

**Program Summary
Department of Housing
Housing Trust Fund**

Program Overview

The Department of Housing administers the Housing Trust Fund. The Housing Trust Fund (HTF) is a partially-appropriated fund that provides funding for low to moderate income housing programs and the administrative costs of the Department of Housing.

The appropriated portion of the HTF is used to fund the administrative expenses of the Department of Housing. Statute allows for up to 10% of HTF monies to be appropriated for this purpose. In FY 2009, the Department of Housing was appropriated \$944,800 from the HTF, representing 1.5% of the FY 2008 year end HTF balance.

The non-appropriated portion of the HTF is used to fund several categories of housing programs. In FY 2008, the non-appropriated commitments totaled \$29,469,391. HTF monies for these programs are provided through loans and grants which are typically expensed over a period of 18 – 24 months. Statute requires that 36% of HTF monies be used for projects in rural portions of Arizona. The remainder of the money, or 64%, can be used as the department sees fit. The HTF provides approximately 78%, or \$22,948,947, of its total FY 2008 commitments to the 6 programs listed below.

- Rental Development - This program provides funding to new construction projects that create rental units for low-income individuals. Funding can be provided for the entirety of the project, but is more often only a portion of the total construction costs. In exchange for funding, the property is required to restrict rents for at least 20 years and to rent property only to low-income individuals or families. The HTF committed \$4,845,819 for this program in FY 2008.
- Housing Rehabilitation – The HTF provides grants for local governments, nonprofits, and tribal entities to allow for the rehabilitation or preservation of low-income housing. These funds are then loaned to the homeowner with a due on sale clause attached to the agreement. In FY 2008, the HTF committed \$2,641,500 for this program.
- Home Purchase Assistance – These funds are used to provide down-payment and closing cost assistance to first-time homebuyers in rural parts of Arizona. The homebuyers must have an income level equal to or less than 80% of the area’s median income in order to be eligible. In FY 2008, the HTF committed \$5,153,207 for this program.

- Homeless Prevention – These funds are provided to help facilitate counseling and to allow for financial assistance for those facing eviction or foreclosure. Financial assistance is also provided to individuals that require funding for a security deposit in order to avoid homelessness. The HTF provides these monies in the form of grants to local governments, nonprofits, and tribal entities who then disburse the funds to approved individuals. In FY 2008, the HTF committed \$4,233,671 for this program.
- Shelter Development – The HTF provides funds for all or a portion of a new construction project that provides shelter for the homeless and other segments of the population such as victims of domestic violence or individuals participating in short-term sobriety programs who would otherwise be homeless. The HTF may also provide funding for the acquisition or rehabilitation of an existing property. In FY 2008, the HTF committed \$2,074,750 for this program.
- IGA/ISA Fund Transfer – Each year the HTF typically transfers an amount equal to the operating costs of the Arizona Housing and Finance Authority (AzHFA) to the IGA/ISA Fund. The AzHFA then uses these monies to issue Private Activity Bonds, offer down payment assistance, and fund the administrative costs of the agency. The AzHFA is a state-sponsored entity that only offers its programs to rural parts of Arizona. Similar programs are offered by the Maricopa and Pima Industrial Development Authorities for their respective counties. In FY 2008, the HTF committed \$4,000,000 to this purpose.

In addition to the 6 previously mentioned programs, the HTF committed an estimated \$6,520,444 in total funding for homeless shelter operations, emergency repair of low-income homes, homeless prevention planning, security deposit assistance, rental assistance, foreclosure counseling, training regarding Fair Housing laws, the Drachman Institute of the College of Architecture and Landscape Architecture at the University of Arizona, tribal housing programs, housing for the mentally ill, online housing services, and first-time homebuyer assistance.

Currently, there are 2 programs for which the HTF receives federal funding:

- \$4,453,207 million was committed in FY 2008 for a 25% match for the HOME program. The

HOME program provides federal grant funding to states and local governments to build, buy, and rehabilitate low-income housing for rent or homeownership or provide direct rental assistance to low-income individuals.

- \$145,500 is used for the Homeless Management Information System (HMIS). HMIS is an electronic database that provides information on homeless populations as well as aids in the identification of the homeless population's needs. These grants are awarded in an open competition in which Arizona has typically received approximately \$8 million annually.

Program Funding

The HTF is predominately funded by the sale of unclaimed property. In the 13th month of each fiscal year, the HTF receives a lump sum deposit equal to 55% of the unclaimed property revenues for the previous fiscal year. *Table 1* shows the HTF share of unclaimed property revenues from FY 2002 – FY 2008.

HTF also receives interest, investment, and loan income, which in FY 2008, equaled \$2,371,400. *Table 2* below shows the HTF expenditures from FY 2002 – FY 2008.

Performance Measures

Table 3 includes the measures that the Department of Housing uses to assess the performance of the Housing Trust Fund. The programs that these measures assess may not be solely funded by Housing Trust Fund monies. The measures required by the General Appropriation Act are households assisted into homeownership, affordable rental units assisted, and the customer satisfaction rating.

All 8 of these measures assess process-related issues, such as the number of households assisted during foreclosure, or the total funding provided. These measures do not necessarily measure the effectiveness of the programs, but rather serve as an indicator of the level of funding they receive. The department states that its primary goal is to increase the availability and sustainability of safe, decent, affordable housing in Arizona.

Table 1

**Housing Trust Fund
Unclaimed Property Revenue History**

<u>Fiscal Year</u>	<u>Unclaimed Property Revenue</u>	<u>Percentage Increase Over Previous Year</u>
2002	\$19,769,000	68
2003	15,950,700	(19)
2004	17,958,300	13
2005	23,946,900	33
2006	26,011,200	9
2007	40,981,600	58
2008	33,684,300	(18)

Table 2

**Housing Trust Fund
Expenditure History**

<u>Fiscal Year</u>	<u>Appropriated Expenditures</u>	<u>Non-Appropriated Expenditures</u>	<u>Total Expenditures</u>
2002	\$423,400	\$17,364,400	\$17,787,800
2003	438,800	10,102,800	10,541,600
2004	432,200	13,339,400	13,771,600
2005	474,300	20,095,500	20,569,800
2006	731,600	20,723,200	21,454,800
2007	726,800	24,903,000	25,629,800
2008	886,500	28,794,900	29,681,400

Table 3

Housing Trust Fund Performance Measures

<u>Performance Measure</u>	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>
Number of Households assisted with eviction or foreclosure in order to prevent homelessness	6,335	12,348
Total number of households assisted with homeownership assistance through down payment and closing cost assistance, acquisition and rehabilitation of units for new homebuyers, new construction of new units or rehabilitation of currently occupied units.	971	1,225
Total number of affordable rental units assisted/produced.	2,997	3,266
Total number of individuals assisted with information on available affordable rental units through the agency's website.	163,076	155,237
Total number of publicly funded rental units monitored for health and safety issues.	12,599	13,372
Customer Satisfaction (On a scale from 1 = poor to 7 = excellent)	4.93	5.19