

**State of Arizona**  
**2012 Annual Action Plan**  
**Federal FY 2012**  
**July 1, 2012 - June 30, 2013**

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Prepared by Arizona Department of Housing  
and Arizona Department of Economic Security  
for the U.S. Department of Housing and Urban Development



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May 14, 2012

Ms. Noemi Ghirghi  
CPD Representative  
U.S. Department of Housing and Urban Development  
Community Planning and Development  
One N. Central Avenue, Suite 600  
Phoenix, Arizona 85004

Re: *Third Annual Action Plan. Consolidated Plan 2010-2014*  
*Grantee: The State of Arizona, Arizona Department of Housing*

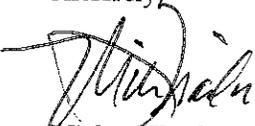
Dear Ms. Ghirghi:

The Arizona Department of Housing is pleased to present its FY 2012-2013 Annual Action Plan (Plan). This Plan complies with Title 24, Part 91, Subpart D, Section 91.320 Action Plan.

Please find with the Plan the executed form SF424, Grantee Certifications: a) State Certifications, b) Specific CDBG Certifications, c) Specific HOME Certifications, d) HOPWA Certifications, e) ESG Certifications and f) Appendix to Certifications.

Should you have any questions, please call Andrew Rael, Assistant Deputy Director of Programs at (602) 771-1010.

Sincerely,

  
Michael Traylor  
Director

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# FY 2012 ACTION PLAN

## EXECUTIVE SUMMARY

### INTRODUCTION

The U.S. Department of Housing and Urban Development (HUD) requires all government entities receiving federal low-income housing and community development funds to prepare an Annual Action Plan.

The FY 2012 Action Plan is a one-year plan to address the low-income housing and community development needs in the state of Arizona, with a special focus on serving the small cities and rural areas of the state. It is the third year Action Plan in the implementation of the five-year Consolidated Plan for fiscal years 2010 to 2014. It consolidates the planning, application, and funding requirements for several programs funded by the U.S. Department of Housing and Urban Development: Community Development Block Grant (CDBG); HOME Investment Partnerships Program (HOME); Emergency Solutions Grant (ESG); and Housing Opportunities for Persons with AIDS (HOPWA).

Both the Consolidated Plan and the Action Plan are implemented by the Arizona Department of Housing (ADOH). The federal and state-funded housing and community development projects and programs described within the Action Plan are administered and implemented by ADOH, the Arizona Department of Economic Security (DES), units of local or regional government, or non-profit agencies.

### BACKGROUND

Arizona continues to face significant economic challenges. Unemployment rates remain high, hovering near 10 percent and Arizona remains second in the nation in foreclosures. The State's prolonged economic distress has forced budget cuts, staffing and service reductions yet the need for jobs, affordable housing choices, and demands for human services are on the rise.

Throughout this Action Plan, ADOH will demonstrate its commitment to assess current market conditions and address the housing challenges that result from being one of the fastest growing states in the nation. Investment allocation decisions will focus on activities that service the needs of the lowest income groups and in particular close funding gaps and supportive activities in rural areas that have limited funding opportunities when feasible; support projects where the need for funds and the demand for the project design is demonstrated; support projects identified as high priorities in the consolidated plan; and invest in areas of decline and those with a disproportionate concentration of low-income and minority populations.

### CITIZEN PARTICIPATION

ADOH staff encouraged citizen participation throughout the development of the Consolidated Plan by consulting local organizations, holding public meetings and encouraging public comment during the public review period. A public hearing was held on February 29, 2012 prior to drafting the 2012-2013 Action Plan to receive comments on housing and community development needs in the state. A draft of the 2012-2012 Action Plan was made available to the public for comment for a 30 day period beginning April 1, 2012 and ending May 1, 2012. During this comment period a second public hearing was held on April 19, 2012 to discuss the draft plan. Notices for the public hearings were posted on the ADOH website and advertised in the following papers at least 7 days prior to the meetings: Arizona Republic, Kingman Daily Miner, Arizona Daily Sun (Flagstaff), Yuma Sun and the Arizona Daily Star (Tucson). The same notices were sent by email to partner communities, counties, regional councils of government, non-profit and for-profit entities. ADOH staff formulated the objectives and outcomes that are briefly described below.

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## PRIORITY OBJECTIVES AND OUTCOMES

The State's priorities for the 2012 funding year include the following:

- Increase the supply and improve the condition of existing housing and to support the affordability and sustainability of safe, sanitary, and decent housing for rent by low-income households while also furthering fair housing choice opportunities.
  - Outcome – Provide funding toward the creation of 1,000 new rental units.
  - Outcome – Continue to ensure ADOH-funded rental units meet Housing Quality Standards (HQS) through continuous monitoring and compliance.
  - Outcome – Provide rental assistance funds to approximately 9,000 qualified households throughout the state. *(1064 assisted through McKinney-Vento funds and HPRP)*
  - Outcome – Assist in the rehabilitation of approximately 300 affordable rental units during fiscal year 2010-2012.
- Improve the condition of existing single family residences to support the affordability and long term sustainability of decent, safe and sanitary owner occupied housing for low-income households.
  - Outcome – Provide funding to assist in the rehabilitation of approximately 75 owner occupied housing units during fiscal year 2012.
  - Outcome – Provide funding for the screening and remediation of Lead Paint Hazards
  - Outcome – Continued requirements to incorporate green technologies and green retrofit wherever possible to support affordability and sustainability of single family owner occupied housing units.
  - Outcome – Promote incorporation of best practices of HUD Healthy Homes Initiative as part of rehabilitation efforts.
- Ensure a variety of public facilities and services are available to meet the housing, human development, and supportive service needs of low-income persons and priority populations.
  - Outcome – Fund and support local supportive facilities to deliver housing, development and other services to a minimum of 2,500 low-income persons and priority populations throughout the state, including those at risk of homelessness.
  - Outcome – Support agencies, facilities and programs that will deliver supportive services to approximately 12,000 non-homeless special needs persons during the fiscal year 2012-2012. Part of the projected 12,000 special needs persons assisted includes 114 people who will receive assistance as a result of utilizing HOPWA funding.
- Improve infrastructure and physical environments through revitalization efforts to promote a sustainable community.

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- Outcome – Provide funding assistance to a minimum of 5 infrastructure/public facility improvement projects including potable water delivery or wastewater treatment systems, roads/streets and flood drainage that will foster sustainable communities and positively affect an estimated 40,000 Arizona residents.
- Outcome – Provide funding to projects enabling the accessibility of community buildings and services thru ADA accessibility improvements.
- Outcome – Provide funding to projects that increase services to seniors, persons experiencing homelessness and other low-income priority populations.
- Continue coordination of services and collaboration to help people move from homelessness to permanent housing and maintain independent living.
  - Outcome – Begin one new project designed to increase the number of permanent supported housing units by eleven for Arizona’s homeless population.
  - Outcome – Produce housing units and support services that will benefit approximately 114,000 homeless persons during the second year of the consolidated planning period.
  - Outcome – Provide emergency assistance for rent, utilities, mortgage, etc. to a minimum of 750 households to help them avoid homelessness.

## RESOURCES AND PROGRAMS

In 2012, the State anticipates receiving about \$15,449,142 million in federal funding for the CDBG, HOME, ESG, and HOPWA programs. ADOH is also in receipt of \$50,333,520 in federal stimulus funds in the form of NSP1, NSP3 and HPRP, most of which has already been expended.

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## Community Development Block Grant: \$8,908,063

The CDBG program provides funding to communities for a variety of activities that address community development conditions that threaten the health or welfare of the community, benefit low-income persons, or prevent or eliminate slums or blighted areas in the community.

ADOH plans to set aside two percent (\$178,161) of the gross allocation, plus \$100,000 (for a total of \$278,161) for costs associated with the administration of the program. ADOH will also set aside one percent of the total allocation (\$89,081) for providing technical assistance. Ten percent of the total grant award (\$890,806) will be set aside for Colonias applications.

The remaining funds in the amount of \$7,650,015 will be used as program funding to provide decent housing, suitable living environments, and economic opportunities in the small cities, towns, and rural areas of Arizona. Program funding will be delivered thru both competitive application and regional method of distribution as further described in the Method of Distribution section of this Action Plan.

<b>Procedure for CDBG Funds Allocation:</b>	<b>Rounded +</b>
Total Estimated 2012 CDBG HUD Funding	\$ 8,908,063
10% Colonias Set-Aside	\$ 890,806
1% TA Funds	\$ 89,081
2% + \$100,000 Admin Funds	\$ 278,161
Adjusted Total = Total	\$ 7,650,015
15% of Adjusted Total to be Allocated to SSP	\$ 1,147,502
85% of Adjusted Total to be Allocated to Rural COGs	\$ 6,502,513
	SFY2013 Allocation (FFY2012)
NACOG	23.06%
WACOG	30.01%
CAAG	27.26%
SEAGO	19.67%
	<b>SFY2013 Allocation (FFY2012)</b>
<b>Rural COGs:</b>	
NACOG	\$ 1,499,164
WACOG	\$ 1,951,719
CAAG	\$ 1,772,685
SEAGO	\$ 1,278,945
<b>Total Allocation to Rural COGs</b>	<b>\$ 6,502,513</b>

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## HOME Investment Partnerships Program: \$4,695,013

The HOME program provides grants to states and local governments to fund local programs that support the construction of rental or ownership housing, or provide homeownership or rental assistance to low-income persons.

The State will use 90 percent (or \$4,225,512) of its HOME allocation for program funding to increase the availability/accessibility and affordability of decent housing and provide suitable living environments for low-income households. Ten percent (or \$469,501) of the grant funds will be for ADOH's administrative costs.

### HOME Resources, Method of Distribution and Geographic Investment

Federal FY2012 HOME Funding Objectives by Activity		
Activity	Amount	%
State Administrative Costs	\$ 469,501	10
<b>Project Funding:</b>		
Rental/Transitional Housing Development	1,225,512	53
Owner-Occupied Housing Rehabilitation	3,000,000	47
Total Project Funding	4,225,512	90
Total Funding	\$ 4,695,013	100

Federal FY 2012 HOME Geographic Funding Objectives		
Geographic Area	Amount	%
State Administrative Costs (not for distribution):	469,501	10
Statewide CHDO set-aside:	704,252	15
METRO Area (Maricopa & Pima Counties):	800,734	17
CAAG Area (Gila & Pinal Counties):	740,379	16
NACOG Area (Apache, Coconino, Navajo & Yavapai Counties):	887,198	19
SEAGO Area (Cochise, Graham, Greenlee & Santa Cruz Counties):	380,017	8
WACOG Area (La Paz, Mohave & Yuma Counties):	712,932	15
SUB-TOTAL	\$ 4,695,013	100

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## Emergency Solutions Grant: \$1,615,732

ESG funds support Outreach services to homeless persons living on the streets, basic shelter and supportive services for homeless persons in the form of operation costs and direct services for homeless persons living in Emergency Shelters, funding for Homeless Prevention services to assist individuals and families at risk of losing housing and becoming homeless and Rapid Re-Housing support for individuals and families who are homeless and need assistance to return to housing and independent living. ESG funds also support HMIS data collection, information management and reporting systems and Administrative services necessary to coordinate grant activities.

The State will utilize this grant to increase the availability and accessibility of suitable living environments and housing options by providing a wide range of supportive services to persons experiencing homelessness or at risk of homelessness including Outreach Services, Emergency Shelter, Rapid Re-Housing and comprehensive Homeless Prevention Services.

## Housing Opportunities for Persons with AIDS: \$230,334

HOPWA funds provide housing and supportive services for persons with HIV/AIDS. These funds may go toward acquisition, rehabilitation, or new construction of housing units and may also fund rental assistance, facility operations, short-term homelessness prevention, medical and mental health services, chemical dependency treatment, nutritional services, case management, and other supportive services.

ADOH will utilize \$207,301 of this grant to increase the availability/accessibility and affordability of suitable living environments and decent housing through organizations that provide planning for housing needs, education, and access to essential community resources. Three percent (or \$6,910) will be retained by ADOH to cover administrative-related expenses of the program; grantees will be allowed to utilize seven percent of the grant money (up to \$16,123) in total for grantee administration costs.

## Neighborhood Stabilization Program 1: \$38.3 Million

ADOH received \$38.3 million in NSP1 funds which it is using to assist multi-family and single family properties. ADOH established financing mechanisms for the purchase and redevelopment of foreclosed single-family homes and residential multi-family properties.

## Neighborhood Stabilization Program 3: \$5 Million

ADOH received 5 million in NSP3 funds from HUD with it will use to assist multi-family developments. ADOH is investing approximately \$4,860,000 of its NSP3 Allocation in the redevelopment of foreclosed, vacant or blighted multifamily properties.

## Homeless Prevention and Rapid Re-Housing Program: \$7,033,520

ADOH received \$7,033,520 in HPRP funds which is I using to provide homeless prevention and rapid re-housing services in Arizona. The HPRP program will utilize existing service providers to deliver homeless prevention and rapid re-housing services within the local rural continua and continua in Maricopa and Pima Counties to address the types of eligible activities that are most needed for that area. The distribution of funds is expected to be approximately 80-90% rural and 10-20% urban.

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## Other Resources

In addition to the above funding sources, the State makes available several other federal, state, and local resources in support of housing and community development activities. Other funding sources include:

- **State Housing Trust Fund (HTF).** As of the passing of Senate Bill 1616, \$2,500,000 in Housing Trust Funds are available annually to assist with acquisition and rehabilitation or new construction of rental housing, and emergency shelter units, or rehabilitation of owner-occupied housing, as well as a range of other affordable housing-related activities.
- **McKinney-Vento** ADOH is the lead agency for the Balance of State Continuum of Care which consists of Shelter Plus Care and Supportive Housing Programs. These provide transitional and permanent supportive housing for individuals and families experiencing homelessness and are paired with social services funding from other sources. ADOH expects to administer \$10.5 million in federal FY201.
- **Low-Income Housing Tax Credits (LIHTC).** ADOH administers this federal tax credit that funds low-income housing rental development. The state receives approximately \$14 million in tax credit authority annually, which has an approximate market value of \$100 million over ten years. The market value of the tax credits depends on the syndication price of the tax credits, which fluctuates with the market.
- **Private Activity Bonds.** The Arizona Housing Finance Authority Under the provisions of HB 2615, may issue bonds for multi-family residential projects and bonds to finance residential dwelling units.
- **Economic Stimulus Programs.** ADOH administers several stimulus/recovery funds such as National Foreclosure Mitigation Counseling Program, Neighborhood Stabilization Program, Homeless Prevention and Rapid Re-Housing Program, Tax Credit Assistance Program, Low-Income Housing Tax Credit Exchange Program and Hardest Hit Fund Foreclosure Prevention Program.

## EVALUATION OF PAST PERFORMANCE

Annually the ADOH submits a Consolidated Annual Performance and Evaluation Report (CAPER), which provides HUD with an update on progress towards meeting goals outlined in the Consolidated Plan and more specifically the Annual Action Plans. In the most recently available CAPER (FY 2010), ADOH committed over \$223,532,975million to affordable housing and community development efforts from its HUD allocations, HTF, Low-Income Housing Tax Credit and Hardest Hit Fund Foreclosure Prevention programs. In its efforts to provide decent housing, sustainable living environments and expand economic opportunities, ADOH used CDBG, HOME, HOPWA, and HTF to invest in activities that helped to retain affordable housing stock, increased the availability of permanent housing that is affordable to low and moderate income individuals and provided supportive housing that includes structural features and services for persons with special needs. ADOH invested in activities that increase the availability of foreclosure counseling to all Arizonans while providing education on fair housing in compliance with the Fair Housing Act. It also provided technical assistance and support to encourage planning for the long term affordability, sustainability and revitalization of communities in the rural areas of the state.

Over the 2011 fiscal year, ADOH met its planning goals toward providing and maintaining decent affordable housing and sustainable living environments. ADOH spent millions of stimulus dollars toward creating sustainable homeownership and affordable rental units through its NSP1/NSP3 programs. Furthermore, the

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Arizona Housing Finance Authority utilized Mortgage Revenue Bonds and Mortgage Credit Certificates providing low-interest mortgage financing to stimulate and encourage homeownership in rural markets.

HOME funds, in combination with HTF were used to invest in new or rehabilitated affordable rental projects and rehabilitated single family home units in order to increase the accessibility and availability as well as improve the sustainability of permanent housing that is affordable to low-and-moderate income individuals. In addition, ADOH directed CDBG funds toward revitalization activities that improved the safety and livability of deteriorating neighborhoods.

The ADOH serves as the lead agency for the Balance of State Continuum of Care. This is a strategic plan to organize and deliver housing and services to meet the specific needs of people experiencing homelessness as they move to stable housing and maximum self-sufficiency. Balance of State covers 13 of Arizona's 15 counties. The two counties not included are Pima and Maricopa.

On an annual basis, the agency responds to the highly competitive HUD NOFA for projects and programs that are identified as priority needs through the Continuum of Care 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 transitional and permanent housing programs.

Overall, ADOH actively aims for and efficiently implements the activities and strategies described in the Consolidated Plan and Action Plans and continues to make a positive impact on identified needs within the state of Arizona.

## PRIORITY OBJECTIVES

The 2010-2014 Consolidated Plan included several priorities for activities over the five-year period. These priorities were divided into affordable housing, homeless prevention, special needs, and community development. The FY2012 Annual Action Plan will focus on the following priorities:

### HOUSING PRIORITIES

- Expand the supply of affordable rental housing for very low-income and extremely low-income households. When possible, emphasize projects that assist families, seniors, persons with disabilities and those experiencing homelessness.
- Preserve and improve the long-term life of existing affordable rental housing stock.
- Preserve and improve the long-term life of existing affordable owner occupied housing stock.
- Ensure that all households in the state have adequate access to fair housing resources.

### HOMELESS PREVENTION PRIORITIES

- Encourage a range of services to help prevent people from entering the "homeless system" and to rapidly move people from homelessness to permanent housing.
- Increase the number of permanent supportive housing units for those experiencing homelessness and those who are chronically homeless.

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- Target prevention services and funding to help prevent people most likely to become homeless from becoming homeless and to provide rapid re-housing to those who have become homeless in order to break the cycle of chronic homelessness.
- Continue to utilize the HPRP program to its fullest extent in order to achieve the stated goals of moving people from homelessness to stability and preventing individuals and families from experiencing homelessness.
- Strengthen the Balance of State Continuum of Care process by increasing attendance and participation in the regional meetings held three times a year in the five balance of state regions. Coordinate with State Departments of Education, Veterans Services, Economic Security and non-profit, Arizona Coalition to End Homelessness on addressing homelessness in a coordinated and comprehensive manner in conjunction with the Governor's Arizona Commission on Homelessness and Housing.

## SPECIAL NEEDS PRIORITIES

- Increase and preserve the supply of affordable housing available to large families and people who are elderly, disabled, and/or homeless.
- Improve housing accessibility and safety (existing and new).

## COMMUNITY DEVELOPMENT PRIORITIES

- Improve infrastructure and physical environments to promote sustainable and accessible communities.
- Improve the ADA accessibility of public facilities and services for priority populations.
- Encourage job training and employment opportunities.

## METHOD OF DISTRIBUTION

This section describes the methods of distribution and geographic allocation of resources for CDBG, HOME, ESG, and HOPWA. The allocation of ADOH investments is as follows:

### COMMUNITY DEVELOPMENT BLOCK GRANT METHOD OF DISTRIBUTION

The State expects to receive \$8,908,063 in new CDBG resources in 2012.

#### CDBG Eligible Applicants

The State CDBG program is available to eligible units of local government, including cities, towns, and counties in rural areas. For purposes of this program, rural areas are those located outside of entitlement jurisdictions (those that receive CDBG funds directly from HUD). Entitlement jurisdictions in Arizona include all of Maricopa and Pima Counties, the cities of Flagstaff, Prescott, and Yuma.

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## CDBG Eligible Activities

Eligible activities are generally found in Section 105 of the HUD Act of 1974, as amended, and at 24 CFR Part 570.482, as amended. CDBG funds can be used for a wide range of activities of which ADOH plans to utilize no less than 70 percent of the CDBG funds for activities that directly benefit persons of low- and moderate-income and no more than 30 percent toward addressing community blight or other urgent need activities. Those Activities listed in Appendix B of this document that have received a priority ranking of high or medium are eligible for funding under this Action Plan. Those activities generally fall under the following main funding categories:

- Public Facilities and Improvements (such as water, wastewater, or street improvements);
- Fire and Police Protection Facilities;
- Community/Supportive Housing Facilities (such as homeless/domestic violence facilities or senior centers);
- Public services (such as public safety or health care services);
- Housing (such as owner occupied or rental rehabilitation; or lead paint evaluation and reduction)
- Economic Development (tied to Job Creation or job retention) ;
- Neighborhood Revitalization and Redevelopment (such as historic preservation or demo and clearance of blighted property); and
- Planning and Capacity Building (such as comprehensive and community development plans or housing studies.)

## *ADOH Administration*

The State expects to retain \$367,242 of the FY2012 CDBG Allocation. This figure includes one percent (\$89,081) set aside for technical assistance and two percent plus \$100,000 (\$278,161 total) set aside for state administration. (This amount does not include the required two percent administration match.)

ADOH will provide the two percent required match in non-federal matching funds from two sources. These include “hard” match funds, i.e. state funds used to pay salaries and other operating expenses of the CDBG program and “in-kind” or “soft” match funds which represent staff time devoted to the CDBG program by individuals whose salaries are paid from non-federal sources. These personnel include those located in the Information Technology Division, Personnel, Procurement, Customer Liaison, the Assistant Deputy Director/Programs and Assistant Deputy Director/Operations. Soft match is tracked by employees on their time sheets.

## *CDBG Colonia Set Aside*

According to Section 916 of the Cranston-Gonzalez Act of 1990, a “colonia” is any identifiable community that:

1. Is located within 150 miles of the border between the United States and Mexico, except within any standard metropolitan statistical area that has a population exceeding 1,000,000; and
2. Is designated by the state or county in which it is located as a colonia;

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3. 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
4. Was in existence and generally recognized as a colonia before the enactment of the National Affordable Housing Act of 1990.

HUD mandates the state expend at least 10 percent of its CDBG project allocation in the areas designated as colonias. The FY 2012 colonia set aside allocation is \$890,806. Colonia funding will be distributed through a competitive application process. ADOH will issue a funding notice once every two 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 thru ADOH are eligible to apply for these funds. Under this funding ADOH is able to serve eligible designated colonia in Pima County, although the county is not eligible to receive other CDBG funds from ADOH. The funding notice will further outline the colonia set aside maximum project funding, application requirements as well as the scoring categories which will be designed 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: per capita benefit, effectiveness, cost reasonableness, project readiness, leveraged funds, past performance, capacity, and potential for direct/indirect benefits stemming from the project. An application for colonia set aside funds will not affect a jurisdiction's eligibility for other CDBG funding.

*CDBG Colonia resources for Federal FY2012 and FY2013 will be combined and will be awarded thru one competitive funding round announced thru a Notice of Funding Availability (NOFA) in FY2013. Water/Sewer infrastructure (delivery and/or treatment systems) and housing activities will be considered eligible colonia set aside projects for areas certified as designated colonia.*

Eighty-five (85) percent of the remaining amount of CDBG funds after allocations to administration, technical assistance, and the colonia set aside will be distributed into the Regional Account (RA). These funds will be used for housing, community development or public service projects listed on Appendix B that address a high- or medium-priority community development need.

The RA is first divided into four sub-accounts, one for each of the non-metropolitan Council of Governments (COG) areas: CAAG, NACOG, SEAGO, and WACOG. 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. The COG sub-accounts are determined by 1) multiplying the percentage of the total population of each COG by 30 percent; 2) multiplying the percentage of the total poverty population of COG by 70 percent; and 3) adding the products of the two.

Regional Account allocations are as follows:

- NACOG: \$1,499,164
- WACOG: \$1,951,719
- CAAG: \$1,772,685
- SEAGO: \$1,278,945

Each non-metropolitan Council of Government (COG) region must create a regionally approved Method of Distribution (MOD) and submit it to ADOH for review. The MOD contains a multi-year schedule indicating how CDBG allocations are to be distributed such that all eligible communities within each

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respective COG region will receive funding. The multi-year schedule must include the funding years that each community in the region will receive funds and estimate the amount to be available. This will allow each community to plan its CDBG projects in advance. Deviations from rotation schedules whereby communities trade allocations is allowed but must be accomplished prior to submittal of the final MOD.

Each COG must submit its MOD to ADOH within 45 days of the Information Bulletin published by ADOH (announcing the COG's allocation by CDBG region) along with documentation that the MOD has been approved by formal action of the Regional Council. ADOH has the final authority to approve or deny each MOD.

After the MOD is determined, local governments 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 community or county with rectifying any application deficiencies. The COGs have no discretion to reject applications and must forward all applications to the state. Only those communities and counties identified as eligible to receive funding in the current year MOD may submit an application, so no comparative analysis is necessary. Each COG will establish its own application procedures (letters of intent, etc.) and submission deadline for the compilation of applications to be forwarded to ADOH.

All applications for the Regional Account are due to ADOH by 4:00 P.M. on the following dates.

- NACOG and SEAGO –June 1, 2012
- WACOG and CAAG – July 2, 2012

ADOH will attempt to review and make final award determinations for each application submitted within 90 days of receipt of all outstanding application issues. At the time of application each CDBG application amount must equal the allocation amount of the community then the highest priority project will be funded. Actual award of CDBG funds is contingent upon an application that is eligible, meets all application review thresholds, and is a state priority project. Recent decreases in federal CDBG allocations have reduced the funding amounts available to communities and therefore the number of projects that can be undertaken.

## *Performance Criteria New for 2012-2013*

Beginning with 2012-2013 ADOH will apply performance criteria to all communities that submit CDBG funding applications. ADOH recommends that individual communities submit only one (1) project application for the Regional Account during their funding cycle. ADOH recommends that Counties submit no more than three (3) project applications. Applications/projects in excess of these amounts will be funded only if the following performance criteria are met on all CDBG contracts on the date the application is received by ADOH:

- a. All reporting required by the Department is up to date.
- b. All monitoring findings have been cleared.
- c. Recipient is compliant with all current contracts.
- d. Recipient is in conformance with all original contract Schedules of Completions or has obtained ADOH approvals for revisions or amendments to their Schedules of Completion.
- e. Recipient has no contracts over the previous 3 years that has been extended more than once.
- f. For all previously funded projects environmental clearances have been obtained and scope of work has begun.
- g. Recipient has no current contracts in which project completion reports and data have not been submitted and accepted by the Department within 60 days of a final draw.
- h. Recipient has no contract in which funds have not been drawn for 9 months.

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Recipients with contracts in their 24<sup>th</sup> or greater month:

- a. Performance: Scope of Work 100 percent complete and Contract Close-out Report received and approved.
- b. Expenditure Rates: CDBG Funds 100 percent expended or de-obligated.

## *CDBG State Special Projects Account*

Fifteen (15) percent of the remaining amount of CDBG funds after allocations to administration, technical assistance, and the Colonias Set Aside will be distributed into the State Special Projects Account (SSP). All communities eligible to receive funding from the state CDBG program are eligible to apply for SSP funding. Each community is encouraged to submit one application. No more than two applications are allowed from the same community and they must be listed in priority. All first priority applications will be reviewed first with subsequent priority applications reviewed if sufficient funding is available, thereby allowing each community a chance to be funded.

Generally, any eligible CDBG activity in Appendix B from the categories listed below of the FY2012 Annual Action Plan that has received a priority ranking of high or medium may be undertaken with SSP funds. The only difference is that the SSP is competitive and all applications must demonstrate the project is ready to implement immediately.

Eligible Categories are as follows:

- Public Facilities and Improvements
- Community/Supportive Housing Facilities
- Housing
- Economic Development

Applications submitted must propose all activities pursuant to 24 CFR 570 that are 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. Additionally the NOFA will indicate any variances in project eligibility, documentation requirements, etc. The 2012 funding for SSP grants is anticipated to be \$1,147,502.

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 need, per capita benefit, effectiveness, cost reasonableness, project readiness, leveraged funds, past performance, capacity, and potential for direct/indirect benefits stemming from the project. Projects must receive a minimum score of 75 points to be eligible for an award. The highest scoring applications that have also achieved the minimum score of 75 points will be awarded until SSP funding is exhausted.

## **Other CDBG Policies**

### *CDBG Regional Account Recipient Community Responsibility*

While CDBG money is scheduled to be provided to all eligible recipient regional account communities according to the above method of distribution, an actual award of CDBG funds is contingent upon passing the threshold and completeness review. Applicants must propose projects that are financially viable, necessary and feasible, ready to start, conform to compliance standards and result in benefit. Projects must adhere to contracted timeliness parameters. Projects must comply with the priorities communicated through

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this Annual Action Plan. 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.

Though the State does not define minimum and maximum investments, outcomes of activities must clearly demonstrate program results at the HUD national level.

Back-up applications will not be accepted. Applications reflective of the citizen participation process may be submitted only at the time of funding for that program year. ADOH will strive to make available technical assistance and support, both through its staff and its partners in the COGs. Further, through its pre-award assessment process, ADOH will strive to negotiate and resolve any outstanding issues that may be material to an award of funds decision. If issues material to the decision cannot be resolved, the recipient community will receive a Notice of Appealable Agency Action. It is the responsibility of each recipient community to submit a CDBG application with a request of funding equal to or less than the amount of the projected allocation in the MOD.

## *Activity Beneficiaries*

CDBG activities may serve beneficiaries residing in areas adjacent to non-entitlement area jurisdictions.

ADOH allocates CDBG funds to projects and programs that benefit residents of non-entitlement areas. A non-entitlement area is defined as an area which is not a metropolitan city or part of an urban county. In Arizona, this primarily means that Maricopa County, Pima County, Flagstaff, Prescott and Yuma are excluded.

In reviewing a non-entitlement area unit of local government's application for state CDBG funding, ADOH must determine that the applicant has identified the community development and housing needs of its non-entitlement area residents, and has demonstrated that the proposed activity will meet those needs. ADOH recognizes that CDBG activities that address the community development and housing needs of non-entitlement area residents may also benefit the residents of entitlement communities or residents of Indian reservations. In some cases, the most feasible or practical location for an eligible CDBG activity (such as for reasons of public transportation accessibility, maximizing accessibility to the greatest number of non-entitlement area beneficiaries, operational cost effectiveness, land/building availability, or engineering considerations) may be located on tribal land or in an entitlement community.

Therefore, the State offers the following clarification to the current CDBG funds allocation process:

- ADOH will review applications and allocate funding for CDBG activities consistent with the priorities, objectives, and the method of distribution as described in its 2010-2014 Consolidated Plan and as updated in its Action Plans.
- ADOH can allocate funds only to units of local government of non-entitlement areas.
- If a proposed activity will be initiated, conducted, operated, constructed/rehabilitated, repaired, replaced, or in any manner located in an entitlement area or on tribal lands, the application made by the non-entitlement area unit of local government must demonstrate benefit to residents of the non-entitlement area. Such documentation may include primary research, such as citizen/community surveys and market studies, which demonstrates that the activity will meet the needs of the residents of the non-entitlement area.
- If a proposed activity will be initiated, conducted, operated, constructed/rehabilitated, repaired, replaced, or in any manner located in an entitlement area or on tribal lands, the non-entitlement unit

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of local government must demonstrate that no other alternative will provide greater benefit to the residents of the non-entitlement area.

- Financial participation must be in proportion to the share of expected benefits residents will receive. Additionally, evidence of affirmative outreach to non-entitlement area residents must be demonstrated in the marketing and communication plans.

## *Administration Expenses*

Administrative expenses must directly relate to project activities. CDBG funds may be used to pay reasonable program administration costs related to the planning and execution of eligible activities funded in whole or in part by CDBG. Activities eligible under this category include citizen participation costs, fair housing activities, staff and overhead costs for project delivery, and grant administration.

A maximum of 18 percent of the aggregate total of all activities for which funding is requested can be charged to general administration and to eligible planning activities. If a community is implementing multiple activities, ADOH will enter into individual contracts for each activity; and each of the contracts will contain the general administration funds appropriate for and specific to that activity.

ADOH encourages all communities to apply for a reasonable and appropriate amount of administrative funding based on the activity type. ADOH also encourages communities to estimate a sufficient dollar amount for TAAP fees to allow the flexibility of increasing the level of assistance from the COG for both compiling the application and administering the project. Administrative funding will be awarded through the application and pre-award assessment process.

Communities must submit annual audits whether or not they received CDBG funds during the past year. This assists ADOH in determining whether technical assistance and guidance should be offered to the community, aiding it to implement a compliant CDBG project and avoiding future audit concerns.

Administration funds may be used by local governments and sub-recipients to pay for the proportionate share of an annual audit attributable to the expenditure of CDBG funds as documented by a written cost allocation plan.

## *CDBG Redistribution of Funds*

If a community that is scheduled to receive funding chooses not to participate, or does not submit a viable and compliant application to ADOH, the allocation for that community will be returned to the SSP. If the funding amounts scheduled for a community exceeds funding requests included in the application, the balance will be redistributed to the SSP fund.

ADOH will re-distribute any recaptured funds or de-obligated funds. These funds will be distributed as follows:

## *Recaptured Funds*

- Recapture is the action of removing funds from a contract due to one of the following two types of circumstances: 1) Recapture for non-compliance whereby ADOH determines that CDBG funds will be not used in compliance with the contract between ADOH and the recipient or in compliance with federal regulations; and 2) Recapture for non-performance whereby recipient fails to perform according to the performance criteria outlined in the contract scope of work, the contract schedule, and/or the performance criteria outlined in the text of the contract with ADOH.

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- Recaptured funds will return to ADOH to be redistributed through the SSP account to the applicant next in line for funding.

This language must be included in all MODs submitted to ADOH.

## *De-obligated Funds*

De-obligation is the action of removing funds from a contract due to one of the following: 1) the scope of work is completed using less CDBG funds than anticipated and leaving an unexpended balance; 2) the original allocation was a loan and the loan was paid back; 3) an activity was changed or cancelled (for reasons other than performance) resulting in excess funding; and 4) program income is received that is not programmed for use.

De-obligated funds may be rolled into an existing or new contract of the same funding year from which the funds will be de-obligated if they can be put under contract within 60 days and used quickly. The community must have a positive performance record to be granted this approval.

If the above is not possible, the funds will return to ADOH to be redistributed through the SSP account to the applicant next in line for funding.

## *CDBG Urgent Needs Grant Applications*

When proposing an activity that meets the urgent need national objective, the applicant must document that it has no other financial resources available to meet the need. Additionally, all activities that propose to meet the urgent need national objective must meet community development needs that: 1) have a particular urgency; 2) pose a serious, immediate threat to the health or welfare of the community; and 3) and are of recent origin.

## 2012 CDBG Projected Goals

In conjunction with State priorities, ADOH proposes to fund approximately seven (7) projects associated with housing rehabilitation activities, nineteen (19) public improvement projects, seven (7) public facilities, two (2) ADA improvement projects, and four (4) planning activities.

The State does not intend to assist non-entitlement units of general local government to apply for Section 108 guaranteed loan funds under 24 CFR part 270, subpart M.

## HOME INVESTMENT PARTNERSHIPS PROGRAM METHOD OF DISTRIBUTION

The State expects to receive \$4,695,013 in new 2012 HOME resources.

### Method of Distribution

The HOME method of distribution will be available statewide. ADOH makes available HOME funds through an application process. NOFAs are distributed throughout the year and include information describing the specific activities and amount of funding available for the activities for rental and homeownership housing development, including CHDO activities. Applicants will be received throughout the funding year and must meet threshold and underwriting criteria. Specific guidance is available in the State Housing Fund Summary and Application Guide. Applicants that meet threshold, scoring, and underwriting guidelines will advance to a funding committee decision for final review and recommendation. The funding committee is comprised of ADOH staff, risk assessment officers, administrators, deputy director and director. This document is updated on an annual basis and available on the ADOH website. The actual geographic distribution of resources will be based in the number of applications received. ADOH will not

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hold funding availability or make concessions with regard to program threshold or underwriting in order to guarantee funding activities in geographic regions. HOME loans will be provided as grants and loans.

## *CHDO Method of Distribution*

The HOME Community Housing Development Organization (CHDO) funds are distributed through an application process and must meet the HOME CHDO regulations. ADOH will ensure an equitable geographic distribution of funds, to the extent possible. CHDO funding will be provided as grants and loans.

## *HOME Geographic Funding Objectives*

ADOH anticipates approximate allocations of funding to each region, shown below. The actual geographic distribution of resources will be based on the number and quality of applications received. ADOH will not hold funding available or make any concessions with regard to program thresholds or underwriting in order to guarantee the funding of activities within a specific geographic region.

- Statewide CHDO set-aside: \$704,252
- Metro Area (Maricopa and Pima Counties): \$800,734
- CAAG Region (Gila and Pinal Counties): \$740,379
- NACOG Region (Apache, Coconino, Navajo and Yavapai Counties): \$887,198
- SEAGO Region (Cochise, Graham, Greenlee and Santa Cruz): \$380,017
- WACOG Region (La Paz, Mohave and Yuma Counties): \$712,932

## *HOME Activity Funding Objectives*

ADOH will allocate new funding to the following two activities in the approximate following amounts:

- Rental housing, including CHDO set-aside: \$1,225,512 (This is expected to be augmented by an anticipated \$2 million roll-over from previous years).
- Owner-occupied housing rehabilitation: \$3,000,000

It is anticipated that some funding in the approximate amount of \$2 million will be rolled over from previous HOME allocations and added to the Rental housing and CHDO set-aside.

## *HOME Application Process*

The State will make available owner-occupied housing rehabilitation funds through a competitive application process. Notification of funds availability for HOME funds will be announced and will include information regarding project eligibility, maximum funding amounts, application requirements, etc.

Some of the HOME funds set-aside for rental development are expected to be utilized as gap financing in projects that are successful in securing a competitive Low-Income Housing Tax Credit (LIHTC) allocation. Any remaining funds may be made available through a competitive process. If CHDO funds remain available, a NOFA strictly for CHDO projects may be released.

Only applications that meet completeness requirements and minimum thresholds are considered for funding. Applications that meet minimum thresholds are underwritten based on the following criteria as relevant to

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the proposed activity: 1) market need/demand; 2) management/capacity; 3) budget/financial analysis; and 4) program design. Once it is determined that an application meets minimum underwriting standards, the application and underwriting results are forwarded to an ADOH funding panel for review. The funding review panel is comprised of senior ADOH staff members. Actual funding determinations are ultimately made at the sole discretion of the ADOH director.

ADOH will not utilize HOME resources for tenant-based rental assistance or for homeownership assistance in the form of down payment/closing cost or equity contributions. Additionally, the State does not intend to use HOME resources to refinance existing debt secured by multi-family housing that is being rehabilitated with HOME funds.

## *Performance Criteria New for 2012-2013*

Beginning with 2012-2013 ADOH will apply new performance “threshold” criteria. To be eligible to apply for State Housing Funds the applicant (and all of its team members, with the exception of the applicant’s consultant) must meet the following performance criteria on all SHF contracts on the date the application is received by ADOH:

- a. All reporting required by the Department is up to date.
- b. All monitoring findings have been cleared.
- c. Recipient is compliant with all current contracts.
- d. Recipient is in conformance with all original contract Schedules of Completions or has obtained ADOH approvals for revisions or amendments to their Schedules of Completion.
- e. For all previously funded projects environmental clearances have been obtained and scope of work has begun.
- f. Recipient has no current contracts in which project completion reports and data have not been submitted and accepted by the Department within 60 days of a final draw.
- g. Recipient has no contract in which funds have not been drawn for 9 months.

Recipients with contracts in their 24<sup>th</sup> or greater month:

- a. Performance: Scope of Work 100 percent complete and Contract Close-out Report received and approved.
- b. Expenditure Rates: HOME Funds 100 percent expended or de-obligated.

## **Other HOME Policies**

### *Forms of Investment and Leveraging Funds*

The investment of HOME funds will be provided to awarded recipients as grants and loans. No other forms of investment will be utilized for HOME funds.

With the HOME-funded rental development program, the applicant must directly invest a minimum dollar amount into the total project funding pool. Furthermore, for those HOME-funded programs that are designed as gap-financing products, the applicant must first obtain primary financing investments typically through a mortgage or construction loan provided by a banking/lending institution. These types of leveraged investment requirements allow limited HOME dollars to spread across the maximum number of projects/units.

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## *HOME Match*

The HOME program match liability is 25 percent (statutory requirement) of actual project expenditures during the program year, approximately \$1,173,753 million in 2012. The State currently has sufficient match that was carried over from previous years to meet its 2012 matching requirements. As needed, the State will supplement this with match funding from various sources.

## *HOME Resale and Recapture Provisions*

As outlined 24 CFR 92.254 of the HOME rule, there are provisions of resale or recapture. Although ADOH is not currently expending HOME funds for homebuyer activities, ADOH has chosen to use the recapture provision for HOME and/or matching funds to assist eligible homebuyers.

For homeownership programs, ADOH assistance shall be in the form of non-interest bearing, deferred payment loan secured by a deed of trust naming the state of Arizona as beneficiary. The assistance is forgiven upon completion of the affordability compliance period which is detailed in legal instruments associated with each homebuyer loan. If thru voluntary sale the housing does not continue to be the principal residence of the homeowner for the duration of the affordability period, the assistance will be repaid in its entirety from the net sale proceeds. If the net sale proceeds are not sufficient to recapture the full amount of assistance plus enable the homeowner to recover the amount of their down payment, ADOH will share the net proceeds. The net proceeds are the sales price minus loan repayment amount (other than ADOH funds) and closing costs. ADOH will permit the homeowner to recover the homeowner's initial down payment before recapturing ADOH assistance. If during the period of affordability, the owner fails to occupy the housing as principal residence, the assistance will be repaid in its entirety. The amount of ADOH assistance that is subject to recapture is based on the amount of assistance that enabled the homeowner to purchase the dwelling unit. This includes any assistance that reduced the purchase price from a fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e. the development subsidy).

In the case of foreclosure or transfer in lieu of foreclosure, the lender is allowed to take the property without the affordability restrictions. As stipulated in the HOME regulations, ADOH will repay the HOME account if the assisted housing fails to meet the affordability requirements for the full affordability period without regard to the term of any loan or mortgage or the transfer of ownership, even in the event of foreclosure, transfer in lieu of foreclosure, or assignment to HUD.

## *HOME Security Instruments*

Recapture restrictions shall be executed through one or more of the following instruments, depending on the type of first-mortgage instrument: 1) A due-on-sale provision inserted by a private mortgage lender with loan pre-payment penalties covering the amount of recapture as determined above. At the time of property transfer, pre-payment proceeds less processing costs due the state of Arizona shall be paid by the first mortgage lender. Due-on-sale provisions shall be executed through written agreements between the lender and the state of Arizona, and shall be accepted by the borrower at the time of first-mortgage loan origination; 2) land use restriction agreements and/or deed restrictions filed against the property acquired by the assisted homebuyer; and 3) Deed of Trust and Promissory Notes consistent with the non-interest HOME-financed loan filed on the property acquired by the assisted homebuyer.

## *Affirmatively Marketing, Fair Housing, and Minority Outreach (HOME Investments)*

ADOH is committed to making every effort to ensure that HOME investments conform to affirmative marketing practices. ADOH has partnered with Socialserve.com for providing information on HOME and other federally-funded rental units. Socialserve.com is available in both English and Spanish and contains the equal housing opportunity logo on each webpage. Any publications produced by ADOH providing

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information on HOME-assisted rental units also are available in multiple languages and include the equal housing opportunity logo.

Through continuous compliance monitoring, ADOH ensures those properties that receive HOME investment funds are meeting the affirmative marketing and fair housing requirements. The monitoring inspections look for and verify that the HOME-assisted complexes have the equal housing opportunity logo clearly visible in the main office and are utilizing advertisements that include the equal housing opportunity logo or statement. In addition to being placed in general audience media sources, advertisement need to be advertised through a minority media outlet including newspapers, radio or television to actively market to minority populations. Complexes should have brochures and/or leaflets with unit information on site in the leasing office and distributed in various locations throughout the community.

In addition to reaching the general public and large numbers of minority populations, recipients of HOME funds need to perform specific outreach efforts to those who would benefit from the assisted units but may not know how to apply. ADOH monitors HOME recipients' marketing efforts to key community places including: local community organizations, places of worship, social service centers, employment centers, medical service centers and fair housing groups/advocate agencies.

If any area of affirmative marketing is not being performed, ADOH staff provides technical assistance to management and/or ownership as they work toward compliance with affirmative marketing, fair housing and minority outreach requirements.

## *Minority Business Outreach*

ADOH requires all grantees to comply with procurement and labor standards requirements, including outreach to minority- and women-owned businesses. ADOH staff is available to provide technical assistance to any jurisdiction needing help identifying minority- or women-owned businesses. The State regularly compiles data on firms used by local jurisdictions to determine whether further outreach efforts are needed.

## EMERGENCY SOLUTIONS GRANT METHOD OF DISTRIBUTION

The State expects to receive \$1,615,732 in FY2012 ESG resources. ESG Funding for Outreach Activities and Emergency Shelter services will not exceed the greater of: (1) 60 percent of the recipient's fiscal year grant; or (2), the amount of FY 2010 grant funding allocated to homeless assistance activities.

## Method of Distribution

### *Administration*

The DES retains 7.5 percent, \$121,179 of the grant award for administrative costs.

### *Outreach Services*

Outreach Services funding will be used to engage the un-housed homeless population and encourage individuals experiencing homelessness to enter into Emergency Shelter or Permanent Housing. Additionally, these awards may be used for essential services or other activities that work to provide pathways to Permanent Housing for individuals and families experiencing homelessness. A total of \$161,573 or 10 percent of available funding will be dedicated Outreach activities.

Outreach funds will be used to make, and continually develop, contact with unsheltered individuals and families who are experiencing homelessness and may be living in places not meant for human habitation. Additionally, providers receiving these funds will work to provide basic human services including connection

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to health and mental health services until shelter can be provided. Providers will connect individuals with mainstream resources, conduct assessments, and develop case plans to the extent that is possible.

## *Emergency Shelter*

Emergency Shelter funding will be used to provide immediate shelter for individuals and families experiencing homelessness, conduct assessments to determine their level of need and develop case plans. Funds to support essential services are provided to work directly with individuals and families experiencing homelessness in order to promote independent living and self-sufficiency as rapidly as possible. Emergency Shelter funds are also used to support general Shelter operations such as maintenance, security, fuel, insurance, food and supplies. A total of \$622,057 or 38.5 percent of available funds will be dedicated for Emergency Shelter services.

## *Homelessness Prevention*

ESG funds will be used to support Homeless Prevention activities primarily provided in the 13 counties that make up the Balance of State. Housing relocation and stabilization services for qualifying individuals and families at risk of homelessness can include payments to housing owners, utility companies and other third parties for the following costs: rental assistance and utility payments, including up six months of utility arrears. In cases of foreclosure or eviction, payments can include rental application fees, security deposits, last month's rent and utility deposits to stabilize housing for qualified individuals and families at risk of becoming homeless if relocation and housing assistance were not available. A total of \$258,517 or 16 percent of available funds will be dedicated to Homeless Prevention.

## *Rapid Re-Housing*

Rapid Re-Housing provides relocation and stabilization services for homeless individuals and families including payments to housing owners, utility companies and other third parties for the following costs: rental application fees, security deposits, last month's rent, utility deposits, utility payments, including up six months of utility arrears to support homeless individuals and families in order to move as quickly as possible into permanent housing and to achieve stability in that housing. A total of \$371,619 or 23 percent of available funds will be dedicated to Rapid Re-Housing programs.

## *HMIS*

Up to 5 percent, \$80,787 of the total ESG funding will be set aside annually to fund projects or service enhancements that will lead the State's Continuums of Care towards the ability to provide Centralized or Coordinated Intake, including tracking and reporting assessment data, provision of training to users and providing combined statewide data reporting to monitor program effectiveness.

## *Other*

### *Ending Chronic Homelessness*

DES may designate ESG funds for special projects targeting chronic homeless such as Project H3, and Project H3 Vets in Maricopa County and the 51 Homes project in Pima County which mirror the nationally recognized 100,000 Homes Campaign. Special project funding will be reserved for sustainable community based efforts and demonstration projects to address and ultimately end chronic homelessness.

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## Other ESG Policies

### *ESG Match*

ESG funds require a 100 percent match. Federal regulations allow the first \$100,000 expenditure of ESG to be unmatched. The total minimum match that will be provided for the ESG grant is \$1,515,732. Matching funds are provided in a variety of ways including any Federal source other than ESG as well as state, local and private sources of funding as long as the source of those funds does not prohibit those funds from being used to match ESG and ESG funds are not being used to satisfy the matching requirements. Matching funds can also include non-cash contributions that would have been allowable costs under ESG, services provided by individuals up to the value that the recipient organization would have had to pay for those services and program income used to pay for the costs otherwise eligible for ESG funding. Match Sources will include CSBG which provides rent and utility assistance, TANF which provides emergency housing, rent and utility assistance for families with children and LIHEAP which provides utility assistance. Sub-recipients will be required to track and report on amounts and use of these funds as well as cash, non-cash and In-Kind contributions.

### *ESG Contract Renewals*

Updated budgets, certifications, and descriptions of activities to be funded by ESG will be submitted to the DES for the renewal period. The updated information submitted will be reviewed and approved, where necessary to assure compliance with ESG requirements. Renewal contracts with governmental entities and nonprofit organizations will begin July 1, 2012.

The DES will award contracts every three years through a competitive request for proposal (RFP) process. Proposals will be reviewed by a panel comprised of internal staff, Continuums of Care and Community partners. Proposals will be assessed using the rating system published in each RFP. The rating system may include service methodology, experience and expertise, cost, and other factors deemed relevant.

### *ESG Geographic Funding Objectives*

ESG funding will be targeted to provide Outreach Services, Emergency Shelter Services, Homeless Prevention and Rapid Re-housing services and HMIS assistance statewide. ESG funding for Homeless Prevention and Rapid Re-housing will be primarily focused on the 13 counties that make up the Balance of State.

## HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS METHOD OF DISTRIBUTION

The HOPWA allocation for FY2012 is \$230,334.

### *Administration*

A total of 10 percent of the grant award will be used for administration. 3 percent will be used by ADOH and 7 percent will be used by project sponsors.

### *Program Activities*

The remaining 90 percent of the grant award will be spent on direct service provision. ADOH will contract with nonprofit organizations to administer the HOPWA program within the thirteen non-entitlement counties. Contracts with nonprofits will be reviewed periodically, with additional proposals solicited as necessary. Project sponsors are selected by ADOH after extensive outreach efforts to local governmental entities, non-profits, and grassroots organizations.

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In FY2012, ADOH will contract with Mohave County Community Services (MCCS), Northland Cares and a new sub-grantee, Northern Arizona Regional Behavioral Health Authority (NARBHA) to administer the HOPWA program within six of the thirteen non-entitlement counties. MCCS and Northland Cares have been administering HOPWA for several years and administer the Ryan White funding in addition to HOPWA. NARBHA is a private, not-for-profit managed care corporation who was contracted by ADOH to increase services in Navajo and Apache counties through tenant based rental assistance (TBRA).

Mohave County Community Services (MCCS) serves Mohave County. They provide supportive services and tenant based rental assistance. (TBRA) Northland Cares, a non-profit, grass-roots organization serves, Coconino, Gila, and Yavapai counties. They provide supportive services and short term rental, mortgage and utility assistance (STRMU). With improvements in drug therapies and medical care reducing the number of deaths from AIDS, there are now more people living with the HIV disease than ever before. Therefore the possibility of adding a provider for the southwestern part of the state is being explored.

## *Outcomes*

In the FY2012, approximately 114 people are anticipated to be served using available HOPWA funds. Two thirds of the funding will be spent for housing assistance, most for tenant based subsidies, while the remaining one third will be spent for supportive services.

## NEIGHBORHOOD STABILIZATION PROGRAM 1 METHOD OF DISTRIBUTION

ADOH received \$38.3 million in NSP1 funds which it is using to assist multi-family and single family properties.

### *Administration*

ADOH is using \$1,457,738 (3.8%) for administration of the program.

### *Program Activities*

ADOH established financing mechanisms for the purchase and redevelopment of foreclosed single-family homes and residential multi-family properties. For single-family properties ADOH invested \$36,912,466 into a statewide Soft Second Loan financing program used to assist homebuyers at or below 120% of Area Median Income in the purchase of foreclosed and vacant single family property with emphasis on those located in census tracts with a HUD foreclosure Risk Score of 7 or greater. For multi-family properties ADOH invested \$9,651,606 in the redevelopment of foreclosed and/or vacant and/or blighted multifamily properties; giving priority to properties in portfolios owned or guaranteed by HUD, Rural Development or other similar federal guarantors, as well as properties identified by Direct Grantees. ADOH directly selects for redevelopment foreclosed and/or vacant and/or blighted multifamily properties that are consistent with the preservation strategies outlined in the State's Fourth Year Annual Action Plan.

For NSP-assisted rental units, the required affordability period will be consistent with the requirements of the HOME program as described in Chapter 4 of the State Housing Fund Program Summary and Application Guide. ADOH will ensure continued affordability of multi-family units thru recording of conditional property use restrictions with a term equal to at minimum, the affordability requirements of the HOME program the term of which is based on the amount funds invested per unit. For NSP-assisted single family units, the required period will be consistent with the requirements of the HOME program as described in Chapter 3 of the State Housing Fund Program Summary and Application Guide: ADOH will secure financing mechanism assistance thru a Promissory Note and recorded Deed of Trust with a term equal to the affordability periods as defined by the HOME program which is based on the amount of assistance per unit. The recorded documents will ensure continued affordability of the assisted housing units. ADOH will allocate at least 25 percent of its NSP1 funding allocation to housing for individuals and families with

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incomes at or below 50 percent of the area median income. To specifically address local housing market conditions, ADOH may rehabilitate or redevelop abandoned or foreclosed residential property, and vacant or demolished residential property to meet its low income targeting goals.

## *Outcomes*

It is anticipated that over 900 households will purchase homes and three multi-family projects will be assisted totaling approximately 200 units. Households having incomes less than 50% AMI or less will constitute at least 25% of the total assisted with NSP1.

## NEIGHBORHOOD STABILIZATION PROGRAM 3 METHOD OF DISTRIBUTION

ADOH received 5 million in NSP3 funds from HUD which it will use to assist multi-family developments.

## *Administration*

ADOH is using \$140,000 (2.8%) for administration of the program.

## *Program Activities*

ADOH is investing approximately \$4,860,000 of its NSP3 Allocation in the redevelopment of foreclosed, vacant or blighted multifamily properties. ADOH will distribute its NSP3 funds in accordance with the requirements of Section 2301(c)(2) of HERA, as amended by the Recovery Act and the Dodd-Frank Act, so that NSP3 funds are distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the State as likely to face a significant rise in the rate of home foreclosures.

After analyzing the market data collected from the various data sources, ADOH identified the areas that have the best potential to be NSP target areas. ADOH analyzed the supply of single and/or multi-family eligible properties vs. demand to adequately understand the potential challenges of each identified area. For example, target areas that could substantially promote the State's goals of increasing property values, decreasing the number of dilapidated and/or vacant units, enhancing affordability of housing, increasing availability of rental housing and building capacity of local developers, were placed at the top of the list.

Target areas that were immediately identified, and that are listed on the State's Project Summary for NSP3 are as follows:

Florence, AZ; Casa Grande, AZ; Rio Rico, AZ; San Carlos, AZ; Kearny, AZ; Elvira, AZ; Tsailie, AZ; Tuba City, AZ; Golden Valley, AZ; Coolidge, AZ; Phoenix, AZ.

ADOH will allocate at least 25 percent of its NSP3 funding allocation to housing for individuals and families with incomes at or below 50 percent of the area median income. To specifically address local housing market conditions, ADOH may rehabilitate or redevelop abandoned or foreclosed residential property, and vacant or demolished residential property to meet its low income targeting goals.

ADOH may directly select for redevelopment foreclosed, vacant or blighted multifamily properties that are consistent with the State's preservation strategies. Funds may be allocated as gap financing to supplement an award of Low Income Housing Tax Credits, meeting all NSP3 eligibility requirements.

In order to carry out this Activity, ADOH, to the maximum extent feasible, will provide for the hiring of employees who reside in the vicinity of the NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of any such project. ADOH will look to information on existing local ordinances to address these requirements.

# FY 2012 ACTION PLAN

## Outcomes

It is anticipated that three multi-family projects will be assisted totaling 300 units.

## HOMELESS PREVENTION AND RAPID RE-HOUSING PROGRAM METHOD OF DISTRIBUTION

ADOH received \$7,033,520 in HPRP funds which it is using to provide homeless prevention and rapid re-housing services in Arizona.

## Administration

The Arizona Department of Administration will use \$34,917, ADOH will use \$158,458 and service providers will use \$158,458 for administration.

## Program Activities

The HPRP program will utilize existing service providers to deliver homeless prevention and rapid re-housing services within the local rural continua and continua in Maricopa and Pima Counties to address the types of eligible activities that are most needed for that area. The distribution of funds is expected to be approximately 80-90% rural and 10-20% urban. HPRP funding will be used as follows:

<b>HPRP Estimated Budget Summary</b>			
	<b>Homelessness Prevention</b>	<b>Rapid Re-Housing</b>	<b>Total Amount Budgeted</b>
Financial Assistance <sup>1</sup>	\$ 3,399,332	\$ 1,345,300	\$ 4,744,632
Housing Relocation and Stabilization Services <sup>2</sup>	\$ 1,126,509	\$ 668,943	\$ 1,795,452
<b>Subtotal</b> (add previous two rows)	<b>\$ 4,525,841</b>	<b>\$ 2,014,243</b>	<b>\$ 6,540,084</b>
Data Collection and Evaluation <sup>3</sup>			\$ 141,761
Administration (up to 5% of allocation)			\$351,675
<b>Total HPRP Amount Budgeted<sup>4</sup></b>			<b>\$7,033,520</b>

<sup>1</sup>Financial assistance includes the following activities as detailed in the HPRP Notice: short-term rental assistance, medium-term rental assistance, security deposits, utility deposits, utility payments, moving cost assistance, and motel or hotel vouchers.

<sup>2</sup>Housing relocation and stabilization services include the following activities as detailed in the HPRP Notice: case management, outreach, housing search and placement, legal services, mediation, and credit repair.

<sup>3</sup>Data collection and evaluation includes costs associated with operating HUD-approved homeless management information systems for purposes of collecting unduplicated counts of homeless persons and analyzing patterns of use of HPRP funds.

## Outcomes

ADOH expects to assist 4,500 individuals with homeless prevention and rapid re-housing activities.

# FY 2012 ACTION PLAN

## GEOGRAPHIC DISTRIBUTION OF FUNDS

The ADOH distributes funding across the state to many agencies under each of the program categories. Therefore, geographic distribution of activities is widely varied, but program funds are targeted for low-income persons and/or take place in or near a low-income area. The location of an activity largely depends on the type of activity.

As a function of its planning processes, the ADOH routinely considers economic and statistical data in its analysis. Arizona's areas of highest minority household concentration lie along Arizona's border with Mexico and on Arizona's 22 Indian reservations. ADOH directs all its resources statewide with the exception of HOPWA & CDBG.

Arizona is one of the four states with communities that meet the definition of colonias. HUD and the United States Department of Agriculture (USDA) define colonias as non-metropolitan, unincorporated neighborhoods and incorporated communities within 150 miles of the US-Mexico border in California, Arizona, New Mexico, and Texas that lack sewer, water or decent housing – or a combination of all three. Eligible colonias will be encouraged to participate in the application round for colonias set aside funding.

ADOH makes all of its programs available to eligible low- and moderate-income residents regardless of sex, race, religious background, or disability. As a result, all programs will be available to residents statewide through local governmental and non-profit organizations.

## REMOVAL OF BARRIERS TO AFFORDABLE HOUSING

The primary barrier to affordable housing development remains the gap between housing costs and incomes. Over the past few years, Arizona has suffered a major downturn of the economy, especially for its principal industries – tourism and construction. At the same time the financial crisis, compounded by double-digit rates of unemployment, has contributed to Arizona experiencing the second highest rate of foreclosures in the country. Even with the loss of as much as 50 percent of housing values since 2008, the lack of sufficient incomes of the workforce available to purchase homes or rent apartments is a substantial barrier to the production of new affordable housing. Simply, there is little market incentive for investors to risk producing new housing until the employment picture improves in the state. These complexities and challenges were noted in the ADOH's 2010-2014 Consolidated Plan.

Other barriers to affordable housing include:

- Tight credit environment;
- Regulatory barriers and public policies;
- Lack of knowledge of fair housing laws; and
- Barriers on reservations/tribal lands.

ADOH is committed to removing or reducing barriers to affordable housing whenever possible and has recommended the following policies and actions to address barriers;

# FY 2012 ACTION PLAN

- Provide professional education and technical assistance to local governments to address barriers to housing affordability. ADOH staff in all program areas are available to provide technical assistance upon request. Additionally, ADOH offers training on housing and community related issues annually thru its Housing Forum held each September.
- Fund ongoing Fair Housing Education.

## FOSTER AND MAINTAIN AFFORDABLE HOUSING

ADOH will continue to foster and maintain affordable housing in Arizona through multiple programs designed to provide low- and moderate income households with affordable and sustainable rental and ownership opportunities.

## INSTITUTIONAL STRUCTURE

### PLAN IMPLEMENTATION

ADOH is a department of Arizona state government. ADOH is headed by a Governor-appointed director who oversees all activities of the agency, including the provisions of this plan. The activities prescribed in the plan are implemented primarily by partners, including local governmental entities (towns, cities, counties), public housing authorities, non-profit and for profit entities, and tribal entities. Awards of state and federal grants and loans are based on the ability of an entity to demonstrate the capacity to undertake eligible activities through a written application process. ADOH works in conjunction with the four COGs to develop a plan for the targeting and distribution of CDBG funds.

### Non-Profit Agencies

ADOH provides funding to non-profit agencies located in Arizona that serve low-income households. These non-profits provide assistance for affordable low-income housing to special needs and homeless populations.

### Private Sector

The private sector is an important collaborator in the services and programs associated with the federal grants for housing and community development. 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.

### Tribal Communities

The state of Arizona has 22 federally recognized tribes located within the conformed boundaries of the state. 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. Tribes in Arizona vary in size from the largest federally recognized tribe, Navajo Nation, which is located in four states that include Arizona, Utah, New

# FY 2012 ACTION PLAN

Mexico, and Colorado, and totals 16 million acres and 280,000 in population. The smallest tribe in Arizona is the Tonto Apache, located in Payson with a current land base of 75 acres and a population of 122.

Within Arizona, 16 tribes currently receive a formula-driven grant known as 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. These funds are received on an annual basis by the tribe or tribal-designated housing entity and can be used for a number of activities.

## Arizona Public Housing Authority

ADOH operates the Arizona Public Housing Authority (PHA). Information derived from operating the PHA provides an accurate and recent view of public housing needs and trends for which planning efforts can be designed to address. The responsibilities entail administering a Housing Choice Voucher Program (HCVP) for Yavapai County. HCVP provides rental subsidy payments for approximately 124 very low-income households. Of the 124 vouchers, 35 are restricted to assist homeless veterans through the VASH Program. ADOH works closely with the Veterans Administration Medical Center to identify those in need. The Arizona PHA also has a competitively-awarded contract to operate the Section 8 project-based program throughout the state, which entails administering approximately 114 HUD-subsidized rental properties. Through this program, participating properties are subsidized, allowing very low-income tenants to pay approximately 30 percent of their incomes toward rent.

## Coordination

ADOH is committed to continuing its participation and coordination with federal, state, regional, and local agencies, as well as with the private and non-profit sector, to serve the needs of low-income individuals and families in the community.

## GAPS IN THE DELIVERY SYSTEM

The effectiveness of implementing activities by contracting with outside agencies is dependent upon the capacity of the agencies conducting the activities and the expertise of ADOH staff in administering the contracts. Each contract is assigned a Program Specialist to oversee the progress and distribute funding. The Program Specialist is the primary point of contact for the implementing agency. Gaps in delivery exist most often at the implementation level. ADOH staff works collaboratively with local contracting organizations to remove gaps in the delivery system of provision of services and successful completion of projects.

## GAPS IN PUBLIC HOUSING

While ADOH and the PHA do not own or manage any public housing, the PHA has monitoring and compliance oversight of approximately 114 federally-financed properties (through a competitively awarded contract from HUD) and 124 Section 8 Housing Choice Vouchers. The HCVP administered by the agency is an extremely small program and one that requires in-kind contributions from the State to administer. ADOH encourages partnerships with local public housing authorities by making all of its resources available for them to access. ADOH will continue to encourage public housing authorities to develop new alternatives to public housing, as well as to preserve and modernize rental housing stock. In recent years, many public housing authorities have been increasingly successful in utilizing ADOH-administered housing tax credit resources for the expansion and preservation of housing stock.

# FY 2012 ACTION PLAN

## ANTI-POVERTY STRATEGY

ADOH has an anti-poverty strategy that is based on revitalizing the state of Arizona's existing housing stock to provide safe and decent places to live, and supporting community organizations and local agencies that provide various services that promote income and housing stability.

ADOH's approach for reducing the number of poverty level families includes: (a) addressing the needs engendered by poverty; (b) increasing the supply and availability of decent, safe, and affordable housing necessary for low income families; and (c) increasing the effectiveness of existing programs through better collaboration and increased efficiency of implementation. While ADOH is focused on the provision of affordable housing and needed community development programs and projects, especially in rural areas of Arizona, ADOH works with and encourages job retention, training, and creation through the use of programs by other state agencies, local jurisdictions and non-profit organizations.

Further, recognizing the collaborative relationship between affordable housing and human, social, and supportive services, ADOH has established – and continues to strengthen – partnerships with the DES, the Community Services Administration, the Family Assistance Administration, the Aging and Adult Administration, the Arizona Early Intervention Program, the Arizona Department of Health Services, the Arizona Health Care Cost Containment System, the Arizona Department of Veterans Services, the Arizona Commerce Authority and the Governor's Office for Children, Youth, and Families.

## LEAD-BASED PAINT HAZARD REDUCTION

ADOH has adopted long-term goals to promote affordable housing and community development. These goals, as applied to lead-based paint hazards, become ADOH's lead-based paint strategy. Arizona's strategy objectives are:

- Collaborate with local cities and counties to reduce housing-related lead-based paint hazards, especially for low-income families and children.
- Review its residential rehabilitation guidelines to include a risk assessment for lead-based paint being part of every home inspection.
- ADOH will refer families with children to 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.

In recent years, ADOH has undertaken a wide range of activities to address the problem of lead-based paint in the housing stock. The Arizona Lead Poisoning Screening Coalition and the Arizona Department of Health Services recommends screening children six 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 are living in substandard housing.

# FY 2012 ACTION PLAN

In FY2012, ADOH plans to fund lead-based paint hazard reduction primarily through housing rehabilitation programs for owners and renters.

## MONITORING PLAN

The state of Arizona has developed a monitoring system to ensure that the activities carried out in furtherance of the Plan are done so in a timely manner in accordance with the federal monitoring requirements of 24 CFR 570.501(V) and 24 CFR 85.40 and all other applicable laws, regulations, policies, and sound management and accounting practices. The objectives of the monitoring plan are described in more detail in the 2010-2014 Consolidated Plan.

## COMMUNITY DEVELOPMENT BLOCK GRANT MONITORING PLAN

ADOH staff conducts desk monitoring during all phases of each project based on a combination of a risk analysis and random sampling. Documented desk monitoring includes a detailed application review of national objectives, eligible activities, cost reasonableness, anti-speculation, citizen and public participation and certifications; requests for payment; environmental review; procurement and contracting; acquisition; construction bids/contracts; labor standards including weekly payrolls and employee interviews; Section 3; housing rehabilitation guidelines; homeownership assistance guidelines; and, sub-recipient agreements, closeout reports, and audits. Grantees are notified, in writing regarding result of the review, compliance and/or due dates for corrective steps.

Through the pre-award assessment process, recipients are informed of expectations and requirements of the contract and may require a contract set up meeting. Repeat recipients who have demonstrated good capacity for project delivery and expenditure may not require a contract set up meeting. Throughout the contract period, staff is available to provide technical assistance to the recipients as necessary.

In addition to desk review of documentation such as progress reports, procurement procedures, Environmental Review Records, etc., staff typically schedules at least one site visit for each recipient on an annual basis. However, for some CDBG projects it is unnecessary to perform more than one on-site monitoring due to the scope of the project (i.e. purchase of fire equipment or public service activities such as staffing salaries for a domestic violence shelter, etc.). Staff will also conduct an on-site monitoring visit as part of a contract close-out.

The on-site visit consists of a one- or two-day visit to the recipient agency to review records, inspect the project's progress in completing required activities, and meet with staff responsible for the project. On-site monitoring visits include the following components: entrance/exit conferences, documentation/file review, and viewing of the project (as applicable). Within 30 days of an on-site monitoring visit, staff will provide written monitoring comments to the recipient in the form of a follow-up letter. The letter includes, at a minimum, the date of review and those present during the review, results of the monitoring (satisfactory performance, concern, or finding), a statement describing the basis for each conclusion, instructions on what the recipient must do to address any area of concern or finding, and a deadline by which the recipient must respond. In extreme cases of noncompliance, staff must determine that an additional on-site monitoring visit is necessary before an issue can be adequately resolved. In all cases, staff will work with recipients to come to a satisfactory resolution.

# FY 2012 ACTION PLAN

## HOME INVESTMENT PARTNERSHIPS PROGRAM MONITORING PLAN

ADOH staff conducts desk reviews and on-site monitoring of recipients of HOME funds to assure compliance with applicable laws, regulations, and policies that govern the program. During 2012, recipients will submit bi-monthly reports regarding the program/project progress, as well as federally-mandated reporting information such as matching contributions, contracts let to minority and women owned businesses, and statistics on any relocations.

As part of on-going technical assistance to recipients, staff is available to meet with recipients as necessary. Recipients who have not previously contracted with the ADOH for funding or who are engaging in a new activity may be required to attend a pre-contract meeting. Staff also makes themselves available for additional meetings and technical assistance visits as necessary throughout the open contract period.

In addition to reviewing bi-monthly reports, staff schedules at least one onsite visit for each recipient of HOME dollars on an annual basis. Since most HOME contracts are typically open from a period of 12 months to two years, most contracts will receive at least two monitoring visits – one of which is scheduled when the project or program is near or at completion. Each monitoring visit generally involves a one-to-two day visit to the recipient agency to review records, inspect the program/project's progress in completing required activities, and to meet with staff responsible for the HOME funded program/project.

On-site monitoring visits shall include the following components: entrance/exit conferences, documentation/file review, and viewing of the project (as applicable). Within 30 days of an on-site monitoring visit, staff will provide written monitoring comments to the recipient in the form of a follow-up letter. The letter shall, at a minimum, include date of review and those present during the review, results of the monitoring (satisfactory performance, concern, or finding), a statement describing the basis for each conclusion, instructions on what the recipient must do to address any area of concern or finding, and a deadline by which the recipient must respond. In extreme cases of non-compliance, staff shall determine that an additional on-site monitoring visit is necessary before an issue can be adequately resolved.

Staff will work with recipients to the greatest extent possible to come to a satisfactory resolution in areas where recipients are in non-compliance or when on-site monitoring visits have resulted in findings. Deadlines are set and recipients are expected to bring their program/project into compliance. ADOH exhausts all possible avenues to bring a recipient's contract into compliance, but the matter may be determined by the Department to be an "unresolved issue" or "out of compliance." Any recipient with an "unresolved" or "out of compliance" issue may be barred from further funding from the State Housing Fund program (HOME and/or Housing Trust Funds). A recipient who has been barred from future funding due to "unresolved" or "out of compliance" issues may appeal the decision in one of two ways: 1) by resolving the issue to the ADOH's satisfaction, or 2) providing a detailed plan of action in the area(s) of concern that describes the procedures to recipient put into place to alleviate any future possibility of non-compliance. ADOH, in its sole discretion, may reject such plans of action if it is deemed insufficient in alleviating the Department's concerns about future performance and compliance.

## EMERGENCY SOLUTIONS GRANT MONITORING PLAN

The DES will review contracts and validate for environmental clearance prior to providing approval and expenditure and reimbursement of ESG funds. For new ESG agencies contracting with DES, an on-site visit will be conducted after the contract is awarded. ESG resources and program reports are monitored quarterly. Quarterly program reports attached to fiscal claims for reimbursement are designed to capture client data, average number of bed nights, activities, fiscal expenditures billed, and types, and sources of match. A formal desk review will be completed annually and a written report prepared with findings and recommendations identified for corrective actions, if necessary. At least every three years, each ESG provider will receive a

# FY 2012 ACTION PLAN

monitoring site visit and a written report prepared with findings and recommendations for corrective actions, if necessary. Completion of corrective actions with specific timelines for completion are required and verified by DES.

## HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS MONITORING PLAN

ADOH contracts and monitors for compliance with annual performance relative to HOPWA requirements. On-site visits are conducted and program reports are required on an annual basis. Program reports are designed to capture client data, and activities, while fiscal expenditures are billed monthly. Annually each HOPWA grantee receives an on-site monitoring visit and a written report with finding and corrective actions, if necessary. This visit also provides an opportunity for on-site programmatic technical assistance. Completion of corrective actions with specific timelines for completion are required and verified by the Department.

# FY 2012 ACTION PLAN

## APPENDIX A – PUBLIC COMMENT AND RESPONSE

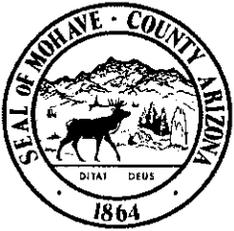
### Public Participation

ADOH staff encouraged citizen participation throughout the development of the Consolidated Plan by consulting local organizations, holding public meetings and encouraging public comment during the public review period. A public hearing was held on February 29, 2012 prior to drafting the 2012-2013 Action Plan to receive comments on housing and community development needs in the state. A draft of the 2012-2013 Action Plan was made available to the public for comment for a 30 day period beginning April 1, 2012 and ending May 1, 2012. During this comment period a second public hearing was held on April 19, 2012 to discuss the draft plan. Notices for the public hearings were posted on the ADOH website and advertised in the following papers at least 7 days prior to the meetings: Arizona Republic, Kingman Daily Miner, Arizona Daily Sun (Flagstaff), Yuma Sun and the Arizona Daily Star (Tucson). The same notices were sent by email to partner communities, counties, regional councils of government, non-profit and for-profit entities. ADOH staff formulated the objectives and outcomes that are briefly described below.

### Public Comment and Response

In the first draft of the Consolidated Plan ADOH had proposed to limit the number of CDBG applications that could be submitted for the CDBG Regional Account. ADOH proposed that local governments submit only one application and that county government submit no more than 3. ADOH received written comments by mail/email and verbal comments in two public hearings both in support and in opposition of this proposal, however, most in opposition. ADOH stated the purpose of the proposed limit was to eliminate the problem that a significant amount of CDBG funds were remaining unspent as a result of delayed and problematic projects. This is due to poor planning and lack of recipient capacity. Those opposed to the proposal indicated that the problem of capacity should be addressed on an individual community basis as opposed to a broad policy basis. Those opposed to the new limit favored, overall, the application of performance criteria which could be used to determine the ability of communities to undertake multiple projects. In response to this ADOH rescinded application limits and instituted performance criteria outlined on page 18. Other comments received are attached.

The following correspondence was received by ADOH.



## Mohave County Community Services Department

~ 700 W. Beale Street  
Mailing: P O Box 7000  
Kingman, AZ 86402  
Tele: (928) 753-0723  
Fax: (928) 753-0776  
TDD: (928) 753-0726

~ 1355 Ramar Road, Suite 3  
Bullhead City AZ 86442  
Tele: (928) 758-0702  
Fax: (928) 758-0737

~ 2001 College Drive, Ste 122  
Lake Havasu AZ 86403  
Tele: (928) 453-0710  
Fax: (928) 453-0728

4/28/2011

Andrew Rael, Assistant Deputy Director  
Arizona Department of Housing  
1100 West Washington, Suite 310  
Phoenix, Arizona 85007

RE: Housing and Community Development Needs Public Hearing

Dear Mr. Rael:

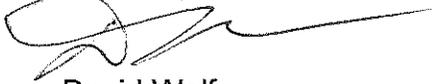
Unfortunately we will not be able to attend the public hearing to discuss the above for non-metropolitan areas of the state, however I wanted to share with you some of the needs in Mohave County. These needs have been identified in our CDBG Public Hearing for 2012 and from our experience in operating low income and special needs housing programs.

- With the reduction in CDBG and HOME funds, there is a need for identifying other funding sources for community projects and coordination between those funding sources. Perhaps technical assistance can help address this situation. Also there is need to re-establish the Housing Trust Fund to fund emergency assistance projects.
- With the end of HPRP and still lagging economic recovery with high unemployment, there is a need for a state program such as Eviction Prevention and Emergency Housing Assistance (EPEH) and the re-establishment of the Housing Trust Fund.
- There are needs for increased services and permanent housing assistance for homeless veterans.
- There is a need for the development of zero bedroom and one bedroom low-income housing projects in Kingman and Lake Havasu. Particularly there is a need for these development projects to include utilities in the rent so that they can be accessed by our clients who are disabled but currently have no income.
- We support ADOH's limiting CDBG funding in last year's Action Plan to high and medium priority projects and would like to see further emphasis on projects that provide housing rehabilitation and emergency assistance as homelessness prevention measures.
- There is continued need for homeowners foreclosure prevention assistance to include mortgage restructuring and buy downs. Finding lenders locally to work with the program has been an issue.

- There is a continued need for programs such as the Mortgage Revenue Bond Program that offers down payment and closing cost assistance to income eligible buyers. This is essential at a time when lenders are imposing cash requirements far above FHA on potential homebuyers while at the same time there is a glut of vacant foreclosed homes on the market further depressing the local market and destabilizing neighborhoods.
- There is a need for more Section 8 vouchers for low income particularly for families that have been negatively impacted by economy.

Thank you for the opportunity to express these needs for Mohave County. If you have any questions, please contact me at (928)753-0723.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Wolf', with a long horizontal flourish extending to the right.

David Wolf  
Housing & Community Revitalization Manager  
Enc.



## Mohave County Community Services Department

700 W. Beale Street  
Mailing: P O Box 7000  
Kingman, AZ 86402  
Tele: (928) 753-0723  
Fax: (928) 753-0776  
TDD: (928) 753-0726

~ 1355 Ramar Road, Suite 3  
Bullhead City AZ 86442  
Tele: (928) 758-0702  
Fax: (928) 758-0737

~ 2001 College Drive, Ste 122  
Lake Havasu AZ 86403  
Tele: (928) 453-0710  
Fax: (928) 453-0728

4/28/2011

Andrew Rael, Assistant Deputy Director  
Arizona Department of Housing  
1100 West Washington, Suite 310  
Phoenix, Arizona 85007

RE: Arizona Department of Housing (ADOH) FY 2012 Action Plan Comments

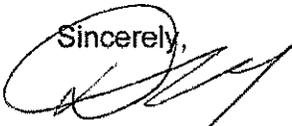
Dear Mr. Rael:

Thank you for the opportunity to comment on the department's draft Annual Action Plan for FY 2012. Generally, we are very supportive of the objectives outlined by ADOH and the leadership role that the department has exercised in representing the housing and community development needs of the non-entitlement communities.

However, the Mohave County Community Services Department does not favor the change to the State CDBG program delineated on p. 11 of the draft that would limit the number of applications to one project for each community and 3 projects for a county. We feel that the number of applications should be a local government decision based upon local needs and priorities. ADOH has already limited funding to high and medium priority projects and this action combined with recent reductions in funding should limit the number of applications submitted to a realistic level.

Thank you for your consideration.

Sincerely,

  
David Wolf  
Housing & Community Revitalization Manager

cc: Susie Parel-Duranceau, Director  
Barbara Blythe, Grants Coordination Specialist  
Brian Babiars, WACOG Executive Director

## Andrew Rael

---

**From:** Kathy Blodgett  
**Sent:** Wednesday, February 29, 2012 1:18 PM  
**To:** Ryan Judy  
**Cc:** Andrew Rael; Isabel Rollins  
**Subject:** RE: Annual Action Plan changes

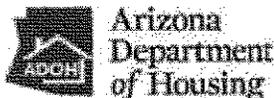
Ryan,

Thank you for your support and I appreciate that you have shared your comments. I will share them with the appropriate persons and we will consider them during our development of the Action Plan.

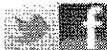
The draft plan will be posted to our website for public comment from April 1 thru May 1 in case you have additional comments you would like to make.

Thanks again,

**Katherine E. Blodgett**  
CD&R Programs Administrator



1110 W. Washington St., Suite 310  
Phoenix, Arizona 85007  
Direct 602.771-1021; Main 602.771-1000; Facsimile 602.771-1029  
[www.azhousing.gov](http://www.azhousing.gov)



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**From:** Ryan Judy [mailto:RJudy@pvaz.net]  
**Sent:** Wednesday, February 29, 2012 10:01 AM  
**To:** Kathy Blodgett  
**Cc:** Toni Lombardozzi  
**Subject:** Annual Action Plan changes

Hi Kathy,

I had intended to attend the public hearing in Phoenix today and say a few comments regarding the proposed changes to the Annual Action Plan, but I can't break away. I did, however, want to support the proposal you are discussing to limit communities in the regional application round to submit ONE application for funding.

I have administered a couple of these grants from start to finish, including application, environmental review, procurement, labor standards, financial management, and closeout! ☺ While worth the money in these lean times, these projects are extremely time consuming and I do this in addition to my "day job." We are down nearly 25% in staffing levels from 4 years ago and had furloughs on top of that. At our recent meeting to prioritize projects for our

regional application, I was concerned that they would pick several projects and I frankly didn't have the time to administer that many. Luckily, they just selected one and we will be proceeding with that application.

It can also be very politically sensitive for governing boards and councils to have to declare some winners and some losers when allocating funds. Having the ability to select only one project will winnow the field somewhat and reduce that pressure. They are typically all very worthy causes, there just isn't enough money to go around.

I hope you will consider these comments in revising the Annual Action Plan and thank you for all you do.

Thanks!

Ryan



Ryan Judy  
Deputy Town Manager  
Town of Prescott Valley

(928) 759-3104 (work)  
(928) 759-3125 (fax)  
[www.pvaz.net](http://www.pvaz.net)





125 N 2<sup>nd</sup> Street, Suite 110, #111  
Phoenix, AZ 85004  
February 29, 2012

Andrew Rael  
Assistant Deputy Director, Programs  
Arizona Department of Housing  
1110 W Washington Street, Suite 310  
Phoenix, AZ 85007

Dear Mr. Rael,

Thank you for the opportunity to provide input to the 2012-2013 Annual Action Plan. Arizona is a large state with two-thirds of its counties classified as rural. Some of the state's highest rates of poverty and unemployment are found in our rural areas. Yet rural areas usually have less access to resources to address their problems. It is critical that Arizona Department of Housing continue to meet the housing and community development needs of Arizonans in rural areas.

The Action Plan should promote as much **certainty** about future NOFAs and deadlines as far in advance as possible. Uncertainty about future funding requirements and less frequent funding rounds makes it difficult to plan and develop success projects that meet community needs.

We also hope that the Action Plan be as **inclusive** as possible. The Plan should strive to allow as many communities as possible to qualify for funding. For example, Pima and Maricopa counties have communities that would be considered rural based on population. In addition, all federally designated colonias should be included.

We hope that the Action Plan provides as much **flexibility** as possible. Arizona is a vast state with a diversity of rural communities, ranging from colonias to tribal communities, with almost 100 cities and towns in between. This diversity also creates a diversity of needs that can best be met by the local communities. For example, one community may have a high need for services for seniors while another community may have a high need for a wastewater system.

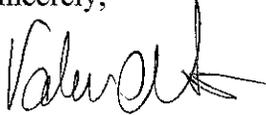
In regards to housing flexibility, each community should be able to decide the best way to meet its community needs. New construction may be most suitable in some communities for a variety of reasons. Some communities do not have existing multifamily projects; and if they do, those projects are substandard and not worth rehabbing. It is also more

difficult to obtain acquisition/rehab financing in rural communities. Lastly, relocation issues are especially difficult in rural areas.

Arizona Housing Alliance is a statewide affordable housing coalition that supports and advocates for quality housing that Arizonans can afford. We represent over 150 members from across the state.

Thank you for the opportunity to discuss the 2012-2013 Annual Action Plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Valerie A. Iverson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Valerie A. Iverson  
Executive Director

**From:** Isabel Rollins [Irollins@nacog.org]  
**Sent:** Thursday, March 01, 2012 12:12 PM  
**To:** Kathy Blodgett  
**Cc:** Andrew Rael  
**Subject:** RE: Annual Action Plan changes

Good Ryan! I have to say, however, he is the exception and not the rule! I had comments from several other people which were the opposite. But who knows if you'll hear from them? Ironically, Prescott Valley has the best capacity of any of the NACOG communities and needs the least help of anyone (and they are also the largest at over 40k population - almost an entitlement). It's the really rural places that are generally the challenge, but also who need the funding the most.

So, if it's not too late, my comment is:

Please don't limit projects to the extent that we are no longer able to fund planning, public services and equipment projects because they are too small and don't utilize an entire allocation. Retain as much flexibility in the program as possible so that the differing needs of our rural communities can be served. If you do limit the number of projects, please include a waiver process whereby an exception might be made if the community has shown it has the capacity to administer additional projects.

Thank you, Isabel

***Isabel Rollins***

Northern Arizona Council of Governments  
221 North Marina Street, Suite 201  
(Mailing) P.O. Box 2451  
Prescott, AZ 86302  
(928) 778-2692 phone  
(928) 778-1756 fax  
[irollins@nacog.org](mailto:irollins@nacog.org)

---

**From:** Kathy Blodgett [<mailto:Kathy.Blodgett@azhousing.gov>]  
**Sent:** Wednesday, February 29, 2012 1:18 PM  
**To:** Ryan Judy  
**Cc:** Andrew Rael; Isabel Rollins  
**Subject:** RE: Annual Action Plan changes

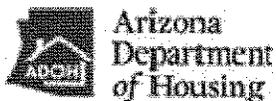
Ryan,

Thank you for your support and I appreciate that you have shared your comments. I will share them with the appropriate persons and we will consider them during our development of the Action Plan.

The draft plan will be posted to our website for public comment from April 1 thru May 1 in case you have additional comments you would like to make.

Thanks again,

**Katherine E. Blodgett**  
CD&R Programs Administrator



1110 W. Washington St., Suite 310  
Phoenix, Arizona 85007  
Direct 602.771-1021:l: Main 602.771-1000:l: Facsimile 602.771-1029  
[www.azhousing.gov](http://www.azhousing.gov)



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**From:** Ryan Judy [<mailto:RJudy@pvaz.net>]  
**Sent:** Wednesday, February 29, 2012 10:01 AM  
**To:** Kathy Blodgett  
**Cc:** Toni Lombardozi  
**Subject:** Annual Action Plan changes

Hi Kathy,

I had intended to attend the public hearing in Phoenix today and say a few comments regarding the proposed changes to the Annual Action Plan, but I can't break away. I did, however, want to support the proposal you are discussing to limit communities in the regional application round to submit ONE application for funding.

I have administered a couple of these grants from start to finish, including application, environmental review, procurement, labor standards, financial management, and closeout! ☺ While worth the money in these lean times, these projects are extremely time consuming and I do this in addition to my "day job." We are down nearly 25% in staffing levels from 4 years ago and had furloughs on top of that. At our recent meeting to prioritize projects for our regional application, I was concerned that they would pick several projects and I frankly didn't have the time to administer that many. Luckily, they just selected one and we will be proceeding with that application.

It can also be very politically sensitive for governing boards and councils to have to declare some winners and some losers when allocating funds. Having the ability to select only one project will winnow the field somewhat and reduce that pressure. They are typically all very worthy causes, there just isn't enough money to go around.

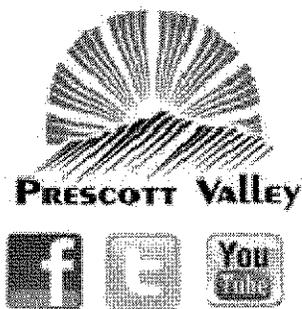
I hope you will consider these comments in revising the Annual Action Plan and thank you for all you do.

Thanks!

Ryan

---

Ryan Judy  
Deputy Town Manager  
Town of Prescott Valley



(928) 759-3104 (work)  
(928) 759-3125 (fax)  
[www.pvaz.net](http://www.pvaz.net)

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*City of Kingman*

310 NORTH FOURTH STREET • KINGMAN • ARIZONA • 86401 • 928 • 753-5561  
www.cityofkingman.gov

April 12, 2012

Andrew Rael, Assistant Deputy Director, Programs  
**ARIZONA DEPARTMENT OF HOUSING**  
1110 West Washington Street, Suite 310  
Phoenix, Arizona 85007

RE: Arizona Department of Housing (ADOH) FY 2012 Action Plan Comments

Dear Mr. Rael:

Thank you for the opportunity to comment on the department's draft Annual Action Plan for FY 2012. The City of Kingman is very supportive of the objectives outlined by the Arizona Department of Housing (ADOH) and the leadership role that the department has exercised in representing the housing and community development needs of the non-entitlement communities.

Since 1974, the Community Development Block Grant (CDBG) program has been a program designed to assist low and moderate income residents with projects that arise from the needs identified through the local public participation process. This public hearing process is an important element in the federal regulations.

The CDBG program is essential for providing the necessary assistance and care for the low and moderate income residents of our community. The City's partnership with ADOH in administering this vital program addresses a portion of the multiplicity of needs for this significant sector of our population.

The City of Kingman does not favor the proposed change to the State's CDBG draft Action Plan as stated on page 11 that will limit the City to a single project. The City looks upon this proposed change as a part of a disturbing trend to constrain and restrict local government decision-making in selecting CDBG projects to address local needs. The low and moderate income residents have many needs that the CDBG program can and does address. Projects that address particular sectors of our low and moderate income residents are important to the community as a whole and that population sector in particular. The housing rehabilitation program helps with some people with significant safe, decent, and sanitary housing needs. Street, water and sewer projects help neighborhoods and individuals receive adequate infrastructure. Projects targeted for senior citizens to have nutritious meals and socialization; youth to have a safe recreation and training venue; low and moderate income people in the workforce to receive marketable skills for immediate employment, individually do not require the full amount of a normal bi-annual allocation and can be successfully administered by the City.

Limiting cities to one project and counties to three projects will not reduce the administrative burden of ADOH. If this rule is adopted, the method of allocation of CDBG monies will simply result in all cities participating in the program annually rather than half of the cities participating bi-annually. ADOH will have the burden of continually coordinating the same number of projects but with more local governments at the same time. The quality and effectiveness of the projects will be reduced as a result of this proposed rule change.

The proposed waiver process significantly conflicts with the local public participation and selection process. Challenges to denied waivers become very controversial and are an administered nightmare for ADOH.

The government that is closest to the people is the most effective and accountable. Just as the States resist Federal mandates, the local governments find it very difficult to support more and more interference from the State government in local priority selection.

It appears that the premise for this proposed rule change is as a result of the State of Arizona's issues with budget cuts, staffing and service level reductions. As the State is aware, much of the State's revenue shortfalls have been made up by the Legislature reducing the state shared revenue funding to the local governments. This proposed rule change is another significant blow to local governments.

The City of Kingman believes in local control and that the number of projects should be a local government's decision based upon local needs and priorities. ADOH has already limited project eligibility from the federally authorized eligible projects and this action combined with recent reductions in funding should limit the number of applications submitted to a more realistic level.

If some local jurisdictions have performance and institutional administrative capacity issues, which the proposed waiver process seems to try to target, these issues should be dealt with directly by your agency rather than burdening all of the local governments with this proposed blanket policy.

Again, thank you for your partnership in addressing the needs of our low and moderate income citizens. We hope that this Action Plan will be amended to take in account our concerns and the identical concerns from other local governments around the State.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "John Salem". The signature is written in a cursive, flowing style.

John Salem  
Mayor



125 N 2<sup>nd</sup> Street, Suite 110, #111  
Phoenix, AZ 85004  
April 19, 2012

Andrew Rael  
Assistant Deputy Director, Programs  
Arizona Department of Housing  
1110 W Washington Street, Suite 310  
Phoenix, AZ 85007

Dear Andrew,

Thank you for the opportunity to provide comments to the Draft 2012-2013 Annual Action Plan. As pointed out in the Action Plan, Arizona continues to face significant economic challenges. High unemployment and foreclosures are having a disproportionate effect on our already challenged non-metropolitan areas. In addition, resources available for rural areas to address their housing and community development needs have been severely cut. It is important that Arizona Department of Housing (ADOH) be as strategic as possible with the scarce resources available for these non-metro areas.

#### **Funding Cuts Not Reflected in Project Goals**

In general, the state anticipates receiving \$15.4 million in total funding in 2012, a 22% decrease in funding from \$19.9 million received in 2011. Yet this deep cut in funding does not seem to be reflected in the number of projects outlined in Appendix B.

Significant cuts in CDBG (20% decrease) and HOME (39% decrease) should affect the number of projects in the Five-year Goal. Adjusting the goals provides realistic feedback to HUD on the effects of those cuts and creates realistic expectations for the Arizona community. ADOH should review its project goals to make sure they accurately reflect the funding cuts.

#### **Low Priority to Rural Rental Housing**

ADOH's QAP has a strong emphasis on housing in the metro areas. It is expected that the only rural projects that will be funded under the 2012 QAP are the set-asides. Lack of resources for rural rental housing is further exacerbated by the decreased amount of HOME funding allocated to rental housing development. In 2011, 71% of HOME funds were allocated to rental housing and 29% were allocated to owner occupied rehab. In 2012, the Action Plan flips the percentages so that only 29% of HOME funds are allocated to rental housing and 71% are allocated to owner occupied rehab.

In fact, it is stipulated in the Action Plan that the rental HOME funds be used as gap funding for the 2 rural set aside LIHTC projects. This provides no flexibility for communities which have opportunities to preserve U.S.D.A. Rural Development projects. RD projects often serve the lowest income families and seniors in areas where there are few housing alternatives. Preserving RD projects accomplishes two of

the housing priorities outlined in the Action Plan: expanding rental housing for very-low and extremely-low households, and preserving existing rental housing.

### **Community Development Priorities**

ADOH should add the improvement of health and safety of the community and its residents as a community development priority.

### **Planning Activities**

Arizona Housing Alliance supports the use of CDBG funds for planning activities.

### **CDBG Regional Account Limits**

Arizona Housing Alliance supports as much flexibility as possibly in the Action Plan to allow as many communities as possible to qualify for funding and to allow each community and region to prioritize its community needs. Therefore, there should not be a limit on the applications submitted for the CDBG Regional Account.

### **Homeless Prevention**

Arizona Housing Alliance supports the use of ESG funds for homeless prevention activities including rental assistance including rental application fees, security deposits, last month's rent, and utility payments and deposits. Can utility payments cover up to 6 months in areas as outline in the narrative on page 19 or is it limited to 3 months as outline in Appendix B?

Also, why was emergency assistance on Appendix B decreased from 3 projects in 2011 to 1 project in 2012 while the funding was increased from \$182,478 in 2011 to \$258,517 in 2012? Arizona Housing Alliance hopes that homeless prevention funding is spread across the state and not used in just one geographic area.

### **HMIS and Rapid Rehousing**

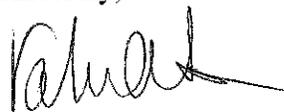
Arizona Housing Alliance supports the use of ESG funding to fund HMIS and Rapid Rehousing.

### **Road/Street Improvements**

ADOH's public facilities priorities should address basic human needs. Upgrading the priority of road and street improvements from medium to high does not seem to meet the threshold of basic human needs.

Arizona Housing Alliance thanks you for the opportunity to provide comments to the Draft 2012-2013 Annual Action. We represent over 150 members from across the state.

Sincerely,



Valerie A. Iverson  
Executive Director

## Andrew Rael

---

**From:** Michael Trend [MTrend@cityofsanluis.org]  
**Sent:** Tuesday, April 24, 2012 5:05 PM  
**To:** Andrew Rael  
**Cc:** Diane Olsen  
**Subject:** FW: Comment on FY 2012 Action Plan

---

**From:** Michael Trend  
**Sent:** Tuesday, April 24, 2012 5:00 PM  
**To:** 'andrew.rael@housingaz.gov'  
**Cc:** 'Diane Olsen'  
**Subject:** Comment on FY 2012 Action Plan

Mr. Rael—

I've reviewed the ADOH [FY 2012 Action Plan](#) and note that the Department would like to limit each local jurisdiction to a single application per round of RA funding. I understand the need for administrative efficiency, but thing that the net result will be negative if this idea is put into effect:

--The use of CDBG money for planning studies (e.g., zoning ordinances, subdivision regulations, and General Plans) will be curtailed since a typical RA allocation runs in the neighborhood of \$400,000-\$500,000, while planning studies for a non-entitlement jurisdiction are usually a fraction of this amount. It is difficult for small jurisdiction to find funds that can be used for such tasks and the push will then be toward moving forward solely on construction projects.

--Social service projects, which typically have smaller budgets than construction projects, would largely disappear for the same reasons as outlined above.

--Smaller jurisdictions serve many constituencies. Non-profits, in particular, come before city councils and ask for/receive allocations of CDBG for a single year to be matched in subsequent years with local funds. In the City of San Luis, a job training program for youth was initially funded with CDBG money. Thereafter, for six years running, municipal funds have been allocated to that program. CDBG funds have enabled the City to try new, innovative and useful social programs, and then, to refine them. I doubt that we would have done a pilot job training program if the proposed "one project limit" rule of had been in place at the time.

--When undertaking revitalization efforts in older areas a city, there is always a high degree of uncertainty. Speaking for the City of San Luis, I have found it to be a very good practice to move on two or three construction projects at a time, so I can shift funds away from a project that is running under budget in the same cycle and to apply the money to another project that is running over budget due to unforeseen circumstances. In that way, I can maximize the impact of an RA allocation. Under the newly proposed rule, the likelihood of an uncompleted project, or conversely, of unused project funds would rise considerably.

--Under the proposed new rule, I think it likely that there would be a heavy push toward streets projects at the expense of other badly needed projects. Street projects can be extended or scaled back almost at will. This would be a normal response to the single project "use it or lose it" rule.

--The new rule would result in an influx of de-obligated funds into SSP. This would mean additional administrative burden for ADOH, if the amount is substantial. The de-obligated funds would have to be re-obligated and spent quickly. The amount of money allocated competitively and the amount of labor expended on proposals and upon the evaluation of proposals would increase substantially.

I understand that there are some jurisdictions that routinely cannot seem to get projects off the ground. That problem could be addressed with more intensive up-front monitoring. For the rest of the jurisdictions that actually do plan ahead and manage multiple projects systematically, I think that the current practice of approving a reasonable number of projects will suffice.

Respectfully,

Michael Trend

Dr. Michael Trend  
Community Development Director  
City of San Luis  
P.O. Box 1170  
San Luis, AZ 85349  
Phone: 928.341.8584  
Cellular: 928.920.5392  
Fax: 928.341.8599



NAME	ORGANIZATION	SIGNATURE	E-MAIL
John Salem	City of Kingman	John Salem	jsalem@cityofkingman.gov
Gary Jepson	City of Kingman	Gary H. Jepson	gjepson@cityofkingman.gov
Rebecca	City of Kingman	Rebecca	bshilling@cityofkingman.gov
Polanda Galindo	Yuma County	Polanda Galindo	polanda.galindo@yumacounty.gov
Nancy Ngai	Yuma County	Nancy M. Ngai	nancy.ngai@yumacounty.gov
Val Iverson	AZ Housing Alliance	Val Iverson	val@azhousingalliance.org
AJ Johnson	Town of Quartzsite	AJ Johnson	ajjohnson@ci.quartzsite.az.us
Ann Drumm	ADPH	Ann Drumm	
Isabel Polins	NACOG	Isabel Polins	ipolins@nacogs.org
Tacy Bouvier	NACOG	Tacy Bouvier	tbouvier@nacogs.org
Kip Culver	City of Globe	Kip Culver	kipculver@cityofglobe.com
Line Sasser	Co. of Gila	Line Sasser	gsasser@co.gila.az.us
Steve Taylor	Town of Quartzsite	Steve Taylor	staylor@ci.quartzsite.az.us



# FY 2012 ACTION PLAN

## APPENDIX B – PRIORITY FOR FIVE-YEAR GOALS

Activity	Priority	Five-Year Goal
<b>Public Facilities and Improvements</b>		
Water system improvements	High	7 projects
Wastewater system improvements	High	7 projects
Solid waste disposal facilities and equipment	Low	-
Road/street improvements	High	10 projects
Flood and drainage improvements	High	5 projects
Other Public or Privately owned utilities	Medium	1 project
<b>Fire and Police Protection Facilities</b>		
Fire/police station construction	Medium	1 project
Fire trucks	Medium	2 projects
Firefighting equipment	Medium	2 projects
ADA/ROB Accessibility Improvements for Fire/Police station facilities	medium	1 project
<b>Community/Supportive Housing Facilities</b>		
DA/ROB improvements as a standalone activity for any community/supportive housing facility (including parks, playgrounds etc. and libraries, youth centers, community centers etc.)	High	5 projects
Parks, Playgrounds and other Recreational Facilities (for use by local residents)	Low	-
Libraries	Low	-
Community Facilities	Medium	3 projects
Other Neighborhood facility (e.g. youth center, community center)	Low	-
Senior centers	High	6 projects
Social service centers	Low	-
Food banks	Medium	1 project
Physical or psychological disabilities facilities	Medium	1 project
Homeless facilities	High	1 project
Supportive housing facilities (DV shelters, halfway houses, housing for disaster victims, hospitals, etc.)	Medium	1 project

# FY 2012 ACTION PLAN

Activity	Priority	Five-Year Goal
<b>Public Services</b>		
Child care	Low	-
Health care	Medium	2 projects
Public safety services	Medium	2 projects
Fair housing activities	High	3 projects
Services for seniors	High	3 projects
Services for homeless persons	High	3 projects
Equipment used in the provision of any of the above services	High	3 projects
Emergency assistance (utility, rent, mortgage) not to exceed a single 3 month period	High	3 project
Large-print books, tapes, and audio visual for adults with severe disabilities	Low	-
Lead hazard screening	High	3 projects
<b>Housing</b>		
Owner-occupied housing rehabilitation	High	25 projects
Rental housing rehabilitation	High	2 project
New Rental Housing	Medium	3 projects
Public housing rehabilitation and modernization	Low	3 projects
Homeownership assistance (DPA, closings costs, counseling, interest rate write downs, etc.)	Low	-
Construction of new housing by a CBDO	Low	-
Lead-based paint evaluation or reduction (as part of OOHR)	High	10 projects
Homeless Prevention and Rapid Re-housing	High	1000 persons
<b>Economic Development (tied to job creation or retention)</b>		
Direct assistance to for-profits (businesses)	Medium	1 project
Economic development services	Medium	1 project
Micro-enterprise assistance (businesses)	Medium	1 project
<b>Neighborhood Revitalization and Redevelopment</b>		
Historic preservation	Medium	2 projects
Acquisition, disposition, clearance, or demolition of real property (specific criteria apply)	Medium	1 project
Commercial/industrial rehabilitation	Medium	2 projects

# FY 2012 ACTION PLAN

Activity	Priority	Five-Year Goal
<b>Planning and Capacity Building</b>		
Comprehensive Plans	High	5 projects
Community development plans	Medium	3 projects
Housing plans and other such functional plans in certain areas (land use, transportation, historic preservation etc.)	High	5 projects
Neighborhood revitalization strategy	High	2 projects
Policy, planning, management, and capacity building activities	Medium	1 project



# FY 2012 ACTION PLAN

## APPENDIX C – SF-424



# SF 424

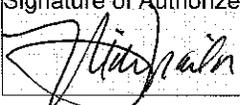
The SF 424 is part of the CPMP Annual Action Plan. SF 424 form fields are included in this document. Grantee information is linked from the 1CPMP.xls document of the CPMP tool.

## SF 424

Complete the fillable fields (blue cells) in the table below. The other items are pre-filled with values from the Grantee Information Worksheet.

Date Submitted	5/10/12	Applicant Identifier	Type of Submission	
Date Received by state		State Identifier	Application	Pre-application
Date Received by HUD		Federal Identifier	<input type="checkbox"/> Construction	<input type="checkbox"/> Construction
			<input checked="" type="checkbox"/> Non Construction	<input type="checkbox"/> Non Construction
<b>Applicant Information</b>				
Jurisdiction	AZ Department of Housing		UOG Code	
Street Address Line 1	1110 W Washington St, Suite 310		Organizational DUNS	08670448
Street Address Line 2			Organizational Unit	State Government
City	Phoenix	Arizona	Department	Housing
ZIP	85007	Country U.S.A.	Division	
Employer Identification Number (EIN):			County	Maricopa
	86-6004791		Program Year Start Date (MM/DD)	7/01/12
Applicant Type:	A		Specify Other Type if necessary:	
Local Government: Township			Specify Other Type	
<b>Program Funding</b>			U.S. Department of Housing and Urban Development	
Catalogue of Federal Domestic Assistance Numbers; Descriptive Title of Applicant Project(s); Areas Affected by Project(s) (cities, Counties, localities etc.); Estimated Funding				
Community Development Block Grant	14.218 Entitlement Grant			
CDBG Project Titles	Community Development		Description of Areas Affected by CDBG Project(s) Non-Metro State	
\$CDBG Grant Amount	\$8,908,063	\$Additional HUD Grant(s) Leveraged	Describe	
		Ø		
\$Additional Federal Funds Leveraged	Ø	\$Additional State Funds Leveraged	Ø	
\$Locally Leveraged Funds	Ø	\$Grantee Funds Leveraged	Ø	
\$Anticipated Program Income	Ø	Other (Describe)	Ø	
Total Funds Leveraged for CDBG-based Project(s)	\$8,908,063			
<b>Home Investment Partnerships Program</b>			14.239 HOME	
HOME Project Titles	Housing Rehab / Rental Housing		Description of Areas Affected by HOME Project(s) Non-Metro State, State	
\$HOME Grant Amount	\$4,695,013	\$Additional HUD Grant(s) Leveraged	Describe	
		Ø		
\$Additional Federal Funds Leveraged	Ø	\$Additional State Funds Leveraged	Ø	
\$Locally Leveraged Funds	Ø	\$Grantee Funds Leveraged	Ø	

\$Anticipated Program Income		\$146,000	Other (Describe)		Ø
Total Funds Leveraged for HOME-based Project(s)					\$4,695,013
<b>Housing Opportunities for People with AIDS</b>			14.241 HOPWA		
HOPWA Project Titles			Description of Areas Affected by HOPWA Project(s)		
Housing Assistance			Non-Metro State		
\$HOPWA Grant Amount	\$230,334	\$Additional HUD Grant(s) Leveraged	Ø	Describe	
\$Additional Federal Funds Leveraged		Ø		\$Additional State Funds Leveraged	
Ø		Ø		Ø	
\$Locally Leveraged Funds		Ø		\$Grantee Funds Leveraged	
Ø		Ø		Ø	
\$Anticipated Program Income		Ø		Other (Describe)	
Ø		Ø		Ø	
Total Funds Leveraged for HOPWA-based Project(s)					\$230,334
<b>Emergency Shelter Grants Program</b>			14.231 ESG		
ESG Project Titles			Description of Areas Affected by ESG Project(s)		
Housing Assistance			Non-Metro State		
\$ESG Grant Amount	\$1,615,732	\$Additional HUD Grant(s) Leveraged	Ø	Describe	
\$Additional Federal Funds Leveraged		Ø		\$Additional State Funds Leveraged	
Ø		Ø		Ø	
\$Locally Leveraged Funds		Ø		\$Grantee Funds Leveraged	
Ø		Ø		Ø	
\$Anticipated Program Income		Ø		Other (Describe)	
Ø		Ø		Ø	
Total Funds Leveraged for ESG-based Project(s)					\$1,615,732
Congressional Districts of: AZ-001, 2, 3, 4, 5, 6, 7, 8		Is application subject to review by state Executive Order 12372 Process?			
Applicant Districts	Project Districts				
Is the applicant delinquent on any federal debt? If "Yes" please include an additional document explaining the situation.		<input type="checkbox"/> Yes	This application was made available to the state EO 12372 process for review on DATE		
		<input checked="" type="checkbox"/> No	Program is not covered by EO 12372		
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> N/A	Program has not been selected by the state for review		

Person to be contacted regarding this application					
First Name	Michael	Middle Initial		Last Name	Trailor
Title	Director	Phone	602-771-1007	Fax	602-771-1002
eMail	michael.trailor@azhousing.gov	Grantee Website	www.azhousing.gov	Other Contact	
Signature of Authorized Representative				Date Signed	
				6-4-2012	



# FY 2012 ACTION PLAN

## APPENDIX D – PUBLIC OUTREACH

## 2012 Information Bulletin

REGARDING PROGRAMS: HOME, CDBG, HOPWA, ESG  
REGARDING FUNDING SOURCES: CDBG, HOME, HOPWA, ESG

INFORMATION BULLETIN No. 12-12 ISSUED: March 1, 2012  
RE: NOTICE OF SECOND PUBLIC HEARING – 2012-2013 Annual Action Plan

Notice is hereby given that on April 19, 2012 at 10:00 a.m., the Arizona Department of Housing (ADOH) will hold a second Public Hearing to discuss the draft 2012-2013 Annual Action Plan. Comments received from the first public hearing held on February 29, 2012 will be incorporated in the draft Action Plan which will be discussed at this hearing.

The public hearing will be held at:

Arizona Department of Housing  
1110 West Washington Street, Suite 280 (ADOH Training Room on 2<sup>nd</sup> Floor)  
Phoenix, AZ 85007

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Written comments and any questions regarding the Action Plan can be directed to:

Andrew Rael, Assistant Deputy Director, Programs  
Arizona Department of Housing  
1110 West Washington Street, Suite 310  
Phoenix, AZ 85007  
(602) 771-1010  
[publiccomment@azhousing.gov](mailto:publiccomment@azhousing.gov)

ARIZONA DAILY STAR

Tucson, Arizona

STATE OF ARIZONA)  
COUNTY OF PIMA)

Debbie Capanear, being first duly sworn deposes and says: that she is the Legal Advertising Representative of **TNI PARTNERS**, a General Partnership organized and existing under the laws of the State of Arizona, and that it prints and publishes the Arizona Daily Star, a daily newspaper printed and published in the City of Tucson, Pima County, State of Arizona, and having a general circulation in said City, County, State and elsewhere, and that the attached and was printed and

Legal Notice

published correctly in the entire issue of the said Arizona Daily Star on each of the following dates, to-wit:

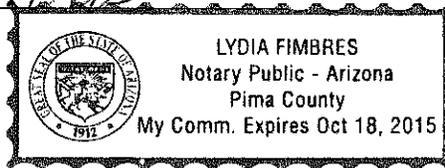
MARCH 26, 2012

*Debbie Capanear*

Subscribed and sworn to before me this 5 day of

April, 2012

*Lydia Fimbres*  
Notary Public



My commission expires \_\_\_\_\_

AD NO. 7741038

NOTICE OF PUBLIC HEARING

NOTICE is hereby given that on April 19, 2012, at 10:00 a.m., the Arizona Department of Housing (ADOH) will hold a second Public Hearing to discuss the draft 2012-2013 Annual Action Plan. Comments received from the first public hearing held on February 29, 2012 will be incorporated in the draft Action Plan which will be discussed at this second public hearing.

The public hearing will be held at:

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Suite 310 Phoenix, AZ 85007  
(602) 771-1010  
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ADA and EQUAL OPPORTUNITY COMPLIANCE STATEMENT

If you need accommodations for physical mobility, sensory impairment or language needs in order to participate in this meeting, please contact the ADOH at (602) 771-1000. Notification 48 hours prior to the meeting will enable ADOH to make reasonable arrangements to ensure accessibility to this meeting.

Publish March 26, 2012  
Arizona Daily Star

# THE ARIZONA REPUBLIC

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(602) 771-1010  
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ADA and EQUAL OPPORTUNITY COMPLIANCE STATEMENT

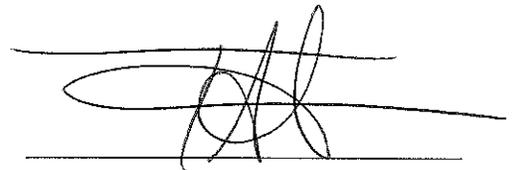
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Pub: March 26, 2012

STATE OF ARIZONA }  
COUNTY OF MARICOPA } SS.

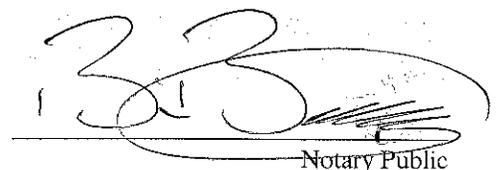
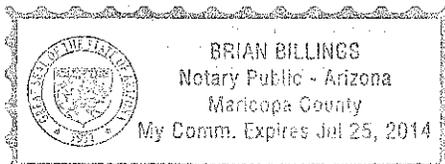
Tabitha Antoniadis, being first duly sworn, upon oath deposes and says: That she is a legal advertising representative of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes The Arizona Republic, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates as indicated.

The Arizona Republic

March 26, 2012



Sworn to before me this  
27<sup>TH</sup> day of  
March A.D. 2012

  
Notary Public



Publisher's Affidavit of Publication
oOo

STATE OF ARIZONA }
COUNTY OF YUMA }

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Daily March 26, 2012 1072112

Joni Brooks or Kathy White, having been first duly sworn, deposes and says: that Yuma Sun is a newspaper of general circulation published daily in the City of Yuma, County of Yuma, State of Arizona; that (s)he is the publisher or business manager of said paper; that the

NOTICE OF PUBLIC HEARING

a printed copy of which, as it appeared in said paper, is hereto attached and made a part of this affidavit, was published in Yuma Sun For 1 issues; that the date of the first publication of said

NOTICE OF PUBLIC HEARING

was March 26th, 2012 and the date of the last publication being March 26th, 2012 and that the dates when said NOTICE OF PUBLIC HEARING was printed and published in said paper were 03/26/2012

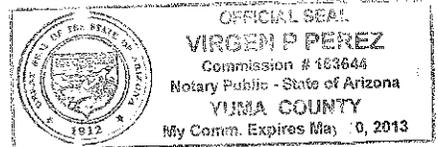
[Handwritten signature]

Subscribed and sworn to before me, by the said Joni Brooks or Kathy White

26th day of March, 2012

[Handwritten signature] Notary Public

My commission expires May 10, 2013





## 2012 Information Bulletin

REGARDING PROGRAMS: HOME, CDBG, HOPWA, ESG  
REGARDING FUNDING SOURCES: CDBG, HOME, HOPWA, ESG

INFORMATION BULLETIN No. 07-12 ISSUED: February 14, 2012  
RE: NOTICE OF PUBLIC HEARING – 2012-2013 Annual Action Plan

Notice is hereby given that on February 29, 2012 at 10:00 am, the Arizona Department of Housing (ADOH) will hold a Public Hearing to discuss the housing and community development needs of the non-metropolitan areas of Arizona in preparation to draft the 2012-2013 Annual Action Plan.

The public hearing will be held at:

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Arizona Department of Housing  
1110 West Washington Street, Suite 310  
Phoenix, AZ 85007  
(602) 771-1010



1110 W. Washington, Suite 310  
Phoenix, AZ 85007

Telephone (602) 771-1000 Facsimile (602) 771-1002 TDY (602) 771-1001  
[www.azhousing.gov](http://www.azhousing.gov)



For disability related accommodations, please contact Joy Johnson at the Arizona Department of Housing (602) 771-1026 or by e-mail at least two weeks prior to the event to allow sufficient time to make necessary arrangements.

# THE ARIZONA REPUBLIC

**NOTICE OF PUBLIC HEARING**  
NOTICE is hereby given that on February 28, 2012, at 10:00 a.m., the Arizona Department of Housing (ADOH) will hold a Public Hearing to discuss the housing and community development needs of the non-metropolitan areas of Arizona in preparation to draft the 2012-2013 Annual Action Plan.

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ADA and EQUAL OPPORTUNITY COMPLIANCE STATEMENT

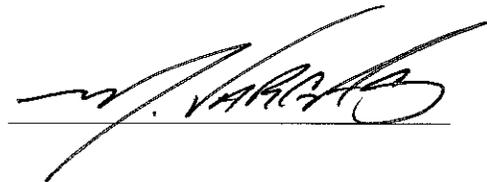
If you need accommodations for physical mobility, sensory impairment or language needs in order to participate in this meeting, please contact the ADOH at (602) 771-1000. Notification 48 hours prior to the meeting will enable ADOH to make reasonable arrangements to ensure accessibility to this meeting.  
Pb: February 16, 2012

STATE OF ARIZONA }  
COUNTY OF MARICOPA } SS.

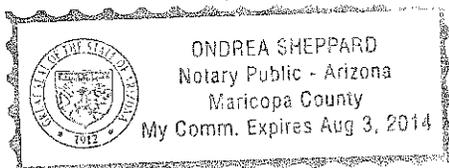
Manuel Vargas, being first duly sworn, upon oath deposes and says: That he is a legal advertising representative of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes The Arizona Republic, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates as indicated.

The Arizona Republic

2/16/2012



Sworn to before me this  
16<sup>TH</sup> day of  
February A.D. 2012



Notary Public

**AFFIDAVIT OF PUBLICATION**

**Kingman Daily Miner**

3015 Stockton Hill Road, Kingman, AZ 86401

web: www.kingmandailyminer.com • e-mail: legals@kingmandailyminer.com

Phone (928) 753-6397, ext. 242 • Fax (928) 753-5661

"Serving Kingman since 1882"

STATE OF ARIZONA )  
County of Mohave ) ss.

I, **Kellie DeCoudres**, being first duly sworn on her oath says:  
That she is the Legals Clerk of THE KINGMAN DAILY MINER  
An Arizona corporation, which owns and publishes the Miner,  
a Daily Newspaper published in the City of Kingman, County of Mohave,  
Arizona, that the notice attached hereto, namely,

**Notice of Public Hearing  
Ad. No. 271151**

Has, to the personal knowledge of affiant, **16th** day of **February, 2012**  
to the **16th** day of **February, 2012** inclusive without change, interruption or  
omission, amounting in **1** insertion made of the following date;  
**2/16/2012**

By: *Kellie DeCoudres*  
Legal Clerk, **20th** day of **February, 2012**

State of Arizona

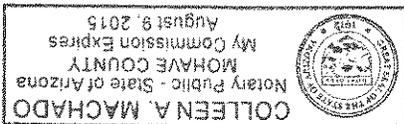
County of Mohave

On this 21 day of February, 2012

Legal Clerk, whom I know personally to be  
the person who signed the above document  
and she proved she signed it.

*Colleen A. Machado*

Notary Public  
My Commission Expires August 9, 2015



(271151)  
**NOTICE OF PUBLIC HEARING**  
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AFFIDAVIT/PROOF OF PUBLICATION

STATE OF ARIZONA

} ss.

County of Coconino

Bobbie Crosby being duly sworn, deposes and says:

That she is the legal clerk of the Arizona Daily Sun

a newspaper published at Flagstaff, Coconino County, Arizona; that the

Legal 15283

a copy of which is

hereunto attached, was first published in said newspaper in its issue dated

the 15 day of February, 2012, and was

published in each one issue of said newspaper for one

consecutive day the last publication being in the issue dated the

15 day of February, 2012.

*[Handwritten signature]*

Subscribed and sworn to before me this

6 day of March, 2012

Stephanie L Krempke  
[Handwritten signature]

Notary Public



My Commission expires

July 27, 2015

Legal No. 15283  
NOTICE OF PUBLIC HEARING  
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ARIZONA DAILY STAR

Tucson, Arizona

STATE OF ARIZONA)
COUNTY OF PIMA)

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Legal Notice

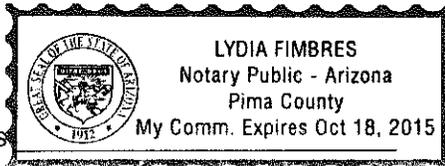
published correctly in the entire issue of the said Arizona Daily Star on each of the following dates, to-wit:

FEBRUARY 16, 2012

Debbie Capanear (handwritten signature)

Subscribed and sworn to before me this 14 day of March, 2012

Lydia Fimbres (handwritten signature)
Notary Public



My commission expires

AD NO. 7712084

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Publish February 16, 2012
Arizona Daily Star



# Publisher's Affidavit of Publication

oOo

STATE OF ARIZONA }  
COUNTY OF YUMA }

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Arizona Department of Housing  
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Phoenix, AZ 85007  
(602) 771-1010

ADA and EQUAL OPPORTUNITY

Joni Brooks or Kathy White, having been first duly sworn, deposes and says: that Yuma Sun is a newspaper of general circulation published daily in the City of Yuma, County of Yuma, State of Arizona; that (s)he is the publisher or business manager of said paper; that the

### NOTICE OF PUBLIC HEARING

a printed copy of which, as it appeared in said paper, is hereto attached and made a part of this affidavit, was published in Yuma Sun For 1 issues; that the date of the first publication of said

### NOTICE OF PUBLIC HEARING

was February 17th, 2012 and the date of the last publication being February 17th, 2012 and that the dates when said NOTICE OF PUBLIC HEARING was printed and published in said paper were

02/17/2012

Joni Brooks

Subscribed and sworn to before me, by the said Joni Brooks or Kathy White

20th day of March, 2012

Virgen P. Perez

Notary Public

My commission expires May 10, 2013

