

April 2023
Substantial Amendment

Arizona Department of Housing HOME-ARP Allocation Plan



Arizona
Department
of Housing

1110 West Washington Street

Suite 280

Phoenix, AZ 85007

602-771-1000

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Substantial Amendment 1 Summary (April 2023)

The US Department of Housing and Urban Development requires the State of Arizona formally amend the HOME-ARP Allocation Plan when it proposes a change in the method of distributing funds; to carry out an activity not previously described in the plan; or to change the purpose, scope, location, or beneficiaries of an activity, including new preferences not previously described in the plan.

The State of Arizona Department of Housing (ADOH) is proposing to amend the HUD-approved HOME-ARP Allocation Plan to incorporate a preference for individuals and families experiencing homelessness in all HOME-ARP activities. This amendment is found on page 26 and is highlighted in red text.

By providing a preference, the ADOH is establishing the order in which individuals and families are admitted to or selected by subrecipients, service providers and owner/developers for housing, shelter and HOME-ARP services. Preferences do not change who is eligible for HOME-ARP assistance, nor do preferences exclude an individual or family that is another qualifying population from applying for HOME-ARP housing, shelter, or services.

By providing this preference for individuals and families experiencing homelessness, the ADOH is addressing the unmet need for 18,691 rental units affordable to renter households with income less than 30% AMI, and the unmet need for 16,787 permanent supportive housing units.

All other aspects of the State of Arizona HOME-ARP Allocation Plan remain unchanged.

This amendment will be available for public comment for thirty (30) days beginning April 1, 2023 and ending April 30, 2023. The amendment will be discussed at a public hearing on Wednesday April 5, 2023, beginning at 10:00 am. Send written comments and questions to:

Assistant Deputy Director, Programs
Arizona Department of Housing
1110 W Washington St, Ste 280
Phoenix, AZ 85007
publiccomment@azhousing.gov

Executive Summary

The State of Arizona Department of Housing (ADOH) has been allocated \$21,818,662 of HOME-American Recovery Plan Act (HOME-ARP) funding from the US Department of Housing and Urban Development (HUD). To receive the HOME-ARP allocation, the ADOH must develop a HOME-ARP Allocation Plan that will become part of the State's PY2021 HUD Annual Action Plan by substantial amendment.

To ensure broad input into the HOME-ARP Allocation Plan from stakeholders and the public, the ADOH engaged in consultation with stakeholders and the public, including virtual consultation sessions, direct contact with HUD-required organizations that did not participate in a virtual session, a 15-day public comment period, and a public hearing.

The needs assessment and gap analysis identified the following needs and gaps that may be addressed using HOME-ARP funds:

- In January 2020, 1,061 people in 777 Arizona Balance of State households were residing in emergency shelter or transitional housing, including 150 adult survivors of domestic violence. An additional 1,175 people in 860 households were counted as unsheltered.
- An estimated 1,085 Arizona Balance of State families with income below 30% AMI live in housing that includes more than one family and is overcrowded. An additional 982 families with income between 30% and 50% AMI live in overcrowded conditions with one or more other families.
- An estimated 247 people in the Arizona Balance of State will experience a return to homelessness each year.
- In January 2020, there were 1,108 congregate beds and 2,175 beds in non-congregate shelter units in the Arizona Balance of State. An additional 1,043 non-congregate shelter beds are needed for individuals and 498 additional beds in 166 units are needed for families.
- In the Arizona Balance of State, supportive service availability is inconsistent, with urbanized and higher-density areas having a wider range of services and rural, lower-density and/or more isolated areas having limited service availability.
- There are twenty-four public housing authorities (PHAs) located throughout Arizona. PHAs in the Arizona Balance of State collectively administer approximately 3,900 Housing Choice Vouchers.

- There are an estimated 13,630 affordable rental housing units in the Arizona Balance of State. 18,691 additional affordable rental units are needed statewide to house renters with income below 30% AMI paying more than 50% of their income for rent and utilities, including 6,211 in the Arizona Balance of State. In addition, there is an estimated statewide gap of 21,889 rental units affordable to renter households with income between 30% and 50% AMI, including 6,684 in the Arizona Balance of State.
- In January 2020, there were 1,206 permanent supportive housing beds, including 536 for Veterans and their families in the Arizona Balance of State. 16,787 additional permanent supportive housing beds are needed statewide, including 4,034 in the Arizona Balance of State.

To address these needs and gaps, the ADOH will utilize HOME-ARP funds for supportive services, non-congregate shelter, rental housing, nonprofit operating and capacity building assistance, and planning and administration.

The ADOH will solicit applications from developers, service providers, and/or subrecipient organizations to administer eligible activities and/or develop shelter and housing. A HOME-ARP Notice of Funds Available (NOFA) will be issued. In addition to soliciting applications through a HOME-ARP NOFA, the ADOH may provide HOME-ARP funding to applicants that previously applied for CDBG-CV emergency shelter and/or transitional housing projects that were not awarded due to insufficient CDBG-CV funding availability.

Introduction

The State of Arizona Department of Housing (ADOH) has been allocated \$21,818,662 of HOME-American Recovery Plan Act (HOME-ARP) funding from the US Department of Housing and Urban Development (HUD). To receive the HOME-ARP allocation, the ADOH must develop a HOME-ARP Allocation Plan that will become part of the State's PY2021 HUD Annual Action Plan by substantial amendment. The HOME-ARP Allocation Plan must include:

1. A summary of the consultation process and results of consultation;
2. A summary of comments received through the public participation process and a summary of any comments or recommendations not accepted and the reasons why;
3. A description of HOME-ARP qualifying populations within the jurisdiction;
4. An assessment of unmet needs of each qualifying population;
5. An assessment of gaps in housing and shelter inventory, homeless assistance and services, and homelessness prevention service delivery system;
6. A summary of the planned use of HOME-ARP funds for eligible activities based on the unmet needs of the qualifying populations;
7. An estimate of the number of housing units for qualifying populations the State will produce or preserve with its HOME-ARP allocation;
8. A description of any preferences for individuals and families in a particular qualifying population or a segment of a qualifying population.;
9. HOME-ARP Refinancing Guidelines; and
10. Certifications and SF-424, SF-424B and SF-424D Forms.

HOME-ARP Eligible Qualifying Populations and Activities

HUD's CPD Notice 21-10 *Requirements for the Use of Funds in the HOME-American Rescue Plan Program* establishes requirements for funds appropriated under section 3205 of the American Rescue Plan Act of 2021 for the HOME Investment Partnerships Program (HOME) to provide homelessness assistance and supportive services.

The American Rescue Plan Act (ARP) defines qualifying individuals or families, including Veterans, that are:

1. Homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act;
2. At risk of homelessness, as defined in section 401 of the McKinney-Vento Homeless Assistance Act;

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3. Fleeing, or attempting to flee domestic violence, dating violence, sexual assault, or stalking (as defined by HUD in 24 CFR 5.2003) or human trafficking (as outlined in the Trafficking Victims Protection Act of 2000 as amended [22 USC 7102]); and
 4. Part of other populations, where providing supportive services or assistance under section 212(a) of the National Affordable Housing Act 42 USC 12472(a) would:
 - a. Prevent a family's homelessness;
 - b. Serve those with the greatest risk of housing instability.

HOME-ARP funds may be used to benefit qualifying populations through:

1. Tenant-based Rental Assistance (TBRA);
2. Development and support of affordable housing;
3. Provision of supportive services;
4. Acquisition and development of non-congregate shelter;
5. Nonprofit capacity building and operating assistance; and
6. Program planning and administration.

Stakeholder Consultation and Public Participation

HUD requires each HOME-ARP Participating Jurisdiction to consult with agencies and service providers whose clientele include the HOME-ARP qualifying populations. Agencies that must, at a minimum, be consulted include the Continuum of Care serving the jurisdiction's geographic area, homeless and domestic violence service providers, veterans' groups, public housing agencies (PHAs), public agencies that address the needs of the qualifying populations, and public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities. States are not required to consult with all Continuums of Care or PHAs in their jurisdiction.

HUD also requires that each Participating Jurisdiction provide opportunities for the public to comment on the proposed Allocation Plan, including the amount of HOME-ARP funds that will be received and the range of activities that the state may undertake.

To ensure broad input into the HOME-ARP Allocation Plan from stakeholders and the public, the ADOH engaged in consultation with stakeholders and the public, including virtual consultation sessions, direct contact with HUD-required organizations that did not participate in a virtual session, a 15-day public comment period, and a public hearing.

Stakeholder Consultation

Virtual consultation sessions began on October 12, 2021 when the ADOH consulted with the Arizona Balance of State Continuum of Care Local Coalitions to End Homelessness (LCEH) at their quarterly meeting. Two open virtual consultation sessions were held on November 18, 2021 and November 19, 2021; these sessions were announced to the agencies and members of the public on the ADOH website and directly through an information bulletin to the ADOH mailing list. Finally, on December 17, 2021 the ADOH consulted with local and state agencies that participated in the Arizona Department of Economic Security Homeless Coordination Office weekly on-line office hours.

All virtual consultation sessions included 1) an overview of the HOME-ARP notice to facilitate understanding of qualifying populations and eligible activities, 2) an opportunity to ask clarifying questions, 3) requests for input into needs and gaps, and priority populations and activities, and 4) an overview of the Allocation Plan timeline and process.

To ensure all HUD-required agency types were consulted, the ADOH identified and directly contacted agencies that did not participate in one of the four consultation sessions. Eighty-five (87) individuals representing sixty-one (61) organizations, departments and divisions, and members of the public participated in virtual consultation sessions and/or phone consultations.

Organizations Consulted by Organization Type and Method of Consultation

Organization Consulted	Type of Organization	Method of Consultation
Achieve, Yuma County	Nonprofit, addresses needs of qualifying populations, including people with disabilities	Virtual Session
ADES Division of Developmental Disabilities	Public, addresses needs of qualifying populations including people with disabilities	Virtual Session
Against Abuse	Nonprofit, addresses needs of qualifying populations, domestic violence service provider	Virtual Session
Arizona Housing Coalition	Nonprofit, advocates to address needs of qualifying populations including DV survivors, veterans' groups, PHAs, fair housing, civil rights, needs of persons with disabilities	Virtual Session
Arizona Housing, Inc.	Nonprofit, addresses needs of qualifying populations	Virtual Session
Atlantic Development	Private, addresses needs of qualifying populations	Virtual Session

Organization Consulted	Type of Organization	Method of Consultation
AZ Balance of State Continuum of Care	Public, Continuum of Care, addresses needs of qualifying populations	Virtual Session, Phone Contact, Email
AZ Department of Economic Security - Homeless Coordination	Addresses needs of qualifying populations	Virtual Session, Phone Contact
AZ Complete Health	Nonprofit, addresses needs of qualifying populations including people with disabilities	Virtual Session
AZ Department of Economic Security - DV Programs	Public, addresses needs of qualifying populations including DV survivors	Virtual Session
AZ Department of Economic Security - Food Programs	Public, addresses needs of qualifying populations	Virtual Session
CCS-Pio Decimo Center	Nonprofit, addresses needs of qualifying populations including veterans	Virtual Session
Central AZ Shelter Services	Nonprofit, addresses needs of qualifying populations	Virtual Session
Change Point Integrated Health	Nonprofit, addresses needs of qualifying populations	Virtual Session
Chrysalis	Nonprofit, addresses needs of qualifying populations	Virtual Session
Circle the City	Nonprofit, addresses needs of qualifying populations	Virtual Session
City of Apache Junction	Public, addresses needs of qualifying populations	Virtual Session
City of Cottonwood	Public, addresses needs of qualifying populations	Virtual Session
City of Phoenix	Public, PHA, addresses needs of qualifying populations	Virtual Session
City of Yuma	Addresses needs of qualifying populations	Virtual Session
City of Tempe	Public, PHA, addresses needs of qualifying populations	Virtual Session
City of Tucson	Public, Continuum of Care, PHA, addresses needs of qualifying populations	Phone Contact
City of Yuma	Public, PHA, addresses needs of qualifying populations	Virtual Session
Community Action Human Resources	Nonprofit, addresses needs of qualifying populations	Virtual Session
Community Bridges	Nonprofit, addresses needs of qualifying populations including people with disabilities	Virtual Session

Organization Consulted	Type of Organization	Method of Consultation
Copa Health	Nonprofit, addresses needs of qualifying populations	Virtual Session
cox.net address	Unknown	Virtual Session
cox.net address	Unknown	Virtual Session
DES/HRP	Public, addresses needs of qualifying populations	Virtual Session
Flagstaff Shelter Services	Nonprofit, addresses needs of qualifying populations	Virtual Session
Gila County	Public, PHA, addresses needs of qualifying populations	Virtual Session, Phone Contact
Housing Solutions of Northern Arizona	Nonprofit, addresses needs of qualifying populations including DV survivors	Virtual Session
Lifewell	Nonprofit, addresses needs of qualifying populations	Virtual Session
Maggie's Place	Nonprofit, addresses needs of qualifying populations	Virtual Session
Maricopa Association of Governments	Public, Continuum of Care, addresses needs of qualifying populations	Virtual Session
Mercy Care AZ	Nonprofit, addresses needs of qualifying populations including people with disabilities	Virtual Session
Mohave County	Public, PHA, addresses needs of qualifying populations	Virtual Session
Native American Connections	Nonprofit, addresses needs of qualifying populations	Virtual Session
Old Concho Community Assistance Center	Nonprofit, addresses needs of qualifying populations	Virtual Session
Old Pueblo Community Services	Nonprofit, addresses needs of qualifying populations	Virtual Session
palindromecreates.com	Addresses needs of qualifying populations	Virtual Session
Phone in participant	Unknown	Virtual Session
Phone in participant	Unknown	Virtual Session
Phone in participant	Unknown	Virtual Session
Pinal County	Public, PHA, addresses needs of qualifying populations	Virtual Session
Prescott AZ Shelter Services	Nonprofit, addresses needs of qualifying populations	Virtual Session
Primavera Foundation	Nonprofit, addresses needs of qualifying populations including veterans	Virtual Session

Organization Consulted	Type of Organization	Method of Consultation
Regional Center for Border Health	Nonprofit, addresses needs of qualifying populations	Virtual Session
Salvation Army	Nonprofit, addresses needs of qualifying populations	Virtual Session
Society of St Vincent de Paul	Nonprofit, addresses needs of qualifying populations	Virtual Session
Sojourner Center	Nonprofit, addresses needs of qualifying populations	Virtual Session
SouthEastern Arizona Governments Organizations	Public, addresses needs of qualifying populations	Virtual Session
Southwest Fair Housing Council	Nonprofit, fair housing, civil rights organizations	Phone Contact
Southwest Nonprofit Housing Corporation	Nonprofit, addresses needs of qualifying populations	Virtual Session
Tempe Community Action	Nonprofit, addresses needs of qualifying populations	Virtual Session
The Bob and Renee Parsons Foundation	Nonprofit, addresses needs of qualifying populations	Virtual Session
The Commonwealth Companies	Private, addresses needs of qualifying populations	Virtual Session
Thomas Development	Private, addresses needs of qualifying populations	Virtual Session
United Methodist Outreach Ministries	Nonprofit, addresses needs of qualifying populations	Virtual Session
United Way, Yavapai County	Nonprofit, addresses needs of qualifying populations	Virtual Session
Vitalyst Health	Nonprofit, addresses needs of qualifying populations	Virtual Session
Westcare	Nonprofit, addresses needs of qualifying populations	Virtual Session

Summary of Feedback Received from Consulted Organizations

Consultation revealed strong support for:

1. Capital investments in non-congregate shelter and rental housing, including permanent supportive housing for people with disabilities;
2. Supportive services of all kinds, with specific emphasis on:
 - a. Mental health;
 - b. Navigation;
 - c. Diversion;
 - d. Life skills; and
 - e. Vehicle repairs.
3. Operating support for rental housing units developed with HOME-ARP funds; and
4. Funding for nonprofit operating and capacity-building.

Stakeholders discussed that while there was a need for non-congregate shelter, without operating support it would be difficult to ensure the shelter(s) would remain operable for the required period of time, particularly in rural areas where fewer operating funds might be available. Multiple participants encouraged investment in under-served and rural areas, while other stakeholders encouraged investment in their Maricopa County and Pima County service areas including shelter in Maricopa County, and tenant-based rental assistance in Pima County. Participants encouraged services to be available both on-site and at appropriate locations, with consideration for school-based services to meet the needs of homeless and at-risk families and youth.

Considering priority populations, the increasing number of elderly people experiencing and at risk of homelessness was frequently mentioned. Additional frequently-cited qualifying populations and subpopulations included people with disabilities, domestic violence survivors, people with serious mental illness, people with substance use disorders, unaccompanied youth, and families.

Public Participation

To provide opportunities for public participation, the ADOH distributed an information bulletin to all individuals on its email list notifying them of the opportunity to participate in one of two virtual consultation sessions held in November 2021. In addition, the ADOH provided a 15-day public comment period beginning January 26, 2022 and ending February 9, 2022 and conducted a public hearing on January 26, 2022.

A combined notice of public comment period and public hearing were published across the state in newspapers of general circulation. In addition, the public notice was posted on the ADOH website and an information bulletin notifying stakeholders and the public was distributed to the ADOH mailing list.

Efforts to Broaden Public Participation

To broaden public participation, members of the public who are on the ADOH email list were invited via email and by information bulletin to attend the consultation sessions held in the formulation of the Allocation Plan. This effort was in addition to public notices placed in newspapers.

Comments and Recommendations Received

No comments were received during the public comment period or at the public hearing.

Comments and Recommendations Not Accepted and Reasons Why

No comments were received during the public comment period or at the public hearing.

Needs Assessment and Gap Analysis

The needs assessment and gap analysis must evaluate the 1) size and demographic composition of HOME-ARP qualifying populations, and 2) unmet needs of HOME-ARP qualifying populations. In addition, the needs assessment and gap analysis must identify any gaps within its current shelter and housing inventory, and service delivery system. This needs assessment and gap analysis focuses on:

1. Sheltered and unsheltered homeless populations;
2. Currently housed populations at risk of homelessness;
3. Other families requiring services or housing to prevent homelessness; and
4. Those at greatest risk of housing instability or unstable housing situations.

Housing Inventory Count (HIC)

The annual Housing Inventory Count (HIC) provides useful context regarding the number and type of beds and units that are available for individuals and families experiencing homelessness on any given night. The following tables summarize beds and units available as of January 2020 in the Arizona Balance of State (outside Maricopa and Pima counties) by bed type.

1. Emergency housing beds include emergency shelter and transitional housing; emergency shelter generally allows for short-term or nightly stays, while transitional housing generally allows for a stay up to 24 months. Both types of emergency housing may include supportive services designed to facilitate movement to independent living.
2. Rapid rehousing provides security and utility deposits and/or monthly rental and utility assistance for rental units that rent for less than the fair market rent. Assistance is generally provided for the shortest period of time necessary for a household to gain stable housing and can range from 3 to 24 months. Permanent supportive housing provides for an unlimited lease term; residents receive services necessary to promote continued housing stability.

Emergency Housing Beds Available January 2020 Arizona Balance of State								
	Current Inventory					Beds for Subpopulations		
	Family Units	Family Beds	Adult-Only Beds	Child-Only Beds	Total Year-Round Beds	Chronic	Veterans	Youth
Emergency Shelter	66	358	513	5	876	0	5	5
Transitional Housing	36	111	121	0	232	0	76	0
Total Emergency Housing Beds	102	469	634	5	1,108	0	81	5

Rapid Rehousing and Permanent Supportive Housing Available January 2020 Arizona Balance of State								
	Current Inventory					Beds for Subpopulations		
	Family Units	Family Beds	Adult-Only Beds	Child-Only Beds	Total Year-Round Beds	Chronic	Veterans	Youth
Rapid Rehousing	129	475	365	0	969	0	141	2
Permanent Supportive Housing	119	424	663	0	1,206	528	536	0
Total Year-Round Beds	248	899	1,028	0	2,175	528	677	2

Size and Demographic Composition of Qualifying Populations

Due to the coronavirus pandemic, there was no street count conducted in 2021 to identify unsheltered homeless populations. The January 2020 point-in-time (PIT) count of both sheltered and unsheltered homelessness is used for this analysis.

Sheltered Homeless Populations

The 2020 sheltered point-in-time count identified 1,061 people in 777 households experiencing sheltered homelessness on January 22, 2020. People are considered sheltered when they are residing in emergency shelter or transitional housing, but not when they are receiving rapid rehousing assistance or residing in permanent supportive housing. Among individuals experiencing *sheltered* homelessness:

- 69.9% (742) were over the age of 24; 5.4% (57) were age 18 to 24; and 24.71% (262) were under age 18.
- 48.9% (519) identified as male, 51.0% (541) identified as female, 0.1% (1) identified as transgender, and 0.0% (0) identified as gender non-conforming;
- 76.5% (812) identified as non-Hispanic and 23.5% (249) identified as Hispanic;
- 56.7% (602) identified as White, 21.1% (224) identified as Native American, 14.1% (150) identified as multiple races, 5.7% (61) identified as Black or African American, 1.9% (20) identified as Asian, and 0.4% (4) identified as Native Hawaiian or Other Pacific Islander;
- 9.4% (100) met the definition of experiencing chronic homelessness;
- 13.0% (138) were adults with a serious mental illness;

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- 10.2% (108) were adults with a substance use disorder;
 - 1.3% (14) were an adult with HIV/AIDS;
 - 19.0% (202) were adult survivors of domestic violence; and
 - 9.8% (104) were Veterans.

Unsheltered Homeless Populations

The 2020 point-in-time unsheltered count identified 1,175 people in 860 households experiencing unsheltered homelessness on January 22, 2020. Among individuals experiencing *unsheltered* homelessness in 2020:

- 84.2% (989) were over the age of 24; 10.6% (124) were age 18 to 24; and 5.3% (62) were under age 18.
- 64.8% (761) identified as male, 33.6% (395) identified as female, 0.9% (10) identified as transgender, and 0.8% (9) identified as gender non-conforming;
- 87.7% (1,031) identified as non-Hispanic and 12.3% (144) identified as Hispanic;
- 73.0% (858) identified as White, 11.9% (140) identified as Native American, 8.7% (102) identified as multiple races, 6.0% (71) identified as Black or African American, 0.2% (2) identified as Asian, and 0.2% (2) identified as Native Hawaiian or Other Pacific Islander;
- 46.9% (551) met the definition of experiencing chronic homelessness;
- 16.2% (190) were adults with a serious mental illness;
- 26.5% (419) were adults with a substance use disorder;
- 0.4% (19) were an adult with HIV/AIDS;
- 10.6% (125) were adult survivors of domestic violence; and
- 11.7% (138) were Veterans.

At-risk of Homelessness

Households at risk of homelessness are those with incomes below 30% AMI that lack sufficient resources or support networks to prevent homelessness, and 1) have moved more than two times due to economic reasons in the past 60 days, 2) are doubled up with another household due to economic hardship, 3) will be evicted within 21 days, 4) live in a hotel or motel without financial assistance from a nonprofit or government entity, 5) live in an efficiency apartment and are overcrowded, or 6) are exiting a publicly-funded institution or system of care.

HUD Comprehensive Housing Affordability Strategy (CHAS) 2014-2018 data Table 10 provides information on overcrowding among households that include more than one family, by

household income level. This CHAS data indicates there are approximately 1,085 households with incomes below 30% AMI that are at risk of homelessness in the Arizona Balance of State.

Fleeing or Attempting to Flee Domestic Violence, Dating Violence, Sexual Assault, Stalking or Human Trafficking

The 2021 PIT identified 150 sheltered adult survivors of domestic violence. The count of sheltered and unsheltered survivors of domestic violence does not include children in families. Providers of services to survivors of domestic violence indicate the number of individuals in need of shelter is likely undercounted as isolation and physical distancing mandates resulted in increased domestic violence concerns while limiting potential flight from unsafe living situations. Demographic information for this qualifying population is confidential.

Other Populations

Other populations, as defined by HOME-ARP, include those who:

1. Are currently housed and at risk of repeat homelessness;
2. Have incomes below 30% AMI and are experiencing severe housing cost burden; and
3. Otherwise meet the definition of at risk of homelessness and have incomes between 30% and 50% AMI.

Currently housed and at risk of repeat homelessness

The Arizona Balance of State Continuum of Care 2020 PIT Narrative indicates that approximately 11% of individuals exiting emergency shelter, or transitional or permanent housing in any given year will return to homelessness within 12 months. From 2018 to 2020, an average of 2,323 people exited homelessness each year, therefore the risk of repeat homelessness is approximately 247 people per year.

At greatest risk of housing instability – Households with incomes < 30% AMI and experiencing severe housing cost burden

2014-2019 HUD CHAS data indicates there are 18,691 renter households with annual income less than 30% AMI that are at greatest risk of housing instability, including 6,211 in the Arizona Balance of State (outside of Maricopa and Pima counties). These renter households include:

- Two-person households, one or both of who are age 62 or older - 804 statewide, including 249 in the Arizona Balance of State;
- Small families with 2-4 non-elderly people - 4,780 statewide, including 1,915 in the Arizona Balance of State;

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- Large families with 5 or more people – 1,333 statewide, including 528 in the Arizona Balance of State;
 - People living alone or with non-relatives who are age 62 or older – 6,175 statewide, including 1,780 in the Arizona Balance of State; and
 - People living alone or with non-relatives, none of whom are age 62 or older – 5,599 statewide, including 1,739 in the Arizona Balance of State.

At greatest risk of housing instability – Households with incomes 30-50% AMI that meet HUD’s §91.5 definition of at risk of homelessness

Households in this category are those with incomes between 30% and 50% AMI that lack sufficient resources or support networks to prevent homelessness, and 1) have moved more than two times due to economic reasons in the past 60 days, 2) are doubled up with another household due to economic hardship, 3) will be evicted within 21 days, 4) live in a hotel or motel without financial assistance from a nonprofit or government entity, 5) live in an efficiency apartment and are overcrowded, or 6) are exiting a publicly-funded institution or system of care.

HUD Comprehensive Housing Affordability Strategy (CHAS) 2014-2018 data Table 10 provides information on households that include more than one family, household income level and overcrowding. This CHAS data indicates there are approximately 982 households with incomes between 30% and 50% AMI that are at risk of homelessness in the Arizona Balance of State. In addition, during the past year 318 households with income less than 50% AMI sought eviction prevention assistance through the Arizona Department of Economic Security.

Unmet Housing and Service Needs of Qualifying Populations

The greatest unmet *housing* needs of qualifying populations are:

- Permanent rental housing that is affordable to qualifying and other populations; and
- Permanent supportive rental housing that coordinates specialized services with housing that is affordable to qualifying and other populations.

The greatest unmet *service* needs of qualifying populations, including sheltered and unsheltered homeless populations, currently housed populations at risk of homelessness, other families requiring services or assistance to prevent homelessness, and those at greatest risk of housing instability or in unstable housing situations are:

- a. Mental health;
- b. Navigation;

- c. Diversion;
- d. Life skills; and
- e. Vehicle repairs.

Additional unmet service needs of qualifying populations, including sheltered and unsheltered homeless populations, currently housed populations at risk of homelessness, other families requiring services or assistance to prevent homelessness, and those at greatest risk of housing instability or in unstable housing situations include the following as described in HUD CPD Notice 2021-10, as may be amended:

- a. Case management;
- b. Child care;
- c. Education services;
- d. Employment assistance and job training;
- e. Meal or grocery assistance;
- f. Housing search and counseling assistance;
- g. Coordinated service linkage;
- h. Legal services;
- i. Outpatient health services;
- j. Outreach services;
- k. Substance abuse treatment services;
- l. Transportation;
- m. Credit repair;
- n. Landlord-tenant liaison services;
- o. Services for special populations, including trauma-informed services; and
- p. Financial assistance to secure stable housing, such as rental application fees, security and utility deposits, and first and last month's rent.

Current Resources Available to Assist Qualifying Populations

Current available resources include:

1. Congregate beds and non-congregate shelter units;
2. Supportive services;
3. Tenant-based rental assistance; and
4. Affordable and Permanent Supportive Rental Housing.

Congregate Beds and Non-congregate Shelter Units

In January 2020, there were 1,108 congregate beds and 2,175 beds in non-congregate shelter units. Congregate beds include emergency, safe haven and transitional housing beds and units. Non-congregate shelter includes permanent supportive housing and rapid re-housing.

Supportive Services

Arizona is a geographically large state encompassing 113,594 square miles and containing 15 counties and 91 cities and towns. Arizona's Balance of State Census Tracts cover an average area of 297 square miles each, have an average population density of 925 people, and an average housing density of 437 units. In the Arizona Balance of State, supportive service availability is inconsistent, with urbanized and higher-density areas having a wider range of services and rural, lower-density and/or more isolated areas having limited service availability.

Tenant-based Rental Assistance

There are twenty-four public housing authorities located throughout Arizona, including the Arizona Public Housing Authority (AZPHA). The AZPHA administers the Section 8 Housing Choice Voucher program in Yavapai county, including approximately 89 regular vouchers, 70 VASH vouchers, and approximately 75 incoming portable vouchers. Areas in the Arizona Balance of State served by local housing authorities include: The Cities of Douglas, Eloy, Flagstaff, Nogales, Williams, Winslow, and Yuma; and Cochise, Gila, Mohave, Pinal and Yuma counties. These PHAs collectively administer approximately 3,900 Housing Choice Vouchers.

Affordable and Permanent Supportive Rental Housing

There are an estimated 13,630 affordable rental housing units funded with HOME, LIHTC, Section 202, and Section 8 project-based assistance in the Arizona Balance of State. In January 2020, there were 1,206 permanent supportive housing beds, including 536 for Veterans and their families. In addition, according to HUD's 2018 Picture of Subsidized Households, there are 5,357 public housing units located throughout the State of Arizona.

Shelter, Housing and Service Delivery System Gaps

Shelter Gap

There is an estimated need for 1,043 additional shelter beds for individuals and 498 additional shelter beds in 166 units for individuals in families.

Shelter Gap Methodology

The shelter gap methodology utilized the January 2020 point-in-time count of sheltered individuals and individuals in families. The number of sheltered individuals and individuals in families in emergency shelter and transitional housing were separately multiplied by the average stay in each shelter type and added to identify the total nightly need for beds. To estimate family units needed, the estimated bed need was divided by 3 people per family.

Shelter Gap - Beds for Individuals	
Individuals Sheltered in Emergency Beds (532) x 4-month average stay	1,596
Individuals Sheltered in Transitional Housing Beds (122) x 18-month average stay	81
Total Nightly Need for Individual Beds	1,677
Existing Individual Bed Capacity (Emergency Shelter + Transitional Housing)	634
<i>Net Nightly Need for Individual Beds</i>	<i>1,043</i>

Shelter Gap - Beds for Individuals in Families and Family Units	
Individuals in Families in Emergency Beds (298) x 4-month average stay	894
Individuals in Families in Transitional Housing Beds (109) x 18-month average stay	73
Total Nightly Need for Family Beds	967
Existing Family Bed Capacity (Emergency Shelter + Transitional Housing)	469
<i>Net Nightly Need for Beds for Individuals in Families</i>	<i>498</i>
<i>Net Nightly Need for Family Units (3 people/family average)</i>	<i>166</i>

Tenant-based Rental Assistance Gap

There is an estimated gap of 40,850 tenant-based rental assistance vouchers for households with income less than 50% AMI and paying more than 50% of household income for rent, including utilities. This includes 12,895 tenant-based rental assistance vouchers in the Arizona Balance of State.

Tenant-based Rental Assistance Gap Methodology

The number of tenant-based rental assistance vouchers was calculated using HUD CHAS Data Table 7 and is equal to the number of renter households with income less than 50% of AMI and paying more than 50% of household income for rent, including utilities.

Tenant-based Rental Assistance Gap		
	Statewide	Balance of State (outside Maricopa and Pima Counties)
Renter Households with Income <50% AMI paying more than 50% of income for rent, including utilities	40,850	12,895

Affordable and Permanent Supportive Rental Housing Gap

There is an estimated gap of 18,691 rental units affordable to renter households with income less than 30% AMI, including 6,211 in the Arizona Balance of State. In addition, there is an estimated gap of 21,889 rental units affordable to renter households with income between 30% and 50% AMI, including 6,684 in the Arizona Balance of State. Units for renters with income less than 30% AMI will generally have rent, including utilities that does not exceed \$360/month. Units for renters with income between 30% and 50% AMI will generally have rent, including utilities that does not exceed \$600/month.

Permanent supportive rental housing is a subset of the affordable rental housing gap, primarily for households with income less than 30% AMI. In addition to an affordable rent, permanent supportive housing provides an array of services necessary to help people with disabilities and/or experiencing chronic homelessness to retain housing stability. There is an estimated gap of 16,787 permanent supportive housing units in Arizona, including 4,034 units in the Arizona Balance of State.

Affordable and Permanent Supportive Rental Housing Gap Methodology

The number of Affordable Rental Units was calculated using HUD CHAS Data Table 7 and is equal to the number of renter households in each income category paying more than 50% of household income for rent, including utilities.

Affordable Rental Unit Gap		
	Statewide	Balance of State (outside Maricopa and Pima Counties)
Renter Households with Income <30% AMI paying more than 50% of income for rent, including utilities	18,691	6,211
Renter Households with Income 30% to 50% AMI paying more than 50% of income for rent, including utilities	21,889	6,684
<i>Total Affordable Rental Unit Need</i>	<i>40,850</i>	<i>12,895</i>

The number of Permanent Supportive Housing Units needed was calculated by multiplying the ACS 2019 5-year population estimates for Arizona and the Arizona Balance of State by the per capita need (.002381) for Arizona as calculated by the Corporation for Supportive Housing.

Permanent Supportive Housing Gap		
	Statewide	Balance of State (outside Maricopa and Pima Counties)
Population	7,050,299	1,694,282
Corporation for Supportive Housing per Capita estimate of permanent supportive housing need	.002381	.002381
<i>Total Permanent Supportive Housing Gap</i>	<i>16,787</i>	<i>4,034</i>

Service Delivery System Gaps and Methodology

Given the extensive geography, varying climates and demographics, and population density throughout Arizona, the service delivery system is highly variable. To identify gaps in the service delivery system, the ADOH consulted with stakeholders and drew on its experience working with organizations statewide. Consultation with stakeholders revealed numerous service delivery system gaps including navigation and case management, connecting individuals and families with employment opportunities with sufficient income to afford housing, too few rental units in general, transportation, move-in assistance, adequate affordable child care, landlord outreach and liaison services. In addition, stakeholders discussed challenges securing consistent operating funds for general administrative costs and building capacity to undertake development activities.

Characteristics of Housing Associated with Increased Risk of Homelessness for Other Populations

For other populations, severe housing cost burden, or paying more than 50% of household income for rent and utilities is the primary characteristic of housing associated with increased risk of homelessness throughout Arizona.

Priority Needs for Qualifying Populations

Priority needs for qualifying populations are:

- Non-congregate shelter;
- Affordable rental housing, including permanent supportive housing;
- Supportive services including:
 - Housing navigation;
 - Case management;
 - Child care;
 - Education services;
 - Employment assistance and job training;
 - Meal or grocery assistance;
 - Housing search and counseling assistance;
 - Coordinated service linkage;
 - Legal services;

- Life skills training;
- Mental health services;
- Outpatient health services;
- Outreach services;
- Substance abuse treatment services;
- Transportation, including vehicle repairs and bus passes;
- Credit repair;
- Landlord-tenant liaison services;
- Services for special populations, including trauma-informed services; and
- Financial assistance to secure stable housing, such as rental application fees, security and utility deposits, and first and last month's rent.

HOME-ARP Activities

The ADOH will solicit applications from developers, service providers, and/or subrecipient organizations to administer eligible activities and/or develop shelter and housing. A Notice of Funds Available (NOFA) will be issued. The NOFA will, at a minimum, specify eligible applicants, eligible activities, minimum and maximum funding amounts, application thresholds and underwriting criteria, and will provide instructions on how to submit an application. In addition to soliciting applications through a HOME-ARP NOFA, the ADOH may provide HOME-ARP funding to applicants that previously applied for CDBG-CV emergency shelter and/or transitional housing projects that were not awarded due to insufficient CDBG-CV funding availability.

The Arizona Department of Housing (ADOH) will not directly administer HOME-ARP activities beyond program administration and planning and no subrecipients or contractors are responsible for program administration and planning on behalf of the state.

Uses of HOME-ARP Funding

Activity	Funding Amount	Percent of Allocation	Statutory Limit
Supportive Services	\$2,181,866		
Non-congregate Shelter	\$8,100,000		
Tenant-based Rental Assistance	0		
Rental Housing	\$8,264,006		
Non-profit Operating	\$1,090,930	5%	5%
Non-profit Capacity Building	\$1,090,930	5%	5%
Administration and Planning	\$1,090,930	5%	15%
Total HOME-ARP Allocation	\$ 21,818,662		

Rationale for Uses of HOME-ARP Funding

As documented in the State’s 2020 Consolidated Plan, home prices and rents rose sharply beginning in 2015 as demand for housing increased due to in-migration and the economic recovery. Both rental and purchase affordability have continued to decline during the COVID-19 pandemic as supply cannot keep pace with the demand generated by continued in-migration and investor interest. Growing demand for housing, coupled with labor and supply shortages have continued to push housing costs beyond the reach of the lowest income households.

HUD 2014-2018 CHAS data identified 18,691 renters with income less than 30% AMI who were severely cost burdened, including 6,211 in the Arizona Balance of State. An additional 21,889 renters with income between 30% and 50% are severely cost burdened, including 6,684 in the Arizona Balance of State.

The volume of severely cost burdened renters could be reduced through the use of HOME-ARP funds for either tenant-based rental assistance or rental housing production. Given the shortage of available units resulting from increased demand generated by continued in-migration and investor interest, implementing a new tenant-based rental assistance program is unlikely to meet the needs of Arizona’s most vulnerable renters. Considering the recent infusion of emergency housing vouchers directly from HUD to local public housing authorities, adding new vouchers could also create unnecessary competition for scarce units.

The addition of HOME-ARP rental units, coupled with operating and services supports will help to ease the burden of housing costs for Arizona’s lowest-income renters who are at high risk of housing instability and homelessness or are currently experiencing homelessness and seeking opportunities for housing stability. Permanent supportive rental housing will help to address the needs of Arizona’s growing population of people experiencing chronic homelessness or people with disabilities who need supportive services coupled with affordable housing.

Availability of appropriate shelter varies across Arizona’s vast geography. The state has made significant investments in non-congregate emergency shelter and transitional housing during the past two years, yet demand for shelter continues. Investment of HOME-ARP funds in non-congregate shelter will provide continued opportunities to serve people who are experiencing homelessness.

Availability of appropriate supportive services also varies across Arizona’s vast geography. Ensuring that occupants of HOME-ARP non-congregate shelter and rental housing are offered appropriate services, including those that are less frequently available or unavailable in a given service area, will support long-term housing stability and decrease the likelihood of a return to homelessness.

Many nonprofit partners have the capacity to deliver services and manage shelter, yet lack development and property management experience. Others have capacity to develop, manage and deliver services, yet struggle to secure the operating funds necessary to ensure consistency in operations. Nonprofit partners will benefit from operating and capacity-building assistance to support their efforts to develop appropriate shelter, housing, and services. Operating assistance will help fill gaps in available administrative funding, particularly in organizations that are expanding and/or serving areas with few providers and limited shelter and/or affordable rental housing.

HOME-ARP Housing Production Goals

The ADOH will produce and support an estimated 30 affordable rental units with HOME-ARP funds. Support will include unit operating funds and supportive services for qualifying populations. Because most qualifying populations are also extremely low-income, the HOME-ARP affordable rental units will specifically address the need for rental units affordable to households with income less than 30% AMI.

Preferences

The State of Arizona will provide preference to HOME-ARP eligible activities that serve individuals and families experiencing homelessness. The Coordinated Entry system will not be used for HOME-ARP funds.

HOME-ARP Refinancing Guidelines

The State of Arizona will not utilize HOME-ARP funds for refinancing of properties that may be rehabilitated with HOME-ARP funds.