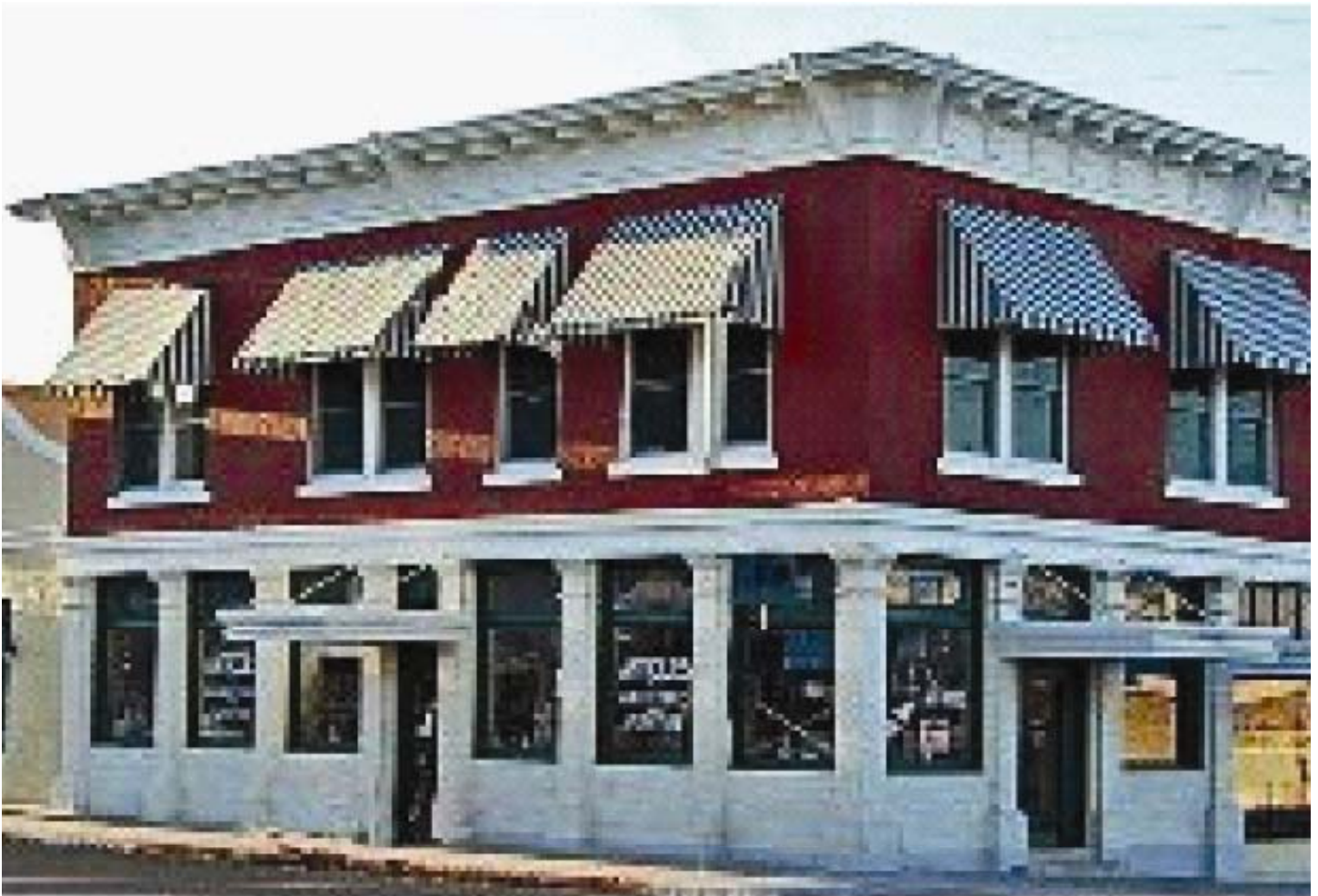


Consolidated Plan  
2010-2014

# STATE OF ARIZONA Second Year Action Plan



Arizona  
Department  
of Housing

JANICE K. BREWER  
Governor



MICHAEL TRAILOR  
Director

STATE OF ARIZONA  
DEPARTMENT OF HOUSING

1110 WEST WASHINGTON, SUITE 310  
PHOENIX, ARIZONA 85007

(602) 771-1000 WWW.AZHOUSING.GOV  
FAX: (602) 771-1002

June 28, 2011

Louis Kislin  
U.S. Department of Housing and Urban Development  
Community Planning and Development  
One North Central Avenue, Suite 600  
Phoenix, AZ 85004

RE: Amended Second Year Annual Action Plan

Dear Mr. Kislin:

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

Should you have any questions about this Plan, please call me directly, or contact Cindy Coen, Assistant Deputy Director, Programs, at (602) 771-1010.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Trailor", with a long horizontal flourish extending to the right.

Michael Trailor  
Director

Cc: Cindy Coen  
Assistant Deputy Director, Programs

Enclosures

<b>Application for Federal Assistance SF-424</b>		Version 02
<b>*1. Type of Submission:</b> <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application		<b>*2. Type of Application</b> * If Revision, select appropriate letter(s) <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision  *Other (Specify) _____
3. Date Received:	4. Applicant Identifier:	
5a. Federal Entity Identifier: UOG Code AZ49999		*5b. Federal Award Identifier:
<b>State Use Only:</b>		
6. Date Received by State:	7. State Application Identifier:	
<b>8. APPLICANT INFORMATION:</b>		
*a. Legal Name: State of Arizona		
*b. Employer/Taxpayer Identification Number (EIN/TIN): 86-6004791		*c. Organizational DUNS: 086704488
<b>d. Address:</b>		
*Street 1: <u>1110 W. Washington</u>		
Street 2: <u>Suite 310</u>		
*City: <u>Phoenix</u>		
County: <u>Maricopa</u>		
*State: <u>Arizona</u>		
Province: _____		
*Country: <u>U.S.</u>		
*Zip / Postal Code <u>85007</u>		
<b>e. Organizational Unit:</b>		
Department Name: Arizona Department of Housing		Division Name:
<b>f. Name and contact information of person to be contacted on matters involving this application:</b>		
Prefix: <u>Ms.</u>	*First Name: <u>Cindy</u>	
Middle Name: _____		
*Last Name: <u>Coen</u>		
Suffix: _____		
Title: <u>Assistant Deputy Director of Programs</u>		
Organizational Affiliation: Arizona Department of Housing		
*Telephone Number: 602-771-1010		Fax Number: 602-771-1002
*Email: <u>Cindy.Coen@azhousing.gov</u>		

**Application for Federal Assistance SF-424**

Version 02

**\*9. Type of Applicant 1: Select Applicant Type:**

A.State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

\*Other (Specify)

**\*10 Name of Federal Agency:**

U.S. Department of HUD, CPD

**11. Catalog of Federal Domestic Assistance Number:**

14.239

CFDA Title:

Home Investment Partnership Program

**\*12 Funding Opportunity Number:**

\*Title:

**13. Competition Identification Number:**

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

All Cities, Towns and Counties in the State of Arizona

**\*15. Descriptive Title of Applicant's Project:**

HOME Program

**Application for Federal Assistance SF-424** Version 02

**16. Congressional Districts Of:**  
\*a. Applicant: AZ-001, AZ-002, AZ-003, AZ-004, AZ-005, AZ-006, AZ-007, AZ-008  
\*b. Program/Project: AZ-001, AZ-002, AZ-003, AZ-003, AZ-004, AZ-005, AZ-006, AZ-007, AZ-008

**17. Proposed Project:**  
\*a. Start Date: \_\_\_\_\_ \*b. End Date: \_\_\_\_\_

**18. Estimated Funding (\$):**

*a. Federal	<u>7,677,842</u>
*b. Applicant	_____
*c. State	_____
*d. Local	_____
*e. Other	_____
*f. Program Income	_____
*g. TOTAL	<u>7,677,842</u>

**\*19. Is Application Subject to Review By State Under Executive Order 12372 Process?**  
 a. This application was made available to the State under the Executive Order 12372 Process for review on \_\_\_\_\_  
 b. Program is subject to E.O. 12372 but has not been selected by the State for review.  
 c. Program is not covered by E. O. 12372

**\*20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**  
 Yes  No

21. \*By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)  
 \*\* I AGREE  
\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

**Authorized Representative:**

Prefix: Mr. \*First Name: Michael  
Middle Name: \_\_\_\_\_  
\*Last Name: Traylor  
Suffix: \_\_\_\_\_

\*Title: Director

\*Telephone Number: 602-771-1000 Fax Number: 602-771-1002

\* Email: Michael.Traylor@azhousing.gov

\*Signature of Authorized Representative:  \*Date Signed: 6/27/2011

**Application for Federal Assistance SF-424**

Version 02

**\*Applicant Federal Debt Delinquency Explanation**

The following should contain an explanation if the Applicant organization is delinquent of any Federal Debt.

NOT APPLICABLE

**Application for Federal Assistance SF-424**

Version 02

\*1. Type of Submission:

- Preapplication
- Application
- Changed/Corrected Application

\*2. Type of Application

- New
- Continuation
- Revision

\* If Revision, select appropriate letter(s)

\*Other (Specify)  
\_\_\_\_\_

3. Date Received:

4. Applicant Identifier:

5a. Federal Entity Identifier:

UOG Code AZ49999

\*5b. Federal Award Identifier:

**State Use Only:**

6. Date Received by State:

7. State Application Identifier:

**8. APPLICANT INFORMATION:**

\*a. Legal Name: State of Arizona

\*b. Employer/Taxpayer Identification Number (EIN/TIN):

86-6004791

\*c. Organizational DUNS:

086704488

**d. Address:**

\*Street 1: 1110 W. Washington

Street 2: Suite 310

\*City: Phoenix

County: Maricopa

\*State: Arizona

Province: \_\_\_\_\_

\*Country: U.S.

\*Zip / Postal Code 85007

**e. Organizational Unit:**

Department Name:

Arizona Department of Housing

Division Name:

**f. Name and contact information of person to be contacted on matters involving this application:**

Prefix: Ms. \*First Name: Cindy

Middle Name: \_\_\_\_\_

\*Last Name: Coen

Suffix: \_\_\_\_\_

Title: Assistant Deputy Director of Programs

Organizational Affiliation:

Arizona Department of Housing

\*Telephone Number: 602-771-1010

Fax Number: 602-771-1002

\*Email: Cindy.Coen@azhousing.gov

**Application for Federal Assistance SF-424**

Version 02

**\*9. Type of Applicant 1: Select Applicant Type:**

A.State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

\*Other (Specify)

**\*10 Name of Federal Agency:**

U.S. Department of HUD, CPD

**11. Catalog of Federal Domestic Assistance Number:**

14.218

CFDA Title:

Community Development Block Grant, State Program

**\*12 Funding Opportunity Number:**

\*Title:

**13. Competition Identification Number:**

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

Non-entitlement Cities, Towns and Counties in the State of Arizona

**\*15. Descriptive Title of Applicant's Project:**

Community Development Block Grant Program



**Application for Federal Assistance SF-424** Version 02

**16. Congressional Districts Of:**  
\*a. Applicant: AZ-001, AZ-002, AZ-003, AZ-004, AZ-005, AZ-0006, AZ-007, AZ-008  
\*b. Program/Project: AZ-001, AZ-002, AZ-003, AZ-003, AZ-004, AZ-005, AZ-006, AZ-007, AZ-008

**17. Proposed Project:**  
\*a. Start Date: \_\_\_\_\_ \*b. End Date: \_\_\_\_\_

**18. Estimated Funding (\$):**

*a. Federal	_____	11,109,245
*b. Applicant	_____	
*c. State	_____	
*d. Local	_____	
*e. Other	_____	
*f. Program Income	_____	
*g. TOTAL	_____	11,109,245

**\*19. Is Application Subject to Review By State Under Executive Order 12372 Process?**  
 a. This application was made available to the State under the Executive Order 12372 Process for review on \_\_\_\_\_  
 b. Program is subject to E.O. 12372 but has not been selected by the State for review.  
 c. Program is not covered by E. O. 12372

**\*20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**  
 Yes  No

21. \*By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)  
 \*\* I AGREE  
\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

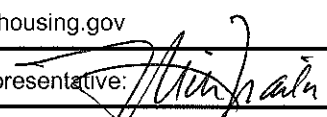
**Authorized Representative:**

Prefix: Mr. \_\_\_\_\_ \*First Name: Michael \_\_\_\_\_  
Middle Name: \_\_\_\_\_  
\*Last Name: Traylor \_\_\_\_\_  
Suffix: \_\_\_\_\_

\*Title: Director

\*Telephone Number: 602-771-1000 Fax Number: 602-771-1002

\* Email: Michael.Traylor@azhousing.gov

\*Signature of Authorized Representative:  \*Date Signed: 6/27/2011

**Application for Federal Assistance SF-424**

Version 02

**\*Applicant Federal Debt Delinquency Explanation**

The following should contain an explanation if the Applicant organization is delinquent of any Federal Debt.

NOT APPLICABLE

Application for Federal Assistance SF-424		Version 02
<b>*1. Type of Submission:</b> <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application		<b>*2. Type of Application</b> * If Revision, select appropriate letter(s) <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision  *Other (Specify) _____
3. Date Received:		4. Applicant Identifier:
5a. Federal Entity Identifier: UOG Code AZ49999		*5b. Federal Award Identifier:
<b>State Use Only:</b>		
6. Date Received by State:		7. State Application Identifier:
<b>8. APPLICANT INFORMATION:</b>		
*a. Legal Name: State of Arizona		
*b. Employer/Taxpayer Identification Number (EIN/TIN): 86-6004791		*c. Organizational DUNS: 086704488
<b>d. Address:</b>		
*Street 1: <u>1110 W. Washington</u>		
Street 2: <u>Suite 310</u>		
*City: <u>Phoenix</u>		
County: <u>Maricopa</u>		
*State: <u>Arizona</u>		
Province: _____		
*Country: <u>U.S.</u>		
*Zip / Postal Code <u>85007</u>		
<b>e. Organizational Unit:</b>		
Department Name: Arizona Department of Housing		Division Name:
<b>f. Name and contact information of person to be contacted on matters involving this application:</b>		
Prefix: <u>Ms.</u>		*First Name: <u>Cindy</u>
Middle Name: _____		
*Last Name: <u>Coen</u>		
Suffix: _____		
Title: <u>Assistant Deputy Director of Programs</u>		
Organizational Affiliation: Arizona Department of Housing		
*Telephone Number: 602-771-1010		Fax Number: 602-771-1002
*Email: <u>Cindy.Coen@azhousing.gov</u>		

**Application for Federal Assistance SF-424**

Version 02

**\*9. Type of Applicant 1: Select Applicant Type:**

A.State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

\*Other (Specify)

**\*10 Name of Federal Agency:**

U.S. Department of HUD, CPD

**11. Catalog of Federal Domestic Assistance Number:**

14.241

CFDA Title:

Housing Opportunities for People With Aids

**\*12 Funding Opportunity Number:**

\*Title:

**13. Competition Identification Number:**

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

All Cities, Towns and Counties in the State of Arizona excluding those in Maricopa and Pima Counties.

**\*15. Descriptive Title of Applicant's Project:**

HOPWA Program

**Application for Federal Assistance SF-424** Version 02

**16. Congressional Districts Of:**  
\*a. Applicant: AZ-001, AZ-002, AZ-003, AZ-004, AZ-005, AZ-0006, AZ-007, AZ-008  
\*b. Program/Project: AZ-001, AZ-002, AZ-003, AZ-003, AZ-004, AZ-005, AZ-006, AZ-007, AZ-008

**17. Proposed Project:**  
\*a. Start Date: \_\_\_\_\_ \*b. End Date: \_\_\_\_\_

**18. Estimated Funding (\$):**

*a. Federal	_____	223,148
*b. Applicant	_____	
*c. State	_____	
*d. Local	_____	
*e. Other	_____	
*f. Program Income	_____	
*g. TOTAL	_____	223,148

**\*19. Is Application Subject to Review By State Under Executive Order 12372 Process?**  
 a. This application was made available to the State under the Executive Order 12372 Process for review on \_\_\_\_\_  
 b. Program is subject to E.O. 12372 but has not been selected by the State for review.  
 c. Program is not covered by E. O. 12372

**\*20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**  
 Yes  No

21. \*By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)  
 \*\* I AGREE  
\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

**Authorized Representative:**

Prefix: Mr. \_\_\_\_\_ \*First Name: Michael \_\_\_\_\_  
Middle Name: \_\_\_\_\_  
\*Last Name: Traylor \_\_\_\_\_  
Suffix: \_\_\_\_\_

\*Title: Director

\*Telephone Number: 602-771-1000 Fax Number: 602-771-1002

\* Email: Michael.Traylor@azhousing.gov

\*Signature of Authorized Representative:  \*Date Signed: 6/27/2011

**Application for Federal Assistance SF-424**

Version 02

**\*Applicant Federal Debt Delinquency Explanation**

The following should contain an explanation if the Applicant organization is delinquent of any Federal Debt.

NOT APPLICABLE

**APPLICATION FOR FEDERAL ASSISTANCE**

OMB Approved No. 3076-0006

Version 7/03

<b>1. TYPE OF SUBMISSION:</b> Application		<b>2. DATE SUBMITTED</b>	Applicant Identifier
<input type="checkbox"/> Construction	<input type="checkbox"/> Pre-application	<b>3. DATE RECEIVED BY STATE</b>	State Application Identifier
<input checked="" type="checkbox"/> Non-Construction	<input type="checkbox"/> Construction	<b>4. DATE RECEIVED BY FEDERAL AGENCY</b>	Federal Identifier
	<input type="checkbox"/> Non-Construction		

**5. APPLICANT INFORMATION**

Legal Name: Arizona Department of Economic Security	<b>Organizational Unit:</b> Department: Division of Aging and Adult Services
Organizational DUNS: 136730434	Division: Community Services
<b>Address:</b> Street: 1789 West Jefferson Street, Site Code 086Z	<b>Name and telephone number of person to be contacted on matters involving this application (give area code)</b> Prefix: Ms First Name: Donna
City: Phoenix	Middle Name K.
County: Maricopa	Last Name Bleyle
State: AZ	Zip Code 85007
Country: USA	Email: dbleyle@azdes.gov

**6. EMPLOYER IDENTIFICATION NUMBER (EIN):**

8 6 - 6 0 0 4 7 9 1	Phone Number (give area code): (602) 542-9949	Fax Number (give area code): (602) 542-6655
---------------------	--	--

**8. TYPE OF APPLICATION:**

New     Continuation     Revision

If Revision, enter appropriate letter(s) in box(es)  
(See back of form for description of letters.)

Other (specify)

**7. TYPE OF APPLICANT:** (See back of form for Application Types)

A  
Other (specify)

**9. NAME OF FEDERAL AGENCY:**  
U. S. Department of Housing and Urban Development

**10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:**  
TITLE (Name of Program):  
Labor Management Cooperation Program  
1 4 - 2 3 1

**11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:**  
Emergency Shelter Grant  
Funding to be contracted to direct service providers for Prevention, Emergency Shelter and Transitional Housing

**12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.):**  
State of Arizona

**13. PROPOSED PROJECT**

Start Date: 7/01/2011	Ending Date: 6/30/15
--------------------------	-------------------------

**14. CONGRESSIONAL DISTRICTS OF:**

a. Applicant AZ 1-8	b. Project AZ 1-8
------------------------	----------------------

**15. ESTIMATED FUNDING:**

a. Federal	\$	900,623 <sup>00</sup>
b. Applicant	\$	<sup>00</sup>
c. State	\$	<sup>00</sup>
d. Local	\$	<sup>00</sup>
e. Other	\$	<sup>00</sup>
f. Program Income	\$	<sup>00</sup>
g. TOTAL	\$	900,623 <sup>00</sup>

**16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?**

a. Yes.  THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON

DATE:

b. No.  PROGRAM IS NOT COVERED BY E. O. 12372

OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW

**17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?**

Yes If "Yes" attach an explanation.     No

**18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.**

**a. Authorized Representative**

Prefix Mr.	First Name Clarence	Middle Name H.
Last Name Carter		Suffix
b. Title Director, Arizona Department of Economic Security		c. Telephone Number (give area code) (602) 542-5757
d. Signature of Authorized Representative <i>Clarence H. Carter</i>		e. Date Signed 6/15/11



# CPMP State Grantee Certifications

Many elements of this document may be completed electronically, however a signature must be manually applied and the document must be submitted in paper form to the Field Office.

- |   |
|---|
| <input type="checkbox"/> This certification does not apply.   |
| <input checked="" type="checkbox"/> This certification is applicable. See signature on the last page. |

## STATE CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the jurisdiction certifies that:

**Affirmatively Further Fair Housing** -- The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

**Anti-displacement and Relocation Plan** -- It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential antidisplacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

**Drug Free Workplace** -- It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about –
  - a. The dangers of drug abuse in the workplace;
  - b. The grantee's policy of maintaining a drug-free workplace;
  - c. Any available drug counseling, rehabilitation, and employee assistance programs; and
  - d. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will –
  - a. Abide by the terms of the statement; and
  - b. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted –
  - a. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
  - b. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.



Jurisdiction

---

**Anti-Lobbying** -- To the best of the state's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of paragraph 1 and 2 of this anti-lobbying certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

**Authority of State** -- The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

**Consistency with plan** -- The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

**Section 3** -- It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.



Signature/Authorized Official

Jun 28, 2011

Date

Michael Traylor

Name

Director, Arizona Department of Housing

Title

1110 W. Washington St., Suite 310

Address

Phoenix, AZ 85007

City/State/Zip

602-771-1000

Telephone Number

- |                                     |  |
|-------------------------------------|--|
| <input type="checkbox"/>            | <b>This certification does not apply.</b>                                |
| <input checked="" type="checkbox"/> | <b>This certification is applicable. See signature on the last page.</b> |

### Specific CDBG Certifications

The State certifies that:

**Citizen Participation** -- It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance from the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

**Consultation with Local Governments** -- It has or will comply with the following:

1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;
2. It engages in or will engage in planning for community development activities;
3. It provides or will provide technical assistance to units of local government in connection with community development programs; and
4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

**Local Needs Identification** -- It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

**Community Development Plan** -- Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. (See 24 CFR 570.2 and 24 CFR part 570)

**Use of Funds** -- It has complied with the following criteria:

1. **Maximum Feasible Priority** - With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available);
2. **Overall Benefit** - The aggregate use of CDBG funds including section 108 guaranteed loans during program year(s) 2011, 2\_\_\_, 2\_\_\_, (a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period;
3. **Special Assessments** - The state will require units of general local government that receive CDBG funds to certify to the following:

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed

Jurisdiction

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by a source other than CDBG funds.

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

**Excessive Force** -- It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;

**Compliance With Anti-discrimination laws** -- The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

**Compliance with Laws** -- It will comply with applicable laws.

  
\_\_\_\_\_  
Signature/Authorized Official

June 28, 2011
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Date

Michael Traylor
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Name

Director, Arizona Department of Housing
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Title

1110 W. Washington St., Suite 310
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Address

Phoenix, AZ 85007
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City/State/Zip

602-771-1000
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Telephone Number

This certification does not apply.  
 This certification is applicable. See signature on the last page.

**Specific HOME Certifications**

The State certifies that:

**Tenant Based Rental Assistance** -- If it intends to provide tenant-based rental assistance:

The use of HOME funds for tenant-based rental assistance is an essential element of the State's consolidated plan.

**Eligible Activities and Costs** -- It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR § 92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

**Appropriate Financial Assistance** -- Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing;

  
Signature/Authorized Official

June 28, 2011  
Date

Michael Traylor

Name

Director, Arizona Department of Housing

Title

1110 W. Washington St., Suite 310

Address

Phoenix, AZ 85007

City/State/Zip

602-771-1000

Telephone Number

This certification does not apply.  
 This certification is applicable. See signature on the last page.


### HOPWA Certifications

The State HOPWA grantee certifies that:

**Activities** -- Activities funded under the program will meet urgent needs that are not being met by available public and private sources.

**Building** -- Any building or structure assisted under the program shall be operated for the purpose specified in the plan:

1. For at least 10 years in the case of any building or structure purchased, leased, rehabilitated, renovated, or converted with HOPWA assistance,
2. For at least 3 years in the case of assistance involving non-substantial rehabilitation or repair of a building or structure.

  
\_\_\_\_\_  
Signature/Authorized Official

June 28, 2011  
Date

Michael Traylor

Name

Director, Arizona Department of Housing

Title

1110 W. Washington St., Suite 310

Address

Phoenix, AZ 85007

City/State/Zip

602-771-1000

Telephone Number

- |                                     |  |
|-------------------------------------|--|
| <input type="checkbox"/>            | <b>This certification does not apply.</b>                                |
| <input checked="" type="checkbox"/> | <b>This certification is applicable. See signature on the last page.</b> |

### ESG Certifications

The Emergency Shelter Grantee certifies that:

1. The requirements of 24 *CFR* 576.21(a)(4) which provide that the funding of homeless prevention activities for families that have received eviction notices or notices of termination of utility services meet the following standards: (A) that the inability of the family to make the required payments must be the result of a sudden reduction in income; (B) that the assistance must be necessary to avoid eviction of the family or termination of the services to the family; (C) that there must be a reasonable prospect that the family will be able to resume payments within a reasonable period of time; and (D) that the assistance must not supplant funding for preexisting homeless prevention activities from any other source.
2. The requirements of 24 *CFR* 576.25(b)(2) concerning the submission by nonprofit organizations applying for funding of a certification of approval of the proposed project(s) from the unit of local government in which the proposed project is located.
3. The requirements of 24 *CFR* 576.53 concerning the continued use of buildings for which Emergency Shelter Grant funds are used for rehabilitation or conversion of buildings for use as emergency shelters for the homeless; or when funds are used solely for operating costs or essential services, concerning the population to be served.
4. The building standards requirement of 24 *CFR* 576.55.
5. The requirements of 24 *CFR* 576.56, concerning assistance to the homeless.
6. The requirements of 24 *CFR* 576.57, other appropriate provisions of 24 *CFR* Part 576, and other applicable Federal law concerning nondiscrimination and equal opportunity.
7. The requirements of 24 *CFR* 576.59(b) concerning the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
8. The requirements of 24 *CFR* 576.59 concerning minimizing the displacement of persons as a result of a project assisted with these funds.
9. (9) The requirements of 24 *CFR* 576.56(a) and 576.65(b) that grantees develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the Emergency Shelter Grants Program and that the address or location of any family violence shelter project assisted with ESG funds will not be made public, except with written authorization of the person or persons responsible for the operation of the shelter.
10. The requirement of that recipients involve, to the maximum extent practicable, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under the ESG program, and in providing services for occupants of these facilities as provided by 24 *CFR* 576.56(b)(2).
11. The new requirement of the McKinney Act (42 *USC* 11362) to develop and implement, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons. I further understand that State and local governments are primarily responsible for the care of these individuals, and that ESG funds are not to be used to assist such persons in place of State and local resources.

I certify that the State will comply with the requirements of 24 *CFR* Part 24 concerning the Drug Free Workplace Act of

Jurisdiction

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1988.

I certify that the State will comply with the provisions of, and regulations and procedures applicable under 24 CFR 576.57(e) with respect to the environmental review responsibilities under the National Environmental Policy Act of 1969 and related authorities as specified in 24 CFR Part 58 as applicable to activities of nonprofit organizations funded directly by the State. The State also agrees to assume the Department's responsibility and authority as set forth in 24 CFR 576.57(e) for acting on the environmental certifications and requests for the release of funds submitted to the State by local government recipients.

I certify that the State will ensure the provision of the matching funds required by 24 CFR 576.51 and 42 USC 11375, including a description of the sources and amounts of such supplemental funds, as provided by the State, units of general local government or nonprofit organizations.

I further certify that the submission of a complete and approved Consolidated Plan with its relevant certifications, which is treated as the application for an Emergency Shelter Grant, is authorized under State law, and that the State possesses legal authority to fund the carrying out of grant activities by units of general local government and nonprofit organizations in accordance with applicable laws and regulations of the Department of Housing and Urban Development.

*See Attached Separate Form*, 2011  
Signature/Authorized Official                      Date

Clarence H. Carter

Name

Director, Arizona Department of Economic Security

Title

1717 W. Jefferson St.

Address

Phoenix, AZ 85007

City/State/Zip

602-542-5757

Telephone Number

**STATE GRANTEE**  
**EMERGENCY SHELTER GRANTS PROGRAM**  
**FY 2011 CERTIFICATIONS**

I, Clarence H. Carter, Director, Department of Economic Security (DES), authorized to act on behalf of the State of Arizona, certify that the State will ensure compliance by units of general local government and nonprofit organizations to which it distributes funds under the Emergency Shelter Grants Program with:

**Major rehabilitation/conversion** -- In the case of major rehabilitation or conversion, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 10 years. If the rehabilitation is not major (i.e. renovation), the recipient will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 3 years.

**Essential Services and Operating Costs** -- Where assistance involves essential services or maintenance, operation, insurance, utilities and furnishings, it will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure as long as the same general population is served.

**Building Standards** -- Any building for which emergency shelter grant amounts are used for conversion, major rehabilitation, rehabilitation, or renovation must meet local government safety and sanitation standards.

**Supportive Services** -- It will assist homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living, and other Federal State, local, and private assistance for such individuals.

**Matching Funds** -- It will supplement the assistance provided under this program with an amount of funds from other sources equal to the difference between the amount received and \$100,000. The first \$100,000 of any assistance provided to a State is not required to be matched but the benefit of the unmatched amount must be shared with local governments, agencies and nonprofit organizations receiving assistance from the grant that are least capable of providing the State with such matching amounts. The grantee shall insert in the space provided below a description of the sources and amounts of supplemental funds:



STATE GRANTEE  
EMERGENCY SHELTER GRANTS PROGRAM  
FY 2011 CERTIFICATIONS

Page 2

Catholic Charities Community Services – Flagstaff (DE080052-002)  
Matching funds sources: PATH/SAMSHA/NARBHA  
Total: \$78,097

Central Arizona Shelter Services (DE070066-001)  
Sources: Valley of the Sun United Way and City of Phoenix  
Total: \$1,107,358

Crossroads Mission (DE070068-007)  
Sources: Private contributions  
Total: \$72,269

HomeBase Youth Services (DE080052-001)  
Sources: salary & volunteer time  
Total: \$35,160

New Beginnings for Women & Children (DE070067-002)  
Source: Building lease  
Total: \$141,000

Primavera Foundation (DE070067-001)  
Sources: City of Tucson, private donations, foundation grants  
Total: \$38,586

Primavera Foundation (DE080051-002)  
Sources: City of Tucson, private donations, foundation grants  
Total: \$39,166

UMOM New Day Centers (DE070064-006)  
Source: Private contributions  
Total: \$85,524

UMOM New Day Centers (DE070066-004)  
Source: Private contributions  
Total: \$131,400

**Total Match Funds: \$1,728,560**

STATE GRANTEE  
EMERGENCY SHELTER GRANTS PROGRAM  
FY 2011 CERTIFICATIONS  
Page 3

**Confidentiality** -- It will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project except with the written authorization of the person responsible for the operation of that shelter.

**Homeless Persons Involvement** -- To the maximum extent practicable, it will involve through employment, volunteer services or otherwise homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under this program in providing services assisted through this program, and in providing services for occupants of such facilities.

**Consolidated Plan** -- Activities undertaken by a recipient with assistance under this program are consistent with a current HUD-approved Consolidated Plan or Comprehensive Housing Affordability Strategy (CHAS).

**Discharge Policy** -- It has established a policy for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons.

I further certify that the submission of a completed and approved Consolidated Plan with its relevant certifications, which act as the application for an Emergency Shelter Grant, is authorized under state law, and that the state possesses legal authority to fund carrying out of grant activities by units of general local government and nonprofit organizations in accordance with the applicable laws and regulations of the Department of Housing and Urban Development.

By: Clarence H. Carter 6/2/11  
Signature and Date

Clarence H. Carter  
Typed Name of Signatory

Director, Department of Economic Security  
Title

<input type="checkbox"/>	<b>This certification does not apply.</b>
<input checked="" type="checkbox"/>	<b>This certification is applicable. See signature on the last page.</b>

**APPENDIX TO CERTIFICATIONS**

Instructions Concerning Lobbying and Drug-Free Workplace Requirements

**Lobbying Certification**

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

**Drug-Free Workplace Certification**

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification.
2. The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
4. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).
5. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph three).
6. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant: Place of Performance (Street address, city, county, state, zip code)  
Check if there are workplaces on file that are not identified here. The certification with regard to the drug-free workplace is required by 24 CFR part 21.

Place Name	Street	City	County	State	Zip

7. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules: "Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15); "Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes; "Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance; "Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including:
  - i. All "direct charge" employees;
  - ii. all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and

Jurisdiction


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- iii. temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

Note that by signing these certifications, certain documents must be completed, in use, and on file for verification.

These documents include:

- 1. Analysis of Impediments to Fair Housing
- 2. Citizen Participation Plan
- 3. Anti-displacement and Relocation Plan

  
\_\_\_\_\_  
Signature/Authorized Official

June 28, 2011
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Date

Michael Traylor
-----------------

Name

Director, Arizona Department of Housing
---

Title

1110 W. Washington St., Suite 310
-----------------------------------

Address

Phoenix, AZ 85007
-------------------

City/State/Zip

602-771-1000
--------------

Telephone Number

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# FY 2011 ACTION PLAN

## EXECUTIVE SUMMARY

### INTRODUCTION

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

The FY 2011 Action Plan is a one-year plan to address the low-income housing and community development needs in the State of Arizona, with a special focus on serving the small cities and rural areas of the state. It is the second year Action Plan in the implementation of the five-year Consolidated Plan for fiscal years 2010 to 2014. It consolidates the planning, application, and funding requirements for several programs funded by the U.S. Department of Housing and Urban Development: Community Development Block Grant (CDBG); HOME Investment Partnerships Program (HOME); Emergency Shelter Grant (ESG); and Housing Opportunities for Persons with AIDS (HOPWA).

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

### BACKGROUND

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

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

### CITIZEN PARTICIPATION

ADOH staff encouraged citizen participation throughout the development of the Consolidated Plan by consulting local organizations, holding public meetings in four areas of the state, and encouraging public comment during the public review period. Additionally, ADOH solicited public comment regarding the second year action plan from April 1, 2011 thru May 2, 2011 by posting a draft of the plan to the ADOH website; publication of an electronic information bulletin # 10-11 sent to partner communities, counties, regional councils of government, non-profit and for-profit entities; and thru a public hearing held on April 20, 2011. Using research and input from the public, ADOH staff formulated the objectives and outcomes that are briefly described below.

# FY 2011 ACTION PLAN

## PRIORITY OBJECTIVES AND OUTCOMES

The State's priorities for the 2011 funding year include the following:

- Increase the supply and improve the condition of existing housing and to support the affordability and sustainability of safe, sanitary, and decent housing for rent by low-income households while also furthering fair housing choice opportunities.
  - Outcome – Provide funding toward the creation of 1,000 new rental units.
  - Outcome – Continue to ensure ADOH-funded rental units meet Housing Quality Standards (HQS) through continuous monitoring and compliance.
  - Outcome – Provide rental assistance funds to approximately 9,000 qualified households throughout the state. *(1064 units is COC special needs plus HPRP HH's assisted)*
  - Outcome – Assist in the rehabilitation of approximately 300 affordable rental units during fiscal year 2010-2011.
- Improve the condition of existing single family residences to support the affordability and long term sustainability of decent, safe and sanitary owner occupied housing for low-income households.
  - Outcome – Assist in the rehabilitation of approximately 50 owner occupied housing units during fiscal year 2011.
  - Outcome – Continued requirements to incorporate green technologies and green retrofit wherever possible to support affordability and sustainability of single family owner occupied housing units.
- Ensure a variety of public facilities and services are available to meet the housing, human development, and supportive service needs of low-income persons and priority populations.
  - Outcome – Fund and support local supportive facilities to deliver housing, development and other services to a minimum of 2,500 low-income persons and priority populations throughout the state, including those at risk of homelessness.
  - Outcome – Support agencies, facilities and programs that will deliver supportive services to approximately 12,000 non-homeless special needs persons during the fiscal year 2011-2012. Part of the projected 12,000 special needs persons assisted includes 114 people who will receive assistance as a result of utilizing HOPWA funding.
- Improve infrastructure and physical environments through revitalization efforts to promote a sustainable community.
  - Outcome – Provide funding assistance to a minimum of five infrastructure/public facility improvement projects including potable water delivery or wastewater treatment systems, roads/streets and flood drainage that will foster sustainable communities and positively affect an estimated 75,000 Arizona residents.



# FY 2011 ACTION PLAN

- Outcome – Provide funding to projects enabling the accessibility of community buildings and services thru ADA accessibility improvements.
- Continue coordination of services and collaboration to help people move from homelessness to permanent housing and maintain independent living.
  - Outcome – Begin one new project designed to increase the number of permanent supported housing units by eleven for Arizona’s homeless population.
  - Outcome – Produce housing units and support services that will benefit approximately 114,000 homeless persons during the second year of the consolidated planning period.
  - Outcome – Provide emergency assistance for rent, utilities, mortgage, etc. to a minimum of 750 households to help them avoid homelessness.

## RESOURCES AND PROGRAMS

In 2011, the State anticipates receiving about \$19,910,858 million in federal funding for the CDBG, HOME, ESG, and HOPWA programs. Detailed information on each program is shown below.

### Community Development Block Grant: \$11,109,245

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

ADOH plans to set aside two percent (\$222,185) of the gross allocation, plus \$100,000 (for a total of \$322,185) for costs associated with the administration of the program. ADOH will also set aside one percent of the total allocation (\$111,092) for providing technical assistance. Ten percent of the total grant award (\$1,110,925) will be set aside for Colonias applications.

The remaining funds in the amount of \$9,565,043 will be used as program funding to provide decent housing, suitable living environments, and economic opportunities in the small cities, towns, and rural areas of Arizona. Program funding will be delivered thru both competitive application and regional method of distribution as further described in the Method of Distribution section of this Action Plan

### HOME Investment Partnerships Program: \$7,677,842

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

The State will use 90 percent (or \$6,910,058) of its HOME allocation for program funding to increase the availability/accessibility and affordability of decent housing and provide suitable living environments for low-income households. Ten percent (or \$767,784) of the grant funds will be for ADOH’s administrative costs.

### Emergency Shelter Grant: \$900,623

ESG funds support basic shelter and supportive services for homeless persons in the form of operation costs for shelter facilities, short-term homeless prevention to persons at risk of losing housing due to eviction,

# FY 2011 ACTION PLAN

foreclosure or utility shut-offs. ESG funds can be used for rehabilitation or remodeling of building to be a new shelter, operations and maintenance of the facility, essential supportive services, homeless prevention, and grant administration.

The State will utilize this grant to increase the availability/accessibility of suitable living environments and decent housing by providing a wide range of supportive services to homeless persons or directed to the prevention of homelessness.

## Housing Opportunities for Persons with AIDS: \$223,148<sup>1</sup>

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

ADOH will utilize \$200,834<sup>1</sup> of this grant to increase the availability/accessibility and affordability of suitable living environments and decent housing through organizations that provide planning for housing needs, education, and access to essential community resources. Three percent (or \$6,694<sup>1</sup>) will be retained by ADOH to cover administrative-related expenses of the program; grantees will be allowed to utilize seven percent of the grant money (up to \$15,620<sup>1</sup>) in total for grantee administration costs.

## Other Resources

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

- **State Housing Trust Fund (HTF).** Funds are available to assist with acquisition and rehabilitation or new construction of owner-occupied housing, rental housing, and emergency shelter units, as well as a range of other affordable housing-related activities. The HTF has also funded first-time homebuyer assistance, housing counseling, homelessness prevention, shelter operations, emergency repairs, planning and pre-development for affordable housing, and fair housing education. The Housing Trust Fund was reduced from \$10.5 million to \$2.5 million annually by the passing of Senate Bill 1616 by the 50<sup>th</sup> legislature in the first regular session.
- **Shelter Plus Care Program/Supportive Housing Program.** These two programs fund permanent supportive housing for homeless persons and are paired with social services funding from other sources. ADOH expects to administer \$10.7 million in federal FY2010.
- **Low-Income Housing Tax Credits.** ADOH administers this federal tax credit that funds low-income housing rental development. The state receives approximately \$14 million in tax credit authority annually, which has an approximate market value of \$100 million over ten years. The market value of the tax credits depends on the syndication price of the tax credits, which fluctuates with the market.
- **Private Activity Bonds.** The Arizona Housing Finance Authority Under the provisions of HB 2615, may issue bonds for multi-family residential projects and bonds to finance residential dwelling units.
- **Economic Stimulus Programs.** ADOH administers several stimulus/recovery funds such as National Foreclosure Mitigation Counseling Program, Neighborhood Stabilization Program, Homeless Prevention and Rapid Re-Housing Program, Tax Credit Assistance Program, and Low-Income Housing Tax Credit Exchange Program. In the summer of 2010 ADOH launched a

# FY 2011 ACTION PLAN

\$125.1 million foreclosure relief program funded through the U.S. Treasury. The value of all these programs combined exceeds \$200 million.

## EVALUATION OF PAST PERFORMANCE

Annually the Arizona Department of Housing submits a Consolidated Annual Performance and Evaluation Report (CAPER), which provides HUD with an update on progress towards meeting goals outlined in the Consolidated Plan and more specifically the Annual Action Plans. In the most recently available CAPER (FY 2009), ADOH committed over \$61,017,083 million to affordable housing and community development efforts from its HUD allocations, State Housing Trust Funds, and Low-Income Housing Tax Credit programs. In its efforts to provide decent housing, sustainable living environments and expand economic opportunities, ADOH used CDBG, HOME, HOPWA, and State Housing Trust Funds to invest in activities that helped to retain affordable housing stock, increased the availability of permanent housing that is affordable to low and moderate income individuals and provided supportive housing that includes structural features and services for persons with special needs. ADOH invested in activities that increase the availability of foreclosure counseling to all Arizonans while providing education on fair housing in compliance with the Fair Housing Act. It also provided technical assistance and support to encourage planning for the long term affordability, sustainability and revitalization of communities in the rural areas of the state.

Over the 2010 fiscal year, ADOH met its planning goals toward providing and maintaining decent affordable housing and sustainable living environments. ADOH spent tens of millions of dollars toward creating sustainable homeownership and affordable rental units through its Neighborhood Stabilization Program (NSP) program. Furthermore, the Arizona Housing Finance Authority (AzHFA) utilized Mortgage Revenue Bonds and Mortgage Credit Certificates providing low-interest mortgage financing to stimulate and encourage homeownership in rural markets.

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

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

On an annual basis, the agency applies for competitive funding to HUD for projects and programs that are identified as priority needs through the Continuum process. ADOH then acts as the administering agency for the grants that are passed through to the participating sub-recipients. Over the years, ADOH has secured millions of dollars in funding for transitional and permanent housing programs.

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

## PRIORITY OBJECTIVES

The 2010-2014 Consolidated Plan included several priorities for activities over the five-year period. These priorities were divided into affordable housing, homeless prevention, special needs, and community development. The FY2011 Annual Action Plan will focus on the following priorities:

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## HOUSING PRIORITIES

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

## HOMELESS PREVENTION PRIORITIES

- Encourage a range of services to help people move from homelessness to permanent housing and maintain independent living.
- Increase the number of transitional and permanent supportive housing units for those experiencing homelessness and those who are chronically homeless.
- Offer services and funding to help prevent people from becoming homeless and breaking the cycle of chronic homelessness.
- Continue to utilize the Housing Prevention and Rapid Rehousing (HPRP) program to its fullest extent in order to achieve the stated goals of moving people from homelessness to stability and preventing individuals and families from experiencing homelessness.
- Revise the Balance of State Continuum of Care process by dividing the state into five regions, excluding Maricopa and Pima counties, and conducting regional meetings with all sub-grantees receiving McKinney-Vento funds, HOPWA funds and HPRP funds.
- Strategize in regional meetings on implementing Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act.
- Coordinate with State Departments of Education, Veterans Services, Economic Security and non-profit, Arizona Coalition to End Homelessness on addressing homelessness in a coordinated and comprehensive manner in conjunction with the Governor's Committee on Housing and Homelessness.

## SPECIAL NEEDS PRIORITIES

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

## COMMUNITY DEVELOPMENT PRIORITIES

- Improve infrastructure and physical environments to promote sustainable and accessible communities.

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- Improve the ADA accessibility of public facilities and services for priority populations.
- Encourage job training and employment opportunities.

## METHOD OF DISTRIBUTION

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

### CDBG Method of Distribution

The State expects to receive \$11,109,245 in new CDBG resources in 2011.

### CDBG Eligible Applicants

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

### CDBG Eligible Activities

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

- Public Facilities and Improvements (such as water, wastewater, or street improvements);
- Fire and Police Protection Facilities;
- Community/Supportive Housing Facilities (such as homeless/domestic violence facilities or senior centers);
- Public services (such as public safety or health care services);
- Housing (both owner occupied and rental rehabilitation)
- Economic Development (tied to Job Creation or job retention) and
- Planning and Capacity Building (such as comprehensive and community development plans or housing studies.)

### *ADOH Administration*

This figure includes one percent (\$111,092) set aside for technical assistance and two percent (\$222,185) plus \$100,000 (\$322,185 total) set aside allowable for administration. (This amount does not include the required two percent administration match.)

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

## *CDBG Colonias Set Aside*

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

1. Is located within 150 miles of the border between the United States and Mexico, except within any standard metropolitan statistical area that has a population exceeding 1,000,000; and
2. Is designated by the state or county in which it is located as a colonia;
3. Is determined to be a colonia on the basis of objective criteria, including the lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and
4. Was in existence and generally recognized as a colonia before the enactment of the National Affordable Housing Act of 1990.

HUD mandates the state expend at least 10 percent of its CDBG project allocation in the areas designated as colonias. The FY 2011 colonias allocation is \$1,110,925. Colonias funding will be distributed through a competitive application process. ADOH will issue a funding notice once every two years to solicit projects located in colonias. All cities, towns, counties and tribal reservations that contain either geographically defined neighborhoods or unincorporated communities designated as colonias and that are eligible to receive CDBG funding thru ADOH are eligible to apply for these funds. The funding notice will further outline the colonias set aside maximum project funding, application requirements as well as the scoring categories which will be designed to award projects for colonias demonstrating the greatest need due to severe water, sewer and housing issues. Other scoring categories will include but are not limited to: per capita benefit, effectiveness, cost reasonableness, project readiness, leveraged funds, past performance, capacity, and potential for direct/indirect benefits stemming from the project. An application for colonias funds will not affect a jurisdiction's eligibility for other CDBG funding.

Water/sewer infrastructure (delivery and/or treatment systems) and housing activities will be considered eligible colonias set aside projects for areas determined to be Colonia-eligible.

## *CDBG Regional Account*

Eighty-five (85) percent of the remaining amount of CDBG funds after allocations to administration, technical assistance, and the Colonias Set Aside will be distributed into the Regional Account (RA). These funds will be used for housing projects or projects that address a high- or medium-priority community development need. Primary activities include housing rehabilitation, public facilities, public services and public improvement activities, and economic development.

The RA is first divided into four sub-accounts, one for each of the non-metropolitan Council of Governments (COG) areas: CAAG, NACOG, SEAGO, and WACOG. To determine the amount of CDBG funding allocated to each COG's sub account, the state uses a formula based on population and persons in poverty. The COG sub-accounts are determined by 1) multiplying the percentage of the total population of each COG by 30

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percent; 2) multiplying the percentage of the total poverty population of COG by 70 percent; and 3) adding the products of the two.

Regional Account allocations are as follows:

- NACOG: \$1,808,757
- WACOG: \$2,367,825
- CAAG: \$2,043,709
- SEAGO: \$1,909,996

Each non-metropolitan Council of Government (COG) region must create a regionally approved Method of Distribution (MOD) and submit it to ADOH for review. The MOD contains a multi-year schedule indicating how CDBG allocations are to be distributed such that all eligible communities within each respective COG region will receive funding. The multi-year schedule must include the funding years that each community in the region will receive funds and estimate the amount to be available. This will allow each community to plan its CDBG projects in advance. Deviations from rotation schedules whereby communities trade allocations is allowed but must be accomplished prior to submittal of the final MOD.

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

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

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

- NACOG and SEAGO – August 1, 2011
- WACOG and CAAG – September 1, 2011

ADOH will attempt to review and make final award determinations for each application submitted within 90 days of receipt of all outstanding application issues. At the time of application each CDBG application amount must equal the allocation amount of the community then the highest priority project will be funded. Actual award of CDBG funds is contingent upon an application that is eligible, meets all application review thresholds, and is a state priority project.

## *CDBG State Special Projects Account*

Fifteen (15) percent of the remaining amount of CDBG funds after allocations to administration, technical assistance, and the Colonias Set Aside will be distributed into the State Special Projects Account (SSP). All communities eligible to receive funding from the state CDBG program are eligible to apply for SSP funding. Each community is encouraged to submit one application. No more than two applications are allowed from

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the same community and they must be listed in priority. All first priority applications will be reviewed first with subsequent priority applications reviewed if sufficient funding is available, thereby allowing each community a chance to be funded.

Generally, any eligible CDBG activity listed in Appendix B (Table L-4) of the FY2010-2014 Consolidated Plan that have received a priority ranking of high or medium may be undertaken with SSP funds. The only difference is that the SSP is competitive and all applications must demonstrate the project is ready to implement immediately.

Applications submitted must propose all activities pursuant to 24 CFR 570 that are ready to begin implementation immediately with environmental review requirements completed, Release of Funds issued, land control secured, planning, design, and permitting complete, and all other related upfront issues resolved.

A Notification of Funds Availability (NOFA) will be released and will include the application form and applicable deadlines. Additionally the NOFA will indicate any variances in project eligibility, documentation requirements, etc. The 2011 funding for SSP grants is anticipated to be \$1,434,756.

Projects will be selected for SSP funding through a competitive process in which applications are scored by a rating and ranking system that includes project need, per capita benefit, effectiveness, cost reasonableness, project readiness, leveraged funds, past performance, capacity, and potential for direct/indirect benefits stemming from the project. Scored applications not receiving an award will be kept on file for one year and the next highest scoring applications will be funded if sufficient additional funding becomes available through recapture or de-obligated CDBG funds.

## Other CDBG Policies

### *CDBG Regional Account Recipient Community Responsibility*

While CDBG money is scheduled to be provided to all eligible recipient regional account communities according to the above method of distribution, an actual award of CDBG funds is contingent upon passing the threshold and completeness review. Applicants must propose projects that are financially viable, necessary and feasible, ready to start, conform to compliance standards and result in benefit. Projects must adhere to contracted timeliness parameters. Projects must comply with the priorities communicated through this annual action plan. Benefit to low-income persons, preventing or eliminating slum or blight, or meeting other urgent community needs must be measurable by the end of the approved contract timeframe.

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

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

### *Activity Beneficiaries*

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



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

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

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

- ADOH will review applications and allocate funding for CDBG activities consistent with the priorities, objectives, and the method of distribution as described in its 2010-2014 Consolidated Plan and as updated in its Action Plans.
- ADOH can allocate funds only to units of local government of non-entitlement areas.
- If a proposed activity will be initiated, conducted, operated, constructed/rehabilitated, repaired, replaced, or in any manner located in an entitlement area or on tribal lands, the application made by the non-entitlement area unit of local government must demonstrate benefit to residents of the non-entitlement area. Such documentation may include primary research, such as citizen/community surveys and market studies, which demonstrates that the activity will meet the needs of the residents of the non-entitlement area.
- If a proposed activity will be initiated, conducted, operated, constructed/rehabilitated, repaired, replaced, or in any manner located in an entitlement area or on tribal lands, the non-entitlement unit of local government must demonstrate that no other alternative will provide greater benefit to the residents of the non-entitlement area.
- Financial participation must be in proportion to the share of expected benefits residents will receive. Additionally, evidence of affirmative outreach to non-entitlement area residents must be demonstrated in the marketing and communication plans.

## *Administration Expenses*

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

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

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

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

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

## *CDBG Redistribution of Funds*

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

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

## *Recaptured Funds*

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

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

## *De-obligated Funds*

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

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

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

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## *CDBG Urgent Needs Grant Applications*

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

## 2011 CDBG Projected Goals

In conjunction with state priorities, ADOH proposes to fund approximately twelve (12) projects associated with housing rehabilitation activities, fourteen (14) public improvement projects, seven (7) public facilities, and eight (8) public services.

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

## HOME METHOD OF DISTRIBUTION

The State expects to receive \$7,677,842 in new 2011 HOME resources.

### Method of Distribution

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

### *CHDO Method of Distribution*

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

### *HOME Geographic Funding Objectives*

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

- Statewide CHDO set-aside: \$1,151,676
- Metro Area (Maricopa and Pima Counties): \$1,309,456

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- CAAG Region (Gila and Pinal Counties): \$1,198,230
- NACOG Region (Apache, Coconino, Navajo and Yavapai Counties): \$1,463,048
- SEAGO Region (Cochise, Graham, Greenlee and Santa Cruz): \$626,193
- WACOG Region (La Paz, Mohave and Yuma Counties): \$1,161,455

## *HOME Activity Funding Objectives*

ADOH will concentrate funding on two activities:

- Rental housing, including CHDO set-aside: \$4,910,058
- Owner-occupied housing rehabilitation: \$2,000,000

## *HOME Application Process*

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

The majority, if not all, of the HOME funds set-aside for rental development are expected to be utilized as gap financing in projects that are successful in securing a competitive Low-Income Housing Tax Credit (LIHTC) allocation. Any remaining funds may be made available through a competitive process. If CHDO funds remain available, a NOFA strictly for CHDO projects may be released.

Only applications that meet completeness requirements and minimum thresholds are considered for funding. Minimum completeness requirements include, but are not limited to, an ERR determination letter and satisfactory compliance history. The minimum thresholds for HOME applications program include, but are not limited to, responsiveness and readiness to proceed.

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

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

## *Other HOME Policies*

### *Forms of Investment and Leveraging Funds*

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

With the HOME-funded rental development program, the applicant must directly invest a minimum dollar amount into the total project funding pool. Furthermore, for those HOME-funded programs that are

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designed as gap-financing products, the applicant must first obtain primary financing investments typically through a mortgage or construction loan provided by a banking/lending institution. These types of leveraged investment requirements allow limited HOME dollars to spread across the maximum number of projects/units.

## *HOME Match*

The HOME program match liability is 25 percent (statutory requirement) of actual project expenditures during the program year, approximately \$1,727,514 million in 2011. The State currently has sufficient match that was carried over from previous years to meet its 2011 matching requirements. As needed, the State will supplement this with match funding from various sources.

## *HOME Resale and Recapture Provisions*

As outlined 24 CFR 92.254 of the HOME rule, there are provisions of resale or recapture. ADOH has chosen to use the recapture provision for HOME and/or matching funds to assist eligible homebuyers.

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

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

## *HOME Security Instruments*

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

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

ADOH is committed to making every effort to ensure that HOME investments conform to affirmative marketing practices. ADOH has partnered with Socialserve.com for providing information on HOME and other federally-funded rental units. Socialserve.com is available in both English and Spanish and contains the

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equal housing opportunity logo on each webpage. Any publications produced by ADOH providing information on HOME-assisted rental units also are available in multiple languages and include the equal housing opportunity logo.

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

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

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

## *Minority Business Outreach*

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

## ESG METHOD OF DISTRIBUTION

The State expects to receive \$900,623 in new 2011 ESG resources.

### *Administration*

A total of \$45,031 will be set aside for administrative expenses associated with providing technical assistance and monitoring contract awards.

### *Shelter Improvements and Operations*

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

### *Ending Chronic Homelessness*

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

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The DES will award \$673,114 for homeless shelter, homeless services, outreach and special demonstration projects. (74.7% of total funding)

## *Homelessness Prevention*

ESG prevention funding will be allocated through contracts with community action agencies that are designated by law to receive DES funding non-competitively. The funding will be allocated to the community action agencies providing services in rural counties. The allocation formula distributes 90 percent of the funds based on percentage of persons at or below 125 percent of poverty level and distributes 10 percent of the funds based on unemployment rates.

The DES will award \$182,478.00 for homeless prevention services through community action agencies. (20.3% of total funding)

## Other ESG Policies

### *ESG Match*

ESG funds require a 100 percent match. Federal regulations allow the first \$100,000 expenditure of ESG to be unmatched. The total minimum match that will be provided for the ESG grant is \$. Matching funds are provided in a variety of ways ranging from in-kind salary matches to volunteer labor. Selected applicants least apt to be able to provide match will have their match requirement reduced by a negotiated amount. A total of \$100,000 of match will be waived as allowed by federal regulations.

### *ESG Contract Renewals*

Updated budgets, certifications, and descriptions of activities to be funded by ESG will be submitted to the DES for the renewal period. The updated information submitted will be reviewed and approved, where necessary to assure compliance with ESG requirements.

### *ESG Geographic Funding Objectives*

The following funding strategies apply: 1) continue funding at current levels for shelter services, case management and outreach in the counties of Maricopa, Pima County, Yavapai, and Yuma; 2) funding of eviction prevention services up to the maximum 30 percent of the allocation in the rural counties of Pinal, Coconino, Gila, Graham, and Yuma; and 3) funding of staff costs in shelter facilities is not planned.

## HOPWA

The HOPWA allocation for 2011 is \$223,148<sup>1</sup>

### *Administration*

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

### *Program Activities*

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

# FY 2011 ACTION PLAN

In 2011, ADOH will contract with Mohave County Community and Economic Development (MCCED) and Northland Cares to administer the HOPWA program within six of the thirteen non-entitlement counties. These two entities have been administering HOPWA for several years and administer the Ryan White funding in addition to HOPWA. There are a limited number of service providers in the HIV/AIDS arena in the outlying areas of Arizona.

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

## *Outcomes*

In the 2011 fiscal year, approximately 114 people are anticipated to be served using available HOPWA funds. Two thirds of the funding will be spent for housing assistance, most for tenant based subsidies, while the remaining one third will be spent for supportive services. Research will be completed to look at rates of HIV/AIDS cases in the 7 counties that comprise the southern part of the state and if deemed appropriate another provider will be sought to contract with ADOH for services and housing assistance.

## GEOGRAPHIC DISTRIBUTION OF FUNDS

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

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

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

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

## REMOVAL OF BARRIERS TO AFFORDABLE HOUSING

The primary barrier to affordable housing development remains the gap between housing costs and incomes. Over the past few years, Arizona has suffered a major downturn of the economy, especially for its principal industries – tourism and construction. At the same time the financial crisis, compounded by double-digit rates of unemployment, has contributed to Arizona experiencing the second highest rate of foreclosures in the country. Even with the loss of as much as 50 percent of housing values since 2008, the lack of sufficient



# FY 2011 ACTION PLAN

incomes of the workforce available to purchase homes or rent apartments is a substantial barrier to the production of new affordable housing. Simply, there is little market incentive for investors to risk producing new housing until the employment picture improves in the state. These complexities and challenges were noted in the ADOH's 2010-2014 Consolidated Plan.

Other barriers to affordable housing include:

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

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

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

## FOSTER AND MAINTAIN AFFORDABLE HOUSING

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

## INSTITUTIONAL STRUCTURE

### PLAN IMPLEMENTATION

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

### Non-Profit Agencies

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

# FY 2011 ACTION PLAN

## Private Sector

The private sector is an important collaborator in the services and programs associated with the federal grants for housing and community development. The private sector brings additional resources and expertise that can be used to supplement existing services or fill gaps in the system.

Lenders, affordable housing developers, business and economic development organizations, and private service providers offer a variety of assistance to residents such as health care, small business assistance, home loan programs, and supportive housing, among others.

## Tribal Communities

The State of Arizona has 22 federally recognized tribes located within the conformed boundaries of the state. The tribes within Arizona are vastly different from one another and are recognized as self-governing entities that regulate laws under their respective tribal jurisdictions. Tribes in Arizona vary in size from the largest federally recognized tribe, Navajo Nation, which is located in four states that include Arizona, Utah, New Mexico, and Colorado, and totals 16 million acres and 280,000 in population. The smallest tribe in Arizona is the Tonto Apache, located in Payson with a current land base of 75 acres and a population of 122.

Within Arizona, 16 tribes currently receive a formula-driven grant known as the Indian Housing Block Grant for development and maintenance of existing housing. The formula-driven grant was enacted in 1996 and is based on various factors that include population, poverty, current assisted stock, and overcrowding conditions. These funds are received on an annual basis by the tribe or tribal-designated housing entity and can be used for a number of activities.

## Arizona Public Housing Authority

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

## Coordination

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

## GAPS IN THE DELIVERY SYSTEM

The effectiveness of implementing activities by contracting with outside agencies is dependent upon the capacity of the agencies conducting the activities and the expertise of ADOH staff in administering the contracts. Each contract is assigned a Program Specialist to oversee the progress and distribute funding. The Program Specialist is the primary point of contact for the implementing agency. Gaps in delivery exist most

# FY 2011 ACTION PLAN

often at the implementation level. ADOH staff works collaboratively with local contracting organizations to remove gaps in the delivery system of provision of services and successful completion of projects.

## GAPS IN PUBLIC HOUSING

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

## ANTI-POVERTY STRATEGY

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

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

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

## LEAD-BASED PAINT HAZARD REDUCTION

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

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

# FY 2011 ACTION PLAN

- ADOH will refer families with children to Arizona Department of Health Services, Office of Environmental, for blood testing if lead-based paint is found in units proposed for rehabilitation.
- The Arizona Department of Health Services maintains the lead exposure registry for Arizona. The program develops lead poisoning prevention programs, investigates cases with elevated blood lead levels, and conducts educational outreach activities.

In recent years, ADOH has undertaken a wide range of activities to address the problem of lead-based paint in the housing stock. The Arizona Lead Poisoning Screening Coalition and the Arizona Department of Health Services recommends screening children six years of age and younger according to the Childhood Lead Poisoning Targeted Screening Plan. These steps will hopefully prove important in assuring the long-term health and stability of lower-income children who are living in substandard housing.

In FY2011, ADOH plans to fund lead-based paint hazard reduction primarily through housing rehabilitation programs for owners and renters.

## MONITORING PLAN

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

## CDBG PROGRAM

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

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

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

The on-site visit consists of a one- or two-day visit to the recipient agency to review records, inspect the project's progress in completing required activities, and meet with staff responsible for the project. On-site monitoring visits include the following components: entrance/exit conferences, documentation/file review, and viewing of the project (as applicable). Within 30 days of an on-site monitoring visit, staff will provide

# FY 2011 ACTION PLAN

written monitoring comments to the recipient in the form of a follow-up letter. The letter includes, at a minimum, the date of review and those present during the review, results of the monitoring (satisfactory performance, concern, or finding), a statement describing the basis for each conclusion, instructions on what the recipient must do to address any area of concern or finding, and a deadline by which the recipient must respond. In extreme cases of noncompliance, staff must determine that an additional on-site monitoring visit is necessary before an issue can be adequately resolved. In all cases, staff will work with recipients to come to a satisfactory resolution.

## HOME PROGRAM

ADOH staff conducts desk reviews and on-site monitoring of recipients of HOME funds to assure compliance with applicable laws, regulations, and policies that govern the program. During 2011, recipients will submit bi-monthly reports regarding the program/project progress, as well as federally-mandated reporting information such as matching contributions, contracts let to minority and women owned businesses, and statistics on any relocations.

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

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

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

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

# FY 2011 ACTION PLAN

## EMERGENCY SHELTER GRANT (ESG) MONITORING PLAN

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

## HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

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

# Appendices

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# THE ARIZONA REPUBLIC

The release of this notice is part of ADOH's activities to fulfill federal Action Plan citizen participation requirements. The Action Plan must be available to the public and ADOH must provide reasonable access to documents. The Action Plan will be available for public review at the ADOH offices at 1110 West Washington Street, Suite 310, in Phoenix. The Action Plan, as well as links to data and resource information used in development of these documents, will also be available for public review on ADOH's website at [www.azhousing.gov](http://www.azhousing.gov). Copies of the Action Plan will be made available upon request and are free of charge.

The public review and comment period begins May 26, 2011 and will end June 27, 2011. ADOH will consider adoption of the Action Plan on June 30, 2011. Written comments and any questions regarding the Action Plan can be directed to: Cindy Coen, Assistant Deputy Director, Programs, Arizona Department of Housing, 1110 West Washington Street, Suite 310, Phoenix, AZ 85007, (602) 771-1000.

### ADA COMPLIANCE STATEMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the ADOH at (602) 771-1000. Notification 48 hours prior to the meeting will enable ADOH to make reasonable arrangements to ensure accessibility to this meeting.

### AVISO DE AUDIENCIA PUBLICA

SE HACE SABER que el 22 de junio del 2011, a la 1:00 de la tarde, o tan pronto como el asunto pueda ser oído, el Departamento de Vivienda de Arizona (ADOH) tendrá una Audiencia Pública para considerar la adopción del Plan de Acción 2011. La audiencia pública se llevará a cabo en:

Arizona Department of Housing  
1110 West Washington Street, Suite 280  
Phoenix, AZ 85007

El Plan de Acción 2011 describe los programas y actividades propuestas durante el año fiscal 2011, durante el cual el Estado anticipa recibir cerca de \$20 millones en fondos federales de los programas Subsidios Globales para el Desarrollo Comunitario, Asociaciones para Inversión en Vivienda, Home Oportunidades de Vivienda para Personas con SIDA, y Subsidios para Refugios de Emergencia. Durante el año del programa, que comienza el 1 de julio 2011, ADOH planea financiar las actividades que se centran en servir los hogares de bajos ingresos. Las actividades incluirán viviendas, instalaciones de infraestructura y servicios comunitarios. La publicación de este anuncio es parte de las actividades de ADOH para cumplir con los requisitos federales de participación

ciudadana del Plan de Acción. El Plan de Acción debe estar disponible para el público y ADOH debe proporcionar un acceso razonable a los documentos. El Plan de Acción estará disponible para revisión pública en las oficinas de ADOH en 1110 West Washington Street, Suite 310, en Phoenix. El Plan de Acción, así como enlaces a los datos y recursos de información utilizados en el desarrollo de estos documentos, también estará disponible para revisión del público en el sitio web de ADOH en [www.azhousing.gov](http://www.azhousing.gov). Copias del Plan de Acción estarán disponibles bajo petición y son gratuitas.

El periodo de la revisión pública y comentarios comienza el 26 de mayo 2011 y se terminará el 27 de junio 2011. ADOH considerará la adopción del Plan Consolidado y el Plan de Acción el 30 de junio de 2011. Los comentarios por escrito y cualquier pregunta sobre el Plan Consolidado y Plan de Acción pueden ser dirigidos a: Cindy Coen, Subdirector Adjunto de Programas, Departamento de Vivienda de Arizona, 1110 West Washington Street, Suite 310, Phoenix, AZ 85007, (602) 771-1000.

El periodo de la revisión pública y comentarios comienza el 26 de mayo 2011 y se terminará el 27 de junio 2011. ADOH considerará la adopción del Plan Consolidado y el Plan de Acción el 30 de junio de 2011. Los comentarios por escrito y cualquier pregunta sobre el Plan Consolidado y Plan de Acción pueden ser dirigidos a: Cindy Coen, Subdirector Adjunto de Programas, Departamento de Vivienda de Arizona, 1110 West Washington Street, Suite 310, Phoenix, AZ 85007, (602) 771-1000.

Estado de Cumplimiento de la ADA En cumplimiento de la Ley de Estadounidenses con Discapacidades, si usted necesita asistencia especial para participar en esta reunión, por favor póngase en contacto con el ADOH al (602) 771-1000. Notificación de 48 horas antes de la reunión permitirá a ADOH a tomar las medidas razonables para garantizar la accesibilidad a esta reunión.

Published: May 26, 2011

STATE OF ARIZONA  
COUNTY OF MARICOPA } SS.

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

The Arizona Republic

May 26, 2011

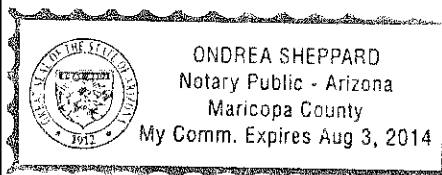
### NOTICE OF PUBLIC HEARING

NOTICE is hereby given that on June 22, 2011, at 1:00 p.m., the Arizona Department of Housing (ADOH) will hold a Public Hearing to consider the adoption of the 2011 Action Plan. The public hearing will be held at:

Arizona Department of Housing  
1110 West Washington Street, Suite 280  
Phoenix, AZ 85007

The 2011 Action Plan describes the programs and activities proposed during the 2011 federal fiscal year, during which the state anticipates receiving approximately \$20 million in funds from the federal Community Development Block Grant, HOME Investment Partnerships, Housing Opportunities for Persons with AIDS, and Emergency Shelter Grant programs. During the program year that begins July 1, 2011, ADOH plans to fund activities that focus on serving low-income households. The activities will include housing, public facilities, and infrastructure improvements, and community services.

Sworn to before me this  
26<sup>TH</sup> day of  
May A.D. 2011



*Mark Gilmore*  
\_\_\_\_\_  
*Ondrea Sheppard*  
\_\_\_\_\_  
Notary Public





**NOTICE OF PUBLIC HEARING**  
 NOTICE is hereby given that on April 20, 2011, at 10:00 a.m., the Arizona Department of Housing (ADOH) will hold a Public Hearing to consider the adoption of the 2011 Action Plan. The public hearing will be held at: Arizona Department of Housing, 1110 West Washington Street, Suite 280, Phoenix, AZ 85007. The 2011 Action Plan describes the programs and activities proposed during the 2011 federal fiscal year during which the state anticipates receiving approximately \$20 million in funds from the federal Community Development Block Grant HOME Investment Partnerships, including opportunities for persons with AIDS, and Emergency Shelter Grant programs. During the program year that begins July 1, 2011, ADOH plans to fund activities that focus on serving low-income households. The activities will include housing public facilities and infrastructure improvements, and community services. The release of this notice is part of ADOH's activities to fulfill its commitment to public participation requirements. The Action Plan must be available to the public and ADOH must provide reasonable access to documents. The Action Plan will be available for review at the ADOH offices at 1110 West Washington Street, Suite 310, in Phoenix. The Action Plan, along with links to data and resource information used in development of these documents, will also be available for public review on ADOH's website at [www.azhousing.gov](http://www.azhousing.gov). Copies of the Action Plan will be made available upon request and are free of charge. The public review and comment period begins April 1, 2011, and will end May 3, 2011. ADOH will consider adoption of the Action Plan on May 3, 2011. Written comments and any questions regarding the Action Plan can be directed to Cindy Coetz, Assistant Deputy Director, Programs, Arizona Department of Housing, 1110 West Washington Street, Suite 310, Phoenix, AZ 85007, (602) 771-1000. **ADA COMPLIANCE STATEMENT:** In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the ADOH at (602) 771-1000. Notification 48 hours prior to the meeting will enable ADOH to make reasonable accommodations to ensure accessibility to this meeting.

**AVISO DE AUDIENCIA PUBLICA**  
 SE HACE SABER que el 20 de abril del 2011, a las 10:00 de la mañana, a tan pronto como el asunto pueda ser oído, el Departamento de Vivienda de Arizona (ADOH) tendrá una Audiencia Pública para considerar la adopción del Plan de Acción 2011. La audiencia pública se llevará a cabo en: Arizona Department of Housing, 1110 West Washington Street, Suite 280, Phoenix, AZ 85007. El Plan de Acción 2011 describe los programas y actividades propuestas durante el año fiscal 2011, durante el cual el estado anticipa recibir cerca de \$20 millones en fondos federales de los programas Subsidios Globales para el Desarrollo Comunitario, Asociaciones para Inversión en Vivienda Home, Oportunidades de Vivienda para Personas con SIDA, y Subsidios para Emergencia. Durante el año del programa que comienza el 1 de julio 2011, ADOH planea financiar las actividades que se centran en servir los hogares de bajos ingresos. Las actividades incluirán viviendas, instalaciones públicas, y servicios de infraestructura y servicios comunitarios.

La publicación de este anuncio es parte de las actividades de ADOH para cumplir con los requisitos federales de participación ciudadana. El Plan de Acción debe estar disponible para el público y ADOH debe proporcionar un acceso razonable a los documentos. El Plan de Acción estará disponible para revisión pública en las oficinas de ADOH en 1110 West Washington Street, Suite 310, en Phoenix. El Plan de Acción, así como enlaces a los datos y recursos de información utilizados en el desarrollo de estos documentos, también estará disponible para revisión del público en el sitio web de ADOH en [www.azhousing.gov](http://www.azhousing.gov). Copias del Plan de Acción estarán disponibles bajo petición en las oficinas. El periodo de la revisión pública y comentarios comienza el 1 de abril 2011 y se terminará el 3 de mayo 2011. ADOH considerará la adopción del Plan Consolidado y el Plan de Acción el 3 de mayo de 2011. Los comentarios por escrito y cualquier pregunta sobre el Plan Consolidado y Plan de Acción pueden ser dirigidos al: Cindy Coetz, Asistente del Director y Subdirector Adjunto de Administración, Departamento de Vivienda de Arizona, 1110 West Washington Street, Suite 310, Phoenix, AZ 85007, (602) 771-1000. Estado de cumplimiento de la ADA: En cumplimiento de la Ley de Estadounidenses con Discapacidades, si usted necesita asistencia especial para participar en esta reunión, por favor póngase en contacto con el ADOH al (602) 771-1000. Notificación de 48 horas antes de la reunión permitirá a ADOH a tomar las medidas razonables para garantizar la accesibilidad a esta reunión. Publicado: April 1, 2011.

**AFFIDAVIT OF PUBLICATION**

**THE ARIZONA REPUBLIC**

STATE OF ARIZONA }  
 COUNTY OF MARICOPA } SS.

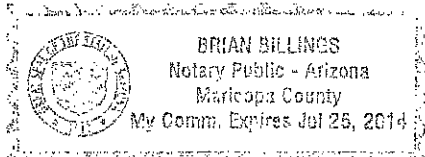
Mark Gilmore, being first duly sworn, upon oath deposes and says: That he is a legal advertising representative of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes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

The Arizona Republic

April 1, 2010

*Mark Gilmore*

Sworn to before me this  
 1<sup>TH</sup> day of  
 April A.D. 2011



*Brian Billings*  
 Notary Public

Sign In Sheet Public Hearing 4/20/11  
10:00

Dylan King -

KEN WRIGHT - A+P Construction

Cindy Coon, ADOH

Patty Blodgett, ADOH

~~AC~~, ADOH

# FY 2011 ACTION PLAN

## Appendix A

The State is required to adopt a citizen participation plan that sets forth the State's policies and procedures for citizen participation in compliance with the provisions of 24 CFR 91.115.

The Arizona Department of Housing encourages participation in the development of the Consolidated Plan, any substantial amendments to the plan, the Annual Action Plan and the Performance and Evaluation Report (PER).

As the department's website has become the primary source by which the department shares and receives information, the public comment and public hearing announcement was released as "E-Bulletin 10-11" This announcement specifically stated that the 2<sup>nd</sup> Year Annual Action Plan Draft was available for review and comment as of April 1, 2011 with the comment period ending May 2, 2011. The plan was made available in a format accessible to persons with disabilities and those with limited English proficiency (LEP) upon request.

The department held a public hearing on April 20, 2011 at 10:00 a.m. at the Arizona Department of Housing headquarters in Phoenix and was attended by two individuals from the general public as well as three department staff persons. There were no persons at the April 20, 2011 Public Hearing who wished to submit comments to this 2<sup>nd</sup> Year Annual Action Plan.

As the first draft of the 2<sup>nd</sup> Year Annual Action Plan was posted for public comment without the anticipated amounts for the FY2011 formula allocations, the Department re-published for public comment a revised draft plan including the estimated allocations on May 26, 2011 with the comment period ending June 27, 2011. Additionally, a second public hearing was held on June 22, 2011 at 1:00pm. There were no persons from the general public who attended the second hearing and therefore no public comment to include in this Action Plan.

There was one public comment received via e-mail that related to this Action Plan with several parts to the comment. The State's responses to each section of that comment are summarized below:

1. "Page 4 – Bottom paragraph, CDGB should be CDBG."

The department has corrected the spelling error found on page 4.

2. "Page 6 – Bottom Line, "Those activities listed in Appendix K (Table K-4) of the FY2010-2014 Consolidated Plan..."; this should say Appendix L. Actually the more updated version is Appendix B which is attached to the 2011 Action Plan."

The department has changed the sentence on page 6 to read as follows: "Those Activities listed in Appendix B of this document that have received a priority ranking of high or medium are eligible for funding under this Action Plan" and removed any reference to Appendix L. This provides the necessary continuity in the document.

3. "Page 7 – The funding categories listed don't exactly match those on Appendices L & B."

The department has changed the funding categories on page 7 to coincide with those on Appendix B.

4. "Page 7, Appendix L and Appendix B – "Public Facilities and Improvements" should be "Public Works and Improvements."

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According to the Housing and Community Development Act of 1974 (the HCDA) which governs both the State and Entitlement programs, CDBG eligible activities are listed in specific categories. The HCDA lists public works improvements such as water, sewer and infrastructure under the category of "Public Facilities and Improvements" Therefore, no change has been made to this category title. All references to Appendix L have been deleted. Category titles on page 7 match those found on Appendix B.

5. "Page 7 - I respectfully ask that ADOH review the validity of the colonias set-aside in Arizona, and that ADOH request an adjustment of the HUD mandate if appropriate. We have communities in Northern Arizona with "lack of adequate sewage systems, and lack of decent, safe and sanitary housing, etc..." and I question whether 10% of the funds, off the top, going to the lower third of Arizona is truly justified."

Over the course of calendar year 2010 and into the first two quarters of 2011, the department in partnership with the University of Arizona's Drachman Institute has been conducting a study of Arizona's eligible colonia. It is very evident that from the collection of data and the housing, water and sewer needs assessments that Arizona should maintain their current practice of setting aside 10% of our CDBG funds for colonias eligible projects as is required by Section 916 of the Cranston-Gonzalez National Affordable Housing Act of 1990. Considering that 10% of our annual CDBG allocation typically amounts to just over \$1million and that to address just water and/or sewer issues in these communities would require multimillions in funding, the 10% set aside is well justified. Arizona will continue to periodically assess the status of water, sewer and housing issues in our colonias communities and make adjustments to the set aside accordingly.

6. "I was also going to comment that eligible ADA improvements are currently too limited, but then I noticed that "ADA/ROB improvements as a standalone activity for any community/supportive housing facility" has been added as a high-priority project in the new Appendix B. Hurray!! So, please clarify, does this also include ADA improvements to parks and libraries? I assume "yes" since it says ANY."

The Department has clarified Appendix B to include parks, playgrounds etc. and libraries, youth centers, community centers etc. as eligible standalone ADA/ROB Accessibility Improvements.

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## APPENDIX B

Activity	Priority	Five-Year Goal
<b>Public Facilities and Improvements</b>		
Water system improvements	High	7 projects
Wastewater system improvements	High	7 projects
Solid waste disposal facilities and equipment	Low	-
Road/street improvements	Medium	4 projects
Flood and drainage improvements	High	5 projects
Other Public or Privately owned utilities	Medium	1 project
<b>Fire and Police Protection Facilities</b>		
Fire/police station construction	Medium	1 project
Fire trucks	Medium	2 projects
Firefighting equipment	Medium	2 projects
ADA/ROB Accessibility Improvements for Fire/Police station facilities	medium	1 project
<b>Community/Supportive Housing Facilities</b>		
ADA/ROB improvements as a standalone activity for any community/supportive housing facility (including parks, playgrounds etc. and libraries, youth centers, community centers etc.)	High	5 projects
Parks, Playgrounds and other Recreational Facilities (for use by local residents)	Low	-
Libraries	Low	-
Other Neighborhood facility (e.g. youth center, community center)	Low	-
Senior centers	Medium	2 projects
Social service centers	Low	-
Food banks	Medium	1 project
Physical or psychological disabilities facilities	Medium	1 project
Homeless facilities	High	3 projects
Supportive housing facilities (DV shelters, halfway houses, housing for disaster victims, hospitals, etc.)	Medium	1 project
<b>Public Services</b>		
Child care	Low	-
Health care	Medium	2 projects
Public safety services	Medium	2 projects
Fair housing activities	High	5 projects

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Activity	Priority	Five-Year Goal
Services for seniors	High	3 projects
Services for homeless persons	High	3 projects
Equipment used in the provision of any of the above services	High	3 projects
Emergency assistance (utility, rent, mortgage) not to exceed a single 3 month period	High	3 projects
Large-print books, tapes, and audio visual for adults with severe disabilities	Low	-
Lead hazard screening	High	3 projects
<b>Housing</b>		
Owner-occupied housing rehabilitation	High	15 projects
Rental housing rehabilitation	High	3 projects
Public housing rehabilitation and modernization	Low	-
Homeownership assistance (DPA, closings costs, counseling, interest rate write downs, etc.)	Low	-
Construction of new housing by a CBDO	Low	-
Lead-based paint evaluation or reduction	High	5 projects
<b>Economic Development (tied to job creation or retention)</b>		
Direct assistance to for-profits (businesses)	Medium	1 project
Economic development services	Medium	1 project
Micro-enterprise assistance (businesses)	Medium	1 project
<b>Neighborhood Revitalization and Redevelopment</b>		
Historic preservation	Medium	2 projects
Acquisition, disposition, clearance, or demolition of real property (specific criteria apply)	Medium	1 project
Commercial/industrial rehabilitation (if qualifies under historic preservation)	Low	-
<b>Planning and Capacity Building</b>		
Comprehensive Plans	High	5 projects
Community development plans	Medium	3 projects
Housing plans and other such functional plans in certain areas (land use, transportation, historic preservation etc.)	High	5 projects
Neighborhood revitalization strategy	High	5 projects
Policy, planning, management, and capacity building activities	Medium	2 projects

602.771.10000

[www.azhousing.gov](http://www.azhousing.gov)

Arizona Department of Housing

1110 W. Washington Suite 310

Phoenix, AZ 85007



For over 20 years, the Central Commercial building in historic downtown Kingman, Arizona was a local eyesore and safety hazard to the area and its residents. The City of Kingman applied for and received a Community Development Block Grant (CDBG) in the amount of \$500,000 to eliminate the blighted conditions and safety hazards, and to begin the restoration of the building.



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