

REFERENCE TITLE: transitional housing; grant program; appropriation.

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1505

Introduced by
Senator Gowan

AN ACT

AMENDING SECTION 41-3955.02, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 37, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3955.03; APPROPRIATING MONIES; RELATING TO THE ARIZONA DEPARTMENT OF HOUSING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 41-3955.02, Arizona Revised Statutes, is amended to read:

41-3955.02. Military transitional housing fund; purposes; annual report; definition

A. The military transitional housing fund is established consisting of legislative appropriations and monies allocated from any federal sources, including monies provided by affordable housing legislation and unused or undesignated donations and ~~undesignated~~ DESIGNATED federal monies for which military transitional housing is eligible. The director shall administer the fund. Monies in the fund are continuously appropriated. Monies shall be deposited in the fund BY LEGISLATION OR by order of the governor and shall be spent on ~~newly constructed transitional housing~~ PROJECT AND CONSTRUCTION PLANNING FOR MILITARY TRANSITIONAL HOUSING, in cooperation with ~~veteran owned~~ VETERAN-MANAGED and operated nonprofit organizations ~~and for-profit organizations~~ that serve military members who are transitioning to veteran status. Monies may also be used for supportive services and transitional unit rehabilitation for veterans. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

B. Fund monies shall be spent ~~for~~ ON ANY OF THE FOLLOWING:

1. Developing projects and programs to provide transitional housing opportunities for military members separating from the military to be housed in newly constructed housing facilities and rehabilitated housing for veterans.

2. CONSTRUCTING TRANSITIONAL COMPREHENSIVE CARE FACILITIES THAT PROVIDE SUPPORTIVE HOUSING SERVICES AND ON-SITE OUTPATIENT MEDICAL CARE AND BEHAVIORAL HEALTH SERVICES FOR MILITARY MEMBERS WHO ARE TRANSITIONING INTO CIVILIAN LIFE. SERVICES PROVIDED MAY ALSO INCLUDE ASSISTANCE IN NAVIGATING WRAPAROUND SERVICES THROUGH AGENCIES IN THIS STATE.

3. TRANSITIONAL HOUSING AND SUPPORTIVE SERVICES FOR HOMELESS OR AT-RISK VETERANS WHO ARE SEPARATING OR HAVE RECENTLY SEPARATED FROM MILITARY SERVICE. SERVICES PROVIDED MAY ALSO INCLUDE WRAPAROUND SERVICES THROUGH AGENCIES IN THIS STATE.

C. Monies ~~cannot~~ MAY NOT be spent on unoccupied hotels and motels designated for homeless veterans. Fund monies may only be spent for the specific purpose of providing transitional housing for military members who will be separating or who have recently separated from the military or for veterans and may be spent on purchasing and constructing transitional housing facilities for military members who are transitioning into civilian life and rehabilitating housing units for veterans.

~~C.~~ D. On or before September 1 of each year, the director shall submit a report on the status of the military transitional housing fund, including a summary of facilities for which funding was provided during the preceding fiscal year, the cost and geographic location of each

1 facility and the number of individuals benefiting from the operation,
 2 purchase or construction of the facility, to the president of the senate
 3 and the speaker of the house of representatives and provide a copy of the
 4 report to the secretary of state.

5 ~~D.~~ E. The department may use not more than ten percent of the fund
 6 monies annually to administer the fund.

7 ~~E. For any construction project financed by the department pursuant~~
~~8 to this section, the department shall notify a city, town, county or~~
~~9 tribal government that a project is planned for its jurisdiction and,~~
~~10 before proceeding, shall seek comment from the governing body of the city,~~
~~11 town, county or tribal government or an official authorized by the~~
~~12 governing body of the city, town, county or tribal government. The~~
~~13 department may not interfere with or attempt to override the local~~
~~14 jurisdiction's planning, zoning or land use regulations.~~

15 F. For the purposes of this section, "~~undesignated~~ DESIGNATED
 16 federal monies" means federal stimulus monies and monies originating from
 17 federal affordable housing legislation, the United States department of
 18 veterans affairs or the United States department of housing and urban
 19 development that have ~~not~~ been allocated or approved for ~~a specific~~
~~20 purpose or project within three months after the applicable expenditure~~
~~21 deadline for the monies~~ MILITARY TRANSITIONAL HOUSING.

22 Sec. 2. Title 41, chapter 37, article 2, Arizona Revised Statutes,
 23 is amended by adding section 41-3955.03, to read:

24 41-3955.03. Military transitional housing grant program;
 25 military transitional housing; veteran housing;
 26 policies and procedures

27 THE MILITARY TRANSITIONAL HOUSING GRANT PROGRAM IS ESTABLISHED TO
 28 PROVIDE GRANTS TO VETERAN-OWNED AND VETERAN-OPERATED NONPROFIT
 29 ORGANIZATIONS THAT ARE FOUNDED BY OR LED BY VETERANS WHO ARE RESIDENTS OF
 30 THIS STATE TO CONSTRUCT MILITARY TRANSITIONAL HOUSING, VETERAN HOUSING,
 31 AFFORDABLE HOUSING OR HOMELESS HOUSING IN THIS STATE. THE DEPARTMENT SHALL
 32 ADMINISTER THE GRANT PROGRAM AND MAY ADOPT RULES, POLICIES AND PROCEDURES
 33 TO CARRY OUT THE PURPOSES OF THIS SECTION. AN APPLICANT SHALL SUBMIT AN
 34 APPLICATION FOR A GRANT ON A FORM PRESCRIBED BY THE DEPARTMENT.

35 Sec. 3. Appropriation; Arizona department of housing;
 36 exemption

37 A. The sum of \$7,000,000 is appropriated from the state general
 38 fund in fiscal year 2026-2027 to the Arizona department of housing for the
 39 military transitional housing grant program established by section
 40 41-3955.03, as added by this act.

41 B. The appropriation made in subsection A of this section is exempt
 42 from the provisions of section 35-190, Arizona Revised Statutes, relating
 43 to lapsing of appropriations.