUD. Eligible activities include public services, and capital improvements such as infrastructure, facilities, and housing. Many activities are targeted to vulnerable or special needs populations, such as people with disabilities. Each activity must meet a CDBG national objective.

Each year, the ADOH sets aside 10% of CDBG for activities in one of 64 designated Colonias. Of the remaining funds, 85% are made available through a Regional Account and 15% through competitive applications. Regional Account funding is distributed in each of the four rural COG regions – CAG, NACOG, SEAGO and WACOG through a regional method of distribution. The competitive application process is called the State Special Projects account, and eligible communities can apply for up to \$500,000 to meet community infrastructure and housing needs.

Colonias are rural communities located within 150 miles of the US-Mexico border region that lack adequate water, sewer, or decent housing, or a combination of all three. The average income of people living in colonias is \$5,000 per year. Eighty-five percent (85%) of colonias residents are U.S. citizens and 97% are Hispanic.

Arizona will also be a recipient of \$804,000 of newly-allocated Recovery Housing Program funds from HUD. This pilot program will help individuals in recovery from a substance use disorder to become stably housed. HUD plans to issue more guidance on this program in the coming months.

CDBG 5-year Funding and Goals

The ADOH anticipates that CDBG funds will be distributed to the following activities:

- 60% to improve community facilities and infrastructure, improve or develop group homes and emergency or transitional shelter, or to provide infrastructure in support of affordable housing development, benefitting 100,000 Arizona residents, 100 Arizona households, and demolishing 2 substandard buildings.
- 1% to provide public services, benefitting 5,000 Arizona residents.
- 25% to rehabilitate 15 rental housing units and 150 owner-occupied housing units.
- 10% to benefit the residents of Colonias.
- 2% of CDBG funds plus \$100,000 annually for administration and 1% for technical assistance.



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HOME INVESTMENT PARTNERSHIP PROGRAM AND THE NATIONAL HOUSING TRUST FUND

HOME Investment Partnership Program (HOME)

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

Each year, the ADOH accepts applications from eligible communities and nonprofit and for-profit organizations. During the next five years, HOME funds may be used to:

1. Develop or improve rental housing for low-income households, including transitional housing and permanent supportive housing.
2. Rehabilitate housing occupied by low- and moderate-income homeowners.

National Housing Trust Fund (NHTF)

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

Each year, the ADOH accepts applications from eligible nonprofit and for-profit organizations. During the next five years, NHTF funds may be used to develop or improve rental housing for extremely low-income households, including transitional housing and permanent supportive housing.

HOME Method of Distribution

The ADOH retains 10% of the annual allocation for administrative costs and sets aside 15% for CHDO-eligible development activities. After the administration and CHDO set asides, at least \$2.5 million is allocated to owner-occupied housing rehabilitation, and the remaining funds are made available for rental housing development.

Competitive application rounds for the HOME program are announced through a Notice of Funds Availability. HOME funds may be combined with NHTF resources. Selection criteria 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.

HOME 5-year Goals

- Rehabilitate 20 rental housing units.
- Construct 50 rental housing units.
- Rehabilitate 250 owner-occupied housing units.

NHTF FY2020 Method of Distribution

The ADOH retains 10% of the annual allocation for administrative costs. All of the remaining funds are allocated to constructing, rehabilitating and preserving rental housing for extremely low-income households.

Competitive application rounds for the NHTF program are announced through a Notice of Funds Availability. NHTF funds may be combined with HOME resources. Selection criteria include readiness, project team capacity, priority populations served and percentage of leverage funds.

NHTF 5-year Goals

- Rehabilitate 20 rental housing units.
- Construct 80 rental housing units.



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**HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS AND
EMERGENCY SOLUTIONS GRANT**

Housing Opportunities for Persons with AIDS (HOPWA)

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 outside of areas that receive a direct allocation of HOPWA resources from HUD.

Project sponsors are selected by ADOH after extensive outreach efforts to local government entities, nonprofits and grassroots organizations.

During the next five years, project sponsors may use HOPWA funds to provide rental assistance, homelessness prevention, housing placement and direct services.

HOPWA FY2020 Method of Distribution

The ADOH retains 3% of the annual allocation for administrative costs; project sponsors may use up to 7% of the allocation for administrative costs. All of the remaining funds are allocated to sponsors providing rental assistance, preventing homelessness and providing housing placement and direct services to people living with HIV/AIDS.

HOPWA 5-year Goals

- Provide housing placement and essential services to 250 people.
- Prevent homelessness among 225 households.
- Provide monthly rental assistance to 160 households.

Emergency Solutions Grant (ESG)

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.

During the next five years, ESG funds may be used to:

1. Provide rent, mortgage, utility and related assistance to maintain housing stability and prevent homelessness.
2. Provide essential services and street outreach.
3. Support the operation of emergency and transitional shelter.
4. Provide monthly rental assistance for households experiencing homelessness.
5. Make improvements to emergency and transitional shelter.
6. Develop additional emergency and transitional shelter.

ESG FY2020 Method of Distribution

The ADES retains 7.5% of the annual allocation for administrative costs. Approximately 40% of ESG funds will be used for monthly rental assistance, 54% for temporary emergency shelter, 4% for homelessness prevention, and 2% for street outreach and services.

The ADES awards ESG funds through a competitive Request for Proposals (RFP) process. Each RFP describes in detail the criteria that will be used to select applications. The criteria may include service methodology, experience and expertise, cost, capacity, and other relevant factors. Contracts are awarded based on the needs of the service area and available service providers.

ESG 5-year Goals

- Provide support for temporary emergency shelter, benefitting 1,000 people.
- Provide monthly rental assistance for 500 households.
- Prevent homelessness for 500 households.
- Provide outreach and services, benefitting 1,000 people.
- Add 25 emergency or transitional shelter beds.

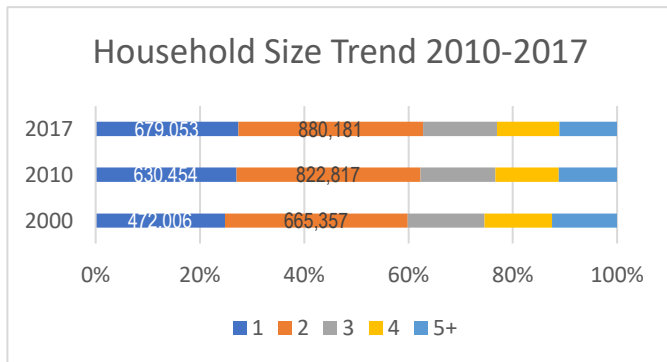
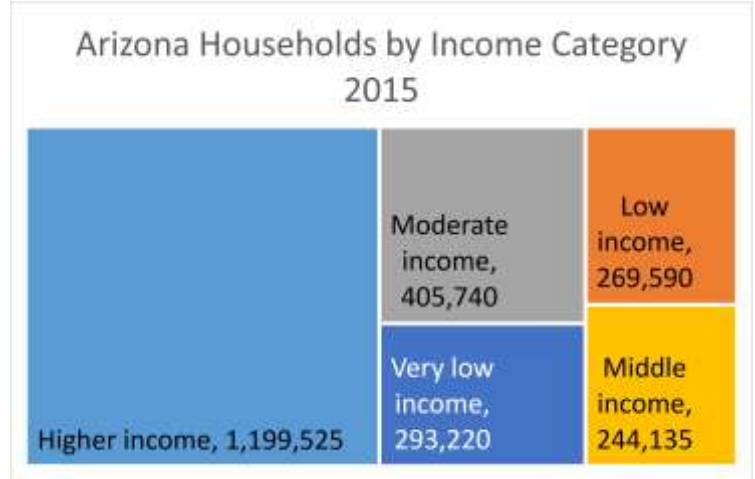
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SOCIO-ECONOMIC PROFILE

Consolidated Plan resources must be used to benefit low-and-moderate income households. Low-and-moderate income households have annual income less than 80% of the County median income determined by HUD annually.

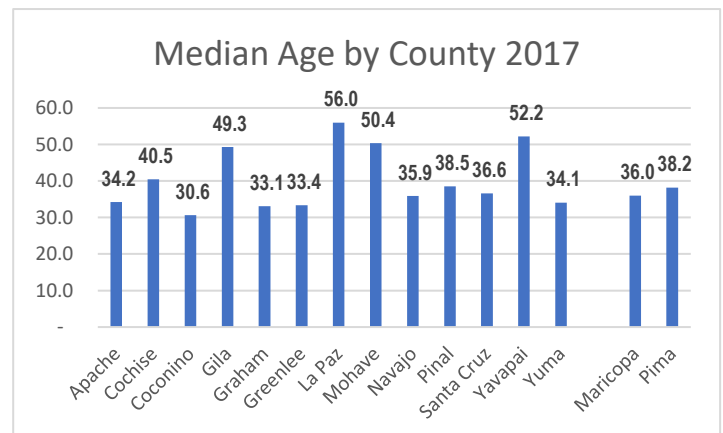
- In 2015, there were 968,550 low-and-moderate income households in Arizona, including 154,010 in the Arizona Balance of State. 61,600 of the Arizona Balance of State low-and-moderate income households have annual incomes less than \$15,000.
- Households that include a person over the age of 75 or under the age of 6 are more likely to be low-and-moderate income.



In 2017, the State of Arizona population was 6,809,946. Sixteen percent (16%) of the State’s population, or 1,069,277 people live in nonmetro Arizona. Nearly half (45%) of the State’s nonmetro population resides in the non-entitled areas of Yavapai, Mohave and Pinal Counties.

Households are growing nearly twice as fast as the population, so there are more single-person and small households.

Arizona ranks 10th in the U.S. for population age 65 and older and 12th in the U.S. for population age 18 and under. More than one-quarter of the people in La Paz, Gila, Mohave, and Yavapai counties are age 65 or older. Conversely, more than half of the population in Apache, Graham and Greenlee counties is age 19 or younger.



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THE HOUSING MARKET

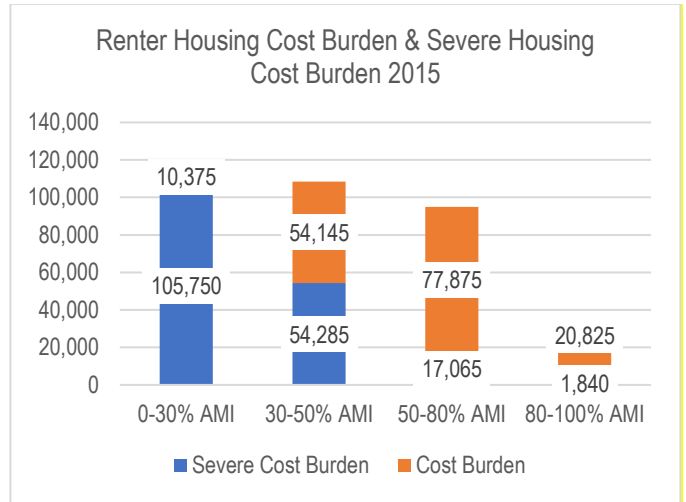
Median Rents increased 6.5% statewide from \$913 in 2015 to \$972 in 2017.

- The largest increases were in Graham, Coconino, Maricopa & Yavapai Counties.

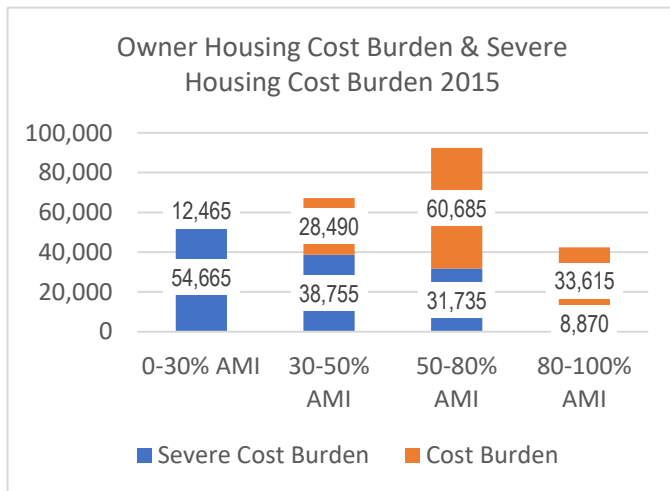
In 2015, 342,160 Arizona renters were housing cost burdened, including:

- 178,940 renters paying more than 50% of income for rent and utilities; and
- 163,200 renters paying more than 30% of income for rent and utilities.

Affordable housing often has an affordability agreement that ensures rental units are affordable to low-income renters. 5,836 LIHTC units have expiring affordability agreements in the next five years, including 2,035 outside of Maricopa and Pima Counties.



92,648 units renting for less than \$500/month are needed to house *severely cost burdened renters*, including 11,483 outside of Maricopa and Pima Counties.



Median Home Values increased 15.3% statewide from \$167,500 in 2015 to \$193,200 in 2017

- The largest increases were in Pinal, Maricopa, Gila & Yavapai Counties

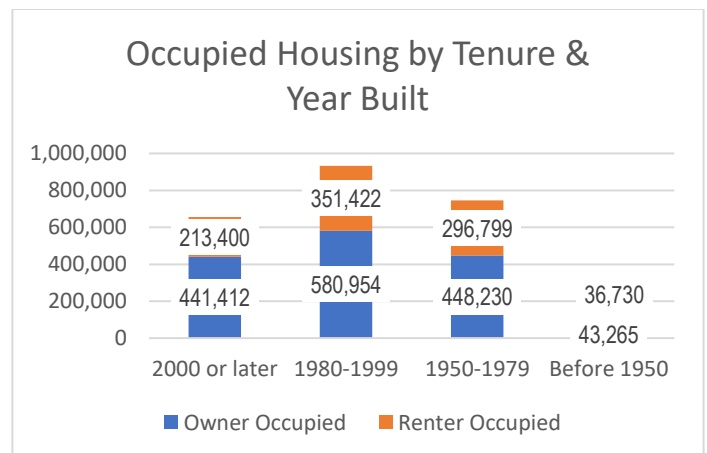
In 2015, 269,280 Arizona homeowners were housing cost burdened, including:

- 135,255 owners paying more than 30% of household income for housing; and
- 134,025 owners paying more than 50% of household income for housing.

825,000 housing units are 40+ years old, including 170,000 outside Maricopa and Pima counties.

- 60% are occupied by owners.

162,200 low-and-moderate income households with young children occupy housing built prior to 1980 and are at risk of lead-based paint poisoning.



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VULNERABLE POPULATIONS

Homelessness in Arizona

A Continuum of Care is a regional or local planning body that coordinates housing and services funding for families and individuals experiencing homelessness.

There are three Continuums of Care in Arizona – one in Maricopa County, one in Pima County, and one in the Balance of State. The ADOH manages the Arizona Balance of State Continuum.

Each Continuum of Care conducts an annual Point-in-Time Count. The Point-in-Time (PIT) Count is an annual street and shelter count to determine the number of people experiencing homelessness in Arizona during a given point in time. This count is part of a national effort to identify the extent of homelessness throughout the country.

In 2019, the statewide Point-in-Time count identified 10,007 people experiencing homelessness, including 5,475 in shelters and 4,532 who were unsheltered.

The 2019 Point-in-Time count for the Balance of the State identified 2,021 people experiencing homelessness, including 1,038 in shelters and 983 who were unsheltered; 22% of people experiencing homelessness were families with children.



The number of people experiencing chronic homelessness has increased over the years. In 2019, 1,870 met the definition of chronically homeless, including 558 in the Balance of State. People experiencing chronic homelessness 1) live in a place not meant for human habitation, Safe Haven, or Emergency Shelter, 2) have a disability, and 3) have been homeless continuously for one year OR four or more times in the last three years for a combined 12 months or more.

People with Special Needs

People with special needs include people who are elderly and frail elderly; people with mental, physical and/or developmental disabilities; people with alcohol or other drug addictions; people with HIV/AIDS and their families; and domestic violence survivors. Many people with special needs have very low incomes. An array of supportive services coupled with appropriate housing opportunities are critical to their housing stability.

- In 2017, 16% of Arizona's population or just over 1.1 million people were age 65 or older.
- In 2017, 18% of Arizona's Balance of State population had a disability.

- In 2017, the ADES Division of Developmental Disabilities served 39,160 people with developmental disabilities statewide.
- Nearly 42,000 extremely low-income Arizonans were living with a severe mental illness in 2017, including nearly 8,000 in the Balance of State.
- 6.4% of Arizona's population reported a substance abuse disorder and 4.7% reported an alcohol abuse disorder in 2017.
- In 2018, over 6,000 domestic violence survivors were provided with shelter or housing intervention and 22,300 received case management and advocacy services.