STATE OF ARIZONA – HOUSING TRUST FUND ALLOCATION PLAN

1. Description of the National Housing Trust Fund
   The National Housing Trust Fund (HTF) is a new affordable housing production program to increase and preserve the supply affordable housing for extremely low-income (ELI) and very low-income households (VLI), including families experiencing homelessness. HTF, established under Title I of the Housing and Economic Recovery Act of 2008, will be distributed through the U.S. Department of Housing and Urban Development (HUD) on a formula basis to the states. The Arizona Department of Housing (ADOH) is the designated grantee of HTF for Arizona. HTF in the amount of $3,000,000 will be available for the program year July 1, 2016 through June 30, 2017. ADOH will distribute HTF throughout Arizona on a competitive basis in accordance with Housing Trust Fund Interim Rule (24 CFR Parts 91 and 93) and the following Allocation Plan.

2. Eligible Activities
   “Eligible Activities” for HTF are the production, preservation and rehabilitation of affordable rental housing developments in which all or a portion of the rental units are set-aside (“HTF Units”) as Permanent Supportive Housing for individuals and families who are chronically homeless with extremely low income (thirty percent (30%) of the HUD Area Median Income). Supportive Services must be provided with the purpose of helping residents achieve maximum possible self-sufficiency and maintain their permanent housing. Rents on HTF units must not exceed thirty percent (30%) of the income of the individual or family qualified to occupy the HTF Unit. HUD will publish rent limits on an annual basis.

3. Eligible Recipients
   “Eligible Recipients” are public housing agencies, for-profit entities or non-profit entities.

4. Eligible Project
   Eligible Activities undertaken by Eligible Recipients are “Eligible Projects”.

5. Distribution of Funds
   HTF will be distributed to Eligible Projects through one of the following competitive application processes that contain the Priority Funding Objectives outlined below: 1) the Low Income Housing Tax Credit (LIHTC) process in accordance with the criteria outlined in the most recent Qualified Allocation Plan (QAP) found at azhousing.gov; and 2) a
Request for Proposals (RFP) process in general conformance with the point scoring, threshold and underwriting criteria outlined in the most recent QAP.

6. **Priority Funding Objectives**
   Priority funding will be given to Eligible Projects that best demonstrate adherence to the following criteria through a competitive scoring process: 1) equitable disbursement of funds to all areas of the state both rural and urban; 2) capacity, experience and past performance of applicant; 3) extent and quality of service to chronically homeless individuals and families; 4) proximity of proposed project to transit, employment, services and amenities; 5) project readiness, 6) sustainable development (energy and water efficiency); 7) the extent to which the Eligible Project has rental assistance; 8) the duration of the affordability period; and 9) the inclusion of non-federal funding in the Eligible Project.

7. **Eligible Project Costs**
   Costs allowed for Eligible Projects are “Eligible Project Costs”. Eligible Project Costs are the following: 1) development hard costs; 2) acquisition costs; 3) related soft costs; 4) staff and overhead costs for ADOH not to exceed ten percent (10%) of the annual allocation; and 5) relocation costs.

8. **State Assisted Units**
   The number of HTF Units within each Eligible Project is determined in accordance with Notice CPD 98-2 which provides the formula for designating “State Assisted Units”.

9. **Forms of Assistance**
   HTF will be distributed state-wide by ADOH directly to Eligible Recipients in the form of loans to partially (Gap Financing) or fully fund (Primary Financing) Eligible Projects. Loans will be low to no interest loans with minimum payments or deferred forgivable for terms of at least 30 years. Financing will be made available only to the extent it is needed as determined by ADOH underwriting guidelines as outlined in the most recent ADOH QAP.

10. **Geographic Distribution**
    In accordance with the State of Arizona 2015-2019 Consolidated Plan, Section AP-50, the State of Arizona does not target specific geographic areas but distributes funds in accordance with the criteria outlined under “Priority Funding Objectives” above.

11. **Maximum per Unit Development Subsidy**
    The Maximum per Unit Development Subsidies per unit are the most recent Section 234 Condominium Housing ELEVATOR BASE LIMITS by BR size.
12. Period of affordability
   HTF Units in Eligible Projects must be affordable for a period of at least (30) years.

13. Funding Agreement
   HTF funds will be provided to Eligible Recipients through a Funding Agreement entered 
   into between ADOH and the Eligible Recipient. The Funding Agreement will contain the 
   following: 1) certifications by the Eligible Recipient to comply with all HTF requirements 
   and associated federal and state laws and regulations; 2) performance goals and 
   benchmarks consistent with ADOH proposed accomplishments (Scope of Work); 3) 
   restrictions to use funds for Eligible Project Costs (Budget); 4) requirement for 
   completing Eligible Project in timely manner (Schedule of Completion).

14. Construction and Rehabilitation Standards
   Eligible Projects must adhere to ADOH Mandatory Design Requirements found at 
   azhousing.gov which detail ADOH rehabilitation standards, new construction standards 
   and energy/water efficiency standards.

15. Tenant Selection Policies
   Tenant Selection Policies will be in compliance with all provisions of 24 CFR93.350 and 
   24 CFR 93.303 (d)(3).