



Arizona Department *of* Housing

FFY2020-2021

Recovery Housing Program (RHP)

Notice of Funding Available

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Purpose and Introduction

The Arizona Department of Housing (ADOH) is pleased to announce a Notice of Funding Availability for combined **\$1,494,271** FY2020 and FY2021 HUD Recovery Housing Program funds for the Arizona Balance of State.

The purpose of the HUD Recovery Housing Program (RHP) is to provide a voluntary, safe, substance-free and temporary (up to 24 months) living environment to low-income persons in recovery from a substance use disorder. RHP-funded recovery housing is expected to provide wrap-around services in non-treatment setting, either on-site or through connections with existing community resources.

RHP rules fall under the umbrella of the Community Development Block Grant (CDBG) Program, with certain modifications. All RHP activities must comply with the CDBG Limited Clientele National Objective, which requires the funds benefit people who are low- and moderate-income. People who meet federal poverty limits and/or are AHCCCS enrolled are presumed eligible, as are people who meet HUD's definition of homelessness.

The ADOH will make one or more grants to subrecipient organizations for projects located in the Arizona Balance of State through an application process until all funds are committed or April 25, 2022 (180 days from date of NOFA). If all funds are not committed by April 25, 2022, the ADOH may accept applications for projects located throughout Arizona.

The ADOH will begin accepting applications immediately. Applications must meet the threshold and application requirements outlined in this NOFA. The RHP application and supplemental forms are available on the ADOH website <https://housing.az.gov/documents-links/forms/community-revitalization>

Eligible Applicants

Eligible applicants are public or private nonprofit organizations.

Eligible Activities

Eligible uses of funds are the *construction, acquisition and/or rehabilitation of facilities, including single-unit or multi-unit residential properties* for occupancy by people in recovery located in the Arizona Balance of State (outside of Maricopa and Pima counties). Eligible activities must be ready to begin implementation within thirty (30) days of execution of the funding agreement.

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Minimum and Maximum Grant Amount

The minimum grant amount is not less than the amount necessary to complete the project. There is no maximum grant amount.

Definitions

The following definitions apply to the State of Arizona Recovery Housing Program.

Individual/Person in Recovery

An individual/person in recovery:

1. Is abstaining from use of alcohol, illicit drugs, and non-prescribed medications, and making informed healthy choices that support physical and emotional well-being.
2. Has a stable and safe place to live (with RHP assistance).
3. Is engaging in meaningful daily activities, such as a job, school, volunteerism, family caretaking, or creative endeavors.
4. Is working towards independence, and securing the income and resources necessary to participate in society.
5. Is engaging in relationships and social networks that provide support.

Substance use disorder

A substance use disorder is a condition caused by a problematic pattern of substance use that leads to a significant impairment or distress over a period of time for an individual. Symptoms of a substance use disorder include tolerance, craving, inability to control use, continued use despite adverse consequences and continued use despite interference with life obligations or social functioning.

Recovery Housing

Recovery housing is a vital part of the continuum of housing and treatment options for individuals with substance use disorders. Recovery housing provides a voluntary, safe, substance-free living environment that is affordable to low- and moderate-income individuals and provides connection to peer supports, recovery programs, and community-based resources that help to stabilize early recovery. RHP-funded recovery housing is not a treatment setting.

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Application Thresholds

Applications, projects and applicants must meet all of the following thresholds:

1. The RHP application is complete, including all required attachments listed in Tab 1 of the application (the application checklist). The funding process and instructions for completing and submitting the application are described in this NOFA. The RHP forms can be downloaded at the ADOH website at <https://housing.az.gov/documents-links/forms/community-revitalization>
2. Demonstrates that the proposed facility or housing will be restricted for occupancy by low- and moderate-income people in recovery from a substance use disorder for a minimum of five (5) years, including:
 - a. Sufficient resources to pay for ongoing operating expenses and services;
 - b. Individuals that will benefit are low- or moderate-income, a CDBG presumed-benefit population, meet the federal poverty limits, and/or are insured by Medicaid (AHCCCS);
 - c. Any participant fees, costs, or other limitations on participation are not prohibitive for low-income persons; and
 - d. Program design, fees, costs and limitations will not benefit moderate-income persons to the exclusion of low-income persons.
3. Project complies with and applicant demonstrates capacity to comply with all RHP, CDBG, and federal cross-cutting regulations, including but not limited to:
 - a. 24 CFR 570.489(g) regarding procurement;
 - b. Environmental review requirements of 24 CFR Part 58;
 - c. Uniform Relocation and Real Property Acquisition Act (URA);
 - d. Federal Labor Standards, including the Davis-Bacon and Related Acts;
 - e. 24 CFR 42.375 regarding demolition or change in use of lower-income dwelling units;
 - f. 2 CFR 200 regarding allowable, reasonable and allocable costs, financial records, procurement, and audits; and
 - g. Section 3 employment and business opportunities.
4. Has local government approval and is properly zoned for the intended use. Applications for properties requiring variances or use permits are allowed.
5. Has the written approval of the tribal jurisdiction if the project will take place on tribal lands;

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6. Applicant agrees to repay or secure repayment of RHP funding if it does not comply with RHP, CDBG Program and/or federal cross-cutting regulations.
7. The project is non-speculative, meaning that legally-binding commitments are in place for all funding necessary to complete the proposed project. If RHP is not expected to cover all development costs, firm commitments for other required resources must be provided.
8. Evidences the site and buildings are owned by the applicant, or the applicant has a binding commitment to transfer control or ownership within 180 calendar days, subject only to receipt of RHP funding and environmental clearance.
9. Demonstrates appropriate services will be provided to occupants;
10. Meets the project underwriting requirements described in this NOFA;
11. Identifies all project team members and evidences sufficient team experience to complete and operate the project, including experience using federal funds for construction, acquisition and/or rehabilitation, and providing services to individuals in recovery;
12. Evidences capacity to complete the project in a timely manner (all staff is in place), including expenditure of at least thirty percent (30%) of RHP funds no later than September 30, 2022 and 100% of funds by December 31, 2025.
13. Documents in the title commitment (or report if applicant is already the property owner) issued by a title insurer licensed in Arizona that there are no conditions or requirements that are materially and substantially adverse to the feasibility of the project.
14. In regards to the environmental review, the project is:
 - a. Categorically excluded from the environmental review requirements and has documented compliance with §58.5 and §58.6 and the Section 106 Historic Preservation determination and the public notice and Request for Release of Funds, as applicable, will be prepared within 90 days of application submission;
 - b. Subject to an environmental assessment and all environmental review forms are complete and the Finding of No Significant Impact/Request for Release of Funds will be ready for publication within 90 days of application submission.

To ensure compliance with timeliness and expenditure thresholds, applicants are encouraged to begin the Environmental Review clearance process as soon as possible. Applicants who receive a conditional commitment for funding will be given a deadline for completion of their Environmental Review. Guidance for the environmental clearance process can be found in the Environment Review Handbook and Forms available on the ADOH website at: <https://housing.az.gov/documents-links/handbooks>.

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Underwriting

The purpose of underwriting is to ensure the RHP project is both feasible and viable.

Project Demand Analysis

Projected demand for the housing solution for a minimum of five (5) years must be evidenced. The project demand analysis submitted with the application must include the following quantitative and qualitative data regarding the proposed project's primary service area:

1. A definition of the size, location and boundaries of the primary service area, and the rationale for determining the service area;
2. The depth and breadth of demand for recovery housing including primary data such as surveys, interviews, waiting lists, client lists, and other information directly from or about potential beneficiaries;
3. The existing supply of competitive recovery housing in the primary service area and how the proposed recovery housing compares to the existing supply, including information regarding occupancy rates, waiting lists, program fees and/or rents, services provided, and affordability to low-income persons; and
4. Conclusions about demand for the project.

Project Feasibility and Viability

RHP projects must evidence sufficient financial investment to ensure the project will be completed for occupancy by people in recovery. RHP funding may be the sole source of funding for a project. The project must demonstrate financial need for RHP funding through a gap analysis. The gap analysis will examine the need for RHP funding to fill the gap between available funding for construction, acquisition and/or rehabilitation and total development costs. In performing the gap analysis, ADOH will apply the following criteria.

1. Any developer fee must not exceed ten percent (10%) of the total development costs.
2. Any capitalization of an operating reserve in the development budget may not exceed six months of operating costs. Operating reserves must be used only to cover shortfalls in operating revenues necessary to meet operating costs during the first two years of project operation.
3. Participant fees do not exceed:
 - a. The low-HOME rent for the unit size in the county in which the project is located if the unit includes both kitchen and bathroom facilities; or

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- b. The low-HOME rent for an efficiency unit in the county in which the project is located if the unit does not contain both sanitary and kitchen facilities.
4. The operating expense calculation assumes 10% of total beds in the facility will be vacant during the year. A lower or higher vacancy calculation may be proposed if the rate is supported by the project size and location.
5. Project viability:
 - a. Commitment and/or reasonable expectation of securing funding necessary to meet the ongoing operating costs of the proposed facility or housing for not less than five (5) years; and
 - b. The proposed staffing levels and coverage hours are reasonable given the size and type of facility.

Additional Underwriting

Projects will undergo additional underwriting when any material change occurs. A material change includes:

1. Any additional funding is committed to the project for the development phase, regardless of whether the funding source was identified in the application as tentative;
2. Change in the number of non-congregate beds or units;
3. Change in or deletion of any funding source identified in the application as necessary to completion of the development phase;
4. Changes in the development budget;
5. Change in the year 1 operating budget of 10% or more.

Projects may also undergo additional underwriting prior to final payment and/or contract close-out.

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Funding Notification

RHP funding awards will be made at the sole discretion of ADOH. ADOH anticipates notifying applicants within sixty (60) days of application. Applicants will be given a conditional commitment of funds pending, at a minimum, HUD environmental clearance. Applicants must be prepared to initiate projects within thirty (30) days of execution of the funding agreement.

Technical Assistance

Applicants may request technical assistance to ensure compliance with RHP and cross-cutting requirements.

Questions regarding application submission and requests for RHP technical assistance may be sent via e-mail to: kathy.blodgett@azhousing.gov

Application Submittal and Completion Instructions

Applications must be electronically submitted and received by ADOH through the CDBG and HOME Portal located on the ADOH website at: <https://housing.az.gov/portals/document-upload-portals>.

Applications may not be submitted via U.S. mail, Fed-ex, UPS, e-mail or fax.

Tab by Tab Application Instructions

Enter information only in the green shaded cells in each worksheet. Most worksheets contain dropdown menus where a yes/no or other answer options are limited and required.

Applicants are encouraged to review the entire application, these instructions, the State CDBG Application Handbook, and any related document links before completing any tabs to ensure that all application requirements can be met.

Tab 1 - Checklist

Enter the name of the applicant. The applicant's name will carry forward to other application tabs.

Complete the checklist.

Upload the following attachments to the ADOH Application Portal. Indicate the attachment page number in the green shaded cell. Do not mail the originals to ADOH.

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1. CDBG Application Tabs 1 through 9, with all green-shaded cells completed.
2. Nonprofit certificate of good standing from the Arizona Corporation Commission.
3. Nonprofit IRS proof of 501c3 or 501c4 status.
4. Letters of commitment or term sheets for each development phase funding or financing source if the development phase includes funds other than RHP.
5. Evidence of site control – deed, purchase contract or purchase option.
6. Independent Appraiser Report, if project includes acquisition.
7. Title commitment (or title report if the applicant is already the property owner).
8. Project relocation plan, if any buildings are occupied by residents or businesses.
9. Zoning verification.
10. FEMA Floodplain map, if applicable.
11. Completed Environmental Review forms.
12. Phase I Environmental Assessment, if applicable.
13. One-for-one replacement plan, if any low-income units will be demolished.
14. Applicant's most recent financial statements.
15. Project-specific organization chart.
16. Capital Needs Assessment, if completed.
17. 3rd-party work write-up and cost estimate for rehabilitation or construction, if applicable.
18. Termite Inspection Report.
19. Property design standards, drawings and/or plans, if applicable.
20. Written consent of the tribal government, if the project will take place on tribal lands.
21. Participant/occupant fee schedule.
22. Project demand analysis.
23. Firm or tentative commitment letters for operating funds.

Upload the following attachments to the ADOH Application Portal. Indicate the page number of the attachment in the green shaded cell. *Retain the originals in the application file.*

1. RHP Application Certifications. <https://housing.az.gov/documents-links/forms/community-revitalization>

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2. RHP Disclosure Report. <https://housing.az.gov/documents-links/forms/community-revitalization>
3. Financial Management Certification. <https://housing.az.gov/financial-management-certification>
4. Nonprofit Civil Rights Certification. <https://housing.az.gov/non-profit-civil-rights-certification>

Tab 2 – Cover Page

Line 8. Enter the amount of RHP funds requested for eligible project costs. Eligible project costs include new construction, acquisition and/or rehabilitation.

Line 12. Indicate the federal Congressional district(s) that will be served by the project.

Line 13. Indicate the state Legislative district(s) that will be served by the project.

Lines 15-18. Enter the primary applicant contact person, their title and contact information.

Lines 19 and 20. Enter the secondary applicant contact person, their title and contact information.

Line 23. Answer yes or no if the applicant is a current HMIS participant.

Line 27. Indicate the Continuum of Care in which the applicant participates, if applicable.

Lines 33 - 35. Enter the project name and address.

Line 37 - Enter the proposed number of beds in the facility. The minimum number of beds is four (4).

Line 43. Select acquisition only, rehabilitation only, acquisition and rehabilitation, or new construction.

Line 62. Select non-congregate or individual unit facility.

- A non-congregate facility is one in which each individual has a separate living space that offers some level of privacy such as in dormitories or residences with separate bedrooms.
- Individual units are defined as rooms that have a separate exterior entrance/exit and both kitchen and bathroom facilities, and are occupied by one person or members of the same household.

Line 55. The cover page certification must be signed electronically by the organization President or their authorized designee.

Lines 56 – 58. Enter the name and title of the certifying official and the date of signature.

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Tab 3 – Timeline

Follow the instructions beginning on line 36 of the worksheet.

Tab 4 – Project and Site Information

The site or buildings must be under site control through a deed, purchase contract or purchase option.

Line 10. Enter the date the deed was recorded if the applicant currently owns the property.

Line 11. Enter the expiration date of the purchase contract or option.

Line 13. Explain any closing conditions beyond the receipt of RHP funding or successful completion of the environmental review, if applicable.

Lines 17 through 23. Enter the name, company, address, phone number and email address of the seller, if applicable.

Line 25. Describe the relationship of the seller and applicant and attach a copy of the independent appraiser's report if acquiring by purchase contract or option. Related-party transactions may result in the project being considered ineligible. If the seller and applicant are related parties, the ADOH will require verification that the sales price is equal to or less than the market value. Attach a copy of the independent appraiser's report; a review appraisal may be required.

Line 27. Select yes or no to indicate whether the title commitment or report includes any conditions or requirements that would materially and substantially impact project feasibility or viability. Conditions that would materially and substantially impact project feasibility or viability may result in the project being considered ineligible. Attach a copy of the title commitment or title report.

Line 31. Enter the total land area of the project site in square feet.

Line 32. Enter the number of buildings on the project site.

Line 33. Describe the buildings, including the square footage and current use of each building.

Line 34. Select yes or not to indicate if the any of the buildings are currently occupied by residents or businesses. If buildings are currently occupied, the project relocation plan, following URA guidelines, must be attached and the full cost of URA compliance included in the Development Budget.

Lines 42 through 47. Select yes or no to indicate any planned project amenities.

Lines 48 through 50. Enter information regarding any other planned property amenities.

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Line 54. Select yes or no to indicate whether verification of current zoning for the intended use is attached. All projects must be appropriately zoned for the intended use; variances and special use permits are allowed.

Line 55. Select yes or no to indicate whether a variance or use permit will be required for the project.

Line 56. If a variance or use permit is required, indicate whether the applicant has begun the process of securing a variance or use permit and the expected finalization date for obtaining the variance or use permit.

Tab 5 – Cross-cutting Regulations

Complete the green-shaded cell(s) for each regulatory requirement. The project and applicant must comply with all cross-cutting federal regulations.

Environmental Review

The Part 58 environmental review must be completed within 180 days of application submission, including preparation by the applicant of the FONSI/RROF. Upon ADOH approval, the applicant will be required to publish the FONSI/RROF. The Environmental Review Handbook may be accessed at <https://housing.az.gov/sites/default/files/documents/files/Environmental-Review-Record-Handbook-rev-8-13-19.pdf>. The environmental review forms (CDBG) may be found at https://housing.az.gov/documents-links/handbooks?tid_1=96.

Lines 10-12 column B. Enter the date the 24 CFR Part 58 environmental review was completed. If the environmental review has not been completed, enter N/A.

Lines 10-12 column C. Enter the date the 24 CFR Part 58 environmental review is anticipated to be completed. If the environmental review has been completed and a date entered in column B, enter N/A.

Line 14. Enter the year the property was built.

Lines 17 – 28. Select yes or no for each question.

Relocation and Real Property Acquisition

All projects are subject to the Uniform Relocation and Real Property Acquisition Act (URA). Additional information may be found at <https://housing.az.gov/documents-links/handbooks> under the procurement forms heading.

Line 31. Select yes or no to indicate if the site and buildings were or are voluntarily for sale.

Line 32. Select yes or no to indicate whether the seller has been notified of their rights under the Uniform Relocation Act, including their voluntary sale and appraisal rights.

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Lines 33-35. Select yes or no to answer each question. Due to the complexity and cost of relocation, the ADOH discourages projects that will displace residents or businesses.

Federal Labor Standards

All projects must incorporate Davis-Bacon wage rates and labor standards monitoring into the rehabilitation budget submitted as part of the development budget. Federal Labor Standards must also be included in project-related procurement. Additional information regarding Federal Labor Standards requirements may be found at https://housing.az.gov/documents-links/handbooks?tid_1=97.

Line 39. Select yes or no to indicate if the development budget incorporates Davis Bacon wage rates and labor standards monitoring.

Demolition or Change in Use

Federal Regulations (24 CFR 42.375) require any federally-funded project that will result in the demolition or change in use of existing lower-income dwelling units will replace those units with comparable lower-income dwelling units on a one-for-one basis. The replacement cost associated with the demolition or change in use of any low-income units is the sole responsibility of the applicant. Additional information may be found at <https://www.govinfo.gov/content/pkg/CFR-2010-title24-vol1/pdf/CFR-2010-title24-vol1-sec42-375.pdf>.

Line 42. Select yes or no to indicate if the project will result in the demolition or change in use of any existing lower-income dwelling units.

Line 43. Indicate the number of units that will be demolished or experience a change in use and attach the applicant's plan for one-for-one replacement with comparable dwelling units.

Procurement and Contracting

All applicant procurement must comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200. Any procurement that did not incorporate federal labor standards or Section 3 employment opportunities requirements will be invalid. Construction contractors must have the appropriate license and insurance for the type of work being performed.

Additional information may be found at https://housing.az.gov/documents-links/handbooks?tid_1=678. The ADOH may require evidence that any pre-award procurement complied with the applicant's written procurement policy and 2 CFR 200, and included Federal Labor Standards and/or Section 3 requirements, as applicable.

Lines 46 through 48. Select yes or no to answer each question.

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Civil Rights/Non-discrimination

All projects and project sites must be accessible or made accessible to persons with disabilities. Projects and programs must be accomplished in an equitable and impartial manner, without discrimination on the basis of race, color, religion, national origin, sex, age, disability, English proficiency, or economic status.

Lines 51 through 53. Select yes or no to answer each question.

Financial Records and Audits

All applicant financial management systems and audits must comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200. Additional information may be found in the CDBG Application Handbook and at <https://housing.az.gov/documents-links/forms/community-revitalization> under the Financial Management heading. The ADOH may require evidence that the applicant's financial management system complies with 2 CFR 200, and may require the most recent audit be submitted for review.

Line 56. Select yes or no to indicate if the applicant's financial system complies with 2 CFR 200. The ADOH may request confirmation of compliance from an independent certified public accountant.

Line 57. Enter the date of the applicant's most recent audit. Attach a copy of the applicant's most recent financial statements.

Section 3

Employment opportunities must be offered to low-and-moderate income residents of the project area and contracting opportunities must be offered to Section 3 businesses. Labor hours, contracts and subcontracts, and qualitative efforts to reach Section 3 workers and businesses must be documented. Section 3 requirements must be included in any project-related procurement. Additional information may be found in the Section 3 Handbook at <https://housing.az.gov/documents-links/handbooks>.

Line 60. Describe qualitative activities that will be undertaken to provide employment opportunities for low-and-moderate income individuals in the project service area and contracting opportunities for Section 3 businesses.

Tab 6 – Project Team and Organization Capacity

Lines 9 through 23, columns B through G. For each member of the project or program team, provide their name, title, organization/company, phone number, email address, and a brief (not

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to exceed one paragraph) description of their experience in terms of years or number of contracts for similar work in the past five years. If a project or program team member is not yet identified, enter “unknown” in the Name column and leave the remainder of the line blank.

Lines 24 through 27. For other project team members not specifically listed in lines 9 through 23, enter the project team member type in Column A and follow the instructions for lines 9 through 23.

Line 30. Describe the experience of the organization’s officers, members or staff in developing or operating recovery housing, including providing supportive services to people in recovery from substance use disorders.

Line 32. Describe any projects developed or operated by the organization of comparable size and financial complexity.

Line 34. Describe proposed staffing levels (number of staff, coverage hours) and minimum staff competencies.

Line 36. Describe any collaborations, sub-contractors or other entities that may be involved in providing program services. Also include any administrative partners and services such as food preparation, janitorial, etc.

[Tab 7 - Project and Program Description](#)

Answer each question by entering a response in the green shaded box. Please limit responses to not more than two paragraphs.

Line 18 should, at a minimum, include direct connection to peer support and services that will help participants prepare for independent housing within two years, and referrals to clinical addiction services if needed.

[Tab 8 - Development Budget](#)

Full disclosure of all funding and financing sources available to the project is required. Letters of commitment must be attached. If after submittal of the application, additional funding or financing sources are obtained, these must be immediately reported to ADOH. ADOH will may require a final uses and sources review at the time of final payment and/or contract close-out.

[Pre-development/construction period funding and financing.](#)

The pre-development/construction period includes all activities that have or will take place prior to project completion.

Complete the green shaded cells for each funding or financing source that will be available during the pre-development or construction period. The amount of pre-development/

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construction period funding and financing (line 19 column B) must equal permanent funding and financing (line 33 column B) and total development costs (line 105 column B).

Lines 13 - 17 column A. Provide the funding source name.

Lines 13 - 17 column B. Enter the amount of committed funding or financing from each non-RHP funding or financing source.

Lines 13 - 17 column C. Enter the amount of tentative funding or financing for each non-RHP funding or financing source.

Lines 13 - 17 column D. Indicate if the funding source is a grant or loan.

Permanent funding and financing.

Permanent funding/ financing is development funding that will remain available to the project during the operating period *plus* any other funding or financing that will replace or repay (“take out”) funding that was available only during the development phase. If no development phase funding must be repaid upon completion of the development phase, permanent funding/ financing will be the same as development period funding/financing.

Complete the green shaded cells for each funding or financing source that will be permanently available to the project. The amount of permanent funding and financing sources (line 33 column B) must equal pre-development/construction period funding and financing (line 19 column B).

Lines 27 - 31 column A. Provide the funding source name.

Lines 27 - 31 column B. Enter the amount of committed funding or financing for each source.

Lines 27 - 31 column C. Enter the amount of tentative funding or financing for each source.

Lines 27 - 31 column D. Indicate if the funding source is a grant or a loan.

Development Budget Uses

Lines 41 - 105 column B. Indicate the total cost for each line item in whole dollars.

Lines 41 - 105 column C. Indicate the total cost for each line item that will be paid by RHP funds.

Lines 41 - 105 column E. Enter the name(s) of the other source(s) of funding or financing for each line item.

Line 99. The Capitalized Operating Reserve may not exceed six months of operating costs.

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New Construction Cost Estimate

Line 112. Select yes or no to indicate if architectural design standards, drawings and/or plans and a cost estimated have been completed. If yes, attach a copy of the architect's cost estimate.

Line 114. If architectural design standards, drawings and/or plans and a cost estimate have not been completed, complete lines 125 through 162 or attach a third-party cost estimate based on known factors.

Rehabilitation Cost Estimate

Line 118. Select yes or no to indicate if a Capital Needs Assessment has been prepared for the project. If yes, attach a copy. The Capital Needs Assessment must identify existing deficiencies and material building code violations that affect the property's use and its structural or mechanical integrity.

Line 120. If a Capital Needs Assessment has not been prepared for the project, indicate the source of the rehabilitation cost estimate. Complete the rehabilitation cost estimate (lines 124 through 161) or attach a copy of a detailed 3rd-party work write-up and cost estimate.

Line 164. Select yes or no to indicate if a termite inspection has been performed. If yes, attach a copy of the termite inspection report. The ADOH may require a termite inspection prior to funding award.

Tab 9 - Operating Budget

Projects must evidence sufficient operating revenue to cover all anticipated operating costs for a period of not less than five (5) years after project completion.

Lines 12 - 15 column A. Indicate the name of other operating revenue sources. Include only funding sources firmly committed to funding project operating.

Lines 11 - 15 column B. Enter the assumption or basis for the revenue. For example, participant/occupant fees = number of participants x percent of income charged for services fees.

Lines 11 - 15 column C. Enter the total anticipated amount for each revenue source based on the assumptions entered in column B.

Lines 20 - 74 column B. Enter the assumption or basis for each operating cost. For example, ERE = percentage of salaries.

Lines 20 - 74 column C. Enter the total anticipated amount for each operating cost based on the assumptions entered in column B.

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After entering all information for the year 1 operating budget. Years 2 through 5 totals will automatically be generated on lines 84 and 85, with operating revenues increasing 2% annually and operating expenses increasing 3% annually.

Line 89. If the operating budget (line 87) reflects negative cash flow in any operating year, the applicant must:

1. Describe how operating funds have been secured in the past; OR
2. Explain how the organization intends to raise the necessary operating funds, including a list of firm or tentative commitments, sources and commitment amounts, and attach any firm or tentative commitment letters, if applicable.