

Arizona Department of Housing

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DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC	FY 2007 JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	6.0	6.0	9.0	9.0
Personal Services	281,300	274,300	403,700	403,700
Employee Related Expenditures	70,500	71,300	106,700	106,700
Professional and Outside Services	11,900	22,300	37,700	37,700
Travel - In State	8,700	11,700	11,700	11,700
Travel - Out of State	2,700	1,200	1,200	1,200
Other Operating Expenditures	42,200	41,000	72,500	72,500
Equipment	14,900	20,700	31,200	20,700
AGENCY TOTAL	432,200	442,500	664,700	654,200

FUND SOURCES

Other Appropriated Funds

Housing Trust Fund	432,200	442,500	664,700	654,200
SUBTOTAL - Other Appropriated Funds	432,200	442,500	664,700	654,200
SUBTOTAL - Appropriated Funds	432,200	442,500	664,700	654,200
Other Non-Appropriated Funds	17,349,200	26,270,800	28,509,300	22,212,200
Federal Funds	56,815,800	58,568,400	60,324,800	62,111,100
TOTAL - ALL SOURCES	74,597,200	85,281,700	89,498,800	84,977,500

CHANGE IN FUNDING SUMMARY

	FY 2005 to FY 2006 JLBC		FY 2005 to FY 2007 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	222,200	50.2%	211,700	47.8%
Total Appropriated Funds	222,200	50.2%	211,700	47.8%
Non Appropriated Funds	3,994,900	4.7%	(515,900)	(0.6%)
Total - All Sources	4,217,100	4.9%	(304,200)	(0.4%)

AGENCY DESCRIPTION — Through a variety of housing and community improvement programs, the department administers approximately \$85 million in federal and non-appropriated state housing and community development funds annually. The appropriated budget reflects a portion of the agency's administration expenses. The provision of affordable housing opportunities is conducted in conjunction with the Arizona Housing Finance Authority.

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 JLBC
• % of agency staff turnover	23	20	20	--
• Households assisted into homeownership	180	199	453	295
• Affordable rental units assisted	2,153	4,240	1,758	4,311
• Customer satisfaction rating (Scale 1-7)	6.2	5.97	6.1	6.1
• Administration as a % of total cost	1.3	2.0	5.5	--

Comments: Households are assisted into homeownership through down payment and closing cost assistance. The agency reports that the need for homeownership products are down from historical levels due to low interest rates and the availability of other competitive programs. The agency also reports that it received a marked increase in rental unit assistance due to increases in population. The FY 2005 affordable rental units assisted number represents the appropriation, while the FY 2006 number reflects JLBC recommendation based on recent performance.

RECOMMENDED CHANGES FROM FY 2005

Operating Budget

The JLBC recommends \$664,700 from the Housing Trust Fund for the operating budget in FY 2006 and \$654,200 in FY 2007. These amounts would fund the following adjustments:

		<u>FY 2006</u>	<u>FY 2007</u>
Standard Changes	OF	\$4,600	\$4,600

The JLBC recommends an increase of \$4,600 from the Housing Trust Fund in FY 2006 and FY 2007 for standard changes.

Administrative Increase	OF	217,600	207,100
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The JLBC recommends an increase of \$217,600 and 3 FTE Positions from the Housing Trust Fund in FY 2006 and an increase of \$207,100 and 3 FTE Positions in FY 2007 for administration of programs funded from the Housing Trust Fund. Current staff is handling an average of 100 contracts a year, when the manageable number is approximately 75 based on the experience of the agency. The additional positions would reduce the average to

approximately 72. The 3 FTE Positions would administer funding contracts, monitor subsidized properties, and provide loan servicing. Monies from the fund are for projects and programs connected with providing housing opportunities for low and moderate income households.

The amount of revenue received by the fund has increased substantially over the past 5 years. In FY 2000 the fund received \$7.3 million in revenue. By comparison, the fund is expected to receive \$20 million in revenues in FY 2006, an increase of over 180%. Statute dictates that up to 10% of the fund's revenue may be utilized for costs associated with administering the fund. Currently, the agency's appropriation accounts for approximately 2.4% of the fund's annual revenues. The recommended amount would increase the agency's appropriation to 3.6% of that total. The FY 2007 increase is less than FY 2006 due to the elimination of one-time equipment.

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JLBC RECOMMENDED FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
Federal Funds (HDA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal funds for affordable housing programs		
Purpose of Fund: To be expended as stipulated by federal statutes authorizing the federal grants		
Funds Expended	56,815,800	58,568,400
Year-End Fund Balance	202,000	498,600
Housing Development (HDA2313/A.R.S. § 41-1518)		Appropriated
Source of Revenue: Monies transferred through legislation from the Housing Trust Fund. The Legislature transferred \$500,000 from the Housing Trust Fund in FY 1999 and FY 2001. No new appropriations are being sought for this fund and there are no plans to use the fund balance.		
Purpose of Fund: To provide incentives for the development of affordable housing around state prisons for state prison employees.		
Funds Expended	0	0
Year-End Fund Balance	526,200	526,200
Housing Program (HDA9600/A.R.S. § 41-3957)		Non-Appropriated
Source of Revenue: Fees received from the following programs: private activity bond (underwriting and hearings), low-income tax credit (application, monitoring and reservation fees), fees charged from conferences and workshops, and fees from the Section 8 project-based contract administration program.		
Purpose of Fund: To pay the costs of administering the programs from which the deposits are received and for other department programs. Additionally, at the Director's election, to transfer to any fund established by the Arizona Housing Finance Authority in connection with any bonds or certificates issued by the Arizona Housing Finance Authority.		
Funds Expended	2,699,600	3,774,300
Year-End Fund Balance	4,476,600	3,697,600

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
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Housing Trust (HDA2235/A.R.S. § 41-1512)	Partially-Appropriated	
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Source of Revenue: Receives 55% of the proceeds from the sales of unclaimed property and interest income.
Purpose of Fund: For expenses related to the provision of affordable housing opportunities to low and moderate income families. The appropriated portion pays for administration expenses, and may not exceed 10% of the Housing Trust monies. The non-appropriated portion of the fund is used for the operation, construction, or renovation of housing facilities for low-income households. The Legislature may transfer monies from the fund to the Housing Development Fund for use on housing projects around state prisons. *(See Housing Development Fund detail for additional information).*

Appropriated Funds Expended	432,200	442,500
Non-Appropriated Funds Expended	13,339,400	20,514,500
Year-End Fund Balance	37,509,800	33,599,700

IGA & ISA (HDA2500/A.R.S. § 41-3952)	Non-Appropriated	
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Source of Revenue: Interagency Service Agreements including \$2.5 million from the Housing Trust Fund through an interagency agreement to support the programs of the Arizona Housing Finance Authority. The fund will also receive monies through fees earned by the finance authority.

Purpose of Fund: The fund supports the activities of the Arizona Housing Finance Authority (AZHFA) which issues bonds to finance single and multi-family housing programs. Majority of funds relate to a Housing Trust Fund ISA with AZHFA for homeownership and multi-family programs. Other ISAs include an agreement with the Department of Health Services to provide recommendations on housing for seriously mentally ill individuals as well as ISAs with various state agencies related to the Governor's ACTION initiative (Project Intervention funds from the Governor's Office and Summer Youth Employment from the Department of Economic Security).

Funds Expended	1,310,200	1,982,000
Year-End Fund Balance	4,659,300	2,677,300

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