

House Engrossed

Arizona department of housing; continuation

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HOUSE BILL 2209

AN ACT

AMENDING SECTION 41-1954, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3025.06, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3026.14; AMENDING SECTIONS 41-3953 AND 41-3955, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 37, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3958; APPROPRIATING MONIES; RELATING TO HOUSING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 41-1954, Arizona Revised Statutes, is amended to
3 read:

4 41-1954. Powers and duties

5 A. In addition to the powers and duties of the agencies listed in
6 section 41-1953, subsection E, the department shall:

7 1. Administer the following services:

8 (a) Employment services, including manpower programs and work
9 training, field operations, technical services, unemployment compensation,
10 community work and training and other related functions in furtherance of
11 programs under the social security act, as amended, the Wagner-Peyser act,
12 as amended, the federal unemployment tax act, as amended, 33 United States
13 Code, the family support act of 1988 (P.L. 100-485) and other related
14 federal acts and titles.

15 (b) Individual and family services, which shall include a section
16 on aging, services to children, youth and adults and other related
17 functions in furtherance of social service programs under the social
18 security act, as amended, title IV, except parts B and E, grants to states
19 for aid and services to needy families with children and for child welfare
20 services, title XX, grants to states for services, the older Americans
21 act, as amended, the family support act of 1988 (P.L. 100-485) and other
22 related federal acts and titles.

23 (c) Income maintenance services, including categorical assistance
24 programs, special services unit, child support collection services,
25 establishment of paternity services, maintenance and operation of a state
26 case registry of child support orders, a state directory of new hires, a
27 support payment clearinghouse and other related functions in furtherance
28 of programs under the social security act, title IV, grants to states for
29 aid and services to needy families with children and for child welfare
30 services, title XX, grants to states for services, as amended, and other
31 related federal acts and titles.

32 (d) Rehabilitation services, including vocational rehabilitation
33 services and sections for the blind and visually impaired, communication
34 disorders, correctional rehabilitation and other related functions in
35 furtherance of programs under the vocational rehabilitation act, as
36 amended, the Randolph-Sheppard act, as amended, and other related federal
37 acts and titles.

38 (e) Administrative services, including the coordination of program
39 evaluation and research, interagency program coordination and in-service
40 training, planning, grants, development and management, information,
41 legislative liaison, budget, licensing and other related functions.

42 (f) Manpower planning, including a state manpower planning council
43 for the purposes of the federal-state-local cooperative manpower planning
44 system and other related functions in furtherance of programs under the

1 comprehensive employment and training act of 1973, as amended, and other
2 related federal acts and titles.

3 (g) Economic opportunity services, including the furtherance of
4 programs prescribed under the economic opportunity act of 1967, as
5 amended, and other related federal acts and titles.

6 (h) Intellectual disability and other developmental disability
7 programs, with emphasis on referral and purchase of services. The program
8 shall include educational, rehabilitation, treatment and training services
9 and other related functions in furtherance of programs under the
10 developmental disabilities services and facilities construction act (P.L.
11 91-517) and other related federal acts and titles.

12 (i) Nonmedical home and community based services and functions,
13 including department-designated case management, housekeeping services,
14 chore services, home health aid, personal care, visiting nurse services,
15 adult day care or adult day health, respite sitter care, attendant care,
16 home delivered meals and other related services and functions.

17 2. Provide a coordinated system of initial intake, screening,
18 evaluation and referral of persons served by the department.

19 3. Adopt rules it deems necessary or desirable to further the
20 objectives and programs of the department.

21 4. Formulate policies, plans and programs to effectuate the
22 missions and purposes of the department.

23 5. Employ and determine the conditions of employment and prescribe
24 the duties and powers of administrative, professional, technical,
25 secretarial, clerical and other persons subject to chapter 4, article 4
26 and, as applicable, article 5 of this title as may be necessary in the
27 performance of its duties, contract for the services of outside advisors,
28 consultants and aides as may be reasonably necessary and reimburse
29 department volunteers, designated by the director, for expenses in
30 transporting clients of the department on official business.

31 6. Make contracts and incur obligations within the general scope of
32 its activities and operations subject to the availability of funds.

33 7. Contract with or assist other departments, agencies and
34 institutions of the state, local and federal governments in the
35 furtherance of its purposes, objectives and programs.

36 8. Be designated as the single state agency for the purposes of
37 administering and in furtherance of each federally supported state plan.

38 9. Accept and disburse grants, matching funds and direct payments
39 from public or private agencies for the conduct of programs that are
40 consistent with the overall purposes and objectives of the department.

41 10. Provide information and advice on request by local, state and
42 federal agencies and by private citizens, business enterprises and
43 community organizations on matters within the scope of its duties subject
44 to the departmental rules on the confidentiality of information.

1 11. Establish and maintain separate financial accounts as required
2 by federal law or regulations.

3 12. Advise and make recommendations to the governor and the
4 legislature on all matters concerning its objectives.

5 13. Have an official seal that is judicially noticed.

6 14. Annually estimate the current year's population of each county,
7 city and town in this state, using the periodic census conducted by the
8 United States department of commerce, or its successor agency, as the
9 basis for such estimates and deliver such estimates to the economic
10 estimates commission before December 15.

11 15. Estimate the population of any newly annexed areas of a
12 political subdivision as of July 1 of the fiscal year in which the
13 annexation occurs and deliver such estimates as promptly as is feasible
14 after the annexation occurs to the economic estimates commission.

15 16. Establish and maintain a statewide program of services for
16 persons who are both hearing impaired and visually impaired and coordinate
17 appropriate services with other agencies and organizations to avoid
18 duplication of these services and to increase efficiency. The department
19 of economic security shall enter into agreements for the utilization of
20 the personnel and facilities of the department of economic security, the
21 department of health services and other appropriate agencies and
22 organizations in providing these services.

23 17. Establish and charge fees for deposit in the department of
24 economic security prelayoff assistance services fund to employers who
25 voluntarily participate in the services of the department that provide job
26 service and retraining for persons who have been or are about to be laid
27 off from employment. The department shall charge only those fees
28 necessary to cover the costs of administering the job service and
29 retraining services.

30 18. Establish a focal point for addressing the issue of hunger in
31 this state and provide coordination and assistance to public and private
32 nonprofit organizations that aid hungry persons and families throughout
33 this state. Specifically such activities shall include:

34 (a) Collecting and disseminating information regarding the location
35 and availability of surplus food for distribution to needy persons, the
36 availability of surplus food for donation to charity food bank
37 organizations, and the needs of charity food bank organizations for
38 surplus food.

39 (b) Coordinating the activities of federal, state, local and
40 private nonprofit organizations that provide food assistance to the
41 hungry.

42 (c) Accepting and disbursing federal monies, and any state monies
43 appropriated by the legislature, to private nonprofit organizations in
44 support of the collection, receipt, handling, storage and distribution of
45 donated or surplus food items.

1 (d) Providing technical assistance to private nonprofit
2 organizations that provide or intend to provide services to the hungry.

3 (e) Developing a state plan on hunger that, at a minimum,
4 identifies the magnitude of the hunger problem in this state, the
5 characteristics of the population in need, the availability and location
6 of charity food banks and the potential sources of surplus food, assesses
7 the effectiveness of the donated food collection and distribution network
8 and other efforts to alleviate the hunger problem, and recommends goals
9 and strategies to improve the status of the hungry. The state plan on
10 hunger shall be incorporated into the department's state comprehensive
11 plan prepared pursuant to section 41-1956.

12 (f) Establishing a special purpose advisory council on hunger
13 pursuant to section 41-1981.

14 19. Establish an office to address the issue of homelessness and to
15 provide coordination and assistance to public and private nonprofit
16 organizations that prevent homelessness or aid homeless individuals and
17 families throughout this state. These activities shall include:

18 (a) Promoting and participating in planning for the prevention of
19 homelessness and the development of services to homeless persons.

20 (b) Identifying and developing strategies for resolving barriers in
21 state agency service delivery systems that inhibit the provision and
22 coordination of appropriate services to homeless persons and persons in
23 danger of being homeless.

24 (c) Assisting in the coordination of the activities of federal,
25 state and local governments and the private sector that prevent
26 homelessness or provide assistance to homeless people.

27 (d) Assisting in obtaining and increasing funding from all
28 appropriate sources to prevent homelessness or assist in alleviating
29 homelessness.

30 (e) Serving as a clearinghouse on information regarding funding and
31 services available to assist homeless persons and persons in danger of
32 being homeless.

33 (f) Developing an annual state comprehensive homeless assistance
34 plan to prevent and alleviate homelessness.

35 (g) Submitting an annual report to the governor, the president of
36 the senate and the speaker of the house of representatives on the status
37 of homelessness and efforts to prevent and alleviate homelessness. **THE**
38 REPORT SHALL INCLUDE ESTIMATES OF HOMELESS POPULATIONS AND SUBPOPULATIONS
39 FOR EACH MUNICIPALITY AND COUNTY OF THIS STATE BASED ON THE ANNUAL
40 POINT-IN-TIME COUNT. The department shall provide a copy of this report
41 to the secretary of state.

42 20. Cooperate with the Arizona-Mexico commission in the governor's
43 office and with researchers at universities in this state to collect data
44 and conduct projects in the United States and Mexico on issues that are
45 within the scope of the department's duties and that relate to quality of

1 life, trade and economic development in this state in a manner that will
2 help the Arizona-Mexico commission to assess and enhance the economic
3 competitiveness of this state and of the Arizona-Mexico region.

4 21. Exchange information, including case specific information, and
5 cooperate with the department of child safety for the administration of
6 the department of child safety's programs.

7 B. If the department of economic security has responsibility for
8 the care, custody or control of a child or is paying the cost of care for
9 a child, it may serve as representative payee to receive and administer
10 social security and United States department of veterans affairs benefits
11 and other benefits payable to such child. Notwithstanding any law to the
12 contrary, the department of economic security:

13 1. Shall deposit, pursuant to sections 35-146 and 35-147, such
14 monies as it receives to be retained separate and apart from the state
15 general fund on the books of the department of administration.

16 2. May use such monies to defray the cost of care and services
17 expended by the department of economic security for the benefit, welfare
18 and best interests of the child and invest any of the monies that the
19 director determines are not necessary for immediate use.

20 3. Shall maintain separate records to account for the receipt,
21 investment and disposition of funds received for each child.

22 4. On termination of the department of economic security's
23 responsibility for the child, shall release any ~~funds~~ MONIES remaining to
24 the child's credit in accordance with the requirements of the funding
25 source or in the absence of such requirements shall release the remaining
26 ~~funds~~ MONIES to:

27 (a) The child, if the child is at least eighteen years of age or is
28 emancipated.

29 (b) The person responsible for the child if the child is a minor
30 and not emancipated.

31 C. Subsection B of this section does not pertain to benefits
32 payable to or for the benefit of a child receiving services under title
33 36.

34 D. Volunteers reimbursed for expenses pursuant to subsection A,
35 paragraph 5 of this section are not eligible for workers' compensation
36 under title 23, chapter 6.

37 E. In implementing the temporary assistance for needy families
38 program pursuant to Public Law 104-193, the department shall provide for
39 cash assistance to two-parent families if both parents are able to work
40 only on documented participation by both parents in work activities
41 described in title 46, chapter 2, article 5, except that payments may be
42 made to families who do not meet the participation requirements if:

43 1. It is determined on an individual case basis that they have
44 emergency needs.

1 2. The family is determined to be eligible for diversion from
2 long-term cash assistance pursuant to title 46, chapter 2, article 5.

3 F. The department shall provide for cash assistance under temporary
4 assistance for needy families pursuant to Public Law 104-193 to two-parent
5 families for no longer than six months if both parents are able to work,
6 except that additional assistance may be provided on an individual case
7 basis to families with extraordinary circumstances. The department shall
8 establish by rule the criteria to be used to determine eligibility for
9 additional cash assistance.

10 G. The department shall adopt the following discount medical
11 payment system for persons who the department determines are eligible and
12 who are receiving rehabilitation services pursuant to subsection A,
13 paragraph 1, subdivision (d) of this section:

14 1. For inpatient hospital admissions and outpatient hospital
15 services the department shall reimburse a hospital according to the rates
16 established by the Arizona health care cost containment system
17 administration pursuant to section 36-2903.01, subsection G.

18 2. The department's liability for a hospital claim under this
19 subsection is subject to availability of ~~funds~~ MONIES.

20 3. A hospital bill is considered received for purposes of
21 paragraph 5 of this subsection on initial receipt of the legible,
22 error-free claim form by the department if the claim includes the
23 following error-free documentation in legible form:

24 (a) An admission face sheet.

25 (b) An itemized statement.

26 (c) An admission history and physical.

27 (d) A discharge summary or an interim summary if the claim is
28 split.

29 (e) An emergency record, if admission was through the emergency
30 room.

31 (f) Operative reports, if applicable.

32 (g) A labor and delivery room report, if applicable.

33 4. The department shall require that the hospital pursue other
34 third-party payors before submitting a claim to the department. Payment
35 received by a hospital from the department pursuant to this subsection is
36 considered payment by the department of the department's liability for the
37 hospital bill. A hospital may collect any unpaid portion of its bill from
38 other third-party payors or in situations covered by title 33, chapter 7,
39 article 3.

40 5. For inpatient hospital admissions and outpatient hospital
41 services rendered on and after October 1, 1997, if the department receives
42 the claim directly from the hospital, the department shall pay a
43 hospital's rate established according to this section subject to the
44 following:

1 (a) If the hospital's bill is paid within thirty days of the date
2 the bill was received, the department shall pay ninety-nine percent of the
3 rate.

4 (b) If the hospital's bill is paid after thirty days but within
5 sixty days of the date the bill was received, the department shall pay one
6 hundred percent of the rate.

7 (c) If the hospital's bill is paid any time after sixty days of the
8 date the bill was received, the department shall pay one hundred percent
9 of the rate plus a fee of one percent per month for each month or portion
10 of a month following the sixtieth day of receipt of the bill until the
11 date of payment.

12 6. For medical services other than those for which a rate has been
13 established pursuant to section 36-2903.01, subsection G, the department
14 shall pay according to the Arizona health care cost containment system
15 capped fee-for-service schedule adopted pursuant to section 36-2904,
16 subsection K or any other established fee schedule the department
17 determines reasonable.

18 H. The department shall not pay claims for services pursuant to
19 this section that are submitted more than nine months after the date of
20 service for which the payment is claimed.

21 I. To assist in the location of persons or assets for the purpose
22 of establishing paternity, establishing, modifying or enforcing child
23 support obligations and other related functions, the department has
24 access, including automated access if the records are maintained in an
25 automated database, to records of state and local government agencies,
26 including:

27 1. Vital statistics, including records of marriage, birth and
28 divorce.

29 2. State and local tax and revenue records, including information
30 on residence address, employer, income and assets.

31 3. Records concerning real and titled personal property.

32 4. Records of occupational and professional licenses.

33 5. Records concerning the ownership and control of corporations,
34 partnerships and other business entities.

35 6. Employment security records.

36 7. Records of agencies administering public assistance programs.

37 8. Records of the motor vehicle division of the department of
38 transportation.

39 9. Records of the state department of corrections.

40 10. Any system used by a state agency to locate a person for motor
41 vehicle or law enforcement purposes, including access to information
42 contained in the Arizona criminal justice information system.

43 J. Notwithstanding subsection I of this section, the department or
44 its agents shall not seek or obtain information on the assets of an

1 individual unless paternity is presumed pursuant to section 25-814 or
2 established.

3 K. Access to records of the department of revenue pursuant to
4 subsection I of this section shall be provided in accordance with section
5 42-2003.

6 L. The department also has access to certain records held by
7 private entities with respect to child support obligors or obligees, or
8 individuals against whom such an obligation is sought. The information
9 shall be obtained as follows:

10 1. In response to a child support subpoena issued by the department
11 pursuant to section 25-520, the names and addresses of these persons and
12 the names and addresses of the employers of these persons, as appearing in
13 customer records of public utilities, cable operators and video service
14 providers.

15 2. Information on these persons held by financial institutions.

16 M. Pursuant to department rules, the department may compromise or
17 settle any support debt owed to the department if the director or an
18 authorized agent determines that it is in the best interest of this state
19 and after considering each of the following factors:

20 1. The obligor's financial resources.

21 2. The cost of further enforcement action.

22 3. The likelihood of recovering the full amount of the debt.

23 N. Notwithstanding any law to the contrary, a state or local
24 governmental agency or private entity is not subject to civil liability
25 for the disclosure of information made in good faith to the department
26 pursuant to this section.

27 Sec. 2. Repeal

28 Section 41-3025.06, Arizona Revised Statutes, is repealed.

29 Sec. 3. Title 41, chapter 27, article 2, Arizona Revised Statutes,
30 is amended by adding section 41-3026.14, to read:

31 41-3026.14. Arizona department of housing; termination July
32 1, 2026

33 A. THE ARIZONA DEPARTMENT OF HOUSING TERMINATES ON JULY 1, 2026.

34 B. TITLE 41, CHAPTER 37 AND THIS SECTION ARE REPEALED ON JANUARY 1,
35 2027.

36 Sec. 4. Section 41-3953, Arizona Revised Statutes, is amended to
37 read:

38 41-3953. Department powers and duties; definition

39 A. The department is responsible for establishing policies,
40 procedures and programs that the department is authorized to conduct to
41 address the affordable housing issues confronting this state, including
42 housing issues of ~~low income~~ LOW-INCOME families, ~~moderate income~~
43 MODERATE-INCOME families, housing affordability, special needs populations
44 and decaying housing stock. Among other things, the department shall
45 provide to qualified housing participants and political subdivisions of

1 this state financial, advisory, consultative, planning, training and
2 educational assistance for the development of safe, decent and affordable
3 housing, including housing for low and moderate income households. The
4 department is responsible for maintaining and enforcing standards of
5 quality and safety for manufactured homes, mobile homes and factory-built
6 buildings.

7 B. Under the direction of the director, the department shall:
8 1. Establish guidelines applicable to the programs and activities
9 of the department for the construction and financing of affordable housing
10 and housing for low and moderate income households in this state. These
11 guidelines shall meet or exceed all applicable state or local building and
12 health and safety code requirements and, if applicable, the national
13 manufactured home construction and safety standards act of 1974 and title
14 VI of the housing and community development act of 1974 (P.L. ~~93-383~~
15 [96-399](#), as amended by P.L. 95-128, 96-153 and 96-339). Guidelines
16 established pursuant to this paragraph do not apply to the department's
17 activities prescribed in section 35-726, subsection E.

18 2. Accept and allocate any monies as from time to time may be
19 appropriated by the legislature for the purposes set forth in this
20 article.

21 3. Perform other duties necessary to administer this chapter.
22 4. Perform the duties prescribed in sections 35-726 and 35-728.

23 5. Stimulate and encourage all local, state, regional and federal
24 governmental agencies and all private persons and enterprises that have
25 similar and related objectives and purposes, cooperate with the agencies,
26 persons and enterprises and correlate department plans, programs and
27 operations with those of the agencies, persons and enterprises.

28 6. Conduct research on its own initiative or at the request of the
29 governor, the legislature or state or local agencies pertaining to any
30 department objectives.

31 7. Provide information and advice on request of any local, state or
32 federal agencies, private persons and business enterprises on matters
33 within the scope of department activities.

34 8. Consult with and make recommendations to the governor and the
35 legislature on all matters concerning department objectives.

36 9. Make annual reports to the governor and the legislature on its
37 activities, including the geographic location of its activities, its
38 finances and the scope of its operations. **THE ANNUAL REPORTS SUBMITTED
39 PURSUANT TO THIS PARAGRAPH SHALL ALSO INCLUDE ALL OF THE FOLLOWING
40 OUTCOME-BASED METRICS:**

41 (a) THE NUMBER OF AFFORDABLE HOUSING UNITS DEVELOPED IN THIS STATE.
42 (b) ANY CHANGES IN HOMELESSNESS RATES IN THIS STATE DUE TO
43 PERMANENT SUPPORTIVE HOUSING INITIATIVES.

44 (c) ANY IMPROVEMENTS IN HOUSING ACCESSIBILITY FOR UNDERSERVED AND
45 RURAL POPULATIONS IN THIS STATE.

1 10. Maintain and enforce standards of quality and safety for
2 manufactured homes, mobile homes and factory-built buildings and enforce
3 rules adopted by the board pursuant to section 41-4010.

4 C. Under the direction of the director, the department may:

5 1. Assist in securing construction and mortgage financing from
6 public and private sector sources.

7 2. Assist mortgage financing programs established by industrial
8 development authorities and political subdivisions of this state.

9 3. Assist in the acquisition and use of federal housing assistance
10 programs pertinent to enhance the economic feasibility of a proposed
11 residential development.

12 4. Assist in the compliance of a proposed residential development
13 with applicable federal, state and local codes and ordinances.

14 5. Prepare and publish planning and development guidelines for the
15 establishment and delivery of housing assistance programs.

16 6. Contract with a federal agency to carry out financial work on
17 the federal agency's behalf and accept payment for the work.

18 7. Subcontract for the financial work prescribed in paragraph 6 of
19 this subsection and make payments for that subcontracted work based on the
20 expectation that the federal agency will pay for that work.

21 8. Accept payment from a federal agency for work prescribed in
22 paragraph 6 of this subsection and deposit those payments in the Arizona
23 department of housing program fund established by section 41-3957.

24 9. Contract for the services of outside advisers, consultants and
25 aides reasonably necessary or desirable to enable the department to
26 adequately perform its duties.

27 10. Contract for and incur obligations reasonably necessary or
28 desirable within the general scope of department activities and operations
29 to enable the department to adequately perform its duties.

30 11. Use any media of communication, publication and exhibition in
31 the dissemination of information, advertising and publicity in any field
32 of its purposes, objectives or duties.

33 12. Adopt rules deemed necessary or desirable to govern its
34 procedures and business.

35 13. Contract with other agencies in furtherance of any department
36 program.

37 14. Use monies, facilities or services to provide contributions
38 under federal or other programs that further the objectives and programs
39 of the department.

40 15. Accept gifts, grants, matching monies or direct payments from
41 public or private agencies or private persons and enterprises for the
42 conduct of programs that are consistent with the general purposes and
43 objectives of this article and deposit these monies in the Arizona
44 department of housing program fund established by section 41-3957.

1 16. Establish and collect fees and receive reimbursement of costs
2 in connection with any programs or duties performed by the department and
3 deposit the fees and cost reimbursements in the Arizona department of
4 housing program fund established by section 41-3957.

5 17. Provide staff support to the board of manufactured housing.

6 D. For the purposes of this section, the department is exempt from
7 chapter 23 of this title.

8 E. The department is the designated state public housing agency as
9 defined in the United States housing act of 1937 (42 United States Code
10 sections 1401 through 1440) for the purpose of accepting federal housing
11 assistance monies and may participate in the housing assistance payments
12 program. Federal monies may be secured for all areas of this state
13 subject only to the limitations prescribed in subsection F of this
14 section.

15 F. For areas of this state where an existing public housing
16 authority has not been established pursuant to section 36-1404, subsection
17 A, the department acting as a public housing agency may undertake all
18 activities under the section 8 tenant-based rental housing assistance
19 payment program, except that the department shall not undertake a section
20 8 tenant-based rental housing assistance payment program within the
21 boundaries of a city, town or county unless authorized by resolution of
22 the governing body of the city, town or county. If the department accepts
23 monies for a section 8 tenant-based rental housing assistance payment
24 program for areas of this state where an existing public housing authority
25 has been established pursuant to section 36-1404, subsection A, the
26 department shall only accept and secure federal monies to provide housing
27 for the seriously mentally ill or other populations with
28 disabilities. The department may accept and secure federal monies for
29 undertaking all contract administrator activities authorized under a
30 section 8 project-based rental housing assistance payment program in all
31 areas of this state and this participation does not require the
32 authorization of any local governing body.

33 G. The department shall not itself directly own, construct, operate
34 or rehabilitate any housing units, except as may be necessary to protect
35 the department's collateral or security interest arising out of any
36 department programs.

37 H. Notwithstanding any other provision of this section, the
38 department may obligate monies as loans or grants applicable to programs
39 and activities of the department for the purpose of providing housing
40 opportunities for low or moderate income households or for housing
41 affordability or to prevent or combat decaying housing stock. Unless
42 otherwise required by federal or state law, any loan repayments shall be
43 deposited in the Arizona department of housing program fund established by
44 section 41-3957.

1 I. For any construction project financed by the department pursuant
2 to subsection C of this section, except for contract administration
3 activities in connection with the project-based section 8 program, the
4 department shall notify a city, town, county or tribal government that a
5 project is planned for its jurisdiction and, before proceeding, shall seek
6 comment from the governing body of the city, town, county or tribal
7 government or an official authorized by the governing body of the city,
8 town, county or tribal government. The department shall not interfere
9 with or attempt to override the local jurisdiction's planning, zoning or
10 land use regulations.

11 J. The department has the administrative responsibility through its
12 hearing officer function concerning alleged violations of the Arizona
13 mobile home parks residential landlord and tenant act under title 33,
14 chapter 11.

15 K. The **ARIZONA** department **OF HOUSING** shall act consistently with
16 the minimum standards of the United States department of housing and urban
17 development so as to be designated the ~~state inspector~~ for
18 manufactured homes and related industries. The **ARIZONA** department **OF**
19 **HOUSING** shall implement all existing laws and regulations established by
20 the federal government, its agencies and this state for that purpose.

21 **L. FOR THE PURPOSES OF THIS SECTION, "PERMANENT SUPPORTIVE HOUSING"**
22 **MEANS LONG-TERM HOUSING ASSISTANCE PAIRED WITH SUPPORTIVE SERVICES AIMED**
23 **AT INDIVIDUALS EXPERIENCING HOMELESSNESS OR INDIVIDUALS WITH SPECIAL**
24 **NEEDS.**

25 Sec. 5. Section 41-3955, Arizona Revised Statutes, is amended to
26 read:

27 **41-3955. Housing trust fund: purpose: annual report**

28 A. The housing trust fund is established, and the director shall
29 administer the fund. The fund consists of monies from unclaimed property
30 deposited in the fund pursuant to section 44-313, monies transferred
31 pursuant to section 35-751 and investment earnings.

32 B. On notice from the department, the state treasurer shall invest
33 and divest monies in the fund as provided by section 35-313, and monies
34 earned from investment shall be credited to the fund.

35 C. Except as provided in subsection D of this section, fund monies
36 shall be spent on approval of the department for developing projects and
37 programs connected with providing housing opportunities for low and
38 moderate income households and for housing affordability programs.
39 ~~Pursuant to section 44-313, subsection A,~~ A portion of fund monies shall
40 be used exclusively for housing in rural areas.

41 D. Fund monies may be spent on constructing or renovating
42 facilities and on housing assistance, including support services, for
43 persons who have been determined to be seriously mentally ill and to be
44 chronically resistant to treatment.

1 E. EXCEPT AS AUTHORIZED BY LAW, FUND MONIES MAY NOT BE SPENT ON ANY
2 DOWN PAYMENT ASSISTANCE PROGRAMS THAT AID WITH THE PURCHASE OF PROPERTIES
3 IN THIS STATE.

4 E. For the purposes of subsection C of this section, in
5 approving the expenditure of monies, the director shall give priority to
6 funding projects that provide for operating, constructing or renovating
7 facilities for housing for low-income families and that provide housing
8 and shelter to families that have children.

9 G. ALL PROGRAMS ESTABLISHED BY THE DEPARTMENT AND FUNDED BY THE
10 HOUSING TRUST FUND PURSUANT TO THIS SECTION SHALL REQUIRE PRIOR REVIEW BY
11 THE JOINT LEGISLATIVE BUDGET COMMITTEE.

12 F. H. The director shall report annually to the legislature on the
13 status of the housing trust fund. The report shall include a summary of
14 facilities for which funding was provided during the preceding fiscal year
15 and shall show the cost and geographic location of each facility and the
16 number of individuals benefiting from the operation, construction or
17 renovation of the facility. The report shall also include the number of
18 individuals who benefit from housing assistance pursuant to subsection D
19 of this section. The report shall be submitted to the president of the
20 senate and the speaker of the house of representatives, and a copy
21 provided to the secretary of state, not later than September 1 of each
22 year.

23 G. I. Monies in the housing trust fund are exempt from the
24 provisions of section 35-190 relating to lapsing of appropriations.

25 H. J. An amount not to exceed ten percent of the housing trust
26 fund monies may be appropriated annually by the legislature to the
27 department for administrative costs in providing services relating to the
28 housing trust fund.

29 I. K. For any construction project financed by the department
30 pursuant to this section, the department shall notify a city, town, county
31 or tribal government that a project is planned for its jurisdiction and,
32 before proceeding, shall seek comment from the governing body of the city,
33 town, county or tribal government or an official authorized by the
34 governing body of the city, town, county or tribal government. The
35 department shall not interfere with or attempt to override the local
36 jurisdiction's planning, zoning or land use regulations.

37 Sec. 6. Title 41, chapter 37, article 2, Arizona Revised Statutes,
38 is amended by adding section 41-3958, to read:

39 41-3958. Comprehensive performance measurement system;
40 tracking system; wire transfer protocols;
41 reporting requirements; definitions

42 A. THE DEPARTMENT SHALL:

43 1. ESTABLISH AND IMPLEMENT A COMPREHENSIVE PERFORMANCE MEASUREMENT
44 SYSTEM WITHIN TWELVE MONTHS AFTER THE EFFECTIVE DATE OF THIS SECTION. THE
45 SYSTEM SHALL REQUIRE ALL OF THE FOLLOWING:

1 (a) ANNUAL GOALS WITH MEASURABLE BENCHMARKS FOR EACH HOUSING
2 PROGRAM IN THIS STATE.

3 (b) MECHANISMS FOR DATA COLLECTION AND REVIEW TO ASSESS THE
4 EFFECTIVENESS OF THE HOUSING PROGRAMS IN THIS STATE.

5 (c) QUARTERLY REPORTING TO THE PRESIDENT OF THE SENATE AND THE
6 SPEAKER OF THE HOUSE OF REPRESENTATIVES REGARDING PROGRAM PERFORMANCE
7 OUTCOMES, SUGGESTED IMPROVEMENTS FOR AFFORDABLE HOUSING, REDUCTIONS IN
8 HOMELESSNESS AND OTHER KEY METRICS.

9 2. CONDUCT A BIENNIAL EVALUATION OF ALL HOUSING PROGRAMS IN THIS
10 STATE TO ASSESS PROGRAM ALIGNMENT WITH STATE HOUSING GOALS AND ENSURE
11 COMPLIANCE WITH ALL STATUTORY REQUIREMENTS.

12 3. ESTABLISH SECURE WIRE TRANSFER PROTOCOLS TO MITIGATE FRAUD
13 RISKS, INCLUDING ALL OF THE FOLLOWING:

14 (a) DUAL AUTHORIZATION FOR ALL WIRE TRANSFERS EXCEEDING \$10,000.
15 (b) REAL-TIME FRAUD DETECTION AND REPORTING MEASURES INTEGRATED
16 INTO THE FINANCIAL MANAGEMENT SYSTEM.

17 (c) MANDATORY RECONCILIATION AND AUDITING OF ALL WIRE TRANSFERS ON
18 A MONTHLY BASIS.

19 4. CONDUCT BIENNIAL REVIEWS OF REGULATORY FEES ASSOCIATED WITH
20 MANUFACTURED HOUSING IN THIS STATE TO ENSURE ALIGNMENT WITH REGULATORY
21 COSTS. ANY PROPOSED FEE CHANGES SHALL BE SUBMITTED TO THE BOARD OF
22 MANUFACTURED HOUSING ESTABLISHED BY SECTION 41-4009 FOR APPROVAL AND ARE
23 SUBJECT TO A THIRTY-DAY PUBLIC COMMENT PERIOD. ALL COMPLAINTS RELATED TO
24 MANUFACTURED HOUSING MUST BE RESOLVED WITHIN ONE HUNDRED TWENTY DAYS.

25 5. ESTABLISH A TRACKING SYSTEM THAT MONITORS COMPLAINT RESOLUTION
26 TIMELINES. THE DEPARTMENT SHALL PROVIDE QUARTERLY REPORTS REGARDING ANY
27 UNRESOLVED COMPLAINTS TO THE BOARD OF MANUFACTURED HOUSING, THE PRESIDENT
28 OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

29 B. ANY INSTANCE OF FRAUDULENT ACTIVITY INVOLVING STATE MONIES SHALL
30 BE REPORTED TO THE GOVERNOR, THE JOINT LEGISLATIVE BUDGET COMMITTEE AND
31 THE AUDITOR GENERAL WITHIN TEN BUSINESS DAYS. RESTITUTION EFFORTS SHALL
32 BE INITIATED WITHIN THIRTY DAYS AFTER IDENTIFYING THE FRAUDULENT ACTIVITY.

33 C. FOR THE PURPOSES OF THIS SECTION:

34 1. "COMPREHENSIVE PERFORMANCE MEASUREMENT SYSTEM" MEANS A
35 SYSTEMATIC PROCESS FOR TRACKING, EVALUATING AND REPORTING ON PROGRAM
36 OUTCOMES, INCLUDING ESTABLISHING GOALS, PERFORMANCE BENCHMARKS AND
37 MEASURABLE OUTCOMES.

38 2. "WIRE TRANSFER PROTOCOLS" MEANS SECURE PROCESSES AND STANDARDS
39 TO PREVENT UNAUTHORIZED FINANCIAL TRANSFERS.

40 Sec. 7. Quarterly reporting; delayed repeal

41 A. The Arizona department of housing shall provide quarterly
42 reports to the president of the senate and the speaker of the house of
43 representatives regarding the use of monies from the housing trust fund
44 pursuant to section 41-3955, Arizona Revised Statutes, as amended by this
45 act, that includes all of the following:

1 1. Details on all financial transactions in the housing trust fund.
2 2. Detailed information on recipients of monies from the housing
3 trust fund and any projected and realized results and analyses of the
4 performance of the housing trust fund in comparison to the goals of the
5 housing trust fund.

6 B. The Arizona department of housing shall also conduct a review of
7 approved and paid payment requests since July 1, 2021 to identify any
8 improper payments made to grantees and how to recover those monies. The
9 status of the review and recovery activities shall be outlined in the
10 quarterly reports pursuant to subsection A of this section.

11 C. This section is repealed from and after December 31, 2026.

12 Sec. 8. Purpose

13 Pursuant to section 41-2955, subsection B, Arizona Revised Statutes,
14 the legislature continues the Arizona department of housing to address the
15 affordable housing issues confronting this state, including housing issues
16 of low and moderate income families, housing affordability, housing for
17 special needs populations and decaying housing stock, to maintain
18 standards of quality and safety for manufactured homes, factory-built
19 buildings, mobile homes and accessory structures and to adjudicate
20 complaints regarding and ensure compliance with the Arizona mobile home
21 parks residential landlord and tenant act.

22 Sec. 9. Auditor general; special audit; report; delayed
23 repeal

24 A. The auditor general shall conduct a special audit, as defined in
25 section 41-1278, Arizona Revised Statutes, of the amount of monies spent
26 on programs and services for individuals experiencing homelessness in this
27 state for the past five years, including all of the following:

28 1. Expenditures by this state.
29 2. Expenditures by municipalities and counties for all of the
30 following:

31 (a) Housing, rental assistance, outreach and supportive services.
32 (b) Emergency and law enforcement responses.
33 (c) Public rights-of-way maintenance, sanitation and encampment
34 mitigation.

35 (d) Mental health, behavioral health and substance use disorder
36 treatment and case management.

37 3. Expenditures of federal monies allocated to this state for
38 homeless programs.

39 4. Expenditures by state and local law enforcement agencies to
40 address homelessness, including transportation to emergency shelters,
41 responding to crisis calls, providing overnight shelter in jail and
42 enforcing camping bans.

43 B. All state agencies and local governmental entities of this state
44 and organizations serving as continuum of care collaborative applications
45 for the three continuums of care recognized by the United States

1 department of housing and urban development shall cooperate with the
2 special audit and grant access, at no cost, to all financial records and
3 any other information necessary to complete the special audit.

4 C. The special audit shall examine all of the following:

5 1. The awarding of any contracts and grants relating to homeless
6 services and support.

7 2. Any metrics used to examine the success of any expenditures.

8 3. The efficiency of the use of data management systems in relation
9 to the programs.

10 4. The expenditure for each individual experiencing homelessness
11 for each service provided.

12 5. Anonymized homeless management information system
13 individual-level data paired with state health and criminal justice data.

14 D. On or before December 31, 2026, the auditor general shall submit
15 copies of the special audit report to the governor, the president of the
16 senate and the speaker of the house of representatives and provide a copy
17 of this report to the secretary of state.

18 E. This section is repealed from and after June 30, 2027.

19 Sec. 10. Appropriation: auditor general: special audit:
20 exemption

21 A. The sum of \$1,650,000 is appropriated from the housing trust
22 fund established by section 41-3955, Arizona Revised Statutes, in fiscal
23 year 2025-2026 to the auditor general for the purposes of conducting the
24 special audit pursuant to section 5 of this act.

25 B. The appropriation made in subsection A of this section is exempt
26 from the provisions of section 35-190, Arizona Revised Statutes, relating
27 to lapsing of appropriations. All monies remaining unencumbered and
28 unexpended for the purposes of this section on August 31, 2027 revert to
29 the housing trust fund.

30 Sec. 11. Retroactivity

31 Sections 2 and 3 of this act apply retroactively to from and after
32 July 1, 2025.