

Arizona Department of Housing

JLBC: Grant Nülle
OSP: Chris Hall

DESCRIPTION	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 JLBC	FY 2009 JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	9.0	9.0	10.0	10.0
Personal Services	417,400	479,200	518,700	518,700
Employee Related Expenditures	123,000	145,600	160,400	160,400
Professional and Outside Services	63,900	39,000	39,000	39,000
Travel - In State	13,100	9,000	10,900	10,900
Travel - Out of State	1,300	7,900	7,900	7,900
Other Operating Expenditures	98,300	31,300	41,800	37,600
Equipment	14,600	16,100	17,100	17,100
AGENCY TOTAL	731,600	728,100	795,800	791,600

FUND SOURCES

Other Appropriated Funds

Housing Trust Fund	731,600	728,100	795,800	791,600
SUBTOTAL - Other Appropriated Funds	731,600	728,100	795,800	791,600
SUBTOTAL - Appropriated Funds	731,600	728,100	795,800	791,600

Other Non-Appropriated Funds

Federal Funds	29,397,900	32,418,800	32,418,800	32,418,800
TOTAL - ALL SOURCES	96,274,100	101,122,800	101,190,500	101,186,300

CHANGE IN FUNDING SUMMARY

	FY 2007 to FY 2008 JLBC		FY 2007 to FY 2009 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	67,700	9.3%	63,500	8.7%
Total Appropriated Funds	67,700	9.3%	63,500	8.7%
Non Appropriated Funds	0	0.0%	0	0.0%
Total - All Sources	67,700	0.1%	63,500	0.1%

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 JLBC
• 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
• 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
• Customer satisfaction rating (Scale 1-7)	6.0	5.9	5.2	6.1

CHANGES FROM FY 2007

Operating Budget

The JLBC includes \$795,800 and 10 FTE Positions from the Housing Trust Fund for the operating budget in FY 2008 and \$791,600 and 10 FTE Positions in FY 2009. These amounts would fund the following adjustments:

		<u>FY 2008</u>	<u>FY 2009</u>
Standard Changes	OF	\$1,200	\$1,200

The JLBC includes an increase of \$1,200 from the Housing Trust Fund in FY 2008 and FY 2009 for standard changes.

		66,500	62,300
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Compliance Officer OF

The JLBC includes an increase of \$66,500 and 1 FTE Position from the Housing Trust Fund in FY 2008 and an increase of \$62,300 and 1 FTE Position in FY 2009 to accommodate the growing amount of required compliance

inspections. The department is required to annually inspect federal and state subsidized rental and shelter properties to ensure compliance with use restrictions. The additional Compliance Officer FTE Position would inspect Housing Trust Fund funded properties, which number approximately 200. The department currently has only 1 Compliance Officer FTE Position funded by the Housing Trust Fund, and this inspector can annually inspect only half of the properties financed by the Housing Trust Fund. Each Compliance Officer FTE Position inspects 100-125 properties per year. The department funds 30-45 new properties from the Housing Trust Fund every year. The FY 2008 amount includes \$4,200 in one-time office and equipment expenditures.

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FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 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	66,144,600	67,975,900
Year-End Fund Balance	290,000	1,666,100
Housing Development Fund (HDA2313/A.R.S. § 41-3956)		Non-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.		
Purpose of Fund: To provide incentives for the development of affordable housing near state prisons for state prison employees.		
Funds Expended	0	195,900
Year-End Fund Balance	562,700	391,800
Housing Program Fund (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	3,268,000	4,161,400
Year-End Fund Balance	6,581,900	7,028,000

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 Estimate
Housing Trust Fund (HDA2235/A.R.S. § 41-1512)		Partially-Appropriated
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 near state prisons. <i>(See Housing Development Fund detail for additional information.)</i>		
Appropriated Funds Expended	731,600	728,100
Non-Appropriated Funds Expended	20,723,200	24,009,600
Year-End Fund Balance	47,787,100	52,946,000
 IGA & ISA Fund (HDA2500/A.R.S. § 41-3952)		 Non-Appropriated
Source of Revenue: Interagency Service Agreements (ISAs) including \$2.5 million received by the Housing Trust Fund through an ISA to support the programs of the Arizona Housing Finance Authority (AZHFA). The fund also receives monies through fees earned by the finance authority.		
Purpose of Fund: The fund supports the activities of the 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. The other ISA is an agreement with the Department of Health Services' Behavioral Health Division to provide project risk analysis and funding recommendations for the development of housing for seriously mentally ill individuals.		
Funds Expended	5,406,700	4,051,900
Year-End Fund Balance	3,896,900	2,749,100