

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES
DEPARTMENT OF HOUSING**

ALL NON-GENERAL FUNDS

FY 2010 All Non-General Funds Budget (less Federal Funds) 17,868,000

AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$2,680,200

Fund	Reductions Amount	Percent Reductions
Housing Trust Fund	<u>\$2,680,200</u>	100.0%
Issue Total	<u>\$2,680,200</u>	
All Non-General Funds Total as a Percentage of Agency Non-GF Reduction Target		100%

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**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES
DEPARTMENT OF HOUSING**

HOUSING TRUST FUND

FY 2010 All Non-General Funds Budget (less Federal Funds) 17,868,000

AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$2,680,200

Priority	Issue Title¹	Reductions Amount
1	Housing Programs for the Seriously Mentally Ill	\$1,000,000
2	Homeless Prevention Program	\$1,000,000
3	Emergency Funding	\$512,580
4	Housing Trust Fund Administration Appropriation	\$167,620
	Issue Total	\$2,680,200
	Fund Total as a Percentage of Non-General Fund Reduction Target	100%

¹ Please complete the attached Description and Impact Statement for each issue.

STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS

Department of Housing

Issue Title: Housing Programs for the Seriously Mentally Ill

Issue Priority: 1

Reduction Amounts:

Housing Trust Fund: \$1,000,000

Amount: \$1,000,000

Issue Description and Statement of Effects

This recommendation would reduce the Housing Trust Fund contribution to Housing Programs for the Seriously Mentally Ill operated by the Arizona Department of Health Services/Behavioral Health Services (ADHS/BHS) division by 50 percent.

- For the last several years approximately \$2 million from the Housing Trust Fund has been transferred from ADOH to ADHS/BHS to assist that agency with providing housing services to the seriously mentally ill. Under the Arnold v. Sarn lawsuit, ADHS/BHS is responsible for providing for the unmet needs of SMI residing in Maricopa County, including housing needs, and though ADHS/BHS has some housing resources of its own, not enough funding is available to meet the county's current caseload. HTF has been provided to augment existing SMI housing resources. In the past HTF has been utilized in two ways: (1) to provide rental subsidy payments(similar to Section 8 funding), whereby the tenant only pays a portion of the rent, with the state subsidizing the balance; and (2) to allow SMI service providers to purchase existing housing units for permanent usage by the SMI population.
- This reduction would have one of two effects, depending on how ADHS/BHS would have utilized the funds. If the \$1 million reduction is taken from the rental subsidy program, then approximately 238 SMI individuals annually will not receive any rental subsidy assistance; if the \$1 million reduction is taken from an acquisition budget, then approximately seven housing units a year will not be purchased for permanent usage by the SMI population.
- We have not been able to identify alternative ways to fund this program through state or federal resources.
- This is funding that is transferred from ADOH to ADHS/BHS.
- This use of funding is authorized, but not required, under the HTF enabling statute, A.R.S. § 41-3955.

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

Department of Housing

Issue Title: Homeless Prevention Program

Issue Priority: 2

Reduction Amounts:

Housing Trust Fund: \$1,000,000

Total: \$1,000,000

Issue Description and Statement of Effects

This recommendation would completely eliminate the Homeless Prevention Program currently funded by HTF through ADOH. Due to previous budget reductions the program has already been reduced by 75 percent, downsizing it to the point where it will not provide adequate assistance to any locale.

- Assistance is provided through a network of local government and nonprofit agencies that provide one-time eviction or foreclosure subsidies or other assistance to keep households/individuals from becoming homeless. The program at 2008-09 levels was providing assistance to between 7,000 - 12,000 households annually. At the current funding level of \$1 million, approximately 2,000 households were expected to receive assistance.
- Without this safety net, it is expected that 2,000 or more households will suffer eviction or foreclosure annually. Those with no other alternatives, such as family or friends to take them in are expected to become homeless for some period of time, creating additional burdens on other public systems.
- The agency currently has limited federal stimulus funding for this activity through the Homeless Prevention and Rapid Re-Housing (HPRP) Program. Once this funding is used (approximately FY2011), ADOH will have no alternative resource to provide this public service.
- The administration of this program is handled by the Special Needs Housing Programs division at ADOH.
- This use of funding is authorized, but not required, under the HTF enabling statute, A.R.S. § 41-3955.

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

Department of Housing

Issue Title: Emergency Funding

Issue Priority: 3

Reduction Amounts:

Housing Trust Fund: \$512,580

Total: \$512,580

Issue Description and Statement of Effects

This recommendation would reduce the availability of emergency funding from the Housing Trust Fund by as much as 51 percent.

- Housing Trust Fund monies, being the most flexible funding source for housing activities assisted by the state, are often called upon to be utilized for emergency situations, including emergency operating costs for shelters and transitional housing projects in threat of closure due to budget reductions; the ability to assist with emergency shelter operations during extreme weather conditions; emergencies brought about by disasters; and other crucial housing needs.
- The effect of this reduction would be that the agency will not be able to respond to most requests for emergency assistance, some of which may result in the further displacement of homeless persons or the inability to assist with emergency housing needs brought about by unanticipated events, such as extreme weather conditions or disasters.
- The department can identify no other resource to cover such variable costs.
- Access to these funds are handled by the Director's Office and most often administered by the Special Needs Housing Program division.
- This use of funding is authorized, but not required, under the HTF enabling statute, A.R.S. § 41-3955.

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

Department of Housing

Issue Title: Housing Trust Fund Appropriation

Issue Priority: 4

Reduction Amounts:

Housing Trust Fund: \$167,620

Total: \$167,620

Issue Description and Statement of Effects

This recommendation would reduce the amount of the current Housing Trust Fund appropriation that is to be utilized for the administration of the Housing Trust Fund Program by 18 percent.

- This reduction would result in the elimination of 2 FTE. Cost reductions include salary, employee related expenses, and other costs associated with the 2 FTE, as well as an overall reduction in travel, P&O, and other miscellaneous operating costs charged to the HTF in support of the remaining 9 FTE.
- The loss of the two FTE would be commensurate with the loss of program funding and reduced number of projects funded through the Program. With such significant losses in funding, the agency's need for FTE to oversee active projects and programs will decline.
- The department could potentially transfer the costs of these positions to other sources and for a portion of FY2010 may be required to do so since the current HTF contract load has not yet been significantly reduced due to the existence of multi-year, pre-existing contracts. However, in future years, due to reduced HTF workloads these positions will no longer be necessary to support the programs that are being eliminated.
- FTE reductions would likely occur within the Programs divisions, since the program area has been the most severely impacted by HTF reductions, which have resulted in a loss of contract oversight responsibilities.
- This use of funding is authorized at A.R.S. § 41-3944.