

Director: Sheila D. Harris

JLBC Analyst: Grant Nülle

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved	FY 2009 Approved
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	9.0	9.0	12.0	12.0
Personal Services	417,400	479,200	575,100	600,700
Employee Related Expenditures	123,000	145,600	183,500	188,300
Professional and Outside Services	63,900	39,000	52,300	42,600
Travel - In State	13,100	9,000	10,900	11,900
Travel - Out of State	1,300	7,900	7,900	7,900
Other Operating Expenditures	98,300	31,300	50,500	39,800
Equipment	14,600	16,100	17,100	18,100
AGENCY TOTAL	731,600	728,100	897,300^{1/}	909,300^{1/}

FUND SOURCES

Other Appropriated Funds

Housing Trust Fund	731,600	728,100	897,300	909,300
SUBTOTAL - Other Appropriated Funds	731,600	728,100	897,300	909,300
SUBTOTAL - Appropriated Funds	731,600	728,100	897,300	909,300
Other Non-Appropriated Funds	29,397,900	32,418,800	32,418,800	32,418,800
Federal Funds	66,144,600	67,975,900	67,975,900	67,975,900
TOTAL - ALL SOURCES	96,274,100	101,122,800	101,292,000	101,304,000

AGENCY DESCRIPTION — Through a variety of housing and community improvement programs, the department annually administers approximately \$101 million in federal and non-appropriated state housing and community development funds. The appropriated budget reflects a portion of the agency’s administration expenses. The department provides affordable housing opportunities in conjunction with the Arizona Housing Finance Authority.

PERFORMANCE MEASURES	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2008 Approved
<ul style="list-style-type: none"> Households assisted into homeownership Comments: The agency reports the Mortgage Revenue Bond (MRB) and Mortgage Credit Certificate programs, which provide homeownership assistance, were highly utilized in FY 2006 due to the rise in market interest rates on mortgages. The rates offered by MRB-backed mortgages were offered at approximately 1 percentage point below the market rate, thereby making the MRB package more attractive than in the previous year when it was more difficult to offer a rate significantly better than the market. 	199	1,183	1,485	1,000
<ul style="list-style-type: none"> Affordable rental units assisted Comments: The agency reports that unanticipated increases in construction costs, some as a result of Hurricane Katrina and other factors, led to a substantial rise in the per unit development costs for rental housing in FY 2006. As a result, the agency’s productivity in terms of rental units per dollars invested was significantly impacted. The greatest impact was on large rental developments funded primarily through the Low-Income Housing Tax Credit or private activity bonds. 	4,240	3,358	1,722	2,000
<ul style="list-style-type: none"> Customer satisfaction rating (Scale 1-7) 	6.0	5.9	5.2	6.1

Operating Budget

The budget provides \$897,300 and 12 FTE Positions from the Housing Trust Fund for the operating budget in FY 2008 and \$909,300 and 12 FTE Positions in FY 2009. These amounts fund the following adjustments:

Statewide Adjustments

The budget provides an increase of \$47,300 from the Housing Trust Fund in FY 2008 and an increase of \$1,200 in FY 2009 for statewide adjustments. (Please see the *Statewide Adjustments* section at the end of this *Appropriations Report* for details. The annualization of

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

these adjustments for FY 2009 will be addressed in the 2008 budget process.)

Data/Technical Assistance

The budget provides an increase of \$121,900 and 2 FTE Positions from the Housing Trust Fund in FY 2008 and FY 2009 for data and technical assistance staffing. A data specialist position will address the growing number of requests from the public, communities, state government, and federal government for information about the agency's use of state and federal housing assistance monies. The specialist will operate the agency's centralized database to track program commitments, expenditures and required reporting details.

The technical assistance coordinator position will provide guidance to local governments, tribal entities, public housing authorities, and developers about how to apply for projects and programs financed by the Housing Trust Fund. The position will also analyze housing trends and data nationally to translate and implement best practices as programs and policies for Arizona.

Compliance Officer

The budget provides an increase of 1 FTE Position from the Housing Trust Fund in FY 2008 and an increase of \$58,100 and 1 FTE Position in FY 2009 to accommodate the growing amount of required compliance inspections. The additional compliance officer will inspect 100-125 Housing Trust Fund funded properties, which number approximately 200. The department currently has only 1 other compliance officer position funded by the Housing Trust Fund, and this inspector can annually inspect only half of the properties financed by the Housing Trust Fund. The department funds 30-45 new properties from the Housing Trust Fund every year.