

# Arizona Department of Housing

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	3.0	3.0	3.0
Personal Services	237,900	309,300	309,300
Employee Related Expenditures	0	61,800	61,800
<b>OPERATING SUBTOTAL</b>	<b>237,900</b>	<b>371,100</b>	<b>371,100</b>
<b>SPECIAL LINE ITEMS</b>			
Homeless Services Grant Pilot	10,000,000	0	0
Homeless Shelter and Services	20,000,000	0	0
Homeless Shelter and Services Fund Deposit	0	40,000,000	0
Housing Trust Fund Deposit	60,000,000	150,000,000	0
Military Transitional Housing Fund Deposit	0	1,900,000	0
Mobile Home Relocation Fund Deposit	0	5,000,000	0
<b>AGENCY TOTAL</b>	<b>90,237,900</b>	<b>197,271,100</b>	<b>371,100<sup>1/</sup></b>
<b>FUND SOURCES</b>			
General Fund	90,000,000	196,900,000	0
<u>Other Appropriated Funds</u>			
Housing Trust Fund	237,900	371,100	371,100
SUBTOTAL - Other Appropriated Funds	237,900	371,100	371,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>90,237,900</b>	<b>197,271,100</b>	<b>371,100</b>
Other Non-Appropriated Funds	15,020,400	16,722,300	16,722,300
Federal Funds	251,707,600	177,767,500	177,767,500
<b>TOTAL - ALL SOURCES</b>	<b>356,965,900</b>	<b>391,760,900</b>	<b>194,860,900</b>

**AGENCY DESCRIPTION** — The department annually administers approximately \$180 million in federal and non-appropriated state housing and community development funds. The appropriated budget reflects a portion of the agency’s administration expenses. The department provides affordable housing opportunities in conjunction with the Arizona Industrial Development Authority. The department’s responsibilities include the Office of Manufactured Housing.

**FOOTNOTES**

<sup>1/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum.

**Operating Budget**

The Baseline includes \$371,100 and 3 FTE Positions from the Housing Trust Fund in FY 2025 for the operating budget. These amounts are unchanged from FY 2024.

**Homeless Shelter and Services Fund Deposit**

The Baseline includes no funding in FY 2025 for a Homeless Shelter and Services Fund deposit. Adjustments are as follows:

**Remove One-Time Funding**

The Baseline includes a decrease of \$(40,000,000) from the General Fund in FY 2025 for the elimination of a one-time deposit into the Homeless Shelter and Services Fund.

*Background* –The FY 2024 Human Services Budget Reconciliation Bill (BRB) established the Homeless Shelter and Services Fund. Monies from the fund shall be used to award grants to counties, cities, towns, Indian tribes and nonprofit organizations for programs that provide shelter and services to unsheltered persons who are experiencing homelessness.

The FY 2024 General Appropriations Act included an FY 2023 supplemental appropriation of \$20,000,000 for Homeless Shelter and Services. That amount was not deposited in the Homeless Shelter and Services Fund, as it did not yet exist.

**Housing Trust Fund Deposit**

The Baseline includes no funding in FY 2025 for a Housing Trust Fund deposit. Adjustments are as follows:

**Remove One-Time Funding**

The Baseline includes a decrease of \$(150,000,000) from the General Fund in FY 2025 for the elimination of a one-time deposit into the Housing Trust Fund.

An FY 2024 General Appropriation Act footnote required the department to submit an expenditure plan report to the Joint Legislative Budget Committee on or before September 1, 2023. The report submitted by the department outlined the plan for stakeholder meetings but did not include planned expenditures. The report was not consistent with the legislative intent of the expenditure plan report requirement.

Another FY 2024 General Appropriation Act footnote allowed the department to use a portion of the deposited monies to invest in a long-term lease that creates a campus for transitional housing, workforce affordable housing, crisis response, detox and recover, workforce development programs, and wrap-around services; the footnote also specifies eligibility characteristics for the campus's lead provider.

The Housing Trust Fund develops projects and programs providing housing opportunities for low- and moderate-income households and housing affordability programs.

**Military Transitional Housing Fund Deposit**

The Baseline includes no funding in FY 2025 for a Military Transitional Housing Fund deposit. Adjustments are as follows:

**Remove One-Time Funding**

The Baseline includes a decrease of \$(1,900,000) from the General Fund in FY 2025 for the elimination of a one-time deposit into the Military Transitional Housing Fund.

The Military Transitional Housing Fund provides transitional housing opportunities for military members separating from the military in newly constructed houses.

**Mobile Home Relocation Fund Deposit**

The Baseline includes no funding in FY 2025 for a Mobile Home Relocation Fund deposit. Adjustments are as follows:

**Remove One-Time Funding**

The Baseline includes a decrease of \$(5,000,000) from the General Fund in FY 2025 for the elimination of a one-time deposit into the Mobile Home Relocation Fund.

The Mobile Home Relocation Fund pays for relocations of mobile homeowners due to rental increases and pays premiums and other costs of purchasing insurance coverage for tenant relocation costs due to a change in property.

SUMMARY OF FUNDS	FY 2023 Actual	FY 2024 Estimate
<b>CDBG-CV CARES Act Fund (HDA2976/A.R.S. § 35-142)</b>		<b>Federal Funds</b>
<b>Source of Revenue:</b> Monies received by the state from the Federal COVID-19 response legislation for the Community Development Block Grant program.		
<b>Purpose of Fund:</b> To provide housing, permanent jobs, public services, or new or improved infrastructure to prevent, prepare for and respond to the COVID-19 pandemic.		
<b>Funds Expended</b>	9,284,000	9,285,000
<b>Year-End Fund Balance</b>	2,100	17,100
<b>Consumer Recovery Fund (HDA3090/A.R.S. § 41-4041)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fees charged to dealers and brokers of manufactured homes, mobile homes, or factory-built buildings designed for residential use.		
<b>Purpose of Fund:</b> To provide consumer and license education in connection with the manufactured housing and factory-built building industry and to make payments on damage claims filed by consumers of these types of residential buildings.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	759,800	809,800

<b>Coronavirus State and Local Fiscal Recovery Fund (HDA2985/A.R.S. § 35-142)</b>	<b>Federal Funds</b>	
<b>Source of Revenue:</b> Monies received by the state from the Federal COVID-19 response legislation for the State and Local Fiscal Recovery program.		
<b>Purpose of Fund:</b> Provides funding to respond to the pandemic and its negative economic impacts, provide premium pay to workers performing essential work, restore cuts in public services caused by pandemic-induced revenue losses and avoid additional cuts, and invest in water, sewer, or broadband infrastructure.		
<b>Funds Expended</b>	23,488,800	15,000,000
<b>Year-End Fund Balance</b>	6,927,600	6,927,600
<b>DPS-FBI Fingerprint Fund (HDA2159/A.R.S. § 41-1750)</b>	<b>Non-Appropriated</b>	
<b>Source of Revenue:</b> Revenues include fees collected from fingerprint clearance cards.		
<b>Purpose of Fund:</b> Revenues are transferred to the Department of Public Safety (DPS) to process fingerprint clearance cards.		
<b>Funds Expended</b>	6,100	6,100
<b>Year-End Fund Balance</b>	3,200	3,900
<b>Federal Funds (HDA2000/A.R.S. § 35-142)</b>	<b>Federal Funds</b>	
<b>Source of Revenue:</b> Federal Funds for affordable housing programs.		
<b>Purpose of Fund:</b> To be expended as stipulated by federal statutes authorizing the federal grants.		
<b>Funds Expended</b>	97,379,300	97,729,700
<b>Year-End Fund Balance</b>	2,943,700	2,623,800
<b>Federal Grant - American Recovery and Reinvestment Act (ARRA) (HDA2999/A.R.S. § 35-142)</b>	<b>Federal Funds</b>	
<b>Source of Revenue:</b> One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
<b>Purpose of Fund:</b> One-time Federal Funds to be used by the department for the weatherization of homes, energy efficiency and usage reduction, and appliance rebates.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	1,363,300	1,497,700
<b>HOME ARPA Fund (HDA8610/A.R.S. § 41-3955)</b>	<b>Federal Funds</b>	
<b>Source of Revenue:</b> Monies received by the state from the Federal HOME-American Recover Plan Act (HOME-ARP).		
<b>Purpose of Fund:</b> To assist in providing supportive services, non-congregate shelter, rental housing, nonprofit operating an capacity building assistance, and planning and administration.		
<b>Funds Expended</b>	2,600	2,700
<b>Year-End Fund Balance</b>	900	1,200
<b>Home Investment Partnership Act Fund (HDA1410/A.R.S § 35-142)</b>	<b>Federal Funds</b>	
<b>Source of Revenue:</b> Monies received by the state from the U.S. Department of Housing and Urban development (HUD).		
<b>Purpose of Fund:</b> Provide decent affordable housing to lower income households, expand the capacity of nonprofit housing providers, strengthen the ability of state and local governments to provide housing, leverage private sector participation.		
<b>Funds Expended</b>	5,158,400	0
<b>Year-End Fund Balance</b>	11,484,100	12,309,900
<b>Homeless Shelter and Services Fund (HDA9999/Laws 2023, Ch. 141)</b>	<b>Appropriated</b>	
<b>Source of Revenue:</b> Legislative appropriation		
<b>Purpose of Fund:</b> To award grants to counties, cities, towns, Indian tribes, and nonprofit organizations for programs that provide shelter and services to unsheltered persons who are experiencing homelessness.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Homeowner's Assistance Fund (HDA2986/A.R.S. § 35-142)</b>	<b>Federal Funds</b>	
<b>Source of Revenue:</b> Federal Funds appropriated in the American Rescue Plan Act		

**Purpose of Fund:** To assist homeowners experiencing financial hardship due to the Coronavirus. Funds may be used for assisted payments for mortgages, utilities, insurance and other specified purposes.

<b>Funds Expended</b>	115,982,400	55,321,700
<b>Year-End Fund Balance</b>	55,321,700	0

**Housing Choice Voucher Emergency Housing Fund (HDA3202/A.R.S. § 35-142) Federal Funds**

**Source of Revenue:** Federal Funds for housing assistance

**Purpose of Fund:** To provide rental assistance to individuals and families who are experiencing homelessness or are at risk of experiencing homelessness.

<b>Funds Expended</b>	147,700	160,000
<b>Year-End Fund Balance</b>	70,800	35,800

**Housing Program Fund (HDA2200/A.R.S. § 41-3957) Non-Appropriated**

**Source of Revenue:** Fees received from the following programs: private activity bond (underwriting and hearings), low-income tax credit (application, monitoring and reservation fees), fees charged from conferences and workshops, fees from the Section 8 project-based contract administration program, administrative reimbursements from Federal Hardest Hit Funds, utility grants from Southwest Gas for the state's Weatherization Program, and services fees related to the Office of Manufactured Housing.

**Purpose of Fund:** To pay the costs of administering the programs from which the deposits are received and for other department programs.

<b>Funds Expended</b>	8,584,500	10,402,600
<b>Year-End Fund Balance</b>	36,335,500	44,433,800

**Housing Stability Counseling Fund (HDA9919/A.R.S § 35-142) Federal Funds**

**Source of Revenue:** Monies received by the state from the Federal American Rescue Plan.

**Purpose of Fund:** To support housing counseling for households facing housing instability.

<b>Funds Expended</b>	264,400	268,400
<b>Year-End Fund Balance</b>	34,600	21,200

**Housing Trust Fund (HDA2235/A.R.S. § 41-3955) Appropriated**

**Source of Revenue:** The Housing Trust Fund receives its \$2,500,000 annual unclaimed property deposit after the first \$2,000,000 in unclaimed property revenues are distributed to the Department of Health Services Seriously Mentally Ill Housing Trust Fund. The fund also receives monies from loan repayments and interest from the State Treasurer. A.R.S. § 35-751 redirects fees from the Arizona Industrial Development Authority's single-family mortgage program from the department's ISA and IGA Fund to the Housing Trust Fund.

**Purpose of Fund:** The appropriated portion pays for administration expenses and may not exceed 10% of the Housing Trust monies. Please see the Non-Appropriated portion of the fund for additional information.

<b>Funds Expended</b>	237,900	371,100
<b>Year-End Fund Balance</b>	86,248,500	155,272,600

**Housing Trust Fund (HDA2235/A.R.S. § 41-3955) Non-Appropriated**

**Source of Revenue:** The Housing Trust Fund receives its \$2,500,000 annual unclaimed property deposit after the first \$2,000,000 in unclaimed property revenues are distributed to the Department of Health Services Seriously Mentally Ill Housing Trust Fund. The fund also receives monies from loan repayments and interest from the State Treasurer. A.R.S. § 35-751 redirects fees from the Arizona Industrial Development Authority's single-family mortgage program from the department's ISA and IGA Fund to the Housing Trust Fund.

**Purpose of Fund:** The non-appropriated portion of the fund is used for the operation, construction, or renovation of housing facilities for low-income households. The Legislature may transfer monies from the fund to the Housing Development Fund for use on housing projects around state prisons. Please see the Appropriated portion of the fund for additional information.

<b>Funds Expended</b>	218,900	190,700
<b>Year-End Fund Balance</b>	0	0

**IGA and ISA Fund (HDA2500/A.R.S. § 35-142) Non-Appropriated**

**Source of Revenue:** Reimbursements to the department from the Arizona Department of Economic Security for the administration of the Federal Low-Income Housing Energy Assistance Program (LIHEAP).

**Purpose of Fund:** To enable the department to administer a portion of the LIHEAP which provides direct weatherization and energy improvements to homes owned by low-income homeowners.

<b>Funds Expended</b>	6,037,600	6,088,000
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<b>Year-End Fund Balance</b>	0	12,000
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**Manufactured Housing Cash Bond Fund (HDA3722/A.R.S. § 41-4029) Non-Appropriated**

**Source of Revenue:** Cash deposits made by housing manufacturers and installers prior to the granting of an original license. Applicants must make a cash deposit for each branch location of their operation.

**Purpose of Fund:** To compensate consumers in cases where a licensee fails to perform sales or installation agreements or repairs under warranty; and to make payment to the department if the licensee fails to pay any fees or costs owed.

<b>Funds Expended</b>	0	0
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<b>Year-End Fund Balance</b>	687,700	707,700
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**Military Transitional Housing Fund (HDA9999/A.R.S. § 41-3955.02) Non-Appropriated**

**Source of Revenue:** Federal monies.

**Purpose of Fund:** To provide transitional housing opportunities for military members separating from the military in newly constructed housing facilities. The department may not use more than 10% of fund monies to administer the fund. General Fund expenditures are not displayed to avoid double counting.

<b>Funds Expended</b>	0	0
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<b>Year-End Fund Balance</b>	0	0
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**Mobile Home Relocation Fund (HDA2237/A.R.S. § 33-1476.02) Non-Appropriated**

**Source of Revenue:** Assessments collected from mobile home owners who do not own the land upon which the mobile home is located and interest earnings. Once the fund balance reaches \$8,000,000, assessments will no longer be collected and the only revenue will be from interest. Assessment would resume when the fund balance at the end of a fiscal year is less than \$6,000,000. The fund received a \$5,000,000 appropriation in FY 2024. General Fund expenditures are not displayed to avoid double counting.

**Purpose of Fund:** To pay for relocations due to rental increases and to pay premiums and other costs of purchasing insurance coverage for tenant relocation costs due to a change in property use pursuant to A.R.S. § 33-1476.01. If such insurance is not available, or if the insurance costs exceed the amount available from the fund, the fund is used to make direct payments for tenant relocation costs.

<b>Funds Expended</b>	173,300	34,900
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<b>Year-End Fund Balance</b>	7,734,300	7,940,500
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